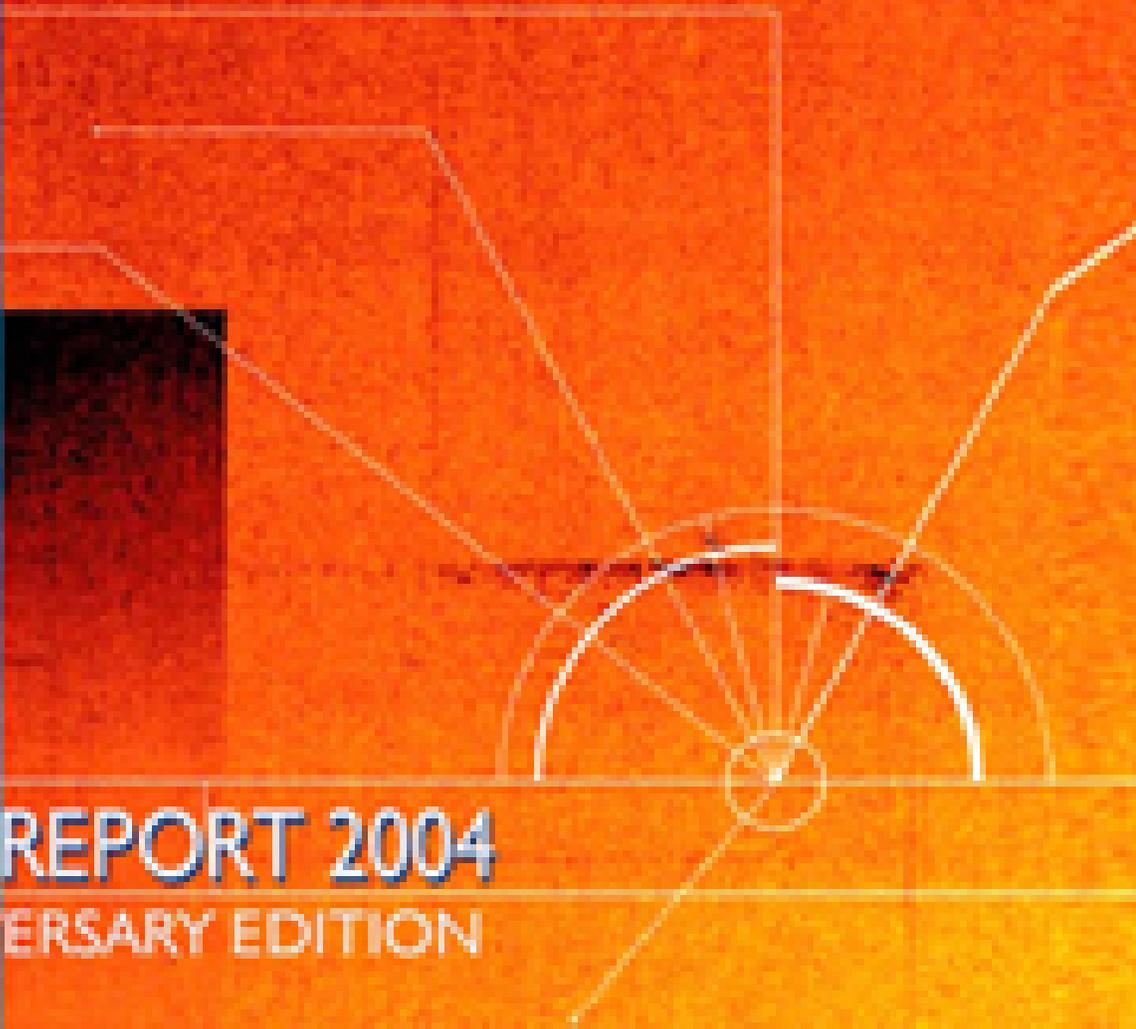
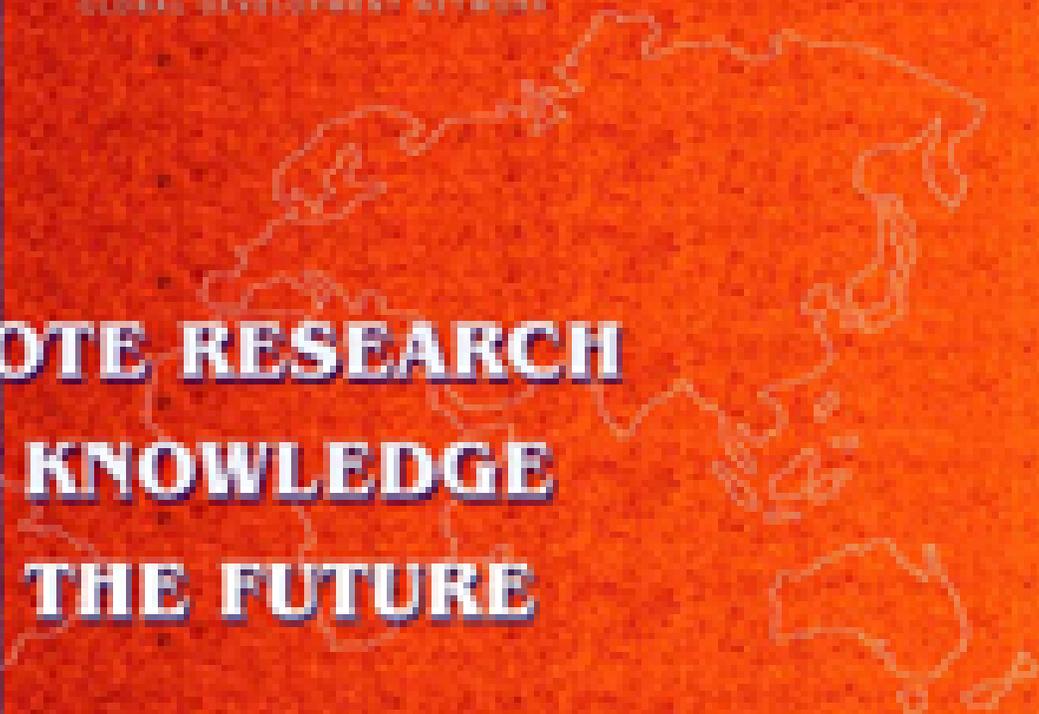




