



G D N

GLOBAL DEVELOPMENT NETWORK



Learning from our Research Community: Evaluating the Outcomes of Capacity Building



The Global Development Network

Annual Report 2006



Photographs courtesy:

Future Generations, Afghanistan
Sierra Gorda Biosphere Reserve
Economics Education and Research Consortium
Global Development Network

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REACHING GDN TARGETS

Message from Ernesto Zedillo, Chair, GDN Board of Directors

Since GDN was launched in 1999, our efforts have been directed toward one overarching goal – to promote and support policy-relevant research for development. In 2005, six years into our work, we took stock of how far we've progressed toward achieving that objective. The results, compiled and analyzed during this past year, are ones that make us proud on all fronts. At the same time, this information has provided us with some benchmarks and guidance for the most productive ways to move forward.



For the year 2006, which this annual report describes, I am pleased to say that there was progress on all fronts. Each one of GDN's capacity-building programs demonstrated substantial outcomes. More than 120 research grants were awarded by our regional networks to support the generation of local knowledge crucial to informing our understanding of development. Nearly 200 researchers from all over the world were involved in our two Global Research Projects, *Explaining Growth* and *Understanding Reform* and a series of volumes highlighting this impressive body of policy-relevant research is in the offing. Almost 11,000 documents available online through GDNNet have become a popular source of research and ideas for the development community. Our annual conference in St. Petersburg brought together nearly 600 researchers and provided a global platform for many promising individuals to share their work. We have come a long way towards achieving our goal to build research capacity in developing and transition countries that can provide the impetus for change. Looking ahead to 2007, it is my hope that we will continue to move forward, motivated and inspired by the good results of our work so far.

Message from Lyn Squire, President, GDN

As the end of my tenure as President of GDN draws ever closer, I want to report on progress with regards to three goals I set myself. Capacity building remains the overriding objective, but since GDN's constituency has expressed its positive view on performance in this respect, a view that is summarized elsewhere in this Annual Report, I feel justified in focusing here on my personal goals for GDN. The first, to establish GDN's headquarters in New Delhi, has now been accomplished, and on June 20, 2006, GDN celebrated its first anniversary in its new location. The second, to transform GDN into an international organization, has not yet been achieved. At this point, only one more ratification is required to realize this goal, so I still hope to see it happen during my tenure. And last, I wanted to strengthen and diversify GDN's funding base. This, a never-ending task, cannot be achieved in any absolute sense, although it is possible to highlight progress. In particular, I am pleased to report major new, multi-year grants from the Dutch Ministry of Foreign Affairs, the Bill and Melinda Gates Foundation, and AusAID. With its new location, an almost-achieved international legal status, and increased donor support, GDN is well positioned to continue and indeed to improve its capacity-building performance in the years ahead.



THE YEAR IN REVIEW

It has now been one year since GDN relocated its international Secretariat to New Delhi, India. During this exciting year, we have achieved our goal of moving closer to our research community in the developing and transition world. This proximity better informs our understanding of development and the challenges facing the prospects for change.

One-year Delhi anniversary

To mark our first year in New Delhi, Ernesto Zedillo, Chair of the GDN Board of Directors, hosted a reception on June 20, 2006, at the India Habitat Centre. Palianiappan Chidambaram, India's minister of finance, was the guest of honor. The dinner, held to acknowledge the support we have received in the past year in New Delhi, coincided with a two-day meeting of the GDN Board of Directors, the first such meeting to be held in India.



Palianiappan Chidambaram, Finance Minister, India, addresses the gathering



Lyn Squire, President, GDN, presents the Finance Minister with a copy of the latest GDN publication "Understanding Market Reforms"

GDN's unique approach of harnessing the indigenous knowledge of local researchers from the developing world and using their insights and inputs to influence development policies is commendable. We are happy to have GDN with us, and I am confident that the relocation of GDN will bring it closer to its core constituency which is the developing worldGDN in the future will have important inputs to provide towards designing poverty alleviation strategies not only in India but in all developing countries.

- Palianiappan Chidambaram,
Minister of Finance of India

We don't go to developing countries to dictate recipes for development. We go to developing countries to encourage local talent to think about development, to do basic research about development, and to connect with the policy world, so that good ideas become the good practice of development.

- Ernesto Zedillo, Chair,
GDN Board of Directors, and
Director, Yale Center for
the Study of Globalization

The Seventh Annual Global Development Conference



7TH ANNUAL GLOBAL DEVELOPMENT CONFERENCE
INSTITUTIONS AND DEVELOPMENT:
AT THE NEXUS OF GLOBAL CHANGE

Institutions and Development: At the Nexus of Global Change

The historic city of St. Petersburg, Russia, provided the setting for GDN's Seventh Annual Global Development Conference, held from January 19–21, 2006.

While it is accepted that “good institutions” are essential for sustainable economic growth, the 2006 conference sought to go beyond this cliché to explore the meanings of “effective” institutions in multiple settings of the world and in an increasingly globalized environment. Globalization inevitably challenges the world to devise “global rules of the game”, in particular those supporting development and managing a messy process of global integration. In such a scenario, the conference sought to evaluate the international institutional mechanism and its ability to govern globalization in order to achieve economic growth and social development in less developed countries.

Experiences of developing countries

A two-day series of breakout sessions examined various aspects of the linkages between institutions and development. Discussions focused on institutional reform, national and international governance, and the role of institutions in poverty alleviation, while grounding these issues in the experiences of specific developing and transition countries.



Egor Gaidar, Institute for the Economy in Transition, Russia.



A panel discussion organized by the United Nations University-World Institute for Development Economics Research (WIDER)

Institutions are extraordinarily complex, interdependent packages of different kinds of rules, and many of them are informal. They come from the realm of political culture, not formal legal institutions. Therefore it is only through understanding the perplexity and totality of rules that one can understand the ways in which institutions affect economic development.

*- Francis Fukuyama,
Johns Hopkins University*

Partners

The conference held in partnership with the Leontief Centre, the St. Petersburg-based think tank, featured participants representing a diverse range of organizations including the International Labour Organization; Agence Universitaire de la Francophonie; United Nations Development Program; The World Bank; New Economic School, Russia; European Commission; Institute for Development Studies, United Kingdom; MERCK; United Nations University–World Institute for Development Economics Research, Finland; the Ministry for Foreign Affairs, Sweden; Brookings Institution, United States; Japan Bank for International Cooperation.



