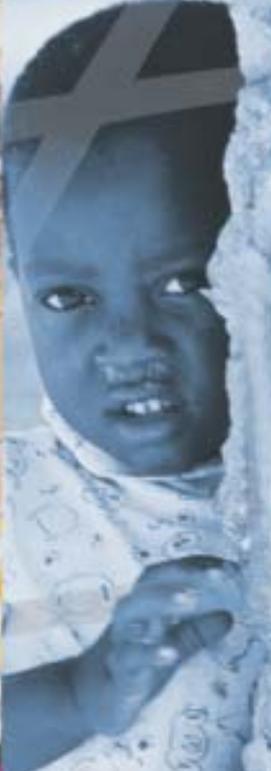


G D N  
GLOBAL DEVELOPMENT NETWORK

annual  
report 2007

better research.. better policy.. better world..



reach



research

review

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## diversified resource base; strengthened partnerships and a new leadership....

### Message from Ernesto Zedillo, Chair, GDN Board of Directors

As we move ever closer to the tenth anniversary of the Global Development Network in 2008, I am pleased to note that this has been a year of progress on several fronts. Three stand out in particular:

- **Diversification of the resource base:** Starting with two donors in 2001, today nearly 25 different organizations support GDN's mission. Furthermore, dependence on the generosity of a small number of repeat donors has been decreasing. There is a growing realization that there is a need to promote the generation of high-quality, policy-relevant research originating in the developing and transition world. Furthermore, GDN is becoming better known as a credible organization that can produce this kind of knowledge.
- **Building capacity through partnerships:** GDN's key focus is on building research capacity to strengthen the translation of knowledge into policy recommendations. This is a process involving an intense exchange of expertise and knowledge between researchers in the North and the South. In the past year, GDN has focused on strengthening ties with research communities in Australia, Japan, and Spain, most recently, across North America, with the Bureau for Research and Analysis of Development (BREAD).
- **Transition in leadership:** This year stands out as one marked by a transition in leadership—from Lyn Squire to Gobind Nankani. Lyn has devoted, not just, the past ten professional years to GDN, but also much of his personal life to its success. His contribution has been indispensable. Thanks to the efforts of our dedicated staff in Cairo, Delhi, and Washington DC, this transition has been smooth. I welcome Gobind to GDN and look forward to seeing our Network fulfilling its mission under his leadership.



Drawing on these achievements—resource diversification, strengthening of partnerships, and welcoming a new leadership—we hope to move towards our twin goals of supporting capacity for policy-relevant research in developing and transition countries, while ensuring a stronger policy impact on sustainable, shared growth and development.

continued support to research,  
of comparative advantage and a  
sustainable future....

### Message from the President of the Global Development Network

It is a privilege to serve as GDN's President. I am delighted to join this ever growing community of researchers in developing and transition countries working towards GDN's twin goals – (i) to generate excellent home-grown research, in support of (ii) policies that facilitate development that is both inclusive and sustainable.

GDN is now entering a new phase on the verge of acquiring the status of an international organization and informed by consultations and the independent evaluation exercise. Let me briefly highlight four priority areas that we can look forward to in 2008, which also marks the tenth anniversary of GDN:

- (1) continue our support to researchers in developing and transition countries to undertake world-class research;
- (2) strengthen ties with and between our Regional Network Partners to exploit our comparative advantage as a global network;
- (3) reinforce and support greater links between the policy community and GDN's global and regional research endeavors to fulfill the mandate of the Network; and
- (4) work towards the sustainability of GDN through efforts to scale-up and diversify our resource base.

With these priorities in mind, I look forward to fruitful and fulfilling years ahead.

*Gobind Nankani assumed the presidency of the Global Development Network in August 2007. Gobind brings to GDN a wealth of experience and ideas. A Ghanaian national, he was the World Bank's Vice President for Africa between 2004 and 2006 and has held management positions in various regions and sectors across the World Bank.*



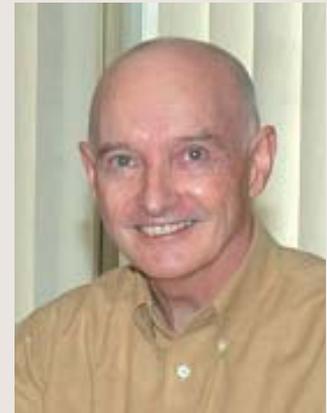


home-grown solutions...  
meeting development challenges...  
a raison d'être for GDN....

### Lyn Squire: Founder and the First President of GDN

In 1993, while serving as the World Bank's Chief Economist for Middle East and North Africa, Lyn Squire visited the region and observed a wealth of talented researchers. But he lamented the paucity of support for these researchers, particularly those doing policy-relevant research and noted the frustration with their inability to connect with policymakers.

Lyn supported the launch of the Economic Research Forum (ERF) in Cairo at a 1993 conference that summoned the input of researchers from all over the region. ERF was later to become the first of GDN's eight partner networks in the developing and transition world. Six years after that first effort at homegrown research solutions for local problems, GDN was launched at its first conference in Bonn, Germany in 1999.



We at GDN will miss Lyn as a highly respected boss and effective manager. We hope to continue to draw on his wisdom in our quest for a better world through better research and policy.



# review

## GDN 2007 in Brief

East Asian Development  
Network (EADN)  
Annual Forum  
January 12–13  
Beijing, China

GDN's Eighth Annual Global  
Development Conference  
*Shaping a New Global Reality:  
The Rise of Asia and its Implications*  
January 12–19  
Beijing, China

GDNet  
Capacity-building workshops on  
knowledge management  
Africa Regional Program  
April 11–13  
Ouagadougou, Burkina Faso

African Economic Research  
Consortium (AERC)  
Gender studies workshop  
June 2  
Nairobi, Kenya

African Economic Research  
Consortium (AERC)  
Biannual research workshop  
June 7  
Nairobi, Kenya



GDN  
Meeting of the Board of Directors  
June 28–29  
Washington DC, United States

GDN-Institute for Public Policy Research  
Launch workshop for the Jamaican pilot  
study for the Global Research Project  
*Development on the Move: Measuring  
and Optimizing the Economic and Social  
Impacts of Migration*  
July 5  
Kingston, Jamaica

Economics Education and Research  
Consortium (EERC)  
Research workshop  
July 6–9  
Kyiv, Ukraine

GDN  
Regional workshops for the  
Global Research Project *Promoting  
Innovative Programs from the  
Developing World: Towards Realizing  
the Health MDGs in Africa and Asia*  
August 9–10  
Cairo, Egypt

Center for Economic Research and  
Graduate Education–Economics  
Institute (CERGE-EI)  
Regional Research Competition  
workshop  
August 19–20  
Prague, Czech Republic

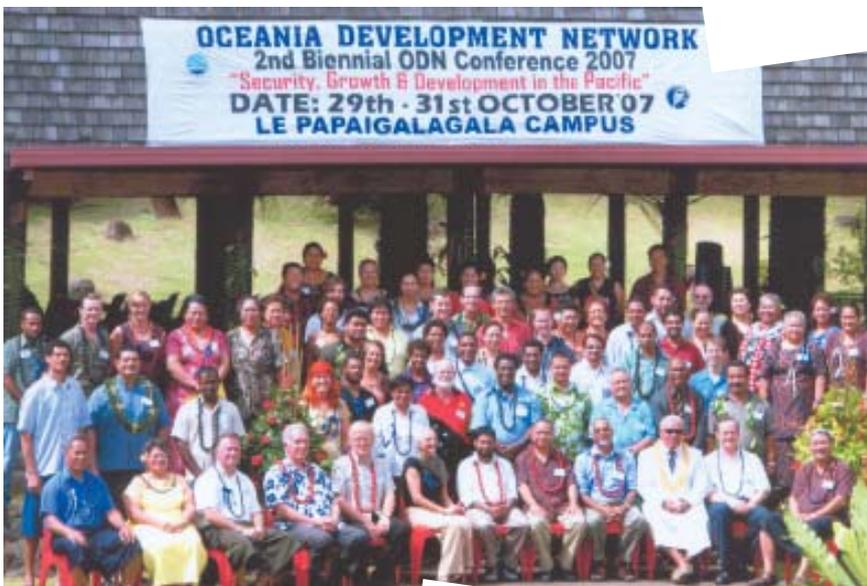
Oceania Development Network  
(ODN)  
Capacity-building workshop  
September 13–14  
Port Moresby, Papua New Guinea

GDN-Caribbean Policy Research  
Institute  
Think Tank Business Model workshop  
October 3–5  
Kingston, Jamaica

Latin American and Caribbean  
Economic Association (LACEA)  
12th Annual Meeting  
October 4–6  
Bogota, Colombia

GDN-International Organization  
Benchmark  
Spain signs GDN international  
organization charter  
January 15  
Beijing, China

GdNet  
Regional conference on  
knowledge management  
June 11–13  
Cairo, Egypt



