

2018 Annual Report



Global
Development
Incubator

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In Our Own Words

"For our research and strategy work to have any meaning, it needs to be grounded in practice and needs to deliver real results and value that we can measure."

-Warren Ang, East Asia Managing Director

"To bridge the connection between publishing research and changing behavior, the global development community needs to approach the question of 'how do we communicate our research?' with renewed intention and rigor."

-Malia Bachesta Eley, Senior Communications Associate

"It sounds obvious, but it's often neglected: no one knows better about the unique challenges their communities face than the people who spend every day there."

-Christine Dickason, Communications Associate, and Tilly Josephson, Manager

Letter from the Directors

2018 was a **milestone year** for GDI.

We launched the [Refugee Investment Network](#) at SOCAP, sparking the movement of “refugee lens” investing. We opened the first GDI office in Africa, and are thrilled to have a **new, quickly growing home in Nairobi, Kenya**. We helped build the [Collaborative for Frontier Finance](#), a multi-stakeholder initiative that aims to increase access to capital for small and growing businesses in emerging markets. We expanded our efforts into new areas, such as youth employment with the [Global Opportunity Youth Initiative](#) and AI-informed educational decision making with [ConsiliumBots](#). And we celebrated the graduation of [Emerging Public Leaders](#) from our incubation, setting them on a path to long-term stability and success.

These accomplishments are just a few of our most recent ones. Looking back on our first five years, GDI **has shaped over 40 social impact initiatives**, including designing, building, launching, and graduating nine new initiatives that now stand as independent organizations — with another nine set to graduate in the next two years.

We’re so proud of that work, and humbled by the talented and passionate group of partners and funders we collaborated with each step of the way to **turn great ideas into social impact**. But we know we’re at a turning point for GDI, with tremendous opportunity for growth and also the risk that we try to do too much, too fast. **That’s why our focus in 2019 is on building the core GDI enterprise.**

What does this look like in practice? It includes strengthening our internal structure and cross-organization communications to ensure GDI staff have what they need to do their job successfully and know their colleagues well, even if they’re

on opposite sides of the world. It means investing in our team, making smart new hires, and building out training and mentorship opportunities, which in turn translate into better and more comprehensive support for our incubated initiatives. And as we continue to refine our portfolio, it means always seeking out incubation opportunities where our specific GDI experience and skill set can have an outsized impact.

What connects our past, present, and future is a commitment to our four values: **We stand on integrity; we follow our curiosity; we’re doers, not talkers; and we embrace risk.** With these guiding lights, we know GDI’s future is bright, and we’re so glad you’re part of the journey with us.

Signed,

The GDI Management Team

GDI's Big Picture

27
active initiatives

Funds raised for incubated initiatives
\$142+ MILLION

5
years of operation

Funds mobilized by incubated initiatives around their issue areas for sector change
\$1.02+ BILLION

WE WERE BORN TO BUILD.

Global offices in 5 major cities...



Washington, D.C.



