

SUPPORTING RESEARCH

BUILDING CAPACITY

EFFECTING CHANGE



ANNUAL REPORT
2005

Table 1
GDN regional network partners
 (October 2005)

REGION	NETWORK PARTNERS	LOCATION	NETWORK HEADS
Asia Pacific	GDN Japan	Tokyo, JAPAN	Ryutaro Koga r-koga@jbic.go.jp
Commonwealth of Independent States	Economics Education and Research Consortium (EERC)	Moscow, RUSSIA	Eric Livny elivny@eerc.ru
East Asia	East Asian Development Network (EADN)	Bangkok, THAILAND	Chalongphob Sussangkarn chalongp@tdri.or.th
Eastern & Central Europe	Center for Economic Research and Graduate Education-Economics Institute (CERGE-EI)	Prague, CZECH REP	Randall Filer randall.filer@cerge-ei.cz
Latin America	Latin American and Caribbean Economic Association (LACEA)	Bogotá, COLOMBIA	Alejandro Gaviria agaviria@uniandes.edu.co Marcela Melendez mmelendez@fedesarrollo.org.co
Middle East and North Africa	Economic Research Forum (ERF)	Cairo, EGYPT	Samir Radwan sradwan@erf.org.eg
South Asia	South Asia Network of Economic Research Institutes (SANEI)	Islamabad, PAKISTAN	A. R. Kemal arkemal@saneinetwork.net
South Pacific	Oceania Development Network (ODN)	Suva, FIJI	Mahendra Reddy reddy_m@usp.ac.fj
Sub-Saharan Africa	African Economic Research Consortium (AERC)	Nairobi, KENYA	William Lyakurwa exec.dir@aercafrica.org

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Message from the Chair of the GDN Board of Directors

Dr. Ernesto Zedillo was unanimously elected Chair at the GDN Board of Directors' meeting in Dakar in January 2005.



Ernesto Zedillo is the Director of the Center for the Study of Globalization and Professor of International Economics and Politics at Yale University. He was President of Mexico from 1994 to 2000. After leaving office, Dr. Zedillo became Chair of the UN High Level Panel on Financing for Development and a Co-Coordinator of the UN Millennium Project Task Force on Trade. He was Co-Chair of the UN Commission on the Private Sector and Development along with Prime Minister Paul Martin of Canada. In April 2005 he was appointed by the UN Secretary-General to serve as his Envoy for the September 2005 Summit in which heads of state reviewed implementation of the Millennium Declaration. Dr. Zedillo is a member of the Trilateral Commission, serves on the International Advisory Board of the Council on Foreign Relations, the Board of Directors of the Institute for International Economics, and is a trustee of the World Economic Forum.

“Last December, I was asked to join the Global Development Network and to be proposed as its Chairman. That invitation touched deeply my public service chords because of GDN's mission and its very valuable and extensive work in the developing world. Subsequently, at the Sixth Annual Development Conference held in Dakar in January, I was voted Chairman of the GDN Board of Directors.”

I am glad to have this opportunity to chair GDN because it represents concretely the kind of exciting new thinking that is absolutely essential for building local research and analytical capacity to enable countries to design, implement, and evaluate their own development strategies. I believe that GDN's work contributes to supporting homegrown expertise and development programs. GDN is and continues to be an institution owned and managed primarily by the community it is intended to serve.”

A handwritten signature in black ink, consisting of a large, stylized 'Z' followed by a series of loops and a long horizontal stroke at the bottom.

Ernesto Zedillo

Message from the GDN President

"In this, my first message from New Delhi, I am delighted to report that the move from Washington has been successfully accomplished and that the Secretariat is functioning very effectively from its new headquarters. Many deserve credit for making the transition so smooth, but special thanks has to go to the government of India for its generous support of GDN and to our excellent staff, both in Washington and here in New Delhi.

Change in location does not imply change in objective. GDN remains fully committed to building research capacity throughout the developing and transition worlds. Nor does it imply change in intensity of effort as revealed by a few highlights from the year: 500 participants attended the Dakar conference with over 160 from the African continent; the first volume from the Global Research Project on 'Understanding Reform' is now available; the Global Development Awards and Medals Competition received 700 submissions, more than twice last year's total; GDN's Knowledge Base now boasts almost 10,000 research documents; the three initial signatories of GDN's IO Charter Egypt, Italy, and Senegal -- have already been joined by three others including our host country, India. These and other outcomes bear out my conviction that bringing us closer to those we are intended to serve through our offices in Cairo and now New Delhi has strengthened our resolve and will lead to even greater progress in the years ahead."



Lyn Squire
Lyn Squire

A new chapter begins: the move to New Delhi

New GDN International Secretariat opened

On the bright, sunny morning of May 2, 2005 and in the heat of the Indian summer, the GDN Secretariat began working out of our new offices located at the Vasant Kunj Institutional Area in New Delhi, India.

The relocation to Delhi marks GDN's continued commitment to our core constituency - researchers in developing and transition countries.



Welcome to GDN, New Delhi



A weekly staff meeting in progress in New Delhi



*Lyn Squire, President of GDN cuts the ribbon to open
the new office*

Remembering Lal Jayawardena: a GDN colloquium

The move to New Delhi was particularly poignant as it came a year after the death of one of GDN's most ardent supporters former Chair of the Board of Directors, Lal Jayawardena.

In April 2005, Lal Jayawardena was honored at a colloquium organized by GDN in New Delhi. The program was opened by Manmohan Singh, prime minister of India, a close personal friend of Dr. Jayawardena. South Asia's leading academics, diplomats, and political figures came together to pay tribute to Lal's contribution to our understanding of development.



Panelists address the colloquium

The panel chaired by N. Ram, Editor-in-Chief of *The Hindu* newspaper, also featured tributes in the form of substantive discussions of key development issues of crucial importance to the developing world and central to Lal Jayawardena's economic thinking and ideals.

“To study economics is to feel”

[Lal] and I got to know each other in Cambridge... At a seminar where he and I participated in the famous political economy club... Lal pointed out to me, [that] when we study economics, our impulse is not the philosopher's impulse, not knowledge for the sake of knowledge, but for bringing about an element of feeling directly or indirectly which will have [a] perceptible impression on the quality of living of people. Lal and I worked very closely for some years in the beginning of UNCTAD (of which Lal was one of the founding members) and that was the age of hope where people generally believed that through international cooperation we could usher in a brave new world. Lal was par excellence an individual. He believed that ultimately good was bound to prevail over evil. Along with Keynes, he believed that ideas are in many ways more important than vested interests. In remembering Lal, we pay homage to a remarkable human being, a great friend. A man like him will be missed for a long, long time to come.



Excerpts from the speech of Manmohan Singh, Prime Minister of India

Towards international organization status

The year 2005 marked the transformation of GDN into an international organization (IO), a major milestone in the history of an organization formally launched just six years ago. Several countries, including Colombia, Egypt, India, Italy, Senegal, and Sri Lanka, re-affirmed their support by signing GDN's IO charter.

