

**GLOBAL
INNOVATION
FUND**

**Report and Audited Financial Statements
for the year ended 31st December 2019**

Company registration number 09223487 (England and Wales)
Charity registration number 1171353

Contents

Introduction from the Chair.....	3
Introduction from the CEO	4
Where are we delivering impact?.....	5
Year in Review.....	6
About the Global Innovation Fund	7
Practical Impact	8
Trustees, Officers and Advisers	10
Trustees' Report.....	11
Directors Report.....	11
Strategic Report	12
Independent Auditor's Report to the Members of Global Innovation Fund.....	19
Consolidated Statement of Financial Activities	22
Consolidated and Charity Balance Sheets.....	23
Consolidated Cash Flow Statement.....	24
Notes to the accounts.....	25



Welcome from the Chair

As Chair of the Global Innovation Fund Board of Directors, I am delighted to introduce our 2019 audited financial statements.

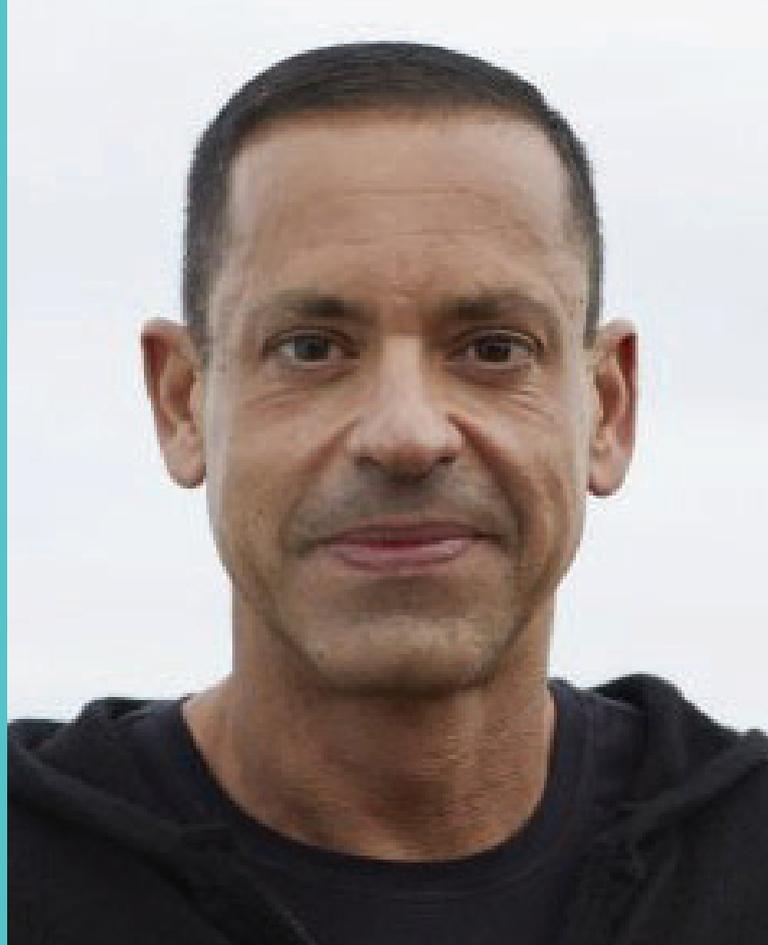
GIF was founded six years ago with a mission to find and fund innovations with the potential to transform the lives of those living on less than \$5 per day throughout the developing world. Our approach combines a deep commitment to evidence-based funding with a taste for smart risk-taking, and we make grant, debt, and equity investments in partners serving the poor.

As a founding board member of the GIF Board along with Nobel Sveriges Riksbank Prize winners Michael Kremer and Esther Duflo, and as the newly-appointed Chair, I am honoured to have been part of GIF's journey from the beginning.

With a portfolio of more than 40 innovations tackling systemic development challenges and making a real difference to those in the global majority, which we expect to impact 89m people annually by 2029, I take immense pride in all that GIF and its team have achieved to date.

In 2019 we invested in six exciting innovations focused on water and sanitation, peace and security, cash transfers, support for SMEs, formalising informal waste-picking, and tackling depression in women in Africa. We strengthened our venture support function to enable us to support our investees to maximise their potential.

We also formed new funding partnerships, including the renewal of our valued partnership with the Swedish government, and strengthened our multi-talented team of investment experts and development economists to position us for continued impact in the years to come.



Looking ahead to 2020, there is a great deal to be excited about, and I am delighted to have taken on the role of GIF Board Chair. I would like to take this opportunity to thank my predecessor, Kanini Mutooni, for her critical contribution to GIF. Through her leadership and vision, Kanini was integral to the evolution and the success of GIF, and I look forward to continuing our close partnership long into the future.

In my capacity as Chair, I am excited to build on the achievements of GIF to date with the support of our talented team, our supportive donors, and our innovative investees.

Sal Giambanco
Chair, Board of Directors

Welcome from the CEO



Reflecting on the past 12 months here at GIF, I feel proud of the work our team has done, and excited about the partnerships we have fostered which position us for another year of impact as we look towards 2020.

This year our portfolio added six new innovations tackling systemic challenges that touch many different aspects of people's lives such as plastics waste, gender-based violence, access to clean drinking water, and crime prevention. By 2030, we expect our portfolio of evidence-based grants and risk capital investments to benefit 89 million people each year.

2019 marked the first investments made through ADVANCE, our corporate partnership with Unilever that will help unlock the private sector investment needed to scale up new business models and achieve impact at scale. We were also delighted to welcome Anglo American on board as a funder of ADVANCE, bringing the total capital committed to the fund to USD \$11 million. As part of ADVANCE, both Drinkwell, a social enterprise aiming to provide access to affordable and clean drinking water for millions of underserved urban customers, and Mr. Green Africa, a tech-enabled plastics recycling company disrupting the current informal plastic recycling sector in Kenya, are making headway towards achieving the Sustainable Development Goals.

This year we also made our first gender-transformative investment through the Innovating for gender equality sub-fund, managed by GIF in partnership with Global Affairs

Canada. Enhancing the agency of women and girls sits at the very heart of GIF's mission, and we are delighted to be supporting StrongMinds, a non-profit based in Uganda, to address depression among low-income African women by delivering facilitator-led and peer-led courses of group interpersonal therapy.

The announcement in October that the Nobel Sveriges Riksbank Prize in Economic Sciences had been awarded to Abhijit Banerjee, Esther Duflo, and Michael Kremer for their experimental approach to alleviating global poverty was a moment of great pride for me. With their focus on evidence generation as a means to innovation, not only accountability, Michael and Esther have had a profound influence on the GIF mission and its approach to impact investment. I would like to echo Kanini's message of congratulations to Abhijit, Esther, and Michael – your work over the past two decades has revolutionised the field of development economics and is an inspiration to all of us working to address global poverty. I am honored to be part of advancing your vision here at GIF.

Looking to the year ahead, our focus at GIF will be on growing our funding base and ensuring that we are delivering maximum value for our existing donors, as well as

working closely with our investees and grantees to maximise their social impact. We will strengthen and optimise our operations to ensure that we have the strategic systems and processes to be effective investors for impact, as well as to make sure that we are acting as a truly strategic partner to donors, investors, innovators and entrepreneurs, as well as the wider development finance community.