**PROMOTE RESEARCH  
APPLY KNOWLEDGE  
BUILD THE FUTURE**



**ANNUAL REPORT 2004**  
FIFTH ANNIVERSARY EDITION

**Table 1 GDN regional network partners**

REGION	NETWORK PARTNER	LOCATION	NETWORK WEBSITE
Commonwealth of Independent States	Economic Education and Research Consortium (EERC)	Moscow, Russia	<a href="http://eerc.stanford.edu">http://eerc.stanford.edu</a>
East Asia	East Asia Development Network (EADN)	Bangkok, Thailand	<a href="http://challengelab.com/eng/eadn">Challengelab Development</a> <a href="http://challengelab.com">challengelab.com</a>
Eastern and Central Europe	Centre for Economic Research and Graduate Education-Economic Institute	Prague, Czech Republic	<a href="http://cepr.cegei.cz">Central Euro</a> <a href="http://cepr.cegei.cz">cepr.cegei.cz</a>
Japan	GDN Japan	Tokyo, Japan	<a href="http://gdn-japan.jp">GDN Japan</a> <a href="http://gdn-japan.jp">http://gdn-japan.jp</a>
Latin America and the Caribbean	Latin American and Caribbean Economic Association (LACEA)	Buenos Aires, Argentina	<a href="http://www.lacea.org">Latin American</a> <a href="http://www.lacea.org">www.lacea.org</a>
Middle East and North Africa	Economic Research Forum for the Arab Countries, Iran, and Turkey (ERF)	Cairo, Egypt	<a href="http://www.erf.org.eg">Economic Research</a> <a href="http://www.erf.org.eg">www.erf.org.eg</a>
North America	GDN North America	Washington, DC, United States	<a href="http://www.gdnusa.org">GDN (United States)</a> <a href="http://www.gdnusa.org">www.gdnusa.org</a>
South Asia	South Asia Network of Economic Research Institutes (SANERI)	International, Pakistan	<a href="http://www.saneri.org">South Asian</a> <a href="http://www.saneri.org">www.saneri.org</a>
South Pacific	Research Development Network (RDN)	Suva, Fiji	<a href="http://www.rdn.org.fj">Research Development</a> <a href="http://www.rdn.org.fj">Network</a> <a href="http://www.rdn.org.fj">www.rdn.org.fj</a>
Sub-Saharan Africa	African Economic Research Consortium (AERC)	Nairobi, Kenya	<a href="http://www.aerc.org">African Economic</a> <a href="http://www.aerc.org">Research Consortium</a> <a href="http://www.aerc.org">www.aerc.org</a>
Western Europe	European Development Research Network (EDRN)	Brussels, Belgium	<a href="http://www.edrn.eu">Jean Philippe Poterie</a> <a href="http://www.edrn.eu">www.edrn.eu</a>



# CELEBRATING FIVE YEARS OF GLOBAL DEVELOPMENT NETWORKING: 1999-2004

## Global Development Network:

- Fosters multidisciplinary development research in the social sciences.
- Supports the work of scholars in developing and transition economies.
- Produces policy-relevant knowledge on a global scale.
- Disseminates development knowledge to the public and policymakers.
- Bridges the gap between ideas and policies.

## Contents

In memoriam: Lal Jayawardena .....	2
<b>ACCOMPLISHMENTS AND ASPIRATIONS</b> .....	3
Message from the Acting Chair of the GDN Board of Directors	
Message from the GDN Director	
<b>BUILDING CAPACITY</b> .....	4
Expanding globally	
Laying the foundation	
Networking to promote quality research	
Understanding Reform: the Fifth Annual Global Development Conference	
<b>GDN TODAY</b> .....	9
Grant programs: producing high-quality knowledge	
GDN 2004 in brief	
Ongoing projects	
GDNet: disseminating knowledge on development	
<b>LOOKING FORWARD</b> .....	16
Relocating to New Delhi	
GDN as an International Organization	
The Sixth Annual Global Development Conference	
GDNet capacity building: Africa program	
Upcoming innovations	
New projects	
<b>Members of the GDN Board of Directors</b> .....	18
<b>Changes in the GDN Board of Directors</b> .....	19
<b>Donors and sponsors</b> .....	20
<b>Financial performance</b> .....	21

## ***In memoriam: Lal Jayawardena***



Dr. Lalith Jayawardena, Chairman of the Board of Directors of the Global Development Network, passed away on April 8, 2004. Affectionately known as "Lal," Dr. Jayawardena was well loved by the GDN community, which benefited enormously from his extraordinary commitment and exemplary leadership through GDN's formative years. Indeed, Lal was deeply involved in the inception of the Global Development Network and contributed extensively to the concept's implementation.

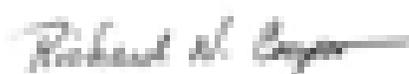
Lal's impressive career in international and economic affairs spanned 30 years and included numerous positions in the government of Sri Lanka, diplomatic service with the rank of Ambassador to several European countries, and international service with the United Nations at the level of Assistant Secretary-General. As Treasury Secretary and Minister of Finance and Planning from 1975 to 1978, Lal helped negotiate the major economic-reform package that liberalized Sri Lanka's economy. Lal was also the first Director of the United Nations University's World Institute for Development Economics Research (UNUWIDER).

For his public and international service, Lal was recognized by the international community as a key figure in the successful development of Sri Lanka and, indeed, South Asia. A charismatic and very kind person, Lal was always sensitive to the needs of others and ready to help in any situation. His efforts on behalf of GDN earned him the deepest respect and greatest admiration of everyone in the GDN community. He will be sorely missed.

# Accomplishments & Aspirations

## Message from the Acting Chair of the GDN Board of Directors

The Global Development Network is a network in two quite different, but mutually reinforcing, senses. First, it links regional consortia of research institutions in all inhabited continents. Second, it has established an electronic network among these research organizations, based in Cairo, to facilitate the exchange of data, new ideas, and research results. GDN's purposes are to encourage and improve policy-relevant research on issues of development in developing countries. Since its inception in 1999, GDN has grown into a leading resource on development issues. It is GDN's aspiration and intention that its next five years be at least as productive as its first five.