January 23, 2005: Egypt, Italy, and Senegal sign the Charter

The Dakar Conference in Senegal provided the setting for this historic event – the first signatures to the IO charter. Senegalese Minister of Education Moustapha Sourang was joined by Egyptian Ambassador Sanna Attallah and Italian representative to Senegal Ambassador Agostino Mathis. The signing ceremony was attended by several international dignitaries, members of the GDN Board of Directors, and representatives of the international research community.



Sanna Attalah, Egyptian Ambassador to Senegal signs on her nations behalf

February 16, 2005: Colombia and Sri Lanka sign the Charter

Soon after the annual conference, Colombian representative Ambassador Luis A. Moreno and Sri Lankan representative Ambassador Devinda Subasinghe signed the Charter at a ceremony in Washington D.C.



Moustapha Sourang, Minister of Education, Senegal signs the Charter in Dakar as Ernesto Zedillo, Chair, GDN Board of Directors looks on

October 28, 2005: India signs the Charter

Ashok Jha, Secretary, Department of Economic Affairs, Ministry of Finance, India signed the IO charter on behalf of the host country. The signing follows approval from the Union Cabinet of the government of India earlier this year.

All these signatory countries are now in the process of ratifying the agreement.



Lyn Squire, President GDN and Isher Ahluwalia, Board Member look on as Ashok Jha, Secretary, Ministry of Finance, India, signs the GDN Charter

Understanding mutual impact: the Dakar conference

The Sixth Annual Global Development Conference, *Developing and Developed Worlds: Mutual Impact*, was held in Dakar, Senegal, January 24-26, 2005. The international conference brought together 500 researchers and policymakers from across the world to discuss the myriad ways in which the developing and developed worlds impact each other's trajectories.

Key highlights:

-  Richard Cooper, deputy chair of the GDN Board of Directors, opened the conference by placing the topic of mutual impact in a historical context and highlighting the flow of ideas and the spread of markets as the most important aspects of interdependence between developing and developed countries.
-  President Abdoulaye Wade of Senegal highlighted the African development experience and the possibilities of cooperation between North and South countries.
-  Paul Collier of Oxford University spoke on conflict and security and his presentation was especially well received, demonstrating the speaker's depth of knowledge, extensive research, and original thinking on the subject.

“The people in charge of public policies in Southern countries have the ardent obligation to answer the pressing demand of improving living standards and taking the best advantage of the opportunities of globalization. This can happen through a better functioning of the global economy, a better control of market rules, and the existence of regulation mechanisms. And this would entail, while strengthening the current institutional international architecture, implementing a structure of regulation to open up Northern markets to Southern countries and, in the particular case of Africa, to implement the New Partnership for the Development of Africa.”

Abdoulaye Wade, President of Senegal

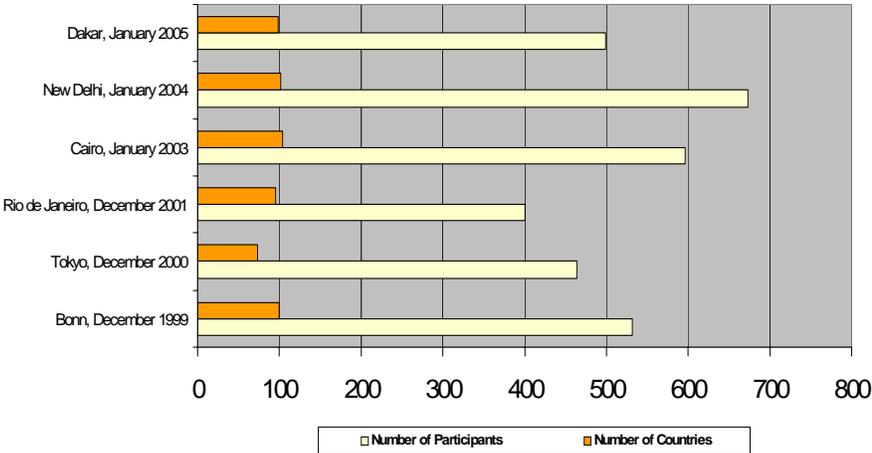
Conference participants

The geographic representation among participants remains strong. Nearly every region in the world found representation at the conference, with an overwhelming number of researchers from the developing world.

GDN's commitment to multidisciplinary was also on display: while the majority of participants continue to be economists, there is a considerably higher representation of other social science disciplines compared to previous years.

The increasing presence of government representatives reveals the possibilities for greater interaction between researchers and policymakers at future events.

Table 1: Participation in Annual Global Development Conferences



Tapping the reservoir of intellect

Updates from the regional networks

GDN works closely with nine regional network partners across the world towards generating policy-relevant and homegrown, high-quality research on issues of national and regional development. Today, GDN unites networks headquartered in Colombia, the Czech Republic, Egypt, Fiji, Japan, Kenya, Pakistan, Russia, and Thailand.

In 2005, GDN contributed nearly USD 1 million towards the promotion of policy-relevant research on issues of importance to the developing and transition world.



African Economic Research Consortium

Headquartered in Nairobi, Kenya, the Network held two bi-annual regional workshops. The May plenary session, *Syntheses of Recent AERC Collaborative Research Projects*, featured papers on four projects – trade, growth, aid, and poverty. The December plenary session on the *Commission for Africa* elicited significant interest as it presented preliminary findings of the United Kingdom Commission for Africa. The Seventh AERC Senior Policy Seminar 2005 focused on the theme *Growth, Poverty, and Institutions*. The year also witnessed the successful joint implementation of the teaching electives for collaborative Masters and PhD programs.



Center for Economics Research and Graduate Education - Economics Institute

The 2005 annual research competitions revealed a larger and more diverse pool of external experts. The Network, which is located in Prague, Czech Republic, has also increased its cooperation with other Networks and, along with the Economics Education and Research Consortium (Moscow, Russia), jointly managed a bi-regional conference in the context of the *Impact of Rich Countries' Policies on Poverty: Perspectives from the Developing World* project. The network also organized a global conference on education research in March 2005 and arranged with the Latin American and Caribbean Economic Association to exchange reviewing services for research competitions.



East Asian Development Network

The Network, now located in Bangkok, Thailand, conducted three regional research projects: *Labor Migration and East Asian Integration*, *Political Transition and Development in East Asia*, and *Urban Poverty and Social Safety Nets in East Asia*. A dissemination workshop held in January 2005 in Beijing was attended by nearly 100 project researchers, Chinese policymakers, and academics. Completed individual research projects presented at the Network's 2004 Annual Forum included diverse issues such as the care-giving role of the sandwich generation in Hong Kong and the policy implications of cross-border resource management.



Economics Education and Research Consortium

The Network, headquartered in Moscow, Russia, has revitalized its *Focus on Policy* program to improve the ability of grantees to extract and deliver policy recommendations. These are disseminated through the Network's new *Focus on Policy* e-bulletin, circulated for the first time in October 2004. The Network's unique online library (www.eerc.ru/library) has expanded significantly and now provides access to over 30,000 full-text working papers, as well as JSTOR and Elsevier's ScienceDirect journal archives. EERC is furthering multidisciplinary research and its policy impact through its involvement in the *Multidisciplinary Research and Intermediation (MIR)* initiative and the *Bridging Research and Policy* project.