Martin Wolf, 'Financial Times', delivers the welcoming address

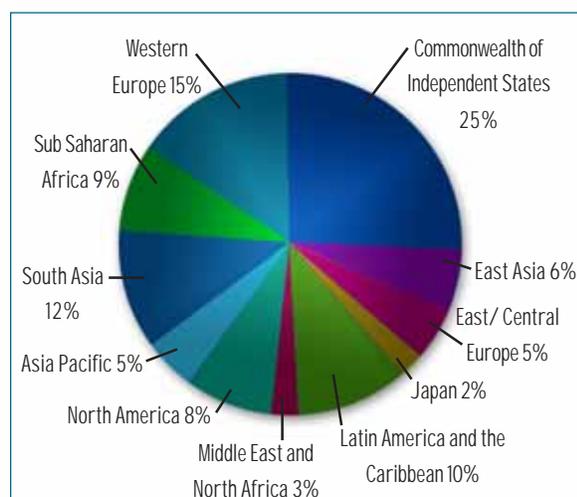
Research workshops

Many of the nearly 700 scholars who came to St. Petersburg for the Annual Conference extended their experience by attending supplemental workshops held in conjunction with the conference. The workshops presented findings of existing research projects such as "Bridging Research and Policy," and "The Impact of Rich Countries' Policies on Poverty: Perspectives from the Developing World" and also featured new topics such as "Asian and Other Drivers of Global Change."

Keynote speakers

- **Francis Fukuyama**, Johns Hopkins University, United States.
- **Martin Wolf**, 'Financial Times', United Kingdom.
- **Valentina Matvienko**, Governor, St. Petersburg, Russia.
- **Ernesto Zedillo**, Yale University, United States.
- **Johannes Linn**, Brookings Institution, United States.
- **Anders Åslund**, Institute for International Economics, United States.
- **Andrei Illarionov**, former economic advisor to Russian President Vladimir Putin.
- **Egor Gaidar**, Institute for the Economy in Transition, Russia.
- **Vladimir Mau**, Academy of National Economy under the Government of the Russian Federation, Russia.

Chart 1 : Nationality of conference participants



Becoming an international organization

GDN has secured two of the three country ratifications necessary to become an international organization.

In February 2006, Sri Lanka became the second country to ratify the GDN Charter when Foreign Minister Mangala Samaraweera signed on his country's behalf. Samaraweera follows Indian President A.P.J Abdul Kalam, who signed the Charter in December 2005. GDN now needs one more country to sign the Charter in order to become a full-fledged international organization. Colombia, Egypt, Italy, and Senegal have all expressed their commitment to supporting the future of GDN.



Other GDN Events

People Moving, Jobs Moving: The Impact of Migration between the United Kingdom and India

Roundtable Discussion, New Delhi, India, March 7, 2006

In collaboration with the Indian Council for Research on International Economic Relations (ICRIER) and the Institute for Public Policy Research (IPPR), United Kingdom, GDN co-hosted a roundtable discussion to explore the impact of migration flows between India and the United Kingdom. The discussion, chaired by N.K. Singh, ICRIER Board Member, also featured comments by Stephen Byers, member of the U.K. House of Commons and former U.K. secretary of state for trade and industry. IPPR Associate Director Dhananjayan Sriskandarajah highlighted the intense movement of people, jobs, capital, skills, and knowledge between the United Kingdom and India. Senior policymakers, academics, and industry representatives discussed the impact of changing economic and demographic conditions on migration flows and strategies to ensure that both countries maximize the benefits derived from these migration flows.



Stephen Byers, member of Parliament, United Kingdom, at the roundtable discussion

Understanding Social Opposition to Power Sector Reforms in India

Workshop, New Delhi, India, March 17, 2006

Policymakers, academics, representatives of NGOs, international organizations, and media practitioners debated the reasons for the poor track record of the Indian state in implementing reforms in the power sector. This event centered around the presentation of final research findings by V. Santhakumar, winner of the 2003 Japanese Award for Outstanding Research on Development for his proposal on understanding social opposition to power sector reforms in Indian states. In his presentation, Santhakumar emphasized the crucial need to understand how and why individuals or households in 14 states across India respond to proposals to privatize their electricity utilities.



Power sector reform workshop in progress

Cities in a Globalizing World

Brainstorming Session, New Delhi, India, February 3, 2006

How can policymakers capitalize on the global economy in a way that will be least taxing to city resources and managerial infrastructure? GDN and the World Bank Institute organized a brainstorming session focused on the findings of *Cities in a Globalizing World: Governance, Performance and Sustainability*, edited by Frannie Léautier, vice-president of the World Bank Institute who also led the discussion. Participants discussed how good governance and globalization can improve city-level performance in both access to and delivery of services. This in turn, according to Léautier, allows cities the chance to translate global opportunity into local value for their residents.



Lyn Squire with Frannie Leautier



Members of the GDN Board of Directors during the two-day annual board meeting in New Delhi, India

EVALUATING GDN CAPACITY BUILDING: PROCESSES AND OUTCOMES

Pilot capacity-building evaluation exercise

In late 2005 GDN conducted an intensive evaluation of progress toward achieving our core objective of “supporting high-quality, policy-oriented research in the social sciences for the purpose of development.”¹

Assessing the impact of capacity building

Building capacity is a vital objective of GDN. After six years in operation it was time to evaluate — in quantifiable and practical terms — the outcomes of various GDN activities. Unlike previous assessments, this exercise is both comprehensive (covering all our core activities) and result-oriented (academic output, its implications for policy, and impact on researchers’ careers). The evaluation methodology included surveys of participants, focus group discussions, independent reviews, audits of GDN accounts, analysis of randomly selected CVs of GDN-affiliated researchers and of Regional Network Partner reports.

Findings

55 percent of all respondents rated their overall satisfaction with GDN as “4” or “5”(highest) on the five-point scale. This is largely attributable to the intensive mentoring, exposure and networking opportunities created by GDN

Vehicles for capacity building

- ▶ **Mentoring** : Researchers participating in the Regional Research Competitions and Global Research Projects receive an average of five reviews either directly from the mentors or through feedback at workshops at various stages of their project.
- ▶ **Exposure** : Finalists and winners of the Global Development Awards and Medals competition rate this competition’s contribution to their career advancement at 3.7 on a five-point scale where a rating of “5” signifies a substantial contribution.
- ▶ **Networking** : Annual conferences contribution to “networking and developing new contacts” is rated 4.1 on the 5 point scale.

Impact on research community

- ▶ **Publications**: Almost 40 percent of GDN-funded researchers have published at least one article related to their GDN project in a refereed journal.
- ▶ **Career Development**: Some 60 percent of researchers have received at least one promotion since their involvement with GDN.

Reaching policymakers

- ▶ **Policy briefs**: Approximately 60 percent of GDN-funded researchers have produced at least one policy brief based on their research.
- ▶ **Presentations**: In addition, over 60 percent have given at least one presentation at a policy briefing or roundtable.

