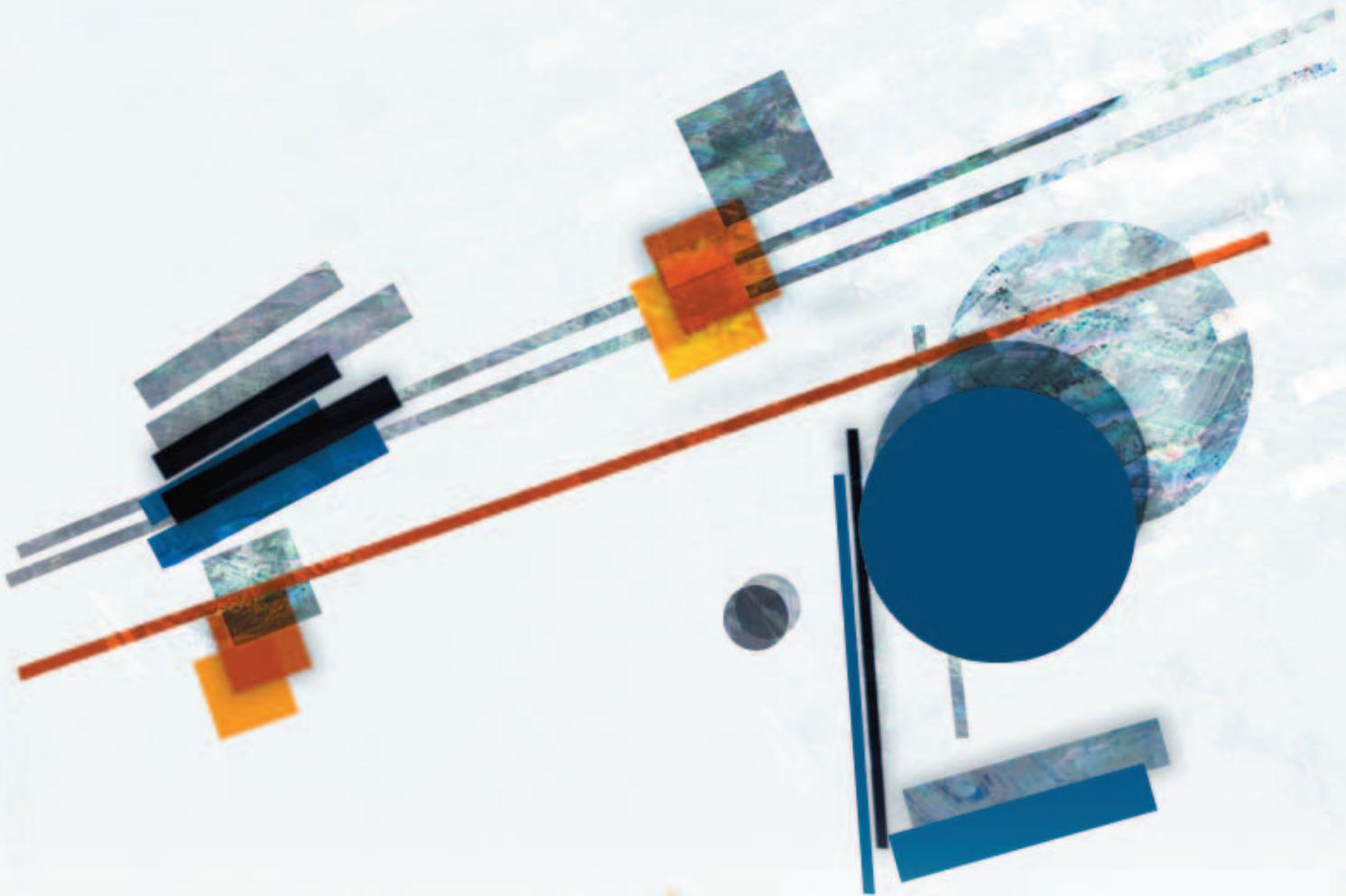


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G D N · · · · ·

Global Development Network **2003**  
**ANNUAL REPORT**



INVEST IN KNOWLEDGE

BUILD RESEARCH CAPACITY

IMPROVE THE HUMAN CONDITION

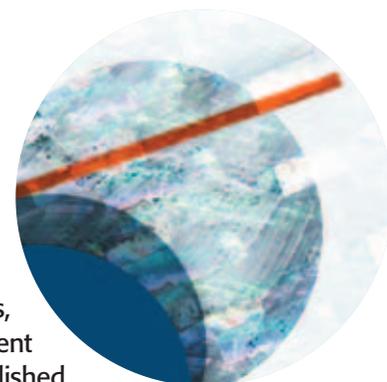




**THE GLOBAL DEVELOPMENT NETWORK IS A WORLDWIDE ASSOCIATION OF RESEARCH AND POLICY INSTITUTES THAT PROMOTES THE GENERATION, SHARING, AND APPLICATION OF MULTIDISCIPLINARY KNOWLEDGE TO ADVANCE DEVELOPMENT POLICY.**

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# global PARTNERSHIP



GDN promotes collaboration in the social sciences among 11 regions of the world and more than 100 countries. The headquarters of GDN's network partners in developing and transition economies are located in Buenos Aires, Cairo, Moscow, Nairobi, New Delhi, Prague, Singapore, and Suva. To complement these networks and assist researchers in the developing world, GDN has established networks in developed countries with offices in Bonn, Tokyo, and Washington (table 1).

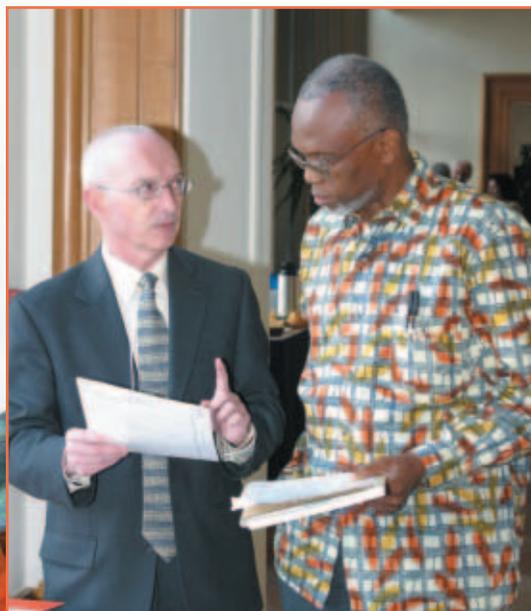
## Unique Identity

As a non-hierarchical and heterogeneously organized network, GDN allows for the flexible and fluent production of knowledge and its translation into policy. GDN's regional and institutional partners are autonomous from the network's Secretariat but benefit from its coordination and the sharing of best practices. GDN's framework encourages the cross-fertilization of research conducted in different parts of the world and the spread of innovative approaches and models. Although GDN primarily incorporates researchers, it is not confined to the ivory tower of academia. Due to the network's ability to easily add and remove links, its knowledge-generation and sharing components also can be integrated in the process of policy design and implementation. Moreover, GDN's flexibility as a network with broad support from the global research community helps diversify its stakeholders and donor base.

**Table 1 Regional network partners**

| REGION                             | NETWORK PARTNER  | LOCATION                        | NETWORK HEAD                                |
|------------------------------------|--|---------------------------------|---|
| Commonwealth of Independent States | Economics Education and Research Consortium (EERC)                                 | Moscow, Russia                  | Eric Livny<br>elivny@eerc.ru                |
| East Asia                          | East Asian Development Network (EADN)  | Singapore                       | Chia Siow Yue<br>chiasy@singnet.com.sg      |
| Eastern and Central Europe         | Center for Economic Research and Graduate Education—Economics Institute (CERGE-EI) | Prague, Czech Republic          | Randall Filer<br>randall.filer@cerge-ei.cz  |
| Japan                              | GDN—Japan  | Tokyo, Japan                    | Satoshi Iijima<br>s-ijima@jbic.go.jp        |
| Latin America and the Caribbean    | Latin American and Caribbean Economic Association (LACEA)                          | Buenos Aires, Argentina         | Mariano Tommasi<br>tommasi@udesa.edu.ar     |
| Middle East and North Africa       | Economic Research Forum for the Arab Countries, Iran, and Turkey (ERF)             | Cairo, Egypt                    | Samir Radwan<br>sradwan@erf.org.eg          |
| North America                      | GDN—North America  | Washington, D.C., United States | Nancy Birdsall<br>nbirdsall@cgdev.org       |
| South Asia                         | South Asia Network of Economic research Institutes (SANEI)                         | New Delhi, India                | Arvind Virmani<br>director@icrier.org       |
| South Pacific                      | Oceania Development Network (ODN)  | Suva, Fiji                      | Mahendra Reddy<br>Reddy_m@usp.ac.fj         |
| Sub-Saharan Africa                 | African Economic Research Consortium (AERC)  | Nairobi, Kenya                  | William Lyakurwa<br>exec.dir@aercafrica.org |
| Western Europe                     | European Development Research Network (EUDN)                                       | Bonn, Germany                   | Jan Willem Gunning<br>Jgunning@econ.vu.nl   |

# empowering LOCAL TALENT



Lyn Squire (left)  
Akilagpa Sawyerr (right)

## MESSAGE FROM THE CHAIR OF THE GDN GOVERNING BODY

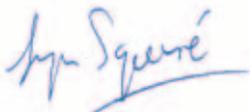
GDN seeks to redress inequities by investing in human capital. It gives researchers in the developing world a chance to advance their research skills and raise their contribution to knowledge production and development. To the extent that it succeeds in promoting homegrown expertise, GDN empowers local talent to take control of their own destiny. The outcome is the improvement of the human condition worldwide.