GDN relations with regional network partners

The GDN Board meeting in May 2005 formed a working group to clarify GDN's relations with the regional network partners. Issues to be reviewed by this committee include governance and decisionmaking; the relationship between the GDN Board, Secretariat, and the regional partners' leadership, and funding, including options for joint fundraising.



Economic Research Forum

An independent evaluation of the organization's first decade noted the enhanced quality of research. The Economic Research Forum, headquartered in Cairo, Egypt, has been involved in several innovative projects to bridge the gap dividing policymakers, researchers, and the business community through research endeavors such as the *Country Profile and Micro and Small Enterprises* projects. It now seeks to become the resource hub for reliable data on the Middle East and North Africa region by influencing official data producers and disseminating this information to its researchers.



GDN-Japan

The Network is looking to expand its affiliates and strengthen its ties with GDN's other regional networks, particularly the East Asia Development Network. The hub-institute of GDN-Japan, the Japan Bank for International Cooperation in Tokyo, is financing three research sub-projects of the Global Research Project *Bridging Research and Policy*. The year ahead will see the Network involving more Japanese researchers and research institutions in GDN-Japan's activities.



Latin American and Caribbean Economic Association

The Association's four thematic networks (Inequality and Poverty, Political Economy, Regional Integration, and International Finance) continue to provide excellent venues for high-quality professional exchanges. Its professional journal, *Economia*, has been established as a central reference point in development discussions in the region. In July 2005, the Association's Secretariat shifted its base from Buenos Aires to Bogotá, Colombia, where it will remain until June 2011 in a joint venture with two prestigious institutions: the think tank Fedesarrollo and University of Los Andes.



Oceania Development Network

GDN's youngest regional network partner is headquartered in Suva, Fiji Islands. The Network was able to participate in the *Impact of Rich Countries' Policies on Poverty: Perspectives from the Developing World*, a Global Research Project. The Network successfully convened its first competition for research proposals. A workshop was organized at the University of the South Pacific, where the network is based, and was funded by AusAID. The Network hopes to continue identifying contemporary issues that underpin the development agenda of the Island states and organize conferences geared at developing and refining related policies. To this effect, the Network held a conference in Papua New Guinea in September 2005.



South Asia Network of Economic Research Institutes

After a five-year stint in India, SANEI has established its central office in Islamabad, Pakistan. As the Network for promoting collaborative research in South Asia, it is coordinating studies on two Global Research Projects – *Impact of Rich Countries Policies on Poverty: Perspectives from the Developing World* and the *Multidisciplinary Research and Intermediation* initiative. The challenge ahead includes more regional workshops to create an effective tool to integrate research with policy decisions and implementation and mobilizing funds to further capacity-building efforts in the region.

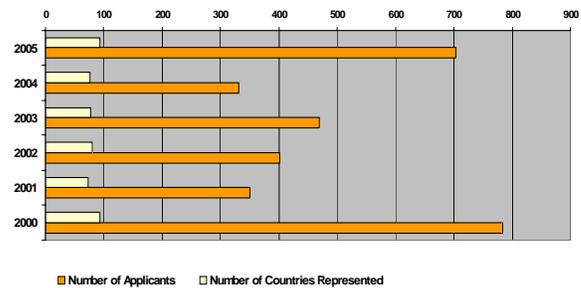
Recognizing the best: the Global Development Awards

The Global Development Awards Competition is the world's largest international contest for research on development produced by researchers from developing and transition countries.

Three categories of Awards are given annually:

- ✍ Japanese Prize for the Most Innovative Development Project (Supported by the Ministry of Finance, Japan)
- ✍ Japanese Award for Outstanding Research on Development (Supported by the Ministry of Finance, Japan)
- ✍ Medals for Research on Development (Supported by various governments, The World Bank and private sector enterprises.)

Table 2: Participation in the Global Development Awards and Medals Competition, 2000-2005



Development through education

The Japanese Prize for the Most Innovative Development Project for 2004 was won by the Rishi Valley Institute for Educational Resources (RIVER), an integrated program in education, conservation, and healthcare in one of the poorest regions of India.

Y.A. Padmanabha Rao, along with his wife Rama, pioneered the RIVER initiative a multigrade multilevel methodology, addressing the basic needs of primary schooling in rural India.



“The GDN Award has brought us immediate recognition and has renewed the faith of our partners and funders, while also paving the way for new potential partnerships. National partners such as UNICEF and government agencies are keen for us to play a much larger role, especially in post-tsunami programs. The resources bestowed by the award are now being used in enriching our teaching-learning materials, methodology, training materials, and films.”

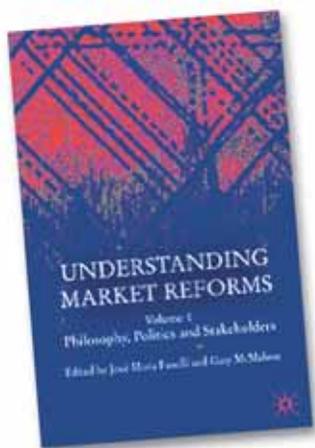
A proactive policy for displaced populations in Colombia

Japanese Award for Outstanding Research on Development for 2004 went to **Ana Maria Ibáñez's** research which examines the linkages between forced internal displacement and the internal armed conflict in Colombia. She is an Assistant Professor at the Department of Economics at the University of Los Andes, Bogotá, Colombia.



“The award provided us with the opportunity to concentrate exclusively on our research agenda and has also attracted the attention of national and international institutions now willing to read and understand our research. As our research examines policy-related issues, we hope that, when the results become available, we can contribute to craft adequate policies for the displaced population.”

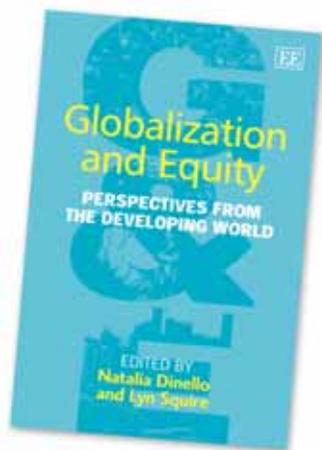
GDN publications - 2005



Understanding Market Reforms Volume I: Philosophy, Politics, and Stakeholders

Edited by Jose Maria Fanelli and Gary McMahon, Basingstoke, UK: Palgrave Macmillan, 2005

This book represents the first volume of findings from GDN's Global Research Project *Understanding Reform*. The last 25 years saw a widespread trend towards more market-oriented policies and institutions across the developing and former socialist countries, usually in the context of more politically open societies. The most remarkable feature of this movement is that while policies have often been quite similar, results have been very different. *Understanding Market Reforms* attempts to lay the groundwork for a political -economy analysis of the variety of outcomes observed around the world.



Globalization and Equity: Perspectives from the Developing World

Edited by Natalia Dinello and Lyn Squire, Cheltenham, UK Northampton, MA, USA: Edward Elgar, 2005

This edited volume of selected papers presented at the Fourth Annual Global Development Conference (Cairo, January 2003) analyzes links between globalization and equity from the perspectives of seven regions of the developing world. The contributions reflect the regions' disparate experiences and represent diverse positions on globalization and equity. Nevertheless, they reveal a fledgling consensus on the benefits of the developing world's entry into a global universe and the necessity for prudent adjustment to the perils of this endeavor. Most crucially, the volume gives voice to a key constituency seldom heard in the ongoing debate on globalization, that is researchers from the developing world.