Note: Calculations are based on the five-point scale ranging from “very low” (1) to “very high” (5).

¹Agreement Establishing the Global Development Network, March 2004, Article I, Section 1

Publishing GDN-funded research

Independent reviewers were asked to assess the publishability of GDN-supported research from a group of randomly selected papers. Charts 2 and 3 indicate that much of GDN-supported research is of publishable quality. More than 65 percent of papers in fiscal 2002 were judged to be publishable in refereed journals with revision, rising to almost 80 percent in fiscal 2005.

Chart 2: Assessment of Publishability
(Percent) - Fiscal 2002



Chart 3: Assessment of Publishability
(Percent) - Fiscal 2005



Note: ("Other" refers to chapters in volumes and working papers)



Value of various capacity building activities

Table 1 shows the perceived value of GDN activities for various dimensions of capacity building. GDN's five core activities were originally selected on the basis of a survey of researchers in the developing and transition world. Given that no single activity can meet all aspects of their needs, GDN adopted a "menu" approach to its portfolio of activities.

Table 1: GDN's Contributions to Capacity Building

| Group | Technical Skills | Knowledge of Subject | Research Output | Research Contacts | Career Advancement | Visibility | Policy Relevance |
|---|------------------|----------------------|-----------------|-------------------|--------------------|------------|------------------|
| <i>Regional Research Competition Grantees</i> | 3.0 | 3.3 | 3.5 | 3.4 | 2.8 | 2.7 | 3.2 |
| <i>Global Research Project Grantees</i> | 2.7 | 3.6 | 3.3 | 3.3 | 2.9 | 2.5 | 3.2 |
| <i>Global Development Awards and Medal Winners</i> | 3.1 | 3.2 | 3.5 | 4.0 | 3.7 | 3.3 | 3.2 |
| <i>Registered users of GDN</i> | 2.6 | 3.2 | 2.9 | 2.9 | 2.4 | 2.3 | 2.8 |
| <i>Annual Global Development Conference Attendees</i> | 2.9 | 3.6 | 3.4 | 3.6 | 2.9 | 2.8 | 3.4 |

Note: The contributions were rated by various groups within the GDN constituency on the five-point scale ranging from "very low" (1) to "very high" (5).

Impacting local communities: recipients of past grants speak

The SEED-SCALE process of community interventions: impacting women

**Future Generations, Afghanistan, second place winner
Most Innovative Development Project, 2004**

Although the post-Taliban leadership of Afghanistan has had considerable success in reconstructing the country's facilities-based health system, the country still needs a similarly effective, comprehensive, community-based health care program to address the high infant and maternal death rates in remote villages. When Future Generations Afghanistan, a non-profit educational institution, received the GDN Award in 2004, it had been working for two years in Afghanistan's central highlands to introduce a process of community change known as SEED-SCALE. This decision-making process had enabled villagers to establish over 400 mosque-based schools for women's literacy. Building on this success, Future Generations developed culturally appropriate methods to train village women as community health workers and to organize women's action groups in villages to support these volunteers. With funding from GDN and other donors, Future Generations Afghanistan has now developed, demonstrated, and evaluated a replicable community-health intervention model that can significantly reduce the occurrence of some of the most common causes of maternal and infant mortality in Afghanistan.



Mosque-based schools for women's literacy stimulate women's interest in learning practical health skills

Strengthening the capacity of educational institutions

**Dhaka Ahsania Mission, Bangladesh, first place winner
Most Innovative Development Project, 2003**

GDN funds have been used to strengthen the infrastructure and management capacity of more than 750 Ganokendras (people's learning centers) in rural areas of Bangladesh. These networks were strengthened by establishing Community Resource Centers, which serve as a forum for Ganokendras at the community level by identifying local problems and devising means to address them. With the increased capacities of these networks, the Dhaka Ahsania Mission has been able to implement successful development programs in education (literacy and mathematics), changing behavioral practices in health and sanitation, and providing gender sensitization training. About 75 percent of the target community comprises women and adolescent girls.



A volunteer weighs a child at a local ganokendra

Supporting the local researcher

Generating policy-relevant, local research is the mainstay of the GDN initiative. Yet, we recognize that for this research to have an impact and to reach policymakers, it needs to be of internationally accepted high quality. Building research capacity is at the core of our activities.

Each year we support hundreds of researchers from developing and transition countries through regional research grants, the awards competition, annual conferences or providing a repository of social science research through our online programs.

Chart 4: Total GDN capacity building funding, fiscal 2005 – 2006 (USD)

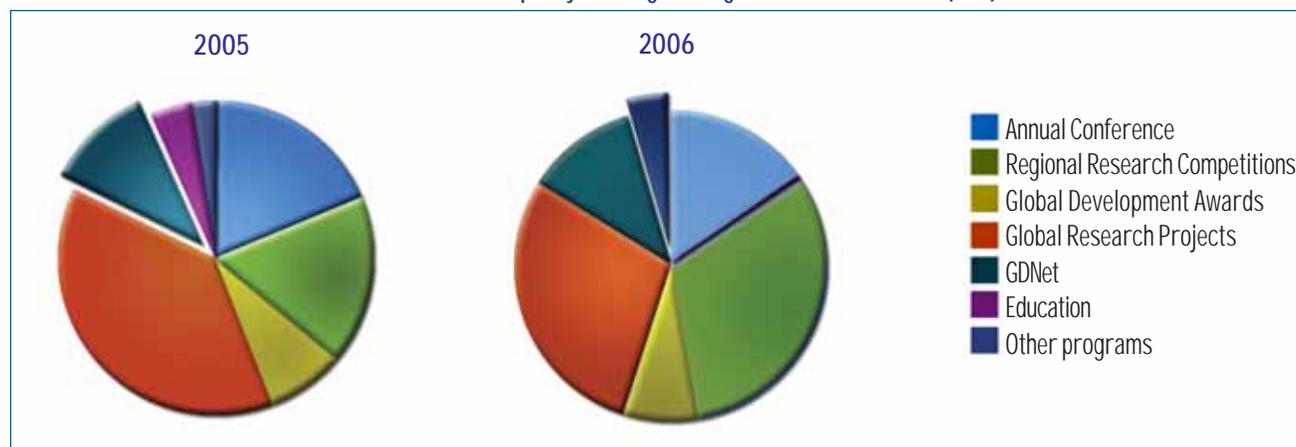


Table 2: Submissions per category in the 2006 Global Development Awards and Medals Competition

| Submission per category | |
|-------------------------------------|------------|
| Most Innovative Development Project | 184 |
| Awards | 177 |
| Medals | 250 |
| Total | 611 |

I come from a small town, isolated from major academic and research centers. The [GDN] workshops impacted me enormously, as I had few ideas about research tools, here I am learning and developing constantly through communication and sharing.