New York City



Hong Kong

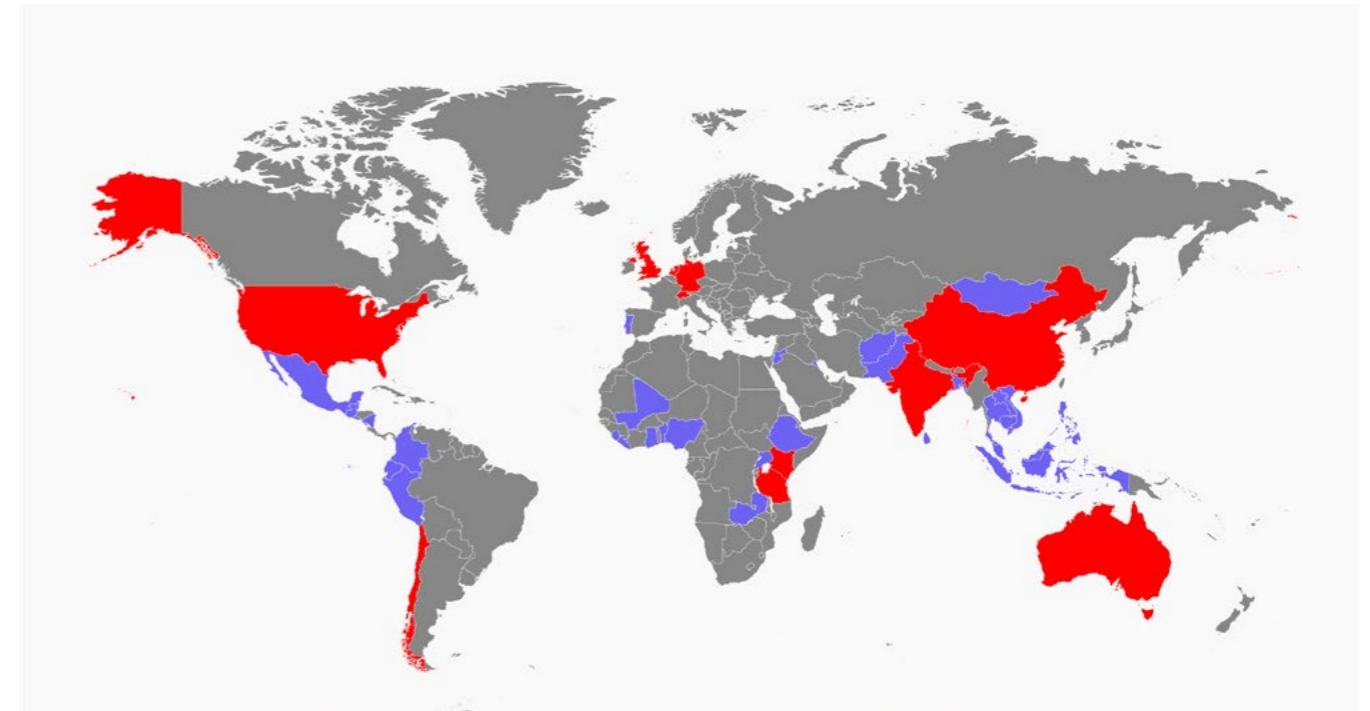


Nairobi



San Francisco

...with staff in many other cities worldwide.



Where staff live and work*

Where our initiatives have impact*

A Global Footprint

With our newest office in Nairobi, Kenya, GDI truly has a global footprint. But our work extends beyond our office walls. Our initiatives have impact on nearly every continent, and we always seek partners that reflect diverse backgrounds and global perspectives.

*These categories are not mutually exclusive.

The GDI Team

Our core team spans the globe and includes people from a variety of backgrounds who share a track record of entrepreneurship, deep social sector experience, and a culture of doing — not talking.

40 core staff + **60** initiative staff = **100** GDI team members

Initiative Spotlight

REFUGEE INVESTMENT NETWORK

The [Refugee Investment Network \(RIN\)](#) is the first impact investing and blended finance collaborative dedicated to creating long-term solutions to global forced migration. The RIN's long-term mission is to shift the political and social dialogue about the value of refugees and mobilize billions of dollars of investments that create quality jobs and measurably improve the livelihood opportunities for millions of refugees and their host communities.

THREE THINGS YOU NEED TO KNOW ABOUT THE RIN:

1. **Why refugees?** Nearly [70 million people](#) have been forcibly displaced worldwide – the highest number in human history. However, their potential contributions to host economies and societies tend to be undervalued despite data showing that they are employable, investable, and credit-worthy.
2. The RIN **defines “refugees and forced migrants” in a broad sense**, inclusive of those forcibly displaced across borders; internally displaced people (IDPs) affected by violence, persecution, climate change, and natural disaster; and the host communities these populations live in.
3. By 2030, the RIN aims to unlock **at least \$2 billion** in investment deals that produce over one million new jobs and measurably improve the livelihood opportunities for refugees and their host communities.

MAJOR MILESTONE

The RIN launched its flagship report, [“Paradigm Shift: How investments can unlock the potential of refugees”](#) alongside \$200 million of refugee investment commitments at SOCAP in October 2018.



John Kluge, Founder and Managing Director of the RIN, presents at the Milken Institute's Global Conference.

