

**Save the Children
International**

Trustees' report,
strategic report and
financial statements for

2019



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Save the Children International Trustees' report, strategic report and financial statements for 2019

The Save the Children International Board of trustees (herein referred to as the 'trustees') are pleased to present their annual report, strategic report and the audited consolidated financial statements of Save the Children International and its trading subsidiaries for the year ended 31 December 2019.

Reflections from the Interim Chair of the Board

2019 marked 100 years since Save the Children's founder, Eglantyne Jebb, first stood up for the rights of children, stating clearly that 'Humanity owes the child the best it has to give'. This year, we proudly celebrated the contribution Save the Children has made over a century to making countless children's lives better. Over the past 100 years, Save the Children has grown into a global humanitarian organisation that fights for the rights of children, providing them with essential healthcare, learning opportunities and protection around the world.

At the time of writing this, I am reminded that 100 years ago, the world too was facing a global pandemic, just as it is now with Covid-19. Then, it cost the lives of millions of people, including children. Today, we are in a much better place to ensure that does not happen and Save the Children is ready to play its part in making sure children stay healthy, are kept safe, and continue to learn.

In 2019, Save the Children continued its commitment to ensure more children – especially the most deprived and marginalised – survive, learn and are protected. We helped more children survive by strengthening national health systems and supporting community health workers in identifying and treating common childhood illnesses. We scaled up our work to address childhood pneumonia, supported families around the world to improve their nutrition, and provided care and advice for pregnant women and new mothers.

Our education programmes focused on early learning, to help children start early and prepare them to be ready to learn for when they start school, so they can achieve their full potential. For those children living in conflict, we continued to advocate for more to be done to ensure education is not interrupted in times of emergency.

We helped children feel safe and protected – in homes, schools and in communities – and worked to ensure violence against children is no longer tolerated. This included strengthening child protection systems, to stop physical and humiliating punishment against children, and to ensure children have access to protective services and psychosocial support.

Through this work, and along with our partners, Save the Children reached over 38.7 million children through our programmes to help children survive, learn and be protected.

Save the Children used its Centenary year to renew our commitment to protect the rights of children. In 1919, our founder, Eglantyne Jebb, launched a pioneering fight to end children's suffering across post-war Europe in 1919. In 2019, we launched a global campaign – Stop the War on Children – to protect children living in conflict. Through this campaign, we mobilised the public, governments, world leaders and institutions in a fight to protect children caught up in war, and showed the world the effects conflict has on their mental health and emotional well-being. Because of our efforts, we helped change policy relating to repatriation of orphan children of foreign fighters from Syria. We helped reduce arms sales to the Yemen conflict that have been misused to target children. And we succeeded in getting an additional 18 countries to endorse the Safe Schools Declaration, to keep schools safe during armed conflict, bringing the total to 101 countries.

Despite these achievements, 2019 challenged us in a number of ways. Major geopolitical shifts like Britain leaving the European Union and the Protecting Life in Global Health Assistance policy, along with other trends in the sector, drove the need for Save the Children to begin assessing the impact of and potential response to such changes.

Save the Children has always been committed to safeguarding the children we work with. Over the past few years, we have devoted significant efforts to improve the way incidents are reported and managed; to create a culture of zero tolerance inside our organisation so staff are willing to speak out; and to have clearer visibility of our child safeguarding across the organisation. In 2019, we expanded the scope of safeguarding from children to include adults and those in the communities in which we work, responding to recent events that have highlighted weaknesses in the humanitarian sector.

We have zero tolerance to any harm brought to children and communities, both direct or indirect, and are committed to having best in class policies and practices for safeguarding. Despite the complexities of managing a global organisation of tens of thousands of staff and volunteers, and working in countries with weak protection systems, we aspire to lead the way in safeguarding and to be considered a benchmark for the rest of the sector.

We are also committed to setting new standards on global accountability and transparency. In 2019, we improved the way we present our data in our annual Global Accountability Report in order to be more transparent to our stakeholders. This report demonstrated how we use our resources to achieve results for children, and the progress we are making to remain accountable to supporters, partners, staff and children. We also made great strides to ensure mutual accountability among Save the Children members and Save the Children International, which is leading to improved performance across the organisation.

2019 was also the first year of delivery for our 2019–2021 global work plan, which sharpens our focus on reaching the most deprived and marginalised children. Embracing the Sustainable Development Goals' key principle of 'leave no one behind', we are committed to driving high-quality programmes and advocacy, engaging the public to support our cause, and changing how we work to ensure all children benefit equally from our work. Recognising that the current SDG targets are off-track and will not be met by 2030, it cannot just be business as usual if we want to achieve our goals for children.

But of greatest concern, 2019 was a challenging year for children.

The conflict in Syria entered its 10th year, with millions of children struggling to have their basic needs met. The number of people in need due to the conflict in Yemen is a staggering 27% higher than in 2018. Two strong cyclones hit Mozambique, causing widespread flooding and devastation to children and their communities. The Horn of Africa experienced severe climatic shocks, leaving children in agriculture-reliant communities to face critical levels of food insecurity and high malnutrition rates. We saw mass displacement of children from Venezuela, with millions of children making the unsafe and often unaccompanied journey to neighbouring countries, where they have limited access to healthcare and schooling. And the Ebola outbreak continued in the Democratic Republic of the Congo, and Rohingya children continue living in refugee camps in Cox's Bazar.

We were there in all these crises, working together with other humanitarian organisations, to resolve problems faced by children. Through our specialist skills in child protection, emergency health and education in emergency and conflict settings, we enabled the wider humanitarian community to ease the suffering of children and help them, and their families, rebuild their lives.

Lastly, 2019 marked the 30th Anniversary of the UN Convention on the Rights of the Child. While we have made incredible progress over the last 30 years for children's rights, millions of children are still being left behind and are not fully realising their rights. Together with children, we commemorated this milestone by advocating children's rights – more than 60 of our country and member offices helped children stand up and demand that their governments not only recognise their rights, but also help them realise these rights.

It is a privilege to act as Interim Chair of the Board for such a powerful movement for children, and I am proud to represent a Board of talented trustees who are dedicated to steering Save the Children through the global issues facing the movement. I am proud of what we have achieved for children in 2019, but conscious of the enormous challenges facing us both in the immediate future, and forthcoming years.



Robert Good
Interim Chair of the Board of Trustees
(from 13 June 2019)

Who we are

We are one of the world's leading independent organisations for children. We work to save children's lives. But we are also committed to helping children fulfil their potential. The fight to secure children's rights is the foundation of all our work.

Our vision is a world in which every child attains the right to survival, protection, development and participation.

Our mission is to inspire breakthroughs in the way the world treats children and to achieve immediate and lasting change in their lives.

Our values are Accountability, Ambition, Collaboration, Creativity and Integrity.

For 100 years, we've worked to ensure all children realise their rights.

Our ambition is to ensure that by 2030:

- **no child dies from preventable causes before their fifth birthday**
- **all children learn from a quality basic education**
- **violence against children will no longer be tolerated.**

We cannot do this alone. To achieve these breakthroughs, we must inspire others to join our cause, whilst focusing our direct contribution on reaching the most deprived and marginalised children to ensure no child is left behind on the progress made by the rest of the world.

The Save the Children Association (SCA)

The Save the Children Association comprises 30 members (27 full members and 3 associate members¹) as well as Save the Children International.

Save the Children International (SCI)

Save the Children International is mandated to deliver international programmes and coordinate global campaigns on behalf of the entire Save the Children organisation. Financing for international programmes is provided by 17 international programming members.**

With the exception of the sections titled 'Our impact' and 'Our global strategy', which also includes information about Save the Children Association, the following pages report on Save the Children International's strategic activities and finances in 2019.

1

An associate member is entitled to use the Save the Children brand but, until progression to full membership, does not have full rights under the Save the Children Bylaws, including those relating to voting rights.

**Save the Children International programming members are listed in note 18 of the financial statements (page 60).

Our impact

We have continued to make progress towards our breakthroughs in 2019, for all children to survive, learn and be protected. This year, we redefined what it means to achieve our breakthroughs, and have developed specific breakthrough objectives to focus and measure our impact in 2019–2021. These objectives will contribute to the wider Sustainable Development Goals as agreed by world leaders by reducing the number of children dying from pneumonia, enabling more children to access protective services and ensuring marginalised children learn and benefit from quality education.

Our global impact, as reported in this section, has been achieved through the combined efforts of Save the Children members and Save the Children International.

Through our programming, advocacy and campaigns, in 2019 we:

- directly reached **38.7 million children²** through our work and the work of our partners
- responded to **130 emergencies across 64 countries**, of which Save the Children International led 112 responses across 54 countries
- contributed to **80 significant changes and implementation of policy or legislation change** related to the most deprived and marginalised groups of children in different countries, regions and internationally.

Specifically through Save the Children International's programme operations, we worked to ensure...

... all children survive ...

Every child has a right to survival. Yet around 5.3 million children each year die of preventable causes before their fifth birthday, often because of inequality, poverty, weak health systems and lack of access to health services. We know that simple, low-cost interventions, such as community health workers trained to recognise, diagnose and treat common childhood illnesses such as pneumonia, can help more children survive.

In South Sudan, pneumonia is a leading killer of children, causing around 20% of deaths of children aged under five. In 2019, with the support of USAID, Save the Children trained around 500 community health workers in eight counties of Kapoeta State. They provide a valuable extension to the national health system in some of the hardest-to-reach communities in the country. As a result, the number of children treated for pneumonia in Kapoeta State increased by 35% in 2019.

We are focusing our efforts in nine countries with a high-burden of childhood pneumonia, including South Sudan, aiming to save more than 500,000 children's lives by 2021 by ramping up efforts in vaccination coverage, diagnosing and treating more children close to their homes, and facilitating greater multi-sector engagement.

To tackle undernutrition, which contributes to nearly half of all deaths in children under five, we have supported families around the world to improve their nutrition and prevent or reverse the life-threatening impacts of undernutrition.

2

A person is reached directly when she or he has received one or more project/programme inputs from Save the Children or a partner; or has participated in activities or accessed services provided by Save the Children, a partner, or institutions or individuals supported by Save the Children or its partners.

In Myanmar, we improved the nutrition of mothers and children by delivering cash transfers to pregnant women during the first 1,000 days (from conception until a child reaches two years of age), supported by social and behaviour change initiatives to encourage positive feeding practices. Working with our partner in country and Myanmar's Ministry for Social Welfare, Relief and Resettlement, this has now been scaled up across the country.

Around the world, we also provided care and advice for pregnant women and new mothers, provided special care for premature and sick babies to help them survive their first 28 days of life, supported adolescents to access healthcare specific to their needs, and worked to ensure that women and girls have the information and support they need to access their sexual and reproductive healthcare and rights.

Our full range of health and nutrition programmes directly reached 26.8 million children around the world in 2019.

In 2019, through our global and national advocacy, we contributed to making good health and nutrition for all a reality. The first ever United Nations high-level meeting on Universal Health Coverage (UHC) took place in September and our advocacy efforts in the lead-up to the meeting contributed to strong commitments in member states in the most ambitious and comprehensive political declaration on health in history.

In Bangladesh, the National Strategy for Community Health Workers was launched – an important step to improve access to healthcare for all. In Mali, the President of Mali approved the removal of user fees for children under five years of age and pregnant women to access health care, and committed to allocating 15% of the national budget to health. And in Nigeria, all 23 local Government Councils of Kaduna State committed to increasing investments in nutrition-related interventions in 2020, to a total of US\$ 1.4m.

... learn ...

All children have the right to learn from a quality basic education. However, 250 million children are at risk of not reaching their learning potential by age five – and 71% of these children are the poorest and most deprived children.

Our early learning programmes help children start early and prepare them to be ready to learn when they start school. We ensure that children learn to read, write and use numbers, that schools are places where children are safe and happy, and that caregivers and teachers are supported with the skills and environments to ensure that children learn.

We also believe that no child's learning should stop if they are caught up in a crisis. We continue to work so that the most marginalised and hard-to-reach children, such as refugees and internally displaced children, can access education opportunities, and we build up evidence where it is most needed.

For example, in 2019, in Iraq, our Early Childhood Care and Development (ECCD) approach was integrated into the curriculum as a result of our reputation for delivering quality early childhood care and development in Syrian refugee camps. This 'Ready to Learn' approach helps pre-schools, parents, communities and governments to provide 3 to 6-year-olds with early learning opportunities and foundational reading and maths skills. We trained 15 governmental teachers (13 women and two men) and one ministry representative in the Kurdistan Region of Iraq on this Ready to Learn early learning curriculum, which is a significant step towards the curriculum being adopted across the whole Kurdistan Region of Iraq, thereby reaching thousands of children.

In Mali, we provided support to over 7,000 vulnerable children in 105 Early Childhood Care and Development centres. More than 5,000 children in 18 community reading clubs received literacy support through our Literacy Boost approach and we supported around 4,200 children in emergency contexts to access 'catch-up' classes. We also supported several hundred at-risk and out-of-school children aged 7–12 from displaced families to get back into school.

In 2019, we also worked to ensure that schools are safe and for more children with disabilities to have access to a quality education. In Somalia, our work to make schools into safe and protective environments resulted in increased enrolment in schools, improved learning outcomes and improved wellbeing of girls and children with disabilities. We directly reached over 1,000 Somalian children with disabilities with our education projects. An Early Grade Reading Assessment in Puntland and South Central showed that 54.5% of children who were assessed passed all six literacy competencies, up from just 22.2% of children before we started work there.

Through our advocacy work, we led the development and launch of the Global Framework for Refugee Education at the Global Refugee Forum. Endorsed by 60 members, it will help ensure all refugee children are in school and learning within a few months of becoming refugees.

In addition, as the civil society representative on the executive committee of Education Cannot Wait – the global multilateral fund for education in emergencies – we led the global coalition of organisations actively engaging donors to secure a total of \$216 million replenishment of the fund at the United Nations General Assembly.

These examples provide a snapshot of the impact of our programmes and advocacy and our full range of education work directly reached 7.7 million children around the world in 2019.

... and are protected.

Every child has the right to grow up safe from violence. Save the Children works to ensure that violence against children is no longer tolerated – at home, in schools and in communities. We help children access protective services, including through training social workers and improving case management work, and we work to change harmful social and gender norms that drive violence against children. We also support children affected by conflict, ensuring they are protected and supported to recover – especially those who experience grave and other serious violations.

Through our Right to be Heard report, we spoke to 10,000 children in 15 countries about how conflict is impacting their lives. They spoke about how conflict is affecting their mental health, and how a lack of education makes them vulnerable – both now and in the future. These children's voices are now informing the development of three-year country change strategies focused on grave violations, safe schools and mental health and psychosocial support.

We continued to advocate around the world to uphold children's rights to be protected from all forms of violence, which helped lead to the adoption of a law in Kosovo banning physical and humiliating punishment of children in all settings and the South African Constitutional Court ruling that physical punishment of children in the home is unconstitutional.

Save the Children provided technical leadership to influence the 2019 UN General Assembly Rights of the Child Resolution. The resolution provides recommendations to prevent unnecessary separation of children from their families and recognizes the scale of the problem.

Campaigning for and with children to reach our breakthroughs

The world is making tremendous progress for children with at least 280 million children having a better chance of growing up healthy, educated and safe than at any time in the past two decades. Yet with ten years to go until 2030, more needs to be done, and faster, to achieve the Sustainable Development Goals (SDGs) and ensure that all children irrespective of who they are and where they live survive, learn and are protected. Currently, 415 million children are living in a conflict zone. Every year 12 million girls under 18 are married and more than 5 million children still die from preventable causes.

Children in the world's poorest 20% of households are nearly 40% more likely to die before their fifth birthday than the global average.

In our centenary year, Save the Children continued our Every Last Child campaign, with a global focus on protecting children in conflict, to ensure that the world's most deprived and marginalised children survive, learn and are protected. With original research, evidence generated by our programmes, innovative approaches, strong reports and news lines, compelling stories of children's realities, powerful partners and support for children's own actions, our global and national campaigning and advocacy catalysed positive change for children left behind by global progress and contributed to addressing social, legal and economic barriers to achieving our Breakthroughs, the SDGs and ultimately children's rights.