GDN  
Regional workshops for the  
Global Research Project *Promoting  
Innovative Programs from the  
Developing World: Towards Realizing  
the Health MDGs in  
Africa and Asia*  
July 18–20  
New Delhi, India

South Asia Network of Economic  
research Institutes (SANEI)  
Eighth Annual Conference  
August 31–September 1  
Kathmandu, Nepal

Oceania Development Network  
(ODN)  
Second Biennial Conference  
October 29–31  
Apia, Samoa



Economic Research Forum (ERF)  
14th Annual Conference  
December 28–30  
Cairo, Egypt

# review

## Understanding the New Global Reality: The Beijing Conference

### The Eighth Annual Global Development Conference Shaping a New Global Reality: The Rise of Asia and its Implications

*Beijing, China; January 12 – 19, 2007*

Nearly 600 participants from 93 countries gathered in Beijing, China, for seven days of workshops, plenary meetings, and parallel sessions as part of GDN's Eighth Annual Global Development Conference to discuss Asia's emergence as an economic leader and implications for the rest of the world. Participants examined three major themes:

- How is the success of Asia's "Four Little Dragons" (Hong Kong, Taiwan, Singapore, and South Korea) being replicated by the "Two Giants" – China and India, which together account for 37.5 percent of the world's population and 6.4 percent of the world output and income?
- How can the countries of Central Asia use their role as emerging energy suppliers to increase domestic economic growth?
- How will global economic power shift when Asia becomes the world's largest generator of economic power, potentially contributing close to one-half of the global GDP by 2025?

#### A global view

Participants considered how Asia's rise will affect the rest of the developing and transition world and the challenges and opportunities this historic shift presents. The plenary session on Latin America, for example, highlighted both the winners and losers. Specifically, while exports to China have been an important impetus in Brazil's export growth, domestic responses to growing competition from China call for more creative policy changes. Panelists at the session on the prospects for the Middle East and Africa pointed out that while Asia's growing demand for the regions' natural resources and commodities benefits the region, much

would depend on the countries' ability to absorb this new "boom." The Middle East would need to undertake much needed structural reforms, while Sub-Saharan Africa needs to diversify its trade. Panelist pointed out that while China and Russia experienced very different outcomes in their transition paths, recent evidence would suggest both are converging towards a "regulated market economy."

#### Research workshops

Nine research workshops held before and after the Beijing conference furthered the discussion of the Asian drivers of growth as well as the benefits and risks associated with their upsurge. Research workshops also provided a venue for global research teams to discuss their Global Research Projects in detail. There were workshops on two existing research projects, *Bridging Research and Policy* and *The Impact of Rich Countries' Policies on Poverty: Perspectives from the Developing World*. GDN also launched workshops for two new Global Research Projects: *Development on the Move: Measuring and Optimizing the Economic and Social Impacts of Migration* and *Promoting Innovative Programs from the Developing World: Towards Realizing the Health MDGs in Africa and Asia*. These workshops provide opportunities for intense mentoring by senior academics, a process that forms the core of GDN's capacity-building initiative.

#### Conference partners

The sheer magnitude and range of issues covered and voices heard in Beijing would not have been possible without the support of many institutions. The GDN conference was held in partnership with the Beijing Municipal Government and Peking University and supported by no fewer than 24 different organizations. Sessions and workshops were organized by a host of institutions including the Chinese Academy of Social Sciences; the Brookings Institution, United States; the German Development Institute; the Institute for



## Shaping a New Global Reality: The Rise of Asia and its implications

The global flow of influence and power

For the global distribution of income, the rise of India and China is by far, the best thing that has ever happened. Globally, the situation of humanity is improving and the situation among the most poor on the planet is improving most rapidly. The citizens of India and China, and other emerging nations, are emerging as enormous winners. At the same time, those with the wherewithal to take advantage of these opportunities are also winners. These include financial institutions, multinational corporations, those with ability to create ideas, and [those] with sophisticated products to sell. But there is a vast global middle, the people of Michigan, Mexico, Morocco, for whom this is a phenomenon of globalization. The vast global middle that doesn't have the capacity to be at the cutting edge to take advantage of this transformative change but at the same time, is not one to compete on price with labor in China or India. What this means for them and how they are going to respond cannot be ignored by those who are concerned with the future of the global system. What will be the impact of these changes on the vast global middle and how will this impact be cushioned? There are fewer ideas here, and the impatience of the polity in many places is increasing.

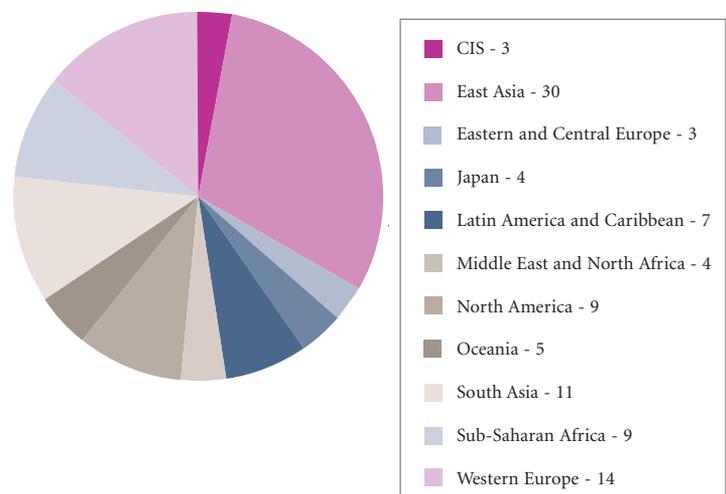
– Lawrence Summers  
Harvard University, United States  
delivers the welcoming address

Development Studies, United Kingdom; International Food Policy Research Institute, United States; the Japan Bank for International Cooperation; Research and Information System for Developing Countries, India, and the United Nations University – World Institute for Development Economics Research, Finland.

### Upcoming conferences

The Ninth Annual Global Development Conference, "Security for Development: Confronting Threats to Survival and Safety," will be held January 27-February 2, 2008, in Brisbane, Australia.

Chart 1  
**Regional distribution of Beijing conference participants (percentage)**



# review

## Global Research Projects: New Research, New Dimensions

### **Promoting Innovative Programs from the Developing World: Towards Realizing the Health MDGs in Africa and Asia**

Funded by the Bill & Melinda Gates Foundation, 20 studies in GDN's fifth Global Research Project will conduct impact evaluations and cost-effectiveness analyses of both about-to-be-launched and ongoing health and health-related programs from developing and transition economies. Operational programs are evaluated using a range of non-experimental techniques, while new programs are evaluated using both experimental and non-experimental methods.

#### **A diverse range of health-related issues**

Over the next two years researchers will evaluate programs covering health related issues from diverse countries and regions in Africa, Asia, Latin America, Commonwealth of Independent States and Iran.

- Health care delivery (Brazil; Ethiopia; Colombia; Iran; Vietnam)
- HIV/AIDS (Thailand; joint studies in Angola, Senegal, Cameroon; Rwanda; Tanzania; Malawi)
- Maternal and child health (China; Thailand; Vietnam, Ukraine; Peru)
- Health insurance (India; Ghana; Nicaragua)
- Malaria (Kenya; Malawi)

#### **An intense mentoring process**

The project is mentored by a panel of international evaluation experts and policymakers who are involved

throughout the study. Each researcher is guided by an expert who ensures studies draw on current best practices and meet professional standards. The link between the researcher and policymaker, established early on ensures that research focuses on relevant health indicators thereby guiding the study towards policy implications that are both practical and relevant.

#### **Reaching the health MDGs: providing a road map**

By focusing on identifying and evaluating innovative and home-grown programs with the ability to significantly affect health outcomes, the project will provide policymakers and the international donor community solid empirical evaluations which can form the basis of a clear road map for the most effective allocation of scarce budgetary resources and donor funds in efforts currently underway to realize the health related MDGs.