**Richard N. Cooper**



## Message from the GDN Director

"The GDN concept is unique and meets a clear demand in the market for development-relevant knowledge." Delivered by Drs. Frederick Gerlach and Peter Math in their Evaluation Report of March 2004, this very encouraging assessment has energized the Secretariat to enrich GDN's activities so that tomorrow's GDN will more than realize the potential the evaluators see in today's model. The details of our plans for the next three years are presented in full in our recently released Business Plan and Work Program. What do they show? The GDN of the future will be functioning effectively from its new offices in the "Green" (that institutional Area of New Delhi), it will have the security and stability derived from its legal status as an International Organization, it will have diversified its funding sources thanks to the Global Development Council, GDN's instrument for attracting support from the private sector, and it will have established programs to translate into practice the results of the Global Research Project on Bridging Research and Policy. Major developments ahead? Will they be realized? My answer is, of course, "yes," but we should leave the final judgment to Fred's and Peter's successors.



**Lyn Squire**



# Building Capacity

## Expanding globally

Since 1988, GDN has built up research capacity in the developing world at an ever-expanding rate, binding together a network of research and policy institutes from both developing and developed countries that works together to address problems of national and regional development. From its beginnings as a department within the World Bank, GDN has transformed into a well-recognized independent organization uniting 11 regional networks, headquartered in Argentina, the Czech Republic, Egypt, Fiji, Germany, Japan, Kenya, Pakistan, Russia, Thailand, and the United States.

## Regional Network Partners:



## Laying the foundation

GDN has won international renown for facilitating the cross-fertilization of research generated in various parts of the world, contributing to exchanges of knowledge going beyond national contexts and beyond academia, and for its innovation in promoting and managing research. An independent evaluation conducted in 2003 - 2004 assessed GDN's activities since the organization's inception. The evaluators found that: "GDN's programs and activities meet a clear demand of a global market for development-relevant knowledge and are designed to build research capacity in those countries where it is most needed. These programs and activities must continue."

Many GDN programs are implemented through its eight regional partners in the developing and transition world. The bulk of GDN funding is distributed to its capacity-building programs, designed to promote quality research in and about the developing world. These activities include Regional Research Competitions (RRCs), the Annual Conference, GDNet (the GDN online initiative), Global Research Projects, and the Global Development Awards and Medals Competition.





# Networking to promote quality research

## Annual Global Development Conferences



**Bonn, December 1999**

Unequal distribution and utilization of knowledge is a barrier to peaceful, sustainable development... We need a balance of interests to achieve sustainable development—and this is the goal we must all aim for!

**Heidemarie Wieczorek-Zeul**, Federal Minister for Economic Cooperation and Development, Germany, opening speech.

Photo courtesy of the German Federal Ministry for Economic Cooperation and Development



**Tokyo, December 2000**

The necessity to restructure institutions—both economic and political—is a major obstacle to development, it still is the major obstacle for third world and transition economies.

**Douglas North**, winner of the 1993 Nobel Prize in Economics, keynote address.

Photo courtesy of Washington University in St. Louis, Missouri



**Rio de Janeiro, December 2001**

Development is much more than the mere growth of the national product. Many studies centered on the "human development index" have made this point very clear.

**Fernando Henrique Cardoso**, former president of Brazil, keynote address.



**Cairo, January 2003**

It is up to [the leaders] in the fields of social, political, and economic thinking on development—as knowledge generators and brokers—to explore the ways and means by which globalization can be tamed so as to serve the purpose of a more people-friendly and environmentally sustainable world.

**Suzanne Mubarak**, First Lady of Egypt, speaking at the Opening Dinner of the Cairo Conference.



# Understanding Reform: The Fifth Annual Global Development Conference



Conference participants at the 2004 Knowledge Fair period.



Vishnu Pappa, New Economic School, Moscow, addressing a question at the plenary session.

Since the third wave of democratization began in the 1970s, many regions of the world have experienced significant economic and political changes as policymakers have sought to provide the citizens of their countries with a better life. The Fifth Annual Global Development Conference, held in New Delhi in January 2004, evaluated the cumulative results of these reforms on a global scale, premised on the belief that a better understanding of past reforms—including their initiation, implementation, and outcomes—should inform the design, introduction, and execution of future reform policies throughout the developing and transition worlds.

The multidisciplinary conference brought together more than 600 researchers and policymakers from around the world. The conference served as an occasion to discuss the findings of GDN's Global Research Project, *Understanding Reform*, as framed by three questions:

- Why did some countries undertake reform while others did not?
- What factors enabled some countries to successfully implement their reform program, while programs quickly failed in others?
- Why were some reforms more successful in delivering expected outcomes than others?

The event provided an opportunity for researchers from the developing world, representatives of international organizations, and leading policymakers to express their views. It culminated in presentations by the finalists in the Global Development Awards and Medals Competition.



Amaritya Sen, winner of the 1998 Nobel Prize in Economics, speaking at the Delhi conference.

Keynote Speaker Amartya Sen proposed "Three R's" to guide the process of reform:

- **Reach:** always keep in mind what the proposed reform does for the people it affects.
- **Range:** reformers must recognize that the means to pursue the ends of reform involve a variety of institutions, not just a few magic bullets.
- **Reason:** reformers must be constantly willing to ask themselves why they are pursuing a particular course of reform or choosing a certain policy instrument over others.

# GDN Today

## Grant programs: producing high-quality knowledge



GDN runs three major research competitions designed to promote multidisciplinary research and build research capacity in developing and transition countries. The competitions are managed either by the GDN Secretariat or by the regional network partners.

### Global Development Awards and Medals Competition

This is the largest international competition for researchers on development. Every year, around \$300,000 is awarded in grants to researchers from developing countries. Since the launch of the competition in 2000, it has attracted more than 2,500 applicants from over 100 countries.



Photo courtesy of Peru INI

The GDN award was promoted in major newspapers and brought national attention to my work.... The comments provided by the referees and audience at the Cairo Conference helped me revise my paper and submit it to a major international journal in education

**Santiago Cueta, First Place Medal Winner, 2002, El Grupo de Analisis para el Desarrollo, Peru.**



The project has significantly expanded, almost doubling the outreach in the past three years, reaching out to over 12,000 families across 154 villages in Orissa... The Government of India invited Gram Vikas to be part of the Core Group for Sector Reform in water supply and sanitation... Gram Vikas is also part of the state-level and district-level water and sanitation missions. This has enabled us to significantly influence policies and implementation processes.