Disseminating information

GDNet : Bridging the information divide

GDNet seeks to build the capacity of local researchers in developing and transition countries through:

- ✍ Globally communicating research on development from developing countries.
- ✍ Providing access to online services and datasets to support researchers and research institutes.
- ✍ Training in knowledge management to enhance the policy impact of research.

Growth of Knowledge Base

GDNet's Knowledge Base now hosts:

- ✍ Nearly 10,000 policy-focused summaries with links to the full-text documents.
- ✍ 3,000 policy research centers worldwide, profiling their activities, specialist areas, and links to their websites.
- ✍ 4,600 development researchers worldwide, including information on their research specializations, contact details, and links to online papers.

Table 4: Growth of the Knowledge Base

	Documents	Organizations	Individual Researchers
February 2002	3,746	2,076	1,440
August 2002	4,000	2,221	2,023
February 2003	4,586	2,335	2,375
August 2003	5,156	2,495	2,713
February 2004	7,431	2,582	3,209
August 2004	7,833	2,669	3,531
February 2005	8,884	2,839	4,054
August 2005	9,509	2,917	4,518

The growing Knowledge Base is GDNet's key vehicle for communicating locally generated development knowledge to stimulate its application in national, regional, and international policymaking arenas. This is done through a collaborative approach at both the global and regional level.

BLDS document delivery service launched

GDNet continues to support researchers by providing them with free access to online services. The year 2005 saw the launch of another initiative in this direction - the British Library of Development Studies (BLDS) document delivery service. Based at the Institute of Development Studies (United Kingdom), BLDS holds Europe's largest research collection on economic and social change in developing countries with over 1,000 journals, 4,000 serials, and more than 80,000 monographs concerned specifically with development.

The GDN/BLDS Document Delivery Service allows eligible users to search the huge BLDS online catalogue of development related resources from their desktop, then request copies of articles on behalf of their research colleagues with a click of a button. A 'real-life' BLDS librarian receives the request, photocopies or scans the article or book chapter requested, sending it on via post or email. The costs of delivering the documents are covered by GDN on behalf of users based in low and middle-income countries.

GDNet Regional Windows

The GDNet Regional Windows are a key part of realizing GDN's commitment to decentralization and capacity building in developing countries. Each Window brings together high-quality, policy-related social science research from across the region. They also showcase researchers and research institutes, as well as news, jobs, events, and funding information relevant to the research community in each region. There are currently four functioning Regional Windows for Africa, Central and Eastern Europe, Commonwealth of Independent States, and Middle East and North Africa, three of which are managed by the Regional Network Partners.

Knowledge sharing for development: the Africa regional program

Cairo, February 27-28, 2005

In cooperation with the Institute of Development Studies, Bellanet, and the World Bank Institute, GDNet organized the 'Knowledge Sharing for Development: Africa Regional Program' workshop. The workshop, attended by 52 participants representing 25 different countries, was an opportunity for those engaged in research communication and knowledge sharing in Africa to exchange ideas. The project facilitated the creation of new partnerships and pledges to support the GDN capacity-building initiative.



Participants at the knowledge sharing workshop.

GDNet systems migration to Cairo

In line with GDNet's commitment to capacity building in developing countries, the GDNet systems will migrate to Cairo by the end of the first quarter of 2006, a move that will allow for hosting and further GDNet development to take place in Cairo.

GDN projects: promoting research globally

Updating the Global Research Projects

Impact of Rich Countries' Policies on Poverty: Perspectives from the Developing World

Launched in 2005 in Dakar, this Global Research Project aims to analyze and, where possible, quantify the impact of rich countries' policies on poverty in developing countries. 31 case studies cover three main policy areas - trade, migration, and capital flows (aid and foreign direct investment) and also issues of integration. Researchers will present a first draft of their reports during the forthcoming workshop held in conjunction with the forthcoming GDN conference in St. Petersburg, Russia, in January 2006.

Table 5: Distribution of country studies by policy focus

Policy Issues	Country Studies	Regional Studies	Number
Trade	Indonesia, Colombia, Nigeria, Brazil, Nepal, Senegal, Tunisia, Argentina, and India		9
Migration	Poland, Samoa/Tonga, Turkey, Romania, Ghana and Serbia	South East Europe (2) East Central Europe	9
Capital Flows (Aid and FDI)	Tanzania, Poland, China, Papua New Guinea, Argentina, Nepal, Ukraine, Albania and Kosovo	South East Europe (2)	11
Interaction	Morocco, Kazakhstan		2
Total:			31

Bridging Research and Policy

When, why, and how research feeds into development policy

This Global Research Project launched in 2002 aims to synthesize approaches to closing the gap between ideas and their implementation. More than 20 studies undertaken as part of the first two phases of this global project are now nearing completion. Papers are in the final editorial phase and "bridging briefs" are focusing on:

- ✍ Lessons for the entire range of stakeholders involved in the research-policy interaction, and
- ✍ Suggestions for training and dissemination to facilitate evidence-based policymaking in developing countries.

The third phase of the project will include a mix of complementary activities: training, dissemination, and practical "bridging" interventions. These will be combined and implemented, both at the global level and regionally, in cooperation with GDN's partner networks and institutions. The project's final phase should strengthen the capacity of regional policy networks, advocacy coalitions, selected research institutes, and individuals to serve as conduits of knowledge for use in public policymaking and to develop effective research implementation and communication strategies.

Moving out of Poverty

A bottom-up perspective on pro-poor growth and inequality

Moving Out of Poverty: Understanding Freedom, Democracy, and Growth from the Bottom Up is a 15-country study to learn first hand from men and women who have moved out of poverty and stayed out of poverty over time. A follow-up to the World Bank report, *Voices of the Poor*, this study will explore a wide range of social, political, institutional, and economic factors that facilitate or hinder people's access to economic opportunities and their movement out of poverty. Workshops have been held on five continents to engage country research teams and finalize the quantitative and qualitative research instruments. An advisory group for the study has been constituted, led by Nobel Laureate Amartya Sen. Draft national synthesis reports from all the study countries will be presented at the *Global Synthesis Workshop* in St. Petersburg in January 2006.

Macroeconomic Policy Challenges of Low-Income Countries

GDN was the implementing agency for this project launched jointly by the governments of the United Kingdom and the Netherlands, the International Monetary Fund, and The World Bank. The aim was to obtain the perspectives and insights of academics and practitioners based in low-income countries on the effectiveness and scope for improvement of macroeconomic policy in their economies. The 22 completed papers are available online.

Multidisciplinary and Intermediation Research (MIR) initiative

A multidimensional approach to policymaking

The MIR initiative seeks to bridge the gap between research and policy in transition countries by furthering multidisciplinary approaches to research and by promoting innovation in capacity building, networking, and intermediation between researchers and policymakers. The project is being jointly conducted by two regional network partners, the Economics Education and Research Consortium and the South Asia Network of Economic Research Institutes. Six projects were selected for funding after presentations and in-depth review at the Dakar MIR workshop.

