

GLOBAL DEVELOPMENT INCUBATOR



2017
ANNUAL REPORT

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For long-term, lasting impact, most big systems change opportunities require an ingredient that gets much less attention and funding: overall sustainability through government capacity, particularly in developing countries.

Whether it's a government that puts policy in place to support implementation, that can take over direct implementation of a proven program itself, or that can finance and manage implementation, the 'endgame' for many of the most promising social change initiatives relies on a significant government role. Unfortunately, philanthropists often overlook or avoid this ingredient, though it's critical to helping their grantees scale impact and make a real dent in the world's biggest challenges.

– *GDI's Andrew Stern in his SSIR article "Want Your Big Bet to Pay Off? Don't Forget About Government Capacity"*

LETTER FROM THE DIRECTORS

What do we value?

That was the guiding question of the first session at our all-staff retreat in early 2017. It may sound like a simple question, but our attempts to answer it led us down a rabbit hole to several other questions: What makes us tick? What makes us different? When does GDI incubation truly help initiatives? When does it not? After several iterations and countless sticky notes, we landed on a simple set of four values:

- We stand on integrity
- We follow our curiosity
- We're doers, not talkers
- We embrace risk

In hindsight, it was appropriate that we kicked off 2017 with firmly defining our values; the challenges 2017 wrought on political, social, and sectoral levels made it more important than ever for us to define and stay true to who we are.

Despite the temptation to give into fear or uncertainty, we doubled down on our mission of building startups and partnerships that address the world's toughest global development challenges, many of which fight against injustice, ignorance, and neglect.

We took on initiatives that are bigger and bolder than ever before, both in mission and budget, including the [Global Fund to End Modern Slavery](#) – a bold public-private partnership aiming to make modern slavery economically unprofitable – and [citiesRISE](#), an initiative turning the tide on young people's mental health. We also were proud to drive the expansion of proven models. [Emerging Public Leaders](#) adapted a powerful civil service leadership model from Liberia to Ghana, with more countries on the horizon.

We saw our thought leadership reverberate throughout the global development sector with initiatives like [Bretton Woods II](#), which aims to change how the world's biggest investors think about sustainability. In addition to publishing ground-breaking reports and perspectives, we also took to the conference circuit to speak at events like SOCAP17 on everything from blockchain to blended finance.

Anyone who knows GDI knows we're big on "endgames" – we stayed true to that philosophy in 2017 with the successful exit of several initiatives from GDI, including blended finance platform [Convergence](#) and digital health organization [HealthEnabled](#). Both organizations now stand on their own with fully independent operations. We also were thrilled to expand our global footprint by officially opening the doors of our Nairobi, Kenya office under the guidance of a GDI Kenya board, which includes representatives from local corporations, nonprofits, foundations, and more.

So what's in store for GDI? In addition to making sure the big initiatives we're incubating can successfully launch and stand on their own, we are working with partners to take several early-stage initiatives like the [Collaborative for Frontier Finance](#) and the [Global Digital Health Index](#), to the next level. We're also looking forward to sinking our teeth into new challenges, such as building the [Refugee Investment Network](#) (a new blended finance investment collaborative dedicated to creating long-term solutions to global forced migration) and launching the Global Opportunity Youth Initiative (an initiative to mobilize city-based coalitions that will accelerate economic prospects for youth around the world).

As we continue to become more intentional in the work we take on, we're beginning to reflect on what kinds of initiatives are the best fit for GDI – What factors do they have in common? What makes them succeed? We're also consciously taking some time to nurture what makes us who we are: our people. At this stage in GDI's growth, we've realized it's critical to prioritize investing in our talent – both finding the best candidates to join our team, and giving GDI staff the support they need to grow professionally and personally.

We're humbled to share this journey with you, and look forward to turning talk into action together as we take on new challenges in the year to come.

Signed,
The GDI Management Team

BIG IDEA



Imagine if our resources weren't sitting in our bank account in California, but instead in the M-PESA accounts of the world's poorest. We would need to find funding opportunities that are compelling enough to ask for the capital back. It is thought-provoking to imagine another status quo where, as philanthropists, we have to at least meet that bar of impact so that we feel like we're funding opportunities that are much better than simply transferring the money to the extreme poor.