 – Akilagpa Sawyerr

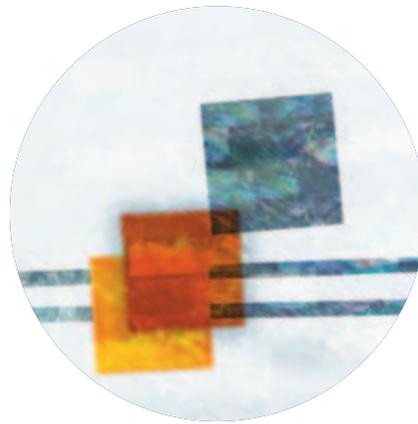
## MESSAGE FROM THE GDN DIRECTOR

Since its inception in 1999, GDN has held four annual conferences, which have become major international forums on development. I believe the latest conference (Cairo, January 2003) to be the most significant and representative in this respect. Moreover, it was a major milestone for GDN in that it signified our organization's maturity and due recognition by the international development community. I sensed this recognition in the presentations and attitudes of conference participants. I felt it in the wonderful hospitality we received in Egypt. And I experienced it most keenly at the donors' roundtable where opinions such as "GDN is now firmly established" and "GDN is contributing" were commonplace.

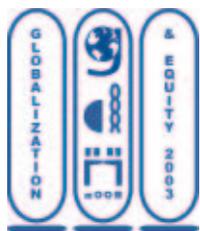
A milestone, however, only denotes progress on a long road. What lies ahead? There are three main goals I would like GDN to achieve in the near future: relocation of its headquarters from Washington to New Delhi, reconstitution of the network as an international organization, and diversification and expansion of GDN's funding base. Progress on these fronts in the coming years would consolidate the opinion that the organization has truly "arrived."

 – Lyn Squire

# the year 2003 IN BRIEF



October 2003 marked an important event in GDN's four-year history: The Oceania Development Network (ODN) joined the network as the eleventh regional partner. ODN covers Australia, New Zealand, and the South Pacific; its headquarters are located in Suva, Fiji. Other significant 2003 highlights included publishing the volume *Explaining Growth: A Global Research Project*, which explores the growth experiences of the developing world over the past 30–50 years; concluding the open call for proposals within the *Bridging Research and Policy* project; redesigning GDN's website to accommodate richer content, ensure regional ownership, and improve navigation; and expanding channels for advertising GDN's grant competitions.



GDN- JAPAN

2003

- ▲ GDN  
ANNUAL CONFERENCE  
JANUARY 18-21, 2003  
CAIRO, EGYPT
- ▲ GDN-JAPAN  
NETWORK MEETING  
MARCH 13, 2003  
TOKYO, JAPAN
- ▲ AERC  
BIANNUAL RESEARCH  
WORKSHOPS  
MAY 24-29, 2003  
&  
NOVEMBER 29-  
DECEMBER 5, 2003  
NAIROBI, KENYA
- ▲ EERC  
BIANNUAL RESEARCH  
WORKSHOPS  
JULY 11-13, 2003  
&  
DECEMBER 19-21, 2003  
MOSCOW, RUSSIA
- ▲ CERGE-EI  
RESEARCH  
COMPETITION  
WORKSHOP  
AUGUST 7-11, 2003  
PRAGUE, CZECH  
REPUBLIC
- ▲ SANEI  
FIFTH ANNUAL  
CONFERENCE  
AUGUST 15-17, 2003  
COLOMBO, SRI LANKA

Also in 2003 the GDN community revisited the question of the network's legal status. To better reflect the global scope of GDN's activities and extend its contribution to international development, the network's Governing Body voted in favor of changing GDN's status from a not-for-profit organization incorporated in the United States to an international organization. An online consultation with the GDN community indicated near unanimous (95 percent) support for this change. GDN's international organization charter—to be signed by sovereign states and public international organizations—will enhance the network's effectiveness, reduce its operating costs, and increase its financial support.

To improve outreach to its intended beneficiaries, the GDN Secretariat plans to relocate from Washington to New Delhi in the near future. This move will demonstrate GDN's commitment to operating within and for the good of the developing world.



2004

- ▲ ODN  
INAUGURATION  
OCTOBER 1, 2003  
SUVA, FIJI
- ▲ LACEA  
ANNUAL MEETING  
OCTOBER 9-11, 2003  
PUEBLA, MEXICO
- ▲ EADN  
ANNUAL FORUM  
OCTOBER 10-11, 2003  
SINGAPORE
- ▲ GDN-NORTH AMERICA  
RESEARCH WORKSHOP  
ON THE IMPACT OF  
DEVELOPED COUNTRIES'  
POLICIES ON DEVELOPING  
COUNTRIES  
OCTOBER 23-24, 2003  
WASHINGTON, D.C.
- ▲ EUDN  
ANNUAL CONFERENCE  
NOVEMBER 13-15, 2003  
PARIS, FRANCE
- ▲ ERF  
ANNUAL CONFERENCE  
DECEMBER 16-18, 2003  
MARRAKESH, MOROCCO

Despite its short history as an independent organization, GDN has made impressive strides toward expanding and diversifying its donor base. The number of donors has increased from two (the World Bank and Japan’s Ministry of Finance) in fiscal 2001 to 18 today. In 2003, GDN welcomed major new supporters such as the Australian Agency for International Development, which donated funds toward the implementation of the Global Research Project *Understanding Reform* and the Royal Norwegian Ministry of Foreign Affairs, which will assist with financing the *Bridging Research and Policy* project in fiscal 2004. Although GDN continues to primarily rely on funding from international financial institutions and governments, public companies and private foundations—such as Merck and the Ford Foundation—have also offered their generous support. These contributions support GDN’s diverse activities (table 2).

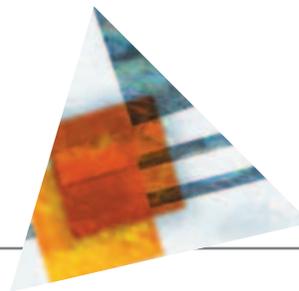
**Table 2 GDN’s expenses, fiscal 2003 (thousands of U.S. dollars)**

|                                      |               |
|--------------------------------------|---------------|
| Global Research Projects             | 2,565         |
| Annual Global Development Conference | 2,070         |
| Regional Research Competitions       | 1,943         |
| Education Research Initiative        | 983           |
| GDNNet                               | 923           |
| Global Development Awards            | 685           |
| Other programs                       | 593           |
| Secretariat                          | 344           |
| Donor coordination                   | 264           |
| <b>TOTAL</b>                         | <b>10,370</b> |

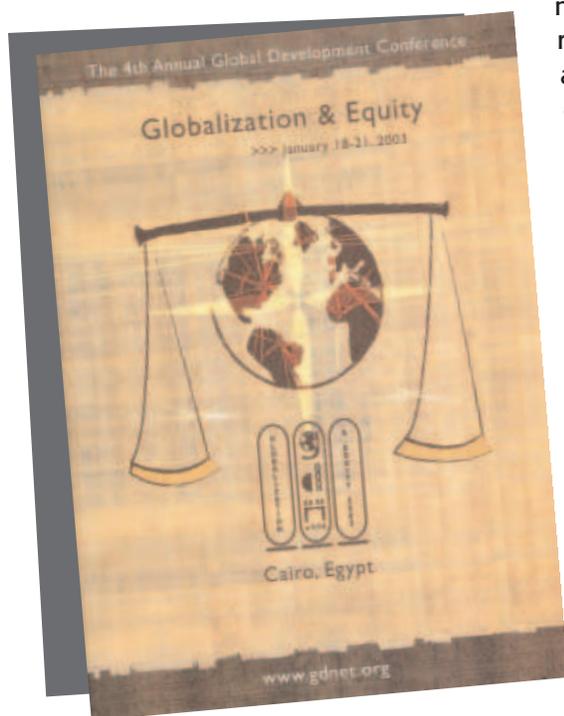
*Note: GDN’s fiscal year runs from July 1 to June 30.*

An ongoing independent evaluation of GDN will assess the organization’s progress and provide recommendations for fine-tuning its operations and advancing its development impact. The network has already set an ambitious agenda for the future. GDN intends to increase its budget by 50 percent over the next three years by soliciting funds from governments yet uninvolved in GDN’s activities and by inviting private corporations and wealthy individuals to join the circle of GDN’s benefactors. The GDN Secretariat has called for an additional \$1 million to fund the Regional Research Competitions. A campaign to attract an extra \$2 million for the Global Research Projects is also underway. Finally, funds are being sought to support the redesign, development, and migration of GDNNet to its new office in Cairo. GDN’s donors have already indicated their sustained interest in GDN, because they realize that investment in the developing world’s knowledge sector is a key strategy for improving the human condition across the globe.