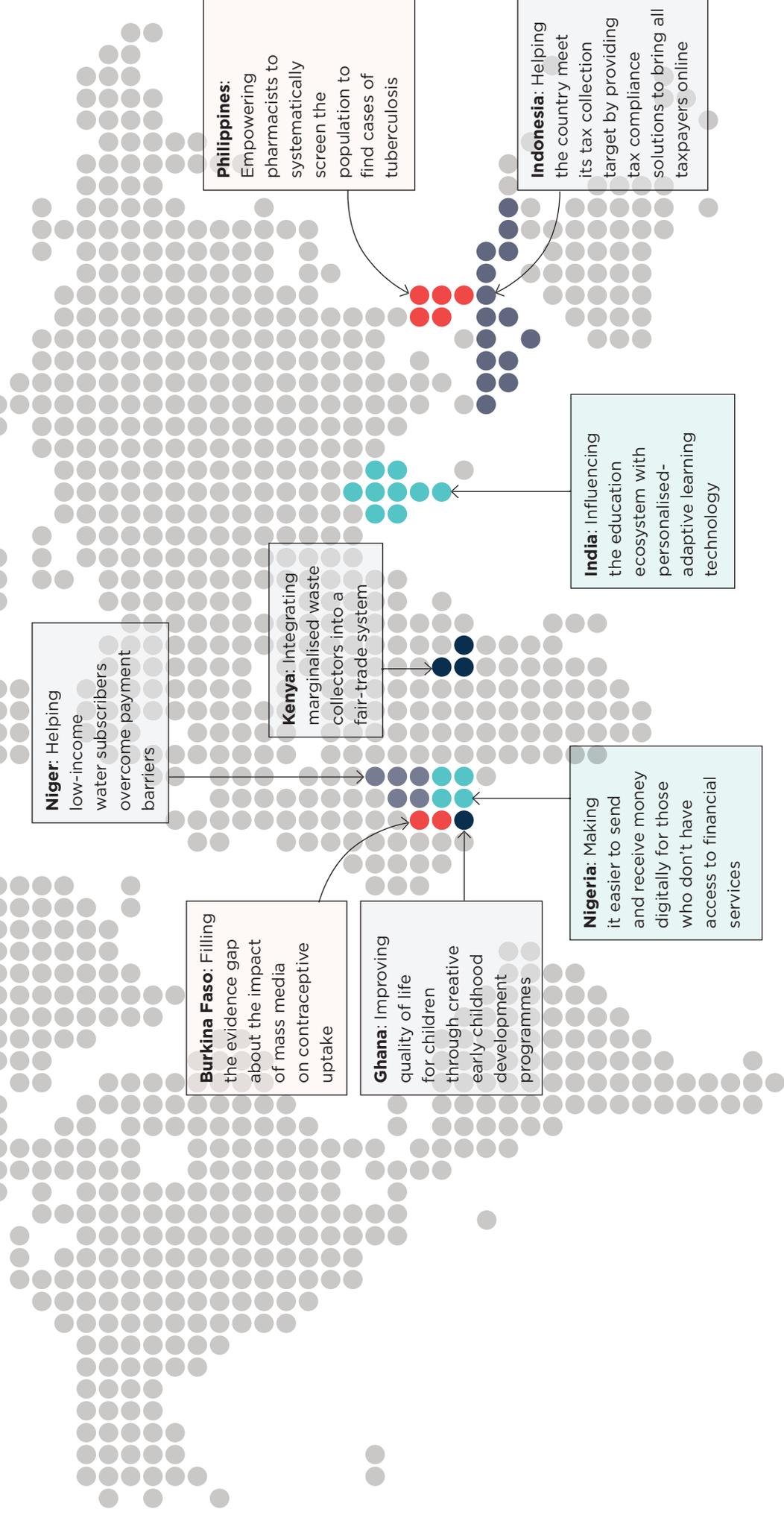
I would like to express my thanks to each of our donors, whose steadfast support and guidance make our past, present, and future achievements possible. We were delighted this year to announce a renewed five-year partnership with the Swedish International Development Cooperation Agency, whose support has been so critical to our successes since our founding. We also welcomed on board two new Netherlands-based funding partners, Sint Antonius Stichting and Dioraphte Foundation, and I look forward to us working closely together throughout 2020 and beyond to deliver transformative and lasting change to the lives of millions of the world's poorest people.

A handwritten signature in black ink that reads "Alix".

Alix Peterson Zwane PhD
Chief Executive Officer

Where are we delivering impact?

Here are just a few examples from the **35** innovations in our portfolio:



Year in review

35 innovations delivering impact



89 million

people expected to benefit from GIF-backed innovations by 2030



\$3.4

additional capital crowded-in per \$1 of GIF for-profit investment



6%

expected annual improvement in livelihood of beneficiaries



240%

revenue growth across the for-profit portfolio since initial investment



13

follow-on investments raised by for-profit portfolio companies



\$73.5

million
Invested/
committed

About the Global Innovation Fund

The Global Innovation Fund (GIF) is an independent, multilateral investment vehicle that works with mission-aligned development agencies, philanthropy, and other funders to find and fund open innovation with the potential to positively impact the lives of millions of the world's poorest people.

Launched in 2013, GIF is supported by the U.S. Agency for International Development, the UK's Department for International Development, Australia's Department of Foreign Affairs and Trade, the Swedish International Development Agency, and Global Affairs Canada. The Omidyar Network supported the launch of GIF. GIF has co-financing partnerships with South Africa's Department of Science and Technology and the Indian Rural Electrification Corporation and launched a corporate partnership with Unilever in 2018.

GIF uses rigorous evidence and development economics to identify and invest in high-impact, early-stage enterprises and innovations. At this early-stage, social enterprises and innovators face a significant funding gap post-proof of concept and pre-scale up given the risks that still exist. GIF's funding helps to de-risk and accelerate evidence-based innovations using a range of flexible financial instruments – grants, debt, and equity. GIF seeks to meet innovators on their terms, providing the support they need to continue to refine their approach, attract necessary funding, and move toward scale.

GIF provides grants to support innovations that will scale through public sector uptake and support. In contexts where the state is weak, it is challenging for local government to support innovation given the high level of risk. Our funding gives innovators the space to experiment and further prove their model. Having an outside entity that can manage this risk can yield social returns that will impact the broader investment climate, and GIF has built a portfolio that makes a strong case for this.

For its private sector partners, GIF uses its concessional finance to de-risk social enterprises, so they can fit the risk/return criteria of other private sector investors, such as Development Finance Institutions. Innovators and entrepreneurs in developing countries need patient funding, flexible instruments, concessional capital that helps to de-risk their business models, and tailored funding amounts tied to an entity's stage. GIF's flexibility and focus on social returns allows us to structure deals so that other funders can enter investments they could otherwise not, helping build future pipeline for larger investors.

Developments in Practical Impact

- our approach to measuring success

GIF seeks to maximise the social impact of its investments in innovations by using disciplined methods to:

- Forecast the impact of prospective investments and use this information to guide investment decisions.
- Track project performance and impact during implementation, using real time information to adapt and adjust as necessary.
- Evaluate investments after their completion to better understand how investments fared (and why), using this evidence to guide future GIF decisions; and inform decisions made by other development partners.

Practical Impact provides a structured way of forecasting the long-term impacts of early-stage innovations. During project selection and diligence, GIF computes Practical Impact as:

Practical Impact = low-income people impacted at year 10 x depth of impact x probability of success

 Breadth of impact The number of low-income people who will benefit at year 10	x	 Depth of impact Benefit per person relative to annual income	x	 Probability of success The likelihood that the innovation will be successful in 10 years
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GIF tackles the challenges of assessing potential impact across a diverse set of investments – from mental health, to plastics recycling, to drinking water, to logistics.