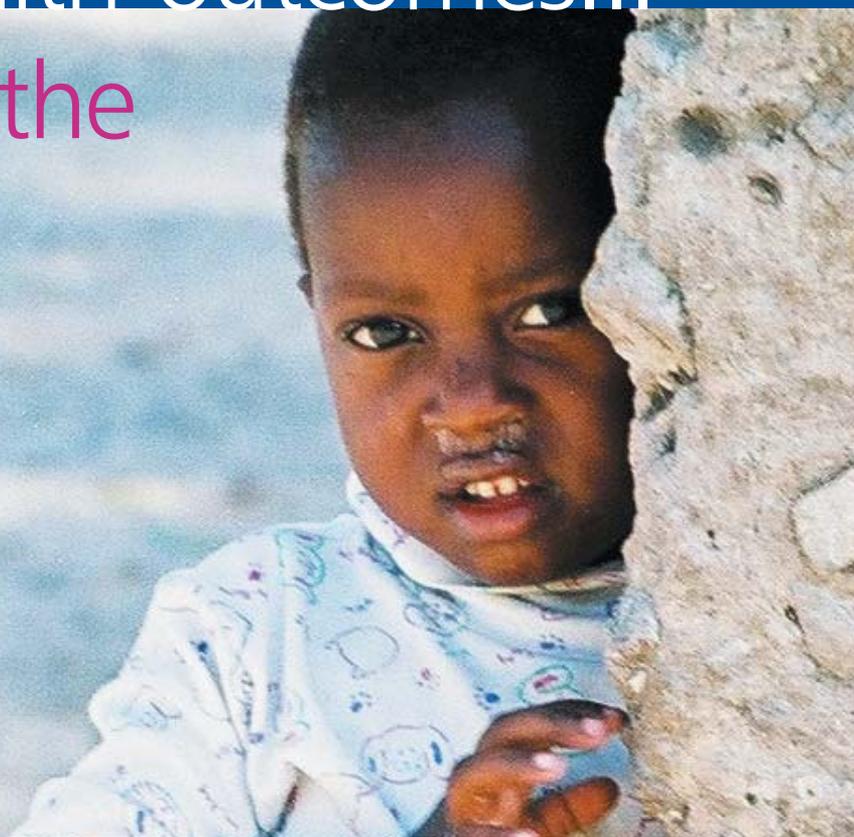
#### **Progress till date**

600 submissions were received through an open call for proposals. Forty submissions were shortlisted for the launch workshop for this project held in conjunction with the Eighth Annual Global Development Conference in Beijing in January 2007. Policymakers, technical experts and the project management shortlisted a further 21 research programs for evaluation at this workshop. Mid-year regional workshops in New Delhi and Cairo provided intense mentoring to finalize sampling methodology and data collection plans. Final drafts of the studies will be presented at the next project workshop in Brisbane in January 2008.



influencing health outcomes...

a road map to the  
health MDGs



**Promoting Innovative Programs from the Developing World:  
Towards Realizing the Health MDGs in Africa and Asia**

**Evaluation experts**

**Paul Gertler:** University of California, Berkeley, United States  
**Jeffrey Hammer:** Princeton University, United States  
**Jeffrey Smith:** University of Michigan, United States  
**Robert LaLonde:** University of Chicago, United States  
**Nancy Qian:** Brown University, United States  
**Dan Levy:** Harvard University, United States  
**Steven Glazerman:** Mathematica Policy Research, United States  
**Christoph Schmidt:** Rheinisch-Westfälisches Institut, Germany  
**Ruth Levine:** Center for Global Development, United States

**Policy makers**

**Wilfred Nkhoma:** WHO Regional Office for Africa, Zimbabwe  
**Zafrullah Chowdhury:** Gonoshasthaya Kendra, Bangladesh  
**Refiloe Matji:** University Research Co., South Africa  
**Bobby John:** Global Health Advocates, India  
**Frank Adae Bonsu:** Ministry of Health, Ghana  
**Daya Samarsinghe:** Independent Consultant, Sri Lanka  
**Kevin Bellis:** HLSP Limited, United Kingdom  
**Biggie Mabaera:** University Research Co., Lesotho  
**Srinath Reddy:** Public Health Foundation of India, India  
**Huma Qureshi:** Pakistan Medical Research Council, Pakistan

# review

## Global Research Projects: New Research, New Dimensions

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

GDN's sixth Global Research Project, run in collaboration with the Institute for Public Policy Research (ippr), United Kingdom, aims to further research and policymaking on the impacts of migration on development. The multidimensional nature of migration requires a comprehensive but usable framework for understanding how migratory flows, both emigration and immigration, impact a country's economic-social and political development.

This project seeks to develop better methodologies for assessing such impacts of migration on development. It involves five main strands of work:

#### Impact map

An 'impact map' has been developed which sets out the different impacts of migration on development. Economic, educational, health, gender, social and governance impacts will be examined.

#### Country studies

Six commissioned country studies will over a three-year period from 2008 to 2010, collect primary data on the

prevalence and impact of migration on households and communities in developing countries.

#### Cross-country analysis

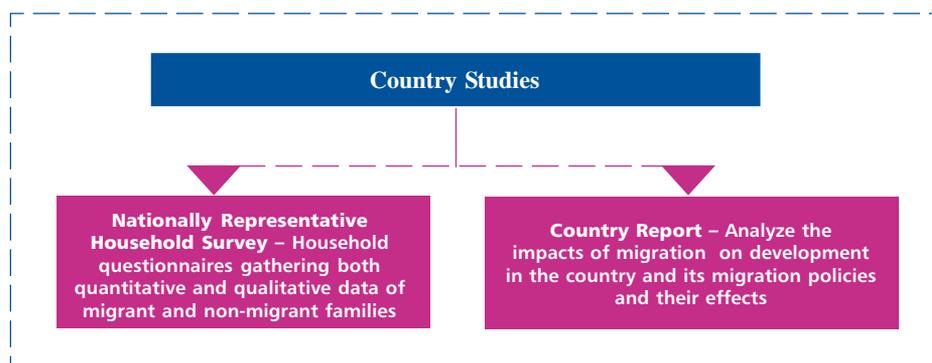
Qualitative Comparative Analysis (QCA) and a Q squared approach – i.e. drawing upon a combination of quantitative and qualitative methodologies, will be employed for the systematic comparison of case studies in order to identify and explain commonalities or divergences across countries.

#### Migration diamond

The 'migration diamond' will depict the extent and nature of migration characterizing a country, thus allowing for striking visual comparisons between the migration circumstances of a particular country with the average country in the world, or in that geographical region, or at that level of developmental implications.

#### Policy audits

A key objective is to provide guidance to policymakers about how to optimize migration's impacts on development. This will be done through 'policy audits' which assess the various policies relating to migration in both sending and receiving countries and explores the scope for fresh and relevant policy ideas.





## The Preparatory Phase: Methodology Development; Pilot Study; Project Workshops



The preparatory phase of the project has been funded by the Australian Agency for International Development (AusAID), Australia; the Department for International Development (DFID), United Kingdom and the Ministry for Foreign Affairs of Finland. This phase included the methodological development, the design and piloting of the household survey and country case study in Jamaica, project workshops, and a number of briefing papers and reports. The pilot study examining the impact of migration in Jamaica was launched in July 2007. Led by the University of the West Indies, the study will run through February 2008. The household survey will be conducted by the Statistical Institute of Jamaica (STATIN) and survey results will be presented at GDN's Brisbane conference in January 2008.

# review

## Global Research Projects: New Research, New Dimensions

### Bridging Research and Policy

GDN's *Bridging Research and Policy* project provides many useful lessons on the nature of problems or "gaps" in the relationship among researchers, research institutions, and policy makers. These findings are relevant to existing research institutions and to government bodies concerned with strengthening the use of research evidence in policy decision-making. The lessons are equally relevant to new, emerging policy-research institutions wishing to "build-in" policy relevance as part of their organizational design.

GDN is supporting one such group, the Caribbean Policy Research Institute (CaPRI), which is evolving from a "research project" to a "regional think tank." GDN agreed to assist CaPRI during the planning and start-up phase of the policy-research institution, designing and implementing a "Think Tank Business Model" workshop to extract relevant information from GDN's own *Bridging Research and Policy* Global Research Project and to facilitate exposure to the formative experience of other successful policy-research institutions. A workshop for this initiative was held in Kingston, Jamaica in October 2007 and included participants from governments, donor organizations, and the private sector from across the Caribbean.

### Moving out of Poverty: Understanding Democracy, Freedom and Growth from the Bottom-Up

GDN supported a three-year World Bank project involving 17 country studies which bring a bottom-up perspective to the ongoing debate on pro-poor growth. It considers a broad set of economic, political, and social factors at the individual and community level to understand the processes and mechanisms that support poor people's movement out of poverty and their staying out of poverty over time. Conducted across different political, economic and security contexts from Africa to East Asia, the project highlighted the importance of local level institutions and social relationships in moderating the impact of people's own efforts to get out of poverty.

Spanning 17 countries, 80,000 interviews and conversations and 1000 life stories, the study also examined community level factors that affect the movement of people in and out of poverty. While in Africa, agriculture has the biggest impact on people's mobility, in other regions jobs and employment were the crucial factors. Presence of a health facility and roads has a positive impact on people's movement out of poverty. Access to information is seen as crucial, even more important than literacy. The role of local democracy is of particular interest here – while local democracy helps people move out of poverty and has positive spill-over effects, this does not stop people from falling into poverty.