# globalization & EQUITY

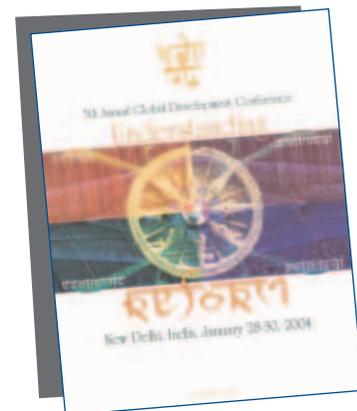


## THE FOURTH ANNUAL GLOBAL DEVELOPMENT CONFERENCE



The beginning of the twenty-first century has been marked by a broad consensus that globalization is reshaping the world. Controversy remains, however, about its forces and effects. How extensive is contemporary globalization? Does it, on balance, do more “good” than “bad”? Which countries are integrated in the global economy and which are left out? What has globalization achieved and what has it failed to do? The Fourth Annual Global Development Conference, under the theme *Globalization and Equity*, addressed these questions in terms of fairness and justice. Held in Cairo January 18–21, 2003, this international conference attracted almost 600 participants (figures 1 and 2), including such prominent world leaders as Atef Ebeid, prime minister of Egypt; Benjamin Mkapa, president of Tanzania; Ernesto Zedillo, former president of Mexico; and Gamal Mubarak, head of the Policy Secretariat of the National Democratic Party of Egypt. The conference was hosted by the Government of Egypt, and its highlights included an opening address by Suzanne Mubarak, first lady of Egypt.

Discussions of reform dominated the conference (box 1). Participants referred to the reform of both national and international institutions and stressed the need to make globalization more inclusive and balanced by creating opportunities for all. By emphasizing reform, the Cairo conference built a conceptual bridge to GDN’s 2004 conference in New Delhi, with the theme *Understanding Reform*. The Delhi forum will further the exchanges held in Cairo to better specify the design, timing, and pace of reforms conducive to both socioeconomic development and poverty alleviation.



### Box 1 Key messages from the Cairo conference

- Involvement in the global economy is a necessity, not a choice.
- Equitable globalization is consistent with liberal reforms.
- Developing countries must assume primary responsibility for their destinies.
- Successful reforms depend on proper sequencing and pace.

*It is clear to us, as a developing country, that globalization is not simply an autonomous force that is shaping our future, but that it is our responsibility to shape our future in globalization.*

**Atef Ebeid**, prime minister of Egypt, speaking at the opening session of the Cairo conference



*Sustainable prosperity is shared prosperity. Sustained security rests upon relationships of equity. If we want sustainable prosperity and security, we must be prepared to design and embrace frameworks and processes for the fair, and equitable, sharing of prosperity.*

**Benjamin Mkapa**, president of Tanzania, speaking at the policymakers' roundtable at the Cairo conference

*Latin America's troubles are due not to reforms but to the public fatigue from reforms and to the unfinished business of reforms.*

**Ernesto Zedillo**, former president of Mexico, speaking at the policymakers' roundtable at the Cairo conference



Figure 1 Participation in the Cairo conference by region

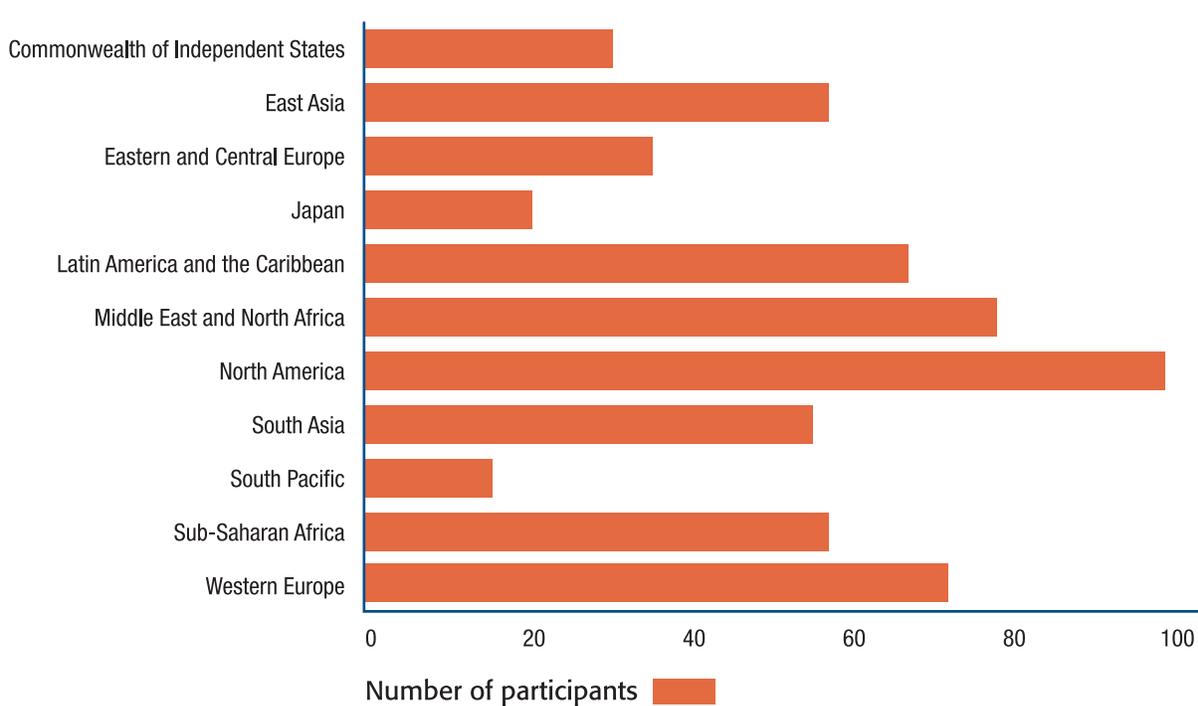
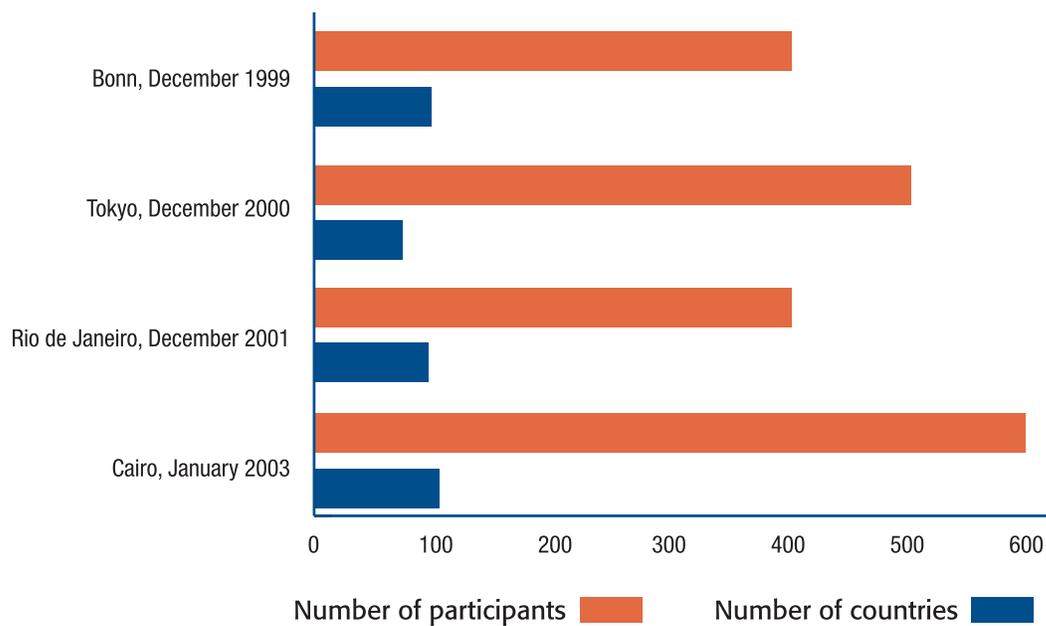
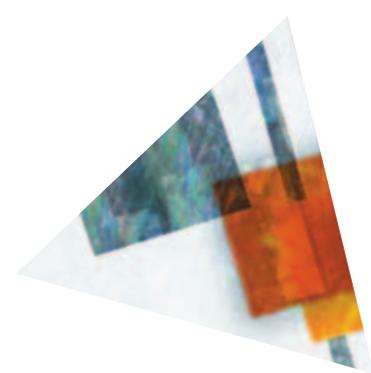