Stop the War on Children

In 2019, we launched our global Stop the War on Children campaign to call on governments and others to uphold international laws and standards to protect children in conflict, hold perpetrators to account, and to give practical help to protect children and enable their recovery. The campaign was launched at a high-level symposium at the Peace Palace in The Hague and through events in 25 other countries. In September, we brought the issue to UN Member States at the UN General Assembly, and secured commitments from leaders at an event attended by over 400 delegates.

We have seen progress at the national level with 18 more countries endorsing the Safe Schools Declaration, bringing the total to 101 states committed to ensure better protection for education during armed conflict. Governments, including those in Germany, Italy and Norway, suspended or banned the export of arms to parties involved in the conflict in Yemen. Some of the children born to foreign fighters in Syria were repatriated back home to Australia, Norway, Sweden and the UK. In many cases, this was a result of our leadership, sustained partnership, advocacy and campaigning.

With the African Child Policy Forum, we co-organised a Pan-African Conference on Children Affected by Armed Conflict. Fourteen young people from Africa shared the reality of living in conflict-affected countries. The 200 policy-makers present called for action to address the deep roots of the crisis in Africa, specifically on accountability for perpetrators of child rights violations, for protection of children and access to basic services in times of conflict and peace.

Ending Child Marriage

With 20 significant wins, our advocacy and campaigning on ending child marriage gained pace. By working with partners and using our voice with governments and decision makers, communities and our media outreach, we contributed to the outlawing of child marriage in Mexico, Mozambique, Tanzania and Cote d'Ivoire in the last year alone. A unique Girls LEAD Act bill was introduced in the US to increase investment in girls' civic and political participation globally.

A new way of tracking how African states make progress towards ending child marriage and female genital mutilation, a concept Save the Children introduced four years ago, has been endorsed by the African Union. Once implemented, the African Union will be able to track the commitments made by countries across the continent towards ending these harmful practices.

On International Day of the Girl, we supported girls to be their own agents of change by bringing attention to the issues that affect them through our Bridge the Gap activity that took place across the world, from a walk across the Brooklyn Bridge in New York, USA, to an awareness-raising caravan through Bamako in Mali.

Change with children

Children have a right to speak out, campaign and influence change and when they take action things change. In 2019, we scaled up our focus on children's own advocacy and campaigning and supported children to secure over 30 wins in countries across the world. These ranged from uplifting children's rights in national elections in India to child campaigners being instrumental in influencing public spending and budgets in Peru. We piloted a new Campaign Planner for children in Colombia, Mali, Somalia and Pakistan that aims to support children to create and implement their own campaigns. Through our school twinning project, we supported close to 400 children in member- and conflict-affected countries to connect and discuss issues of rights, conflict and campaigning.

We also continued to engage girl champions from around the world in 2019 in our local, national, regional and global work. At the global level, a girl champion in Nigeria spoke about her experiences of living in conflict at the Stop the War on Children Symposium in May 2019. We also hosted a Pan-Africa Children and Armed Conflict Event, where girl champions spoke about their experiences of conflict, and their asks of decision makers. At the national level, girl champions led several activities and events, including being involved in our Bridge the Gap events for International Day of the Girl.

To celebrate the 30th anniversary of the UN Convention on the Rights of the Child, we organised events in more than 60 countries – from a National Children's Summit in Zambia to a children's writing competition in Colombia. We supported four children to attend a high-level conference in Geneva with Save the Children CEO, Inger Ashing, where they spoke passionately about their rights. Through our advocacy, we contributed to over 50 countries making pledges on how to speed up implementation of the Convention and children's rights.

Reaching children in crisis

In 2019, Save the Children responded to 130 emergencies in 64 countries, reaching more than 17.9 million people, including over 10.6 million children. Similar to the previous year, the amount of money spent on humanitarian programming represented 45% of total international programming spend.

The number of people in acute need of humanitarian assistance in Yemen increased by a staggering 27% in 2019. Now in the fifth year of the crisis, our teams continue to provide life-saving assistance in one of the most challenging environments in the world. Our teams work tirelessly to treat malnourished children, distribute food and cash, run recreational activities in Child Friendly Spaces, support health facilities, respond to disease outbreaks and support educational programmes. Since the beginning of the crisis, we have reached more than three million children with this crucial support.

We used our global voice to advocate against the misuse of arms to target children. Many of our members called on their government to stop selling arms. Save the Children Italy launched a petition that gained over 100,000 signatures. Save the Children Germany drafted a joint lobby letter together with 50 other organisations, and Save the Children Norway handed in several petitions to the Norwegian government. These actions helped lead to multiple governments, including those in Germany, Italy and Norway, to suspend or ban the export of arms to parties involved in the conflict in Yemen.

In 2019, Mozambique was hit with two strong cyclones, Cyclone Idi and Kenneth, just six weeks apart, causing widespread flooding and devastation to livelihoods, homes, schools and hospitals. Our Emergency Health Unit was on the ground before the cyclone hit and worked to prevent disease outbreaks and ensure children had access to healthcare. We worked closely with other agencies to distribute emergency relief items to families who lost their homes, including tents, tarpaulins and means to purify water. We also set up Child Friendly Spaces, 12 of which are still active, and over 300 Temporary Learning Centres to ensure children had safe places to learn and play.

The Horn of Africa experienced severe climatic shocks in 2019, leaving children in pastoralist and agriculture-reliant communities experiencing critical levels of food insecurity and high malnutrition rates. Our teams are on the ground in Kenya, Ethiopia and Somalia treating malnourished children, providing emergency water supplies, running health facilities, supporting separated and unaccompanied children and providing cash transfers. Building on our experience from previous drought responses in the region, we focused on building the resilience of the children and their families by training communities in Somalia to develop their own plans for responding to local needs, and by partnering with businesses in Ethiopia to develop the skills of adolescents to ensure sustainable livelihoods.

The Ebola outbreak continued in the Democratic Republic of the Congo (DRC), nearly a year and a half since its declaration. We worked to mitigate the impact of the outbreak on children and their communities by improving access to healthcare, creating a protective environment, and improving resilience amid the crisis. We have reached over 2.7 million people with crucial health messages, necessary medical supplies and lifesaving care in the last year.

Our teams have worked tirelessly to support Rohingya children and their families since they fled Myanmar to Cox's Bazar in neighbouring Bangladesh in 2017. We run case management and psychosocial services in over 75 of our Child Friendly Spaces. We help children access education in over 200 learning facilities. We also provide food, shelter and hygiene assistance to those living in the camps, as well as health services in various facilities, such as a primary healthcare centre, which hosts 20 beds and is open 24 hours a day.

An estimated 5.6 million people are estimated to be displaced from Venezuela, making it among the highest refugee crisis in the world. The humanitarian needs of children and their families continue to be vast and acute and we are reaching the most vulnerable people, including both Venezuelan migrants and host communities. Our programmes provided learning opportunities for out-of-school children and cash assistance to enable families to buy basic items. We distributed water filters, mosquito nets and hygiene kits, set up emergency latrines in informal settlements, and worked with partners to increase families' access to safe drinking water. In Colombia, which hosts many of the migrants, we operate a sexual and reproductive health unit where we provide life-saving health care and psychosocial support to those in need. We have also established two mobile sexual reproductive health units to help reach the most vulnerable communities.

Our Global Strategy: Ambition for Children 2030

In 2016 Save the Children launched a 15 year global strategy to ensure that by 2030:

- No child dies from preventable causes before their fifth birthday
- All children learn from a quality basic education
- Violence against children is no longer tolerated.

This is the first time all Save the Children members, together with Save the Children International, have agreed a shared strategy that is being implemented across the organisation. 2019 marked the first year of our three-year strategic period (2019–2021), and we are striving to drive impact for children by implementing our three-year-plan as outlined below.



Ambition 2030

ALL CHILDREN SURVIVE, LEARN AND ARE PROTECTED

In 2019–2021, we will drive our breakthroughs for deprived and marginalised children across all contexts by:



SURVIVE

Helping children survive by reducing childhood pneumonia and supporting adolescent sexual and reproductive health and rights



LEARN

Improving learning outcomes in the early years by promoting literacy and numeracy in inclusive learning environments



BE PROTECTED

Protecting children in conflict and changing behaviours that expose children to violence

Drive high quality programmes and advocacy

- Focus our people and funding on the most deprived and marginalised children
- Learn, do and measure what works
- Put child rights at the centre of what we do

Engage the public to support our cause

- Build on integrated approach to public engagement
- Accelerate growth in supporter giving

Change how we work to be fit for the future

- Improve accountability to our stakeholders
- Develop new models and platforms

Operate more effectively and efficiently

- Reform our governance
- Live our values and engage our people
- Continue to improve our infrastructure

Progress delivered by Save the Children International in 2019

Save the Children International is responsible for progressing key initiatives within the three-year strategic plan. In 2019, the first year of our current three-year plan, we focused on defining plans to accomplish our breakthroughs for children and driving efforts to achieve four organisational priorities.

Drive high quality programmes and advocacy

Save the Children is committed to strengthening the quality of its programmes and advocacy, therefore achieving greater impact through our work for children. One of the ways we are doing this is continuing to drive uptake of our 'common approaches.' These are our highest quality programmes – they come with a body of evidence to demonstrate that they work; we have a wealth of experience and expertise in delivering them; they are adaptable to our different countries and contexts; and they have the highest impact for children.

Save the Children's technical expertise is central to designing and delivering strong programmes, mobilising resources, advocating for change, influencing policy and practice, building our evidence, and disseminating our learning. The technical expertise transformation project began in 2019 to ensure we have our best people, in the right places, accelerating our impact for children. We used funding to seed the local increase in country technical expertise and completed the design of a technical competencies framework.

2019 was the first year of our global humanitarian surge platform, transforming how we manage deployments in emergencies. We also saw the development of our new 'global results framework', which tracks how our day-to-day work leads to impact for children at the global level. This framework, and the data that it will produce, will help us to make informed decisions as we plan our progress and hold ourselves to account.

This year, we prioritised the uplift of child rights in our work by broadening the scope and investing more resources in our global child rights team. We are focused on strengthening Child Rights in our programmes and supporting Public Investment in Children at the country level, analysing national budgets and advocating for improved allocation of resources to support children's rights across all our thematic work. Within our humanitarian work, we have embedded Child Rights principles in our response to humanitarian and emergency situations.

Engage the public to support our cause

Save the Children undertook an unprecedented effort in our centenary year to launch a new movement wide, public-facing global campaign, to protect children in conflict called 'Stop the War on Children.' Through this campaign, we mobilised the public to support our cause and helped contribute to positive policy outcomes relating to repatriation of orphan children of foreign fighters from Syria, reduction in arms sales to the Yemen conflict, and the achievement of 101 countries endorsing the Safe Schools Declaration, to keep schools safe during armed conflict.

In 2019, we helped drive improved efficiency and increased income globally across Save the Children members via our 'brilliant basics' initiative to share best practices and common fundraising tools, which have helped members see improvements in donor quality and retention. This work is increasingly important as we have seen a decrease in our governmental and large institutional donors, which currently represent a large portion of our overall revenue.

Change how we work to be fit for the future

2019 provided an opportunity to think through important strategic questions regarding how and where we work. Given our breakthrough plans now show the countries where the need and potential for change in the next few years is the highest, a key goal was ensuring that our global programme portfolio was aligned to those countries. In 2019, we saw an alignment of 60–65%, meeting our annual goal of greater than 50% alignment. Progress was made on updating our operating model in several countries, including transitioning the Philippines and Indonesia from country office to Associate Member status and launching a cluster model across Myanmar, Sri Lanka, and Thailand. Significant efforts began to evaluate implications and potential responses to major geopolitical challenges, including Brexit and the Protecting Life in Global Health Assistance policy.

Another top priority was improving our accountability to our stakeholders. On behalf of the Save the Children Association, we produced our annual accountability report, in which we improved the way we reported on our data, demonstrated how we use our resources to achieve results for children, and the progress we are making to remain accountable to supporters, partners, staff and children. We completed a mid-term audit of our Core Humanitarian Standard implementation, and found that our scores increased across eight of nine commitments relative to our 2017 audit, where we passed on all nine commitments.

Operate more effectively and efficiently

In 2019, we continued to focus on transforming ourselves into a more effective and efficient organisation. Central to this effort were several initiatives relating to governance reform. We strengthened our Assembly, sharpened governance roles and established the Management Committee, to give oversight and direction-setting responsibilities to a broad range of Save the Children members. We also piloted an 'accountability framework', which will be used to ensure all Save the Children member organisations are meeting key performance standards and indicators across key areas of organisational health. Finally, we created a structured approach to managing risk across the whole Save the Children Association; our new Risk Management Plan will ensure that we are consistent and strategic when it comes to deciding where we will tolerate risk and to what level we will tolerate it.

We have pushed ahead with our portfolio of high-performing organisation projects. By the end of 2019, we reached our target of eight complete projects, out of a total of 14. This represents the launch of several systems designed to improve our efficiency and effectiveness, including the launch of an HR system, the launch of a new global financial data coding model, as well as savings due to increased efficiencies in our supply chain.

In 2019, our relentless focus on strengthening our operations for children resulted in roughly 85% of our country offices meeting the target threshold of at least 70% of our internal operational key performance indicators being on track. This represents a major improvement on our 2018 performance, where 44% of country offices met this target.

We deeply understand the importance of having a healthy organisational culture that allows our people to thrive and do the best they can for children. Our continued focus on wellbeing and communication has begun to drive change. This year's employee engagement pulse survey showed that 90% of colleagues report being engaged in the work they do here, an increase of 5% from 2018.

Challenges to delivering our strategy and the impact of COVID-19

At the time of writing the Trustees Report, we are facing an unprecedented global crisis in COVID-19 that is posing even greater threats to children's rights to survival, learning and protection, and risks critically undermining progress made to deliver on the Sustainable Development Goals. To be clear, our strategy has not changed. We are still focused on delivering our breakthroughs for children. What we do for and with children is not changing significantly – and is needed now more than ever. How we work to deliver on those breakthroughs is requiring us to be nimble and adapt, and to move faster than ever.

In some cases the COVID 19 crisis has forced us to deliver faster and better on some of our strategic initiatives, e.g. using approaches we know work to deliver results for children across members and Save the Children International, and increasing our investment in digital fundraising. In other cases it has forced us to slow the pace of some change projects to give our country teams more breathing room during this time. To ease the pressure facing country offices, we have delayed some key projects within our High Performing Organisation (HPO) Programme including the member on-boarding of our Agresso financial management system and the Fleet Charging Model, as well as the deployment date of Source to Pay, PPM PRIME and Coding systems. We will push forward with our Flexible Operating Model to respond to changes in the political environment by shifting financial and human resources from HPO, to deliver the project.

Our centenary year provided us with a great opportunity to come together as a global organisation and speak out with one voice against the plight of children in conflict. However, it also showed us how hard it can be and how essential it is to coordinate across members and key functions within them to do something truly global with impact. When we come together and act as one – we can succeed in making change for children on global scale, and COVID-19 has created an environment in which we are coming together to act as one like never before. We are taking down walls that have unnecessarily existed between programming and advocacy, humanitarian and development, members and Save the Children International. For the first time ever we launched a truly global fundraising appeal across Save the Children International and members, which aligns with both our advocacy strategy and global COVID-19 response plan under the framework of 'protecting a generation'.

We have opportunities do even more to demonstrate accountability to our stakeholders. Moving forward, we hope to leverage the head start COVID-19 travel restrictions have given us on our commitments to reduce costs and carbon footprint. We will bring this work forward into our discussions about the future of our movement beyond COVID-19 and our environmental accountability to becoming a greener organisation.

We are also seeding a digital transformation across our organisation as a result of stay-at-home orders. This transformation is one we want to continue to leverage moving forward. We have already shown how well we can adapt to online working through the rapid rollout of MS Teams, and fundraisers have held our first fully virtual skillshare. We are using digital and mobile platforms more than ever before to train the teachers and local health-workers we work with, and to deliver cash programming. We are holding webinar series across the globe with our donors and fellow campaigners, connecting them directly with our staff on the ground and children who are leading the charge of change in their communities.