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

Launched in 2004, this Global Research Project involves 30 country studies and is aimed at analyzing and quantifying the impact of rich countries' policies on poverty in developing countries in three policy areas: trade, migration, and capital flows. Focusing on specific policy-country combinations, the project enlisted a unique team of researchers from developing and transition countries to select specific policies to investigate and to identify the most appropriate methodologies at the country level. Researchers presented final drafts of two years of research at the Eighth Annual Global Development Conference in Beijing in 2007. The discussions focused on publication strategies and outcomes to reach an optimal audience and to enhance policy bridging effectiveness. A consolidated volume on these studies edited by Robert Lucas, Lyn Squire and T.N. Srinivasan will be published in 2008 as part of the Edward Elgar-GDN Series. Final reports are on our website at: [www.gdnet.org/IMPACT\\_studies](http://www.gdnet.org/IMPACT_studies)

# review

## Global Development Awards and Medals Competition

### 2007 Global Development Awards and Medals Competition

The 2007 Awards and Medals Competition was a huge success, with 626 submissions in five categories:

- Fragile states: addressing vulnerability
- Household exposure to risk: effects on poverty
- The rule of law: providing security for development
- Women's rights, security and development: challenges and opportunities
- Natural resources: risks and implications for sustaining development

Submissions are accepted for innovative research proposals, completed research papers with policy implications and development projects impacting local communities.

This year there was a significant increase in the number of submission from non-economics disciplines and more submissions from female researchers. Submissions from the economics discipline fell from 36 percent in 2006 to 24 percent in 2007.

Table 1

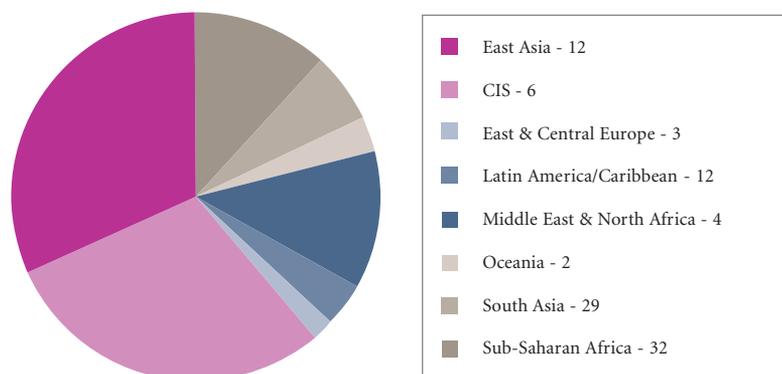
**Gender composition of applicants of the Global Development Awards and Medals Competition in 2006 and 2007**

Year	Percent
2006	28
2007	35

Researchers and development practitioners from every region in the developing and transition world applied in 2007.

Chart 2

**Regional breakdown of applicants of the 2007 Global Development Awards and Medals Competition (percentage)**





# research

## Championing Southern Research: Alternative Perspectives on Development

### The GDN-Edward Elgar Partnership

In 2006, GDN entered into a partnership with leading academic publishers Edward Elgar to publish a unique series of books designed to give voice to researchers from the developing and transition world, the people experiencing first-hand the promises and pitfalls of development.

GDN is obligated to make available high-quality research at low cost to research communities in developing and transition countries. We recognize that cutting-edge research and ideas are often available only at a prohibitively high price, thereby limiting access. The GDN-Edward Elgar partnership seeks to break down these access barriers. Volumes published under this banner will be available electronically and free of cost to researchers registered on our Knowledge Base.

### The First Two Volumes Released

#### Testing Global Interdependence: Issues on Trade, Aid, Migration, and Development

*Edited by Ernest Aryeetey, director, Institute of Statistical, Social, and Economic Research, University of Ghana at Legon and Natalia Dinello, principal political scientist, Global Development Network, New Delhi, India*

While many countries may embrace globalization at the conceptual level, the specifics of implementation vary greatly from country to country. *Testing Global Interdependence* poses such questions as: How is openness exercised? How does a country join the international globalization trend? What mechanisms are available to help societies adjust to globalization? The book draws upon the diverse experiences of multiple countries as they react to the practicalities of globalization and succeed in discovering the gains resulting from particular trade policies, anti-poverty measures, migration patterns, and foreign aid packages. The diverse narratives contained within the book ultimately suggest how to limit globalization's negative aspects and ensure constructive engagement in the global community.



#### Political Institutions and Development: Failed Expectations and Renewed Hopes

*Edited by Natalia Dinello, principal political scientist, Global Development Network, New Delhi, India and Vladimir Popov, New Economic School and Academy of the National Economy, Moscow, Russia*

*Political Institutions and Development* challenges the cliché that "good institutions" are essential for sustainable socioeconomic development by focusing on the need to adapt potential solutions to local conditions. The authors argue that there is no one optimal institutional design that can be successfully applied to any country. The macro- and micro-level studies contained in this book demonstrate that institutions are highly context-dependent and time-sensitive. Specifically, law and order, effective governance, ethnic sensitivity, a supporting political culture, civil rights, and individual opportunities to participate in decisionmaking are also necessary. With its global perspective, this book explores the relationship between political institutions and development from such diverse regions as the Commonwealth of Independent States, East and South Asia, and Latin America.

# research

## GNet: The GDN Online Program ([www.gdnet.org](http://www.gdnet.org))

In the past year, the GNet program has focused on developing activities in three main strategy areas:

### Championing Southern Research

Several tools have been created to firmly establish the GNet Knowledge Base as the premier source of development knowledge generated in developing and transition countries.

The expanding **GNet Knowledge Base** holds 13,464 research papers and profiles of 6,713 researchers and 3,663 organizations, promoting both locally generated research and networking opportunities for developing country researchers and research and policy institutes.

- **Research in Focus Newsletter (RIF)** is a monthly e-newsletter capturing the latest research updates from the development community. RIF is distributed to 18,458 subscribers.
- **Online project spaces** have been setup for the researchers engaged in GDN's Global Research Projects on migration and health. It is an effective online collaborative workspace that features project-specific document libraries, online document sharing, event calendars, task lists, announcements, discussions, and email lists. These tools are designed to provide a more interactive platform for project management and communication.
- The **Understanding Reform** editorial feature has been published online to promote and disseminate the results, findings and recommendations of this Global Research Project.
- The **Online Mentoring and Peer Review** pilot was devised to support efforts to promote networking among researchers and to enhance the quality of research generated with a regional focus. Mentors and researchers have access to new interactive tools in the GNet Knowledge Base, which facilitates online mentoring and peer-review services.
- The **GDN Library** contains all research generated through GDN activities (Global Research Projects, Awards and Medals Competitions, and Annual Conferences) across all regions.
- **Funding Opportunities Newsletters** are produced and disseminated regularly to eligible subscribers on a bi-monthly basis.
- **Online Services** give eligible registered researchers free access to a wide range of data bases and journals including: Project MUSE (Johns Hopkins University), the British Library of Development Studies, World Bank Development Indicators worldwide, and JSTOR for the Middle East and North Africa and Commonwealth of Independent States regions through their Regional Network Partners.

### Building Institutional Knowledge Management Capacity

GNet's capacity-building program aims to improve communication management techniques in regional research institutes towards facilitating policy influence in Africa, South Asia, Latin America and the Caribbean. The African capacity-building program has organized training workshops and conferences, as well as managing their respective online community or a group of people who share the latest information on knowledge management tools and practices. In the last year, GDN has partnered with the World Bank Institute, United States, the African Capacity Building Foundation, Zimbabwe, the Development Bank of Southern Africa, South Africa, Busoga Rural Open Source and Development Initiative, Uganda, and Centre d'Analyse des Politiques Economiques et Sociales, Burkina Faso, in holding a series of workshops across Africa.



### GdNet Africa: Highlights

To build on lessons learned from knowledge management activities across Africa, two workshops were held in Western Africa followed by a regional conference in Cairo which provided a cross regional perspective on challenges inherent in the process of building knowledge management capacity across countries in Africa and South Asia.

- The third session of the "**Knowledge Management Capacity for African Research Institutes and Networks: Western Africa Workshop**" was held in Ouagadougou, Burkina Faso, April 11-13, 2007. For the first time the workshop was completely bilingual, thereby facilitating greater interaction between English-speaking and Francophone participants. Thirty-eight participants from 20 different countries, mostly in West Africa, participated.
- **Knowledge Management as an Enabler of Change and Innovation in Africa: A Conference for Policy makers and Practitioners** took place in Cairo from June 11-13, 2007. The conference was attended by 120 participants from 44 different countries in Africa and other regions. The conference set out to:
  - examine knowledge management practices across organizations in Africa;
  - analyze how knowledge management techniques are being used in specific sectors such as health, agriculture, and information and communication technologies; and
  - establish a clear understanding of the relationship and interaction among knowledge management, change, and innovation.

In partnership with the Economic Research Forum, Egypt, GdNet is designing a **Policy Communications and Outreach program**. This involves assessing resource requirements, training needs, processes, content and formats required to deliver a relevant and appropriate capacity building program in knowledge management and research communications in the Middle East and North Africa.

