



## Contents

1. Message from the Secretary General | 2
2. Introduction | 3
3. Mission | 3
4. Progress towards Results 2011 | 3
5. Key Activities 2011 | 7
6. Fund Management | 9
7. Priorities 2012 | 10

## APPENDIX

- A. Audit Report 2011 | 11

# 1. Message from the Secretary General



It is an honour to be appointed the inaugural Secretary General of the Global Centre for Pluralism.

Dedicated to the study and practice of pluralism worldwide, the Global Centre for Pluralism is an initiative of His Highness the Aga Khan in partnership with the Government of Canada. The Centre is located in Ottawa.

Canadian pluralism inspired the creation of the Centre. Although it remains a work in progress, Canada shows us that when valued and well managed, diversity can be an important asset and indeed a public good. As His Highness has remarked:

The world we seek is not a world where difference is erased, but where difference can be a powerful force for good, helping us to fashion a new sense of cooperation and coherence in our world, and to build together a better life for all.

Virtually every society is characterized by diversity of some kind, but there is no one-size-fits-all approach to pluralism. Each country must define its own needs and determine its own aspirations. The work of The Centre is to help illuminate these different paths.

Building a new organization with a multi-generational lifespan and mission and a global mandate takes time. The issue of pluralism, too, is complex and contentious in many places. Care is needed at the outset to ensure a strong foundation is created to support future growth and achieve lasting impact. With the appointment of the Board of Directors in 2010 and the recruitment of key staff in 2011, the work of institution-building is well and truly underway.

2011 was an important year for the Centre and its partners. We look forward to many more years of growth as we jointly forge a new institution inspired by Canada and focussed on the world.

John McNee  
Secretary General

## 2. Introduction

The Global Centre for Pluralism is an initiative of His Highness the Aga Khan in partnership with the Government of Canada. The Funding Agreement between these two parties, signed on 25 October 2006, requires the Centre to report annually to the responsible Minister on the activities of the Centre and on its management of the Fund.

Following the appointment of a distinguished Board of Directors in 2010, the Centre commenced active work in 2011 with the appointment of Ambassador John McNee as its first Secretary General, the recruitment of key staff and the opening of a temporary office. Progress towards the rehabilitation of 330 Sussex Drive also continued in conjunction with plans to redevelop the Ottawa River front in collaboration with the National Capital Commission (NCC), the National Gallery of Canada and the Royal Canadian Mint.

This annual report presents an overview of the institutional, programmatic and financial development of the Global Centre for Pluralism in 2011.

## 3. Mission

The Centre's mission is to advance global understanding of pluralism as an ethic of respect that values diversity as a public good and seeks to enable every person – irrespective of ethno-cultural differences – to realize his or her full potential as a citizen. Through applied research and education, dialogue and exchange, the Centre will work with partners worldwide to generate, collate and share knowledge and know-how about pluralism and about the structures, mechanisms and relationships that build and sustain pluralist societies.

## 4. Progress Towards Results 2011

The appointment of the inaugural Board of Directors in 2010 marked a milestone for the Global Centre for Pluralism. In 2011, the Centre continued to develop its organizational and programmatic capacities, with precedence given to governance, leadership, programming, facilities development and communications. The Centre's progress towards these objectives is outlined below.

## **Governance**

### **Board Stewardship**

The Centre's inaugural Board of Directors, chaired by His Highness the Aga Khan, brings together a group of eminent individuals representing diverse backgrounds and experiences. The Board met twice – on May 30 and November 3-4 – in Ottawa. It took several key decisions in 2011 to activate the Centre. The three Board sub-committees, appointed in October 2010 – the Executive Committee, the Audit Committee and the Investment Management Committee – also began work.

Following the fall 2010 Board meeting, the Executive committee conducted an executive search, assisted by the recruitment firm Odgers Berndtson. The Secretary General position was advertised widely in Canada and internationally and received an edifying response. After interviewing a number of candidates, the Committee recommended Ambassador John McNee as the Centre's inaugural Secretary General in May and he took office on September 6, 2011.

The Board also established financial controls for the Centre and met obligations under the Funding Agreement with respect to management of the Fund, jointly constituted by His Highness the Aga Khan and the Government of Canada.

### **Board renewal**

The Board of Directors is appointed by the Members of the Corporation – a group jointly constituted by the Government of Canada and the Aga Khan Development Network. The Members reviewed the issue of Board renewal at its 2011 Annual General Meeting.

The initial term of Directors appointed in 2010 concludes in 2012. The members discussed a number of options including renewing all Directors or staggering the renewal process. The Members agreed that in this formative stage of organizational development, Board continuity would best serve the Centre's short and long term interests. It was therefore agreed that all Directors appointed in 2010 would be invited to renew their term for a further two years.