**Joe Madath, Gram Vikas Project, First Place Most Innovative Development Project Award, 2001, India.**



Photo courtesy of Narendra Chandra, Technical Network, funded by GDN INI



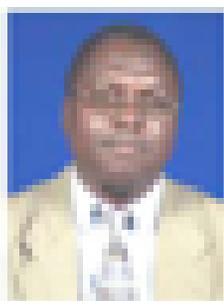
## Regional Research Competitions (RRCs)

Regional Research Competitions are held every year by GDN's regional network partners in eight regions to promote high-quality research in developing and transition countries. Between 1998 and 2004, GDN contributed over \$18 million to more than 200 research projects in 70 countries through the RRCs. According to an independent evaluation of the RRCs, these competitions significantly develop and strengthen research capacities in their respective regions, specifically through linking young researchers with more experienced mentors and establishing training programs.



*This is definitely the best (and as far as I know, unique) part of this GDN initiative. Having high-quality experts evaluate your research at the halfway point is something many East European economists could only dream about a couple of years ago.*

**Mihail Hazare, 2004 Regional Research Competition winner, Baltic International Centre for Economic Policy Studies.**



*The analysis in my study has been very useful not just to the policymakers, but also to scholars in other countries who have borrowed the analytical methods and the lessons from this study. It has been cited extensively in other studies that attempt to analyze productivity trends and the role of trade policy in development.*

**Joseph Ojala, 2004 Regional Research Competition winner, Institute for Development Studies, University of Nairobi, Kenya.**

## Annual IMF Visiting Scholar Program

Through an annual scholarship competition, GDN and the International Monetary Fund (IMF) jointly provide support for researchers from developing and transition countries to spend short periods of time as visiting scholars at the IMF, headquartered in Washington, DC. These researchers can enhance their skills through interactions with IMF staff and access to World Bank and IMF libraries and other facilities.

## GDN 2004 in brief



Members of the GDN Board of Directors pictured during a break in the May meeting.

### Highlights from the GDN Board and Secretariat

The Board of Directors meeting took place May 13-16, 2004, in Washington, DC. Among other decisions, the Board approved *Impact of Rich Countries' Policies on Poverty: A Global View* as GDN's new Global Research Project, approved the general orientation of the 2005 Conference, the Work Program for fiscal 2005-2007, and approved the Three-Year Business Plan for fiscal 2005-2007.

The French Ministry of Foreign Affairs hosted the GDN donor conference on June 14, 2004. The meeting attracted 23 representatives of donor agencies. GDN's donors endorsed the organization's policy orientation and support for multidisciplinary research; they also recognized the need to broaden the funding base to secure long-term sustainability. The majority expressed support and commitment to GDN activities, with some donors committing to multi-year funding for the first time.

### News from regional network partners

In 2004, the South Asia Network of Economic research Institutes (SANEI) led a final farewell to the Indian Council for Research on International Economic Relations, SANEI's anchor for the past five years. The network is now based in the Pakistan Institute of Development Economics, in Islamabad, Pakistan.



In 2004, the EADN Secretariat relocated from the Singapore Institute of International Affairs to the Thailand Development Research Institute in Bangkok.



At the end of September 2004, the Oceania Development Network (ODN), which covers Pacific Island States, Australia, and New Zealand, celebrated its first birthday. The network has already announced the winners of the first Oceania Development Network Research Competition. ODN's leadership is excited about the opportunities opening up for Oceania-based researchers, as the network prepares to organize a session and send a strong contingent to GDN's 2005 Conference.



## New fundraising division

On June 23, 2004, the World Bank hosted the launch of the Global Development Council (GDC) in Washington, DC, conceptualized as GDN's fundraising arm with respect to the private sector. Addressing GDC members, the President of the World Bank, James Wolfensohn, commended GDN's efforts in "engaging researchers from developing countries, getting their unfettered advice, and allowing policymakers to benefit from local wisdom." The Secretariat intends to complete legal arrangements to establish the board of the GDC, expand the current GDC membership from seven to 15 individuals, and begin identifying funding options at the end of 2004.

## GDC members as of November 2004:

- Adhif Y. Al-Hamad, Director General, Arab Fund for Economic and Social Development
- Stanley Fischer, Vice Chairman, Citigroup, Inc.
- Rajesh Darg, Director, McKinsey and Co.
- Robert Goodwin, Chief Executive Officer, Points of Light Foundation
- Rajiv J. Shah, Deputy Director of Policy and Finance/Senior Economist, the Bill and Melinda Gates Foundation
- Bess Stephens, Vice President and Global Director for Corporate Philanthropy and Education, Hewlett Packard
- C. Nigel Thompson, Executive Director, Merck
- Tai Yoo, Vice President, Corporate Affairs, Cisco-Systems, Inc.



Thomas H. Lewis, Executive Council, Development Resources Incorporated, Robert Goodwin, Chief Executive Officer, Points of Light Foundation, and Bernard Weiss, President and Trustee, OPM's Foundation (from left to right), at the GDC launch.



Lyn Sigore, GDC's Director, presents at the GDC launch.

## Ongoing projects

### Understanding Reform

This Global Research Project aims to explain the successes and failures of various reforms through a cross-country comparison of reform policies and experiences in different regions. In the first phase of the project, ten thematic papers were prepared. These were presented at the Fourth Annual Conference in Cairo in January 2003. The second phase consists of country studies and regional syntheses. The country studies are now nearly complete and the regional compilations will commence in the near future. The results of both phases will be published by Progress in 2005 and 2006.

### Bridging Research and Policy

The aim of this project, which was launched in January 2002, is to highlight approaches to closing the gap between ideas and their implementation. The project is currently in its second phase, which involves deepening our knowledge of research-policy dynamics through background papers, comparative study of research institutes, and a range of projects generated through an open research competition. Preliminary findings will be discussed at a workshop to be held prior to the Dakar conference in January 2005.

### Multidisciplinary and Intermediation Research (MIR) Initiative

In 2004, GDN launched the MIR Initiative, an innovative project designed to promote multidisciplinary research and research-policy intermediation. During the pilot phase, two of GDN's regional network partners, EERC and SANEI, have engaged local research organizations that possess strong economic analytical capabilities to address policy issues from a multidisciplinary social science perspective and to employ novel approaches to research-policy intermediation. The competitions for research proposals were announced at the end of August 2004. Winners have been invited to participate in a workshop to be held following the Dakar conference.