Table 6: Multidisciplinary and Intermediation Research projects

Family strategies and labor market behavior in Russia
Institutional reforms of pension systems in Central Asia: Impact on poverty reduction
The evaluation of key determinants of health in Ukraine in the context of structural and quality-enhancing reforms
Institution building for controlling corruption: a case study on the effectiveness of commission for the Investigation of Abuse of Authority (CIAA) and National Vigilance Center (NCV) in Nepal
Demographic transition and economic development in Kerala: the role of emigration
Impact of arsenic contamination in groundwater on poverty and choice of mitigation technology for rural communities of Bangladesh

Linking researchers across the world

Each Global Research Project involves our unique ability to conduct studies in many countries simultaneously. The four projects initiated thus far link researchers across the world in a process characterized by a synthesis of regional research across a global theme.

Farrukh Suvankulov, Research Economist, Public Finance Management Reform Unit of the Ministry of Finance, Uzbekistan

A research economist whose primary focus is on public finance, fiscal policy and economic growth, Suvankulov has completed two country studies relating to Uzbekistan under two Global Research Projects *Explaining Growth* and *Understanding Reform* and is also working on the *Multidisciplinary and Intermediation Research* initiative.



“Global Research Projects have significantly strengthened my analytical skills and methodological approaches for multidisciplinary analysis. Their findings have been presented at workshops and conferences all over the world, and recommendations for policy implications have been presented to the Ministry of Finance in the Republic of Uzbekistan. In-country economists and public policymakers have underlined that both projects have extensively contributed to the stock of knowledge on Uzbekistan’s transition to market economy.”

Alvaro Forteza, Director of the Department of Economics, Faculty of Social Science, Universidad de la República, Uruguay

A PhD in Economics from the Gothenburg University, Sweden, Fortezo was involved in GDN’s *Understanding Reform* research project. In 2002 - 2004, he was a member of the editorial board of the *Journal of Applied Economics* and has been visiting scholar at several universities across the world. Since 1999, he has been a member of the National Research System, Uruguay.



“GDN’s ‘Understanding Reform’ project gave our research team an excellent opportunity to interact with colleagues from different countries and different disciplines. It helped us to put our country case study in an international perspective. The project had to deal with a delicate methodological equilibrium between the flexibility needed to understand the idiosyncrasies of different countries and the project goal of learning some general lessons about the pro-market reform process. This flexible comparative perspective was key to fruitful interactions among researchers coming from different social sciences and very different country experiences.”

Evaluating capacity building

Evaluating outcomes

Building policy-relevant research capacity in developing and transition economies is at the core of GDN's mission.

Understanding capacity building

In an effort to better evaluate the outcomes of various capacity-building activities, GDN is currently extending its evaluation exercise to incorporate assessments of output as well as process. In a series of evaluation activities from September to December 2005, several new elements were introduced complementing the existing process evaluation of GDN's capacity-building activities. These include an assessment of:

-  **Quality of academic output:** Independent experts will evaluate the quality and potential for publication of sampled GDN-supported research;
-  **Policy outreach:** The survey of grantees explored the extent to which research funded by the GDN is reaching policymakers.
-  **Career development of GDN grantees and awardees:** A series of sociological inquiries will investigate the lasting impact on their professional development.

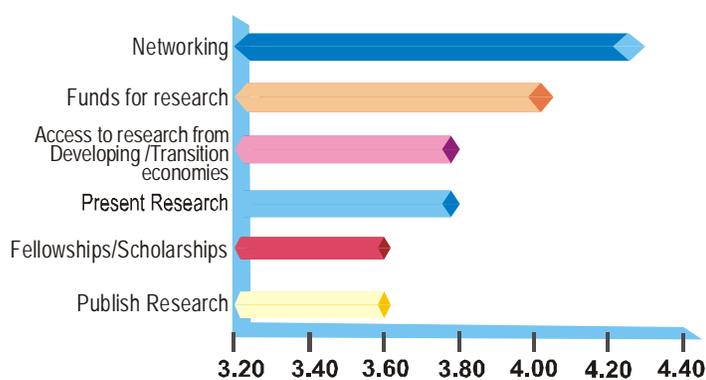
The final report of this evaluation's findings will be issued in early 2006.

Closing the gap: a GDN survey of conference participants

GDN's in-depth survey of participants at the Sixth Annual Global Development Conference in Dakar, Senegal, reveals a good match between the self-reported needs of the respondents and the perceived value of GDN in providing services to meet their needs. The survey's key findings include the following:

-  On average, GDN is considered most valuable as a means for networking with other researchers and policymakers—the most urgent need of the research community—followed closely by its high value in providing funds for research and access to research from developing and transition economies.
-  The Annual Conference is rated highly with 63 percent of respondents viewing the event as “extremely valuable.”
-  The largest gap between the needs of respondents and services provided by GDN remains in the areas of translating research into policy.

Table 7: Dakar survey on the value of GDN services (scale of 1-5)



Building capacity from the young up

In 2002, we held an essay competition for university students. Several promising finalists were invited to attend the Fourth Annual Global Development Conference in Cairo, Egypt. For many, this launched their careers as researchers with a desire to influence the course of development policy in their countries.

Janis Aizsalnieks, Political Adviser to Latvia's representative to the European Parliament, Brussels

Latvian political scientist Janis Aizsalnieks, currently Political Adviser to Latvia's representative to the European Parliament in Brussels, participated in GDN Annual Conferences in Cairo (2003) and New Delhi (2004).

"My association with GDN has provided me an extraordinary insight into the role, place, and status of development research and policy thereby reaffirming my dedication to working in this field. Also, GDN has provided a comparative angle to looking at various societies in a global context. And finally, GDN has brought me together with many exceptional personalities in this network of development professionals."



Ofor Aula, Research Assistant, University of Nigeria Enugu Campus

Ofor Aula is currently a Research Assistant at the Institute of Development Studies at the University of Nigeria Enugu Campus, which partners with the Department for International Development, United Kingdom, in making inputs in development policies in the Enugu state. Aula participated in the GDN conferences at Cairo and New Delhi.

"I must reiterate the fact that not only did GDN assist me in discovering my talent, your organization has also broadened my horizon and helped me to solidify my passion to contribute positively to development policies which I see as a life long ambition."



Parashar Kulkarni, Researcher, Centre for Trade and Development, India

Kulkarni is a researcher with the Centre for Trade and Development (CENTAD), an Oxfam GB Initiative in New Delhi where he works on supply chains and non-tariff barriers. He recently completed a study on developing India's negotiating position on non-tariff barriers in respect to industrial goods.

"My association with GDN marked my entry in the field of development research. I was destined to pursue a secure business consulting career at a leading firm when I participated in GDN's essay competition in 2002. From there, my association grew, I participated in conferences, studied GDN's research online, and interacted with GDN staff. Today, as I work on trade policy and engage with the government in providing policy inputs, I find GDN to be my first reference point."



GDN Board of Directors

Ernesto Zedillo, Chair of the Board, is Director of the Yale University Center for the Study of Globalization, Connecticut, United States, and former president of Mexico.

