

BOARD CHARTER

**Adopted by the Board of Governors
June 2007**

**Revised June 2012
Revised May 2016
Revised May 2018**

International Development Research Centre
Ottawa, Canada

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Section 1: Corporate Profile

Mandate

The International Development Research Centre (IDRC) is a Crown corporation created by the Parliament of Canada in 1970. It reports to Parliament through a Minister designated by the Governor in Council, presently the Minister of International Development and La Francophonie. IDRC's objects, as stated in the *International Development Research Centre Act*, are:

“...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.”

In doing so, the Centre helps developing regions use science and knowledge to find practical, long-term solutions to the social, economic, and environmental problems they face.

The Centre funds applied research by researchers from developing regions on the problems they identify as crucial to their communities. The Centre also provides technical support to those researchers.

Mission: Empowerment Through Knowledge

The Centre strives to optimize the creation, adaptation, and ownership of the knowledge that the people of developing countries judge to be of the greatest relevance to their own prosperity, security, and equity.

Objectives

IDRC is one of the world's leading institutions in the generation and application of new knowledge to meet the challenges facing developing countries.”

The Centre's objectives, as set out in the Strategic Framework 2010-2015 are to:

- Build new knowledge, including fields of knowledge, around the following themes:
 - Agriculture and the Environment
 - Global Health Policy
 - Science and Innovation
 - Social and Economic Policy

- Build research capacity, especially in developing countries. IDRC will continue to help build the capacities of individual researchers, while increasing its efforts to build the capacity of research organizations.
- Enable its research partners to influence policy and practice, and help build constituencies for change.

International Board of Governors

The Centre is a unique institution — established and supported by the Canadian Parliament, yet directed by an international Board of Governors with 14 members, including the President. The *IDRC Act* stipulates that a majority of members must be Canadian.

The Board's international composition is important to the Centre. It means that the Board has a window on the developing world and its needs and issues. The leadership and perspective provided by governors from outside Canada help to keep the Centre's programs relevant to the developing world.

The *IDRC Act* specifies that at least 8 of the Governors must have experience in the field of international development or experience or training in the natural or social sciences or technology. All members of the Board shall have suitable experience and skills to provide thoughtful and experienced counsel on a broad range of issues related to the Centre's mandate. The capacity and skills of Board members are reviewed on an on-going basis to ensure that the Board, at all times, possesses the requisite skills to conduct its work effectively.

In accordance with the *IDRC Act*, the Chairperson and the President are appointed by the Governor in Council to hold office for terms of up to five years, and the other governors are appointed for terms of up to four years. The *Act* provides that retiring Governors are eligible for re-appointment. The norm is one term, but, exceptionally, Governors may be asked to serve a further term.

Purpose of the Board

The *IDRC Act* defines the Centre as “consisting of a Board of Governors that is composed of a Chairperson, President and not more than 12 other Governors,” for a maximum of 14 governors. The Board of Governors is responsible for the stewardship of the Centre: it sets the strategic direction of the Centre and oversees the Centre's operations.

The Board is not responsible for the day-to-day management and operation of the Centre; the President, in accordance with the *IDRC Act*, has this responsibility. The Board is, however, responsible for ensuring that management meets its responsibilities in this regard.

The Board acts and conducts all of its business in accordance with the *IDRC Act* and By-laws and within a governance framework based on best practices and the principles of transparency and accountability.

Philosophy of Governance

Good governance practices exist to achieve the best possible level of organizational performance; accordingly, ensuring good corporate governance is the responsibility of the Board of Governors. The Board's own operations and its work in ensuring good corporate governance are guided by the following principles:

1. To carry out responsibilities in accordance with the highest ethical standards;
2. To strive for consensus in decision-making;
3. To conduct informed decision-making and to exercise good judgment in the establishment of the Centre's strategic directions, the safeguarding of the Centre's resources, and the monitoring of corporate performance;
4. To believe in a culture of ideas, questions, challenges, and the continuous process of learning;
5. To ensure clarity in individual and collective roles and responsibilities;
6. To practice transparency in reporting and responding to requests for information from the Canadian government and the public at large;
7. To encourage open and honest communication between staff and management and the Board of Governors;
8. To value innovation, experimentation, and change as means to achieving continuous improvement; and
9. To recognize and utilize evaluation as a tool for learning and accountability.

Section 2: Terms of Reference for the Board of Governors

Introduction

The Terms of Reference for the Board of Governors define the role of the Centre's Board. The Board's key responsibilities are described below.

Strategic Direction

Management is responsible for the development of an overall Strategic Framework to be presented to the Board. The Board's role is to ensure that there is a strategic planning process that takes into account the opportunities and risks facing the Centre, and then to review, question, validate, and approve the final Strategic Framework. Management then prepares draft prospectuses within the program areas identified in the Strategic Framework. Finally, management presents an annual Program of Work and Budget (PWB) to the Board at the March meeting.

The Board's responsibilities are:

- to oversee the development of and approve the Strategic Framework;
- to approve major policy changes and changes to the Strategic Framework;
- to review and approve the program of work (prospectus) for Program Initiatives within an approved Program Area;
- to review and approve the Centre's annual Program of Work and Budget; and
- to monitor corporate performance.

Relationship between the Board and the President

The Board considers succession planning and performance assessment to be an ongoing process, including the establishment of annual objectives and the monitoring of performance against those objectives.

The Board's responsibilities are:

- to assess the performance of the President on an annual basis and to set performance objectives for the coming year;
- to plan for the succession of the President and to make recommendations to the Governor in Council on the selection of a new President;
- to assess its own effectiveness in fulfilling its responsibilities as a Board; and

- to identify the required competencies and personal attributes required on the Board and make recommendations to the Minister on the orderly succession of Board members.