–Unorthodox Philanthropy's Katherine Clements in an interview with the National Center for Family Philanthropy on why UP has instituted a "cash default"



INITIATIVE SPOTLIGHTS

The initiatives below represent a cross-section of GDI's work in 2017. To browse all our initiatives, visit us at www.globaldevincubator.org/#work.

CITIESRISE

WHAT IT IS: [citiesRISE](#) is a multi-stakeholder initiative that formed to address the rising tide of mental health issues among young people. citiesRISE scales evidence-based mental health care and support for young people – particularly within underserved populations – through the proven methodologies of collective action and a network approach. Ultimately, it seeks to transform the way young people's mental health is addressed at the local, national, and international levels using cities as key drivers of change.

THE ORIGIN STORY: citiesRISE grew from the realization that truly moving the needle on mental health would require large-scale collective action from leaders across sectors. Mental illness is the world's leading cause of disability. Further, mental illness has associated social, educational, and economic impacts on the individuals and their communities that remain poorly understood.

GDI'S GROWTH ENGINEERING PROCESS AT WORK: Since we wrote about citiesRISE (then known as mhNOW) in our 2016 Annual Report, it has developed a global steering committee to provide accountability and oversight, brought on a full-time CEO, and formalized a number of key partnerships. citiesRISE has established three key offerings: city platforms, the Learning Collaborative, and the citiesRISE Accelerator. Work on the city platforms kicked off in Chennai, Nairobi, Seattle, and Sacramento and aims to provide those cities with the "scaffolding" to construct robust, locally-led platforms for addressing the mental health and well-being of young people.

WHAT'S NEXT: citiesRISE is rapidly growing. From filling out the team to deeping local engagement in participating cities, citiesRISE will expand on its experiences over the last two years to source best practices, further develop their research and communications, and convene local and global partners participating on the platform.

GLOBAL
FUND
TO
END
MODERN
SLAVERY

WHAT IT IS: The [Global Fund to End Modern Slavery](#) (GFEMS) is a public-private partnership that seeks to catalyze and coordinate a coherent global strategy to end modern slavery by making it economically unprofitable. GFEMS' strategy includes increasing resources, engaging government and the private sector, funding transformative programs, and ensuring robust assessment of impact across all partners and programs.

THE ORIGIN STORY: GDI began collaborating with GFEMS in 2017, when the organization was preparing a proposal for the US Department of State (DoS). This funding opportunity was the culmination of several years of donor mobilization on the part of GFEMS' Founding Board. Upon receiving the funding from DoS, GFEMS and GDI formalized their collaboration and began working together full time.

GDI'S GROWTH ENGINEERING PROCESS AT WORK: GDI helped GFEMS secure commitments of \$25M and £20M from the U.S. State department and the UK's Department for International Development, respectively, and will serve as an operational partner to GFEMS for its first three years of ramp-up. Three GDI directors have been temporarily seconded to the GFEMS team, providing deep support on investment strategy, programmatic priorities, and team structuring and recruiting. GDI's communications and finance teams provide operational support to the initiative.

WHAT'S NEXT: GFEMS released its inaugural call for proposals on March 1, 2018 with the expectation that it will award its first grants in September 2018. Also on the horizon: prevalence study pilots, private sector partners, and building out the GFEMS operating team.

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As an international community, we need to do more to incentivize, socialize, and normalize the fight against human trafficking to the point that companies, investors, and financial institutions can confidently do the right thing, with the support of governments and civil society.

– Dr. Jean Baderschneider, CEO of GFEMS, addressing the Santa Marta Group

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WHAT IT IS: The Mastercard Foundation [Rural and Agricultural Finance Learning Lab](#) (the Lab) is a 7-year initiative jointly implemented by GDI and Dalberg Advisors. The Lab aims to foster learning and collaboration among Foundation partners as well as the broader RAF community to support innovation and scale up of financial services for smallholder farmers and other rural customers. The Lab works with partners to maximize learning, create and share knowledge, and facilitate collaboration through workshops and virtual spaces. The Lab also researches key questions on client demand, financial solution provision, ecosystem development and impact.