Figure 2 Participation in GDN Annual Global Development Conferences



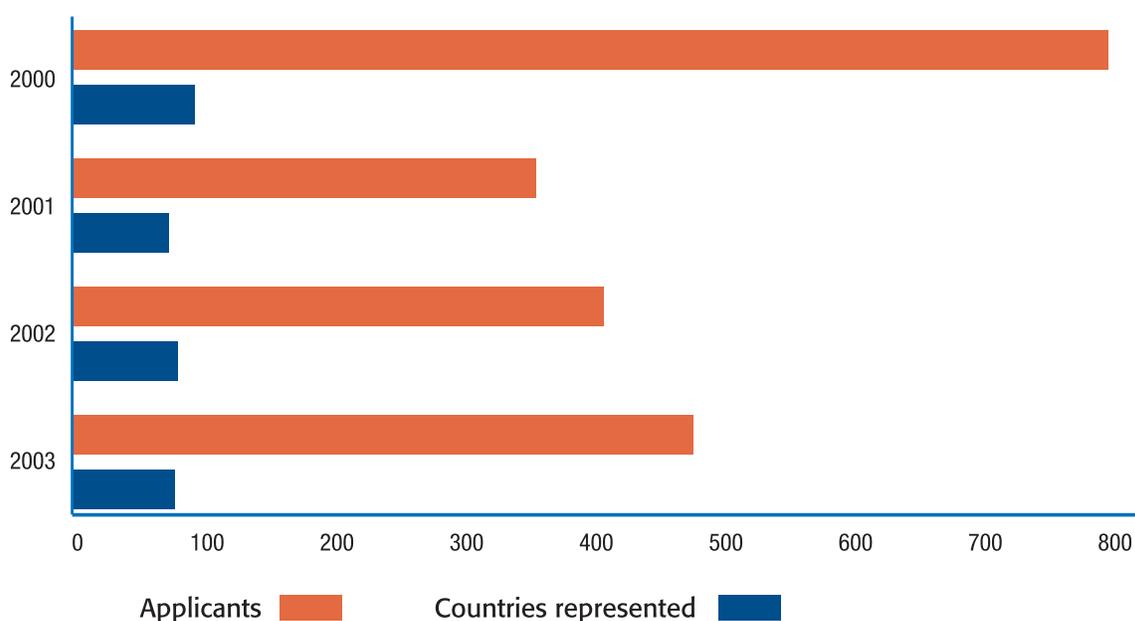
# fostering knowledge THROUGH COMPETITION



## GDN GRANT PROGRAMS

The **Global Development Awards and Medals Competition** represents an important vehicle to promote social science research in the developing world. Jointly established in 2000 by GDN and the Government of Japan, this initiative seeks to raise interest in and foster new knowledge on development issues. Since 2000, 2,007 scholars representing over 100 countries have participated (figure 3), and approximately \$2 million has been distributed in grants, awards, and travel compensation to finalists and winners. The GDN Awards and Medals Competition has encouraged high-quality research and rewarded deserving, often little-known researchers. This program has helped recipients attract other research funds. It also significantly influenced development policy. In this respect, the Awards and Medals Competition indicates GDN's ability to meet one of the network's goals, namely, translating research into policy.

Figure 3 Participation in the Global Development Awards and Medals Competition, 2000-2003



Note: A decrease in the number of applicants in 2001, compared to 2000, reflected greater awareness of the high standards of the competition and restriction of the eligibility requirements to residents of developing countries only.



**Jaime Saavedra** of Peru (Grupo de Análisis para el Desarrollo or GRADE, Lima) presenting at the Cairo conference. The project, *The Economics of Social Exclusion in Peru*, which Saavedra coauthored with Maximiliano Torero and Hugo Ñopo (also from GRADE), won the \$100,000 award for Outstanding Research on Development (box 2).

## Box 2 Winner of the 2002 prize for Outstanding Research on Development

### *The Economics of Social Exclusion in Peru: An Invisible Wall?*

Jaime Saavedra, Maximo Torero, and Hugo Ñopo analyzed how ethnic and racial heterogeneity affect occupational segregation, access to education and social networks, and chances of being hired in the urban labor market. The researchers are particularly interested in the plight of the *mestizos*—the largest Peruvian urban group with a mixed ethnic and racial background. When completed, the study should demonstrate how and why differences in conventional ascriptive characteristics affect individual achievement despite the liberalizing forces of modernization and globalization.

**Vera Cordeiro** (right) of Brazil (Associação Saúde Criança Renascer, Rio de Janeiro), winner of the \$100,000 award for the Most Innovative Development Project (box 3), celebrates her victory with **Asma Ramadan** of the GDN Secretariat.



## Box 3 Winner of the 2002 prize for the Most Innovative Development Project

### *Associação Saúde Criança Renascer*

During her twenty years as a physician at a public hospital in Rio de Janeiro, Vera Cordeiro became convinced that children's illnesses are caused not only by biological elements but also by social factors. She realized that hospital-based treatment of children from poor families would not fully cure them unless their home environment changes. To break the vicious cycle of poverty and suffering, Dr. Cordeiro established an association that interprets healing in broad terms and offers instruction to poor families on how to meet their basic needs, psychological and psychiatric counseling, health care, and vocational training. The project's main goals are to empower the targeted families, help them become self-sufficient, and thus contribute to the well-being of their children.

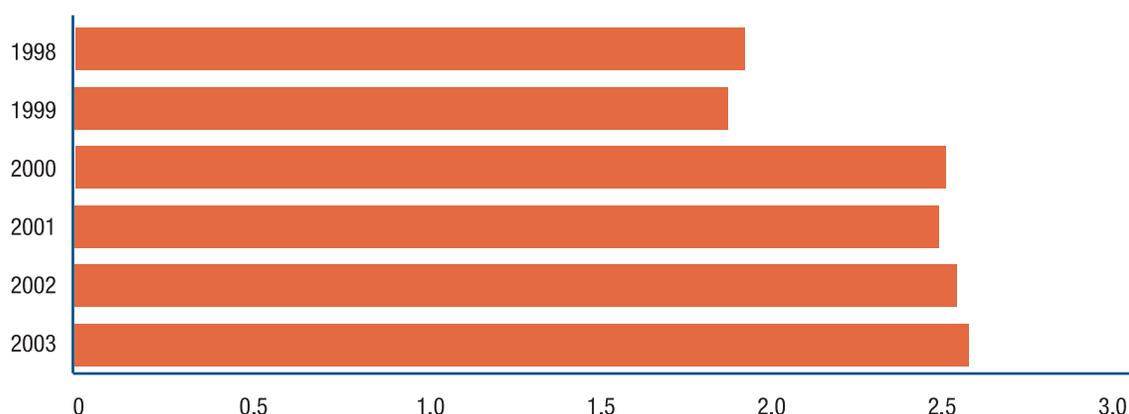


**Rashmi Banga** of India, receives a Research Medal worth \$10,000 for her paper, "The differential impact of Japanese and U.S. foreign direct investments on exports of Indian manufacturing."

**The Regional Research Competitions (RRCs)**, managed by GDN’s regional partners in developing and transition economies, provide a model for how the diverse experiences of affiliated networks translate into the best practices in capacity building. Contrary to most grant competitions, which place an emphasis on the application stage but then leave grantees to struggle alone, the RRCs are unique in offering extensive follow-up. There is an effective system of mentoring grantees by experts, special training programs, and “quality assurance” mechanisms to improve research results. Reflecting an assembly-line learning process, the awarding of a grant is complemented by a thorough assessment of the research output. Grantees receive extensive feedback from highly qualified reviewers and academically advanced advisory boards at all stages of their research—from the project’s inception to its completion.

By November 2003 GDN had contributed more than \$14 million to the RRCs (figure 4). In 2003, funds allotted to each regional network ranged from \$200,000 to \$300,000. Since 1999 the RRCs have funded almost 490 projects. Launched in 2002, the Education Research Initiative—a funding mechanism intended to promote research in education, including sponsorship of presentations on education at the RRC workshops—became another component of GDN’s capacity-building activities.

**Figure 4** Funding for the RRCs and auxiliary capacity-building activities, fiscal 1998–2003  
(millions of U.S. dollars)



The RRC brochure, based on interviews with grantees, was issued by the GDN Secretariat in May 2003. The interviews highlighted GDN’s role in the grantees’ professional development and scholarship.



**Photo report from the RRC workshop at the Economics Education and Research Consortium, GDN’s partner in the Commonwealth of Independent States**



*There is no substitute for human interaction, even in the Internet age. Our workshops allow people to stay in touch with the professional mainland, to get feedback on their research, to see where they are relative to others in their field, and to advance.*

**Eric Livny**, EERC director

*Participation in the competition and subsequent workshops gave my career a lift! This year I am studying at the London School of Economics, but I will go back to Russia and the EERC in late spring.*

**Anna Lukyanova**, RRC grantee from Ulyanovsk State University (Ulyanovsk, Russia), pictured with **Hartmut Lehmann**, her advisor from Heriot-Watt University (Edinburgh, United Kingdom)



*Coming from the Urals, I greatly appreciate every opportunity to meet young scholars from other parts of Russia and the CIS. The workshops offer numerous learning and networking opportunities.*

**Inna Maltseva** (right), RRC grantee from the Urals State University (Ekaterinburg, Russia), pictured with fellow RRC grantee, **Kseniya Markova**, from Moscow State University (Moscow, Russia)

RRC advisors, from left to right, **David Tarr** of the World Bank (Washington, United States), **Mark Schaffer** of the Heriot-Watt University (Edinburgh, United Kingdom), and **Bill Ethier** of the University of Pennsylvania (Philadelphia, United States)



# advancing knowledge— APPLYING EXPERTISE



## PROJECTS WITH A GLOBAL SCOPE

**Explaining Growth** was GDN's first global project, involving researchers from 80 countries and seven regions of the developing world: the Commonwealth of Independent States, East Asia, Eastern and Central Europe, Latin America and the Caribbean, the Middle East and North Africa, South Asia, and Sub-Saharan Africa. Within this pioneering project, researchers from developing and transition economies partnered with internationally recognized development experts to compile the most comprehensive assessment of economic growth in existence. Implementation of the project included holding research workshops in all regions and discussion of research findings at the Third Annual Global Development Conference (Rio de Janeiro, 2001).