Risk Management

The Board should have a continuing understanding of the principal risks associated with the Centre's activities; it is the responsibility of management to ensure that the Board is kept well informed of changing risks. The Board is responsible to ensure that management has appropriate systems in place to manage these risks. Consequently, the Board is responsible for:

- working with management to identify the principal risks to the organization; and
- ensuring that systems are in place to manage those risks.

Control Systems

The existence of control systems is integral to the effective discharge of the Board's overall responsibilities. The confidence of the Board in the abilities and integrity of management is the paramount control mechanism. The Board is responsible:

- to ensure the integrity of the Centre's internal control and management information systems;
- to review and/or approve significant re-organizations and extraordinary financial commitments;
- to review and approve the Centre's annual audited financial statements;
- to ensure compliance with legal and regulatory requirements and to ensure that reporting, monitoring, and accountability obligations are met;
- to review and approve Management's annual staff appraisal and compensation plan;
- to ensure that guidelines are in place governing ethical conduct, conflict of interest, personal and public safety, equity, and similar concerns; and
- to ensure there is an appropriate mechanism for the reporting of wrongdoing and the protection of employees.

Mandate and Governance

The Board should examine the Centre's mandate periodically to ensure its continued relevance, and, if appropriate, propose changes to the legislated mandate for the consideration of the Minister. The Board is also responsible for ensuring that it has effective board governance. As part of this responsibility, the Board will review the Board Charter at least every five years to ensure that it reflects best governance practices.

Communications

It is a function of the Board to ensure the Centre has an appropriate communication strategy.

Included in the Chairperson's responsibilities is the requirement to represent the Centre to the Minister, the Parliament of Canada, foreign governments, and donor organizations from time to time.

Governors may be requested by the President to assist with communications or to speak publicly about the Centre. In all other cases, Governors are asked to advise the President's Office of any request to speak about the Centre, so that communication activities are properly coordinated and so that Governors are provided with full assistance in preparing and making any public statements or presentations related to the Centre.

Bequests and Donations

The Board is responsible to approve the acceptance of gifts, bequests, and donations to the Centre to enhance its funding capability for development research, subject to appropriate terms and conditions. By resolution, the Board has delegated some of this authority to the Centre's management.

Governor Expectations and Ethics

Governors shall carry out their responsibilities objectively, honestly, and in good faith with a view to the best interests of the Centre. They shall exercise the care, diligence, and skill of a reasonably prudent person.

Governors are expected to demonstrate high ethical standards and personal and professional integrity, and to be accountable for and be bound by Board decisions.

Governors are also expected to set the standard for ethical conduct Centre-wide and to ensure appropriate mechanisms are in place to assure ethical behaviour and compliance with laws and regulations.

Section 3: Board Operations

Committees of the Board

Four committees assist the Board in fulfilling its responsibilities: the Executive Committee, the Finance and Audit Committee, the Human Resources Committee, and the Strategy, program Performance and Learning Committee. The Chairperson of each committee reports to the Board following meetings of the committee. As a general rule, Board committees do not formally approve the matters that are submitted to them, but refer them to the Board with their recommendation.

Committee members are appointed annually by the Board upon the recommendation of the Executive Committee. Each committee has a charter or Terms of Reference, which sets forth the purpose, goals, and responsibilities of the committee. Terms of Reference for these committees are found in Sections 11, 12, 13, and 14.

Terms of Reference Review

The Terms of Reference for the Board, its committees, the Board Chairperson, the President, and the Corporate Secretary are reviewed periodically by the Board to ensure that they are current.

Committee Chairpersons and Committee Members

The Executive Committee is responsible to the Board for annually proposing the leadership and membership of each committee. The Executive Committee will take into account the preferences, skills, and experience of each Governor.

Committee Chairpersons and members are appointed by the Board each year, or as needed to fill vacancies during the year.

Meetings

The Board meets three times a year, usually at the Centre's headquarters in accordance with a schedule approved by the Board. The Chairperson, in accordance with the *IDRC Act* and By-laws, may call additional meetings.

The Executive Committee, the Finance and Audit Committee, and the Human Resources Committee meet prior to each meeting of the Board and as necessary.

Board meeting agendas are developed by the Chairperson of the Board in consultation with the President and members of the Executive Committee. Committee meeting agendas are developed by the Chairperson of the committee in consultation with the President. Each Chairperson is responsible for ensuring that relevant documentation is sent out to Governors in advance of all meetings.

Governors are expected to be prepared for each Board meeting, which requires them to have reviewed material prior to the meeting. At meetings, each Governor is expected to take an active role in discussion and decision-making. To facilitate this, the Chairperson is responsible for fostering an atmosphere conducive to open discussion and debate.

Management at Meetings

In accordance with the *IDRC Act*, the President, who is the Chief Executive Officer, is a member of the Board. Senior Centre Staff participate in meetings and make presentations to allow Governors to gain additional understanding and insight into the Centre's business.

In Camera Sessions

At all meetings of the Board and its committees, Governors have the opportunity to meet alone without the presence of management to discuss such matters as they see fit.

New Governor Orientation

New Governors will be provided with an orientation and education program that will include written information about the business and operations of the Centre, documents from recent Board meetings, and opportunities for meetings and discussions with senior management and other governors. An outline of the Governor Orientation and Continuing Education Plan for all governors can be found at Section 9 of this Board Charter.

Assessing Board Performance

The Board assesses its overall performance every year. The objective of this review is to contribute to a process of continuous improvement in the Board's execution of its responsibilities. The review is intended to identify areas where governors believe that the Board could make a better collective contribution to overseeing the affairs of the Centre. To assist individual governors, part of the Board evaluation includes self-assessment. The Board Evaluation Process is outlined at Section 15 of this Board Charter.

Evaluation of the President

The Board, assisted by the Human Resources Committee, will conduct an annual evaluation of the President, measured against key objectives established in the previous year by the Board and the President.

The Board Chairperson will communicate the results of the evaluation to the President. The evaluation will be used by the Board in its deliberations and recommendations to the Minister concerning the President's annual compensation.