GDN funded-researcher during a focus group discussion in Kiev, Ukraine (2006)

I would not have been as engaged with researchers in the region had it not been for this opportunity to engage in collaborative research.

GDN funded-researcher during a focus group discussion in Cairo (2005)

Table 3: Funding for the Regional Research Competitions by region, fiscal 2006 (USD)

| Region | Amount | Percentage |
|------------------------------------|------------------|-------------|
| Commonwealth of Independent States | 225,000 | 12.50% |
| East Asia | 325,000 | 18.06% |
| Eastern and Central Europe | 225,000 | 12.50% |
| Latin America and the Caribbean | 175,000 | 9.72% |
| Middle East & North Africa | 225,000 | 12.50% |
| South Asia | 275,000 | 15.28% |
| South Pacific | 75,000 | 4.17% |
| Sub-Saharan Africa | 275,000 | 15.28% |
| TOTAL | 1,800,000 | 100% |

INNOVATIVE RESEARCH: NEW REGIONAL AND GLOBAL INITIATIVES

Regional research highlights



Asia Pacific: GDN-Japan

GDN-Japan organized the session "Harnessing Social Capital for Poverty Reduction" in collaboration with the South Asian Network of Economic research Institutes during the GDN Annual Conference in St. Petersburg. GDN-Japan continues to hold network meetings twice a year to share updates and to discuss future activities with network members.



Commonwealth of Independent States: Economics Education and Research Consortium (EERC)

- ▶ As part of phase one in the development of the new Central Asia Applied Research Network, EERC conducted an extensive needs assessment study, signed partnership agreements with over 30 universities, organized nine training seminars for partner university faculty, and awarded over 160 research fellowships that include mentorship support and improved access to international periodicals, data, and peers. EERC, UNDP's Regional Bureau for Europe and the Commonwealth of Independent States, the UN Economic Commission for Europe, and the OSCE Office for Economic and Environmental Activities joined forces to create the Partnership for Economics Education and Research Support to support economic development and regional cooperation in Central Asia and Eurasia.
- ▶ The Research and Policy Development Initiative is an innovative research support and "bridging" mechanism prepared for launch in September 2006. Whereas EERC has been traditionally focused on networking individual scholars, this initiative will develop the capacity of policy research institutes in the former socialist countries to conduct research and deliver research-based policy advice.



EADN

East Asia: East Asian Development Network (EADN)

- ▶ EADN has expanded its membership to include the National Economic Research Institute of Laos and the Cambodian Development Resource Institute.
- ▶ EADN awarded ten new individual research grants focused on cultural influences in economic activities in East Asia, effects of grassroots democratic regulations on government performance, linkages between trade and financial integration, and output volatility in East Asia. EADN's regional research project, *A Study of Agriculture Liberalization under the China-ASEAN Free Trade Agreement*, was launched in July 2006. It examines the economic and social impact of market liberalization. Case studies include China, Indonesia, the Philippines, Vietnam, Cambodia, and Thailand.



CERGE-EI

Eastern and Central Europe: Center for Economics Research and Graduate Education – Economics Institute (CERGE-EI)

- ▶ CERGE-EI hosted the GDN Education Policy Research Initiative / Partnership for Educational Revitalization in the Americas (PREAL) Conference "Research for Results in Education – A Global Conference on Education Research in Developing and Transition Countries." Participants examined ways to strengthen capacity in developing and transition countries for conducting policy-relevant empirical research on education.
- ▶ Starting with the January 2006 Regional Research Competition, organizers of winning projects must submit survey instruments and designs to the selection committee before any funds are allocated. This pre-emptive mentoring phase helps grantees avoid common technical pitfalls during the crucial preparation phase of their research project.

Latin America: Latin American and Caribbean Economic Association (LACEA)

- ▶ The Tenth Annual Meeting of LACEA, held at the American University in Paris, attracted over 900 participants and 479 papers—the largest number of papers ever presented during a LACEA Annual Meeting.
- ▶ The Fifth Workshop of the Regional Integration Network was held in Costa Rica in January 2006 and was attended by 42 researchers.
- ▶ The Seventh Annual Meeting of the Political Economy Group, held in February in Bogota, included presentations on trade, decentralization, financial crisis, and corruption. Nineteen papers were submitted by researchers from Argentina, Brazil, Chile, Colombia, France, Mexico, Switzerland, the United States, and Uruguay.

Middle East and North Africa: Economic Research Forum (ERF)

- ▶ ERF and the Institut de la Mediterranee have established the FEMISE Association (Euro-Mediterranean Forum for Economics Institutes) uniting more than 70 economic institutes from the northern and southern Mediterranean.
- ▶ ERF is currently completing the project *The Assessment of the Implementation of Overlapping Regional Trade Agreements*, which is funded by Canada's International Development Research Centre. The project covers four countries—Egypt, Jordan, Morocco, and Tunisia—and will result in research reports and a comparative concept paper.
- ▶ ERF's Twelfth Annual Conference, held in Cairo, attracted more than 200 participants. The plenary session addressed the issues involved in initiating reforms, while five parallel sessions addressed finance, labor, macroeconomics, sectoral development, and trade.

South Asia: South Asia Network of Economic Research Institutes (SANEI)

- ▶ The Seventh Annual SANEI Conference, held in Pakistan in December 2005, included presentations by recipients of SANEI grants, a Multidisciplinary and Intermediation Research Initiative (MIR) workshop, and a session on GDN's Global Research Project, *Impact of Rich Countries' Policies on Poverty: Perspectives from the Developing World*.
- ▶ SANEI's eighth call for proposals resulted in 42 submissions, including 15 from Nepal, 14 from Pakistan, nine from India, two from Sri Lanka, one from Bangladesh, and one multinational project.
- ▶ SANEI is now evaluating the technical facilities of the region in preparation for launching the South Asian Window—a Web-based portal to disseminate local expertise, stimulate networking within the region, and offer the local research community a window to the world.

South Pacific: Oceania Development Network (ODN)

- ▶ ODN's Second Biannual Conference, "Building Better Pacific Economies," held at the University of Papua New Guinea in Port Moresby, attracted over 100 delegates from across the Pacific, Australia, and New Zealand. Selected conference papers will be published as a series in the *Development Bulletin*, a journal edited by the Development Studies Network at the Australian National University in Canberra.
- ▶ The ODN capacity-building workshop at the Pacific Adventist University in Port Moresby in September 2006, provided an opportunity for nearly 80 young researchers from the region to brainstorm with resource persons on a range of development topics.