Richard Cooper, Deputy Chair of the Board of Directors and Professor of International Economics, Harvard University, Massachusetts, United States, represents the research community in North America.

Bina Agarwal, Professor of Economics, Institute of Economic Growth, India, represents the International Economic Association.

Isher Ahluwalia, Chair of the Board of Governors, Indian Council for Research on International Economic Relations, India, represents the South Asia Network of Economic Research Institutes.

Ernest Aryeetey, Director, Institute of Statistical, Social and Economic Research, University of Ghana, Legon, Ghana, represents the African Economic Research Consortium.

Eliana Cardoso, Professor of Economics, Escola de Economia da Fundaco Getulio Vargas, San Paulo, Brazil, represents the Latin American and Caribbean Economic Association.

Beris Gwynne, Executive Director, The Foundation for Development Cooperation, Brisbane, Australia, represents the Oceania Development Network.

Ulrich Hiemenz, Visiting Professor at the Center for Development Research/ZEF, University of Bonn, Germany, represents the European research community.

Inge Kaul, Director of the Office of Development Studies, United Nations Development Programme, New York, United States, represents the United Nations Development Programme.

Jan Kmenta, Professor of Economics, University of Michigan, Michigan, United States, represents the Center for Economic Research and Graduate Education - Economics Institute.

Chalongphob Sussangkarn, President, Thailand Development Research Institute, Thailand, represents the East Asian Development Network.

Samir Makdisi, Professor of Economics, American University of Beirut, Lebanon, represents the Economic Research Forum.

Krzysztof Palecki, Chair of Sociology of Law, Faculty of Law and Administration, Jagiellonian University, Poland, represents the International Political Science Association.

Sujata Patel, University of Pune, India, represents the International Sociological Association.

Vladimir Popov, Professor, New Economic School, Moscow, Russia, represents the Economics Education and Research Consortium.

Guillermo Perry, Chief Economist of Latin America and the Caribbean region, The World Bank, Colombia, represents The World Bank.

Changes in the GDN Board of Directors

This year we thank several departing members of the GDN Board for their support and dedication to the global network **Chalongphob Sussangkarn**, **Inge Kaul**, **Jan Kmenta**, **Guillermo Perry** and **Ulrich Hiemenz**.

We welcome the newcomers to the GDN Board **Alan Winters** representing The World Bank, **Carolina Hernandez** representing the East Asian Development Network, United Nations Development Programme representative **Luis Gomez Echeverri**, **Boris Vujcic**, representing the Center for Economic Research and Graduate Education - Economics Institute and GDN- Japan's representative, **Masanori Kondo**.

Supporting GDN

GDN's support base comprises a diverse group of governments in both developed and developing countries, corporate enterprises, and multilateral organizations.

Australia

Australia Agency for International Development (AusAID)

Austria

Federal Ministry of Finance

Canada

International Development Research Centre

France

Ministry of Foreign Affairs

Germany

German Society for Technical Cooperation (GTZ)

India

Ministry of Finance

Italy

Ministry of Foreign Affairs

Japan

Japan Bank for International Cooperation
Ministry of Finance

Luxembourg

Ministry of Finance

Norway

Norwegian Agency for Development Cooperation

Russian Federation

Government of St. Petersburg, Russia

Sweden

Ministry for Foreign Affairs, Department for Global Development

United Kingdom

Department for International Development

United States

United States Agency for International Development

International

Arab Fund for Economic and Social Development
International Monetary Fund
The World Bank

Private
MERCK

Global Development Network, Inc.

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITORS

JUNE 30, 2005 AND 2004

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REPORT OF INDEPENDENT AUDITORS

J.P. KAPUR & UBERAI
CHARTERED ACCOUNTANTS

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Board of Directors
Global Development Network, Inc.

We have audited the accompanying statements of financial position of the Global Development Network, Inc. (GDN) as of June 30, 2005, and the related statements of activities and cash flow for the years then ended. These financial statements are the responsibility of GDN's management. Our responsibility is to express an opinion on these financial statements based on our audit. GDN's financial statements for the year ending June 30, 2004 were audited by other auditors, whose report thereon dated August 27, 2004 expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Development Network, Inc. as of June 30, 2005, and the changes in its net assets and its cash flow for the year then ended in conformity with accounting principles generally accepted in the United States of America.

New Delhi, India
September 12, 2005



A handwritten signature in black ink, appearing to read "J.P. Kapur Uberai".

Global Development Network, Inc.
Statements of Financial Position
June 30, 2005 and June 30, 2004

	2005	2004
Assets		
Current assets		
Cash and cash equivalents	\$ 2,554,719	\$ 2,151,063
Accounts receivable	–	362,318
Contributions receivable	180,138	613,971
Prepaid expenses	109,959	19,235
Other current assets	7,047	–
Total current assets	2,851,863	3,146,587
Property and equipment, net	172,318	77,961
Investment	–	601,392
Other assets		
Security deposits	109,418	16,007
Total assets	\$ 3,133,599	\$ 3,841,947
Liabilities and Net Assets		
Current liabilities		
Grants payable	\$ 1,880,430	\$ 2,650,009
Accounts payable	130,867	417,014
Accrued expenses	93,635	59,762
Other Payable	63,730	–
Total liabilities	2,168,662	3,126,785
Net assets (deficit)		
Unrestricted	702,917	(493,276)
Temporarily restricted	262,020	1,208,438
Total net assets	964,937	715,162
Total liabilities and net assets	\$ 3,133,599	\$ 3,841,947

See accompanying notes to the financial statements.

Global Development Network, Inc.
Statements of Activities
Years Ended June 30, 2005 and June 30, 2004

	2005			2004		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Grants, contracts, and contributions	\$ 4,449,097	\$ 2,508,107	\$ 6,957,204	\$ 531,300	\$ 7,864,655	\$ 8,395,955
In-kind contributions	130,626	-	130,626	94,115	-	94,115
Interest income	29,837	-	29,837	15,894	-	15,894
Foreign currency exchange gain	72,729	-	72,729	39,039	-	39,039
Other	5,340	252,475	57,815	2,936	-	2,936
Net assets released from restrictions	<u>3,707,001</u>	<u>(3,707,001)</u>	<u>-</u>	<u>8,735,480</u>	<u>(8,735,480)</u>	<u>-</u>
Total support and revenue	<u>8,394,629</u>	<u>(946,418)</u>	<u>7,448,211</u>	<u>9,418,764</u>	<u>(870,825)</u>	<u>8,547,939</u>
Expenses						
Program services						
Annual Conference	1,232,604	-	1,232,604	1,589,518	-	1,589,518
Regional Research Competitions	1,137,720	-	1,137,720	2,118,077	-	2,118,077
Global Development Awards	532,468	-	532,468	630,752	-	630,752
Global Research Projects	2,480,723	-	2,480,723	742,254	-	742,254
GDNet	732,835	-	732,835	1,042,950	-	1,042,950
Education	275,535	-	275,535	1,157,085	-	1,157,085
Other programs	166,127	-	166,127	1,002,644	-	1,002,644
Total program	<u>6,558,011</u>	<u>-</u>	<u>6,558,011</u>	<u>8,283,280</u>	<u>-</u>	<u>8,283,280</u>
Supporting services						
Donor coordination and fundraising	169,732	-	169,732	174,913	-	174,913
Secretariat (indirect costs)	415,120	-	415,120	184,041	-	184,041
Fundraising	55,573	-	55,573	39,955	-	39,955
Total expenses	<u>7,198,436</u>	<u>-</u>	<u>7,198,436</u>	<u>8,682,189</u>	<u>-</u>	<u>8,682,189</u>
Change in net assets	1,196,193	(946,418)	249,775	736,575	(870,825)	(134,250)
Net assets (deficit)						
Beginning of period	(493,276)	1,208,438	715,162	(1,229,851)	2,079,263	849,412
End of period	<u>\$ 702,917</u>	<u>\$ 262,020</u>	<u>\$ 964,937</u>	<u>\$ (493,276)</u>	<u>\$ 1,208,438</u>	<u>\$ 715,162</u>

See accompanying notes to the financial statements.