# GDNet: disseminating knowledge on development

As GDN's internet-based resource, GDNet showcases cutting-edge research produced by non-Western scholars and provides practitioners in the developing and transition countries with online access to sophisticated research tools, thus facilitating their integration into the broader international research community.

## Reaching out:

- GDNet's monthly e-mail newsletter, GDNet News, and ebulletin, GDNet Research in Focus, keep more than 14,000 subscribers abreast of the latest development news and research.
- Global Issues, Local Voices is a quarterly opinion column appearing on [www.gdnet.org](http://www.gdnet.org) and centered on the concerns of researchers and policymakers from the developing world.
- Special Features is a series of web-based guides designed to showcase various perspectives on a broad range of themes related to development.

## GDN online:

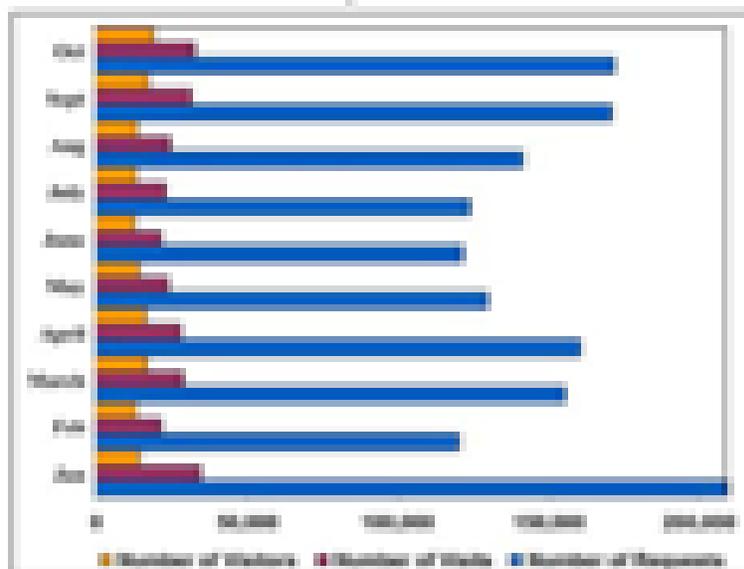
GDN's website, [www.gdnet.org](http://www.gdnet.org), has proven itself a widely used tool by the global development research community, attracting ever more users and generating growing interest since its inception in 2001.

## Knowledge Base:

The website's repository of documents consists of three interlinked databases featuring:

- Nearly 8,000 abstracts of recent scholarly papers.
- Profiles of more than 3,000 researchers.
- Profiles of more than 3,000 organizations in 162 countries.

Figure 3 GDNet website traffic, January-October 2004



Note: "Number of requests" refers to the number of hits the website receives through online searches (not to be confused with the number of deliberate visits).

### Serving the developing world:

GDNet provides subscribers from the developing and transition economies with several services normally available only through paid subscriptions, including a funding opportunities newsletter, access to journals and scholarly information, and access to economic and social data from more than 200 countries.

### Facilitating research:

GDNet's website also provides a host of other services available to all researchers including tools for proposal writing, fundraising, and research dissemination; a directory of free journals; and listings of fellowships and other research opportunities.

### Regional Windows:

Developed in close partnership with GDN's regional network partners, these portals disseminate local expertise, stimulate networking within each region, and offer local research communities a window to the world. Four Regional Windows are currently in operation: Africa, Eastern and Central Europe, Commonwealth of Independent States, and Middle East and North Africa.

### GDNet in Cairo:

The GDN-Cairo Office is now formally established and has been home to the GDNet management and implementation team since September 1, 2004. The five-person team is responsible for the day-to-day running of the GDNet initiative in partnership with the Institute of Development Studies (IDS). A major development effort is underway to reorganize current GDNet technical systems and platform, currently hosted by IDS, with a view to migrate them to Cairo by mid-2005. The team is based at the Smart Village, which is home to leading international corporations in the information and communication technologies field.

### Global partnerships:

GDNet's partnership with leading organizations in the development field, such as the Institute of Development Studies (United Kingdom), has been a critical factor in GDNet's success, allowing GDNet to benefit from proven skills and experience. In cooperation with its partners, GDNet offers training and self-building programs for information managers from the developing world, enhancing communication capacity worldwide.

**Table 3 Growth of Knowledge Base, 2002-2004**

	Documents	Organizations	People
February 2002	3,746	2,876	1,440
August 2002	4,000	3,321	2,023
February 2003	4,506	3,335	2,376
August 2003	5,106	3,495	2,713
February 2004	7,431	3,582	3,009
August 2004	7,833	3,669	3,501
October 2004	8,177	3,721	3,748



Five GDNet team at the new Cairo office.

# Looking Forward

## **Relocating to New Delhi**

In order to be closer to its constituents from the developing world, and to promote the greater involvement of the developing world's research community in GDN's projects, the organization will be moving its headquarters to New Delhi in the spring of 2005. The relocation is scheduled for April 2005. The future looks even more promising as the network of partnerships expands and GDN-sponsored research gains increasing recognition from policymakers in the developing world.

## **GDN as an International Organization**

GDN is in the process of changing its current legal status from a not-for-profit organization registered in the United States to a new status as an International Organization. This change will reflect GDN's global scope of activities and its truly international status as well as giving further impetus to the network's development. To become signatories of GDN's charter as an International Organization, nation states must share GDN's mission and send a representative to GDN's Assembly, which will convene once every two years and will serve as an oversight unit within GDN's governance structure. At the Sixth Annual Global Development Conference in January 2005, the following countries are expected to sign the new charter:

- Austria
- Colombia
- Egypt
- India
- Italy
- Mexico
- Senegal
- Sri Lanka

## **The Sixth Annual Global Development Conference**

Learning from the positive results of the New Delhi Conference, GDN plans to continue the tradition of the inter-regional sessions and the civil society roundtable at its next annual conference, to be held in Dakar, Senegal, in January 2005 with the theme *Developing and Developed Worlds: Mutual Impact*. In Dakar, conference participants will explore the ways in which development is affected by the interaction of countries on both sides of the developmental divide, focusing on beneficial reciprocity as well as highlighting the ways in which this interaction should be channeled to further economic and social development. The choice of this theme demonstrates GDN's commitment to continually expand our understanding of development, as well as the organization's focus on improving the human condition through high-quality policy-oriented research.