THE ORIGIN STORY: With a \$150 billion smallholder finance gap, millions of smallholder farmers are unable to rise out of poverty and build economically sustainable livelihoods. As a leader in financial inclusion, Mastercard Foundation launched the Lab to improve knowledge sharing across the RAF community and catalyze growth in smallholder finance.

GDI'S GROWTH ENGINEERING PROCESS AT WORK: During the early stages of development, GDI provided advisory support to the Mastercard Foundation and Dalberg Advisors who jointly developed the initial idea of the Lab. Once the Lab was ready to launch, GDI provided backend support to build out the Lab's financial, communication, and operational capabilities. Today, the Lab is in its fourth year of a seven-year program and continues to incubate within GDI. GDI regularly provides backend support and long-term strategic advisory to ensure the Lab achieves their vision for learning and knowledge sharing.

WHAT'S NEXT: As a part of the Lab's mandate to help partners in agricultural finance understand what's working and what's not, the Lab is applying human centered design principles to co-creating a new approach to learning with partners. This new partner-led approach to learning will help partners better capture and apply what they're learning and improve how the Lab synthesizes and shares those learnings with the broader RAF community. Additionally, to influence decision makers in agfinance, the Lab refocused its independent research strategy to prioritize three thematic areas: business model sustainability, partner navigation, and product innovation. Focused research on these topics will help sector actors – including financial service providers, agribusinesses, and value chain innovators – overcome key barriers and ultimately close the smallholder finance gap.

BIG IDEA



Cities have long demonstrated a willingness to pursue innovative public policies that would be unrealistic on a national scale. With the right kind of leadership from public and private sectors, affordable support for mental health can be developed by connecting formal and informal services across housing, transportation, law enforcement, education and health systems. Accessible psychosocial support services can buffer against contemporary urban problems such as homelessness, poverty, loss of education and job opportunities. Cities can therefore lead the way in accelerating the scaling of solutions and catalysing local collective action towards addressing mental illness and improving mental health.

–Moitreyee Sinha and Chris Underhill of citiesRISE in an article published by the World Economic Forum





WHAT IT IS: The [Village Enterprise Development Impact Bond](#) (DIB) is the first-ever outcome-based DIB for poverty alleviation in Sub-Saharan Africa. The \$5.28 million, four-year DIB, structured by Instiglio, will fund Village Enterprise's implementation of the "Graduation Approach" to drive sustained income and asset gains for at least 12,660 extreme poor households in Uganda and Kenya over the next three years. The outcome payers (DFID, USAID DIV, and an anonymous donor) will pay back investors with interest if Village Enterprise meets the impact targets as verified by third party evaluator IDInsight. The rate of return is based on a sliding scale with up to a 9.5% investment rate of return (IRR).

THE ORIGIN STORY: Three main factors led to GDI's involvement in the Village Enterprise DIB: 1) GDI's extensive work in livelihood development for the extreme poor with CGAP, the World Bank, and many NGOs in the sector 2) GDI's experience playing a strategic, neutral, and program management role in multi-stakeholder initiatives, and 3) GDI's commitment and vision towards using pay-for-results and innovative financing instruments to support the scale-up of successful workforce development interventions. Based on these factors, Instiglio, the outcomes payers, and Village Enterprise asked GDI to support the Village Enterprise DIB.

GDI'S GROWTH ENGINEERING PROCESS AT WORK: GDI is piloting the role of an Outcomes Fund for the Village Enterprise DIB – a role that no other DIB has included before. As Trustee of the Outcomes Fund, GDI serves as the central "clearinghouse," contracting with all counterparties, managing risk and all payments across the transaction as a whole and holding all cash inflows from outcome payers in escrow until disbursing funds to service providers once payments are verified. Overall, the goal is to significantly reduce the transaction costs and processing time of development impact bonds, to provide an easier platform through an Outcomes Fund for investors to crowd in, and to ensure that a neutral party is managing contracts, risks, and cashflows. Through these offerings we hope to address key reasons investors cite for the slow uptake of pay-for-results contracts.