## **Leadership**

### **Appointment of Secretary General**

Following an international search, the Board of Directors appointed Ambassador John McNee as the Centre's inaugural Secretary General. Secretary General McNee officially joined the Centre on September 6, 2011.

A career diplomat, from July 2006 to July 2011 John McNee served as Canada's Permanent Representative to the United Nations, where he represented Canada in the General Assembly and before the Security Council. Immediately prior, he was Ambassador to the Kingdom of

Belgium and the Grand-Duchy of Luxembourg, a post he held from September 2004 to June 2006.

John McNee joined the Department of External Affairs in 1978 and served abroad in Madrid, London and Tel Aviv. From 1993 to 1997, he was Ambassador to Syria with concurrent accreditation as Ambassador to Lebanon (1993-1995), where he re-established the Canadian mission following the civil war.



He held several senior positions at Foreign Affairs in Ottawa, including Director, Personnel Division, and as Director General, Middle East, North Africa and Gulf States Bureau. He was Assistant Deputy Minister, Africa and Middle East from 2001-2004. Mr. McNee also served on Prime Minister Trudeau's Task Force on International Peace and Security and at the Privy Council Office.

He holds a Bachelor of Arts in History (York University, 1973) and a Master of Arts in History from Cambridge University (UK, 1975). He was Canada Scholar at Cambridge 1973-1975.

### **Key Staff recruited**

After taking office, the Secretary General recruited key staff including a Director of Strategic Planning, a Manager of Programmes and an Office Manager. Each brings broad international experience to the organization. The intention is to maintain a small core team in the initial start-up phase.

### **Opening of Temporary Office**

One of the Secretary General's first actions was to open an office. While 330 Sussex Drive is brought back to life, the Centre will be located in the Delegation of the Ismaili Imamat at 199 Sussex Drive, Ottawa.

## **Programs**

### **International Consultations**

Between September and December 2011, the Secretary General and staff of the Centre initiated consultations with a wide range of organizations and individuals in Canada and internationally. The objective of these consultations was to raise awareness about the Centre, identify early constituencies of interest, and garner insights for strategic planning.

In December, building on an initial program of consultations in Canada, the Secretary General travelled to Kenya, where he met with government, academic and civil society leaders in Nairobi and Mombasa to discuss the state of pluralism in Kenya. While in Nairobi, he participated in a conference on the Kenyan reconciliation process organized by the Kofi Annan Foundation and the African Union Panel of Eminent African Personalities.

The Board of Directors also engaged selected stakeholders. On November 3, in conjunction with the fall board meeting, the Board hosted a working dinner for selected ambassadors to discuss the current state of pluralism in the world.

## Strategic Direction

The Global Centre for Pluralism is a new global institution dedicated to generating and sharing knowledge to advance multi-generational change. Translating this vision into a practical program of work is both a challenge and an opportunity.

In November 2011, the Secretary General presented his initial thoughts to the Board of Directors for strategic planning, with an emphasis on maintaining the Centre's phased development. To date, the Board has identified research, education and dialogue as the organization's core capabilities. Determining how to sequence these areas of work and with what emphasis will be the focus of the Centre's strategic planning process in 2012.

## Events

On October 17, 2011 the Global Centre for Pluralism, hosted its first public event – a launch for The Rt. Hon. Adrienne Clarkson's new book titled *Room for All of Us*.

*Room for All of Us* originates from Adrienne Clarkson's desire to show that her personal journey from refugee to Governor General of Canada, although remarkable, is by no means exceptional. In *Room for All of Us*, she tells the stories of ten "extraordinary people" who arrived in Canada, like her own family, as refugees from the press of world events – including the Holocaust, the Vietnam War, the Ugandan expulsion of Asians, and the oppression of political opponents by Chile's Pinochet regime. The book highlights the transactional quality of Canadian life- whereby both the immigrants who come to Canada and the country itself is transformed by the immigrant experience.



Over 100 guests attended the Centre's first public event, including the Chief Justice of Canada and members of the diplomatic corps. Adrienne Clarkson is a member of the Centre's Board of Directors and chairs its Executive Committee. The event was co-hosted by the Institute for Canadian Citizenship.

## Facilities Development

### Building Rehabilitation

Leased from the Government of Canada in 2007, the federal heritage building at 330 Sussex Drive will serve as the Centre's international headquarters. Built between 1905 and 1926, it is located prominently on Canada's ceremonial route connecting Parliament Hill and the residences of the Governor General and the Prime Minister of Canada. The building requires major renovation and restoration. In 2011, a revised building program was developed to guide preliminary design work by Kuwabara Payne McKenna Blumberg Architects (KPMB) – a leading Canadian architectural firm. The Centre also initiated a series of studies to assess the extent of the required renovation program.