We do not yet know the full impact of COVID-19 on children, nor do we have a complete understanding of the consequences that this pandemic will bring, but it will certainly lead to economic crises and, perhaps, a greater national focus to the detriment of international aid. Save the Children's current response has shown the benefits of different members working together and we must certainly continue on this path. In this changing context, it is essential to prioritize the maintenance and generation of new income across Save the Children that allows us to respond to the needs of children. Despite the flexibility that we have seen from many institutional donors in light of COVID-19, there is little certainty about how they will respond in the future, and so the generation of unrestricted resources that allow us to respond autonomously to the consequences of the pandemic remains critical.

Whilst COVID-19 has brought a lot of unanswered questions, as we reach our half way point of our current three-year workplan, we will get clarity on what we can leverage this time to deliver faster and better for children in the next 18 months, and develop and test scenarios to help us develop our next three year plan for 2022–24. Specifically, we will be thinking about how we will achieve our breakthroughs for children in our new environment, and how this might impact our business models, including our financial viability and ways of working.

2020 Priorities

The closures of schools, economic slowdown, overrun health systems and stay-at-home messaging will likely set the world back, and we risk reversing 20 years of progress made towards achieving the SDGs. The most marginalized and deprived children will be among the hardest hit, making our work more critical than ever. We will need to adapt our work and be more innovative than ever, as our resources to deliver will be more limited. We are already working in creative ways to mitigate the impact of COVID-19 on children. We have a Global Response Plan that sets out our plan to ensure children are not left behind in the global COVID-19 response, highlighting the incredible work and adaptations happening in the countries where we work around the world. Our Protect a Generation campaign is focused on preventing the reversal of progress made towards the SDGs.

We recognise that the ability to fulfil the SDG principle of 'leave no one behind' requires a stronger multi-dimensional approach to children, action on the political as well as technical obstacles to progress, and a fundamental realignment of our resources.

In 2020 we want to enable our programme and advocacy teams to do more and better quality work with children, on time, on budget and with compliance, in order to achieve our three breakthroughs.

We have developed breakthrough plans for achieving impact in countries where the need and potential for change is the highest, and have developed specific breakthrough objectives to focus and measure our impact in 2019–2021. These objectives include:

- **Survive:** Save 510,000 children under five from dying from pneumonia; save 10 million children under five who are living in areas of severe climate events, conflict, and displacement migration with live-saving nutrition approaches
- **Learn:** Support 6.5 million children (especially those with disabilities and affected by conflict) to make progress on early development and early learning outcomes; increase finance from donors & governments by 10% to help the most marginalized children learn & benefit from quality education
- **Be protected:** Protect & support recovery of 750,000 impacted by conflict; ensure more children access protective services (violence prevention & response) through increasing trained social workers, more effective case management, and community-level protection; advance global evidence on what works in changing harmful social and gender norms that drive violence against children
- **Cross-breakthrough:** Accelerate progress to ending child marriage, contributing to a 4% reduction per year, through a gender transformative holistic approach to adolescent girls' rights

We will focus on ensuring all functions in Save the Children International are contributing to the delivery of our breakthrough plans, which align with, and are our contribution to the Sustainable Development Goals. We will use our global results framework to understand how well our programmes and advocacy are delivering on impact for children. We will improve performance, ensuring we have the right people in the right place, and leverage our common approaches wherever it makes sense to do so. We will examine the impact the climate crisis is having on children, measure our own carbon footprint and develop a plan to improve going forward.

We will ensure our organisational design and systems are more effective and efficient, increase the cost effectiveness of our award management and common approaches, and make better decisions based on the true cost of delivering awards. We will be clear about where and how we need to move faster or differently to ensure we are able to deliver impact for children in the future. We will bring visibility to our performance across Save the Children members and Save the Children International on competitiveness and return on investment, as well as strengthen our new business development capacity and our collective fundraising action to deliver for children.

Risk management and internal control

Every day, Save the Children International faces challenges and risks due to the complex and unstable environments that we work in. As such, we consider strong risk management and robust internal control to be critical components of our operations. It enables us to uphold and protect our reputation and, as a result, gain the trust of the children and communities we work with, our partners, as well as the individual and institutional donors who support us.

We have developed our internal control processes and a global risk management framework, including a clearly defined risk appetite, an incident reporting and case management system, and established a governance mechanism for escalating risk incidents and concerns to the trustees. While these are significant improvements, we recognise that we need to make further progress. In order to gain the full benefit of these improvements there is a need to continue to focus on developing a disciplined risk culture with a focus on training and robust oversight from country offices, regional offices and the centre. Strong risk management enables us to use our funding efficiently and effectively to serve our beneficiaries in the best way possible and to deliver our strategy for children.

Shared Risk Appetite across Save the Children

In 2019, we prioritised the development of a global risk management framework. This new risk appetite approach builds on the Save the Children International risk appetite agreed in 2018, but expands its focus, covering the wider shared risks that the whole movement faces. Shared risk is intrinsic to our global presence, fluid contexts and our organisational structure: we are one organisation that has one brand, one strategy and one operating platform for international programmes. Most of our supporters and stakeholders regard us as one Save the Children. Shared risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile enough to respond to the challenges faced.

The new governance model requires a global risk management framework to enable a consistent approach to decision-making and risk management across the movement.

As a global movement of members, this work needs to align with each of the member Boards as well as with the Save the Children International Board. To coordinate this we have formed a new Save the Children Association 'Risk Management Leadership Group' consisting of Member CEO appointed 'risk leads,' and representatives of Save the Children International.

Risk Management and Reporting

We document and manage risk at country, regional and centre level. Risks are formally documented in risk management plans, as well as in individual grant risk assessments. We specify certain risks that all country offices are required to assess on a routine basis. These include:

- Our organisational responsibility to mitigate the risk of child safeguarding incidents
- Terrorism financing
- Fraud incidents
- Safety and security
- Compliance capacity of the wider Save the Children Association and our partners.

We consider managing and mitigating these risks to be instrumental to achieving our strategic and operational objectives.

Regional Risk Committees review risk reports, provide support to country offices in managing key risks and act as a mechanism for escalating risks to the centre and board committees. At the centre, we have established a Risk Management Committee, which assists the Senior Leadership Team to identify and discuss the key risks that could limit the organisation's ability to achieve its objectives. Those risks, together with ratings and mitigation plans, are discussed by the trustees and the Audit and Risk Committee. The trustees are accountable to children, Save the Children members, donors, regulators, including the Charity Commission, partners, staff as well as the Save the Children Assembly³.

Incident reporting, case management and cross-functional risk management

Our incident reporting, case management and cross-functional risk management have clear procedures, mechanisms and processes to detect, react, report, manage and mitigate risk. In 2019, we used our incident reporting and case management system – Datix – to report and manage all child safeguarding and fraud incidents and concerns. We also launched a global whistleblowing hotline, linked to the Datix system.

In 2020, we plan to use the Datix system to report and manage incidents and concerns in the following additional areas: global safety and security; IT security and data protection; clinical incidents; and HR complaints (including sexual harassment, assaults, general harassment and bullying).

The trustees of Save the Children International communicate all serious incidents with the Charity Commission and to the relevant programming Save the Children members, so they can inform their donors.

Child safeguarding

Save the Children has a zero tolerance policy towards the abuse and exploitation of children by anyone involved with our programmes, including staff, partners and others representing our cause, such as volunteers. We are deeply committed to preventing any intended and unintended harm to children caused either directly or indirectly by our activities.

Save the Children International has a global child safeguarding policy, which outlines and requires the following:

- Save the Children aims to be a child safe organisation.
- Everyone associated with Save the Children must be made aware of the problem and risks of child abuse and sexual exploitation for children.
- Save the Children recruits only representatives who are suited to work with children and to apply strict child safe recruitment practices.
- Everyone associated with the organisation must sign the Code of Conduct, read the Child Safeguarding Policy and attend child safeguarding training.
- Anyone who represents our organisation behaves appropriately towards children and never abuses the position of trust that comes with being a member of the Save the Children family. This applies to both the private and professional lives of all staff and representatives.
- Everyone who represents the organisation must actively create a safe environment for children who come into contact with the organisation.
- All activities and programmes of work, including during the response to humanitarian emergencies, are assessed for risks to children and these risks are reduced or mitigated by all means within our control.
- Save the Children International's central, regional and country offices establish and maintain robust systems, which promote awareness of child safeguarding, enable the prevention of harm.

Improving child safeguarding – Progress in 2019

We continued to focus on the five aspects of Safeguarding – Prevention, Awareness, Reporting, Response and Survivor Care. There was a 60% uplift in child safeguarding concerns in 2019 indicating increased awareness, accessible reporting, and confidence that concerns would be investigated and appropriate action taken. We approved a Child Safeguarding scorecard to track quarterly progress on safeguarding in the regions and the centre. We now have visibility into compliance to our Child Safeguarding policy, with 89% of new staff completing their safeguarding training within their first three months of employment. We continued to report new concerns to the Charity Commission in line with statutory guidance and received acknowledgement from the Charity Commission on our progress on safeguarding processes and governance.

3

The Save the Children Assembly comprises of the Save the Children Association member organisations, usually represented by their Board Chair, and is the entity with the highest authority within the Save the Children Association. The Assembly has final decision rights under the Bylaws on key decisions, including membership, mission, strategy, global accountability and brand.

We appointed a Global Head of Investigations in 2019 to focus on improving quality of our investigations and survivor care. We conducted three safeguarding investigation trainings, and trained a new pool of 70 investigators. We continued to have a survivor-focused approach and launched a multi-faceted investigation initiative to ensure adequate support to survivors by improving coordination between different functions (Child Safeguarding, HR, Fraud and Safety and Security).

Safeguarding Framework

In 2019, we launched a Safeguarding Framework Policy to ensure that we create an environment where every child that comes into contact with our organisation and every adult working for or associated with our organisation are protected, treated with respect and dignity, and fully supported when concerns arise. It also ensures everyone is accountable for his or her actions.

The Safeguarding Framework Policy encompasses:

- **Code of Conduct:** standards of staff behaviour outlining essential principles and rules that reflect the behaviours and standards Save the Children International expects from its employees, trustees, volunteers, interns, trainees, contractors, consultants, partners, and other representatives working for or on behalf of the organisation in any capacity.
- **Child Safeguarding Policy:** safeguarding children covering all forms of child abuse. Save the Children recognises five categories of child abuse, which are sexual abuse, physical abuse, emotional abuse, neglect and exploitation. Other sub-categories may be adopted from time to time. The policy also covers any poor safeguarding practice.
- **PSEA Policy (Protection from Sexual Exploitation and Abuse):** it is specifically concerned with the Protection from Sexual Exploitation and Abuse (PSEA) of adults i.e. over 18 years. This includes direct or indirect beneficiaries of our programming and adults in the wider communities in which we work or who come into contact with our work.
- **Anti-Harassment, Intimidation and Bullying Policy:** this policy relates to providing a safe working environment for all those who work for us. It covers sexual harassment and other discriminatory or inappropriate behaviour within the workforce, including intimidation and bullying.

External facing Child Safeguarding and PSEA policies were also approved for those working for us or on behalf of us but not our staff such as partners, suppliers, contractors and volunteers.

In 2019, we also launched an external whistleblowing hotline for all employees, which will be extended to partners, volunteers and other people groups in 2020. We have a project underway to improve our tracking of volunteers globally, and with the implementation of Oracle HR can now more easily check all new hires to confirm if they committed misconduct when employed with us. We have also signed up to the SCHR Misconduct Disclosure Scheme.

Safeguarding assurance

In response to the two external audits conducted in 2018, (the European Civil Protection and Humanitarian Aid Operations⁴ audit and the Department for International Development safeguarding due diligence assessment) we took actions to strengthen our recruitment processes and incorporate safeguarding considerations in our programme design.

We conducted a self-assessment to track whether Child Safeguarding Protocol standards are in place across all our country offices. This has enabled us to identify gaps and define action plans to ensure standards are followed consistently everywhere we work with children.

We worked on strengthening the child safeguarding capacity of our partners by developing and piloting our Safer Partnerships approach with high-risk partners in six countries.

Key challenges

Overall, we made good progress in 2019 on improving child and adult safeguarding; however, there is still work to be done to achieve full implementation. Key challenges include safeguarding risk around volunteers; the use of harmful traditional practices among our staff, partners and volunteers (such as the use of physical and humiliating punishment, female genital mutilation and child marriage); and underreporting, particularly involving partners and volunteers. The humanitarian context continues to be a risk area for safeguarding indicated by 70% of total concerns.

We need to continue to ensure our programmes are designed from a safeguarding lens and awareness is created on an on-going basis on safeguarding and reporting mechanisms in the communities in which we work. We need to continue our effort to improve our accountability to the children and adults we serve, through better quality investigations and providing survivors immediate care and support as needed.

⁴

Formerly known as the European Community Humanitarian Aid Office (ECHO)

Number of child safeguarding concerns reported 2011 – 2019	
2011	3
2012	3
2013	31
2014	63
2015	80
2016	193
2017	210
2018	369
2019	589

Child safeguarding incidents and actions in 2019

589 child safeguarding concerns were reported in 2019. There were fewer concerns involving Save the Children International staff (26% in 2019 as compared to 37% in 2018) and higher concerns involving volunteers (27% in 2019 as compared to 18% in 2018).

531 cases have been closed and 58 are still being investigated. Of the 531 closed cases, 290 involved Save the Children International staff and volunteers, 83 involved our partners and 158 did not involve Save the Children International or partner staff.

Of the 290 incidents involving Save the Children staff, volunteers or partner staff:

- 143 allegations were substantiated
- There were fewer sexual exploitation and abuse cases (14% in 2019 as compared to 23% in 2018)
- 25 cases led to dismissals, 30 in contract termination, 44 in official warnings and in 3 cases staff resigned immediately
- 27 cases were reported to the local authorities

As part of our zero tolerance policies and commitment to child safeguarding, we worked closely with our partners in each of these cases to ensure the safeguarding concerns were handled effectively.

Number of adult safeguarding concerns reported 2016 – 2019	
2016	9
2017	24
2018	103
2019	72

Adult safeguarding incidents and actions in 2019

72 adult safeguarding concerns were reported in 2019. There were 30% fewer concerns reported in 2019 as compared to 2018. 60 cases have been closed and 12 are still being investigated. Of the 60 closed cases, 58 were internal cases.

Of the 58 internal incidents:

- 39 allegations were substantiated
- 25 cases led to dismissals, 10 in contract termination, and in 4 cases staff resigned immediately

Focus areas for 2020

Our focus in 2020 will be on embedding the safeguarding protocol standards consistently across all our country offices; improving the quality of our investigations; ensuring we have a survivor-focused response to safeguarding; rolling out our safer partnerships approach globally; and piloting our safer volunteers approach in one country per region. We appointed a new Global Safeguarding Director starting March 2020 and will be appointing a Global Safeguarding Thematic Head and a Safer Partnerships Project Manager to ensure Save the Children continues to prioritise safeguarding and to aid effective implementation.

We will work to strengthen safeguarding capability at the field level by appointing safeguarding focal points, who will allocate a minimum of 25% of their capacity to safeguarding activities. We will continue to track compliance to the child safeguarding policy that all staff are trained within three months of joining and take action where this is not met.

We will strengthen our data-driven approach to safeguarding, understanding safeguarding cases by type of abuse, thematic areas and partnering with thematic experts and global program directors to better safeguard children and adults in the work we do. We will continue to build on our base of safeguarding achievements in 2019 and strive to lead the approach for safeguarding in the sector in 2020.

Risk Management and COVID-19

In response to the COVID-19 outbreak, Save The Children established the COVID-19 Taskforce with the mandate to direct, resource and report on all activity across the Save the Children Association (Save the Children International and members). The Taskforce comprises functional leaders representing Save the Children Association (SCA) constituencies – they are to ensure that we deliver our objectives across all Save the Children contexts. To ensure that its decisions are informed by a sound understanding of the risk universe in which the organisation operates and aligns with SCA's risk appetite, the Taskforce has equipped itself with a risk management capability, the objective of which is threefold:

- **Information:** ensure that Taskforce has full visibility on risks resulting from changes in context and from our response itself.
- **Action:** identify and bridge gaps in mitigation: develop additional guidance/material, collect and analyze information, draft recommendations to the management committee.
- **Accountability:** Provide assurance to the Save the Children International Senior Leadership Team, the International Programming Group of CEOs, SCI/SCA Board/Audit Committee and Management Committee that risk is adequately managed.