### Building Regional Partnerships

The Regional Windows continue to feature and promote the latest research and news from the various regions and are managed in partnership with our Regional Network Partners.

- The Latin America Window [www.gdnet.org/latinamerica](http://www.gdnet.org/latinamerica) was launched in partnership with the Latin American and Caribbean Economics Association.
- The management of Regional Windows for South Asia [www.gdnet.org/southasia](http://www.gdnet.org/southasia) and the South Pacific [www.gdnet.org/oceania](http://www.gdnet.org/oceania) have been handed over to the South Asia Network for Economic Research Institutes (our Regional Network Partner in South Asia) and the Foundation for Development Cooperation, Australia (which will manage the Window for the South Pacific region).
- The Commonwealth of Independent States Window, managed in partnership with the Economics Education and Research Consortium, is now producing a monthly newsletter promoting the latest development knowledge from the region.
- The Middle East and North Africa (MENA) bulletin, featuring the latest research from the MENA region produced in partnership with the Economic Research Forum, is now bilingual with content published in both Arabic and English.
- The Africa Regional Window team has been expanded to include more content from Francophone countries, see [www.gdnet.org/africa](http://www.gdnet.org/africa).
- All regional coordinators have focused efforts over the past year to review, validate, and update content from their respective regions.

# reach

## Regional Partnerships: Building North-South Dialogue

### Innovative Research through GDN's Regional Networks

#### Asia Pacific

##### Oceania Development Network Port Moresby, Papua New Guinea

ODN's Regional Research Competition on regionalization funded studies on a range of issues including remittances from Fijian caregivers in the United States, the status of environmental accounting and disclosures in Papua New Guinea and the impact of free trade on rural land-use in the Pacific. The Network held a two-day training workshop aimed at helping strengthening research proposals at the University of Papua New Guinea in Port Moresby. The workshop involved the participation of young researchers from Papua New Guinea, Fiji, Kiribati, Tuvalu, Samoa, Vanuatu, Solomon Islands and Tonga. ODN's third biennial conference on 'Security, Growth and Development' held in October attracted nearly 100 participants from the Pacific, Australia and New Zealand. Conference proceedings will be published in 'Development Bulletin', a journal edited by the Development Studies Network at the Australian National University in Canberra.

#### Commonwealth of Independent States

##### Economics Education and Research Consortium (EERC), Kyiv, Ukraine

GDN funding has been instrumental in refocusing EERC research from a

narrow definition of economics to a broader range of social science disciplines. In 2007, GDN funds were used to finance 19 research grants (12 projects), one research development grant, and four internships and scholarships. EERC's research program focused on six priority areas: (1) enterprise and product markets; (2) labor markets and social policy; (3) macroeconomic management; (4) financial markets and economic growth; (5) public economics; and (6) international trade and regional integration. The results of its sponsored research have been published in the EERC Working Paper Series, E-prints, and the EERC Policy Briefs series.

#### East Asia

##### East Asian Development Network (EADN) Bangkok, Thailand

Research selected by EADN for funding in the past year as part of GDN's Regional Research Competition features an interesting mix of topics from the Philippines, Indonesia, Vietnam, China, and Malaysia. Studies focus on analyzing economic fluctuations in emerging market economies, food security for ethnic communities in the Sumatra and Maluku provinces of Indonesia, innovations in local public services under decentralization in the Philippines, and changing women's

spatial mobility through developing a craft-making industry in Vietnam. Three regional research projects on labor migration and East Asian integration, (1) political transitions and development in East Asia and (2) economic and social impacts of market liberalization: (3) study on agricultural liberation under China-ASEAN free trade agreement, are well underway with publications expected by the end of 2007.

#### Eastern and Central Europe Center for Economic Research and Graduate Education-Economics Institute (CERGE-EI) Prague, Czech Republic

CERGE-EI's Regional Research Competition invited proposals from a wide range of disciplines, including economics, demography, political science, sociology, and other social sciences on five priority topics: (1) enterprise development and behavior, including corporate governance and restructuring, (2) labor markets, (3) globalization, (4) the reform process, and (5) educational policy. Research funded included an examination of how education affects public opinion about social mobility opportunities in Estonia; the political economy of enterprise restructuring in Serbia; and entrepreneurial deficits and economic growth in Croatia.



EADN





**Latin America and the Caribbean  
Latin American and Caribbean  
Economic Association (LACEA)  
Bogota, Colombia**

GDN works closely with LACEA in supporting research capacity building activities in the region. Funding from GDN also served as seed money for additional fundraising from other sources. GDN funding supported the 2007 annual meeting of LACEA which gathered more than 700 economists from the region; researchers and policymakers to share findings and experiences. LACEA'S specialized networks also held their annual meetings during the period. The Network on Inequality and Poverty aims to advance knowledge on the causes and consequences of poverty, inequality, and social exclusion, and the range of policies, institutions and structures that influence these dynamics. LACEA's Political Economy Group focuses on improving dissemination of ideas through workshops, allowing for a more specialized and detailed discussion of papers on political economy. The Regional Integration Network brings together researchers and policymakers from around the world to discuss recent theoretical and empirical advances in economics and politics of Regional Integration Agreements. Finally, the workshop on international economics and finance is a unique annual event that brings together top

researchers and policymakers from the North and the South to discuss recent theoretical and empirical advances in these disciplines. GDN funding also supported two editions of *Economia*, the journal of LACEA, which publishes papers on issues at the forefront of the policy agenda of Latin America and the Caribbean.

**Middle East and North Africa  
Economic Research Forum (ERF)  
Cairo, Egypt**

Our Network partner in the Middle East and North Africa, ERF's Regional Research Competition focused on three priority themes – the impact of oil price rise, trade in services and the labor movement and industrial policy in the region. Submissions included research on economic and institutional reform, labor markets, post conflict reconstruction and sector and agricultural studies. Some of the selected research papers include *Productivity and Wage Spillovers in the MENA Region: The Case of Turkey*; *Informality in Egypt: A Stepping Stone or a Dead End?*; *Social and Economic Determinants of Turkish Voter Choice in the 2002 Turkish Parliamentary Elections*. ERF believes that without effective communication and outreach, no serious analysis can have much of an impact - research output generated from this research competition is published as part of the ERF working paper series or research report series and is available.

**South Asia  
South Asia Network of Economic  
Research Institutes (SANEI)  
Islamabad, Pakistan**

Two themes dominated SANEI-funded research: financial-sector reforms and higher education. The 12 proposals selected were from India, Nepal, Sri Lanka, and Pakistan. Final papers were presented at the Eighth Annual Conference in Kathmandu, Nepal. Studies on education in South Asia included financing higher education in Nepal, a comparative study of graduates and available job markets in Nepal, privatization and internationalization of higher education in South Asia, and household financing of higher education in India. Financial sector reform studies analyzed banking efficiency in Pakistan, public ownership of financial institutions in Nepal, and the impact of foreign direct investment in financial services on the Nepalese economy.

**Sub-Saharan Africa  
African Economic Research  
Consortium (AERC)  
Nairobi, Kenya**

AERC's biannual thematic research workshops and plenary sessions continue to provide an important meeting point for researchers in the region. In the last year AERC sponsored workshops on the investment climate in Africa, scaling



# reach

## Regional Partnerships: Building North-South Dialogue

up the participation of women in economic research and graduate training, and managing post-conflict recovery in Africa. In addition, plenary sessions focused on human security and development. AERC has continued to promote collaborative research across the continent. The project *Poverty, Income Distribution, and Labor Markets in Sub-Saharan Africa*, for example, included teams from 12 countries in the region, while *Explaining Africa's Economic Growth Performance* featured research teams from 27 countries.

### Strengthening Partnerships in the North

In the last year, GDN has sought to strengthen links with development research communities in Europe and North America. Northern partners provide a vital link in the efforts of GDN and our Regional Network Partners to build research capacity across the developing and transition world. By providing a database of reviewers and mentors, joint fundraising efforts, and support to individual network partners in the South, our partners in developed countries are a vital resource in efforts to build high-quality, policy-relevant research.

### Japan GDN-Japan Tokyo, Japan

GDN-Japan continues to hold network meetings to share updates on GDN's activities and discuss the network's contributions to GDN and examine means of further collaboration. In 2007, at the GDN conference in Beijing, the network organized two parallel sessions focused on developing a sustainable welfare society for aging populations in Asia and cluster development as a means to promote economic growth and alleviate poverty in China and Africa. Members of GDN-Japan also organized a workshop which examined industrial development, trade and investment promotion in Africa in light of the Asian experience.

### Europe European Development Research Network (EUDN) Belgium

The European Development Research Network (EUDN) links members of different development research institutions, particularly in the field of development economics, from Europe with the rest of the

world. Cooperation between GDN and EUDN provides a platform for engaging European development researchers with their counterparts in the rest of the world. EUDN provides reviewers and mentors for both the Global Research Projects and Regional Research Competitions. In addition, members of EUDN are involved in the Steering Committee for several research projects. EUDN has also provided discussants for sessions at annual conferences and selection committee members for the Annual Global Development Awards Competition.