### Site Master Plan

In 2011, following completion of an initial scoping study, the National Capital Commission (NCC), the National Gallery of Canada and the Royal Canadian Mint have agreed to undertake a joint process with the Centre to explore the possibility of developing a site master plan for the three adjacent properties on Sussex Drive, that would include rehabilitation of the Ottawa River waterfront. Development of this precinct would be a landmark contribution to the National Capital Region and to Ottawa's landscape, as it would rehabilitate the city's riverfront creating a unique space for public and institutional use. The master planning process will be co-chaired by the NCC and the Centre.

## Communications

### Website

The Centre's website, launched in 2006 and redeveloped in 2010, remained the primary vehicle for communication. New content – both text and video – was added to the site in 2011. Over time, as a window to the wider world, the website will be a key instrument for globalizing the Centre's programmatic reach and audience.

## 5. Key Activities 2011

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### Activities

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#### Governance

#### *Board Meetings*

The Board of Directors met twice in 2011 – in May and November. Key decisions included appointment of the Secretary General, and approval of investment policies for management of the fund.

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***Board Committees***

The Board's three committees – Executive Committee, Audit Committee and Investment Management Committee – met and laid the organizational foundations for the GCP's development and growth.

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**Leadership*****Appointment of Secretary General***

The Board appointed Ambassador John McNee as the Centre's inaugural Secretary General.

***Key Staff Recruited***

The Secretary General recruited a small team comprised of a Director of Strategic Planning, a Manager of Programmes and an Office Manager, each with broad international experience.

***Temporary Office Opened***

The Centre began opened a temporary office at the Delegation of the Ismaili Imamat building at 199 Sussex Drive. The Centre will remain in this location while 330 Sussex is brought back to life.

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**Programs*****International Consultations***

The Secretary General and staff of the Centre launched consultations with stakeholders in Canada and internationally to inform the strategic planning process. The Board of Directors also hosted selected Ambassadors for a working dinner to discuss the current state of pluralism in the world.

***Events***

On October 17, the Centre co-hosted its first public event – a book launch for The Right Honourable Adrienne Clarkson's new book, *Room for All of Us* with the Institute for Canadian Citizenship.

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**Facilities*****Building Rehabilitation***

Building studies to define the scope of the rehabilitation project were commissioned in 2011. The Secretary General presented a revised building program to the Board to inform the design work.

***Site Master Plan***

Based on the results of an initial scoping study, a joint process, co-chaired by the NCC and the Centre was launched to develop a site master plan encompassing the Centre, the National Gallery of Canada and the Royal Canadian Mint.

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**Communications*****Website***

The Centre's website remained the primary vehicle for globalizing the Centre's reach.

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## 6. Fund Management

Meeting the Centre's obligations under the 2006 Funding Agreement with the Government of Canada was a key governance priority in 2011.

The 2006 Funding Agreement between the Government of Canada and the Global Centre for Pluralism created a CAD\$40 million endowment fund. Since receiving the funds in 2007, in the absence of a Board-mandated Statement of Investment Policy, the Centre had pursued a conservative approach to Fund management as required by the Funding Agreement. This policy continued in 2011.

In October 2010, the Board constituted the Executive, Audit and Investment Management Committees – thereby activating the Centre's internal structures. The Audit and Investment Management Committees met in 2011 to delineate policies and practices to ensure sound financial controls for the Centre, and effective Board stewardship of the Fund.

### Financial Statements 2011

The Centre uses the calendar year as its fiscal year. In 2011, the Centre received another clean audit from Ernst & Young – the auditors appointed by the Members. As per the Centre's Bylaws, these statements have been reviewed by the Audit Committee and approved by the full Board of Directors.

### Investment Policies, Standards and Procedures

Following a rigorous evaluation process, the Investment Management Committee recommended and the Board confirmed the appointment of Proteus Performance Management Inc. as the Centre's investment advisor. In 2011, the major focus of work was the development of a statement of Investment Policy and a Spending Policy for 2012, which the Board adopted in November.

The primary aim of these policies is to protect the Fund's capital in the initial stage while generating a sustainable and stable annual income to support core operations. The Board also committed to annual review of the Investment Policy during the start-up period to ensure that it supports institutional priorities. A draw of CAD\$ 1.75 million was approved for 2012, including investment management fees. As of September 2011, the draw represents 4 per cent of the Fund.