Our Practical Impact methodology is audacious in trying to forecast the long-term impact of our work. Its practicality resides in accepting that the forecasts are uncertain, in aiming for order-of-magnitude estimates rather than unattainable precision, in making conservative judgements, and in updating as new evidence emerges. We look at all plausible channels of impact and focus on those that are potentially the largest and most salient. I am delighted to share some examples from 2019 of Practical Impact at work:

Drinkwell's Water ATMs in Bangladesh dispense clean, filtered water to slum dwellers. In doing so, Drinkwell attacks a major risk factor for diarrhoea, which

accounts for 3.4% of deaths in the country. However, the link between clean water at source and reduced diarrhoea is not as clear as the water. That is because the clean water can get contaminated if collected in a dirty vessel, or while it is being stored at home. But a review of the evidence suggests that clean water at source does indeed have a large causal benefit on improving health, even after allowing for the possibility of recontamination. In the Practical Impact framework, a very high weight attaches to each life saved: the equivalent of 50 times annual per capita consumption among our beneficiaries. So, while Drinkwell confers other benefits, including some cost savings to water buyers, diarrhoea reduction drives our impact projection.

GIF's support for StrongMinds addresses the high incidence of depression and the burden of the illness – especially on women. StrongMinds has developed a low-cost, replicable therapy model for depression, including through the use of volunteer peer facilitators. Rigorous prior research in rural Uganda has shown that this therapeutic approach can be highly effective in reducing the rate of major depression. The Practical Impact framework weighting for depression is based on the DALY (disability adjusted life year) metric used in the Global Burden of Disease System. The burden

of an illness in DALYs is reckoned as its severity multiplied by the number of years lived with it. Depression is considered one of the most severe illnesses. Practical Impact weights each DALY averted as the equivalent of five times per capita consumption. This approach highlights the impact of combating mental illness in the global south, which has been relatively neglected in health financing. Our impact estimates are likely to be further boosted as StrongMinds develops additional evidence on the family-wide benefits of mothers improved mental health.

GIF is enhancing its methodology to meet the challenges of forthcoming investments. Over the coming year we plan to better measure the benefits of empowering women and girls, and to explore techniques to assess our contributions to poverty reduction by stimulating overall economic growth.

Ken Chomitz PhD
Chief Analytics Officer

Trustees, Officers and Advisers

Trustees

The directors who held office during the year were as follows:

- Darren Welch (Appointed 15th April 2019)
- Kanini Mutooni (Chair of the Board, resigned effective 19th March 2020)
- Jack Hawkins
- Jane Siebels
- Michael Anderson (resigned effective 19th March 2020)
- Michael Kremer (resigned effective 4th February 2019)
- Salvatore Giambanco (Appointed as Chair of the Board effective 19th March 2020)
- Santhosh Mathew
- Sarah Pearson (resigned effective 6th March 2020)
- Stefan Dercon (resigned effective 31st December 2019)
- Vel Gnanendran (resigned effective 19th March 2020)

Key management personnel

Chief Executive Officer	Alix Peterson Zwane
General Legal Counsel	Amélie Baudot
Chief of Staff and VP	Garreth Spillane
Senior Managing Director	Gulzar Natarajan
Chief Analytics Officer	Kenneth Chomitz
Senior Managing Director	Sarah Alexander
Chief Financial Officer	Simon Jones

Professional advisors

Auditors	Crowe U.K. LLP	St Bride's House, 10 Salisbury Square, London EC4Y 8EH
Bankers	Barclays Bank Plc	1 Churchill Place, London E14 5HP
Solicitors	Bates Wells Braithwaite LLP	10 Queen Street Place, London, EC4R 1BE

Address of principle office

Global Innovation Fund's principle and registered office has the same address;

8 Devonshire Square

London

EC2M 4PL

Trustees' Report

The Trustees present their report, the directors' report, and consolidated financial statements for the year ended 31st December 2019.

Under the Charities Act 2011 and the Companies Act 2006 the Directors' Report and Strategic Report are included within the Trustees Report.

Business review and future developments

This has been discussed in the Strategic Report section.

The Board has delegated responsibility for GIF's investment selection (i.e., the selection of innovative investments to further GIF's mission) to the CEO and staff team, as outlined in GIF's Articles of Association and Byelaws.

Directors Report

Appointment of Trustees

GIF's Articles of Association and Byelaws set out guidance on the composition of the Board of Trustees who are the Directors as defined under the Companies Act. The Board is entirely non-executive and is comprised of a majority of Trustees that are independent of any GIF funder ("A" Trustees). "A" Trustees are recruited from the following fields: private sector, civil society, the public sector and academia. They are formally appointed by the Board following approval by the Members. "A" Trustees serve for three-year terms with possible reappointment.

The Board also includes seats for Trustees that are elected by GIF's funders ("B" Trustees). "B" Trustees are elected at the start of each three year funding cycle of the charity.

The Trustees meet formally each quarter.

The Trustees have delegated day-to-day management of GIF to its Chief Executive Officer and her senior management team. The Board has also delegated authority to the Audit & Finance Committee, the Human Resources Committee, and the Development Committee. Each of these committees reports back to the Board and makes recommendations to the Board for approval as necessary.

The Trustees review and approve on an annual basis:

- the annual budget and operating plan for the charity;
- the charity's financial results and variances from budget;
- the charity's key performance indicators;
- the charity's investment and grant portfolio and any major risks associated with the projects.

The Trustees also regularly review the risk matrix. The Audit & Finance Committee of the Board receives quarterly updates from senior management on risks and ensures that appropriate controls are in place to mitigate those risks.

Induction and training of new Trustees

Each new GIF Trustee is briefed on the role of a Trustee and a Director under Charities Law and the Companies Act. They are provided with copies of relevant Charity Commission guidance and the charity's organisational documents. The Trustees also receive regular training on Trustee and Director duties and responsibilities, anti-bribery and corruption and conflicts of interest.

Pay and remuneration

The Human Resources Committee (appointed by the Board) is responsible for setting strategies relating to human resource needs for the charity and oversees the charity's compensation philosophy. The HRC makes a recommendation to the Board regarding the CEO's annual compensation. The CEO is responsible for setting the terms of remuneration for senior management.

Every year all staff will go through an annual review looking at their performance against their objectives set at the start of the year. Pay increases are then dependant on the performance rating of the staff.

Related Party

None of the Trustees receive remuneration or other benefit from their work with the charity, although expenses are paid. Any connection between a Trustee with a request for financial assistance under discussion will be disclosed at a Board of Trustees meeting in the same way as any other contractual relationship with a related party. In the current year, no such related party transactions were reported.

Details of Trustee expenses are disclosed in Note 16 to the accounts.

Auditor

Crowe U.K. LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Strategic Report

This strategic report for the GIF's fourth full financial year covers the full financial period from 1st January 2019 to 31st December 2019.

GIF was incorporated on 17th September 2014 as a company limited by guarantee. GIF has a 100% owned subsidiary, also called the Global Innovation Fund, incorporated in District of Columbia, United States of America, on 9th April 2015. This subsidiary began operations on 13th April 2015.

On 2nd December 2019 a wholly owned subsidiary of GIF was set up in Kenya as part of the roll out of GIF strategy for regional hubs. GIF (Kenya) Ltd is a private company registered in Kenya and operated from Nairobi.