WHAT'S NEXT: Building a trusted, cost-effective, repeatable process for designing and operating DIBs could fundamentally change how they are structured and crowd in more outcome funders, investors, and service providers to these deals. While we are still experimenting with the role, GDI hopes to replicate and grow the Outcomes Fund approach for outcomes payers and ultimately governments to drive greater impact and more effective use of money to increase livelihood and workforce opportunities for vulnerable populations.

EMERGING PUBLIC LEADERS

Empowering the next generation
of civil service professionals

WHAT IT IS: [Emerging Public Leaders](#) (EPL) is driving Africa's economic growth and development by creating a new generation of civil service leaders committed to contributing to government service. Through an inclusive and transparent model, EPL works with country governments and other local partners to build civil service fellowship programs from the ground up. EPL ultimately aims to fill critical gaps in leadership efforts, improve government performance and accountability as well as restore prestige to civil service across Africa.

THE ORIGIN STORY: EPL builds on the success of the President's Young Professionals Program (PYPP) of Liberia, which was founded by Betsy Williams in 2008 and launched the next year with Former President Ellen Johnson Sirleaf. GDI has worked closely with PYPP since 2015, helping it transition into a fully Liberian-owned entity, and has now teamed up with Betsy Williams to expand the model beyond Liberia, beginning with a regional focus in West Africa.

GDI'S GROWTH ENGINEERING PROCESS AT WORK: EPL was born out of a 2016 roundtable conversation with President Sirleaf, during which she raised the question of how the PYPP model could be applied to help other countries strengthen government capacity. From this seed of an idea, GDI helped EPL develop a robust business plan, attract funding and support, and launch the first country program outside Liberia. Our continued work includes setting up EPL's governance, operations, and legal structures.

WHAT'S NEXT: EPL is currently expanding its impact by adapting and replicating its innovative model to other countries; it launched recruitment for its inaugural class of fellows in Ghana in early 2018. EPL is working to expand into additional countries in Africa over the next five years.

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As the global community seeks to scale innovation and ensure prosperity, civil service reform is a fundamental investment. How can the most innovative technology or healthcare advancements have impact if they cannot be delivered? How can investment be sustained without local resource mobilization and the capacity in the workforce to support it?”

– *Former Liberian President Ellen Johnson Sirleaf speaking at the Woodrow Wilson School of Public and International Affairs*

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WHAT IT IS: The Partnership for Economic Inclusion (PEI) is a multi-stakeholder initiative that aims to address the greatest global challenge embodied in SDG 1 – to end poverty in all its forms everywhere – with a particular focus on the 770M people living below the \$1.90 extreme poverty line. Behind PEI is a global community of practice consisting of hundreds of partners including policymakers, NGOs, researchers and foundations. The group aims to shift existing government poverty programs from focusing on social protection and safety nets to focusing on integrating livelihoods, social, and economic inclusion for the extreme poor. To drive this shift, PEI uses the Graduation Approach, a time-bound package of support proven to sustainably increase income, assets, and resilience for families living in extreme poverty.

THE ORIGIN STORY: GDI's involvement with PEI started several years ago when GDI started working with select NGO leaders to move from piloting and replicating the Graduation Approach, towards advising governments on how to adopt the approach and change social protection systems to support scaled and sustainable outcomes for the extreme poor. Over the last two years, GDI has advanced the Graduation Approach by in several ways, including as an advisor to NGOs, a trustee for a development impact bond funding Graduation implementation, and as a critical partner in defining how PEI will shift systems.

GDI'S GROWTH ENGINEERING PROCESS AT WORK: Today, GDI is providing strategic and project management support to PEI to create a compelling investment prospectus for a potentially game-changing grant. As part of this effort, the GDI team conducted site visits in remote locations in India, Mexico, and Tanzania and met with hundreds of women who were able to lift their families from extreme poverty to a position of economic empowerment. The GDI and PEI teams also met with senior government officials to more deeply understand scaling strategies and capacity building needs as they shift towards sustainably including the extreme poor and driving towards economic inclusion.

WHAT'S NEXT: The PEI community aims to significantly scale up its collaboration with governments to integrate the Graduation Approach into existing or nascent social protection programs around the world, ultimately 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.