Session on the *Explaining Growth* project at the Cairo conference, January 2003. From left to right: **Choong Yong Ahn**, president, Korea Institute for International Economic Policy, Korea; **Augustin Fosu**, director of research, AERC, Kenya; **Hadi Esfahani**, associate professor of economics, University of Illinois at Urbana-Champaign, United States; and **Nicholas Stern**, chief economist, World Bank, Washington, United States.

In 2003 Palgrave Macmillan released *Explaining Growth: A Global Research Project*, edited by Gary McMahon, Principal Economist at the GDN Secretariat, and Lyn Squire, GDN Director. Published in cooperation with the International Economic Association, the volume summarizes the main results of the first stage of the global project: regional analyses of growth (box 4). These analyses provide the framework for the in-depth country studies that comprise the second stage of the project.



### Box 4 *Explaining Growth*: key policy lessons from the regional studies

- Reforming distorted markets will not lead to increased efficiency and growth without appropriate infrastructure and neutralized vested interests.
- It is essential to understand how the system reallocates factors of production when the economy experiences shocks.
- Creating human capital alone is not sufficient for growth. The labor market must also efficiently allocate human capital.
- Countries with high investment levels usually have high levels of productivity of their investment. This suggests that similar factors are driving both capital accumulation and growth in total factor productivity.
- Countries with similar institutions and policies can have varied growth experiences, due to the varying performance of institutions and differing success in translating policies into actions.

***Understanding Reform***, the second Global Research Project implemented by GDN, was launched in December 2001. At the workshop preceding the Cairo conference, participants presented and discussed ten thematic overview papers (box 5) and 30 country study proposals. The thematic papers provided guidelines to the authors of the country studies by highlighting key issues, identifying unexplored themes, and suggesting ways to address yet-unresolved questions (box 6). Following the workshop, an infrastructure for assisting researchers in revising their papers and studies was instituted: GDN created an electronic library of literature on reform and negotiated a contract with J-STOR—an electronic archive of leading scholarly journals in various disciplines—to expand access to academic literature. In addition, project researchers now have access to electronic help desks, manned by established scholars, recognized across the globe.



**José María Fanelli**, (Centro de Estudios de Estado y Sociedad, Buenos Aires, Argentina), coordinator of the *Understanding Reform* project, speaks at the donors' meeting during the Cairo conference.

**Box 5** Key methodological findings of the *Understanding Reform* thematic papers

- Reforms should be analyzed in terms of political economy, institutions, and implementation.
- Researchers must develop measures and databases to evaluate reform progress.
- Researchers must rely on a variety of analytical tools to identify interest groups, social consequences, political support, and state capacity to reform.

**Box 6** Themes to explore in the *Understanding Reform* country studies

- Political institutions, cultural contexts, and policy ownership do matter.
- Implementation is crucial to policy success.
- Fiscal federalism and regional conflicts are key determinants of reform outcomes.
- The momentum to reform stalls without a firm commitment from international institutions.
- Countries follow the changing academic approaches to development, including the shift from the "Washington Consensus" to "high-quality growth."

***Bridging Research and Policy***, GDN's third global project, pursues the following goals:

- To increase policymakers' awareness of the value of research.
- To establish an international coalition interested in collaborating to improve linkages between research and policy.
- To enhance the impact of research.
- To generate lessons, recommendations, practical tools, and a range of informational materials for use in guidelines for researchers and training.

At the first stage of project implementation (the year 2002), participants developed a framework for analysis, collected and analyzed 50 case studies of research-policy links from around the developing world (boxes 7 and 8), undertook preliminary surveys of policymakers and researchers, and designed a Research and Policy website ([www.gdnet.org/rapnet](http://www.gdnet.org/rapnet)). The second stage, beginning in January 2003, commissioned four background papers and three comparative studies of relevant policymaking ministries, research institutes, and intermediary institutions; debuted an open competition of proposals for country and cross-country studies, sector studies, good-practice studies, episode studies, and action research; and launched additional case studies in underrepresented research areas.

**Oumar Barou Makalou**, president and director, Center of Studies and Research for Democracy, Economics, and Social Development, Bamako, Mali, comments on the *Bridging Research and Policy* project at the Cairo conference.



**Box 7** Major issues uncovered during the first stage of project implementation

- Close relationships between researchers and policymakers help translate research into policy.
- Policymakers' interest in research largely depends on its relevance and credibility.
- Political and institutional contexts do matter in reaching out to policymakers.
- External factors, such as positive evaluation of research by bilateral and multilateral donors, help increase its appeal to policymakers.

**Box 8** Sample case study: success and failure in the Caribbean health sector

*Author: Elsie Le Franc, professorial fellow, University of the West Indies, Barbados*

The study compared successful efforts to improve maternal and child health care in Jamaica and the failure of the health finance reform in St. Lucia and St. Vincent. Both attempts to link research to policy commissioned research of the status quo and suggested policies, received strong political support, and enjoyed popular support. However, the Jamaican case boasted three factors that were missing in St. Lucia and St. Vincent. First, Jamaican policymakers were actively involved in all stages of research (design, implementation, and evaluation). Second, there was effective communication among researchers, policymakers, and civic organizations. Third, the resulting recommendations were effectively operationalized to facilitate successful implementation.

# communicating RESEARCH ON DEVELOPMENT

## GNet

GNet, GDN's online initiative, provides a portal to the social science research produced in developing and transition economies, enhances communication capacity within the developing world, and helps translate homegrown expertise into local policies. GNet stands out from other electronic initiatives thanks to its regional orientation, partnership approach, and vibrant online community.

GDN's website, [www.gdnet.org](http://www.gdnet.org), is home to a community of researchers and organizations registered with GDN, offering a suite of information services and tools. GNet distributes a monthly email newsletter, *GDN news*, and an e-bulletin, *GNet research in focus*, to more than 12,000 subscribers, keeping them up-to-date on the latest news and research. As shown in figure 5, [www.gdnet.org](http://www.gdnet.org) has generated significant interest and response from the global development research community.

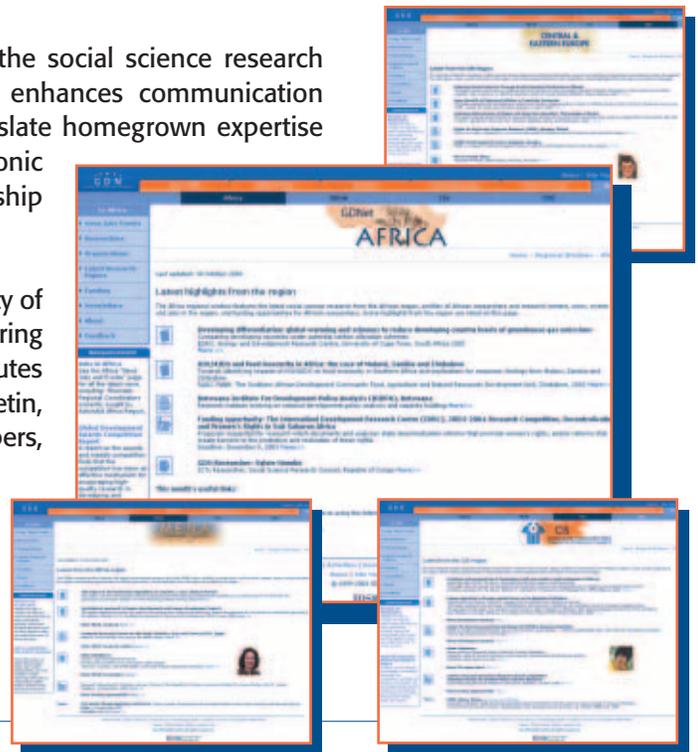
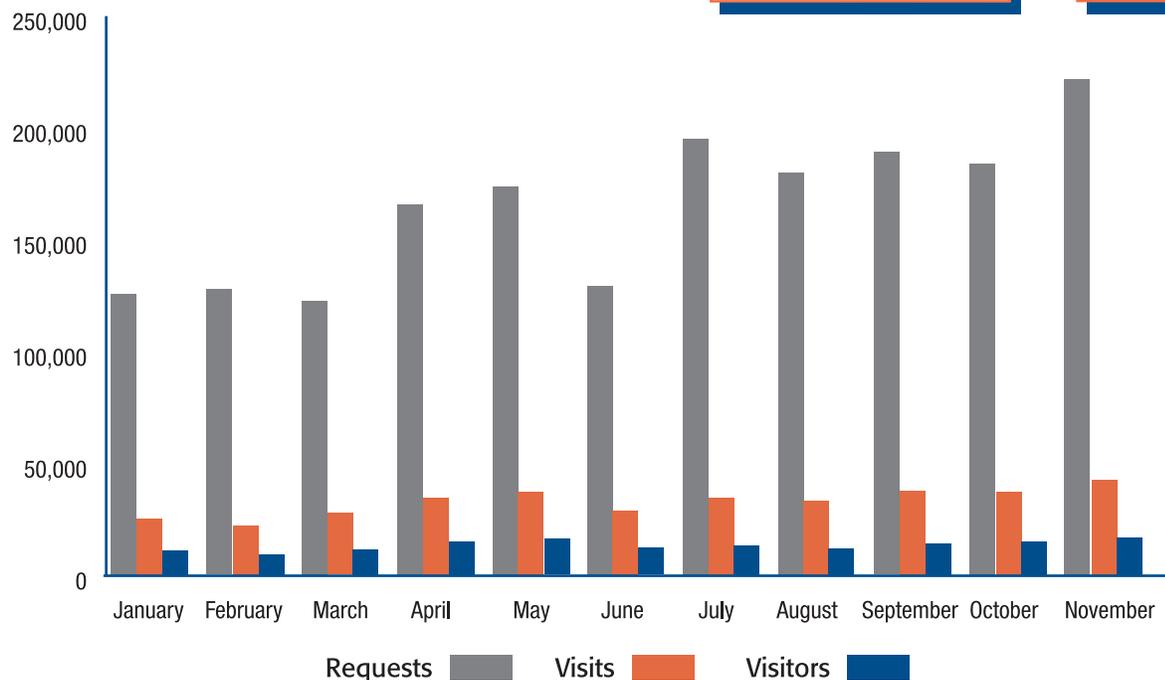