Outside Advisors

Very exceptionally, the Board may need the services of an advisor to assist with matters involving responsibilities of the Board. Where the Chairperson has determined that the Board requires the services of an outside advisor, the Chairperson may engage an outside advisor at the expense of the Centre.

Corporate Secretary

The Board and individual Governors are assisted in their work by the Corporate Secretary whose role is described in the Terms of Reference at Section 6 of this Board Charter.

Section 4: Terms of Reference for Board Chairperson

Introduction

The Board assumes responsibility for the stewardship of the Centre, and, as a consequence, has accountability for the governance of the Centre. Critical to meeting this responsibility are the relationship between the Board and management, the relationship between the Centre and Parliament through the responsible Minister, and the relationships among Governors.

The Chairperson provides leadership in guiding the Board and coordinating its activities and fosters these relationships in the best interests of the Centre. In accordance with the *IDRC Act*, the offices of the Chairperson and the President (Chief Executive Officer) of IDRC are separate.

The principal responsibilities of the Chairperson of the Board are to oversee, manage and assist the Board in fulfilling its duties and responsibilities in an effective manner, independent of management. In addition, the Chairperson plays a critical role in representing the Centre. In fulfilling this role, the Chairperson must act as an example to fellow Governors through commitment to the highest standards of integrity and leadership.

Managing the Board

The Chairperson will:

- ensure that the Board is alert to its governance obligations;
- provide leadership to the Board;
- assist the Board in reviewing and monitoring the strategy, policy and directions of the Centre and the achievement of its objectives;
- build consensus and develop teamwork within the Board;
- provide appropriate guidance to individual Board members in discharging their duties;
- advise on the resolution of conflicts of interest should they arise;
- oversee the Board's evaluation and self-assessment exercises and implementing change and improvements, as necessary;
- ensure that the Board has sufficient knowledge to permit it to make major decisions when required;
- chair Board meetings and meetings of the Executive committee;
- ensure that Board meetings are conducted in an efficient, effective and focused manner;
- summarize the discussions of the Board to ensure that decisions and guidance to management are clear; and
- ensure newly appointed Governors receive an appropriate orientation and education program.

Working with Management

The Chairperson will:

- lead the Board in monitoring and evaluating the performance of the President;
- foster a constructive and harmonious relationship between the Board and management;
- and
- ensure that the President is aware of concerns of the Board.

Representing the Centre

The Chairperson will:

- sign the audited financial statements published in the Annual Report;
- transmit the Centre's Annual Report to Parliament through the Minister;
- represent the Centre to the Minister, other Cabinet Ministers, Parliament, and other governments;
- represent the Centre to various stakeholders, including academic and research communities, principal donors and partners;
- represent the Centre to the media; and
- be the spokesperson for the Board of Governors.

Section 5: Terms of Reference for the President

Introduction

The President is the Chief Executive Officer of the Centre and is also a Governor. Subject to the *IDRC Act* and By-laws, the President is responsible for the supervision and direction of the work and staff of the Centre. The President leads the Centre in fulfilling its mandate to help developing countries use science and knowledge to find practical, long-term solutions to the social, economic, and environmental problems they face.

On the recommendation of the Board, the President is appointed by the Governor in Council for a term of up to five years. The President may be re-appointed for additional terms. The President reports to and is accountable to the Chairperson and the Board. The President may appoint such members of senior management of the Centre as are deemed necessary to assist the President in carrying out the functions of the Centre.

Duties and Responsibilities

The President has the responsibility to supervise the work and staff of the Centre, and ensure that:

- the Centre is at the forefront of research and development;
- the Centre maintains close links with the research community in the developing world
- the Board is provided with relevant, useful, and timely information;
- appropriate mechanisms are implemented to manage the principal risks;
- the assets and resources of the Centre are safeguarded and effectively utilized;
- the Centre has effective internal control and management systems and;
- appropriate operational policies are developed and implemented to guide the Centre.

In carrying out these responsibilities, the President shall:

- work with the Board to set the strategic policy framework and strategic direction of the Centre;
- foster a corporate culture that promotes ethical practices and encourages individual integrity, innovation, and service;
- establish and maintain a plan for the development and succession of senior management;
- act as the principal spokesperson for the Centre;
- manage and oversee communication between the Centre and its stakeholders, to further understanding and acceptance of the Centre and its mandate,

- recommend acceptance of bequests and donations greater than the amount delegated to the Treasurer for approval; and
- recommend as appropriate to the Board the acceptance of funding to the Centre from donor partners.

Section 6: Terms of Reference for the Corporate Secretary

Introduction

The Corporate Secretary, at the direction of the Chairperson, assists the Board in the discharge of its duties by organizing and recording the activities of the Board and its committees, and, by providing advice to the Board, individual governors, and to the employees of the Centre to ensure compliance with the *IDRC Act*, the *IDRC General By-Law* and other by-laws, this Board Charter, and other applicable laws and policies.

The *IDRC General By-Law* provides that the Corporate Secretary is an Officer of the Centre appointed annually by the Board on the recommendation of the President.

Duties and Responsibilities

The Corporate Secretary's responsibilities are to:

- organize Board and Board Committee meetings in accordance with the procedures set out in the *IDRC Act*, the *IDRC General By-Law*, and this Board Charter, or as elsewhere stipulated by the Board;
- prepare and deliver notices for Board and Board Committee meetings;
- with the direction of the Executive Committee, prepare and issue agendas for Board and Board committee meetings, including advising the Chairperson, the President and the Executive Committee of items that should be brought to the attention of the Board;
- prepare, assemble, and distribute briefing material of appropriate depth, breadth, and clarity to permit Governors to properly prepare for meetings;
- attend Board and Board committee meetings and act as Secretary at each such meeting;
- prepare minutes of Board and Board committee proceedings and ensure the corporate record is at all times accurate and up to date;
- administer the Board Self-Assessment process;
- be responsible for the application of the Corporate Seal;
- ensure that decisions taken by the Board are communicated to management in a timely manner and assist the President in ensuring consequential actions are taken by the Centre;
- serve as the Centre's chief expert and advisor on all matters related to corporate governance;
- keep current on evolving practices in corporate governance and advise the Board during its reviews of Board governance practices;
- ensure Governors receive appropriate orientation and continuing education to have a broad understanding of their responsibilities and the work of the Centre;

- provide advice to the Chairperson in the discharge of the Chairperson's responsibilities for administering the Conflict of Interest Guidelines for Governors;
- advise the Centre's management with respect to the information needs of the Board; and
- perform such other duties as may be assigned by the Chairperson or the President or be required by law.