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Statement of public benefit

GIF was granted charity status with the Charity Commission for England and Wales on 27th January 2017 with the charity number 1171353. The Articles of Association were adopted on 28th November 2016.

GIF is a non-profit organisation whose activities are intended to be for the public benefit. In both setting out the objectives and planning future activities, the Trustees have had due regard to the Charity Commission's guidance on public benefit.

Over this reporting period, and in line with the goals, GIF has approved investments in a broad range of innovations across the developing world, covering the three themes of making public services work for the poor, creating productive jobs and easing market frictions and enhancing agency for women and girls.

Aims and purpose of the Charity

GIF's mission is:

- To support innovations that could scale up to benefit millions of people now living on less than \$5/day; and

- To improve the overall impact of development expenditure -- public and private, international and domestic – by demonstrating the effectiveness of outcome-oriented, evidence-based investment.

GIF aims to support the global public good of generating innovations that will collectively open up opportunities and improve lives for hundreds of millions of people across multiple developing countries. To accomplish this, GIF seeks to accelerate the development, rigorous testing and scaling of cost-effective innovations, in particular by:

- providing an open global innovation platform to support piloting and testing new innovations for the world's poor in developing countries, including both those that could scale commercially and those that could scale through funding by developing country governments, donors, and philanthropy;
- providing grants and making risk capital investments to support the transition to scale of:
 - innovations designed to scale commercially that have passed a market test, and;
 - innovations designed to scale through public or philanthropic support that have rigorous evidence of impact and cost effectiveness; and
- generating significant evidence, lessons, and knowledge to share with partner institutions as well as the broader development community.

Investment Policy

GIF supports innovations that benefit people living on less than the equivalent of US\$5 per day in developing countries, and is especially interested in innovations that impact people living on less than US\$2 per day.

GIF defines “innovation” as any solution that has potential to improve the lives of the poor in developing countries more effectively than existing approaches. This includes new products or services, policy practices, business models, operational or production processes, behavioral insights, or ways of delivering products and services that benefit the poor, across all relevant sectors. These innovations could come from social enterprises, for-profit firms, non-profit organisations, researchers, academics, government agencies or any other relevant institution or individual.

GIF seeks to fill market gaps, and is especially interested in supporting promising innovations that may otherwise struggle to find appropriate forms of funding for objectives that align with GIF's, e.g. piloting development innovations, gathering rigorous evidence of impact or achieving greater scale.

Grants

GIF works with a wide range of institutions to fund specific research projects. Payment of grants is conditional upon the performance of key tasks. Where such tasks remain incomplete, payment is withheld. GIF operates an annual review process whereby grants are reviewed to ensure progress is being made and the programme complies with expectations before continuing payment is confirmed. As a result, the first payment of each grant is made up front, with further payments contingent on the above policy.

Reserves Policy

The approved reserves policy intends to ensure GIF is in a position where it holds sufficient working capital to fulfil short-term contractual and constructive investment commitments, as well as sufficient funds to cover medium term operational expenditure. The Reserves Policy is approved by the board in line with the requirements of GIF's donor governments. The charity aims to have free reserves in the range of \$10-20m to stay in line with the approved policy taking into account the variable investment commitments it makes in the year.

GIF holds free reserves for the following purposes; operational expenses and working capital.

Investment Commitments

GIF intends to hold sufficient funds to fulfil any disbursements relating to contractual and constructive obligations falling due in the preceding nine months. This will ensure that GIF has the necessary funds on hand as and when they are required for disbursement at a future date. Contractual obligations are all those arising from GIF's existing investment portfolio. For the purpose of this reserves policy, GIF will consider constructive

obligations to be those arising from investments post external review that are likely to be signed in the short-term. Current levels of investment commitments are shown in note 13 to the accounts.

Operational Expenses

Operational expenses are those incurred through the course of running GIF's offices, employing staff and making investments. The medium-term value of reserves will relate to twelve months' costs as per the most recent operational budget or forecast.

Working Capital

In addition to the funds described above, GIF will hold a minimum level of working capital of \$5 million, in order to accommodate any investment activity beyond the time horizons indicated and any unforeseen costs.

Total Funds at 31st December 2019:	\$55.3m
Less:	
Restricted Funds	(\$2.9)
Investments	(\$23.3m)
Funding Commitments	(\$8.3m)
Free Reserves Balance	\$20.8m

Free reserves are compliant with the approved policy.

Financial Review

GIF's income from its funders declined from \$25,708k in 2018 to \$18,972k in 2019. Income consisted of one new private funder in addition to receipts from existing Government and private donors. There was no further funding (2018: \$3,350k) received for project specific investments, though existing unused funding is held on our balance sheet as restricted funds. Investment income decreased from \$782k to \$548k following the repayment of interest bearing debt balances in year.

During the year \$5,291k of new risk capital investments (Debt, Equity or Convertible Debt) were made. At the end of the year an in-depth review of our investments was undertaken. It was decided that writedowns, totalling \$1,268k (2018: \$1,577k) were necessary due to uncertainties around various aspects such as going concern. The impairment losses are included within Charitable activities in the Statement of Financial Activities.

Total funds as at the end of the year was \$55,296k (2018: \$54,715k) of which \$2,891 (2018:\$4,037k) was restricted.

Review of the group's operations

Our goal at GIF is to find, fund, and scale-up cost-effective, evidence-based innovations that have the potential to measurably improve the lives of millions of people in the developing world.

We believe that the best ideas for solving some of the world's most critical problems can come from anyone, anywhere. Through our grants and risk capital, we help breakthrough solutions to global development challenges from social enterprises, for-profit firms, non-profit organizations, researchers, and government agencies to maximize their impact and affect meaningful change.

We support innovators at all stages of development, from start-up and pilot-testing through to larger scale implementation - the innovations we fund can be located in any developing country and can focus on any sector relevant to international development, provided they are committed improving the lives of those living on less than \$5 a day.

When thinking about where to invest, we look for promising entrepreneurs and seek to become their early partners as they test, adapt and improve their business model, before they are big enough to work with development finance institutions. We can also support experimentation and evidence gathering in domestic resource mobilization, such as in increasing tax compliance in developing countries or supporting remittance flows.

In 2019 GIF commissioned an independent evaluation for the Board. The results of which are published on the GIF website. There were specific findings around the need to continue to develop its processes, sharing its findings and organisational design to improve GIF's ability to deliver impact through our portfolio and value-for-money for our donors. Following this GIF Internal Audit will in 2020 review GIF's compliance to the Charity Governance Code and identify where governance can be strengthened.

During this time:

- We have continued to build a high quality portfolio of investments and grown our pipeline of possible investees to ensure that we are able to continue to invest in innovations with the potential to transform the lives of people living on \$5 a day or less.
- We have refined and implemented our Practical Impact model to rigorously assess the potential impact of our portfolio pipeline. This model is used across our work notably for project selection and appraisal (which proposals offer the highest impact per dollar), for tracking long-run portfolio performance, and in balancing rigour with practicality.
- We have continued our engagement with potential new funders who align with GIF's impact first, evidence-based investment approach. These conversations will continue in 2020 as GIF seeks to mobilise additional capital in pursuit of social returns.
- GIF has become a sought-after thought partner within the aid and development sector as policymakers and practitioners seek to address the financing needs of social entrepreneurs in the developing world.