“In short, how we choose to engage with the world’s forced migrants—85 percent of whom reside in middle- and low-income countries—has the potential to either hold back or propel forward the attainment of the SDGs. With so many of the global goals tied to improvements in livelihoods, poverty reduction, and private sector engagement, innovative solutions aimed at driving sustainable investment into new markets like refugee investments merit serious consideration and engagement.”

-John Kluge and Tim Docking, Managing Directors of the RIN

GDI'S ROLE: GDI built the RIN alongside systems entrepreneurs John Kluge (Alight Fund & Toilet Hackers) and Tim Docking (IBM & Millennium Challenge Corporation). GDI provides hands-on strategic, leadership, programmatic, operational, and communications support for the RIN. Members of the GDI team have been seconded into key roles in the RIN, including as COO.

FUNDING PARTNERS: Landry Family Foundation, McGovern Foundation, Open Society Foundation, Rockefeller Foundation, USA for UNHCR

Initiative Spotlight

GLOBAL
FUND
TO
END
MODERN
SLAVERY

The [Global Fund to End Modern Slavery's \(GFEMS\)](#) mission is to end modern slavery by making it economically unprofitable. GFEMS' strategy includes increasing resources, engaging government and the private sector, funding transformative programs and technologies, and ensuring robust assessment of impact across all partners and programs.

THREE THINGS YOU NEED TO KNOW ABOUT GFEMS:

1. GFEMS secured **\$85 million in funding in its first two years**, quickly becoming one of the largest actors dedicated to eradicating modern slavery.
2. The Fund is designing new ways to measure prevalence at the sector level – for example, among internal migrants for construction in India – where **no reliable data currently exists**, which creates actionable evidence for the field.
3. The Fund's solicitation process was designed off lessons-learned from innovation funds, allowing GFEMS to **shape and cultivate integrated sector-level strategies**, across effective rule of law, business engagement, and sustained freedom.

MAJOR MILESTONE

GFEMS launched its [initial investments](#) in 2018, covering a range of sectors, from migrant labor to apparel.

GFEMS' portfolio of projects currently covers four key sectors as well as dedicated research on prevalence:



Migrant Labor



Sex Trafficking



Construction



Apparel



**Prevalence
Measurement**

GDI'S ROLE: GDI helped GFEMS consolidate and program commitments of \$46 million and £20 million from the the U.S. State department and the UK's Department for International Development, respectively, and is serving as an operational partner to GFEMS throughout its first three years. Two GDI directors are currently seconded to the GFEMS team, providing deep support on investment strategy, programmatic priorities, and team structuring and recruiting. GDI's communications and finance teams have provided operational support to the initiative.

FUNDING PARTNERS: Government of Norway, U.S. Department of State, UK Department for International Development

Initiative Spotlight



The [Partnership for Economic Inclusion \(PEI\)](#) manages a global community of practice consisting of hundreds of partners including NGOs, researchers, and foundations focused on eradicating extreme poverty for over 700 million people around the world. Together, the group aims to shift existing government social protection and safety net programs for the extreme poor to a focus on programs that build livelihoods towards sustained increases in income and assets.

THREE THINGS YOU NEED TO KNOW ABOUT PEI:

1. Central to PEI's efforts is the **graduation approach**, which consists of a sequenced set of interventions aimed at tackling the multifaceted constraints the poorest and most vulnerable households face.
2. PEI's 2018 [State of the Sector report](#) report presents findings from a survey of nearly 100 graduation approach programs and reflects a significant shift from NGO delivered programs to more government run systemic shifts that include **innovations in program design and delivery, as well as research underway**.
3. PEI is hosted at the **World Bank's Social Protection and Jobs Global Practice**, through an independent trust fund that was specifically designed for the effort by the community and World Bank advisors.

MAJOR MILESTONE

Through GDI support, PEI and its partners successfully received a commitment of \$23 million from Co-Impact, a global collaborative focused on systems change to improve the lives of millions by advancing education, improving people's health, and providing economic opportunity.