UNORTHODOX PHILANTHROPY

WHAT IT IS: [Unorthodox Philanthropy](#) (UP) seeks to uncover creative ideas that can have a large social impact but require only a finite amount of philanthropic capital. UP is agnostic regarding issue, sector, geography, or stage of development, and seeks proposals from diverse communities. In an effort to compare each project's potential impact with a concrete alternative, UP has established a unique "cash default" policy – if UP does not disburse its overall grant target, the balance goes to GiveDirectly, an organization that sends money straight to people living in extreme poverty.

THE ORIGIN STORY: The leadership team of a West Coast family foundation was intrigued by GDI's seminal article "What's Your Endgame?" and contacted us about the potential to develop a model that would disburse finite philanthropic capital to help a nonprofit reach its social impact endgames. Together, we figured out how to find these unique opportunities and launched Unorthodox Philanthropy to fund them.

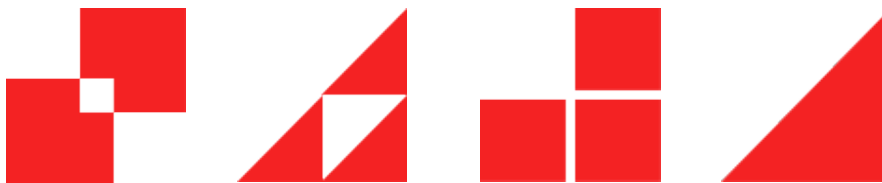
GDI'S GROWTH ENGINEERING PROCESS AT WORK: GDI works closely with UP to source, vet, and support its awardees. In the early stages of the partnership, GDI helped craft two elements core to UP: an open network of 500 scouts with access to breakthrough ideas, and a sector-agnostic set of criteria to evaluate ideas. In collaboration with GDI, UP has now made awards to 12 initiatives, ranging from No Means No Worldwide – an organization that has developed a rape prevention program to train adolescent girls and boys on how to prevent sexual assault – to Graduated Reintegration, a new model for reentry to reduce mass incarceration in the U.S.

WHAT'S NEXT: In addition to continuing to search for initiatives that meet UP's criteria, we'll also take a critical look back at UP's 12 awardees to explore commonalities between the most promising initiatives.

WHERE ARE THEY NOW?

Anyone who knows us well knows we're always thinking about the endgame – or, the specific role a nonprofit plays in the overall problem it's trying to solve, whether that's creating a replicable model, pursuing government adoption, or taking another path to scaled impact that we outlined in "[What's Your Endgame?](#)"

This year, we were thrilled to "exit" multiple initiatives and set them on the path to their endgames, including Convergence, Co-Impact, and HealthEnabled.



WHERE IT STARTED: The concept for [Convergence](#) came from a Dalberg and GDI study titled "Innovative Finance for Development" that highlighted the potential role of blended finance – co-investment from public, private, and/or philanthropic sources in emerging markets – in closing the Sustainable Development Goal financing gap. Most importantly, the study validated that there was both a need and a market for a new blended finance investment platform that could connect investors with deals and co-investors, operating between existing learning initiatives and convening efforts.

WHERE IT IS NOW: Today, Convergence is a platform for blended finance that stands as an independent organization based in Toronto. Among other key steps, GDI helped Convergence secure over CAD 25M in funding and grow its team from zero to ten full-time staff. Convergence has over 180 institutional members on its investment network and has awarded over CAD 5M towards the design of new blended finance structures.

PARTNERS ALONG THE WAY: GDI collaborated with partners to build Convergence including Dalberg, World Economic Forum, Global Affairs Canada, Citi Foundation, Ford Foundation, Emergence Creative, Lex Mundi Pro Bono, and Egon Zhender.

Co— Impact

WHERE IT STARTED: The concept for [Co-Impact](#) took shape when Olivia Leland, the group's current CEO, recognized that while impressive progress has been made in health, education, and livelihoods, the path from innovation to scaled impact remains challenging. In an effort to truly put a dent in the greatest challenges of our time, GDI worked with Olivia and other founding team members to reimagine a bold and ambitious approach that could pool funds from ultra-high net worth donors to support innovative organizations and coalitions driving impact through systems change.