Section 7: Duties of Governors

Introduction

The Board comprises a range of people from academia and public, private, and non-profit sector organizations chosen for their skills and knowledge in a wide range of fields, in particular international development, natural and social sciences and technology. Board members must be capable of providing informed judgment and thoughtful counsel to Centre management on a wide variety of issues pertaining to the Centre's mandate.

Governors are expected to demonstrate high ethical standards and integrity; to be accountable for Board decisions, and to serve the interests of the Centre.

Governors must be fluent in either English or French.

Duties and responsibilities

The duties of Governors are to:

- become generally knowledgeable about the role and the activities of the Centre;
- prepare for each Board and committee meeting by reading the reports and background materials provided for the meeting;
- ask probing questions;
- contribute wise counsel and informed comment;
- identify and disclose potential areas of conflict of interest, both real and perceived, and ensure they are appropriately reviewed;
- where appropriate, participate on committees; and
- when requested by the Chairperson or the President, be an effective spokesperson and advocate for the Centre.

In carrying out these duties, each Governor will:

- respect confidentiality of information provided to them in their capacity as Governor;
- encourage free and open discussion of the affairs of the Centre by the Board; and
- focus on issues related to strategy, policy, and results, rather than issues relating to day-to-day management of the Centre.

In addition, field visits to project sites in developing countries are regularly organized to allow governors to review the Centre's activities and effectiveness and to meet with stakeholders. Governors are expected to participate in at least one site visit per term.

Section 8: Conflict of Interest Guideline for Governors

Introduction

The purpose of these guidelines is to assist Governors in performing their duties as Board members in such a manner that public confidence and trust in the integrity of IDRC and its Board is maintained. These guidelines reflect the provisions of the *Conflict of Interest Act*.

Governors are subject to the provisions of the *Conflict of Interest Act* where the Act refers to “public office holders”. Governors are not “reporting public office holders” under the Act. A copy of the Act is available from the Secretary.

Section 34 of the *IDRC General By-Law* provides that:

34(1) During the consideration of any proposed appropriation of funds or resources of the Centre to a proposed beneficiary, by the Board or by a committee thereof, any governor who is officially or formally connected with the proposed beneficiary, shall indicate his relationship with the proposed beneficiary, shall refrain from voting on such appropriation, and shall withdraw from the meeting at the time the vote is taken, but such a withdrawal shall be deemed not to affect the existence of the quorum.

(2) No member of the Board, other than the President, shall, during his term of office as a governor of the Centre, enter into a contract with the Centre, whether as an employee, independent contractor or otherwise.

Since the adoption of this by-law, the Board of Governors no longer approves funding to individual projects or recipients, as this is the responsibility of management. Consequently, further guidance beyond this section 34 is required.

Governors serve IDRC only in a part-time capacity and have expertise in the fields relevant to the Centre. Consequently, Governors may be associated with institutions that receive funding from the Centre. This may result in potential, real or apparent conflicts of interest that need to be managed to protect the reputations of the Centre, the Governor and the recipient institution.

Meaning of Conflict of Interest

A conflict of interest arises whenever a Governor has a personal interest likely to influence the exercise of his/her duties and responsibilities as a Governor.

A personal interest relates *inter alia* to an economic benefit that may be granted or provided to a Governor, to a member of his/her immediate family or to an institution with which the Governor is formally or officially connected.

A *real* conflict of interest exists at the present time, an *apparent* conflict of interest could be perceived by a reasonable observer to exist, whether or not it is the case, and a *potential* conflict of interest could reasonably be foreseen to exist in the future.

Disclosure

The Centre depends on the Governors to disclose their individual conflicts of interest, if any, on an on-going basis and as they arise. Governors shall complete annually a disclosure form and submit it in confidence to the Secretary and the Chairperson. In addition to completing the annual disclosure forms, Governors shall report forthwith to the Chairperson all real, potential, or apparent conflicts of interest which exist from time to time. The Chairperson shall report all of his/her real, potential, or apparent conflicts of interest which exist from time to time to the Board of Governors.

Governors shall review each Board meeting agenda with a view to identifying any potential conflicts of interest and shall declare the conflict at the outset of the meeting.

General Duty to Resolve Conflicts of Interest

Where practical, Governors shall avoid or withdraw from participation in activities or situations that place them in a real, potential, or apparent conflict of interest. Governors are encouraged to review their activities and affiliations to determine whether these might be perceived by an unsympathetic observer to present a conflict of interest with their role as Governors and to discuss with the Chairperson whether steps need to be taken to resolve the perceived conflict of interest.

It is impossible to foresee every situation that could give rise to a real, apparent or potential conflict of interest. When in doubt, Governors should refer to these guidelines and the *Conflict of Interest Act* to guide appropriate action.

Where there is doubt as to whether a real, potential, or apparent conflict of interest exists or whether any particular action is likely to bring into question the integrity of IDRC or its Board, Governors shall raise the matter with the Chairperson for advice and guidance.

A Governor shall recuse him/herself from any discussion, decision, debate or vote on any matter in respect of which he or she would be in a conflict of interest. The Chairperson shall

ensure that a Governor who is in a conflict of interest with respect to a given subject matter refrains from participating in any Board decision-making related thereto.