Figure 5 GNet traffic, January-November 2003

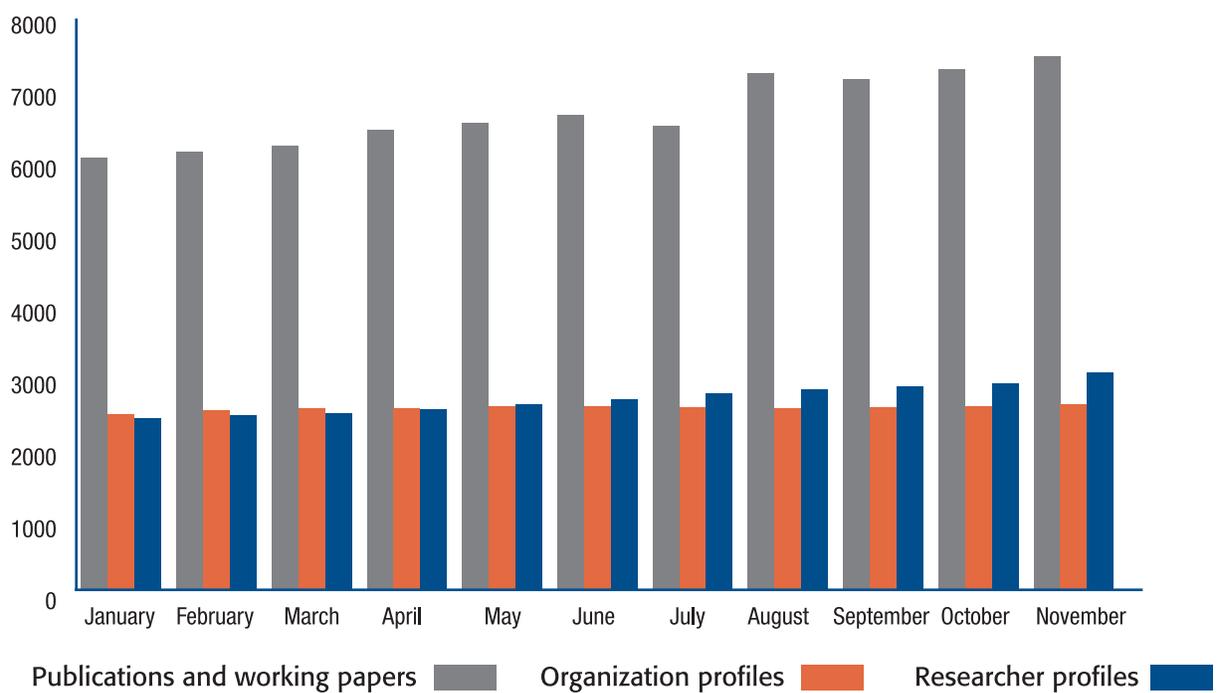


Note: "Number of requests" refers to the number of hits the website receives through online searches (not to be confused with the number of deliberate visits).

The **Knowledge Base** is the heart of GDNNet, bringing together social science knowledge from the developing world into one searchable Web directory (figure 6). The Knowledge Base consists of three interlinked databases featuring:

- More than 7,400 summaries of recent scholarly papers, with links to full-text documents and profiles of authors and their organizations.
- Profiles of more than 3,000 researchers, linked to their curricula vitae, papers and publications, and profiles of their home organizations.
- Profiles of more than 2,500 organizations with links to affiliated researchers, publications, and websites.

Figure 6 Knowledge Base resources, January–November 2003



GDN’s regional network partners are the key players in creating and developing Regional Windows, intended to disseminate homegrown expertise, stimulate networking within the 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.

GDNNet’s partnership with leading organizations in the development field, such as the Institute of Development Studies (United Kingdom), has enabled it to benefit from proven skills and experience—a factor that has been critical in making GDNNet a success. GDNNet also offers training and skill-building programs for information managers from the developing world, enhancing communication capacity worldwide.

Through GDNNet, researchers from developing and transition economies are entitled to the following services that are normally available only through paid subscriptions:

**Funding Opportunities Newsletter**—a biweekly email update on the latest research funding opportunities worldwide.

**Access to journals and scholarly information**, including articles through Project MUSE and document delivery through the British Library of Development Studies (BLDS).

**Access to data** from more than 80 countries through the Data Initiative, including economic, social, and financial indicators; a toolkit for researchers' data exchange; and data support services.

Other online services available to all researchers—regardless of their residence or registration—include toolkits for proposal-writing, fundraising, and research dissemination; a directory of free journals; and listings of fellowships and other research opportunities.

### World Summit on the Information Society

The first stage of the UN-sponsored World Summit on the Information Society (WSIS) took place December 10-12, 2003, providing a unique opportunity to develop a better understanding of the information revolution and its impact on the international community. GDN was showcased at the WSIS pavilion devoted to Information and Communication Technologies for Development, highlighting activities that help “promote local content and knowledge,” one of the five main themes of the conference.



**Sherine Ghoneim** (right) and **Asma Ramadan** of the GDN Secretariat at the WSIS pavilion.



GDN's WSIS brochures.

## MEMBERS OF THE GDN GOVERNING BODY

**Akilagpa Sawyerr**, Chair of the GDN Governing Body,  
Association of African Universities, [Accra, Ghana](#)

**Richard Cooper**, Deputy Chair of the GDN Governing Body,  
Harvard University, [Cambridge, Massachusetts, United States](#)

---

**Bina Agarwal**, Institute of Economic Growth, [New Delhi, India](#)

**Sebastian Edwards**, University of California, [Los Angeles, California, United States](#)

**Beris Gwynne**, Foundation for Development Cooperation, [Brisbane, Australia](#)

**Ulrich Hiemenz**, Organisation for Economic Co-operation and Development, [Paris, France](#)

**Lal Jayawardena**, Social Scientists' Association of Sri Lanka, [Colombo, Sri Lanka](#)

**Inge Kaul**, United Nations Development Programme, [New York, New York, United States](#)

**Jan Kmenta**, Charles University, [Prague, Czech Republic](#)

**Samir Makdisi**, American University of Beirut, [Beirut, Lebanon](#)

**Krzysztof Palecki**, Jagiellonian University, [Krakow, Poland](#)

**Sujata 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, Egypt](#)

**Diane Stone**, University of Warwick, [Coventry, United Kingdom](#)

**Chalongphob Sussangkarn**, Thailand Development Research Institute, [Bangkok, Thailand](#)

**Shujiro Urata**, Waseda University, [Tokyo, Japan](#)

The GDN Governing Body and Secretariat wish to thank Vittorio Corbo, formerly of Pontificia Universidad Católica de Chile, for serving on the Governing Body over the last three years and congratulate him on his new appointment as governor of the Central Bank of Chile. We also extend a warm welcome to the new members of the Governing Body, Sebastian Edwards and Beris Gwynne.