WHERE IT IS NOW: Today, Co-Impact is a philanthropic collaborative investing a pooled \$500 million in high-potential, systems-change efforts in health, education, and economic opportunity. GDI helped Co-Impact formulate investment criteria, a portfolio strategy, a systems change approach, a pitch deck, and a business plan, as well as helping to source and diligence the initial grantees for consideration. GDI continues to provide implementation support for specific Co-Impact grantees and helps develop investment strategies for health and economic opportunity.

PARTNERS ALONG THE WAY: To shape Co-Impact, GDI collaborated with partners including Rockefeller Philanthropy Advisors, SY Partners, and the Bridgespan Group, as well as donors including the Rockefeller Foundation, Bill and Melinda Gates, and Jeff Skoll. The group of core donors behind Co-Impact also currently includes Richard Chandler, and Dr. Romesh and Kathy Wadhvani.

health.enabled

WHERE IT STARTED: [HealthEnabled](#) emerged in 2014 from the mHealth Alliance, a multi-stakeholder initiative that focused on convening the digital health community for knowledge sharing around how various technologies could more effectively improve health outcomes in developing countries. The Alliance's former executive director, Patty Mechael, together with Peter Benjamin, launched HealthEnabled upon realizing that a "know-do" gap still existed in digital health. Even though the sector was less fragmented than before, many country

governments still faced persistent challenges in implementing sustainable digital health solutions at scale – a new organization to help them develop and operationalize their digital health strategies could spark transformative impact.

WHERE IT IS NOW: Today, HealthEnabled is a non-profit based in South Africa with staff also in Washington, D.C. The team operates as “digital health architects,” helping governments integrate proven life-saving digital health interventions into their health systems. GDI provided a variety of support to HealthEnabled on this path to sustainability including collaborating with the founding team to develop and refine a business plan, boost the organization’s thought leadership in the digital health space, hire staff for key leadership positions, and manage major grants.

PARTNERS ALONG THE WAY: In the process of incubating HealthEnabled, GDI worked with partners including Johnson & Johnson, K4Health, USAID, and UNICEF.

BIG IDEA

Most asset allocators still operate under a false choice: that they must choose between optimizing returns for their stakeholders, and environmental, social and governance concerns. Over the last decade, however, what has become clear is that companies and projects with higher scores on environmental, social, and governance metrics generate higher financial and economic returns over time. Combining analysis of long-term sustainable risks and traditional financial metrics is an important way to optimize return, reduce risk and identify opportunities for future growth, all while aligning portfolios with broader goals of society [...] As stewards of long-term capital, the question is not whether large institutional investors can afford to integrate responsible investment practices into their portfolios but rather, can they afford not to.

– GDI Director Alice Gugelev in excerpt from the Bretton Woods II Leaders List: The 25 Most Responsible Asset Allocators, a collaboration between GDI, New America, Dalberg, and the Fletcher School at Tufts University

LESSONS LEARNED

“Lessons learned” is a common refrain in global development. As an incubator, we tend to learn quite a few lessons, whether from can’t-believe-it-successes or downright failures. Take a look below at what we learned in 2017. You might recognize a few themes from last year because – spoiler alert – we didn’t solve all our challenges in a year.

LEADERSHIP MUST EVOLVE ALONG WITH AN ORGANIZATION

While an idea might be tantalizing to funders, strong leadership is the most critical success factor for a social impact initiative. Through designing and launching several initiatives over the last few years, we’ve learned that often the person best suited to found an organization is different from the person best suited to lead an organization in its steady-state operations. We have started setting transition expectations with founders early so that, together, we can ensure leaders with the right strengths are in the right positions at the right time.

LATITUDE AND “QUICKNESS TO OPERATE” GO HAND IN HAND

At GDI, we take pride in being “doers, not talkers.” But we’ve also seen that funders, and often founders, can have an aversion to a strategy that involves trial and failure. While the hesitation is understandable, GDI’s best work happens when we have the latitude to fail (or succeed!) quickly, and then use that information to move forward. We are working to set expectations with funders and founders about the perils and prospects of early-stage endeavors.