Specific Project Proposals

Governors shall refrain from actively promoting to Centre staff acceptance of any specific project proposal, regardless of their connection with the potential recipient.

Resolving Conflicts of Interest

Governors shall refrain from receiving any additional remuneration for their participation in any project approved by the Centre during their term as Governors and shall not enter into a contract with the Centre, whether as an employee, independent contractor, or otherwise. This does not prevent the institution with which the Governor is associated from entering into contracts with the Centre, so long as the potential conflict of interest is managed to the satisfaction of the Centre.

Upon becoming aware of any real or potential conflict of interest which might arise from holding any other directorship or position of authority in an entity that is a recipient of Centre funds, a Governor should notify the Chairperson. The Chairperson will ensure that an agreement is reached between the Governor and the Centre to address the conflict of interest in a manner that protects the Centre's reputation.

Cooling Off Periods

Where a real conflict of interest has arisen, the Governor shall continue to act for a further six (6) months in the same manner as if the conflict of interest continued to exist during that period of six months.

Political Activities

"Political activities" are defined as "any activity in support of, within or in opposition to a political party; carrying on any activity in support of or in opposition to a candidate before or during an election period; or, seeking nomination as or being a candidate in an election before or during the election period, but does not include voting." Governors should not participate in a political activity in Canada where it may reasonably be seen to be incompatible with the role of Governor, or otherwise be seen to impair his or her ability to discharge his or her public duties in a politically impartial fashion, or would cast doubt on the integrity or impartiality of

the office. Any Governor considering involvement in political activity in Canada should seek the advice of the Chairperson before engaging in the political activity.

Disclosure of Confidential Information

A Governor should at all times maintain the confidentiality of all information and records that are the property of the Centre until the information becomes a matter of general public knowledge.

A Governor will not use information obtained as a result of acting as a governor of the Centre for personal profit or as the basis for a tip to others unless the information has already been made generally available to the public.

Gift, Entertainment and Favours

Accepting gifts, entertainment or other favours from individuals or entities can result in a conflict of interest when the party providing the gift/entertainment/favour does so under circumstances where it might reasonably be inferred that such action was intended to influence or possibly would influence a Governor in the performance of his or her duties for the Centre.

Governors may accept gifts, entertainment and favours made to them because of their position on the Board of the Centre in the following circumstances:

- The value of the gift/entertainment/favour is less than \$250;
- It is the normal exchange of hospitality or a customary gesture of courtesy between persons doing business together;
- The exchange is lawful and in accordance with local ethical practice and standards; and
- The gift/entertainment/favour could not be construed by an impartial observer as a bribe, pay off or improper or illegal payment.

Section 9: Governor Orientation and Continuing Education

Introduction

The Governor Orientation and Continuing Education Plan is comprised of two components:

- Initial orientation for new Governors; and
- Continuing education for all Governors.

Orientation for New Governors

The orientation program for new governors provides a comprehensive introduction to the Centre, its mandate, and the Centre's governance rules and practices.

Governors will be provided with at least the following written materials for self-study:

- This Board Charter, including the *IDRC Act*
- Annual reports
- The current *Strategic Framework*
- The current *Program of Work and Budget*
- *The International Development Research Centre: A Brief History*
- A briefing book on the Centre and its activities.

Governors will be asked to attend an orientation session presented by the President and other members of Senior Management to review:

- The Centre's mandate and activities
- The Centre's key policies
- The Centre's financial status and key accounting principles
- The Governors' role and duties.

Continuing Education

Continuing education is designed to expand governors' knowledge of:

- the policy framework in which the Centre operates,
- the Centre's role within the developing world;
- the principal risks facing the Centre; and
- evolution in governance practices.

During the course of the two days that are set aside for Board meetings, there are also opportunities at meals and after hours for continuing education. The President will invite speakers to make presentations on various issues of interest to governors related to the work of the Centre.

Governance seminars are made available to governors with respect to effective corporate governance and the latest Government of Canada guidelines, as appropriate.

In addition to their role in providing accountability, field visits by governors are an important continuing education opportunity.

Section 10: Guidelines for Committees

Terms of Reference

Each committee will review its own Terms of Reference annually and recommend changes, if any, to the Board for approval.

Appointment to Committees

On the recommendation of the Executive Committee, members will be appointed by the Board for one-year terms and may serve consecutive terms. A committee member will cease to be a member upon ceasing to be a Governor.

Notice

Notice of each meeting is given to each committee member by a process established by the Chairperson of the committee.

Minutes

The Corporate Secretary will ensure that the minutes of each committee meeting are prepared and given in a timely fashion to each committee member and to each Governor. Each committee Chairperson will review the draft minutes before they are circulated.

Invitations to attend

A committee may invite such Governors, or in consultation with the President, such employees of the Centre as may be considered desirable to attend meetings and assist in the discussion and consideration of the business of the committee.

Participation

A committee member may participate in a committee meeting by means of such telephonic, electronic, or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.

Section 11: Terms of Reference for the Strategy, Program Performance and Learning Committee

Purpose

The purpose of the Strategy, Program Performance and Learning Committee (SPPL) is to support the Board in fulfilling its oversight and foresight responsibilities with respect to the Centre's strategic and annual planning, and performance monitoring. Based on performance management outcomes, and learning therefrom, recommend any necessary changes in strategic and annual planning.