Global Development Network, Inc.
Statements of Cash Flows
Year Ended June 30, 2005 and 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions, grants, and contract payments received	\$ 7,947,711	\$ 9,088,599
Interest income received	29,837	15,894
Other revenue received	335,930	41,975
Payments to grantees, vendors, and employees	(8,264,306)	(8,027,002)
Net cash provided by operating activities	49,171	1,119,466
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale/(Purchases) of investments	601,392	(601,392)
Increase in Long term deposit	(93,411)	-
Purchases of property and equipment	(153,496)	(31,029)
Net cash from/(used) investing activities	354,486	(632,421)
NET INCREASE IN CASH AND CASH EQUIVALENTS	403,656	487,045
CASH AND CASH EQUIVALENTS		
Beginning of period	2,151,063	1,664,018
End of year	\$ 2,554,719	\$ 2,151,063
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH		
PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 249,775	\$ (134,250)
Adjustments		
Depreciation and amortization	53,754	43,991
Loss on disposal of fixed assets	5,386	
Decrease (increase) in assets		
Accounts receivable	362,318	(357,126)
Contributions receivable	433,833	1,049,770
Prepaid expenses and security deposits	(97,771)	(11,495)
Increase (decrease) in liabilities		
Grants payable	(769,579)	465,479
Accounts payable and accrued expenses	(252,274)	63,097
Other Payable	63,730	-
Net cash provided by operating activities	\$ 49,171	\$ 1,119,466

See accompanying notes to the financial statements.

GLOBAL DEVELOPMENT NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005 AND 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation – Financial statement presentation follows the guidance contained in Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the Global Development Network, Inc. (GDN) reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Cash and Cash Equivalents – Cash consists of monies held in demand deposit and money market accounts. Cash equivalents are all highly liquid investments with initial maturity dates of three months or less.

Investments – Investments are mutual funds carried at fair value, which generally represents reported market values as of the last business day of the fiscal year.

Property and Equipment – Property and equipment are recorded at cost. Major additions are capitalized while replacements, maintenance, and repairs that do not improve or extend the lives of the respective assets are expensed currently. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose or for use in a future period. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. The cost of property and equipment retired or disposed off is removed from the accounts along with the related accumulated depreciation or amortization, and any gain or loss is reflected in income.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign Currency – GDN records pledges received in foreign currencies at the exchange rate at the date of the pledge. Unrealized increases or decreases due to fluctuations in exchange rates are included in “foreign currency exchange gain” in the Statement of Activities.

NOTE 2. ORGANIZATION AND TAX STATUS

The Global Development Network is an evolving network of research and policy institutes working together to address problems of national and regional development. Launched in 1999 by the World Bank, GDN became incorporated as a not-for-profit organization in March 2001. GDN is governed by a 16-member international governing body of renowned researchers and policymakers from around the world.

GDN (a Delaware non-profit corporation), is exempt from Federal and District of Columbia income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 47-1802.1 of the District of Columbia Code, respectively, and is classified as a publicly-supported organization by the Internal Revenue Service under an advance ruling that ended on June 30, 2005. GDN has filed for the extension of its status as a publicly-supported organization to the Internal Revenue Service in September 2005. GDN is expected to receive a positive reply on the extension of its status as a publicly-supported organization in near future.

In May 2005 GDN moved its headquarters to India, with intent to get status of International Organization by Government of India. The Union Cabinet of Government of India has approved in June 2005, the establishment of GDN as an international organization with its headquarters in New Delhi. It has also approved the signing of the ‘Agreement Establishing the Global Development Network’ by Government of India. The final signing of the agreement is expected in the near future.

GDN is *global*. It:

- Supports multidisciplinary research in the social sciences and mobilizes resources around the world.
- Produces policy-relevant knowledge on a global scale.
- Promotes the application of global knowledge through its local “reinvention.”

GDN is for *development*. It:

- Builds research capacity to advance development and alleviate poverty.
- Fosters research in developing and transition economies.
- Disseminates development knowledge to the public and policymakers.
- Bridges the gap between ideas and policies.

GDN is a *network*. It:

- Links research institutes from 11 regions and more than 100 countries.
- Coordinates research and strengthens partnerships worldwide.
- Facilitates knowledge sharing among researchers and policymakers.
- Promotes multidisciplinary collaboration among researchers.

NOTE 2. ORGANIZATION AND TAX STATUS (CONTINUED)

GDN activities are designed to meet the needs of research institutes, as determined through surveys and direct consultations, as well as to provide policymakers with relevant and timely information. These activities include:

Regional Research Competitions – These competitions are held every year by GDN's regional network partners. GDN raises funds from donor governments and public and private institutions to provide grants to researchers in the developing world through the regional research competitions.

Global Development Awards Competition – This is the largest worldwide contest for development researchers. Researchers and practitioners are invited each year to compete. Over \$321,000 in 2005 and \$374,000 in 2004 were spent for prize and travel money. The awards recognize excellence and innovation in the field of development research and application.

Global Research Projects – The first global research project sought to explain economic growth performance across the developing world; a volume describing the first phase of this project was completed in 2004. The projects currently under way are *Impact of rich country policies on poverty: a global view*, *Bridging Research Project*, *Understanding Reform and Moving out of Poverty*.

Annual Global Development Conference – The annual GDN conference provides a global forum for the exchange of ideas on sustainable development and alleviation of poverty. Participants include researchers, government officials and policymakers, representatives of international organizations and research sponsors. Internationally renowned speakers address audiences on many pressing problems of development. Theme of the 2005 conference held in Dakar, Senegal was *Developing and Developed Worlds: Mutual Impact*. The forthcoming 2006 conference in St. Petersburg, Russia has the theme of *Institutions and Development: At the Nexus of Global Change*. Around 65 and 85 people attended the annual GDN conference at their own expense in 2005 and 2004 incurring an estimated amount of \$141,000 and \$393,000 respectively in travel and accommodation expenses; these amounts have not been recognized in the accompanying financial statements.

GNet – GDN's web presence serves as a channel for data sharing and a forum for the exchange of views. Researchers registered with GNet have access to valuable information including a database of more than 800 cross-country economic, social and financial indicators; micro-data from World Bank research project; an online library of scholarly works on development; academic journals; and funding opportunities. GDN's website, www.gdnet.org, offers a free monthly electronic newsletter and opportunities to participate in online discussions with researchers worldwide.