GDI Director Alice Gugelev with workshop participants in India

GDI'S ROLE: GDI provided strategic and project management support to PEI and its NGO partners to develop systems change strategies at scale to drive impact economic inclusion for the extreme poor. Key strategies included developing government MIS systems, coordinating across silo'd government departments, mobilizing government budgets through presenting a strong ROI case for investment and building delivery capacity through training workshops presented by experienced, front line NGOs. First round countries include India and Mexico while significant efforts are now also under way in Kenya. Ultimately, we look forward to empowering governments and other local stakeholders to play a lead role in bringing tens of millions of people out of extreme poverty and into sustainable livelihoods.

CORE FUNDING PARTNERS: Co-Impact, World Bank, Trickle Up, BRAC, Fundacion Capital, IPA, RESULTS and hundreds more in the global community

Initiative Spotlight



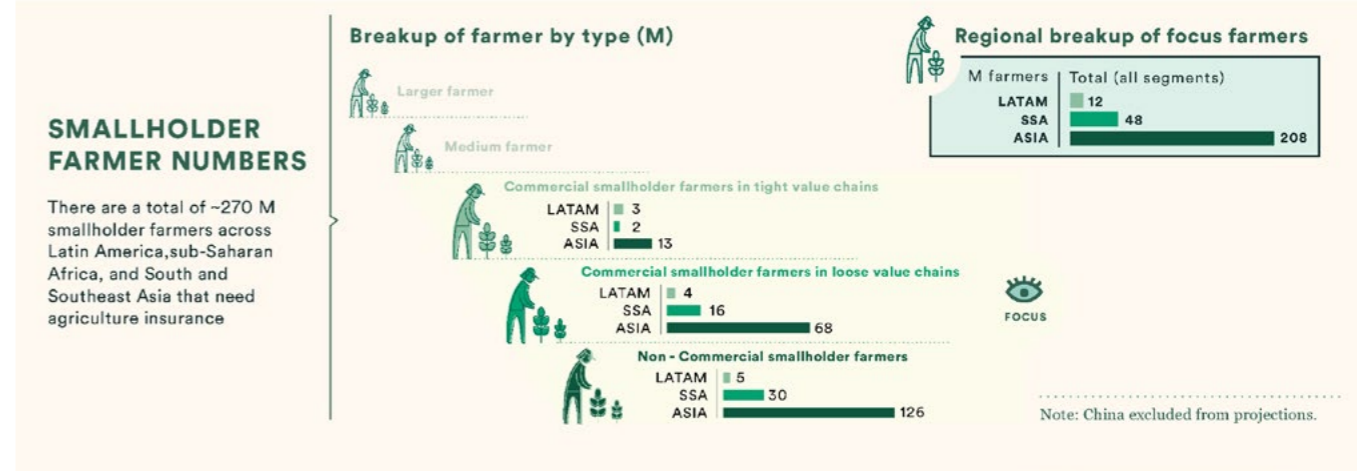
ISF Advisors (formerly the Initiative for Smallholder Finance) is an advisory group committed to transforming rural economies by delivering partnerships and investment structures that promote financial inclusion for rural enterprises and smallholder farmers. ISF combines industry-leading research with hands-on technical expertise to develop practical, profitable, and sustainable financial solutions.

THREE THINGS YOU NEED TO KNOW ABOUT ISF ADVISORS:

1. ISF advised IFAD on the design of the recently launched [Agri-Business Capital \(ABC\) fund](#). It is a global blended public and private debt investment fund focused on rural SMEs and smallholder producer organizations, with **an initial close of EUR 45 million and a sidecar technical assistance facility of EUR 10 million.**
2. ISF Advisors hosts the [Global Smallholder Finance Investment Portal](#), which lists key information about 100+ funds in smallholder finance.
3. ISF's advisory work is **backed by leading sector research**. One of ISF's most recent reports released in 2018 with the Syngenta Foundation for Sustainable Agriculture, "[Protecting growing prosperity: Agricultural insurance in the developing world](#)," explores agricultural insurance.

MAJOR MILESTONE

GDI was critical to helping ISF obtain a core grant from USAID in 2015, which allowed ISF to build out an expert team and begin building an advisory business. Without that core grant, it would have been too risky to take on the types of transactions ISF has been able to facilitate in the last three years.