Fraud, bribery and corruption

In the 2018 Trustees' Report, we highlighted the trend in incident reporting which showed an upward trajectory. We also detailed changes in the structure and resourcing of the Global Fraud Team, which saw us better placed to deliver on our fraud management strategies.

In 2019, the upward trend in incident reports continued, and we started a more granular analysis to understand factors contributing to this trend. Additionally, significant efforts towards strategic fraud management initiatives achieved, as outlined below.

Incidents and actions in 2019

In 2019, the number of fraud incident reports increased by 19%, including a 50% increase in the number of 'level 1'⁵ incidents from the previous year. Meanwhile ratio of level 1 incidents compared to total caseload in both years remained consistent at about 6–7%.

Most regions saw an increase in incident reports compared to the previous year, with our West and Central Africa and the Middle East and Eastern Europe regions seeing the highest levels of reporting with 178 and 170 incident reports, respectively. This trend was evident from 2018, and for this reason we recruited additional resources in both regions to support with the case-management and stakeholder communications. Our Latin America and the Caribbean region also saw an increase in incident reports, with almost double the reports from the previous year. Two factors we believe contributed to this were the Colombia humanitarian response, as well as the recruitment of a dedicated Regional Fraud Specialist, based in region for the first time since transition. Our Asia region was the only region where we saw a decline in incident reports in 2019. This is partly attributable to the turnover in the Regional Fraud lead role during the course of the year.

Our analysis of incident classification shows that the trend in increasing reports is partly attributable to reports generated from beneficiary reporting channels.⁶ In 2019, these reports constituted 23% of the total incident reports. This trend was particularly apparent in Nigeria, Yemen and Colombia. Meanwhile the growth rate of incident reports relating to operational areas such as supply chain and finance has slowed down compared to previous years.

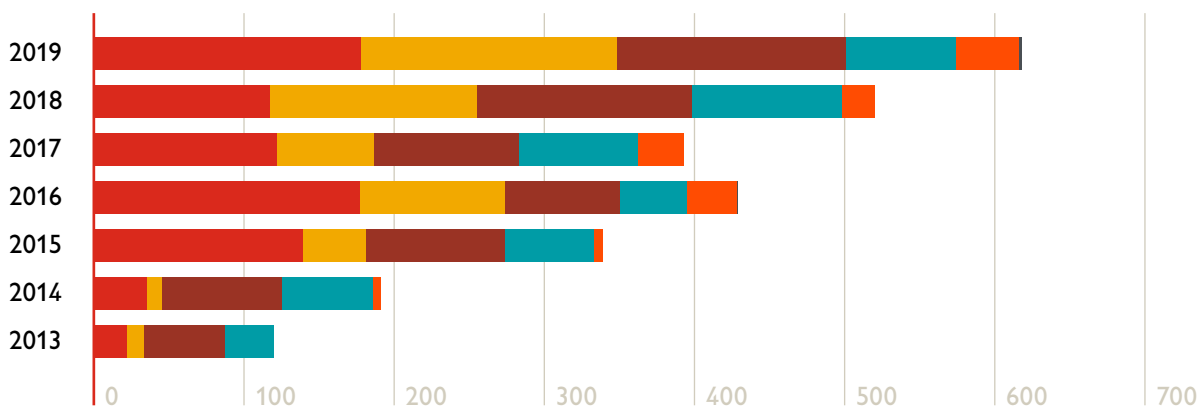
5

Level 1 incidents are the highest category of risk either due to key criteria including significant potential loss above USD 20k, an allegation against SMT member, suspicion of proscribed/armed group involvement. There is a strong correlation between Level 1 incidents and 'Serious Incidents' that get reported through to the Charity Commission and the ARC /Board

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Peers in other large INGO's have also indicated this trend in reporting.

Fraud Incidents 2013–2019



	2013	2014	2015	2016	2017	2018	2019
Western and Central Africa	22	35	139	177	122	117	178
Middle East and Eastern Europe	11	10	42	97	64	138	170
East and Southern Africa	54	80	93	76	97	143	153
Asia	33	61	59	45	79	100	73
Latin America and the Caribbean		5	6	33	31	22	42
Advocacy offices				1			2

Substantiated cases:

Our analysis shows that the % of substantiated cases declined in 2019 compared to 2018. This decline was evident on the caseload as a whole as well as when looking specifically at Level 1 incidents as shown below:

Substantiated cases overall

	Total Cases Reported	Total Cases Closed	Total Cases Substantiated	% Substantiated
2018	520	502	262	52%
2019	618	450	205	46%
Total	1138	952	467	49%

Substantiated Level 1 cases

	Total Level 1 Incidents	Total Closed Level 1	Total Level 1 Substantiated	% Substantiated
2018	32	25	13	52%
2019	48	24	10	42%
Total	80	49	23	47%

Key achievements in 2019

- The introduction and tracking of case management KPIs (case handling time and action tracking completion). Tied to the KPIs, there was a significant push by the global fraud team members to close off a backlog of legacy cases from previous years. At the end of the year 725 cases were closed (compared to 618 new incidents reported).
- The use of data analytics as a proactive fraud management strategy including as a tool for internal audit planning.
- The inclusion of counter fraud and internal control resources on the Global Humanitarian Surge Platform.
- Collaboration with Child Safeguarding, Human Resources and Global Safety & Security teams to develop a workflow and methodology for multifaceted investigations.
- Roll out of the French version of the online Fraud, Bribery & Anti-Corruption awareness training, with development work on the Spanish and Arabic versions underway.

Priorities for 2020

In 2020, key areas of focus for the global fraud team will be increased focus on KPIs, moving our data analytics strategy from a purely project-based approach to include automated monitoring of big data to detect exceptions on an ongoing basis, and a structured communication strategy with particular focus on the effective sharing of lessons learnt following investigations. Meanwhile our collaborative work on the Multifaceted Investigation Pool (MIP) initiative will continue.

Global Assurance

The purpose of Global Assurance is to provide Save the Children International's Chief Executive Officer and the trustees with an independent and objective assessment of the risk, control and governance arrangements in place at Save the Children. The Global Assurance team undertakes audits of country offices, humanitarian responses, regional offices and specific business units, based on an assessment of risk.

Global Assurance is overseen by the Audit and Risk Committee, which assesses the function's performance, guarantees its independence, approves its strategies and work plan, and receives reports on key risk and control issues arising from its work. The committee seeks regular confirmation and evidence from management that actions it has agreed with the Global Assurance function have been implemented.

In 2019, Global Assurance conducted a combination of 16 audit and advisory engagements, including audits of country offices identified as higher risk, business units, and two cross-organisational audits where key areas of risk to our strategy (leadership and culture, and programme quality and impact) are being audited across all levels of the organisation. Whilst noting a continued overall improvement in the internal control environment, the priority risks and issues arising from these audits include: the need to further strengthen organisational management of risk, focusing specifically on safeguarding and regulatory compliance; greater consistency and coherence between global strategy and pursuit of funding; and a continued focus on the quality of audit action implementation for sustained improvements to our internal control environment.

In 2020, the team will continue its focus on audits across the organisation's operations. These include country office operations, as well as the cross-organisational focus initiated in 2019.

Brexit-related risks

As negotiations for the UK to exit the European Union have continued, we have worked to identify and assess the financial and non-financial risks that Brexit poses to Save the Children International and the wider Save the Children Association.

The primary risk is in relation to eligibility for, and compliance with, funding from the European Commission's Directorate-General for International Cooperation and Development and Directorate-General for Neighbourhood and Enlargement Negotiations. Further information for future eligibility requirements from the EU and engagement opportunities are anticipated throughout 2020 to clarify precise requirements from January 2021 onwards. To mitigate this risk, and as part of a broader project, we are developing changes to a number of our impacted country offices with a change process underway throughout 2020 and 2021. The Save the Children Association has a pipeline of \$13m awards at risk from 1st January 2021 onwards. In addition, we are taking mitigating actions to reduce other risks around our workforce, procurement and foreign exchange in order to minimise disruption to our operations.

We are in discussion with Save the Children members, in particular Save the Children UK, as well as other non-governmental organisations and our plans are being updated as more information becomes available, with regular review by management and the trustees.

Our people

We deliver on our ambition for children because of dedicated, hard-working and talented colleagues – from those that deliver programmes on the ground or campaign on key issues, to those who work behind the scenes to keep our data safe, our stock at the right levels and our operations compliant. Save the Children International aims to be a place where engaged colleagues from diverse backgrounds work to achieve our ambition for children. We are committed to the wellbeing and development of over 15,000 staff globally.

Diversity and equality

At Save the Children International, we foster a culture of respect and dignity for all colleagues. We believe that it is critical to address discrimination directly and promote equality in order to ensure that no harm comes to children, and to advance our vision for a world where every child attains their equal right to survival, protection, development and participation. There is zero tolerance for all forms of abuse and mistreatment, including sexual exploitation and abuse, harassment, intimidation and bullying.

Save the Children International has policies and procedures to ensure that job applicants and employees receive fair and equal treatment irrespective of sex, marital status, ethnic origin, disability, age, class, colour, HIV and AIDS status, personal circumstances, sexual orientation, or any other unjustifiable grounds.

All employees and volunteers, whether part time, full time or temporary, are treated fairly and equally. Selection for employment, promotion, training or any other benefit is based on aptitude and ability. All employees are helped and encouraged to develop their full potential, and the talents and resources of the workforce are fully utilised to maximise the efficiency of the organisation.

Reporting on gender equality initiatives

In 2019, we worked closely with our UK Women's network on UK Gender pay actions. We continued our focus on gender equality by:

- Conducting an Equal Pay Audit for all UK employees
- Ensuring 60% of participants in Talent Development Programmes were female
- Ensuring more than 50% of talent in our Regional pipeline are women
- Increasing family benefits for UK employees
- Ensuring 56% of our Country Directors are women
- Continuing our focus on gender balance at board and leadership levels: 45% of our leaders (Senior Leadership Team and Governance Board) are women
- Conducting a gender expert review of three core leadership programmes and adaptations were made to eliminate gender bias
- Seeking feedback to inform plans on diversity and equality through our staff engagement survey

In 2020, we will continue our focus on diversity and inclusion by:

- Having a dedicated focal point in the HR Team for Diversity and Inclusion
- Continuing our partnership with the employee diversity groups at the Centre
- Creating a UK Employee Staff Forum
- Launching a global Diversity and Inclusion Policy
- Creating a UK Diversity and Inclusion Strategy
- Building on our Diversity Scorecard to include globally LGBTQ, disability and other relevant groups
- Continuing our efforts to attract more women into senior positions
- Continuing our focus on gender balance, non-OECD and other groups at the trustee and leadership levels
- Continuing our efforts to attract more men and women into roles where there is an underrepresentation of either gender
- Completing a recruitment gender audit and implementing all necessary actions to address any issues identified.
- Completing a diversity pay audit, looking at all groups

Executive pay

Decisions relating to senior leadership pay are taken to the trustees, guided by its People & Organisation Committee. The People & Organisation committee also approves the general reward policy and annual pay review on behalf of the trustees.

Base salary is set around the median of the competitive market, which is comprised of international INGOs. We do not offer any incentive pay or perquisites. If an employee works in a country outside his or her home country, he/she is entitled to expatriate benefits in line with market practice and approved by the People & Organisation Committee.

Average Country Director pay is broadly in line with the median of the market (our pay aim) and the average lowest and highest actual pay is in line for both male and female Country Directors.

Leveraging Talent Globally to be fit for future 2019–2021

In our current three-year workplan (2019–2021), we want to continue to make talent an advantage by repeating processes that work with rigour, scaling our processes out to lower layers of the organisation and across Save the Children Association, and continuing to get better at strategic succession planning and movement.

In 2019 we focused on:

- Identifying, retaining and succession planning for 28 mission-critical roles in International Programmes. In 2019, we filled 29 out of 30 roles, and the retention rate for these positions was 100%.
- Reiterating our Save the Children International Talent Management approach with Member HR Teams to create one Save the Children Association Talent management methodology, building on identifying leadership potential using the agile leadership model and 'depth' potential so that we can identify and nurture technical expertise. Five Members adopted this approach in 2019.
- Being intentional about the retention and development of our most unstable, yet strategically important function, Programme Development and Quality (PDQ) by strengthening Regional Leadership, conducting Global PDQ Talent reviews, and launching the first PDQ Accelerated Development Programme.
- Valuing and nurturing all levels of talent by embedding our 'Develop to Perform' performance management approach ensuring that all employees have goals and development plans and that their managers support them in quarterly development and performance conversations.
- Implementing Oracle HR across all country offices, regions and the centre, and standardising, monitoring and storing information on 'Develop to Perform' and Talent Management.
- Developing internal coaching capabilities by training 12 senior leaders to become Hogan practitioners and accredited coaches via the Senior Leader Coaching Programme. These coaches then coached 28 internal talents throughout 2019.

In 2020, and into 2021 we will:

- Collaborate with Member HR Teams and CEOs to conduct the first Talent Management Discussion across Save the Children International and members at the Management Committee in June. This process will enable us to identify mission-critical roles across the organisation and our top organisational talent who can prepare to fill these positions in the future.
- Improve our capabilities to succession plan for our 28 Save the Children International mission-critical roles by creating succession and development plans for a deeper bench of internal talents (2–3 identified candidates per role).
- Make our talent review process operational via Oracle HR. We will ensure that 80% country offices complete the annual talent review process using Oracle HR. We want to continue to increase time in position of senior leaders, as well as improve internal movement and diversity of senior leaders.

- Increase management capabilities to identify and develop their people by monitoring 'Develop to Perform' globally using Oracle HR and re-launch two mandatory management programmes 'Managing People in Save the Children International' and 'Recruitment Training for Hiring Managers', both of which will highlight the importance of diversity and inclusion.
- Launch our Global Mobility Framework in 2020 to focus on creating international experiences for internal talent, with a focus on increasing international assignments for talent from non-OECD backgrounds.

We aim to achieve the following:

- Continue to drive stability in country leaders. At the end of 2019, time in position was 2.2 years and we want this to increase to 3 years. We also aim for a turnover rate below 10% – our turnover rate in 2019 was 8%. Our internal movement rate is at 65% and we want to maintain this for 2020.
- Have 100% complete succession plans for mission-critical roles, with 90% roles occupied, 80% roles being filled internally, and a bench of 2–3 internal successors per role. We would also like to see equal distribution of men, women, OECD and non-OECD people targeted as successors for these roles.
- Ensure that 90% of Save the Children International workforce have documented development goals recorded in Oracle HR by the end of 2020.

Being an effective and efficient organisation

Our focus in 2019 was to complete the implementation of our new global HR Information System – Oracle HR – reaching all of our 15,529 staff. In 2020, we will focus on achieving the full benefits from the system, which is used to provide data for other systems in Save the Children such as the Finance System. Benefits will also include more robust talent information – enabling us to more effectively deploy our talent as needed, employee and manager self-service to enable all HR teams to provide a HR Business Partnering service, better management of information and reporting to inform planning and strategic decisions.

We identified opportunities to streamline activities and improve the structure in Save the Children International's centre office, which resulted in savings in 2019. In addition, we reviewed our organisational structures in Kenya, Ethiopia and London, reducing the number of management layers.

Reducing layers minimises the distance between leadership and the field, enabling faster and more effective decision-making and delivery. It also helps avoid duplication of effort and, therefore, reduces costs. We expect more progress in 2020, including in relation to our Technical Expertise teams.

Building a culture of pride and performance

Our performance management approach, Develop to Perform, was launched in 2018. Feedback from regional and country offices has been positive; the focus on development and opportunities has been well received. We will see further evidence of this in internal promotion rates in 2020.

Through the embedding of our new anti-harassment and bullying training, we have achieved significant improvement in awareness, engagement and reporting of sexual harassment and bullying incidents.

We are deploying an anti-harassment and bullying action plan, which aims to ensure that all country and regional offices are robust across all prevention and response measures, and further demonstrates our policy of zero tolerance.

In 2019, with the on boarding of the Global Head of Investigations, we worked on multiple workstreams to improve quality of investigations and to focus our approach on survivor care. A triage process has been developed that will help us identify the concerns that require more focused response on survivor care at an early stage, and can mobilise the needed support from country, region or centre.