## **GNet capacity building: Africa program**

In GDN's endeavor to help build the dissemination capacity of research institutes in developing and transition countries, a pilot project on capacity building in knowledge-sharing was launched for the Africa region in September 2004. A workshop to enhance the knowledge-sharing and research-dissemination capacity of research institutes and networks in Africa will be held in Cairo, February 27-28, 2005. The workshop will bring together around 40 researchers and knowledge managers from Africa to share best practices and learn about relevant tools, methodologies, and strategies. It will also provide an opportunity to create an online community to continue refining and showcasing locally produced research.

## Upcoming innovations

During its short five-year history, GDN has evolved from a unit in the World Bank to an independent network of research and policy institutes that has successfully addressed the needs of researchers in the developing world and promoted their knowledge and stature. Building on these past successes, GDN's task for the future is to expand its capacity building to new disciplines and audiences, including those whose primary language is not English, and to bring GDN-sponsored multidisciplinary research to the attention of policymakers across the developing world and beyond.

- To better promote research in all social sciences, by 2007 GDN will launch a competition among the regional network partners for funds specifically earmarked towards efforts to promote multidisciplinary research.
- In accordance with the recommendation of external evaluators, GDN introduced in 2004 a system of monitorable targets to assess GDN's effect on building research capacity in the developing world and to isolate the organization's contribution to policy.
- By 2007, GDN will introduce a Matching Grants program to diversify its funding base.

## New projects

### Impact of Rich Country Policies on Poverty: A Global View

The aim of this new Global Research Project is to analyze and, to the extent possible, measure the impact of key policies pursued by rich countries on development and, in particular, poverty in poor countries. The project involves the research community and other interested parties from developing countries in selecting the policies to be investigated and identifying the most appropriate methodologies at the country level based on their local knowledge. It approaches the issue comprehensively and systematically through the inclusion of four policy areas—ed, migration, investment, and trade—as well as possible interactions among these policy areas.

### Moving out of Poverty

Why and how do some poor people move out of poverty and stay out of poverty while others remain trapped in chronic poverty? GDN is supporting a World Bank initiative, *Moving out of Poverty* comprising a global 15-country study to explore the dynamics of five-to-ten year transitions out of poverty from the perspectives of the men, women, and youth who have lived these experiences. Fundamentally, the study seeks to enhance our understanding of the factors that unleash poor people's economic potential and support their transitions out of poverty. The global breadth of the study will enable examination of economic, social, political, and institutional factors across diverse environments.

## **Members of the GDN Board of Directors**

Richard Cooper, Acting Chair of the GDN Board of Directors, Harvard University, Cambridge, Massachusetts, United States

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Bina Agarwal, Institute of Economic Growth, New Delhi, India

Isher Aggarwal, Board of Governors of the Indian Council for Research on International Economic Relations, New Delhi, India

Eliana Cardoso, Getulio Vargas Foundation Post-Graduate School of Economics, Rio de Janeiro, Brazil

Berit Gaymer, Foundation for Development Cooperation, Brisbane, Australia

Ulrich Haneuz, Organization for Economic Co-operation and Development, Paris, France

Inge Kaul, United Nations Development Programme, New York, New York, United States

Jan Kmenta, University of Michigan, Ann Arbor, Michigan, United States

Samir Mikdel, American University of Beirut, Beirut, Lebanon

Krzysztof Palecki, Jagiellonian University, Krakow, Poland

Dipata Patel, University of Pune, Pune, India

Guillermo Perry, World Bank, Bogota, Colombia

Victor Polterovich, Russian Academy of Sciences, Moscow, Russian Federation

Hoda Rashad, Social Research Center, American University in Cairo, Cairo, Egypt

Diane Stone, University of Warwick, Coventry, United Kingdom

Chalongfob Sussangkarn, Thailand Development Research Institute, Bangkok, Thailand

Shujiro Urata, Waseda University, Tokyo, Japan

## Changes in the GDN Board of Directors



This fall, Dr. Aklaga Sawyer resigned his position as Chairman of the GDN Board of Directors. Informally known as Aki, Dr. Sawyer had been involved with GDN since its early days, joining the Board of Directors as the representative for Sub-Saharan Africa and attending the first Board meeting in Tokyo in 2000. He began acting as Chair during the course of the 2003-GDN Annual Conference in Cairo, due to the illness of the sitting chair, Dr. Lallit Jayawardena. Aki formally assumed the Chairmanship when Dr. Jayawardena passed away on April 4, 2004. An internationally renowned barrister and scholar, Aki is currently a member of the Ghana Academy of Arts and Sciences and serves as Director of Research of the Association of African Universities, among his many responsible positions both in his home country of Ghana and abroad. The GDN Board and Secretariat would like to thank Aklaga Sawyer for his valuable service to the organization and wishes him the best of success in his current and future endeavors.

We also thank another departing Board member Sebastian Edwards (University of California Los Angeles, Los Angeles, United States) for his contribution to GDN. In addition, we extend a warm welcome to Isher Ahluwalia (Board of Governors of the Indian Council for Research on International Economic Relations, New Delhi, India) and Elvira Cardoso (Getulio Vargas Foundation Post-Graduate School of Economics, Rio de Janeiro, Brazil) as new Board members.