Throughout the year we have achieved the following results:

- We grew the potential impact of our portfolio: GIF innovations are expected to impact 89m people and generate 3.0m-8.1m (expected: 5.7m) Person-Years of Income (PVI) annually by 2029.
- We signed a renewed partnership agreement with the Swedish International Development Cooperation Agency (Sida) executing the new agreement on 5th December 2019 and Sida disbursed the first tranche before end of 2019.
- We have further developed our relationship with funding partners through improved financial management, more rigorous analysis, and closer collaboration in our investment process.
- Increased Leadership Team representation at important conferences and events has helped us to spread the word about GIF, Practical Impact, and the innovations that we fund.

We also made good progress against our objectives throughout the course of 2019:

- We added 6 new investments to our portfolio, through an investment process that maintained its focus on the use of evidence, smart risk-taking and the generation of social value.
- We continued to provide strategic venture support to our portfolio, including working with WhereIsMyTransport to focus on building its human capital to identify and bring on new talent, while strengthening its governance and diversity.
- We approved our first investment under Innovating for Gender Equality Sub-Fund with Global Affairs Canada
- GIF continues to evolve its investment and diligence processes to ensure that we deliver on our commitment to being a lean, entrepreneur-friendly investor in impact.
- GIF has a rigorous financial, legal and ESG diligence process that is grounded in best practice and recognises our role as good stewards of public funds. Our lean operating model supports that.
- We continued to enhance our Practical Impact model to track our overall progress and to aid internal decision-making.

Principal risks facing the group

The table below outlines key organisational risks faced by GIF in achieving its mission, and what we're doing to mitigate those risks.

Risk	Explanation/example	Management and mitigation
Political Risk	Global political or economic uncertainty	Active Engagement with donor governments and broader bilateral and multilateral engagement, including focus on securing new donor relationships.
Cash Flow Risk	Funding fluctuations by donor governments	GIF is funded by reputable development agencies on a multi-year basis with a reporting system in place to manage funding inflows
Brand Risk	GIF-backed institutions received negative media coverage	Rigorous due diligence and assessment of ESG risk during the investment process; communications planning for each investment as it joins the portfolio.
Market Risk	Changes in investment portfolio institutions or the markets in which they operate	Building GIF's strategic engagement and understanding of wider market context

These risks have, so far, proved manageable. A fully-encompassing corporate risk register is updated and reviewed by the Audit and Finance Committee and the wider Board of Trustees.

Looking ahead & the impact of Covid-19

2020 will be known as the year of the Covid-19 pandemic.

GIF has responded by changing its priorities for 2020 to; protect the portfolio, respond to the pandemic and emerge resilient. The firms and innovators in the GIF portfolio were on track to positively impact the lives of 80 million people before this crisis. GIF will work to protect as much of that social value as we can, helping our partners weather the pandemic.

An unmitigated pandemic in developing countries will come at a terrible cost in deaths and illness. A response is needed, but it must be a response that makes sense for the local context, not an attempt to replicate what has been done in developed countries. We just don't know fully what the context-specific approach should be. Innovation, in other words, has never been so needed.

Our underpinning philosophy remains the same in the pandemic – improving the lives of the world's poorest people by accelerating innovations. We're responding to the demands of the development challenge of the moment.

GIF will continue to be an active member of the development finance community and will thoughtfully engage to inform the agenda around use of evidence, measuring impact, and taking on smart risk.

To help us achieve this goal, we will update our website with rich data on evidence generated, GIF's decision process, and the Practical Impact forecasts for each investment alongside performance of the GIF portfolio against impact targets.

As part of this process, we will launch an enhanced open window on the GIF website, with additional communications activity to promote it, ensuring that it besides being more effective in sourcing, it also delivers a better user experience for applicants and provides the investment team with the information to consider applications and respond in a timely manner.

During 2020 GIF will also continue to focus on recruiting and retaining great people, process improvement, good governance, and fundraising in order to sustain a resilient organisation.

We will seek to deepen relationships with existing funding partners and identify and engage new funders that are aligned with GIF's mission, at the same time as ensuring that we continue to have the right people and structures in place to succeed in our mission.

GIF has carried out further risk assessments and a reforecast covering 2020 and beyond in light of Covid-19. The cash position has been assessed with regards to commitments both in the immediate and longer terms, and is deemed healthy. Additionally we are monitoring the performance of the investment portfolio and are providing additional support to investees where it is deemed suitable.

Whilst Covid-19 has brought additional risk, it is felt these are covered by those risks highlighted in the 'principle risks facing the group' section, above, as are the mitigating actions.

Taking into account the balance sheet position and the impact of Covid-19 on GIF's income and expenditure plans, the Board of Trustees remain of the opinion that the going concern assumption remains appropriate and the financial statements continue to be prepared on this basis.

Goals Key Objectives

1. **One Mission: Multiple Vehicles:** GIF "core"; GIF Growth; and the Advance Fund: We have recognised that GIF's unique model can support not only the deployment of Official Development Assistance but also create unique impact for (i) pools of returnable capital that are being invested in more traditional impact investors and (ii) corporate social responsibility funds.
2. **One Mission: One Deal Team:** The power of the GIF team is that we bring together rigorous economic analysis grounded in evidence, a deep understanding of the context in which our innovations can scale, financial acumen, a venture mind-set, and an ability to take smart risks. We have learned that the key to unlocking the power of this combination is to structure ourselves in a way that draws on the resources from across the GIF team and breaks down organisational silos.
3. **Enhancing the Agency of Women and Girls:** With its gender sub-fund, GIF will continue to apply, and improve on, the gender lens that it brings to all its investments, mainstreaming gender analytics into deal selection, diligence, and venture support. We will continue to partner with world-leading gender experts to grow our expertise and build a portfolio that prioritises gender equality outcomes.
4. **GIF will invest where the world's poor live and in innovations that matter to them:** We will strategically complement our commitment to open innovation by deepening our expertise in markets where we have traction and where our capital can catalyse additional investment.

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of Global Innovation Fund for the purposes of Company Law) are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

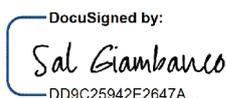
In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware;
- the Trustees have taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's Report, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the Trustees, including in their capacity as company directors approving the Strategic Report contained therein, and is signed as authorised on its behalf by;

Wework, 8 Devonshire Square, London, EC2M 4PL

DocuSigned by:

DD9C25942E2647A...

Salvatore Giambanco

*Chair of the Board of Directors
Global Innovation Fund*

26 June 2020

Date:

Independent Auditor's Report to the Members of Global Innovation Fund

Opinion

We have audited the financial statements of Global Innovation Fund for the year ended 31 December 2019 which comprise The Consolidated Statement of Financial Activities, The Consolidated and Charity Balance sheets, The Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial

statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the [strategic report or the] directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tim Redwood

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

30 June 2020

Global Innovation Fund
Report and audited financial statements
31st December 2019

Consolidated Statement of Financial Activities

For the year ended 31 December 2019

	<i>note</i>	Unrestricted Funds 2019 USD (\$000)	Restricted Funds 2019 USD (\$000)	Total Funds 2019 USD (\$000)	Total Funds 2018 USD (\$000)
Income from:					
Charitable activities - Grants	2	18,972	-	18,972	25,708
Investment & Other Income	2	548	-	548	782
Other income - Foreign exchange gain		373	-	373	-
Total income		19,893	-	19,893	26,490
Expenditure on:					
Charitable activities	3	(18,165)	(1,147)	(19,312)	(20,984)
Total expenditure		(18,165)	(1,147)	(19,312)	(20,984)
Net movement in funds		1,728	(1,147)	581	5,506
Reconciliation of funds:					
<i>Total funds brought forward as at 1st January 2019</i>		50,678	4,037	54,715	49,209
<i>Total Funds carried forward as at 31st December 2019</i>		52,405	2,891	55,296	54,715