Sub-Saharan Africa: African Economic Research Consortium (AERC)

- ▶ Held in December 2005, the 23rd Plenary Session, "Services in Africa," attracted more than 200 participants and was capped by a roundtable on "Financial Services in Africa" that reviewed various country experiences with how financial services contribute to economic development. The presenters and panelists highlighted areas for further research on this topic.
- ▶ In an agreement with the *Journal of African Economies*, AERC will provide short-term fellowships for scholars to study at the Centre for the Study of African Economies at the University of Oxford.
- ▶ Efforts continue to address under-represented categories in AERC research. These include visits to Mozambique and Namibia, institutional building, and grants to individual research networks to facilitate participation in regional, international conferences to present the results of AERC-funded research.



Evaluating innovative health interventions

Promoting Innovative Programs from the Developing World: Towards Realizing the Health Millennium Development Goals in Africa and Asia

With a \$5.9 million grant from the Bill & Melinda Gates Foundation, this project will:

- ▶ **Evaluate** previously unrecognized interventions from the developing and transition world that offer the greatest potential for achieving the three Millennium Development Goals directly related to health in Africa and Asia: reducing child mortality; improving maternal health; and combating HIV/AIDS, malaria, and other communicable diseases.
- ▶ **Accumulate** a body of empirical evidence based on world-class evaluations to inform the decisions of national policymakers and international donors.
- ▶ **Assess** the accuracy of quasi-experimental designs as a practical means of conducting evaluations on a routine basis.

Twenty selected researchers from the developing and transition world will conduct extensive impact evaluations (using randomized trials and quasi-experimental techniques) and cost-effectiveness analysis of both about-to-be-launched and operational programs that focus on health or other areas including financial markets (insurance, credit), infrastructure (water, sanitation), food policy (nutrition), and education, provided they contribute to health-related outcomes. The opening workshop for the project will be held in conjunction with GDN's 2007 Annual Conference in Beijing.



Migration and development: enhancing the current body of knowledge

Development on the Move: Measuring and Optimizing the Economic and Social Impacts of Migration

Launched in partnership with the Institute for Public Policy Research, UK, this global study will measure the economic and social impacts of migration in developing countries by formulating better methodologies capable of capturing the multidimensional nature of migration, improving the evidence base on migration, and analyzing policy impacts. The project has four major components:

- ▶ **Country studies** that investigate the impact of migration on development in 12 countries. Given the scarcity of information on the interlinked aspects of this phenomenon, this project will produce comprehensive and consistent data on migration through intensive and comparable household surveys in each of the 12 case studies.
- ▶ **A quantitative cross-country analysis** to determine at an aggregate level the impact of different aspects of migration on measures of overall development.
- ▶ **A Migration-Development Index (MDI)**, a summary measure of the impact of migration on development, that will allow for easy ranking of countries.
- ▶ **Policy audits** that will provide a comprehensive review of migration-related policies in both sending and receiving countries.

At a meeting in London in September 2006, experts discussed the project design, providing substantial guidance for revision.

The GDN–Edward Elgar Partnership

GDN has partnered with leading academic publisher Edward Elgar to publish a series of books and collections of articles called the *Global Development Network Series*. Electronic copies will be made available — free of cost — to researchers registered on the GDN Knowledge Base. The first title under this series will be available early next year.



The GDN Series

Meeting the challenge of development in the contemporary age of globalization demands greater empirical knowledge. While most research emanates from the developed world, the Global Development Network series is designed to give voice to researchers from the developing and transition world – those experiencing first-hand the promises and pitfalls of development. This series presents the best examples of innovative and policy-relevant research from such diverse countries as Nigeria and China, India and Argentina, Russia and Egypt. It encompasses all major development topics ranging from the details of privatization and social safety nets to broad strategies to realize the Millennium Development Goals and achieve the greatest possible progress in developing countries.

New publications: a focus on reform

Understanding Economic Reforms in Africa: A Tale of Seven Nations

Joseph Mensah (ed.)

Palgrave Macmillan: Basingstoke, Hampshire, U.K.

This book examines the impetuses for, and the features and outcomes of, economic reforms in Africa, using the case studies of seven countries – Burundi, Ghana, Kenya, Morocco, Tanzania, Uganda, and Zimbabwe. The case studies in this book address three main issues: (1) Why do countries embark on economic reforms? (2) What are the features of the reforms undertaken in the various African countries? (3) How well did the reforms perform? A proper understanding of economic reforms is served by focusing on how key variables play out in specific historical, geopolitical, and socio-economic contexts.



Understanding Market Reforms, Volume Two: Motivation, Implementation, and Sustainability

Jose Maria Fanelli, Gary McMahon (eds)

Palgrave Macmillan: Basingstoke, Hampshire, U.K.

During the last 25 years there has been a widespread move toward 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 fact of this movement is that while policies have often been quite similar, results have been very different. Thirty-one country studies, relying heavily on a political economy analysis, were undertaken in order to understand these divergent results. This book presents the findings of these studies, synthesized on a regional and global basis.

MAXIMIZING THE IMPACT OF DEVELOPMENT RESEARCH

GDNet.org: facilitating effective research communication



GDNet is committed to promoting effective research communication to maximize the impact of development

Table 4: Growth of the Knowledge Base

| | Documents | Organizations | Researchers |
|----------------|-----------|---------------|-------------|
| September 2005 | 9,638 | 2,924 | 4,588 |
| September 2006 | 10,930 | 3,343 | 5,755 |

An expanding research repository (Knowledge Base)

www.gdnet.org/development-research

- ▶ The GDNet Knowledge Base (KB) is fast emerging as the leading source of development research generated by scholars from developing countries. The number of research documents has increased by 13 percent and now totals nearly 11,000.
- ▶ GDNet's partnership agreement with Eldis Gateway to Development Information continues to provide the GDN research community with the latest research papers from this specialized database.
- ▶ Beginning in mid-April 2006, scholars can now create a KB profile using a new one-step registration process, which has contributed to a remarkable increase in the number of registered researchers.

A growing development research community

www.gdnet.org/register

- ▶ Over the past year, the number of KB profiles of both researchers and organizations has increased significantly — by 25 percent and 14 percent, respectively.
- ▶ Over 5,000 researchers and 3,300 organizations make use of our resources.
- ▶ Over 100 new profiles are added every month, and on average 25 research papers are submitted to the KB each month.

More online services

www.gdnet.org/online-services

An increasing number of registered researchers are accessing a host of online services free of cost. These include:

- ▶ Project MUSE (Johns Hopkins University), a full-text, online database of more than 120 social science journals.
- ▶ The British Library of Development Studies, providing document delivery service of journal articles and parts of books from a collection of 1,000 journals and 5,000 serials.
- ▶ Financial and socioeconomic datasets, which are made available as part of GDN's partnership with the World Bank Data Group.
- ▶ An extensive compilation of region-specific funding opportunities for researchers in developing and transition countries.