In 2020, our online reporting and case management system DATIX will incorporate safeguarding cases relating to adult/staff/volunteer beneficiaries, including sexual harassment, bullying and PSEA. This will help us in our tracking, follow-up and response to concerns in a more holistic way. Moreover, the data extracted from DATIX will also help us to identify trends and vulnerable populations along with our programming interventions and geographic locations. This analysis will help us to improve our prevention strategy as well as allow us to focus on strengthening our vulnerabilities that remain the underlying cause of most incidents.

In Q1 2020, we began to review our toolkits, procedures, guidelines and training for investigations. We rolled these out in Q2 2020 so that our HR colleagues and child safeguarding teams can investigate child safeguarding and sexual harassment concerns in the communities where we work more effectively and efficiently.

Financial performance

In order to achieve our mission, Save the Children International conducts high-quality, proactive and responsive financial management aimed at maximising the impact for our global beneficiaries. Financial performance provides a means by which to judge the results of our strategy and activities in objective monetary terms.

All figures are quoted in US dollars.

Incoming Resources

In 2019, Save the Children International's income declined by 6% from \$1,244 million to \$1,169 million. Similar to previous years, 98% of our income is received directly from Save the Children member organisations and the remaining 2% is largely from direct grants and donations in our prospect members⁷ and country offices. A significant factor in the overall reduction in income is due to the decline in income following scale down of our Rohingya response in Bangladesh. Additional information and analysis can be found in Note 2 to the accounts.

Expenditure

Total expenditure in 2019 was \$1,173 million, representing a 6% (\$76 million) reduction compared with the \$1,249 million expenditure in 2018. A detailed analysis of expenditure is given in Note 3 to the accounts.

Spending across our regions remained at similar levels to 2018 except for Asia, primarily due to significant scaling down of the humanitarian emergency responses in Bangladesh. Overall humanitarian spend makes up 48% of total expenditure in 2019 against 52% on development. This is a small shift from 2018 where humanitarian made up 45% of total expenditure. From a thematic perspective, Health and Nutrition expenditure makes up 40% of total expenditure in 2019 (46% in 2018) and Education makes up 23% of total expenditure which is similar to 2018.

Spending in the Asia region decreased from \$378 million in 2018 to \$294 million in 2019. This was largely due to the scale down of the Rohingya response, reducing spend from \$158 million in 2018 to \$85 million this year.

In the Middle East and Eastern Europe region, total spend of \$204 million was similar to 2018. We continued to make the Yemen crisis a priority and increased our spend to \$79 million in 2019, up from \$59 million in 2018. However, this was offset by the closure of the European Refugee Response office in Greece and reduced programming relating to the crisis in Syria.

The total spend in West and Central Africa reduced by \$13 million to \$177 million in 2019. This was due to a decrease of \$10 million spend in both Nigeria and Niger offset by an increase in spending in the Democratic Republic of Congo relating to the Ebola outbreak.

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Prospect members are country offices that have been selected to fundraise locally and ultimately become members of Save the Children.

2019 spend in East and Southern Africa programmes of \$370 million was similar to 2018. Humanitarian responses in Malawi and Ethiopia were scaled down, while the response in Somalia was scaled up to \$100 million making it our largest country office. Mozambique has also seen a rise in expenditure in response to the IDAI Cyclone crisis.

In the Latin America and Caribbean region, total spend of \$57 million was similar to 2018. This was largely due to an increase in spend in Columbia who are hosting many of the Venezuelan migrants.

Balance sheet

Save the Children International's balance sheet shows net assets have slightly decreased from \$72 million to \$69 million. Cash and short-term deposits⁸ have decreased from \$213 million, to \$182 million in 2019. We believe this to be an appropriate level of cash to be held by Save the Children International considering the high expenditure, which takes place at the end of each year.

Reserves

Save the Children International holds reserves for the following purposes:

- To cover our operating expenses in the event of a downturn in income and/or unforeseen increases in costs.
- To meet the costs of unforeseen liabilities for employment or other legal claims not covered by insurance.
- To protect against foreign exchange losses.
- To cover the associated costs in the event of closure or wind-down of our core operations. (Costs associated with the closure and/or wind-down of International Programming work are covered separately by member indemnities up to a maximum of \$20 million).

Save the Children International's reserves comprise the following funds:

General Funds

General Funds comprises investment and other income arising through Save the Children International's activities, and foreign exchange gains and losses. General funds reduced from \$3.2 million to \$0.4 million following transfer of funds to the international programme operational fund.

International Programming Reserve

The trustees have set the target level for the International Programming Reserve at \$15 million. In 2018, a transfer was made of \$2.8m to the Strategic Investment Fund for HPO projects which is being replenished by members in line with our agreement. The balance at the end of 2019 was \$12.8 million (including unrecognised contingent assets of \$6.2 million) showing a net increase of \$0.6 million compared with 2018. The Strategic Investment Fund was created to ensure the organisation could deliver on its strategic plan, with a main emphasis on investing in the portfolio of global transformation projects aimed at improving our efficiency and effectiveness. The use of reserve funds to cover system developments was agreed with Save the Children members and the reserve will be replenished over the forthcoming years in accordance with that agreement.

Of the \$12.8 million total available reserves of 31 December 2019, \$6.6 million is held by Save the Children International (up from \$6 million in 2018) and a further \$6.2 million is in the form of letters of credit from Save the Children members (shown as contingent assets in note 18 to the accounts). These letters of credit allow Save the Children International unconditional and irrevocable access to funds on demand in the event of reserves being required.

Closure Reserve

The trustees have designated a proportion of our unrestricted funds to be used for a Closure Reserve. This represents funds to cover the salary and personnel costs of closure / wind-down of the non-international programming activities. The reserve currently stands at \$1.3 million. The trustees have re-evaluated these funds and confirmed that this is an appropriate target level for these purposes at the date of signing this report.

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Short term deposit refers to monies we have placed in the care of the bank for a certain period (less than 1 year) and which are returned to us on an agreed date. This mechanism allows Save the Children International to access better interest rates over the period of the investment.

Grant making policy

Save the Children International works in partnership with many organisations. This work includes our staff being involved in joint operations; supporting and monitoring work; and funding local partners to deliver services, humanitarian aid and advocate for child rights. The grants we make to partners enable them to contribute to our breakthroughs, as well as strengthening their organisational capacity. We carefully consider the experience, reach and governance of potential partners, as well as the value they will add in reaching the most deprived and marginalised children. We advise and monitor how all grants are spent. In 2019, 19% (2018: 19%) of expenditure was through partners.

Going concern

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries affected. Many governments are taking stringent steps to help contain or delay the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and “locking-down” cities/regions or even entire countries.

According to the Organisation for Economic Co-operation and Development, the Coronavirus presents the global economy with its greatest danger since the financial crisis. Currently, there is a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates, and a significant decline in long-term interest rates in developed economies.

Save the Children International is principally funded by contributions from the members in line with the arrangements entered at Save the Children International's inception. There is a risk that the pandemic could lead to reduced contributions to the Member organisations as a result of reduced fund-raising activities. However, the member organisations also carry reserves which the Trustees consider to be more than sufficient to meet any funding requirements of Save the Children International in the going concern review period.

In response to the COVID-19 pandemic, Save the Children International has:

- modelled its financial exposure based on assumptions about duration of programme stoppages by Country Office, including phases from lockdown to recovery, degree of programme stoppages by thematic areas, donor flexibility and cost reduction of variable costs;
- reviewed its liquidity and cash flow forecasts;
- reviewed its International Programming Reserve requirement and obtained commitments from Members such that, if Save the Children International draws down on the International Programming Reserve during 2020 and 2021, Members will top up the Reserve to the current agreed level of \$15 million.

Specifically, members have reviewed the severe but plausible downside scenario ('worst case') financial models prepared by Save the Children International Trustees and have confirmed in writing that support would continue for 18 months from the date of approval of the financial statements, including the provision of additional funding, if needed in accordance with the worst case scenario modelled, to restore reserves to \$15 million in accordance with the Member Contribution Agreement. The Trustees note that the level of programming activity during the pandemic to date is significantly better than the worst case modelled and the support from members therefore provides significant headroom should more severe lockdowns and restrictions ensue as the pandemic progresses.

The Trustees have considered the risks of Covid-19 and the potential impact on the financial position, giving consideration to severe but plausible downside scenarios and have concluded that Save the Children International has sufficient resources in all cases considered.

Based on the financial performance through the pandemic to date, the reserve position at the date of approval, together with the financial modelling and cash flow forecasts that have been prepared to the end of 2021, and the formal confirmation of continued support from members as discussed, the Trustees have a reasonable expectation that Save the Children International will have the necessary resources to continue operating for the foreseeable future. Therefore, they are satisfied, at the time of approving the financial statements, that Save the Children International has adequate resources to continue to operate for the foreseeable future and are not aware of any material uncertainties that call this into doubt. The financial statements have therefore been prepared on the basis that the charity is a going concern.

Structure, governance and management

Save the Children International is a UK company limited by guarantee (not having share capital) and a registered charity in England and Wales, governed by its Articles of Association as last amended on 12 March 2012. It is registered with Companies House and the Charity Commission and must comply with the Companies Act 2006 and Charities Act 2011. Save the Children International's sole member is Save the Children Association, a Swiss Association formed pursuant to articles 60–79 of the Swiss Civil Code. Save the Children International had seven wholly owned subsidiaries at 31 December 2019, details of which are given in note 16 of the financial statements.

Board of trustees

Save the Children International's Board of trustees mirrors the board of Save the Children Association. The Save the Children International board consists of:

- Nine individuals who are the nominees of each member organisation that contributed at least 8% of the combined total income of all members of Save the Children Association
- Three individuals who are elected by member organisations that contributed less than 8% of the combined total income of all members of Save the Children Association
- One independent trustee who is elected by the member organisations, which elect the three individual trustees to the board
- One trustee (who may be independent or from a member board) who is appointed by the nominated trustees.

Further details of the board members are listed below.

The Save the Children International board manages the business of the charity and exercises all the powers of the charity. The board seeks to ensure that all activities are within relevant laws and agreed charitable objects. Its work includes oversight of, and agreeing the financial plan for, international programmes.

Auditor

KPMG LLP will be deemed appointed 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 Act.

The Audit and Risk Committee oversees the charity's monitoring of external auditor objectivity and independence in relation to non-audit services. The auditor is excluded from undertaking a range of work on behalf of the charity to ensure that the nature of non-audit services performed or fee income relative to the audit fees does not compromise, or is not seen to compromise, the auditor's independence, objectivity or integrity.

Statement of responsibilities of the Trustees of Save the Children International in respect of the Trustees' annual report and the financial statements

The trustees are responsible for preparing the trustees' 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 they have are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 group and charitable company and of the group's excess of expenditure over income for that period. In preparing each of the group and charitable company financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- assess the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware
- the trustees have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees, in their capacity both as trustees and company directors, have reviewed and approved the trustees' report, which incorporates the directors' report and the requirements of the strategic report as set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Induction process for trustees

On appointment to the Board, trustees are provided with an induction pack including information on structure and governance of Save the Children International; the roles and responsibilities of trustees and guidance from the Charity Commission; and ways of working, strategic documents and key policies. Trustees receive face-to-face training on child safeguarding and Trustees are offered induction calls with Senior Leadership Team members, programme visits and a visit to another member office.

Committees

At least two members of each committee must be members of the Save the Children International board of trustees. Currently, all committee members are trustees of Save the Children International.

The Audit and Risk Committee is appointed by the board of trustees and has five members, including a chair (who must not be the same person as the chair of the board). The committee meets at least four times a year to consider reports from the management team and external auditors. The committee advises the trustees on matters concerning the external auditors, the annual financial statements, internal controls, risk (including fraud) and compliance. It also oversees the global assurance function.

The Finance Committee is appointed by the board of trustees and has five members, including a chair (who must not be the same person as the chair of the board). The committee meets at least four times a year to consider reports from the management team. The committee advises the board on financial management, reporting, treasury and reserves.

The Governance Committee is appointed by the board of trustees and has six members, including a chair, who meet at least four times a year. The committee advises the trustees on Save the Children International's governance framework, its constitution and governance systems and processes, as well as board processes and effectiveness. It also advises on member performance.

The People and Organisation Committee is appointed by the board of trustees and has six members, including a chair, who meet at least four times a year. The committee advises the trustees on the compensation of the Chief Executive Officer and senior management of Save the Children International, by reference to those in comparable employment within the INGO and other relevant sectors. It also advises on organisational design and processes, and organisational culture.

Organisational structure

The trustees delegate the day-to-day running of the charity to the chief executive officer and the senior leadership team, who are responsible for particular areas of the charity and are listed below. The Chief Executive Officer reports to the chair of the board.

Public benefit

The trustees ensure that the activities of the charity are consistent with its charitable objectives and aims. In agreeing our annual plans, the trustees take into account public benefit as set out in the Charity Commission's general guidance on public benefit in relation to the prevention and relief of poverty, the advancement of education and health and the relief of those in need. The trustees believe there is clear public benefit derived from the activities of the charity.

Changes to our governance structure

Save the Children International's governance structure was established in 2009. Ten years on, Members acknowledged it was not fit for purpose and decided to reform it to ensure it enables us to deliver our mission and ambition for children.

As a result, the Assembly – our highest governance decision-making body made up of Member Board Chairs and CEOs – unanimously approved to reform our governance at the 2019 Members Meeting in Oxford. The basic federated structure of the movement hasn't changed; however Members agreed on the need to change our ways of working and bring this governance reform to life with stronger transparency, accountability and communication.

The following points summarise the main changes agreed and key progress to date:

- **Strengthening the role of the Assembly:**
A communication and engagement plan for Board Chairs and CEOs has been developed to enable better participation in global matters, promote new ways of working, build trust, and strengthen communication and accountability.
- **SCA and SCI Boards' remits and composition:**
The aim is to increase the Save the Children Association Board focus on setting and ensuring delivery of the strategic direction for our global movement. At the same time the Save the Children International Board will focus on setting the direction for our joint international programming activities managed through Save the Children International.
- **Distinct leadership roles:** The SCA/SCI CEO is focused on global matters relating to the entire movement (SCI and members). This remit includes all aspects of our theory of change, from program quality to advocacy, as well as global enablers such as our funding, member development, shared risk management, our global culture and our global brand. Managing Director of SCI's International Programmes focuses on the programmes and operations delivered and managed by Save the Children International, including the regional and country office reporting lines.
- **Establish the Management Committee:**
The Management Committee has been established and replaces the CEO Steering Group. It is made up of 15 members maximum – a mix of International Programming and non-International Programming Member CEOs, the MD of SCI's international programmes and Save the Children International Chief Executive Officer. The Management Committee is responsible to oversee Save the Children Association (SCA) matters and has delegated authority from, and reports to the SCA Board.

Venture partners and volunteer involvement

This year we have continued to benefit from ongoing strategic partnerships with:

- Boston Consulting Group, which has donated \$5.2 million of professional services and strategic support around technical expertise, migration displacement initiatives, and scale-up support to our country offices, plus \$1.6 million on secondments of key staff to work on different initiatives around the movement
- Freshfields Bruckhaus Deringer LLP for donated legal services of \$1,347,000.
- Baker & McKenzie LLP for donated legal services of \$503,000, particularly in the areas of brand protection, employment law and global contracts.
- Latham & Watkins LLP for donated legal services of \$266,000.

We would like to thank our partners, volunteers, interns and secondees for their continuing contributions, which are invaluable in realising our ambitions for children.

Charity governance code

The Charity Governance Code was updated in 2017 by its steering group with the Charity Commission formally acting as observer. It is designed to promote a process of continuous improvement with respect to governance and therefore for many charities, Save the Children International included, elements of the code remain aspirational. Formal adherence to the code is not a regulatory or legal requirement but we recognise it as part of applying best practice to our governance arrangements. With respect to our progress in developing our governance during 2019, a number of detailed discussions have been held and decisions made which have resulted in important improvements in our governance mechanisms, most notably the formation of a new Management Committee and a clarity around the governance of Save the Children Association as compared with Save the Children International. We believe the improvements we are making go a long way to aligning with the principles set out in the code.