Global Innovation Fund
Report and audited financial statements
31st December 2019

Consolidated and Charity Balance Sheets

As at 31 December 2019

	<i>note</i>	Group 2019 USD (\$000)	Charity 2019 USD (\$000)	Group 2018 USD (\$000)	Charity 2018 USD (\$000)
Fixed assets:					
Investments	4	23,281	23,281	21,214	21,214
Total fixed assets		23,281	23,281	21,214	21,214
Current assets:					
Debtors	5	4,050	4,230	3,715	3,694
Cash at bank and in hand	6	28,384	28,135	32,418	32,320
Total current assets		32,434	32,365	36,133	36,014
Liabilities:					
Creditors: amounts falling due within one year	7	(419)	(350)	(2,632)	(2,513)
Net current assets		32,016	32,016	33,501	33,501
Total net assets		55,296	55,296	54,715	54,715
The funds					
Restricted	8	2,891	2,891	4,037	4,037
Unrestricted	8	52,405	52,405	50,678	50,678
Total funds		55,296	55,296	54,715	54,715

The surplus for the financial year dealt with in the financial statements of the parent charitable company was \$580,810 (2018 - \$5,506,154)

These financial statements were approved by the board of directors on ...25 June 2020.... and were signed on its behalf by:

DocuSigned by:

 DD9C25942E2647A...
Salvatore Giambanco
 Chair of the Board of Directors
 Global Innovation Fund
 Company Registration Number: 09223487 (England and Wales)

Global Innovation Fund
Report and audited financial statements
31st December 2019

Consolidated Cash Flow Statement

For the year ended 31 December 2019

	<i>note</i>	Group 2019 USD (\$000)	Group 2018 USD (\$000)
Net cash inflow from operating activities	(a)	5,230	14,595
Cash flows from investing activities	(b)	532	773
Cash flows from financing activities	(c)	<u>(9,796)</u>	<u>(19,739)</u>
Change in cash and cash equivalents in the reporting period		(4,034)	(4,371)
Cash and cash equivalents as at 1 Jan		32,418	36,789
Cash and cash equivalents as at 31 Dec		28,384	32,418

Cashflow Statement notes:

(a) Reconciliation of changes in resources to net cash outflow from operating activities

Net income for the reporting period	581	5,506
Dividends and interest from investments	(548)	(782)
Bank charges	16	9
Issuance of programme related grants	7,730	11,010
(Increase)/decrease in debtors	(335)	(3,514)
Increase/ (decrease) in creditors	(2,214)	2,366
Net Cash provided by operating activities	<u>5,230</u>	<u>14,595</u>

(b) Cash flows from investing activities

Portfolio Interest	208	326
Administration fees	-	-
Bank and other interest	340	346
Profit on disposal of investment	-	110
Bank charges	(16)	(9)
Net Cash provided by investing activities	<u>532</u>	<u>773</u>

(c) Cash flow from financing activities

Purchase of programme related investments	(2,066)	(8,729)
Issuance of programme related grants	(7,730)	(11,010)
Net Cash provided by financing activities	<u>(9,796)</u>	<u>(19,739)</u>

The charity has taken advantage of the exemption available under FRS 102 from the requirement to present a charity-only cash flow statement within the consolidated financial statements.

Notes to the accounts

1. Accounting policies

Company Information:

Global Innovation Fund (GIF) is a company incorporated and domiciled in the UK, its registered address is Wework, 8 Devonshire Square, London EC2M 4PL

Basis of preparation:

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

GIF has a 100% owned subsidiary, also called Global Innovation Fund, incorporated in District of Columbia, United States of America (EIN: 47-4045086). It is a not for profit organisation and therefore has equity of nil, its turnover of \$1,591k (2018: 1,292k) was provided directly from GIF to cover its operating costs. Its address is 1701 Rhode Island Ave NW, 20036, Washington, United States.

No separate SOFA has been prepared for the charity alone, as permitted by Section 408 of the Companies Act 2006. As required by Section 408 (4) of the Companies Act the charity's income for the year was \$19,892,553 (2018 - \$26,490,156), and its net surplus was \$580,810 (2018 - \$5,506,154). The charity has also taken advantage of the exemptions available under FRS 102 from the requirements to present a charity-only cash flow statement and to present certain disclosures about the charity's financial instruments.

Going concern

The trustees approve the annual budgets and periodic forecasts to ensure there is sufficient working capital to meet its obligations over at least the following 12 months. The charity meets its ordinary working capital requirements through its existing cash balances.

The Covid-19 impact has not had a material impact on the charity's operations. The trustees are aware that if the current situation becomes prolonged then this may change. The situation is being closely monitored.

Having regard to the above, the current cash position, and expected cashflow over the following 12 months the trustees believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the company Global Innovation Fund and its subsidiary undertaking made up to 31st December 2018. The parent company Global Innovation Fund is based in London and has one subsidiary (also name Global Innovation Fund) based in Washington D.C.

Accounting estimates and judgements

In preparing the financial statements, management have made judgements, estimates and assumptions that affect both the amounts recorded as revenues and expenses during the period, and amounts recorded for assets and liabilities as at the balance sheet date. However, the nature of estimation means these estimates could differ from actual outcomes. This is especially prevalent in determining the carrying value of GIF's social investments and any need for impairment. The determination of carrying values for early-stage companies is by nature a volatile and uncertain process. Despite the inherent volatility, the guidelines applied to determine whether an impairment is required are considered to result in the best estimate of whether and the amount of any impairment required.

Notes *(continued)*

Measurement convention

The financial statements are prepared on the historical cost basis except for any social investments for which it is considered that a reliable estimate of market value exists. The related financial instruments are classified at fair value through income and expense. Where an accurate estimate of market value is unavailable the investments are stated at cost with an assessment for impairment taken at the year end.

Foreign currency

GIF operates in 7 Currencies: US Dollars, Pounds Sterling, Euros, Swedish Kroner, Australian Dollars, Indian Rupees and Canadian Dollars. Transactions in foreign currencies are recognised in the group's statement of income and expense in US Dollars (the functional currency), at the average monthly foreign exchange rate ruling at the date of the transaction.

Exchange rates within the accounting system are updated monthly using closing spot rates taken from Oanda on the final day of the month. For the purpose of the first period end, monetary assets and liabilities denominated in foreign currencies at 31st December 2019 are translated to US Dollars at the closing foreign exchange rate ruling on 31st December 2019. Foreign exchange differences arising on translation are recognised in the statement of income and expense.

The functional currency of the subsidiary is US Dollars and therefore no currency difference occurs on consolidation with the group accounts.

Basic financial instruments

Trade and other debtors are recognised initially at transaction price less any impairment. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Cash and cash equivalents comprise cash balances and notice deposits, less than three months. The accounting policy for social investments is set out separately below.

Income recognition

All income is accounted for when Global Innovation Fund has entitlement, there is probability of receipt and the amount is measurable. For grant income this is usually when the invoice for payment is raised. Whilst our funders have committed funds to GIF, the timing of said funds are due only when GIF can demonstrate the need. Once our funders agree, an invoice is then raised for payment.