Responsibilities and Duties

Supporting the Board through review of documents and processes, and recommending materials to proceed to the Board, the responsibilities and duties of the Committee are the following:

- Strategy:
 - Review systems for the development of strategy and long-term planning.
 - Review the development of the Centre's 5-year strategic plan, prior to approval by the Board.
 - Review Program Area long term plans, prior to approval by the Board.
 - Periodically review and recommend major changes to strategic plans, based on significant changing conditions, prior to approval by the Board.
- Annual planning and priority-setting:
 - Review systems for the development of annual plans and priorities.
 - Review annual plans and priorities, ensuring they are results-based, and articulated in relation to strategic plans and priorities, prior to approval by the Board.
 - Review the program allocation budget with respect to the proposed allotment to annual priorities and programming, prior to approval by the Board.
- Learning, performance management and performance reporting:
 - Review systems in place to facilitate learning, performance management, and performance reporting, ensuring that these relate closely to strategy and planning.
 - Based on learning and performance management outcomes, recommend key changes to strategy and planning to the Board for approval.

- Review program learning and performance documents prior to their presentation to the Board: program evaluations, program learning reports, and program progress reports.

Committee Composition and Meetings

The Committee shall consist of at least four Governors. The Board shall elect the Chairperson of the Committee. The Board of Governors on the recommendation of the Executive Committee determines Committee membership on an annual basis.

The Committee shall meet at least three times a year and a report on each meeting will be made to the Board of Governors. Additional meetings can be held at the request of the Board, the Chairperson, the President or the Chairperson of the Committee.

A quorum for meetings shall be not less than a majority of the members of the Committee.

The Corporate Secretary, and his or her designate, shall act as its Secretary.

Section 12: Terms of Reference for the Finance and Audit Committee

Purpose

The Finance and Audit Committee's (FAC) purpose is to assist the Board in fulfilling its oversight responsibilities with respect to financial management and reporting, internal and external audit, risk management and internal controls, and standards for integrity and behaviour.

Responsibilities and Duties

The primary responsibilities and duties of the Committee are:

- a) **To oversee the integrity and credibility of the Centre's financial management and reporting:**
 - To review and to provide assurance and advice to the Board on the reliability of financial information reported by management throughout the year, the completeness of financial disclosures and the significance of business and accounting policy issues and changes;
 - To review and ensure key financial reporting documents such as the program of work and budget and the financial reporting contained in the Centre's Annual Report are sound, balanced and complete and to recommend their approval to the Board;
 - To approve the quarterly financial statements;
 - To approve the equity policy of the Centre; and
 - To approve the investment policy of the Centre.

- b) **To oversee the effectiveness of the Internal Audit Function:**
 - To review and approve the audit plans of the Centre's internal auditors;
 - To review and recommend approval of the Centre's Internal Audit Charter on a regular basis;
 - To receive and approve internal audit reports, complete with management responses, and to ensure that appropriate follow-up actions are taken;
 - To seek management's views on the value and efficiencies of these audits;
 - To review the performance of the Centre's internal audit function, jointly with the President;

- c) **To oversee the effectiveness of the External Audits and Special Examinations:**
 - To review the audit plans of the Centre's external auditors;

- To receive and approve Special Examinations and external audit reports, complete with management responses, and to ensure that appropriate follow-up actions are taken;
 - To seek management's views on the value and efficiencies of these audits;
 - To review the report from the external auditor and approve the annual audited financial statements.
- d) To oversee the effectiveness of the Centre's Risk Management and Internal Control Systems and Practices:**
- To review periodically the Corporate Risk Profile and to monitor the adequacy and effectiveness of the Centre's strategies and processes to manage risk;
 - To review periodically management's report on its evaluation of the effectiveness of the Centre's internal control systems and practices.
- e) To review the Centre's standards for integrity and behavior:**
- To review periodically the arrangements established by management to exemplify and promote ethical and lawful behaviour;
 - To review the Centre's mechanisms for the reporting and investigation of wrongdoing, and for the protection of those who disclose wrongdoing.

Guiding Principles

The Committee's work will be guided by the following principles:

- Management has primary responsibility for the Centre's standards of integrity and behaviour, its reporting of financial information, risk management and its internal control systems;
- The Committee values financial integrity, and actively promotes quality financial reporting, sound business risk practices and ethical behaviour;
- The Committee understands the nature of the auditors' work and depends on them to carry out their responsibilities efficiently and effectively; and
- The Committee promotes and supports free and open communication between the Committee, the auditors, and management.

Committee Composition and Meetings

In accordance with the *IDRC Act* and General By-law, the Committee will consist of at least three Governors. The Board shall elect the Chairperson of the Committee. The Board of

Governors on the recommendation of the Executive Committee determines Committee membership on an annual basis. The President of IDRC will not be a member of the Committee, but shall attend as invited by the Committee to represent management.

All members of the Committee shall be financially literate** and the Chairperson of the Committee will possess an accounting or financial designation or relevant financial management expertise.

The Committee will meet at least four times a year and a report on each meeting will be made to the Board of Governors. Additional meetings can be held at the request of the Board, the Chairperson, the President, the Treasurer, the Chairperson of the Committee or the internal or external auditors.

A quorum for meetings shall be not less than a majority of the members of the Committee.

Other Responsibilities

On an annual basis the Committee will assess its overall performance against its approved terms of reference and report the results to the Board of Governors.

The Committee will review its mandate periodically and recommend to the Board any changes to enhance its purpose and effectiveness.

The Committee will provide input to the President on the recruitment, selection and employment of the Centre's Treasurer and of the Chief Audit Executive and its co-sourced audit partner.

As needed, the Committee will meet without management present to discuss financial or audit related issues. Twice a year and upon request of the auditors, the Committee will meet privately with the Centre's internal auditors and with the Centre's external auditors to discuss the results of audit examinations.

***Financial literacy means that the member has the ability to read and understand a set of financial statements, which present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the organization's financial statements.*

Section 13: Terms of Reference for the Executive Committee

Purpose

The Executive Committee is responsible to the Board of Governors for the following goals:

Executive Functions

- To ensure that the business of the Board is carried out between meetings as necessary. The Committee shall exercise and perform all of the powers and functions of the Board between meetings of the Board, except the following:
 - The power to alter any fundamental policy of the Centre;
 - The power to increase the total authorized budget of the Centre;
 - The power to enact, amend, or repeal by-laws.