## Donors and sponsors

**African Capacity Building Foundation**

**Asian Development Bank**

**Australia**

Agency for International Development

**Austria**

Federal Ministry of Finance

**Canada**

International Development Research Centre

**Egypt**

Ministry of Communications and Information Technology

**Ford Foundation**

**France**

Agence Intergouvernementale de la Francophonie

Agence Universitaire de Francophonie

Ministry of Foreign Affairs

**Germany**

German Society for Technical Cooperation (GTZ)

**India**

The Energy and Resources Institute (TERI)

Ministry of Finance

**International Monetary Fund**

**Italy**

Ministry of Foreign Affairs

**Japan**

Institute of Developing Economies - Japan External Trade Organization (IDE-Jetro)

Japan Bank for International Cooperation

Ministry of Finance

**Merck and Co., Inc.**

**Norway**

Ministry of Foreign Affairs

**Sweden**

Ministry for Foreign Affairs, Department for Global Development

**Switzerland**

Ministry of Foreign Affairs, Swiss Agency for Development and Cooperation

**United Kingdom**

Department for International Development

**United States**

National Institutes of Health

United States Agency for International Development

**The World Bank**

**The World Bank Institute**

# GLOBAL DEVELOPMENT NETWORK, INC.

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITORS

JUNE 30, 2004 AND 2003

## CONTENTS

Report of Independent Auditors .....	22
Basic Financial Statements	
Statements of Financial Position .....	23
Statements of Activities .....	24
Statements of Cash Flows .....	25
Notes to Financial Statements .....	26

# 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, 2004 and 2003, and the related statements of activities and cash flows 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 audits.

We conducted our audits 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 audits provide 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, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Caribe CPA Group, P.C.*

Washington, DC  
August 27, 2004

Global Development Network, Inc.  
Statements of Financial Position  
June 30, 2004 and 2003

Assets	2004	2003
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,151,063	\$ 1,664,018
Accounts receivable	362,318	3,190
Contributions receivable	613,971	1,663,741
Prepaid expenses	19,215	13,780
Total current assets	3,146,567	3,344,629
Property and equipment, net	73,961	96,923
Investments	601,390	-
<b>Other assets</b>		
Security deposits	18,207	18,207
Total assets	\$ 3,840,085	\$ 3,449,621
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Grants payable	\$ 2,650,000	\$ 2,194,530
Accounts payable	417,014	349,012
Accrued expenses	59,762	61,615
Accrued rent	-	3,052
Total liabilities	3,126,776	2,598,209
<b>Net assets (deficit)</b>		
Unrestricted	(493,276)	(1,229,851)
Temporarily restricted	1,208,438	2,079,260
Total net assets	715,162	849,409
Total liabilities and net assets	\$ 3,841,938	\$ 3,447,618

See accompanying notes to financial statements.

**Global Development Network, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2004 and 2003**

	2004			2003		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue</b>						
Grants, contracts, and contributions	\$ 431,369	\$ 1,086,610	\$ 1,517,979	\$ 4,761	\$ 4,766,669	\$ 4,811,430
In-kind contributions	96,315	-	96,315	34,376	896,675	931,051
Interest income	15,894	-	15,894	34,799	-	34,799
Foreign-currency exchange gain	93,091	-	93,091	166,717	-	166,717
Other	1,794	-	1,794	1,113	-	1,113
Net assets released from restrictions	(8,722,480)	(8,722,480)	-	(8,098,623)	(8,098,623)	-
<b>Total support and revenue</b>	<b>3,815,783</b>	<b>(8,722,480)</b>	<b>(4,906,697)</b>	<b>(3,796,636)</b>	<b>768,121</b>	<b>(3,028,515)</b>
<b>Expenses</b>						
<b>Program services</b>						
Annual Conference	1,969,716	-	1,969,716	1,069,801	-	1,069,801
Regional Research Competitions	1,116,677	-	1,116,677	1,140,869	-	1,140,869
Global Development Awards	684,712	-	684,712	684,311	-	684,311
Global Research Program	743,274	-	743,274	1,764,693	-	1,764,693
Office	1,042,699	-	1,042,699	923,693	-	923,693
Education	1,177,961	-	1,177,961	962,666	-	962,666
Other programs	1,092,688	-	1,092,688	792,782	-	792,782
<b>Total program</b>	<b>8,927,397</b>	<b>-</b>	<b>8,927,397</b>	<b>8,764,645</b>	<b>-</b>	<b>8,764,645</b>
<b>Supporting services: Secretarial</b>						
Grant coordination	174,913	-	174,913	164,368	-	164,368
Secretarial (contract costs)	96,341	-	96,341	104,621	-	104,621
<b>Supporting services: Fundraising</b>						
Fundraising	31,222	-	31,222	34,876	-	34,876
<b>Total expenses</b>	<b>9,231,193</b>	<b>-</b>	<b>9,231,193</b>	<b>8,979,386</b>	<b>-</b>	<b>8,979,386</b>
Change in net assets	194,590	(879,870)	(685,280)	(1,279,645)	768,121	(511,524)
<b>Net assets (deficit)</b>						
Beginning of period	(1,129,853)	(1,129,853)	(2,259,706)	(179,386)	(1,286,475)	(1,465,861)
End of period	\$ (935,263)	\$ (1,019,623)	\$ (1,954,886)	\$ (1,459,031)	\$ (518,354)	\$ (1,977,385)

Global Development Network, Inc.  
 Statements of Cash Flows  
 Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>Cash flows from operating activities</b>		
Contributions, grants, and contract payments received	\$ 9,088,599	\$ 8,772,415
Interest income received	15,894	34,799
Other revenue received	41,975	305,828
Payments to grantees, vendors, and employees	<u>(8,027,002)</u>	<u>(7,677,756)</u>
Net cash provided by operating activities	<u>1,119,466</u>	<u>1,265,325</u>
<b>Cash flows from investing activities</b>		
Purchases of investments	(601,592)	-
Purchases of property and equipment	<u>(71,875)</u>	<u>(78,454)</u>
Net cash used for investing activities	<u>(673,467)</u>	<u>(78,454)</u>
Net increase in cash and cash equivalents	445,999	1,186,871
<b>Cash and cash equivalents</b>		
Beginning of year	<u>1,664,018</u>	<u>477,147</u>
End of year	<u>\$ 2,110,017</u>	<u>\$ 1,664,018</u>
<b>Reconciliation of change in net assets to net cash provided by operating activities</b>		
Change in net assets	\$ (134,250)	\$ (203,873)
Adjustments		
Depreciation and amortization	43,991	31,893
Decrease (increase) in assets		
Accounts receivable	(717,126)	4,571
Contributions receivable	1,049,770	(1,035,871)
Prepaid expenses and security deposits	(11,495)	50,202
Increase (decrease) in liabilities		
Grants payable	465,479	2,104,530
Accounts payable and accrued expenses	<u>63,097</u>	<u>331,873</u>
Net cash provided by operating activities	<u>\$ 1,119,466</u>	<u>\$ 1,265,325</u>

See accompanying notes to financial statements.