Interest receivable on the notice deposits (less than three months) is recognised in the income and expenditure account as they accrue, using the effective interest method. Realised and unrealised foreign currency gains and losses are reported on a net basis.

Governance costs

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

Expenses

Expenses are recognised on an accruals basis in the period to which they relate.

All costs are allocated to direct charitable activities or raising funds. Support costs are allocated either as direct costs associated with the investment or indirect costs.

Notes *(continued)*

Pension costs

GIF operates a defined contribution pension scheme for its employees and contributes 10% of gross salary where the employee contributes at least 1%. Contributions to the scheme are charged to the Statement of Financial Activities when incurred.

Fund Accounting

Restricted funds are funds that have been given for particular purposes and projects. Restricted funds must be used in accordance with the funders' or donors' wishes.

Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the Statement of Financial Activities on a straight-line basis over the period of the lease.

Social Investments

Social Investments that are loans, equity or convertible loans are accounted for at the outstanding amount of the loan less any provision for unrecoverable amounts.

Unquoted equity, social investment funds and partnerships, and similar social investments are held at cost, less any provision for diminution in value, unless the Fund is able to obtain a reliable estimate of fair value.

An impairment of charge of \$1,267,861 (2018: \$1,577,044) was recognised in the accounts in relation to the annual assessment of social investments.

Global Innovation Fund
Report and audited financial statements
31st December 2019

Notes *(continued)*

2. Income

	2019 USD (\$000)	2018 USD (\$000)
Income		
Government Grants	15,658	24,445
Private Funding	3,314	1,263
	<u>18,972</u>	<u>25,708</u>

	2019 USD (\$000)	2018 USD (\$000)
Government income by country		
Australia	-	8,964
Canada	-	2,101
Sweden	2,324	1,634
United Kingdom	9,879	7,746
United States of America	3,454	4,000
	<u>15,657</u>	<u>24,445</u>

	2019 USD (\$000)	2018 USD (\$000)
Investment Income and other Income		
Income from investments	208	326
Bank interest on current accounts	340	346
Profit on disposal of investment	-	110
	<u>548</u>	<u>782</u>

No government grants that have been recognised in the accounts have any unfulfilled conditions or other contingencies attached and there are no other forms of government assistance from which the charity has benefited.

Notes *(continued)*

3. Charitable Activities

	2019 USD (\$000)	2018 USD (\$000)
Grants Payable		
DMI (Development Media International)	-	334
Educate!	-	60
Simprints	-	40
Behavioural Insights Team	506	1,312
One Acre Fund	2,879	3,382
Lively Minds	594	778
Nesta	-	168
No Lean Season	(462)	1,171
Education Initiatives	441	929
Hut Decoration	-	50
Ideas42	663	1,016
Interactive Research & Development	171	171
Labeled Remittances	-	253
Talent Beyond Boundaries	75	75
J-PAL South Asia	-	-
Tag Africa	14	97
IDInsight	115	200
No Means No Worldwide	75	150
Reducing Anemia	470	400
Stanford	-	154
City Nudges	-	270
Balloon Ventures	115	-
Give Directly	1,200	-
Babban Gona	13	-
Crime Radar	230	-
Strong Minds	631	-
	<u>7,730</u>	<u>11,010</u>
Impairment of programme related investments	<u>1,268</u>	<u>1,577</u>
Staff Skills and other related staff costs	<u>5,084</u>	<u>4,588</u>
Other Support Costs	<u>5,193</u>	<u>3,493</u>
Foreign Exchange losses	<u>37</u>	<u>316</u>
Total costs directly associated to charitable activities	<u>19,312</u>	<u>20,984</u>

Global Innovation Fund
Report and audited financial statements
31st December 2019

Notes *(continued)*

All grants above were made to institutions. All grants were signed for and disbursed within the year. No Lean Season reflects a reimbursement of unused funds in year.

4. Programme-related investments

	Group 2019 USD (\$000)	Charity 2019 USD (\$000)	Group 2018 USD (\$000)	Charity 2018 USD (\$000)
Debt				
B/F amount	3,504	3,504	2,836	2,836
Reclassification	(186)	(186)	-	-
Additions	455	455	668	668
Investments paid back	(1,927)	(1,927)	-	-
Impairment charge	-	-	-	-
C/F amount	<u>1,846</u>	<u>1,846</u>	<u>3,504</u>	<u>3,504</u>
Convertible debt instruments				
B/F amount	1,638	1,638	1,310	1,310
Reclassification	-	-	-	-
Additions	1,815	1,815	212	212
Disposals	-	-	(255)	(255)
Debt converted to equity	(1,438)	(1,438)	-	-
Impairment charge	-	-	371	371
C/F amount	<u>2,015</u>	<u>2,015</u>	<u>1,638</u>	<u>1,638</u>
Equity				
B/F amount	16,072	16,072	8,339	8,339
Reclassification	186	186	-	-
Additions	2,992	2,992	9,681	9,681
Debt converted to equity	1,438	1,438	-	-
Impairment charge	(1,268)	(1,268)	(1,948)	(1,948)
C/F amount	<u>19,420</u>	<u>19,420</u>	<u>16,072</u>	<u>16,072</u>
Total programme-related investments	<u>23,281</u>	<u>23,281</u>	<u>21,214</u>	<u>21,214</u>

Global Innovation Fund
Report and audited financial statements
31st December 2019

Notes *(continued)*

5. Debtors

	Group 2019 USD (\$000)	Charity 2019 USD (\$000)	Group 2018 USD (\$000)	Charity 2018 USD (\$000)
Debtors				
Deposits	202	139	123	107
Prepayments and accrued income	3,847	4,090	3,483	3,483
Other debtors	1	1	109	104
	4,050	4,230	3,715	3,694

6. Cash at bank and in hand

	Group 2019 USD (\$000)	Charity 2019 USD (\$000)	Group 2018 USD (\$000)	Charity 2018 USD (\$000)
Cash at bank and in hand				
Cash in hand	18,292	18,043	32,418	32,320
Notice deposits (less than 3 months)	10,092	10,092	-	-
	28,384	28,135	32,418	32,320

7. Creditors

	Group 2019 USD (\$000)	Charity 2019 USD (\$000)	Group 2018 USD (\$000)	Charity 2018 USD (\$000)
Creditors: amounts falling due within one year				
Trade creditors	78	59	2,155	2,155
Other creditors	12	12	124	50
Accruals	329	279	353	308
	419	350	2,632	2,513

Global Innovation Fund
Report and audited financial statements
31st December 2019

Notes *(continued)*

8. Funds

The restricted funds are received under an agreement with DFATD (Canada) and a separate agreement with DFAT (Australia). DFATD have stipulated their funds are to be invested in initiatives that have a gender focus. For DFAT, GIF is the Implementation Partner for the Water Data Challenge. Through the Challenge, GIF seeks to source and invest in data-orientated innovations in the water sector which have the potential to cost-effectively improve smallholder farmers' productivity, income, or resilience; or that help to optimise water use at the system, watershed, or basin level so as to enhance resilience or promote inclusive growth. Restricted funds will be released as and when suitable investments or grants are found, and milestones are met.