Governance Functions

- To ensure that the Board has a sound approach to corporate governance. The Committee has overall responsibility for monitoring and assessing the functioning of the Board and its Committees, for developing and implementing good corporate governance practices.

Nominating Functions

- To identify individuals qualified to be members of the Board and for recommending the composition of Board committees.

Responsibilities and Duties

The responsibilities and duties of the Committee are the following:

- Act for the Board in dealing with any matters requiring attention in the periods between regularly scheduled meetings of the Board, and perform any other duties delegated to it by the Board by resolution, from time to time, in the period between meetings;
- Provide advice and guidance to the Chairperson and the President between Board meetings;
- Assess the needs of the Board in terms of meeting agendas, reports and information, interaction with management and the conduct of meetings;
- Review and approve the agendas for all Board and Committee Meetings;

- Identify the mix of expertise and qualities required for the Board, the Chairperson, and the President;

Work with the Minister, Global Affairs Canada and the Privy Council Office to ensure the timely appointment of qualified governors, including the Chairperson and the President;

- In accordance with Governor in Council appointments processes, recommend to the Minister of International Development and La Francophonie suitable candidates for appointment to the Board of Governors on the basis of the following:
 - Expertise, relevant experience and the expected contribution to the quality of Board deliberations and decision-making;
 - Appropriate diversity and Canadian and international geographical representation on the Board.
- Consider succession planning for appointments to the Board with a view toward maintaining a rate of turnover, which would recognize the need for appropriate continuity;
- Ensure appropriate training and education is made available for Governors, including orientation materials, continuing education sessions on good governance practices and emerging trends, and programmatic learning opportunities, including seminars;
- Oversee the evaluation of the effectiveness of the Board as a whole, the Committees of the Board and the contribution of individual members on an annual basis;
- Reviewing on a periodic basis the Board Charter and make recommendations for changes to the Board;
- Reviewing on a periodic basis these Terms of Reference and make recommendations for changes to the Board.

Committee Composition and Meetings

The Committee shall comprise the Chairperson of the Board, the President and at least three other Governors appointed annually from the Board. A majority of the members shall be Canadian citizens and an effort will be made to ensure that other Board Committees are represented on the Committee.

The Chairperson of the Board shall serve as the Chairperson of the Committee.

The Committee shall meet at least four times a year, and a report on each meeting will be made to the Board of Governors. Additional meetings can be held at the request of the Board, the Chairperson or the President.

Three or more members of the Committee, a majority of whom are Canadian citizens, constitute a quorum.

The Corporate Secretary, and his or her designate, shall act as the Committee's Secretary.

Conflict of Interest

With respect to any conflict of interest arising during Committee meetings, affected members shall indicate the nature of the conflict to the Chairperson and withdraw from the meeting.

Section 14: Terms of Reference for the Human Resources Committee

Purpose

The purpose of the Human Resources Committee (HRC) is to assist the Board of Governors in fulfilling its oversight role in relation to the application of sound human resource policies and practices that support IDRC's mission and mandate.

As stated in the *IDRC Act*, the President is the chief executive officer of the Centre and has supervision over and direction of the work and staff of the Centre.

Duties

The Primary responsibilities and duties of the Committee are:

- On an annual basis, to review and make recommendations to the Board on the President's performance and objectives for the coming year;
- To review and inform the Board on the Centre's approach to planning the succession of the senior management team;
- To review the Centre's system for employee performance review and appraisal and make recommendations to the Board on the compensation philosophy and plan;
- To review the President's recommendation to the Board for the appointment of the Corporate Secretary;
- To review and inform the Board about the Centre's implementation of the Government's human resource legislative requirements, such as those dealing with employment equity, disclosure and recourse and official languages; and
- To periodically review the Committee's mandate and overall performance, and to recommend to the Board any changes required to enhance the Committee's purpose and effectiveness.
- To review and make recommendations to the Board on proposed annual increases to the salary ranges (*);
- To provide strategic guidance to management on the negotiation and administration of collective agreements;
- To review, and make recommendations to the Board on proposed compensation structures for collective agreements;
- To report material collective bargaining issues to the Board;
- To review the President's recommendation to the Board for the annual appointment of the Treasurer (*)

(*) For the purpose of these two responsibilities, the Chairperson of the Finance and Audit Committee is a member of HRC.

Committee Composition

The Board of Governors on the recommendation of the Executive Committee determines Committee membership and identifies the Chairperson on an annual basis. The Committee will consist of at least three (3) Governors, including the President.

The Human Resources Committee will meet three times a year and report on its activities to the Board of Governors. Additional meetings can be held at the request of the Chairperson of the Committee, the Chairperson of the Board or the President.

As needed, the Committee will meet separately, without management present, to discuss Human Resources related issues.

A quorum for meetings shall be a majority of the members of the Committee.

The Corporate Secretary shall be responsible for preparing the minutes of each meeting.

Section 15: Board Evaluation Process

Board Evaluation

“No matter how good a Board is, it is bound to get better if it is reviewed intelligently.”

– Jeffrey Sonnenfeld: “What Makes Great Boards Great,” *Harvard Business Review*, September 2002

The Board of Governors is committed to a Board evaluation process that provides Governors with an opportunity to examine how the Board is operating and to make suggestions for improvement. The board evaluation process examines the effectiveness of the Chairperson, the committees, and the Board itself. It also provides an opportunity to each Governor for self-assessment.

Each Governor is asked to complete a questionnaire every year. The Corporate Secretary will analyze the responses and prepare recommendations to the Chairperson. The Chairperson will provide a report to the Minister and to the Board on the results.

Section 16: Performance Evaluation for the President

Introduction

The objective of the evaluation for the President is to encourage excellent performance by recognizing and rewarding it, and to provide a framework within which a consistent and equitable approach to performance evaluation can be applied.