GLOBAL DEVELOPMENT NETWORK, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

**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 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.

**Reclassification** – Certain reclassifications have been made to the prior period amounts to conform to the presentation for the current year. These reclassifications did not change the amount of net assets or the changes in net assets for the year ended June 30, 2020.

## 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 17-member international governing body of renowned researchers and policymakers from around the world.

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 “re-invention.”

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.

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.

## NOTE 2. ORGANIZATION AND TAX STATUS (CONTINUED)

**Global Development Awards Competition** - This is the largest worldwide contest for development researchers. Researchers and practitioners are invited each year to compete for over \$400,000 in 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 has recently been published. Two new projects currently under way are *Bridging Research and Policy* and *Understanding Reform*.

**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 theme of the 2004 conference held in New Delhi, India, was *Understanding Reform*, and the forthcoming 2005 conference in Dakar, Senegal, has as its theme *Developing and Developed Worlds - Mutual Impact*. Over 100 people attended the annual GDN conference at their own expense in 2004 and 2005, incurring an estimated \$175,000 in travel and accommodation expenses; these amounts have not been recognized in the accompanying financial statements.

**GDNnet** - GDN's web presence serves as a channel for data sharing and a forum for the exchange of views. Researchers registered with GDNnet 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.gdn.org](http://www.gdn.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 the nearly \$2 million provided by the National Institutes of Health to support research on health issues in developing countries, which is augmented by GDN funds.

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 IRS under an advance ruling that ends June 30, 2005.

## NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2004 and 2003, consists of the following:

	2004	2003
Computer equipment	\$113,829	\$ 76,140
Furniture and fixtures	52,400	79,040
Less accumulated depreciation and amortization	(88,208)	(116,277)
	\$ 78,021	\$ 38,903

## NOTE 4. NET ASSETS

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

**Restricted Net Assets** - GGN 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 were available for the following purposes:

	<u>2004</u>	<u>2003</u>
Regional Research Competitions	\$ 17,376	\$ 1,384
GGNet	-	1,308
Education	324,131	1,407,979
Secretariat	545,997	473,100
World Bank- MIB	326,324	-
Other	<u>94,830</u>	<u>135,496</u>
	<b>\$1,208,458</b>	<b>\$2,075,267</b>

**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, 2004 and 2003, were:

	<u>2004</u>	<u>2003</u>
Annual Conference	\$1,455,373	\$ 1,690,026
Regional Research Competitions	1,384,008	1,396,719
Global Development Awards	590,300	626,367
Global Research Projects	1,417,908	1,749,458
GGNet	903,308	864,510
Education	1,083,844	973,553
Secretariat	731,923	792,527
Other	<u>568,780</u>	<u>603,911</u>
	<b>\$8,725,480</b>	<b>\$9,109,071</b>

## NOTE 5. OPERATING LEASES:

During 2004, GDN extended its lease for office space in Washington, DC through March 31, 2005. Annual rent will be adjusted by 2.5% of the previous year's rent. Annual increases in the basic rent are also based on GDN's pro-rata share of any increases in operating expenses and real estate taxes. Rent expense for the years ended June 30, 2004 and 2003, was \$133,814 and \$126,172, respectively.

Future minimum annual rental payments required under this operating lease as of June 30, 2004, are as follows:

Year Ending June 30, 2005	\$133,814
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During 2004, GDN entered into a new lease for office space in Cairo, Egypt, where GDN plans to move the operations of GDNnet, the organization's Internet initiative described in Note 2. The five-year lease begins 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, 2004, the U.S. currency equivalent of the annual rent is \$11,854. To secure the space GDN paid a deposit of \$11,850, which represents twelve months of rent. An additional security deposit of six months rent, Egyptian LE 36,720, is required by the lease at the date the space will be delivered to GDN.

## NOTE 6. UNINSURED CASH BALANCE

GDN maintains its cash accounts primarily with banks located in the Washington, D.C. area, which at times may exceed the \$100,000 insured by the FDIC. At June 30, 2004 and 2003, GDN had balances that exceeded the Federally insured amount by approximately \$760,000 and \$237,000, respectively. In addition, at June 30, 2004 and 2003 cash and cash equivalents includes approximately \$1.3 million 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 receives approximately 62% and 74% of its total support and revenue from a single contributor for the years ended June 30, 2004 and 2003, respectively. In addition, 21% and 71% of GDN's contribution receivable is due from one contributor at June 30, 2004, and 2003, respectively. The receivable is expected to be collected in one year.

## NOTE 8. DONATED MATERIALS, EQUIPMENT, AND SERVICES

Donated services 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.

## NOTE 8. DONATED MATERIALS, EQUIPMENT, AND SERVICES (CONTINUED)

The value of donated services included as contributions in the financial statements and the corresponding program expenses for the years ended June 30, 2004 and 2003 are as follows:

	2004	2003
Salaries and benefits	\$ 23,047	\$ 34,356
Scholarships	49,000	100,000
Other	22,068	9,673
Total	\$ 94,115	\$144,029

## NOTE 9. CONDITIONAL PROMISES TO GIVE

Global Development Network has one grant for which the grantor agency's promise to give is conditioned 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 3 years. As of June 30, 2004, this conditional promise to give totaled approximately \$3.6 million payable at \$1.8 million per year. 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 years ended June 30, 2004 and 2003, the total funding to ISHED was \$1,785,196 and \$1,910,897, respectively. GDN's contribution was \$150,000 and \$250,000 for the years ended June 30, 2004 and 2003, respectively.

## 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, 2004 and 2003, GDN's contributions to the Plan totaled \$25,940 and \$17,326, respectively.

## NOTE 12. DEFICIT IN UNRESTRICTED NET ASSETS

As of June 30, 2004, and 2003, GDN had deficit balances in its unrestricted net assets amount of \$(403,276) and \$(1,229,891), respectively. GDN may from time to time enter into multi-year agreements for ongoing research for which no written grant commitment has been received for funding in future periods and, therefore, no revenue recognized. GDN management believes that such funding will be received, and additionally, GDN is actively pursuing new sources of contributions to fund expenses incurred that exceeded unrestricted-contributions, which will reduce the deficit.