GDI'S ROLE: Starting with a state of the sector market sizing report, GDI convened and facilitated a range of partners to design, build, and launch ISF as a research and facilitation platform to close the smallholder farmer finance gap. After two years, GDI helped the platform pivot to become an intermediary and advisory group helping to structure rural finance investments and partnerships. Today, ISF is housed within GDI as it continues to build out its team and move towards becoming a stand-alone advisory organization.

FUNDING AND ADVISORY PARTNERS: The Bill and Melinda Gates Foundation, CGAP, Citi Foundation, Ford Foundation, IDH, Mastercard Foundation, One Acre Fund, Root Capital, Skoll Foundation, Small Foundation, Syngenta Foundation, TechnoServe, USAID

Initiative Spotlight

GLOBAL DIGITAL HEALTH INDEX

The [Global Digital Health Index \(GDHI\) and Maturity Model](#) is an interactive digital resource that tracks, monitors, and evaluates the use of digital technology for health across countries. The Index aims to empower health ministries, funders, policy makers, and industry players to make informed strategic decisions as they build sustainable digital health solutions at scale, ultimately saving lives and improving health outcomes.

THREE THINGS YOU NEED TO KNOW ABOUT THE GDHI:

1. The GDHI was **launched in May 2018** alongside the World Health Assembly in Geneva, Switzerland and in conjunction with the adoption of the Digital Health Resolution.
2. **Twenty-two countries** currently participate in the Index, including Afghanistan, Bangladesh, Benin, Chile, Ethiopia, Indonesia, Jordan, Kuwait, Lao People's Democratic Republic, Malaysia, Mali, Mongolia, New Zealand, Nigeria, Pakistan, Peru, Philippines, Portugal, Sierra Leone, Sri Lanka, Thailand, and Uganda.
3. As our world embraces the adoption of digital technology in all aspects of life, health leaders have an unprecedented opportunity to use that technology to bolster existing health systems and increase the access to and quality of care worldwide. Opportunities to leverage digital health to reduce inequalities in health and well-being **rely on the availability of accurate, timely, and reliable data.**

STATE OF DIGITAL HEALTH 2019

Read the GDHI's new report, [State of Digital Health](#) - the first ever snapshot of of digital health ecosystems throughout the world - which lays the foundation for better informed and coordinated investments in digital health.



Screenshot of the Index online

GDI'S ROLE: GDI incubates and co-facilitates the Global Digital Health Index with HealthEnabled, following a thorough design stage in early 2016 when the two groups partnered with Dalberg's Design Impact Group (DIG), ThoughtWorks, and representatives from 20+ countries and 50+ international agencies and organizations to develop the Index. The Index officially launched in May 2018 and GDI continues to provide strategic, project management, and communications support to develop the Index. GDHI is currently exploring options for partnership with the WHO's Digital Health Atlas.

FUNDING AND ADVISORY PARTNERS: The Bill & Melinda Gates Foundation, HIMSS, Johnson & Johnson, Philips

"The GDHI helped us gather baseline data for our major digital health interventions. During the revision of our Health Information System strategic plan, we used the country scoring in the GDHI to serve as a baseline and set targets in different areas."

-Netsanet Animut, Federal Ministry of Health, Ethiopia

Graduated Initiative: Emerging Public Leaders

At GDI, we're always thinking about initiatives' [endgames](#), even as we help build them. This means working to help create an exit strategy from the beginning of incubation. We're proud of one of GDI's recently graduated initiatives – **Emerging Public Leaders (EPL)** – which was founded in 2015 within GDI and exited this year after hiring a full-time team and establishing country-level leadership. We believe EPL now stands as one of Africa's most prestigious programs in public service leadership and is critical to other efforts to scale innovation and promote inclusive growth and development.



Emerging Public Leaders offers a two-year public service fellowship that recruits and places Africa's most promising future leaders into meaningful civil service positions through a meritocratic and competitive process. The fellowship provides mentoring, coaching, and ongoing support that prepares fellows for long-term careers in public service.

"As Emerging Public Leaders embarks on its journey to create a new generation of young government leaders in Africa, I see great cause for optimism – young people across Africa are hungry for a better future, and are ready to be the changemakers to build a world in which they want to live."