### North America Bureau for Research and Analysis of Development (BREAD) United States

BREAD is a network of leading scholars engaged in research in development economics, broadly defined. A non-profit organization, BREAD is dedicated to promoting outstanding research and scholarship in the field through two core activities: conferences and a working paper series. Through its activities, BREAD endeavors to create and enhance linkages and exchanges among academics, researchers, and policymakers.





# reevaluate

## An Independent Evaluation: Understanding the Way Forward

GDN periodically commissions independent external evaluations of its performance in relation to its key objectives. The second independent evaluation of GDN's activities and their outcomes was conducted between August and November 2007.

The evaluation will inform GDN's management, board of directors, and other stakeholders, with an assessment of GDN's performance.

### Objectives

Over the eight years since its inception, GDN has striven to advance its core objective of building capacity to *generate, share and apply to policy multidisciplinary knowledge for the purpose of development*.<sup>1</sup> The evaluation focuses on a critical examination of the stated role of GDN and the extent to which it has positioned itself to achieve its capacity-building objectives. In particular, the primary objective of the evaluation is:

\* To measure the *impact* (on participants as well as on policy), *relevance*, and *effectiveness* of GDN's capacity-building activities in generating, sharing, and applying knowledge.

The evaluation will also

- Assess the cost-effectiveness and sustainability of GDN.
- Examine GDN's operational effectiveness as a global network of research and policy institutes, including its internal organizational performance and its interaction with its Regional Network Partners.

**The evaluation will be informed by responses to a series of questions on outcomes, relevance, reach, cost-effectiveness, and governance.**

### Scope and Sources

The evaluation will cover all aspects of GDN's activities and operations to assess its performance from a global perspective and its impact at an individual level. Information sources include specially commissioned surveys and reviews, interviews of key stakeholders, GDN's routine reporting tables, internal databases and other material.

The report will be presented to GDN's stakeholders in January 2008.

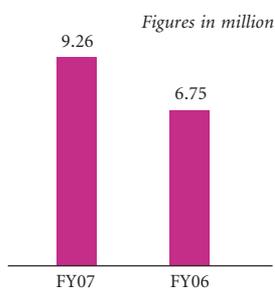
<sup>1</sup> Statement on the Governance of the Global Development Network, final report of the Working Group, December 2000, available at [www.gdnet.org/about\\_gdn/history/statement\\_gov.html](http://www.gdnet.org/about_gdn/history/statement_gov.html).

# resource

## The GDN Support Base: New Strides in Resource Diversification

GDN's donor support base is diversifying and expanding. GDN's total revenue for FY07 was USD 9.26 million compared with USD 6.75 million in FY06.

Chart 3  
GDN's Revenue FY07 and FY06



The increase reflects continued support from many existing donors plus significant contributions from new donors, including the Ministry for Foreign Affairs, Finland; Irish Aid, Ireland; Ministry of Finance, Kingdom of Saudi Arabia; DGIS, Netherlands; NZAID, New Zealand; the Economic and Social Research Council, United Kingdom; and the Bill & Melinda Gates Foundation, United States. In addition, AusAID, Australia has emerged as a major supporter with a substantially increased contribution and commitment to multi-year funding.

The past year has also witnessed a significant decline in the World Bank's contribution vis-à-vis other donors. This reflects growing support from the donor community for a range of GDN activities.

### GDN Support Base

- Australian Agency for International Development (AusAID), **Australia**
- Federal Ministry of Finance, **Austria**
- International Development Research Centre, **Canada**
- Ministry for Foreign Affairs, **Finland**
- Ministry of Foreign Affairs, **France**
- Federal Ministry for Economic Cooperation and Development, **Germany**
- Irish Agency for International Development, **Ireland**
- Japan Bank for International Cooperation, **Japan**
- Ministry of Finance, **Japan**
- Ministry of Finance, **Luxembourg**
- Ministry of Foreign Affairs, **Netherlands**
- New Zealand Agency for International Development, **New Zealand**
- Norwegian Agency for Development Cooperation, **Norway**
- Ministry of Finance, **Saudi Arabia**
- Ministry of Foreign Affairs and Cooperation, **Spain**
- Ministry for Foreign Affairs, **Sweden**
- Department for International Development, **United Kingdom**
- Economic and Social Research Council, **United Kingdom**
- The World Bank, **United States**
- Bill & Melinda Gates Foundation, **United States**
- African Capacity Building Foundation, **Zimbabwe**



## Board of Directors

### **Ernesto Zedillo**

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

### **Richard Cooper**

Deputy Chair of the GDN Board of Directors, Professor of International Economics, Harvard University, United States

### **Isher Ahluwalia**

Chair, Board of Governors, Indian Council for Research on International Economic Relations (ICRIER), India  
*Represents:* the South Asian Network of Economic research Institutes

### **Ernest Aryeetey**

Director, Institute of Statistical, Social, and Economic Research, University of Ghana, Ghana  
*Represents:* the African Economic Research Consortium

### **Abhijit Banerjee**

Ford Foundation Professor of Economics, Department of Economics, Massachusetts Institute of Technology, United States  
*Represents:* the Bureau for Analysis of Research and Development

### **Eliana Cardoso**

Professor of Economics, Escola de Economia da Fundaco Getulio Vargas, Brazil  
*Represents:* the Latin American and Caribbean Economic Association

### **Alan Gelb**

Director, Development Policy, Development Economics, The World Bank, United States  
*Represents:* The World Bank

### **Carolina G. Hernandez**

President, Institute for Strategic and Development Studies, Philippines  
*Represents:* the East Asian Development Network

### **Olav Kjørven**

Assistant Secretary-General and Director of Bureau for Development Policy, United Nations Development Programme, United States  
*Represents:* the United Nations Development Programme

### **Masanori Kondo**

Associate Professor of Economics, International Christian University, Japan  
*Represents:* GDN Japan

### **Samir Makdisi**

Professor of Economics, American University of Beirut, Lebanon  
*Represents:* the Economic Research Forum

### **Vijay Naidu**

Professor of Economics, University of the South Pacific, Fiji  
*Represents:* the Oceania Development Network

### **Pablo Andres Neumeyer**

Professor of Economics, Universidad Torcuato di Tella, Argentina  
*Represents:* the International Economics Association

### **Jean-Philippe Platteau**

Professor of Economics, University of Namur, Belgium  
*Represents:* the European Development Research Network

### **Vladimir Popov**

Sector Head, Academy of the National Economy, Russia  
*Represents:* the Economics Education and Research Consortium

### **Vincenzo Porcasi**

Professor of Applied International Economy, University of Trieste, Italy  
*Represents:* the Government of Italy

### **Emma Porio**

Professor of Sociology, Ateneo de Manila University, Philippines  
*Represents:* the International Sociological Association

### **Boris Vujcic**

Deputy Governor, Croatian National Bank, Croatia  
*Represents:* the Center for Economic Research and Graduate Education-Economics Institute

GDN bids farewell to departing board members: **Alan Winters**, World Bank; **Luis Gomez-Echeverri**, UNDP; **Sujata Patel**, University of Pune, India; **Krzysztof Palecki**, Jagiellonian University, Poland

**J.P. KAPUR & UBERAI**  
CHARTERED ACCOUNTANTS

LOWER GROUND FLOOR  
C-4/5 SAFDARJUNG  
DEVELOPMENT AREA  
NEW DELHI - 110016  
PHONES: 26512393 (4 lines)  
TELEFAX: 26511158  
E-MAIL: info@jpku.com

**Global Development  
Network, Inc.**

**Financial Statements and  
Report of Independent  
Auditors**

**June 30, 2007 and 2006**

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**Report of Independent Auditors**

Board of Directors  
Global Development Network, Inc.

We have audited the accompanying statements of financial position of the Global Development Network, Inc. (GDN) as of June 30, 2007 and 2006, and the related statements of activities and cash flow for the years then ended. These financial statements are the responsibility of GDN's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Development Network, Inc. as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

New Delhi, India  
August 22, 2007



# Global Development Network, Inc.

## Statements of Financial Position June 30, 2007 and June 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,753,083	\$ 2,590,577
Short-term deposit	1,506,564	5,595
Contributions receivable	390,370	97,745
Prepaid expenses	27,090	84,571
Other current assets	<u>15,038</u>	<u>3,624</u>
Total current assets	4,692,144	2,782,112
Property and equipment, net	188,702	183,723
Other assets		
Security deposits	<u>111,518</u>	<u>109,418</u>
Total assets	<u>\$ 4,992,365</u>	<u>\$ 3,075,253</u>
Liabilities and Net Assets		
Current liabilities		
Grants payable	\$ 2,648,064	\$ 1,633,840
Accounts payable	464,431	88,499
Accrued expenses	99,341	126,345
Other Payable	-	70,633
Total liabilities	<u>3,211,836</u>	<u>1,919,317</u>
Net assets		
Unrestricted	1,344,008	1,012,916
Temporarily restricted	<u>436,521</u>	<u>143,020</u>
Total net assets	<u>1,780,529</u>	<u>1,155,936</u>
Total liabilities and net assets	<u>\$ 4,992,365</u>	<u>\$3,075,253</u>

See accompanying notes to the financial statements.