	Group 2019 USD (\$000)	Charity 2019 USD (\$000)	Group 2018 USD (\$000)	Charity 2018 USD (\$000)
Restricted funds				
Balance brought forward	4,037	4,037	1,249	1,249
Grant & Other Income	-	-	3,350	3,350
Expenditure	(1,147)	(1,147)	(562)	(562)
Increase/(Decrease) in Investments	-	-	-	-
Balance carried forward	<u>2,891</u>	<u>2,891</u>	<u>4,037</u>	<u>4,037</u>
Unrestricted funds				
Balance brought forward 1st January	50,678	50,678	47,960	47,960
Grant & Other Income	19,893	19,893	23,140	23,140
Expenditure	(16,897)	(16,897)	(18,845)	(18,845)
Increase/(Decrease) in Investments	(1,268)	(1,268)	(1,577)	(1,577)
Balance carried forward 31st December	<u>52,405</u>	<u>52,405</u>	<u>50,678</u>	<u>50,678</u>
Total Funds		<u>55,296</u>		<u>54,715</u>
Fund Balances as at 31st December				
	Unrestricted	Restricted	Unrestricted	Restricted
Investments	22,406	875	21,014	200
Current Assets	30,418	2,016	32,296	3,837
Current Liabilities	(419)	-	(2,632)	-
Total Funds	<u>52,405</u>	<u>2,891</u>	<u>50,678</u>	<u>4,037</u>
		<u>55,296</u>		<u>54,715</u>

9. Auditors remuneration

	Group 2019 USD (\$000)	Group 2018 USD (\$000)
Included in the statement of financial activities are		
Statutory audit fees	48	46
Tax advisory fees	7	10
	<u>55</u>	<u>56</u>

Notes *(continued)*

10. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

Category	Group 2019 USD (\$000)	Group 2018 USD (\$000)
Investment	13	10
Analytics	4	3
Legal	5	4
Administration	13	11
	<u>35</u>	<u>28</u>

The aggregate payroll costs of these persons were as follows:

Wages and salaries	3,779	3,138
Social security costs	434	357
Contributions to defined contribution pension plans	451	305
Other employee benefits	168	190
Other Staff costs	252	559
	<u>5,084</u>	<u>4,549</u>

Staff banding

The number of employees whose total compensation package (excluding pension) exceeded \$81k (£60k) are as follows:

USD	Group 2019 USD (\$000)	Group 2018 USD (\$000)
81,000 - 93,999	7	4
94,000 - 107,999	5	5
108,000 - 120,999	2	3
121,000 - 134,999	4	5
135,000 - 161,999	5	2
162,000 - 174,999	1	3
175,000 - 188,999	2	1
189,000 - 202,999	2	2
203,000 - 215,999	1	0
229,000 - 242,999	0	1
243,000 - 255,000	1	0
	<u>30</u>	<u>26</u>

The Trustees received no remuneration for their services to the company.

Notes *(continued)*

Remuneration of Key Management Personnel

The total compensation package for key management personnel totalled \$1,643k (2018:\$1,574k). The trustees received no remuneration for their services to the company.

Termination payments

There were no termination payments made during the year (2018: \$57k). The 2018 payments were included within "Wages and salaries" within the aggregate payroll costs table in note 10.

11. Financial Instruments

The carrying amounts of the financial assets and liabilities include

	Group 2019 USD (\$000)	Group 2018 USD (\$000)
Financial Instruments		
Financial Assets - amortised cost	50,479	52,964
Financial Assets - fair value	1,187	777
Financial Liabilities - amortised cost	419	2,632
Financial Assets		
Cash	28,384	32,418
Debtors	1	109
Social investments	23,281	21,214
	<u>51,666</u>	<u>53,741</u>
Financial Liabilities		
Trade Creditors	78	2,155
Accruals	329	353
Other creditors	12	124
	<u>419</u>	<u>2,632</u>

As quoted prices are unavailable, the fair value of equity investments has been measured as at the transaction price. An assessment of the investments were made at the year end by the senior management and an impairment charge of \$1,267,861 (2018: \$1,577,044) was recognised in the accounts within charitable investments on the face of the Statement of Financial Position.

Global Innovation Fund
Report and audited financial statements
31st December 2019

Notes *(continued)*

12. Operating Leases

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods are as follows:

	Group 2019 USD (\$000)	Group 2018 USD (\$000)
Operating Leases		
not later than one year	738	576
later than one year and not later than five years	218	343
later than five years	-	-
Total annual commitments	956	919

Within the financial statements are lease payments totalling \$882k (2018: \$630k)

13. Funding Commitments

Amounts related to programme related investments (grants) contracted for but not provided in financial statements amounted to \$8,341,594 (2018: \$16,365,782) for the group and the company. If all conditions relating to each grant were met, the following amounts will be due.

	2019 Grant Commitments	2019 Risk Capital Commitments	2019 Total
2020	7,512,783	262,000	7,774,783
2021	566,811	-	566,811
2022	0	-	0
2023	-	-	-
Total annual commitments	8,079,594	262,000	8,341,594
Total annual commitments as at 1st January 2019	11,619,075	4,746,707	16,365,782
FX Movement in 2019	(489,210)	80,997	(408,213)
Commitments made in 2019	4,979,729	2,500,000	7,479,729
Payments made in 2019	(8,030,000)	(7,065,704)	(15,095,704)
Total annual commitments at 31st December 2019	8,079,594	262,000	8,341,594

Neither the group nor company have any contingent liabilities as at the balance sheet date.

Notes *(continued)*

14. Trading activities of subsidiary

Global Innovation Fund, a non-profit subsidiary, is registered in the US (FEIN 47-4045086), located in Washington DC had the following results to 31/12/2018.

	2019 USD (\$000)	2018 USD (\$000)
Income & Expenditure		
Total support received & revenue	1,646	1,342
Total expenses	(1,646)	(1,342)
Balance Sheet		
Assets	313	119
Liabilities	<u>(313)</u>	<u>(119)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

15. Defined contribution scheme

The group operates a defined contribution pension scheme. The total expense relating to this scheme amounted to \$451k (2018: \$305k) during the period which has been charged to the Statement of Financial Activities. The contributions were paid using unrestricted funds.

16. Related party disclosure

Trustees

None of the Trustees have been paid any remuneration or received any other benefits from an employment with their charity or a related entity.

Trustees expenses

Five of the Trustees have claimed expenses or had their expenses met by the charity, these are related to flights, accomodation and subsistance for board meetings. These costs total \$39,153 (2018: \$25,693)

Employees

The loan issued to the CEO, Alix Zwane was revalued during the year and was valued at \$5,850 at the end of the year (2018: \$5,760). No interest has been charged on this loan and no repayment has been made since the loan was granted.

Subsidiary

GIF gave \$1,650k (2018: \$902k) to its subsidiary located in Washington DC to funds its administration expenses. \$99,556 (2018: \$131,382) of expenses were paid by GIF on behalf of the US subsidiary. The subsidiary had assets of \$313,418 and liabilities of \$313,418 at 31 December 2019, giving total net assets of \$Nil. At the year end, the susbsidiary owed GIF \$nil (2018:nil)

Notes *(continued)*

17. Post balance sheet event

In January 2020, GIF Growth Limited was incorporated. This is intended to be a trading subsidiary wholly owned by GIF. This is part of GIF's One Mission: Multiple Vehicles strategy looking to invest pools of returnable capital for GIF's mission that are currently being invested in more traditional impact investors.

GIF's social investments are facing uncertainty and challenges as a result of Covid-19. One of GIF's key responses has been to protect the portfolio; spending time and resources monitoring our portfolio innovations, adding support where we can. The trustees believe it is too early to tell whether there will have been any permanent impairment but that this is being kept under constant review by the trustees.