***-Joanne Ke Edelman, Former Interim COO of EPL
and Manager at GDI***

WHERE EPL STARTED: EPL was born out of the success of the President's Young Professional Program of Liberia (PYPP). In 2015, GDI was brought in to help transition PYPP from being a project supported by an international NGO to a local not-for-profit in partnership with the Government of Liberia. Recognizing the value that the PYPP model was creating for the Liberian government, its Founder Betsy Williams together with GDI worked to develop an idea and plan for expansion. GDI assessed and validated the need for such an organization, codified critical aspects of the program model, built a governance structure to support expansion, and worked to identify ways EPL could adapt its program model to different country contexts.

WHY EPL MATTERS

65

Average age of
African leaders

versus

19.5

Average age of
African population

GDI'S ROLE: GDI helped develop a strategy for scaling the proven model from Liberia to other countries in Africa. GDI embedded team members into the EPL team to support the Founder and inaugural board and to play the roles of interim CEO, interim COO, and communications lead. GDI also helped EPL establish its organizational and governance structure, build its first country program in Ghana, and connect with key funders during this phase. Throughout this entire process, GDI served as a partner and strategic advisor to the EPL team, especially supporting the team in critical decision-making about the design and build out of both the EPL organization as well as its country programs.

WHAT'S NEXT: Today, Emerging Public Leaders is one of Africa's most prestigious programs in public service leadership. With a footprint in Liberia and Ghana, EPL's short-term vision is to expand its public service fellowship program and create a pan-African network of 500+ fellows by 2022.

FUNDING PARTNERS: Government of Ghana, Hess Foundation, Mulago Foundation, Open Society Foundation, Mastercard Foundation

What We Learned

Whether from our proudest successes or our biggest failures, we always seek to learn lessons from the work we do. We see too often that organizations in our field do not communicate these lessons publicly, but we firmly believe that sharing these lessons can improve our sector's impact overall. Here are seven of the lessons we learned this year:

1. Align on key terminology at the beginning.

What does "social impact" mean to you? You'd probably define it, and many other words used in global development, differently than the person next to you—a tension we have gotten to know the hard way. When building an initiative—or a field!—from scratch, remember to get alignment from all partners on definitions that are central to your work. Otherwise, you may find yourself working towards different goals, all while using the same terms.

2. Well-balanced teams are key.

GDI often plays a major role in building out the team of an early-stage initiative, or temporarily playing those roles ourselves. One thing we consider during this stage is how to balance the team's seniority, roles, and experiences. We've realized this balance—or lack thereof—can make or break a team. If it's too top-heavy, there may be no one doing the important role of copy-editing, while too many people may be offering their opinion on which strategic direction is best. Or if there's a lack of diversity, then we can end up in our own echo chambers.

3. Defining individual and organizational roles is critical.

Many of the initiatives we incubate at GDI involve multiple stakeholders. While this helps the initiative draw from a more diverse set of partners, it also can lead to challenges over who's responsible for what. That's why we always emphasize defining both individual and organizational roles early, even if they change down the road. The last thing you want is a committed group of folks who don't know where they can best pitch in!

4. Be open to innovation.

It's easy to get stuck in our ways, especially when we have invested time and energy into a project. But we've learned through some of our longer incubations that clinging on to the history of an initiative can limit its growth and ability to achieve its endgame. Whether it's a fresh perspective or testing out a new way of doing something, innovation can help break down challenges that previously seemed insurmountable and uncover new, smarter ways to approach a problem.

5. "Don't get out in front of your skis."

In other words, don't let great, ambitious ideas get in the way of actually executing. While ideas are the starting point of any initiative, structures and strategies are what actually lead to impact. Prioritize building a realistic plan with measurable goals to help your team keep track of progress. The goal should always be to turn talk into action.

6. Showing impact early can be tough.

Donors and other stakeholders are focused on results and impact, but that can be difficult to show with a new initiative. In order to keep building and growing, funders want to have confidence in the work. That's where we've found individual stories to be so powerful. Capturing and sharing stories that document the program's achievements can be helpful in showing stakeholders why it's a smart investment.