GDN library

www.gdnet.org/gdn-library

All research generated through GDN activities (Global Research Projects, Global Development Awards and Medals Competition and Annual Conferences) across all regions is now fully accessible through the GDN library.

Effective research communication

www.gdnet.org/regional-research

GdNet Regional Windows provide researchers in Eastern and Central Europe, the Commonwealth of Independent States, and the Middle East and North Africa with access to the latest research, news, and funding opportunities in each region. Each Window brings a unique perspective on how regional activities best serve the needs of local researchers and facilitates effective research communication. The three Windows are now fully managed by the Regional Network Partners.

Knowledge management in Africa

GdNet's research communications skill-building programs enhance the knowledge management and dissemination capacity of research institutes and networks in Africa.



Participants of the knowledge sharing workshop in Uganda

- ▶ The first in a series of sub-regional workshops for East African researchers was held in Kampala, Uganda, in June 2006. Thirty-one participants represented seven countries from East Africa.
- ▶ The second workshop for researchers in Southern Africa was held in South Africa, in partnership with the Development Bank of Southern Africa, the Africa Capacity Building Foundation, and the World Bank Institute.
- ▶ GdN served as guest editor for the May 2006 issue of the journal *Knowledge Management for Development (KM4Dev)*, which was dedicated to "Effective Knowledge Sharing for Development in Africa."
- ▶ The Africa Regional Window continues to attract the highest number of visitors. Currently handled by the GdNet team in Cairo, with a plan to roll out its management to a

consortium of coordinators in different sub-regions of Sub-Saharan Africa, this Regional Window will be fully bilingual in English and French by 2007–2008.

Migration to Egypt complete

The GdNet technical platform is now fully managed from the GdN office in Cairo. The new platform developed in Cairo was launched in February 2006. In addition the website was totally redesigned in September 2006 to facilitate access to a wide range of services.

The GDN SUPPORT BASE

Board of Directors

Ernesto Zedillo, Chair of the GDN Board is Director, Yale Center for the Study of Globalization, United States, and former President of Mexico

Richard Cooper, Deputy Chair of the Board is Professor of International Economics, Harvard University, United States

Bina Agarwal, Professor of Economics, Institute of Economic Growth, India

Isher Ahluwalia, Chair, Board of Governors, Indian Council for Research on International Economic Relations, India

Ernest Aryeetey, Director, Institute of Statistical, Social, and Economic Research, University of Ghana, Ghana

Eliana Cardoso, Professor of Economics, Escola de Economia da Fundaco Getulio Vargas, Brazil

Luis Gomez-Echeverri, Deputy Assistant Administrator and Deputy Director of the Bureau for Development Policy, United Nations Development Programme, United States

Beris Gwynne, Adviser, Global Water Partnership, Stockholm, Sweden

Carolina G. Hernandez, President, Institute for Strategic and Development Studies, Philippines

Masanori Kondo, Associate Professor of Economics, International Christian University, Japan

Samir Makdisi, Professor of Economics, American University of Beirut, Lebanon

Sujata Patel, Professor of Sociology, University of Pune, India

Vladimir Popov, Professor, New Economic School, Russia

Boris Vujcic, Deputy Governor, Croatian National Bank, Croatia

Alan Winters, Director, Development Research Group, World Bank, United States

This year we thank two departing members of the GDN Board for their support and dedication to the Network – **Bina Agarwal** and **Beris Gwynne**.

We welcome: **Jean-Philippe Platteau**, Professor of Economics, University of Namur, Belgium who represents the European Development Research Network.

Andres Neumeyer, Associate Professor, Department of Economics, Universidad Torcuato Di Tella, Argentina, as the representative of the International Economics Association.

Vincenzo Porcasi, Professor of Applied International Economy, University of Trieste, Italy

Regional Network Partners

| REGION | NETWORK PARTNERS | LOCATION | NETWORK HEADS |
|------------------------------------|--|--------------------------------|---|
| Asia Pacific | GDN – Japan | Tokyo, JAPAN | Naomi Miwa c/o Toshio Nagase t-nagase@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 REPUBLIC | Randall Filer randall.filer@cerge-ei.cz |
| Western Europe | European Development Research Network (EUDN) | Namur, Belgium | Jean-Philippe Platteau jean-philippe.platteau@fundp.ac.be |
| Latin America | Latin American and Caribbean Economic Association (LACEA) | Bogotá, COLOMBIA | Mauricio Cardenas mcardenas@fedesarrollo.org.co Marcela Meléndez mmelendez@iadb.org |
| 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 | Nadeem UI Haque pidesaneipk@saneinetwork.net |
| South Pacific | Oceania Development Network (ODN) | Port Moresby, PAPUA NEW GUINEA | David Kavanamur dkavanam@upng.ac.pg |
| Sub-Saharan Africa | African Economic Research Consortium (AERC) | Nairobi, KENYA | William Lyakurwa exec.dir@aercafrica.org |

Donors

Australia

Australian Agency for International Development

Austria

Federal Ministry of Finance

Canada

International Development Research Centre

Finland

Ministry of Foreign Affairs

France

Ministry of Foreign Affairs

Germany

Federal Ministry for Economic Cooperation and Development

Italy

Ministry of Foreign Affairs

Japan

Japan Bank for International Cooperation

Ministry of Finance

Luxembourg

Ministry of Finance

Netherlands

Ministry of Foreign Affairs

Norway

Norwegian Agency for Development Cooperation

Sweden

Ministry for Foreign Affairs

United Kingdom

Department for International Development

International

The World Bank

Private Sector

Bill and Melinda Gates Foundation, United States

Economic and Social Research Council, United Kingdom

Global Development Network, Inc.

Financial Statements and Report of Independent Auditors

June 30, 2006

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REPORT OF INDEPENDENT AUDITORS

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, 2006 and 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.

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, 2006 and 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

New Delhi, India
July 25, 2006



GLOBAL DEVELOPMENT NETWORK, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2006 AND JUNE 30, 2005

| | <u>2006</u> | <u>2005</u> |
|----------------------------------|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 2,596,172 | \$ 2,554,719 |
| Contributions receivable | 97,745 | 180,138 |
| Prepaid expenses | 84,571 | 109,960 |
| Other current assets | <u>3,624</u> | <u>7,046</u> |
| Total current assets | 2,782,112 | 2,851,863 |
| Property and equipment, net | 183,723 | 172,318 |
| Other assets | | |
| Security deposits | <u>109,418</u> | <u>109,418</u> |
| Total assets | <u>\$ 3,075,253</u> | <u>\$ 3,133,599</u> |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Grants payable | \$ 1,633,840 | \$ 1,880,430 |
| Accounts payable | 88,499 | 130,867 |
| Accrued expenses | 126,345 | 93,635 |
| Other Payable | <u>70,633</u> | <u>63,730</u> |
| Total liabilities | 1,919,317 | 2,168,662 |
| Net assets | | |
| Unrestricted | 1,012,916 | 702,917 |
| Temporarily restricted | <u>143,020</u> | <u>262,020</u> |
| Total net assets | <u>1,155,936</u> | <u>964,937</u> |
| Total liabilities and net assets | <u>\$ 3,075,253</u> | <u>\$ 3,133,599</u> |

See accompanying notes to the financial statements.