The following elements constitute the benchmarks against which the evaluation takes place:

- A written statement of key objectives for the year under review, which objectives have been agreed to by the President and the Board the year before.
- Demonstrated leadership competencies.
- The President's relationship with the Board.

The President's Self-Appraisal

In order to assist the Human Resources Committee and the Board, the President will provide his or her own written evaluation of his or her performance against the benchmark documents referred to above and his or her recommended objectives for the coming year. The Human Resources Committee will discuss this self-appraisal with the President prior to conducting its own evaluation.

Process

The Human Resources Committee will then conduct its evaluation of the President's performance. The Chairperson of the Human Resources Committee will summarize the feedback and report to the Board. The Board will complete its evaluation and the Chairperson will make recommendations to the Minister and, upon receiving the Minister's support, to the Privy Council Office. The Board Chairperson will provide the Board feedback to the President.

The Board follows the Performance Management Program Guidelines for CEOs of Crown Corporations, as amended from time to time.

Section 17: Accountability and Transparency

What are Accountability and Transparency?

There are many definitions of accountability and transparency, but the following concepts are a useful starting place for the Centre:

- The responsibility of an organization for its own actions and decisions;
- The obligation of an organization to meet its responsibilities;
- The obligation to report fairly and accurately to its stakeholders on its performance vis-à-vis its mandate and accepted standards; and
- The obligation to be transparent about how the Centre uses public and other funds.

For accountability to have meaning with respect to the Centre, it is important to understand its mandate and its structure as a Crown corporation. The Centre is a Crown corporation reporting to Parliament through the Minister of International Development and La Francophonie and drawing most, but not all, of its funding from a Parliamentary grant under the International Assistance Envelope. The Centre also receives funding from a number of other governments and private sector and non-profit organizations.

The Centre's Stakeholders

From a review of the Centre's mandate and structure, it is apparent that it has a number of stakeholders, including (in alphabetical order):

- the Canadian public,
- communities in the developing world,
- other donor partners,
- Parliament and the Government of Canada, and
- researchers.

Each of these stakeholders is entitled to judge the Centre on its performance as to whether its actions have furthered its mandate.

Reporting to Parliament

The Centre operates at arm's length from the Government of Canada and is not an agent of Her Majesty. However, the Chairperson of the Board reports to the Canadian Parliament through the Minister of International Development and La Francophonie. The Annual Report is tabled in Parliament by the Minister of International Development and La Francophonie. The Financial

Statements and the Auditor General's Report are included in the Annual Report. Reports on both Privacy and Access to Information are tabled annually in Parliament.

Audit

The Centre is subject to annual audits of its financial statements by the Auditor General of Canada and the Centre has, on a number of occasions, invited the Office of the Auditor General to conduct special examinations of the Centre's operations. The results of these audits are available on the Centre's public Website (www.idrc.ca or www.crdi.ca).

The Centre also has an internal audit function that is independent of the Finance and Administration Division. The internal audit function is to provide objective assessments and timely advice with respect to the Centre's operations and management activities.

Evaluation

The Centre believes in continuous learning and improvement, as part of its commitment to accountability. The Centre uses evaluation mechanisms both to account for the effective use of its funds and to ensure continuous learning and improvement in its work. Only by continuous learning can the Centre be more effective in carrying out its mandate and responding to its stakeholders. The Centre has several formal mechanisms in place to promote improved effectiveness, including:

- A five-year Strategic Framework;
- External evaluations of Centre programs at least every five years;
- External evaluations of selected Centre projects;
- Annual reviews of the Centre's performance against the Program Work and Budget approved for the year;
- Annual reviews by the Board of the President's performance;
- Reports to the Board every two years by each Regional Director and each Director of Program Area;
- An Annual Learning Forum;
- An annual corporate evaluation report to the Board;
- A five-year evaluation strategy approved by the Board;
- Periodic strategic evaluations of programming issues;
- An internal evaluation unit,
- Grant recipient reports; and
- Project completion reports.

Continuous learning and improvement are critical to the Centre's commitment to excellence. The Board's role includes ensuring that the Centre is committed to continuous learning and

improvement through a variety of mechanisms, both formal and informal. The reviews and reports referred to earlier are the formal mechanisms. Informal mechanisms include the composition of the Centre's workforce, which is critical to continuous learning as a significant number of employees are drawn from around the world, including the developing world.

Also, one of the Centre's objectives is to enhance research capacity in the developing world. The Centre's ongoing interaction with its recipient researchers is another informal mechanism essential to capacity building in the recipient institutions and to the development of high-quality proposals for future research. The objective of enhancing research capacity is achieved in part by the Centre's extensive interaction with research proponents in the development of their proposals.

In order to allow governors to gain first-hand experience with and evaluate the effectiveness of Centre activities, field visits are organized on a periodic basis. Governors visit one of the regions served by Centre's Regional Offices, meet with Centre-supported researchers, and visit project sites. Governors are expected to participate in at least one field visit during their term.

Transparency

The Centre has a comprehensive Website that contains a wealth of information about the Centre and results from its activities. Included on the public Website (www.idrc.ca / www.crdi.ca) are:

- A searchable database (IDRIS+) containing all projects since 1971;
- The Centre's Strategic Framework;
- Annual Reports;
- Reports of the special examinations by the Office of the Auditor General;
- Profiles of the Governors and Senior Management;
- The President and Vice-Presidents' travel and hospitality expenses; and
- A wealth of other information of relevance to researchers and the public.

The Centre has established the IDRC Digital Library which makes available, online and at no cost to the user, research reports funded by the Centre. Recent books and scientific and technical reports published or co-published by the Centre showing research results are available to the public for sale in hard copies and online for free.

The contents of the Website are also available on CD-ROM for people living in areas with low or no Internet connectivity.

The *Access to Information Act* and the *Privacy Act* are applicable to the Centre and reports are tabled annually in Parliament under these Acts.