## 7. Priorities 2012

Building on past accomplishments, in 2012 the Centre will frame its strategic direction for 2013 to 2015; work to expand awareness about the Centre; broaden its knowledge platforms; and advance planning for 330 Sussex Drive.

Priority	Progress Indicators
Frame the Centre's strategic direction for 2013-2015	<ul style="list-style-type: none"><li>• International consultation program by Centre staff.</li><li>• Research to support strategic planning</li><li>• Defining the Centre's programmatic priorities for the initial phase 2013-2015</li></ul>
Expand awareness about the Centre	<ul style="list-style-type: none"><li>• Develop a visual identity</li><li>• Developing a comprehensive corporate communications and outreach strategy</li><li>• Further develop the website as a vehicle for global outreach</li><li>• Launch a series of public events to engage selected stakeholders</li></ul>
Broaden its knowledge platforms	<ul style="list-style-type: none"><li>• Launch a bi-annual <i>Pluralism Forum</i> to generate dialogue on key pluralism issues</li><li>• Disseminate research reports</li><li>• Deepen and widen understanding of specific pluralism experiences</li></ul>
Advance planning for 330 Sussex Drive	<ul style="list-style-type: none"><li>• Conclude the master planning process</li><li>• Finalize planning for the building renovation</li></ul>

# APPENDIX A | Audit Report 2011

Financial Statements

**Global Centre for Pluralism**

December 31, 2011

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
**Global Centre for Pluralism**

We have audited the accompanying financial statements of the **Global Centre for Pluralism**, which comprise the balance sheet as at December 31, 2011 and the statements of operations, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

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

## **Auditors' responsibility**

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

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

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Global Centre for Pluralism** as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Ernst & Young LLP*

Ottawa, Canada,  
April 30, 2012.

Chartered Accountants  
Licensed Public Accountants

## Global Centre for Pluralism

### BALANCE SHEET

As at December 31

	2011	2010
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	829,499	209,754
Other receivables and prepaid expenses	15,393	7,251
Investments <i>[note 3]</i>	42,977,410	43,367,286
	<u>43,822,302</u>	<u>43,584,291</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	<u>41,085</u>	<u>56,001</u>
<b>Equity</b>		
Endowment Fund <i>[note 2]</i>	40,000,000	40,000,000
Unrestricted Fund	<u>3,781,217</u>	<u>3,528,290</u>
<b>Total Equity</b>	<u>43,781,217</u>	<u>43,528,290</u>
	<u>43,822,302</u>	<u>43,584,291</u>

*See accompanying notes*

## Global Centre for Pluralism

### STATEMENT OF CHANGES IN EQUITY

Year ended December 31

	2011		2010
	Endowment fund	Unrestricted fund	Total
	\$	\$	\$
<b>Balance, beginning of year</b>	40,000,000	3,528,290	43,528,290
Excess of revenue over expenditures for the year	—	252,927	345,696
<b>Balance, end of year</b>	<b>40,000,000</b>	<b>3,781,217</b>	<b>43,781,217</b>

*See accompanying notes*

**Global Centre for Pluralism**

**STATEMENT OF OPERATIONS**

Year ended December 31

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>REVENUE</b>		
Investment income	<u>524,320</u>	<u>411,843</u>
<b>EXPENDITURES</b>		
Administration and other expenses <i>[note 4]</i>	<u>271,393</u>	<u>66,147</u>
<b>Excess of revenue over expenditures for the year</b>	<u><b>252,927</b></u>	<u><b>345,696</b></u>

*See accompanying notes*

## Global Centre for Pluralism

### STATEMENT OF CASH FLOWS

Year ended December 31

	2011	2010
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures for the year	252,927	345,696
Net change in non-cash working capital balances related to operations	<b>(23,058)</b>	35,441
<b>Cash provided by operating activities</b>	<b>229,869</b>	381,137
<b>INVESTING ACTIVITY</b>		
Net (increase) decrease in investments	<b>389,876</b>	(261,484)
<b>Cash provided by (used in) investing activity</b>	<b>389,876</b>	(261,484)
<b>Net increase in cash and cash equivalents during the year</b>	<b>619,745</b>	119,653
Cash and cash equivalents, beginning of year	<b>209,754</b>	90,101
<b>Cash and cash equivalent, end of year</b>	<b>829,499</b>	209,754

*See accompanying notes*

## **Global Centre for Pluralism**

# **NOTES TO FINANCIAL STATEMENTS**

December 31, 2011

## **1. THE CENTRE**

The Global Centre for Pluralism [the "Centre"], located in Ottawa, Canada, was created by letters patent on March 8, 2004. The Centre is an international initiative of His Highness the Aga Khan, 49<sup>th</sup> hereditary Imam of Ismaili Muslims, and the Aga Khan Development Network. Conceived as an international centre for the study, practice and teaching of pluralism, its core functions will include research, education, professional development, dialogue, governance reform and cultural exchange.