## DONORS

### Australia

Australian Agency for International Development

### Austria

Federal Ministry of Finance

### Canada

International Development Research Centre  
International Development Research Centre (Cairo office)

### Egypt

Ministry of Communications and Information Technology  
Office of the Prime Minister

### Ford Foundation

### France

Ministry of Foreign Affairs

### Germany

German Society for Technical Cooperation

### International Monetary Fund

### Italy

Ministry of Foreign Affairs

### Japan

Ministry of Finance  
Japan Bank for International Cooperation

### Merck & Co., Inc.

### Switzerland

Swiss Agency for Development and Cooperation

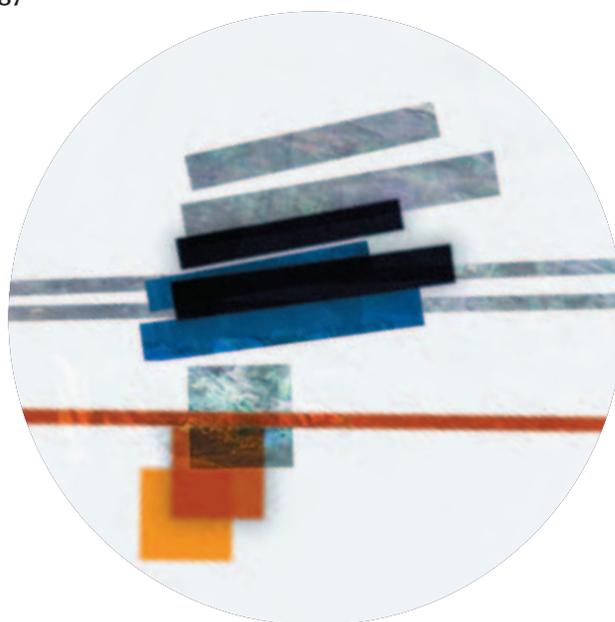
### United Kingdom

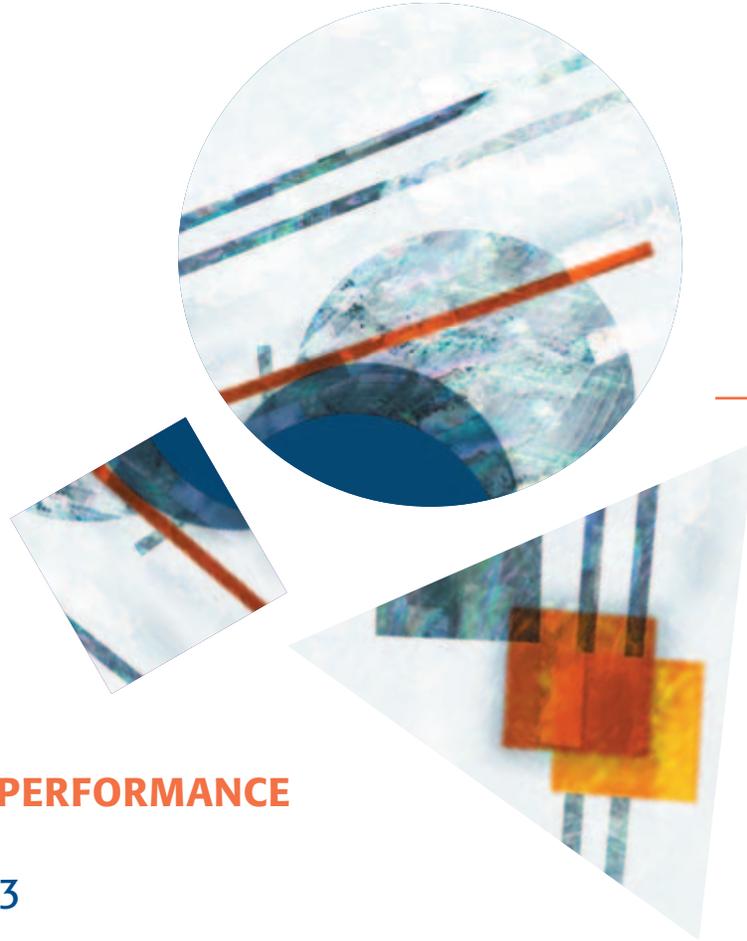
Department for International Development

### United States

National Institutes of Health  
United States Agency for International Development (Cairo office)

### The World Bank





## FINANCIAL PERFORMANCE

JUNE 30, 2003

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# report of INDEPENDENT AUDITORS

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Board of Directors  
Global Development Network, Inc.

We have audited the accompanying statement of financial position of Global Development Network, Inc. (GDN) as of June 30, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of GDN's management. Our responsibility is to express an opinion on these financial statements based on our audit. GDN's financial statements for the period from inception (March 15, 2001) through June 30, 2002, were audited by other auditors, whose report thereon dated September 13, 2002, expressed an unqualified opinion on those statements.

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

In our opinion, the 2003 financial statements referred to above present fairly, in all material respects, the financial position of Global Development Network, Inc. as of June 30, 2003, and the changes in its net assets and its cash flows for the year ended June 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

Washington, D.C.  
October 3, 2003

*Calibre CPA Group, PLLC*

Global Development Network, Inc.  
 Statements of Financial Position  
*June 30, 2003 and 2002*

|   | <u>2003</u>                | <u>2002</u>                |
|---|----------------------------|----------------------------|
| <b>ASSETS</b>                           |                            |                            |
| Current assets                          |                            |                            |
| Cash and cash equivalents               | \$ 1,664,018               | \$ 409,129                 |
| Accounts receivable                     | 5,192                      | 9,763                      |
| Contributions receivable                | 1,663,741                  | 628,070                    |
| Prepaid expenses                        | <u>13,740</u>              | <u>63,942</u>              |
| <b>Total current assets</b>             | <b>3,346,691</b>           | <b>1,110,904</b>           |
| Property and equipment, net             | 90,923                     | 94,382                     |
| Other assets                            |                            |                            |
| Security deposits                       | <u>10,007</u>              | <u>10,007</u>              |
| <b>Total assets</b>                     | <b><u>\$ 3,447,621</u></b> | <b><u>\$ 1,215,293</u></b> |
| <b>LIABILITIES AND NET ASSETS</b>       |                            |                            |
| Current liabilities                     |                            |                            |
| Grants payable                          | \$ 2,184,530               | \$ -                       |
| Accounts payable                        | 349,012                    | 66,415                     |
| Accrued expenses                        | 61,615                     | 12,566                     |
| Accrued rent                            | <u>3,052</u>               | <u>3,027</u>               |
| <b>Total liabilities</b>                | <b><u>2,598,209</u></b>    | <b><u>82,008</u></b>       |
| Net assets (deficit)                    |                            |                            |
| Unrestricted                            | (1,229,851)                | (150,386)                  |
| Temporarily restricted                  | <u>2,079,263</u>           | <u>1,283,671</u>           |
| Total net assets                        | <u>849,412</u>             | <u>1,133,285</u>           |
| <b>Total liabilities and net assets</b> | <b><u>\$ 3,447,621</u></b> | <b><u>\$ 1,215,293</u></b> |

See accompanying notes to financial statements.

Global Development Network, Inc.  
 Statements of Activities  
 Year Ended June 30, 2003, and the Period from Inception  
 (March 15, 2001) through June 30, 2002

|  | 2003                 |                           |                   | From inception (March 15, 2001)<br>through June 30, 2002 |                           |                    |
|--|----------------------|---------------------------|-------------------|--|---------------------------|--------------------|
|  | Unrestricted         | Temporarily<br>Restricted | Total             | Unrestricted   | Temporarily<br>Restricted | Total              |
| <b>SUPPORT AND REVENUE</b>               |                      |                           |                   |  |                           |                    |
| Grants, contracts,<br>and contributions  | \$ 8,565             | \$9,794,990               | \$9,803,555       | \$ 50,000  | \$7,380,452               | \$ 7,430,452       |
| In-kind contributions                    | 34,356               | 109,673                   | 144,029           | 622,564  | 314,200                   | 936,764            |
| Interest income                          | 34,795               | -                         | 34,795            | 38,429   | -                         | 38,429             |
| Foreign currency exchange gain           | 102,717              | -                         | 102,717           | 32,577   | -                         | 32,577             |
| Other                                    | 1,112                | -                         | 1,112             | 26,049   | -                         | 26,049             |
| Net assets released<br>from restrictions | 9,109,071            | (9,109,071)               | -                 | 6,410,981  | (6,410,981)               | -                  |
| <b>Total support and revenue</b>         | <b>9,290,616</b>     | <b>795,592</b>            | <b>10,086,208</b> | <b>7,180,600</b>   | <b>1,283,671</b>          | <b>8,464,271</b>   |
| <b>EXPENSES</b>                          |                      |                           |                   |  |                           |                    |
| Program services                         |                      |                           |                   |  |                           |                    |
| Annual Conference                        | 2,069,801            | -                         | 2,069,801         | 1,392,276  | -                         | 1,392,276          |
| Regional Research<br>Competitions        | 1,942,805            | -                         | 1,942,805         | 2,079,227  | -                         | 2,079,227          |
| Global Development Awards                | 685,115              | -                         | 685,115           | 629,283  | -                         | 629,283            |
| Global Research Projects                 | 2,564,682            | -                         | 2,564,682         | 560,044  | -                         | 560,044            |
| GDNNet                                   | 923,053              | -                         | 923,053           | 766,020  | -                         | 766,020            |
| Education                                | 982,640              | -                         | 982,640           | 749,177  | -                         | 749,177            |
| Other programs                           | 592,945              | -                         | 592,945           | 617,783  | -                         | 617,783            |
| <b>Total program</b>                     | <b>9,761,041</b>     | <b>-</b>                  | <b>9,761,041</b>  | <b>6,793,810</b>   | <b>-</b>                  | <b>6,793,810</b>   |
| Supporting services                      |                      |                           |                   |  |                           |                    |
| Donor coordination                       | 264,369              | -                         | 264,369           | 235,753  | -                         | 235,753            |
| Secretariat (indirect costs)             | 344,671              | -                         | 344,671           | 301,423  | -                         | 301,423            |
| <b>Total expenses</b>                    | <b>10,370,081</b>    | <b>-</b>                  | <b>10,370,081</b> | <b>7,330,986</b>   | <b>-</b>                  | <b>7,330,986</b>   |
| <b>CHANGE IN NET ASSETS</b>              | <b>(1,079,465)</b>   | <b>795,592</b>            | <b>(283,873)</b>  | <b>(150,386)</b>   | <b>1,283,671</b>          | <b>1,133,285</b>   |
| <b>NET ASSETS (DEFICIT)</b>              |                      |                           |                   |  |                           |                    |
| Beginning of period                      | (150,386)            | 1,283,671                 | 1,133,285         | -  | -                         | -                  |
| <b>End of period</b>                     | <b>\$(1,229,851)</b> | <b>\$2,079,263</b>        | <b>\$ 849,412</b> | <b>\$(150,386)</b>                                       | <b>\$1,283,671</b>        | <b>\$1,133,285</b> |