Collaborative Activities – These are activities that contribute to GDN's goals and are supported administratively or financially by GDN but are funded largely outside GDN's budget. One example is nearly \$2 million provided for the year ending June 30, 2004 by National Institutes of Health to support research on health issues in developing countries, which is augmented by GDN funds. No such major activity occurred for the year ending June 30, 2005.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2005 and 2004, consists of the following:

	<u>2005</u>	<u>2004</u>
Computer equipment	\$ 157,970	\$ 113,829
Furniture and fixtures	95,384	52,400
Vehicle	15,179	–
Office Equipment	10,451	–
Less accumulated depreciation and amortization	<u>(106,666)</u>	<u>(88,268)</u>
	<u>\$ 172,318</u>	<u>\$ 77,961</u>

NOTE 4. NET ASSETS

Unrestricted Net Assets – Unrestricted net assets represent amounts available to carry out the general operations of GDN without restriction imposed by outside parties.

Restricted Net Assets – GDN has received contributions to support specific programs, which have resulted in temporary restrictions on its net assets. The net assets will be released when expenses are incurred that satisfy the specified restrictions.

Temporarily Restricted Net Assets – Temporarily restricted net assets were available for the following purposes:

	<u>2005</u>	<u>2004</u>
Regional Research Competitions	\$ –	\$ 17,376
Global Development Awards	1,494	–
Global Research Projects	147,357	–
Education	72,475	324,131
Secretariat	–	545,997
World Bank - MIR	40,564	226,324
Other	130	94,610
	<u>\$ 262,020</u>	<u>\$ 1,208,438</u>

NOTE 4. NET ASSETS (CONTINUED)

Net Assets Released from Donor Restrictions - Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restrictions accomplished for the year ended June 30, 2005 and June 30, 2004 were:

	2005	2004
Annual Conference	\$ 434,504	\$ 1,455,373
Regional Research Competitions	269,851	1,984,008
Global Development Awards	486,322	590,300
Global Research Projects	1,474,484	1,417,938
GDNNet	—	903,308
Education	251,656	1,083,844
Secretariat	695,704	731,923
Other	94,480	568,786
	<u>\$ 3,707,001</u>	<u>\$ 8,735,480</u>

NOTE 5. OPERATING LEASES

GDN entered into a three-year lease starting from April 15, 2005 for office space for its head quarters in New Delhi, India, where GDN moved its operations from Washington, D.C. Annual rent is INR 4,471,200; the U.S. currency equivalent of the annual rent is \$102,786. To secure the space, GDN paid an advance rent of \$102,786, to be adjusted equally over the period of three years. The balance as of June 30, 2005 on this account is \$95,648, which represents of approximately eleven month's of rent. In addition to advance rent GDN has also paid security amount of \$102,786 which will be received at the end of lease term. GDN's rent expense for the years ended June 30, 2005 and 2004 were \$123,111 and \$133,814, respectively.

GDN also, entered into a lease for office space in Cairo, Egypt in 2004, where GDN moved the operations of GDNNet, the organization's Internet initiative described in Note 2. The five-year lease starts from June 1, 2004. Annual rent is Egyptian LE 73,440 and can be adjusted annually based on the Consumer Price Index. As of June 30, 2005, the U.S. currency equivalent of the annual rent is \$11,854. To secure the space GDN paid advance rent of \$11,883, the balance as of June 30, 2005 on this account is \$1,981, which represents two months of rent. An additional security deposit of six months of rent \$6,632 was paid by GDN.

Future minimum annual rental payments required under these operating leases as of June 30, 2005, are as follows (without consideration of Price Index Fluctuations)

Year Ending June 30, 2006	\$ 114,640
Year Ending June 30, 2007	114,640
Year Ending June 30, 2008	93,226
Year Ending June 30, 2009	<u>10,866</u>

NOTE 6. UNINSURED CASH BALANCE

GDN maintains its cash accounts in USA and India. The banks in USA are insured by Federal Deposit Insurance Corporation for the first \$100,000 of the deposit. On June 30, 2005 and 2004, GDN had balances that exceeded the federally insured amount by approximately \$424,000 and \$780,000, respectively. The bank in India is insured for \$2,300. The uninsured amount exceeded the insured limit in India by \$115,800 as of June 30, 2005.

In addition, at June 30, 2005 and 2004 cash and cash equivalents includes approximately \$1.9 and \$1.3 million respectively in repurchase agreements and certificates of deposit that are not insured by the FDIC.

GDN has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 7. CONCENTRATION OF CONTRIBUTIONS

GDN received approximately 67% and 62% of its total support and revenue from a single contributor for the years ended June 30, 2005 and 2004, respectively. In addition, 67% and 21% of GDN's contribution receivable is due from one contributor at June 30, 2005, and 2004, respectively. The receivable is expected to be collected in one year.

NOTE 8. IN-KIND CONTRIBUTIONS

In-kind contributions are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The value of donated services included as contributions in the financial statements and the corresponding program expenses for the years ended June 30, 2005 and 2004 are as follows:

	2005	2004
Salaries and benefits	\$ 110,626	\$ 23,047
Scholarships	—	49,000
Other	20,000	22,068
Total	<u>\$ 130,626</u>	<u>\$ 94,115</u>

In-kind contributions directly contributed by donors for GDN's programs, which are not reflected in accounting financial Statements, were estimated to be \$ 296,000 for the year ending June 30, 2005.

NOTE 9. CONDITIONAL PROMISES TO GIVE

GDN has a grant for which the grantor agency's promise to give is conditional upon the Network raising matching contributions and assessment by the donor of the effectiveness of GDN's programs. The original grant was for \$9 million over 5 years. As of June 30, 2005, this conditional promise to give totaled approximately \$1.8 million payable.

GDN has another grant for which agency's promise to give is conditional upon Network's management's demonstration of the required scientific and administrative skills to pursue the objectives of the grant successfully. The original grant was for \$510,000 over 3 years. As of June 30, 2005, this conditional promise to give totaled approximately \$411,000 payable.

These promises to give will be recognized as revenue when the respective conditions are met in future years.

NOTE 10. COLLABORATIVE PROGRAMS

GDN partners with the National Institutes of Health and other institutions in sponsoring a competitive research program entitled International Studies on Health and Economic Development (ISHED). For the year ended June 30, 2004, the total funding to ISHED was \$1,785,156; GDN's contribution was \$150,000 for the year ended June 30, 2004.

NOTE 11. GLOBAL DEVELOPMENT NETWORK'S IRA SIMPLE PLAN

Effective July 1, 2002, Global Development Network established the Global Development Network's IRA SIMPLE Plan (the Plan). The Plan covers full time employees who have elected to participate. During the year ended June 30, 2005 and 2004, GDN's contributions to the Plan totaled \$11,797 and \$25,640, respectively.

NOTE 12. OTHER INCOME

Other income includes \$252,475 received during the year 2005 from a regional network partner as refund of unutilized grant paid in previous years.

GLOBAL DEVELOPMENT NETWORK

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