7. Changing a system takes one step at a time.

As people committed to social impact and systems-level changes, we can get frustrated by an apparent lack of results in a short time period. That's where patience comes in. Be audacious, but also recognize that change happens incrementally. There are few (if any) silver bullets.

Financial Statement

GDI's positive financial trends continued in 2018 as we diversified our funders, engaged with new funding models, and increased program service fees. 2018 was a year of growth at GDI, and we're excited to see what 2019 will bring.

A significant increase in revenue from programmatic services has grown our unrestricted funding pool and allowed us to expand our work, including through the addition of new staff to take on a wider range of projects.

As an incubator, GDI helps set up independent entities off our balance sheet. We are committed to making sure these new organizations have the funding pathway to be sustainable and achieve their missions. The funding on our balance sheet is only half the story. GDI works tirelessly to support the financial growth and health of the projects that we work with. In addition, GDI's work has mobilized hundreds of millions of dollars in private capital to be invested in ways that have a direct effect on achieving development goals.

Separate audited financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles are available upon request. GDI's auditors also performed audit procedures required under the Uniform Guidance for all large, U.S. government grants.

GDI is registered as a 501(c)3 public charity in the United States.

Statement of Financial Position

Current assets

	2018	2017
Cash and Cash Equivalents	\$2,488,233	\$1,735,358
Restricted Cash*	\$2,330,253	\$1,931,549
Contributions and Other Receivables	\$8,785,183	\$836,545
Other Assets	\$79,865	\$2,219
Total Assets	\$13,683,534	\$4,505,671

Liabilities and net assets

	2018	2017
Total Liabilities*	\$3,675,296	\$3,341,473
Net Assets - Unrestricted	\$930,588	\$561,706
Net Assets - Temporarily Restricted	\$9,077,650	\$602,492
Total Ending Net Assets	\$10,008,238	\$1,164,198
Total Liabilities and Net Assets	\$13,683,534	\$4,505,671

*Among the many initiatives GDI engaged with this year, GDI serves as the primary trustee for funds supporting a development impact bond in East Africa. While funds for the bond are not recognized as revenue, GDI is responsible for the disbursement to the grantees.

Statement of Activities

Revenue

	2018	2017
Grants + Contributions**	\$4,524,333	\$3,655,473
Program Services	\$6,012,036	\$3,021,845
Other Income	\$388,409	\$219,850
Total Revenue	\$10,924,778	\$6,897,168

Expenses

	2018	2017
Program Services	\$9,463,704	\$6,344,705
General + Administrative/BD + Fundraising	\$1,092,192	\$239,842
Total Expenses	\$10,555,896	\$6,584,547

**This includes only the portion of temporarily restricted net assets that were unrestricted during the fiscal year as award terms were met.

Governance

In the interest of cross-collaboration and transparency, GDI's three boards aim to operate as one entity.

USA Board

- Elchi Nowrojee, Principal at the Carlyle Group (Chair)
- Nazanin Ash, Vice President of Public Policy and Advocacy at International Rescue Committee
- Shashi Buluswar, CEO of the Institute for Transformative Technologies
- Gretchen Philips, Chief of Staff, Omidyar Network
- Bethlehem Shiferaw, Founder and Managing Director of Lucid Capital
- Andrew Stern, Founder, President + Executive Director of GDI (ex officio)

Kenya Board

- Bilha Ndirangu, CEO at Africa's Talking (Chair)
- Sewit Ahderom, Co-Founder and COO of Gro Intelligence
- Kate Montgomery, Associate Director, Strategic Partnerships at Acumen
- Sanda Ojiambo, Head of Corporate Responsibility at Safaricom
- Dr. Bernard Olayo, Founder & Chairman of Center for Public Health and Development

Hong Kong Board

- Andrew Stern, Founder + Acting CEO (Chair)
- Robert E. Duggins, retired
- James W. Wert, Jr., Managing Director of Wert & Associates

Officers of the USA Board

- President: Andrew Stern, Founder + Acting CEO
- Treasurer: Elizabeth VanDerWoude, Finance Director, GDI
- Secretary: Darin Kingston, Director, GDI