GLOBAL DEVELOPMENT NETWORK, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2006 AND JUNE 30, 2005

| | 2006 | | | 2005 | | |
|---------------------------------------|---------------------|------------------------|---------------------|-------------------|------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Support and revenue | | | | | | |
| Grants, contracts, and contributions | \$ 4,049,874 | \$ 2,197,483 | \$ 6,247,357 | \$ 4,449,097 | \$ 2,508,107 | \$ 6,957,204 |
| Contributed Services | 112,262 | 309,728 | 421,990 | 130,626 | - | 130,626 |
| Interest income | 88,865 | - | 88,865 | 29,837 | - | 29,837 |
| Foreign currency exchange gain (loss) | (11,968) | - | (11,968) | 72,728 | - | 72,728 |
| Other | - | - | - | 5,340 | 252,475 | 257,815 |
| Net assets released from restrictions | <u>2,626,211</u> | <u>(2,626,211)</u> | <u>-</u> | <u>3,707,001</u> | <u>(3,707,001)</u> | <u>-</u> |
| Total support and revenue | <u>6,865,244</u> | <u>(119,000)</u> | <u>6,746,244</u> | <u>8,394,629</u> | <u>(946,418)</u> | <u>7,448,210</u> |
| Expenses | | | | | | |
| Program services | | | | | | |
| Annual Conference | 963,552 | - | 963,552 | 1,232,604 | - | 1,232,604 |
| Regional Research Competitions | 1,963,390 | - | 1,963,390 | 1,137,720 | - | 1,137,720 |
| Global Development Awards | 474,729 | - | 474,729 | 532,468 | - | 532,468 |
| Global Research Projects | 1,802,015 | - | 1,802,015 | 2,480,723 | - | 2,480,723 |
| GDNet | 731,302 | - | 731,302 | 732,835 | - | 732,835 |
| Education | - | - | - | 275,535 | - | 275,535 |
| Other programs | <u>271,300</u> | <u>-</u> | <u>271,300</u> | <u>166,127</u> | <u>-</u> | <u>166,127</u> |
| Total program | 6,206,289 | - | 6,206,289 | 6,558,011 | - | 6,558,011 |
| Supporting services | | | | | | |
| Donor coordination and fundraising | 145,444 | - | 145,444 | 225,305 | - | 225,305 |
| Secretariat (indirect costs) | <u>203,511</u> | <u>-</u> | <u>203,511</u> | <u>415,120</u> | <u>-</u> | <u>415,120</u> |
| Total expenses | <u>6,555,245</u> | <u>-</u> | <u>6,555,245</u> | <u>7,198,436</u> | <u>-</u> | <u>7,198,436</u> |
| Change in net assets | 309,999 | (119,000) | 190,999 | 1,196,193 | (946,418) | 249,775 |
| Net assets (deficit) | | | | | | |
| Beginning 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> |
| End of period | <u>\$ 1,012,916</u> | <u>\$ 143,020</u> | <u>\$ 1,155,936</u> | <u>\$ 702,917</u> | <u>\$ 262,020</u> | <u>\$ 964,937</u> |



See accompanying notes to the financial statements.

GLOBAL DEVELOPMENT NETWORK, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2006 AND 2005

| | <u>2006</u> | <u>2005</u> |
|--|----------------------------|----------------------------|
| Cash flows from operating activities | | |
| Contributions, grants, and contract payments received | \$ 6,758,643 | \$ 7,947,711 |
| Interest income received | 88,865 | 29,837 |
| Other revenue (loss) | (11,968) | 335,930 |
| Payments to grantees, vendors, and employees | <u>(6,709,150)</u> | <u>(8,264,306)</u> |
| Net cash provided by operating activities | 126,390 | 49,172 |
| Cash flows from investing activities | | |
| Sale of investments | - | 601,392 |
| Increase in Long term deposit | - | (93,411) |
| Purchases of property and equipment | <u>(84,937)</u> | <u>(153,496)</u> |
| Net cash from (used) investing activities | (84,937) | 354,485 |
| Net increase in cash and cash equivalents | 41,453 | 403,656 |
| Cash and cash equivalents | | |
| Beginning of period | <u>2,554,719</u> | <u>2,151,063</u> |
| End of year | <u><u>\$ 2,596,172</u></u> | <u><u>\$ 2,554,719</u></u> |
| Reconciliation of change in net assets to net cash provided by operating activities | | |
| Change in net assets | \$ 190,999 | \$ 249,775 |
| Adjustments | | |
| Depreciation and amortization | 73,532 | 53,754 |
| Loss on disposal of fixed assets | - | 5,386 |
| Decrease (increase) in assets | | |
| Accounts receivable | - | 362,318 |
| Contributions receivable | 82,393 | 433,833 |
| Prepaid expenses and security deposits | 28,811 | (97,771) |
| Increase (decrease) in liabilities | | |
| Grants payable | (246,590) | (769,579) |
| Accounts payable and accrued expenses | (9,658) | (252,274) |
| Other Payable | <u>6,903</u> | <u>63,730</u> |
| Net cash provided by operating activities | <u><u>\$ 126,390</u></u> | <u><u>\$ 49,172</u></u> |

See accompanying notes to the financial statements.



GLOBAL DEVELOPMENT NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006 AND 2005

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.

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 of 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.

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

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:



NOTE 2. ORGANIZATION AND TAX STATUS (CONTINUED)

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 \$254,000 for 2006 and \$321,000 in 2005 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 of the developing world; a volume describing the first phase of this project was completed in 2005. 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, and representatives of international organizations and research sponsors. Internationally renowned speakers address audiences on many pressing problems of development. The 2006 conference held in St. Petersburg, Russia had as its theme *Institutions and Development: At the Nexus of Global Change*, and the forthcoming 2007 conference in Beijing, China has as its theme *Shaping a New Global Reality: The Rise of Asia and its Implications*. Over 132 people attended the annual GDN conference at their own expense in 2006 and 2005, incurring an estimated \$198,080 and \$141,000 respectively in travel and accommodation expenses; these amounts have not been recognized in the accompanying financial statements.