Approval of the Trustees' Report

The Trustee's Report was approved by the Board of Trustees on 10 August 2020

Signed on behalf of the board of trustees by:



Robert Good

Interim Chair of the Board of Trustees
(from June 2019)

Administrative details

Trustees during 2019 and as at date of approval of the report

Robert Good (*Interim Chair from 13 June 2019*)
Pernille Lopez (*until 31st December 2019. Interim Chair until 12th June 2019*)
Inger Ashing (*until 10 July 2019*)
Jonathan Powell (*until 30 July 2019*)
Sigrun Mogedal (*until 10 March 2019*)
Roy Caple
Anne Fahy
Debra Fine
Peter Hodgson
Tamara Ingram
Bradley Irwin
Elizabeth Lule
Joon Oh
Claudio Tesauro
Dona Young
Raymond Mankowitz (*from 10 July 2019*)
Charles Steel (*from 30 July 2019*)
Margaret McGetrick (*from 1 January 2020*)

Board committees

Audit and Risk Committee

Peter Hodgson (*Chair*)
Inger Ashing (*until 10 July 2019*)
Anne Fahy
Debra Fine
Dona Young
Robert Good (*from 9 June 2019*)

Finance Committee

Anne Fahy (*Chair*)
Peter Hodgson
Brad Irwin
Dona Young
Debra Fine
Margaret McGetrick (*from 1 January 2020*)

Governance Committee

Inger Ashing (*Chair until 10 July 2019*)
Robert Good – (*Chair from 11 July 2019*)
Roy Caple
Dona Young
Pernille Lopez (*from 30 September 2019 – until 31 December 2019*)
Claudio Tesauro (*from 1 August 2019*)
Charles Steel (*from 29 August 2019*)

People and Organisation Committee

Elizabeth Lule (*Chair until 4 November 2019*)
Roy Caple (*Chair from 5 November 2019*)
Pernille Lopez (*from 30 September 2019 until 31 December 2019*)
Brad Irwin
Joon Oh (*from 10 June 2019*)
Tamara Ingram (*from 10 June 2019*)
Raymond Mankowitz (*from 30 September 2019*)

Senior leadership team

Chief Executive Officer
Helle Thorning-Schmidt (*until 6 June 2019*)
Chief Executive Officer (*Acting*)
Yngve Stokke (*from 7 June 2019 until 15 September 2019*)
Chief Executive Officer
Inger Ashing (*from 16 September 2019*)
Chief Operating Officer
Janti Soeripto (*until 17 May 2019*)
Chief Operating Officer
David Wright (*from 3 June 2019*)
Chief Financial Officer
Yngve Seierstad Stokke (*until 21 June 2020*)
Chief Financial Officer (*Interim*)
Sam Sharpe (*from 22 June 2020*)
General Counsel
Clare Canning
Chief People Officer
Chet Kuchinad
Global Program Impact Director
Bidjan Nashat
Director of Member Development and Revenue Growth
Clare Rodger
Chief Risk Officer
Dominiek Vangaever
Global Campaign, Advocacy and Communications Director
Patrick Watt (*until 24 May 2019*)
Global Campaign, Advocacy and Communications Director (*Acting*)
Kitty Arie (*from 23 May 2019*)
Chief Transformation Officer
Michael Koutstaal (*from 20 May 2019*)
Director of Global Strategy
Megan Steinke

Registered office

St Vincent House
30 Orange Street
London WC2H 7HH

Company Secretary

Clare Canning

Registered number

3732267

Registered charity number

1076822

Principal bankers

Barclays Bank Plc
1 Churchill place
Canary wharf
London E14 5HP
EcoBank
EBI SA, Representative Office
2nd Floor, 20 Old Broad Street
London EC2N 1DP

Standard Bank Plc

20 Gresham Street
London EC2V 7JE

Standard Chartered Bank
1 Basinghall Avenue
London EC2V 5DD

Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London, E14 5GL

Independent auditor's report to the members of Save the Children International

Opinion

We have audited the financial statements of Save the Children International ("the charitable company") for the year ended 31 December 2019 which comprise the consolidated statement of financial activities, consolidated and charity balance sheet, consolidated cash flow statement and related notes, including the accounting policies in note 1.

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 UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the charitable company or to cease their operations, and as they have concluded that the group and charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and charitable company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the charitable company will continue in operation.

Other information

The trustees are responsible for the other information, which comprises the Trustees' and strategic report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' report and strategic report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable 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 charitable 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

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 33, 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group's and 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 they either intend to liquidate the group or the charitable company or to cease operations, or have no realistic alternative but to do so.

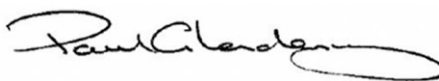
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Glendenning (Senior Statutory Auditor)
for and on behalf of

KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

17 August 2020

Financial statements

Consolidated statement of financial activities for the year ended 31 December 2019 (including an income and expenditure account)

	Notes	Unrestricted USD 000s	Restricted USD 000s	2019 Total USD 000s	Unrestricted USD 000s	Restricted USD 000s	2018 Total USD 000s
Income from donations							
Grants and other donations		16,812	1,067,453	1,084,265	12,583	1,089,539	1,102,122
Gifts in kind	2(c)	288	80,824	81,112	1,364	137,350	138,714
Total income from donations	2(a)	17,100	1,148,277	1,165,377	13,947	1,226,889	1,240,836
Income from investments	2(d)	2,846	113	2,959	1,668	145	1,813
Other income	2(e)	231	695	926	416	685	1,101
Total incoming resources		20,177	1,149,085	1,169,262	16,031	1,227,719	1,243,750
Expenditure on raising funds							
		52	3,679	3,731	—	5,207	5,207
Expenditure on charitable activities							
International programs		11,976	1,125,114	1,137,090	4,917	1,215,478	1,220,395
Campaigning and advocacy		3,626	21,283	24,909	4,411	10,751	15,162
Growth and development of Save the Children		1,707	5,516	7,223	1,428	6,488	7,916
Total expenditure on charitable activities	3(a)	17,309	1,151,913	1,169,222	10,756	1,232,717	1,243,473
Total outgoing resources	3(a)	17,361	1,155,592	1,172,953	10,756	1,237,924	1,248,680
Net incoming / (outgoing) resources for the year		2,816	(6,507)	(3,691)	5,275	(10,205)	(4,930)
Transfers between funds							
	15	(551)	551	—	1,010	(1,010)	—
Total funds brought forward	15	21,987	50,387	72,374	15,702	61,602	77,304
Total funds carried forward	15	24,252	44,431	68,683	21,987	50,387	72,374

All gains and losses recognised in the financial year are included above. There is no difference between the net incoming resources before other recognised gains and losses above and the historical cost equivalent. All activities are continuing. The charity uses the exemption conferred by section 408 of the Companies Act 2006 in not preparing a separate income and expenditure account for the charity as a separate entity. The group structure is explained in note 16 and net outgoing resources for the charity alone for the year ended 31 December 2019 were USD 4,314,912 (2018: net outgoing resources of USD 4,928,000). The notes on pages 38 to 58 form part of these financial statements.

Consolidated and charity balance sheet as at 31 December 2019

	Notes	2019 Group USD 000s	2019 Charity USD 000s	2018 Group USD 000s	2018 Charity USD 000s
Fixed assets					
Tangible fixed assets	5	16,154	16,127	11,498	11,432
Investments	8	—	—	860	860
		16,154	16,127	12,358	12,292
Current assets					
Stock	6	17,181	14,629	16,275	14,908
Debtors	7	145,776	141,725	145,788	142,923
Investments	8	75,509	75,509	35,302	35,302
Cash at bank and in hand	9	106,477	103,579	178,155	167,917
		344,943	335,442	375,520	361,050
Current liabilities					
Creditors: amounts falling due within one year	10	(242,744)	(241,497)	(266,056)	(258,273)
Net current assets					
		102,199	93,945	109,464	102,777
Provisions and long term liabilities					
Creditors: amounts falling due after one year					
Provisions	11	(49,670)	(46,574)	(49,448)	(45,481)
		(49,670)	(46,574)	(49,448)	(45,481)
Total net assets					
		68,683	63,497	72,374	69,588
Unrestricted funds					
General funds		427	427	3,190	3,190
Designated funds		23,825	24,026	18,797	18,731
Total unrestricted funds	15	24,252	24,453	21,987	21,921
Restricted funds					
	15	44,431	39,044	50,387	47,667
Total funds					
	15	68,683	63,497	72,374	69,588

The notes on pages 38 to 58 form part of these financial statements.

Approved by the board of trustees and signed on its behalf by:



Robert Good
Interim Chair
Save the Children International
14 August 2020



Peter Hodgson
Trustee
Save the Children International
13 August 2020

Company registration number: 3732267

Consolidated cash flow statement for the year ended 31 December 2019

	2019 USD 000s	2018 USD 000s
Cash flows from operating activities		
Net outgoing resources for the year	(3,691)	(4,930)
Depreciation	1,411	1,794
Interest receivable and similar income	(2,959)	(1,813)
Gains on disposal of tangible fixed assets	15	(728)
Decrease/(increase) in stocks of gifts in kind	(1,706)	2,617
	(6,930)	(3,060)
Decrease in debtors	12	36,075
Decrease in stocks of purchased goods	800	2,227
Increase/(decrease) in creditors	(23,312)	21,165
Increase in provisions	222	8,677
	(22,278)	68,144
Net cash from operating activities	(29,208)	65,084
Cash flows from investing activities		
Payments to acquire tangible fixed assets	(6,141)	(6,391)
Proceeds from the sale of fixed assets	59	845
Acquisition of other investments	860	(860)
Interest received	2,959	1,813
Net cash from investing activities	(2,263)	(4,593)
Net cash flows for the year ended 31 December	(31,471)	60,491
Change in cash and cash equivalents in the financial year		
Cash and cash equivalents at the beginning of the financial year	213,457	152,966
Net cash inflows (outflows) for the financial year	(31,471)	60,491
Cash and cash equivalents at the end of the financial year	181,986	213,457
represented by:		
Cash at bank and in hand	106,477	178,155
Short term deposits	75,509	35,302
Total cash and cash equivalents	181,986	213,457

Save the Children International uses the exemption conferred by section 1.12 of FRS 102 in not preparing a separate cash flow statement for the charity as a separate entity.

Notes to the accounts for the year ended 31 December 2019

1 Accounting policies

a Basis of accounting

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard (FRS 102) applicable in the UK and Republic of Ireland published on 16 July 2014. All income and expenditure relates to continuing operations. The financial statements comply with the requirements of the charity's Memorandum and Articles of Association. The financial statements have been prepared on a going concern basis. The financial statements have been prepared under the historical cost convention unless otherwise stated in the relevant accounting policy note. The presentation currency of these financial statements is US Dollars. All amounts in the financial statements have been rounded to the nearest \$1,000.

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries affected. Many governments are taking stringent steps to help contain or delay the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries.

According to the Organisation for Economic Co-operation and Development, the Coronavirus presents the global economy with its greatest danger since the financial crisis. Currently, there is a significant increase in economic uncertainty, evidenced by more volatile asset prices and currency exchange rates, and a significant decline in long-term interest rates in developed economies.

SCI is principally funded by contributions from the members in line with the arrangements entered at SCI's inception. There is a risk that the pandemic could lead to reduced contributions to the Member organisations as a result of reduced fund-raising activities. However, the member organisations also carry reserves which the Trustees consider to be more than sufficient to meet any funding requirements of SCI in the going concern review period.

In response to the COVID-19 pandemic, Save the Children International ('SCI') has:

- modelled its financial exposure based on assumptions about duration of programme stoppages by Country Office, including phases from lockdown to recovery, degree of programme stoppages by thematic areas, donor flexibility and cost reduction of variable costs;
- reviewed its liquidity and cash flow forecasts;
- reviewed its International Programming Reserve requirement and obtained commitments from Members such that, if Save the Children International draws down on the International Programming Reserve during 2020 and 2021, Members will top up the Reserve to the current agreed level of \$15 million.

Specifically, members have reviewed the severe but plausible downside scenario ('worst case') financial models prepared by SCI Trustees and have confirmed in writing that support would continue for 18 months from the date of approval of the financial statements, including the provision of additional funding, if needed in accordance with the worst case scenario modelled, to restore reserves to \$15 million in accordance with the Member Contribution Agreement. The Trustees note that the level of programming activity during the pandemic to date is significantly better than the worst case modelled and the support from members therefore provides significant headroom should more severe lockdowns and restrictions ensue as the pandemic progresses.

The Trustees have considered the risks of Covid-19 and the potential impact on the financial position, giving consideration to severe but plausible downside scenarios and have concluded that SCI has sufficient resources in all cases considered.

Based on the financial performance through the pandemic to date, the reserve position at the date of approval, together with the financial modelling and cash flow forecasts that have been prepared to the end of 2021, and the formal confirmation of continued support from members as discussed, the Trustees have a reasonable expectation that SCI will have the necessary resources to continue operating for the foreseeable future. Therefore, they are satisfied, at the time of approving the financial statements, that SCI has adequate resources to continue to operate for the foreseeable future and are not aware of any material uncertainties that call this into doubt. The financial statements have therefore been prepared on the basis that the charity is a going concern.

b Basis of consolidation

The group accounts incorporate those of the wholly owned subsidiaries of the charity as detailed in note 16 to the financial statements. The results of each subsidiary are consolidated on a line by line basis.

c Company status

The charity is a company limited by guarantee, not having share capital. Save the Children International's sole member is Save the Children Association, a Swiss Association formed pursuant to articles 60–79 of the Swiss Civil Code. The trustees of Save the Children International are named on page 37. The Charity is a Public Benefit Entity as defined in FRS 102.

d Income recognition

Income is recognised in the financial year in which Save the Children International is legally entitled to the income, receipt of funds is probable and the amount can be measured with sufficient reliability.

International programming grant income from Save the Children members is recognised when the charity can demonstrate entitlement to the income. In most cases this is based on programme activity performed. Typically international programming grant agreements specify the goods and services to be provided to beneficiaries. For the purposes of income recognition, the amount of resources expended on individual grants is used to measure programme activity performed. International programming grant income is credited to restricted income within the SOFA. In cases where, by agreement with the Save the Children member, funds are received in advance of programme activity, income is recognised upon receipt of the funds and credited to restricted income in the SOFA, with any unspent balances carried forward to the following year within the relevant fund.

Grant income to fund international programming operational activity not directly attributable to projects, investment activity and the financial management system is recognised when entitlement falls due following the agreed schedule in accordance with a Member Contribution Agreement. Income is credited to restricted income within the SOFA, with unspent balances being carried forward to the following year within the relevant fund.

Grant income from Save the Children Association and from members to establish Save the Children International reserves is recognised when entitlement falls due.

All other sources of income are recognised as entitlement falls due in accordance with contractual agreements.

e *Gifts in kind*

Gifts in kind donated for distribution by country programmes (such as food, clothing and medical supplies) are included at valuation. Income is recognised when gifts in kind are received. Expenditure is recognised when gifts in kind are distributed to the projects and any undistributed amounts are recognised on the balance sheet as stock. Gifts in kind are valued by Save the Children International staff with regard to market prices when distributed in cases where the donor has not provided a valuation.

Gifts in kind for pro bono services are valued either at market value or, where this is not available, an appropriate estimate of the value to the charity is made.

Services donated by members are valued at cost.

In preparing these accounts no value has been attributed to the work performed by volunteers in accordance with the SORP.

f *Stock*

Undistributed balances of goods donated for distribution and goods acquired for distribution are recognised as stock. Stocks are valued at cost, estimated market value when received or donor valuations.

g *Resources expended*

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Expenditure is charged inclusive of any irrecoverable taxation.

A sizable proportion of the programme work of Save the Children International is undertaken by making grants to operational partners who perform the work on the ground and report back to Save the Children International on the work they have done.

Save the Children International recognises the expenditure on these grants when payment is due to the partner organisation in accordance with the terms of the agreement. The related income on grants which will be used to cover these payments is recognised at the same time in accordance with the charity's standard income recognition policy. Standard partner agreements are typically for a year's duration but can span several years. The agreements contain certain conditions, the fulfilment of which is under the control of the charity. Save the Children International assesses partner performance prior to agreements being signed and monitors their performance for the duration of the agreement.