See accompanying notes to financial statements.

Global Development Network, Inc.  
 Statements of Cash Flows  
*Year Ended June 30, 2003, and the Period from Inception  
 (March 15, 2001) through June 30, 2002*

|  | <u>2003</u>               | <u>From inception<br/>(March 15, 2001)<br/>through June 30, 2002</u> |
|--|---------------------------|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                           |  |
| Contributions, grants, and contract payments received                                      | \$8,772,455               | \$6,834,364  |
| Interest income received   | 34,795                    | 38,429   |
| Other revenue received   | 103,829                   | 16,881   |
| Payments to grantees, vendors, and employees   | <u>(7,627,756)</u>        | <u>(6,426,180)</u>   |
| Net cash provided by operating activities  | 1,283,323                 | 463,494  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                           |  |
| Purchases of property and equipment  | <u>(28,434)</u>           | <u>(54,365)</u>  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | 1,254,889                 | 409,129  |
| <b>Cash and cash equivalents</b>   |                           |  |
| Beginning of period  | <u>409,129</u>            | -  |
| End of period  | <u>\$1,664,018</u>        | <u>\$ 409,129</u>  |
| <b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |                           |  |
| Change in net assets   | \$(283,873)               | \$1,133,285  |
| Adjustments  |                           |  |
| Donated assets   | -                         | (62,408)   |
| Depreciation and amortization  | 31,893                    | 12,384   |
| Decrease (increase) in assets  |                           |  |
| Accounts receivable  | 4,571                     | (9,763)  |
| Contributions receivable   | (1,035,671)               | (628,070)  |
| Prepaid expenses   | 50,202                    | (63,942)   |
| Increase (decrease) in liabilities   |                           |  |
| Grants payable   | 2,184,530                 | -  |
| Accounts payable and accrued expenses  | <u>331,671</u>            | <u>82,008</u>  |
| <b>Net cash provided by operating activities</b>   | <u><b>\$1,283,323</b></u> | <u><b>\$ 463,494</b></u>   |

See accompanying notes to financial statements.

**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.

**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 at June 30, 2002, or the changes in net assets for the period ended June 30, 2002, from the totals previously reported.

## 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 “reinvention.”

### **GDN is for development. It:**

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

### **GDN is a network. It:**

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

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. Since its inception, GDN helped to channel over \$14 million to research institutions and individual researchers worldwide.

**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 of the developing world; a volume describing the first phase of this project was published in 2003. 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 2003 conference held in Cairo, Egypt, was Globalization and Equity, and the forthcoming 2004 conference in New Delhi, India, has as its theme Understanding Reform.

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

**Collaborative Activities** »» These are activities that contribute to GDN’s goals and are supported administratively or financially by GDN, but are funded largely outside GDN’s budget. One example is the nearly \$2 million provided by 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, 2003, consists of the following:

|  | <u>2003</u>             | <u>2002</u>             |
|--|-------------------------|-------------------------|
| Computer equipment                             | \$ 76,140               | \$ 54,365               |
| Furniture and fixtures                         | 59,060                  | 52,401                  |
| Less accumulated depreciation and amortization | <u>(44,277)</u>         | <u>(12,384)</u>         |
|  | <b><u>\$ 90,923</u></b> | <b><u>\$ 94,382</u></b> |

## NOTE 4. NET ASSETS

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

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

### Temporarily Restricted Net Assets >>>

Temporarily restricted net assets were available for the following purposes:

|                                | <u>2003</u>               | <u>2002</u>               |
|--------------------------------|---------------------------|---------------------------|
| Regional Research Competitions | \$ 1,384                  | \$ 12,739                 |
| Global Development Awards      | -                         | 76,367                    |
| Global Research Projects       | -                         | 298,050                   |
| GNet                           | 1,308                     | 627,245                   |
| Education                      | 1,407,975                 | 11,528                    |
| Secretariat                    | 473,100                   | 176,806                   |
| Other                          | 195,496                   | 80,936                    |
|                                | <u><b>\$2,079,263</b></u> | <u><b>\$1,283,671</b></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 year ended June 30, 2003, and the period from inception through June 30, 2002, were:

|                                | <u>2003</u>               | <u>2002</u>               |
|--------------------------------|---------------------------|---------------------------|
| Annual Conference              | \$1,650,026               | \$ 768,958                |
| Regional Research Competitions | 1,896,719                 | 2,051,362                 |
| Global Development Awards      | 626,367                   | 587,071                   |
| Global Research Projects       | 1,749,458                 | 507,294                   |
| GNet                           | 864,510                   | 687,655                   |
| Education                      | 973,553                   | 738,472                   |
| Secretariat                    | 767,177                   | 734,413                   |
| Donor Coordination             | -                         | 11,752                    |
| Other                          | 581,261                   | 324,004                   |
|                                | <u><b>\$9,109,071</b></u> | <u><b>\$6,410,981</b></u> |

## NOTE 5. OPERATING LEASES

GDN leases its office space under an operating lease expiring June 30, 2004. 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. The total of all rental payments due under the lease is being recognized on a straight-line basis in the financial statements. Accordingly, there is a liability recorded for accrued rent expense equal to the difference between rent expense charged against income and actual cash payments required under the terms of the lease. Rent expense for the year ended June 30, 2003, was \$126,172 and for the period from inception through June 30, 2002, was \$123,108.

Future minimum annual rental payments required under this operating lease as of June 30, 2003, are as follows:

|                           |                   |
|---------------------------|-------------------|
| Year Ending June 30, 2004 | <u>\$ 126,164</u> |
|---------------------------|-------------------|

## 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, 2003, GDN had balances that exceeded the Federally insured amount by approximately \$237,000. In addition, cash and cash equivalents includes approximately \$1.3 million in repurchase agreements 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 74% and 73% of its total support and revenue from a single contributor for the year ended 2003 and the period from inception to June 30, 2002, respectively. In addition, 71% and 98% of GDN's contribution receivable is due from one contributor at June 30, 2003, and 2002, 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 nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The value of donated services included as contributions in the financial statements and the corresponding program expenses for the year ended June 30, 2003, and the period from inception (March 15, 2001) through June 30, 2002, are as follows:

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

|                       | <u>2003</u>       | <u>2002</u>       |
|-----------------------|-------------------|-------------------|
| Legal expenses        | \$ -              | \$ 10,015         |
| Consulting services   | -                 | 261,479           |
| Salaries and benefits | 34,356            | 402,000           |
| Equipment rental      | -                 | 114,600           |
| Furniture             | -                 | 52,401            |
| Office rent           | -                 | 20,014            |
| Scholarships          | 100,000           | 52,721            |
| Other                 | <u>9,673</u>      | <u>23,534</u>     |
| Total                 | <u>\$ 144,029</u> | <u>\$ 936,764</u> |

## 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 5 years. As of June 30, 2003, this conditional promise to give totaled approximately \$5.4 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 year ended June 30, 2003, and the period ended June 30, 2002, the total funding to ISHED was \$1,910,897 and \$1,898,467, respectively; GDN's contribution was \$250,000 for both years.

## 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, 2003, GDN's contributions to the Plan total \$17,326.

## NOTE 12. DEFICIT IN UNRESTRICTED NET ASSETS

As of June 30, 2003, and 2002, GDN had deficit balances in its unrestricted net assets account of \$(1,229,851) and \$(150,386), 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.





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