# Global Development Network, Inc.

## Statements of Activities

### Years Ended June 30, 2007 and June 30, 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and revenue</b>						
Grants, contracts, and contributions	\$ 4,047,640	\$ 4,772,200	\$ 8,819,840	\$ 4,049,874	\$ 2,507,211	\$ 6,557,085
In-kind contributions	-	308,400	308,400	112,262	-	112,262
Interest income	116,336	-	116,336	88,865	-	88,865
Foreign currency exchange gain (loss)	15,534	-	15,534	(11,968)	-	(11,968)
Other	-	-	-	-	-	-
Net assets released from restrictions	4,787,099	(4,787,099)	-	2,626,211	(2,626,211)	-
<b>Total support and revenue</b>	<b>8,966,610</b>	<b>293,501</b>	<b>9,260,111</b>	<b>6,865,244</b>	<b>(119,000)</b>	<b>6,746,244</b>
<b>Expenses</b>						
<b>Program services</b>						
Annual Conference	1,200,673	-	1,200,673	963,552	-	963,552
Regional Research Competitions	2,209,385	-	2,209,385	1,963,390	-	1,963,390
Global Development Awards	406,900	-	406,900	474,729	-	474,729
Global Research Projects	3,245,778	-	3,245,778	1,802,015	-	1,802,015
GNet	1,149,367	-	1,149,367	731,302	-	731,302
Education	-	-	-	-	-	-
Other programs	26,776	-	26,776	271,300	-	271,300
<b>Total program</b>	<b>8,238,878</b>	<b>-</b>	<b>8,238,878</b>	<b>6,206,289</b>	<b>-</b>	<b>6,206,289</b>
<b>Supporting services</b>						
Donor coordination and fundraising	94,576	-	94,576	119,909	-	119,909
Secretariat (indirect costs)	254,780	-	254,780	203,511	-	203,511
Fundraising	47,283	-	47,283	25,536	-	25,536
<b>Total expenses</b>	<b>8,635,517</b>	<b>-</b>	<b>8,635,517</b>	<b>6,555,245</b>	<b>-</b>	<b>6,555,245</b>
<b>Change in net assets</b>	<b>331,092</b>	<b>293,501</b>	<b>624,593</b>	<b>309,999</b>	<b>(119,000)</b>	<b>190,999</b>
<b>Net assets (deficit)</b>						
Beginning of period	1,012,916	143,020	1,155,936	702,917	262,020	964,937
End of period	<u>\$ 1,344,008</u>	<u>\$ 436,521</u>	<u>\$ 1,780,529</u>	<u>\$ 1,012,916</u>	<u>\$ 143,020</u>	<u>\$ 1,155,936</u>



See accompanying notes to the financial statements.

# Global Development Network, Inc.

## Statements of Cash Flows Year Ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities</b>		
Contributions, grants, and contract payments received	\$ 8,764,983	\$ 6,758,643
Interest income received	116,336	88,865
Other revenue (loss)	15,534	(11,968)
Payments to grantees, vendors, and employees	<u>(7,151,358)</u>	<u>(6,709,150)</u>
Net cash provided by operating activities	1,745,495	126,390
<b>Cash flows from investing activities</b>		
Short term deposit	(1,500,969)	(5,595)
Increase in Long term deposit	(2,100)	-
Purchases of property and equipment	<u>(79,920)</u>	<u>(84,937)</u>
Net cash from (used) investing activities	(1,582,988)	(90,532)
<b>Net increase in cash and cash equivalents</b>	162,506	35,857
Cash and cash equivalents		
Beginning of period	<u>2,590,577</u>	<u>2,554,719</u>
End of year	<u>\$ 2,753,083</u>	<u>\$ 2,590,577</u>
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 624,593	\$ 190,999
Adjustments		
Depreciation and amortization	74,940	73,532
Other revenue (loss)	-	-
Decrease (increase) in assets		
Contributions receivable	(292,625)	82,393
Prepaid expenses and security deposits	46,068	28,811
Increase (decrease) in liabilities		
Grants payable	1,014,224	(246,590)
Accounts payable and accrued expenses	348,928	(9,658)
Other Payable	<u>(70,633)</u>	<u>6,903</u>
Net cash provided by operating activities	<u>\$ 1,745,495</u>	<u>\$ 126,390</u>

See accompanying notes to the financial statements.



## Notes to Financial Statements

June 30, 2007 and 2006

### Note 1. Summary of Significant Accounting Policies

**Financial Statement Presentation** – The financial statement presentation follows the guidelines of the 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.

### Note 2. Organization and Tax Status

The Global Development Network is an ever expanding 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 (a Delaware non-profit corporation), is exempt from Federal and District of Columbia income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 47-1802.1 of the District of Columbia Code, respectively, and is classified as a publicly-supported organization by the Internal Revenue Service.

GDN is *global*. It:

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

GDN is for *development*. It:

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



## Note 2. Organization and Tax Status (Continued)

GDN is a *network*. It:

- Links research institutes from 10 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.

**Global Development Awards and Medals Competition** - This is the largest international competition on development research open only to applicants from developing and transition countries. Researchers and development practitioners are invited each year to compete. Nearly \$2,60,000 for 2007 and \$254,000 in 2006 were spent for prize and travel money. The awards recognize excellence and innovation in the field of development research and application.

**Global Research Projects (GRPs)** - Global Research Projects tap into the ability of our Network to conduct research across regions, and across disciplines on a global theme. GRPs are gaining importance in GDN's portfolio of capacity building activities as indicated by their share in the annual budget.

The first two GRPs are now complete and several volumes of research findings have been published:

- Explaining Growth
- Understanding Reform

Two other research projects were completed in fiscal 2007:

- Bridging Research and Policy (BR&P)
- Impact of Rich Countries' Policies on Poverty: Perspectives from the Developing World

The BR&P research findings will now feed into a new training program to be developed and piloted by the Secretariat in 2007 for launch in 2008. The IMPACT studies have been submitted for publication, both in a journal and a special edited volume.

Two new Global Research Projects on migration and health respectively were launched in fiscal 2007 and are expected to last for 3 years:

- Development on the Move: Measuring and Optimizing the Economic and Social Impacts of Migration: aims to further research and policymaking on the impacts of migration on development.
- Promoting Innovative Programs from the Developing World: Towards Realizing the Health Millennium Development Goals in Africa and Asia: seeks to *identify, evaluate, and promote* innovative, home-grown programs from around the world that can contribute to achieving the MDGs addressing child mortality, maternal health, and HIV/AIDS, malaria and other communicable diseases in the specific context of Africa and Asia.

**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 pressing issues of development. The 2007 conference held in Beijing, China had as its theme *Shaping a New Global Reality: The Rise of Asia and its Implications*, and the forthcoming 2008 conference in Brisbane, Australia is titled *Security for Development: Confronting Threats to Survival and Safety*. In 2007, Nearly 200 participants attended the annual GDN conference at their own expense while 132 sponsored their own participation in 2006, incurring an estimated expenditure of \$ 200,827 and \$198,080 respectively in travel and accommodation expenses. These amounts have not been recognized in the accompanying financial statements.

**GNet** - GDN's electronic voice, [www.gdnet.org](http://www.gdnet.org) provides online tools and services to support researchers from developing countries in their work and to help disseminate their research. GNet is also rapidly emerging as the primary depository of research output from the developing world with nearly 11,000 research papers available online. Researchers registered online have access to datasets, academic journals, funding opportunities and other specialized services. Monthly newsletters *GDNews* and *Research in Focus* reach nearly 18,000 subscribers.



### Note 3. Property and Equipment

Property and equipment as of June 30, 2007 and 2006, consists of the following:

	<u>2007</u>	<u>2006</u>
Computer Equipment	* \$ 236,257	\$ 236,358
Furniture and Fixtures	* 92,621	97,880
Vehicle	15,179	15,179
Office Equipment	18,383	14,504
Less accumulated Depreciation and Amortization	<u>(173,738)</u>	<u>(180,198)</u>
	<u>\$ 188,702</u>	<u>\$ 183,723</u>

**Remark:** During the year the following Assets which had completed their useful life and being fully depreciated are written off.