Support costs which include the central and regional office functions such as general management, payroll administration, budgeting and accounting, human resources, information technology, legal compliance and trustees costs are allocated across the categories of charitable activities. The basis for the cost allocation is explained in note 3c to the accounts.

h *Taxation*

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly the charity is exempt from taxation in respect of income and capital grants received within categories covered by Chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The charity and its subsidiary, The Save the Children Alliance Trading Limited, have a group registration for VAT. Country offices are subject to local tax legislation.

i *Foreign currencies*

The functional currency of Save the Children International is US Dollars. The exchange rate to Sterling at 31st December 2019 was 1.30 (31st December 2018: 1.28).

Where Save the Children International has entered into forward contracts for the purchase of foreign currencies, expenditure in those currencies covered by the forward contract are translated into US Dollars at the forward contracted rate. Transactions denominated in other currencies are translated at the rate of exchange at the time of the transaction.

Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date. Foreign currency gains and losses are included in the SOFA against the expenditure for the financial year in which they are incurred.

j *Financial instruments*

Financial instruments including forward currency contracts and currency swap arrangements are included in the financial statements at a fair value at the balance sheet date. The value is included within current assets or current liabilities unless the financial instrument is for a period of greater than 1 year. All such financial instruments at 31 December 2108 mature within one year.

k *Debtors*

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

l *Tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Motor vehicles	5 years
Computer software	5 years
Computer hardware	3 years
Furniture, equipment and fixtures	5 years
Freehold property	25–50 years
Leasehold property	Shorter of 10 years and lease term

The charity does not capitalise assets purchased as part of international programme grant expenditure, nor individual expenditure items below USD 5,000.

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

m *Leased assets and obligations*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the income and expenditure account using the straight line method.

Where assets are financed by operating lease agreements, the lease rentals are charged to the income and expenditure account over the life of the lease on a straight line basis.

n *Pensions*

The pension costs charged in the financial statements represent the contributions payable by the company to the defined contribution schemes during the financial year.

o *Provisions*

Provisions for future liabilities are recognised when the charity has a legal or constructive financial obligation, that can be reliably estimated, and for which there is an expectation that payment will be made. Provisions for dilapidations are made where the liabilities can be measured with some certainty.

p *Fund accounting*

General funds are unrestricted funds that are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is explained in the notes to the financial statements.

Restricted funds are funds that are to be used in accordance with the specific restrictions imposed by donors. The costs of administering such funds are charged against the specific fund in line with the donor agreements. The aim and use of each restricted fund is set out in note 15.

q *Investments*

Short term deposits maturing in less than one year are recorded within current assets and are considered cash equivalents within the Cash Flow Statement. Other investments are recorded at a fair market value where such a value can be reliably measured, otherwise they are recorded at cost.

Investments in subsidiaries are stated at cost.

r *Creditors*

Creditors are recognised where the group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

s *Accounting estimates and key judgements*

Critical accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying next financial year are as follows:

Provisions – the Group has made provision for potential tax liabilities and terminal grant payments. Management believe that these provisions are appropriate based on information currently available.

2 Income

a Income from donations

	2019 Grants and donations USD 000s	2019 Gifts in kind donated services USD 000s	2019 Gifts in kind donated goods USD 000s	2019 Total USD 000s	2018 Total USD 000s
Amounts received directly from Save the Children member organisations					
Australia	21,387	531	—	21,918	16,032
Canada	23,742	473	386	24,601	25,041
Denmark	32,287	197	1	32,485	27,148
Finland	12,740	—	—	12,740	10,113
Germany	29,476	—	13	29,489	22,105
Guatemala	—	—	—	—	1,334
Hong Kong	9,383	14	11	9,408	12,073
Iceland	170	—	—	170	230
India	(42)	42	—	0	30
Italy	40,864	473	497	41,834	47,040
Japan	8,431	7	22	8,460	7,064
Korea	10,558	4	—	10,562	12,818
Mexico	(35)	26	—	(9)	45
Netherlands	24,110	—	49	24,159	24,028
New Zealand	1,417	78	—	1,495	2,194
Norway	89,597	296	(84)	89,809	77,291
Spain	15,093	12	—	15,105	8,657
Sweden	79,600	207	340	80,147	82,905
Switzerland	8,518	—	2	8,520	11,879
United Kingdom	195,850	2,495	2,167	200,512	228,044
United States	424,396	3,133	59,730	487,259	567,111
Total amounts received directly from members	1,027,542	7,988	63,134	1,098,664	1,183,182
Other amounts					
Save the Children Association – Core fund	16,683	—	—	16,683	10,753
Save the Children Association – Strategic Investment Fund	19,842	—	—	19,842	18,477
Save the Children Association – other funds	5,417	—	—	5,417	—
Professional services directly provided to Save the Children International	—	6,874	—	6,874	7,257
Direct grants and donations in Save the Children International country programmes	10,809	482	1,236	12,527	19,998
Other gifts in kind	—	—	1,398	1,398	617
Other grants and donations	3,972	—	—	3,972	552
Total other amounts	56,723	7,356	2,634	66,713	57,654
Total income from donations	1,084,265	15,344	65,768	1,165,377	1,240,836

b *Income from major institutional donors*

	2019 USD 000s	2018 USD 000s
Income received directly from members includes amounts originating in grants (including gifts in kind) from the following major institutional donors, including governments and multi-national agencies.		
United States Agency for International Development / Office of Foreign Disaster Assistance (USA)	214,853	220,307
World Food Programme	68,741	117,459
Global Fund to Fight AIDS, TB and Malaria	51,578	68,529
Department for International Development (UK)	31,857	54,871
Norwegian Agency for Development Cooperation / Norway Ministry of Foreign Affairs	25,766	48,476
International Cooperation and Development (European Commission)	34,463	31,357
Swedish International Development Cooperation Agency	39,709	30,124
European Civil Protection and Humanitarian Aid Operations (European Commission)	30,513	22,782
United Nations Children's Fund	25,489	24,283
United Nations Office for Project Services	15,377	19,842

In addition to these amounts, Save the Children members receive income from these donors for national programming and to fund other costs incurred. Total income received by Save the Children members from these donors is shown in the relevant members' financial statements. Income recorded in Save the Children International's financial statements and those of Save the Children members is subject to differences in the timing of income recognition.

c *Gifts in kind*

	2019 USD 000s	2018 USD 000s
Donated services		
Professional services	6,874	7,113
Services donated by members	8,470	5,011
Total donated services	15,344	12,124
Donated goods		
Food aid	54,800	109,769
Pharmaceutical supplies	6,584	8,727
Other supplies	4,484	7,477
Non-capital assets donated by members on transition	(100)	617
Total donated goods	65,768	126,590
Total gifts in kind	81,112	138,714

Save the Children International received benefits in the form of volunteers during 2019. The income from gifts in kind does not include a valuation for these benefits.

d *Income from investments*

	2019 USD 000s	2018 USD 000s
Interest on bank deposits	692	295
Interest and gains on deposits and financial instruments	2,259	1,477
Interest receivable from members	5	34
Other interest	3	7
Total income from investments	2,959	1,813

e *Other income*

	2019 USD 000s	2018 USD 000s
Sales of assets	59	845
Rental income	167	89
Other income	700	167
Total other income	926	1,101

3 Expenditure

a Analysis of total expenditure

	Staff costs USD 000s	Grants and payments to partners USD 000s	Gifts in kind USD 000s	Other direct costs USD 000s	Apportionment of support costs USD 000s	2019 Total USD 000s	2018 Total USD 000s
Expenditure on raising funds	2,515	–	7	1,098	111	3,731	5,207
Charitable activities							
Education	82,620	61,057	513	111,518	12,143	267,851	270,167
Livelihoods	33,143	21,323	10,445	106,234	11,627	182,772	157,157
Health	75,619	52,870	2,309	112,031	12,248	255,077	293,089
Child protection	61,075	31,694	689	55,864	6,097	155,419	133,439
Nutrition	51,922	15,343	43,027	93,375	10,222	213,889	287,035
HIV/AIDS	4,397	26,164	6,123	6,263	578	43,525	51,424
Child rights governance	6,478	7,102	—	4,500	477	18,557	28,084
Campaigning and advocacy	18,030	362	—	5,076	1,441	24,909	15,162
Growth and development of Save the Children	1,358	5,078	—	285	502	7,223	7,916
Support costs (c)	34,676	75	2,750	17,945	(55,446)	—	—
Total expenditure on charitable activities	369,318	221,068	65,856	513,091	(111)	1,169,222	1,243,473
Total expenditure	371,833	221,068	65,863	514,189	—	1,172,953	1,248,680
2018 total expenditure	366,354	239,172	134,892	508,262	—	1,248,680	

Expenditure on fundraising was incurred by the three subsidiary entities in Colombia, Philippines and Indonesia.

A list of grants made to partner organisations with whom Save the Children International has worked during 2019 is available at www.savethechildren.net

b Contextual analysis of expenditure

	2019 USD 000s	2019 % of costs	2018 USD 000s	2018 % of costs
Development programmes	614,701	52%	681,497	55%
Humanitarian response	558,252	48%	567,183	45%
	1,172,953	100%	1,248,680	100%

c Support costs and the basis of their allocation

Support category:	Basis of allocation:	2019 USD 000s	2018 USD 000s
Leadership and governance	estimated time	5,840	5,680
Financial management	pro-rata by thematic programme expenditure	7,901	8,504
Information systems	pro-rata by thematic programme expenditure	4,471	3,810
Human resources	headcount	5,842	4,502
Facilities and administration	headcount	4,396	3,732
Total management and administration expenditure		28,450	26,228
Investment in system improvements	according to support category	20,344	7,607
Members' donated services	according to support category	4,467	5,473
Pro-bono professional services	according to support category	2,750	7,113
(Gains) / losses on foreign exchange	pro-rata by thematic programme expenditure	(565)	(1,145)
Total support costs		55,446	45,276

d Geographical analysis of expenditure

2019
USD 000s

2018
USD 000s

Afghanistan	29,361	16,714
Bangladesh	85,270	158,181
Cambodia	11,056	12,785
Central Asia	844	2,082
China	8,697	9,280
Democratic People's Republic of Korea	(125)	67
Indonesia	17,267	15,942
Laos	10,067	8,315
Myanmar	64,481	64,502
Nepal and Bhutan	34,343	48,569
Philippines	8,610	17,258
Sri Lanka	3,253	2,885
Thailand	5,354	5,727
Vietnam	8,943	9,326
Asia regional office – programme expenditure	876	2,037
Asia regional office – oversight and support	5,310	4,375
Asia	293,607	378,045
Albania	3,237	5,074
Armenia	851	1,234
Egypt	17,983	15,106
Northwest Balkans	5,048	5,566
Georgia	895	1,180
Occupied Palestinian Territory	9,226	9,513
Iraq	24,301	26,958
Jordan	(686)	(67)
Kosovo	2,923	4,053
Lebanon	17,703	20,748
Syria	29,308	35,656
Turkey	5,703	4,367
Ukraine	2,508	4,584
Yemen	79,233	58,653
European Refugee Response Sub-Regional Office (Greece)		424
Middle East and Eastern Europe regional office – programme expenditure	2,090	1,208
Middle East and Eastern Europe regional office – oversight and support	3,403	3,925
Middle East and Eastern Europe	203,726	198,182
Bolivia	5,578	5,630
Colombia	12,674	6,652
El Salvador	6,046	7,258
Guatemala	11,129	14,312
Haiti	3,810	6,700
Nicaragua	3,051	3,430
Peru	6,280	2,082
Latin America and Caribbean regional office – programme expenditure	7,012	8,605
Latin America and Caribbean regional office – oversight and support	1,449	1,491
Latin America and Caribbean	57,029	56,160

d Geographical analysis of expenditure (continued)

	2019 USD 000s	2018 USD 000s
Burkina Faso	7,993	4,963
Central African Republic	—	14
Cote d'Ivoire	21,239	21,764
Democratic Republic of the Congo	33,282	24,456
Liberia	3,365	2,861
Mali	23,680	26,431
Niger	18,607	28,494
Nigeria	54,804	64,245
Senegal	5,035	4,908
Sierra Leone	4,432	5,525
West and Central Africa regional office – programme expenditure	1,246	1,829
West and Central Africa regional office – oversight and support	3,569	4,724
West and Central Africa	177,252	190,214
Ethiopia	77,958	98,874
Kenya	12,478	19,687
Malawi	21,004	32,692
Mozambique	40,988	25,829
Rwanda	6,392	9,598
Somalia	99,710	76,729
South Sudan	29,925	29,088
Sudan	12,829	8,764
Tanzania	12,316	9,630
Uganda	33,281	25,960
Zambia	4,629	8,130
Zimbabwe	8,667	6,741
East and Southern Africa regional office – programme support	5,118	4,827
East and Southern Africa regional office – oversight and support	4,326	5,171
East and Southern Africa	369,621	361,720
Addis Ababa	961	963
Brussels	1,217	1,009
Geneva	1,224	1,475
New York	639	600
Save the Children advocacy offices	4,041	4,047
Save the Children International centre	51,135	44,807
Humanitarian response	1,593	
Global strategic investment programme	14,949	15,505
Total expenditure	1,172,953	1,248,680

e <i>Net income for the year is stated after charging:</i>	2019	2018
	USD 000s	USD 000s
Auditor's remuneration:		
Audit of these financial statements	589	522
Amounts receivable by the charity's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the charity	22	29
Audit of financial statements of branches of the charity	111	65
Other assurance services	329	492
Lease rental payments	33,330	32,382
Depreciation	1,411	1,794

f *Trustees' remuneration*

None of the trustees received any remuneration from the charity during 2019 (2018: nil).

None of the trustees received any other benefits in kind during 2019 (2018:nil)

Expenses, including travel and subsistence were reimbursed to trustees or paid to third parties on behalf of trustees as follows: 14 trustees totalling USD 54,409 (2018: 14 trustees totalling USD 45,086).

Save the Children International purchased trustee indemnity insurance to the value of GBP 10 million (USD 13 million) which covers the trustees or other officers of the charity. These insurances provide cover:

- to protect the charity from loss arising from the neglect or defaults of its trustees, employees or agents
- to indemnify the trustees or other officers against legal liability for inadvertent errors or omissions on their part.

4 Staff costs

a <i>Staff costs</i>	2019	2018
	USD 000s	USD 000s
Wages and salaries	288,656	281,902
Social security costs and payroll taxes	8,239	8,340
Pension contributions	8,366	8,085
Terminal grants	15,365	14,666
Benefits in kind	27,602	24,570
Other staff costs	15,135	23,780
Total direct staff costs	363,363	361,343
Donated staff costs from members	8,470	5,011
Total staff costs	371,833	366,354

Save the Children International contributes to a defined contribution scheme for staff at the centre, a group personal pension (GPP) operated on a salary sacrifice basis. Employers' contributions of USD 1,614,827 (2018: USD 1,511,341) are charged to the consolidated statement of financial activities. Employer pension contributions made for employees whose emoluments are in excess of USD 90,000 were USD 351,327 (2018: 459,678). There were no outstanding or prepaid contributions at year end.

Save the Children International contributes to a long term savings plan for programme staff on international contracts. Employers' contributions charged to the consolidated statement of financial activities were USD 3,381,790 (2018: USD 3,343,994).

Donated staff costs from members represents secondees from members provided for no consideration. The value of these secondees is included within gifts in kind in note 2 (c).

b Average number of Save the Children International employees calculated on a full-time equivalent basis

	Country offices	Regional offices	Advocacy offices	Centre	2019 Total	2018 Total
Charitable activities	16,121	321	44	429	16,915	16,940
Fundraising	151				151	159
	16,272	321	44	429	17,066	17,099

c The table below shows the number of staff (including secondees from members) with emoluments falling in the following ranges. Emoluments include salary, taxable benefits in kind and other payments to employees but not employer pension contributions.

For members of staff working in our international programmes, emoluments may include accommodation and other benefits, which allow us to be appropriately competitive in recruiting and retaining staff in the International Non-Governmental Organisation market. Employees based in Save the Children International's centre office receive salary amounts in GBP and therefore foreign exchange movements between GBP and USD will impact comparisons between financial years.