NOT ALL MONEY IS GOOD MONEY

Walking away from funding is unimaginable for many nonprofits, but sometimes, it’s the best option. All funding comes with strings attached, and smart organizations will weigh strategic considerations carefully. At GDI, we’ve realized that if a funder’s involvement runs counter to our organization’s ethos or will inhibit operations, it may be better to walk away.

CONTINUITY IS A MUST

No initiative is an island – building one requires expertise, buy-in, and capacity from many different groups that each play a critical role at different steps of the process. Beyond providing incubation services, GDI staff often make up the “interim team” for fledgling initiatives. We’ve seen firsthand that being able to carry the “through line” and manage a constantly evolving roster of partners and project needs can play an important role in making sure nothing falls through the cracks as an initiative evolves from strategy, to launch, to full operations and a permanent team.

THERE'S NO SUBSTITUTE FOR STRONG FUNDAMENTALS

In 2017, GDI stepped up to the big leagues, obtaining funding from some of the most prominent government agencies and partnering with organizations that have been giants in the development field for decades. Along the way, we invested significantly in our compliance, financial management, and human resources and spent hours proverbially dotting our i's and crossing our t's. These step-changes position us for major innovation and impact, but only because we have solid fundamentals.

GOODBYES AREN'T FOREVER

The last step of GDI's growth engineering process is exit, and we're always thrilled when our initiatives are ready to stand on their own. But, we've also recognized that organizations are still facing challenges getting to the next level and formally exiting GDI incubation doesn't mean severing ties entirely – we stay connected to former initiatives through continued networking and partnership, collaboration through the Social Agitator Network, and personal relationships.

FINANCIAL STATEMENT

GDI's positive financial trends continued in 2017 as we diversified our funders, engaged with new funding models, and increased program service fees. In addition to continued work with our largest funders including the Mastercard Foundation, United States Agency for International Development, and the Bill & Melinda Gates Foundation, we've secured funding from new partners such as the UK Department for International Development, Co-Impact, and Pivotal Ventures.

A continued increase in revenue from programmatic services has grown our unrestricted funding pool and allowed us to expand our global presence, including the launch of a new office in Kenya and increased staff and programmatic representation in South and East Asia.

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 thus only half the story. For example, in 2017 GDI helped the Global Fund to End Modern Slavery secure commitments of \$25M and £20M from the U.S. State department and the UK's Department for International Development, respectively.

Among the many new initiatives GDI engaged with this year, GDI now serves as the primary trustee for funds supporting the Village Enterprise development impact bond (DIB) in East Africa. This movement into the field of impact bonds is an exciting new opportunity for GDI and for the field of innovative financing alike, as the trustee role aims to help make DIBs more replicable.

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

	2017	2016
Cash and Cash Equivalents	\$1,735,358	\$1,291,297
Restricted Cash*	\$1,931,549	
Contributions and Other Receivables	\$836,545	\$990,033
Other Assets	\$2,219	\$38,713
Total Assets	\$4,505,671	\$2,320,043

Liabilities and net assets

	2017	2016
Total Liabilities*	\$3,341,473	\$1,116,285
Net Assets- Unrestricted	\$561,706	\$249,085
Net Assets- Temporarily Restricted	\$602,492	\$954,673
Total Ending Net Assets	\$1,164,198	\$1,203,758
TOTAL LIABILITIES AND NET ASSETS	\$4,505,671	\$2,320,043

*Among the many new 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

	2017	2016
Grants + Contributions**	\$3,521,738	\$5,414,552
Program Services	\$3,021,845	\$2,090,283
Other Income	\$1,404	\$1,658
Total Revenue	\$6,544,987	\$7,506,493

Expenses

	2017	2016
Program Services	\$6,344,705	\$8,964,691
General + Administrative/BD + Fundraising	\$239,842	\$431,441
Total Expenses	\$6,584,547	\$9,396,132

** This includes the full value of multi-year awards that were granted in the fiscal year in accordance with Generally Accepted Accounting Principles.

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, CEO, GenerationHope, Inc.
- Bethlehem Shiferaw, Founder and Managing Director of Lucid Capital
- Andrew Stern, Founder, President + Executive Director of GDI (ex officio)

KENYA BOARD

- Bilha Ndirangu, Chief Operating Officer 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

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

OFFICERS OF THE USA BOARD

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