GDNET - GDN's web presence serves as a channel for data sharing and a forum for the exchange of views. Researchers registered with GDNet 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.



NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2006 and 2005, consists of the following:

| | <u>2006</u> | <u>2005</u> |
|--|-------------------|-------------------|
| Computer Equipment | \$ 236,358 | \$ 157,970 |
| Furniture and Fixtures | 97,880 | 95,384 |
| Vehicle | 15,179 | 15,179 |
| Office Equipment | 14,504 | 10,451 |
| Less accumulated depreciation and amortization | (180,198) | (106,666) |
| | <u>\$ 183,723</u> | <u>\$ 172,318</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 donors.

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 purpose restrictions.

Temporarily Restricted Net Assets - Temporarily restricted net assets as at the end of the year available for the following purposes:

| | <u>2006</u> | <u>2005</u> |
|---------------------------|-------------------|-------------------|
| Global Development Awards | \$ - | \$ 1,494 |
| Global Research Projects | 70,545 | 147,375 |
| Education | 72,475 | 72,475 |
| World Bank-MIR | - | 40,564 |
| Other | - | 130 |
| | <u>\$ 143,020</u> | <u>\$ 262,020</u> |



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 years ended June 30, 2006, and June 30, 2005, were:

| | <u>2006</u> | <u>2005</u> |
|--------------------------------|---------------------|---------------------|
| Annual Conference | \$ 405,591 | \$ 434,504 |
| Regional Research Competitions | - | 269,851 |
| Global Development Awards | 369,494 | 486,322 |
| Global Research Projects | 1,124,698 | 1,288,723 |
| GDNNet | 537,374 | - |
| Education | | 251,656 |
| World Bank-MIR | 40,564 | 185,761 |
| Secretariat | 99,360 | 695,704 |
| Other | <u>49,130</u> | <u>94,480</u> |
| | <u>\$ 2,626,211</u> | <u>\$ 3,707,001</u> |

NOTE 5. OPERATING LEASES

GDN entered into a new 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 Indian Rupees 4,471,200, the U.S. currency equivalent of the annual rent is \$97,200. To secure the space GDN paid a deposit of \$102,786, which represents twelve months of rent to be adjusted equivalent to one-third of rent amount payable each month during the three years of lease term. The balance as of June 30, 2006 on this account is \$61,386, which represents approximately seven months' of rent. GDN has also paid in addition to deposit a security amount for the lease of \$102,786, which will be refunded at the end of lease term.

GDN also, entered into a lease for office space in Cairo, Egypt in 2005, where GDN moved the operations of GDNNet, the organization's Internet initiative described in Note 2. The five-year lease started from June 1, 2005. Annual rent is Egyptian LE 79,135 and can be adjusted annually based on the Consumer Price Index. As of June 30, 2006, the U.S. currency equivalent of the annual rent is \$13,449. GDN paid twelve months advance rent of \$13,762 in September 2005, the balance as of June 30, 2006 on this account is \$2,294, which represents of two months of rent. An additional security deposit of six months rent \$6,632 was paid by GDN.

GDN's total rent expense on these two leases for the years ended June 30, 2006 and 2005 were \$114,615 and \$133,013 respectively

Future minimum annual rental payments required under these operating leases as of June 30, 2006, are as follows(without consideration of Price Index Fluctuations):

| | |
|---------------------------|-------------------|
| Year Ending June 30, 2007 | \$ 116,235 |
| Year Ending June 30, 2008 | 94,821 |
| Year Ending June 30, 2009 | 12,617 |
| | <u>\$ 223,673</u> |



NOTE 6. UNINSURED CASH BALANCE

GDN maintains its cash accounts in the USA and India. The banks in the USA are insured by Federal Deposit Insurance Corporation for the first \$100,000 of the deposit. On June 30, 2006 and 2005, GDN had balances that exceeded the federally insured amount by approximately \$826,000 and \$424,000, respectively. The bank in India is insured for \$2,300. The uninsured amount exceeded the insured limit in India by \$243,000 as of June 30, 2006. In addition, at June 30, 2006 and 2005 cash and cash equivalents includes approximately \$1.3 and \$1.9 million respectively in repurchase agreements and certificates of deposit that are not insured by the FDIC.

GDN has not experienced any losses in 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 62% and 67% of its total support and revenue from a single contributor for the years ended June 30, 2006 and 2005, respectively.

NOTE 8. CONTRIBUTED SERVICES

Contributed services are recognized as contributions in accordance with SFAS No. 116, according to which contributions of services shall be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, which would typically need to be purchased if not provided by donation.

The value of donated services included as contributions in the financial statements and the corresponding program expenses for the years ended June 30, 2006 and 2005 are as follows:

| | <u>2006</u> | <u>2005</u> |
|-----------------------|-------------------|-------------------|
| Salaries and benefits | \$ 92,262 | \$ 110,626 |
| Scholarships (IMF) | 49,000 | - |
| Grants (Austria) | 260,728 | - |
| Other | 20,000 | 20,000 |
| Total | <u>\$ 421,990</u> | <u>\$ 130,626</u> |

Further, the board of directors have been contributing to the GDN, in their honorary capacity, for which no charges have been recognized in these financial statements.



NOTE 9. CONDITIONAL PROMISES TO GIVE

There are three entities which have made conditional promises to give grant to GDN, revenue from which will be recognized when the respective conditions are met in future years. The details of these three conditional grants are:

1. Grantor agency's promise to give is conditioned upon the Network making actual expenses of contributions and of assessment by the donor of the effectiveness of GDN's programs. The original grant was for \$1.3 million over 2 years ending June 30, 2007. As of June 30, 2006, this conditional promise to receive grants totaled approximately \$763,000.
2. Grantor agency's promise to give is conditioned upon the Network making actual expenses of contributions and of assessment by the donor of the effectiveness of GDN's programs. The original grant was for \$307,000 over 3 years ending June 30, 2008. As of June 30, 2006, this conditional promise to receive grants totaled approximately \$202,000.
3. Grantor agency's promise to give is conditioned upon GDN'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, 2006, this conditional promise to receive grants totaled approximately \$248,000.

NOTE 10. GLOBAL DEVELOPMENT NETWORK'S RETIREMENT PLANS

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, 2006 and 2005, GDN's contributions to the Plan totaled \$7,330 and \$11,797, respectively. Also, during the year ended June 30, 2006 and 2005 GDN contributed \$6,213 and \$942 towards Provident Fund Scheme maintained by Government of India for employees in India.

NOTE 11. 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. There was no such refund during 2006.

NOTE 12. RELATED PARTY TRANSACTION

In 2006 and 2005, one of the board member participated in the management of a Global Research Project. Expenses on that account of \$40,000 and \$13,333 were made in 2006 and 2005 respectively.



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