In 2006, the Government of Canada and His Highness the Aga Khan entered into a Funding Agreement to support the Centre. Pursuant to that agreement, the Centre took receipt of two major grants in 2007: a grant of \$30 million received from the Government of Canada and a donation of \$10 million received from His Highness the Aga Khan. His Highness the Aga Khan has also committed no less than \$20 million toward the rehabilitation of 330 Sussex Drive, Ottawa, a federal heritage structure which the Government of Canada has made available as the Centre's global headquarters.

The Centre is mandated to undertake activities which will fulfill its role as a global repository and source for knowledge and know-how about fostering pluralistic values, policies and practices in a variety of settings.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of presentation**

These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined below:

### **Financial instruments**

The Centre's investments have been classified as held-for-trading and are recorded at fair value. Unrealized gains and losses on held-for-trading financial assets are included in excess of revenue over expenditures in the period during which they arise.

The carrying amount of accounts payable and accrued liabilities approximates their fair values because of the short-term nature of these instruments.

Additionally, the Centre was not exposed to any significant credit liquidity or market risks associated with its financial instruments.

## **Global Centre for Pluralism**

# **NOTES TO FINANCIAL STATEMENTS**

December 31, 2011

### **Cash and cash equivalents**

All highly liquid investments with original maturities of three months or less are classified as cash and cash equivalents. The fair value of cash and cash equivalents approximates the amount shown in the financial statements.

### **Donations and contributions**

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year during which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recorded when received.

### **Endowment Fund**

The Endowment Fund [the "Fund"] has been established in accordance with the guidelines set out in the Funding Agreement with the Government of Canada. The agreement acknowledges that the contributions of both the Government of Canada and His Highness the Aga Khan, must be capitalized in perpetuity, and only the revenue of the Fund is to be disbursed and used for the purposes of the Fund. Contributions to the Fund are recognized as a direct increase to net assets. Investment income related to the Fund is unrestricted and is recognized as revenue when earned.

## **3. INVESTMENTS**

As endorsed by the Board of Directors and required by the Funding Agreement, the Fund has been invested in a portfolio until such time as the Board of Directors and its Investment Management Committee have developed and approved an investment policy. The Board of Directors and its Investment Management Committee developed and approved an investment policy in November 2011. This policy will be implemented over the course of 2012. Investments consist of Guaranteed Investment Certificates, which are for terms varying from 10 to 365 days [2010 – 73 to 365 days]. The investments are recorded at fair value and earn interest at rates varying from 0.75% to 1.35% [2010 – 0.35% to 1.25%] and the effective weighted average rate is 1.23% [2010 – 0.87%].

## Global Centre for Pluralism

### NOTES TO FINANCIAL STATEMENTS

December 31, 2011

#### 4. CONTRIBUTED PROPERTY

In 2007, the Centre and the National Capital Commission entered into a 99-year lease agreement for 330 Sussex Drive, Ottawa, for a nominal amount of \$1. The lease specifies that all costs related to the building, including renovation costs, operating costs and taxes, are to be borne by the lessee. Given the unique nature of the property and the consequent difficulties in assessing its fair market value, the lease has been valued at a nominal amount of \$1.

Pursuant to a Funding Agreement signed between His Highness the Aga Khan and the Minister for Canadian Heritage in October 2006, His Highness the Aga Khan has committed to providing permanent institutional facilities for the Centre, and has agreed for that commitment to be realized through his support for the rehabilitation of the leased premises. The following table outlines the operating and maintenance, precinct master plan and other related expenditures incurred for the property for the years ended December 31, 2011 and 2010, which have been funded separately through the Aga Khan Development Network.

	2011 \$	2010 \$
Operating and maintenance, precinct master plan and other related expenditures	764,243	483,139
Amount funded through the Aga Khan Development Network	<u>(764,243)</u>	<u>(483,139)</u>
	<u>—</u>	<u>—</u>

#### 5. CAPITAL MANAGEMENT

The Centre's objective when managing capital is to safeguard its ability to continue as an independent not-for-profit organization in an effort to carry out its mandate. Through the Fund established by a grant from the Government of Canada and a donation from His Highness the Aga Khan, the interest earned on the Fund provides the Centre with a significant portion of its capital resources. The Centre monitors its capital by reviewing periodically various financial metrics, including interest income. The Centre has complied with all of the requirements of the Funding Agreement.