Computer equipments	\$ 76,141
Furniture & Fixture	\$ 5,259

### Note 4. Net Assets

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

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

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

	<u>2007</u>	<u>2006</u>
Annual Conference	\$ 53,492	\$ -
Global Research Projects	261,170	70,545
Education	72,475	72,475
GDNNet	49,384	-
	<u>\$ 436,521</u>	<u>\$ 143,020</u>

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

Purpose restrictions accomplished for the years ended June 30, 2007, and June 30, 2006, were:

	<u>2007</u>	<u>2006</u>
Annual Conference	\$ 657,499	\$ 405,591
Regional Research Competitions	50,000	-
Global Development Awards	240,000	369,494
Global Research Projects	2,699,728	1,124,698
GDNNet	1,071,241	537,374
World Bank- MIR	-	40,564
Secretariat	68,631	99,360
Other	-	49,130
	<u>\$ 4,787,099</u>	<u>\$ 2,626,211</u>



## Note 5. Operating Leases

GDN had a five-year lease that started from April 15, 2005 for office space for its head quarters in New Delhi, India, where GDN moved its operations from Washington, D.C. The annual rent amounts to Indian Rupees 47,17,116, the U.S. currency equivalent of the annual rent is \$108,409. To secure the space GDN paid a deposit of \$102,786, which represents twelve months of rent to be adjusted equivalent to one-third of rent amount payable each month during the five years of lease term. The balance as of June 30, 2007 on this account is \$24,268 which represents approximately two and a half months' rent. In addition to the lease rent, GDN has paid a security deposit amount of \$102,786, to be refunded on expiration of lease.

GDN also has a lease for office space in Cairo, Egypt since 2005 when GDN relocated the operations of GDNNet, the organization's online initiative. The five-year lease started from June 1, 2005. The annual rent for this space amounts to Egyptian Pound LE 79,135 and can be adjusted annually based on the Consumer Price Index. As of June 30, 2007, the U.S. currency equivalent of the annual rent amounted to \$14,811. GDN paid an advance of twelve months rent or \$13,762 in September 2005, the balance as of June 30, 2007 on this account is \$2,503, which represents two months rent. An additional security deposit of six months rent or \$6,632 was paid by GDN.

GDN's total rent expense on these two leases for the years ended June 30, 2007 and 2006 was \$123,220 and \$114,615 respectively

Future minimum annual rental payments required under these operating leases as of June 30, 2007, are as follows:

Year Ending June 30, 2008	\$ 130,071
Year Ending June 30, 2009	148,065
Year Ending June 30, 2010	113,552
	<u>\$ 391,688</u>

## Note 6. Uninsured Cash Balance

GDN maintains its cash accounts in the United States and India. The banks in the United States are insured by Federal Deposit Insurance Corporation for the first \$100,000 of the deposit. On June 30, 2007 and 2006, GDN had balances that exceeded the federally insured amount by approximately \$2.36 million and \$2.15 million, respectively. The bank in India is insured for \$2,400. The uninsured amount exceeded the insured limit in India by \$Nil as of June 30, 2007. In addition, cash and cash equivalents as of June 30, 2007 and 2006 include approximately \$195,416 and \$220,854 respectively in repurchase agreements and certificates of deposit that are not insured by the bank in India.

GDN has not experienced any loss in these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Previous year figures have been regrouped to make it comparable too figures of the current year.

## Note 7. Contingent Liability

In 2007 and 2006, Bank guarantee issued to the Custom Department, India on account of exemption of import duties for import of old and used office furniture, computers & equipments is \$6,097.56 and \$5,434.78. 100% margin in terms of fixed deposit has been held by the bank against the same.

## Note 8. Concentration of Contributions

GDN received approximately 40% and 62% of its total support and revenue from a single contributor for the years ended June 30, 2007 and 2006, respectively.

## Note 9. Contributed Services

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

The value of donated services included as contributions in the financial statements and the corresponding program expenses for the years ended June 30, 2007 and 2006 are as follows:



	<u>2007</u>	<u>2006</u>
Salaries and benefits	\$ –	\$ 92,292
Scholarships (IMF)	–	49,000
Grants (Austria)	308,400	260,728
Other	–	20,000
Total	<u>\$ 308,400</u>	<u>\$ 421,990</u>

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

#### **Note 10. Conditional Promises to Give**

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

1. Grantor agency's promise to give is conditioned upon the Network making actual expenses of contributions and of assessment by the donor of the effectiveness of GDN's programs. The original grant was for \$1.3 million over two years ending June 30, 2007 and further extended to December 31, 2008. As of June 30, 2007, this conditional promise to receive grants totaled approximately \$985,000.
2. Grantor agency's promise to give is conditioned upon the Network making actual expenses of contributions and of assessment by the donor of the effectiveness of GDN's programs. The original grant was for \$307,000 over three years ending June 30, 2008. As of June 30, 2007, this conditional promise to receive grants totaled approximately \$69,000.
3. Grantor agency's promise to give is conditioned upon GDN's management's demonstration of the requisite scientific and administrative skills to pursue the objectives of the grant successfully. The original grant was for \$5,956,143 over four years. As of June 30, 2007, this conditional promise to receive grants totaled approximately \$3,456,143.
4. Grantor agency's promise to give is conditioned upon GDN's management's demonstration of the requisite scientific and administrative skills to pursue the objectives of the grant successfully. The original grant was for \$945,000 over three years. As of June 30, 2007, this conditional promise to receive grants totaled approximately \$665,000.
5. Grantor agency's promise to give is conditioned upon GDN's management's demonstration of the requisite scientific and administrative skills to pursue the objectives of the grant successfully. The original grant was for \$2,624,760 over five years. As of June 30, 2007, this conditional promise to receive grants totaled approximately \$2,296,760.

#### **Note 11. Global Development Network's Retirement Plans**

Effective July 1, 2002, Global Development Network established the Global Development Network's IRA SIMPLE Plan (the Plan). The Plan covers full time employees who have elected to participate. During the year ended June 30, 2007 and 2006, GDN's contributions to the Plan totaled \$ Nil and \$7,330, respectively. Also, during the year ended June 30, 2007 and 2006 GDN contributed \$9,381 and \$6,213 towards the Provident Fund Scheme operated by the Government of India for employees in India.

#### **Note 12. Related Party Transaction**

In 2007 and 2006, one of GDN's board members participated in the management of a Global Research Project. Expenses on that account of \$26,667 and \$40,000 were made in 2007 and 2006 respectively.



## GDN Regional Network Partners

REGION	NETWORK PARTNERS	LOCATION	NETWORK HEADS
<b>Asia Pacific</b>	GDN - Japan	Tokyo, JAPAN	Naomi Miwa n-miwa@jbic.go.jp
<b>CIS</b>	Economics Education and Research Consortium (EERC)	Kyiv, UKRAINE	Tom Coupe tcoupe@eerc.kiev.ua
<b>East Asia</b>	East Asian Development Network (EADN)	Bangkok, THAILAND	Chalongphob Sussangkarn chalongp@tdri.or.th  Ammar Siamwalla ammar@tdri.or.th
<b>Eastern &amp; Central Europe</b>	Center for Economic Research and Graduate Education-Economics Institute (CERGE-EI)	Prague, CZECH REP	Randall Filer randall.filer@cerge-ei.cz
<b>Western Europe</b>	European Development Research Network (EUDN)	Namur, BELGIUM	Jean-Philippe Platteau Jean-philippe.platteau@fundp.ac.be
<b>Latin America</b>	Latin American and Caribbean Economic Association (LACEA)	Bogotá, COLOMBIA	Mauricio Cardenas mcardenas@fedesarrollo.org.co
<b>Middle East and North Africa</b>	Economic Research Forum (ERF)	Cairo, EGYPT	Ahmed Galal erf@erf.org.eg
<b>North America</b>	Bureau for Research and Analysis of Development (BREAD)	UNITED STATES OF AMERICA	Duncan Thomas d.thomas@duke.edu
<b>South Asia</b>	South Asia Network of Economic Research Institutes (SANEI)	Islamabad, PAKISTAN	Noushin Mahmmod pidesaneipk@saneinetwork.net
<b>South Pacific</b>	Oceania Development Network (ODN)	Port Moresby, PAPUA NEW GUINEA	Billy Manoka billy.manoka@upng.ac.pg
<b>Sub-Saharan Africa</b>	African Economic Research Consortium (AERC)	Nairobi, KENYA	William Lyakurwa exec.dir@aercafrica.org

### Photographs:

Kieran Fitzgerald  
Edgars Cerins  
Friederike Moellers  
Christopher Veit  
The Oceania Development Network  
The Latin American and Caribbean Economic Association  
The South Asian Network of Economic research Institutes

Global Development Network

Second Floor, West Wing  
ISID Complex  
Plot No. 4, Vasant Kunj Institutional Area  
New Delhi 110 070

Tel: + 91 11 26139494/26136885  
Fax: + 91 11 26136893

Email: [gdni@gdnet.org](mailto:gdni@gdnet.org)

[www.gdnet.org](http://www.gdnet.org)