Band (USD)	2019	2018
0 – 15,000	16,160	16,468
15,001 – 30,000	3,946	3,833
30,001 – 45,000	1,060	999
45,001 – 60,000	453	422
60,001 – 75,000	281	254
75,001 – 90,000	178	129
90,001 – 105,000	97	81
105,001 – 120,000	57	62
120,001 – 135,000	31	31
135,001 – 150,000	29	30
150,001 – 165,000	13	18
165,001 – 180,000	11	10
180,001 – 195,000	9	6
195,001 – 210,000	6	4
210,001 – 225,000	2	2
225,001 – 240,000	1	5
240,001 – 255,000	1	1
255,001 – 270,000	1	—
270,001 – 285,000	2	2
285,001 – 300,000	—	1
300,001 – 315,000	1	—
315,001 – 330,000	—	1

d Remuneration of key management personnel

The trustees delegate the day to day running of the organisation to the Senior Leadership Team who are considered to be the key management personnel. Remuneration for members of the Senior Leadership Team for the year ended 31 December 2019 are detailed below

Position	No of employees	Actual gross remuneration 2019 USD	Full time equivalent salary 2019 USD	No of employees 2018	Full time equivalent salary 2018 USD
Chief Executive Officer	1	258,561	293,234	1	321,703
Chief Operating Officer	1	223,143	250,806	1	278,226
Chief Financial Officer	1	207,283	207,283	1	203,528
Other Senior Leadership Team members	8	1,513,491	1,456,538	6	1,112,892
Total remuneration for key management personnel		2,202,478	2,207,861		1,916,349

In addition to the gross salaries, USD 326,761 (2018: USD 310,848) was paid for employer's National Insurance and pension contributions in respect of the above individuals.

5 Tangible fixed assets

Group	Computer software systems USD 000s	Furniture, fittings and equipment USD 000s	Motor vehicles USD 000s	Leasehold property USD 000s	Freehold property USD 000s	Total USD 000s
Cost						
Brought forward at 1 January 2019	13,950	1,029	7,318	944	2,517	25,758
Additions	5,527	31	387	—	196	6,141
Disposals	—	(40)	(244)	—	(45)	(329)
Carried forward at 31 December 2019	19,477	1,020	7,461	944	2,668	31,570
Depreciation						
Brought forward at 1 January 2019	6,368	829	5,941	678	444	14,260
Charge for the financial year	11	13	464	87	836	1,411
Disposals	—	(25)	(230)	—	—	(255)
Carried forward at 31 December 2019	6,379	817	6,175	765	1,280	15,416
Net book value						
31 December 2019	13,098	203	1,286	179	1,388	16,154
31 December 2018	7,582	200	1,377	266	2,073	11,498

<i>Charity</i>	Computer software systems USD 000s	Furniture, fittings and equipment USD 000s	Motor vehicles USD 000s	Leasehold property USD 000s	Freehold property USD 000s	Total USD 000s
Cost						
Brought forward at 1 January 2019	13,856	1,015	6,862	944	2,517	25,194
Additions	5,527	50	405	—	195	6,177
Disposals	—	(40)	(174)	—	(45)	(259)
Carried forward at 31 December 2019	19,383	1,025	7,093	944	2,667	31,112
Depreciation						
Brought forward at 1 January 2019	6,278	821	5,541	678	444	13,762
Charge for the financial year	8	16	461	87	836	1,408
Disposals	—	(25)	(160)	—	—	(185)
Carried forward at 31 December 2019	6,286	812	5,842	765	1,280	14,985
Net book value						
31 December 2019	13,097	213	1,251	179	1,387	16,127
31 December 2018	7,578	194	1,321	266	2,073	11,432

All fixed assets are held for direct charitable purposes.

Leasehold property amounts all relate to long-term leases.

6 Stock

	2019 USD 000s Group	2019 USD 000s Charity	2018 USD 000s Group	2018 USD 000s Charity
<i>Undistributed gifts in kind</i>				
Food aid	4,366	4,366	3,168	3,168
Pharmaceutical and medical goods	1,764	1,750	1,204	1,136
Other goods	521	504	573	413
Total undistributed gifts in kind	6,651	6,620	4,945	4,717
<i>Other stocks</i>				
Food aid	521	521	1,243	1,243
Pharmaceutical and medical goods	5,384	4,037	4,231	4,072
Other goods	4,625	3,451	5,856	4,876
Total other stocks	10,530	8,009	11,330	10,191
Total stock	17,181	14,629	16,275	14,908

7 Debtors

	2019 USD 000s Group	2019 USD 000s Charity	2018 USD 000s Group	2018 USD 000s Charity
Amounts due from Save the Children members	125,266	124,345	125,594	122,974
Amounts due from subsidiary undertakings	—	(1,015)	—	1,511
Amounts due from Save the Children Association	—	—	135	135
Other debtors	10,467	8,534	9,604	9,082
Prepayments and accrued income	10,043	9,861	10,455	9,221
	145,776	141,725	145,788	142,923

8 Investments

	2019 USD 000s Group	2019 USD 000s Charity	2018 USD 000s Group	2018 USD 000s Charity
Short Term deposits	75,509	75,509	35,302	35,302
Other Investments	—	—	860	860
	75,509	75,509	36,162	36,162

Other investments includes equities at cost and other deposits not maturing within one year. They are shown within fixed assets on the balance sheet.

9 Cash at bank and in hand

	2019 USD 000s Group	2019 USD 000s Charity	2018 USD 000s Group	2018 USD 000s Charity
Cash held at centre	64,002	64,002	112,398	112,398
Cash held in overseas offices	42,475	39,577	65,757	55,519
	106,477	103,579	178,155	167,917

10 Creditors due within one year

	2019 USD 000s Group	2019 USD 000s Charity	2018 USD 000s Group	2018 USD 000s Charity
Amounts due to Save the Children Association	2,146	2,146	—	—
Amounts payable to Save the Children members	182,586	180,566	205,892	203,494
Trade creditors	3,559	3,546	8,495	8,432
Financial instrument liability	353	353	1,377	1,377
Other short term liabilities	4,694	5,886	8,636	8,462
Accruals and deferred income	49,406	49,000	41,656	36,508
	242,744	241,497	266,056	258,273

Amounts payable to Save the Children members include amounts advanced to Save the Children International to fund working capital.

11 Provisions

	Balance as at 1 January 2019 USD 000s	Arising in the financial year USD 000s	Utilised in the financial year USD 000s	Provisions released USD 000s	Balance as at 31 December 2019 USD 000s
<i>Group</i>					
Terminal grant provisions	38,864	457,111	(457,932)	—	38,043
Property dilapidations	427	158	(28)	(51)	506
Operating lease provision	315	—	—	(103)	212
Provision for tax liability	6,927	4,777	(4,498)	(1,121)	6,085
Other provisions	2,915	20,685	(18,548)	(228)	4,824
	49,448	482,731	(481,006)	(1,503)	49,670
<i>Charity</i>					
Terminal grant provisions	35,498	455,266	(454,525)	—	36,239
Property dilapidations	416	139	(10)	(51)	494
Operating lease provision	312	—	—	(103)	209
Provision for tax liability	6,831	4,400	(4,113)	(1,121)	5,997
Other provisions	2,424	19,667	(18,275)	(181)	3,635
	45,481	479,471	(476,923)	(1,456)	46,574

Terminal grant provisions are contractual amounts due to employees in country and regional offices when leaving employment with Save the Children International.

Property dilapidations represent the estimated costs of payments required to make good the condition of properties on the termination of leases.

The operating lease provision represents the value of lease inducements (rent free period) received by Save the Children International. It will be utilised over the term of the lease.

The tax provision represents estimates of the amounts of liabilities for employee taxes in country and regional offices.

12 Analysis of net assets between funds

	2019 Unrestricted USD 000s	2019 Restricted USD 000s	2019 Total USD 000s
Fixed assets	16,154	—	16,154
Current assets	300,512	44,431	344,943
Current liabilities	(242,744)	—	(242,744)
Provisions	(49,670)	—	(49,670)
	24,252	44,431	68,683

13 Commitments under operating leases

The total future minimum lease payments and current year expenditure on non-cancellable operating leases:	2019		2018	
	Land and buildings USD 000s	Other leases USD 000s	Land and buildings USD 000s	Other leases USD 000s
lease payments recognised as current year expense	32,273	1,057	28,749	3,633
lease payments due within one year	12,426	387	12,154	923
lease payments due between one and five years	13,767	1,096	8,711	5
lease payments due after five years	4,005	29	602	—
	30,198	1,512	21,467	928

14 Financial commitments

a At 31 December 2019, Save the Children International has committed the following amounts in grants to partners subject to satisfactory performance. These amounts will form part of the grants allocated in future years. These amounts are fully funded by Save the Children members.

	Balance as at 1 January 2019 USD 000s	Charged to SOFA in 2019 USD 000s	New commitments USD 000s	Balance as at 31 December 2019 USD 000s
Commitments to partner organisations	222,636	(221,068)	186,988	188,556

	2019 USD 000s	2018 USD 000s
Commitments to partner organisations consist of amounts falling due:		
within one year	143,331	133,514
after one year	45,225	89,122
	188,556	222,636

b Save the Children International has entered into a number of long-term contracts for the supply of services all of which are cancellable.

15 Consolidated statement of funds

	Balance as at 1 January 2019 USD 000s	Income USD 000s	Expenditure USD 000s	Transfers USD 000s	Balance as at 31 December 2019 USD 000s
<i>Unrestricted funds</i>					
General funds	3,190	20,011	(16,209)	(6,565)	427
Fixed asset fund	11,498	166	(1,152)	5,414	15,926
International programming reserve	5,999	—	—	600	6,599
Closure reserve	1,300	—	—	—	1,300
Designated funds	18,797	166	(1,152)	6,014	23,825
Total unrestricted funds	21,987	20,177	(17,361)	(551)	24,252
<i>Restricted funds</i>					
International programme grants	43,078	1,045,117	(1,053,774)	957	35,378
International programme operational fund	4,204	65,167	(66,564)	4,531	7,338
Strategic Investment Fund	1,045	23,581	(20,735)	(3,891)	—
Donated professional services	—	6,868	(6,868)	—	—
Member growth fund	2,060	8,352	(7,651)	(1,046)	1,715
Total restricted funds	50,387	1,149,085	(1,155,592)	551	44,431
Total funds	72,374	1,169,262	(1,172,953)	—	68,683

General funds represent the amounts that trustees are free to use in accordance with Save the Children International's charitable objectives.

The fixed asset fund represents the net book value of tangible fixed assets. The value of fixed assets acquired out of general funds, the international programme operational fund, the international programme investment fund and the fixed asset replacement fund are transferred to the fixed asset fund.

The fixed asset replacement fund represents the proceeds from the sale of fixed assets in accordance with the member agreements.

Use of the international programming reserve is governed by a legal agreement between Save the Children International and international programming members and is principally intended to cover any material foreseen or unforeseen programming liabilities. As well as cash contributions from members of USD 8.8million, members have committed an additional USD 6.2million in the form of standby letters of credit which give the charity unconditional and irrevocable access on demand to funds in the event of the use of reserves being required.

The closure reserve represents the funds set aside to provide for the costs in the event of the closure of the non-programming functions of the charity.

International programme grants represent funds received from members for development and humanitarian projects.

The international programme operational fund represents contributions received from members for the running costs of Save the Children International's international programme work, not directly attributable to projects.

The Strategic Investment Fund represents contributions received from members for costs related to investments in Save the Children International's strategic priorities.

Donated professional services represent the value of services provided directly to Save the Children International free of charge.

The member growth fund represents funds received to support the continued growth and development of members.

16 Subsidiary companies

Save the Children International had ten wholly-owned subsidiary entities at 31 December 2019:

- a *The Save the Children Alliance Trading Limited* is incorporated in England and Wales (company number 3744223) as a company limited by shares. It was made a dormant company in 2007; its principal activities were the provision of consultancy services to Save the Children International and commercial use of the Save the Children name and logo. The charity holds the entire issued share capital. The cost of this investment is £1.
- b *Save the Children Asia Regional Office Limited* is a Singapore incorporated public company limited by guarantee with registered Company No: 201024335C and registered as a charity under the Singapore Charities Act. Save the Children International is the sole member of Save the Children Asia Regional Office Limited. The company's net assets, liabilities, income and expenditure for the year ended 31 December 2019 were as follows:

	2019	2018
	USD 000s	USD 000s
Assets	5,364	463
Liabilities	(336)	(683)
Total net assets	5,028	(220)
Income	9,673	6,412
Expenditure	(4,629)	(6,411)
Net incoming resources	5,044	1

- c *Shpetoni Femijet (Save the Children)* is incorporated as a foundation under Albanian law. The board members are all employees of Save the Children International and are responsible for appointing other board members of Shpetoni Femijet. The company's net assets, liabilities, income and expenditure for the year ended 31 December 2019 were as follows:

	2019	2018
	USD 000s	USD 000s
Assets	137	459
Liabilities	—	(427)
Total net assets	137	32
Income	137	5,074
Expenditure	—	(5,075)
Net incoming resources	137	(1)

- d *Save the Children International (Kenya)* is incorporated in Kenya under the Non-Governmental Organizations Co-ordination Act. Save the Children International is the sole corporate member of Save the Children International (Kenya). The company's net assets, liabilities, income and expenditure for the year ended 31 December 2019 were as follows:

	2019	2018
	USD 000s	USD 000s
Assets	708	1,734
Liabilities	(469)	(838)
Total net assets	239	896
Income	3,452	19,686
Expenditure	(3,238)	(19,687)
Net incoming resources	214	(1)

16 Subsidiary companies (continued)

e *Save the Children International (Zambia)* is incorporated in Zambia under the Societies Act with registered no. ORS/102/35/3906. The members of Save the Children (Zambia) are Save the Children International and the International Programming Director of Save the Children International. The company's net assets, liabilities, income and expenditure for the year ended 31 December 2019 were as follows:

	2019	2018
	USD 000s	USD 000s
Assets	18	416
Liabilities	(232)	(408)
Total net assets	(214)	8
Income	425	8,130
Expenditure	(639)	(8,130)
Net incoming resources	(214)	—

f *Save the Children International (US Global Advocacy Office), Inc.* was incorporated in Delaware, USA as an exempt non-profit organisation. Save the Children International is sole member with right to remove and appoint director / officer(s). The company's net assets, liabilities, income and expenditure for the year ended 31 December 2019 were as follows:

	2019	2018
	USD 000s	USD 000s
Assets	1,722	116
Liabilities	(1,533)	(116)
Total net assets	189	—
Income	12,677	600
Expenditure	(12,477)	(600)
Net incoming resources	200	—

g *Fundación Save the Children Colombia* (registration number S0046070) was incorporated in Colombia as a Foundation (a type of private, not-for-profit entity). Save the Children International is Sole Member (a corporate member). The company's net assets, liabilities, income and expenditure for the year ended 31 December 2019 were as follows:

	2019	2018
	USD 000s	USD 000s
Assets	687	1,212
Liabilities	(5,578)	(729)
Total net assets	(4,891)	483
Income	1,840	6,653
Expenditure	(6,857)	(6,652)
Net incoming resources	(5,017)	1

16 Subsidiary companies (continued)

h *Greek NFP partnership* is registered in Greece under Greek law (registration number 135942101000).

The Partnership consists of 2 partners, both employees of Save the Children International. The company's net assets, liabilities, income and expenditure for the year ended 31 December 2019 were as follows:

	2019 USD 000s	2018 USD 000s
Assets	2,391	20
Liabilities	(2,135)	(487)
Total net assets	256	(467)
Income	12,934	219
Expenditure	(12,674)	(219)
Net incoming resources	260	—

i Save the Children International has ceased ownership and control over two previously wholly-owned subsidiary entities during the year ended 31 December 2019:

- i.i) *Save the Children Philippines (SCP), Inc.* (Company registration number CN201408291) was incorporated in the Philippines as a non-stock non-profit corporation. From 1 July 2019 Save The Children International no longer had de facto control over *Save the Children Philippines (SCP), Inc.* *Save the Children Philippines (SCP), Inc.* is therefore no longer a subsidiary of Save The Children International and is now an Associate Member of Save the Children Association.
- i.ii) *Yayasan Sayangi Tunas Cilik* (Foundations list number AHU-01712.50.10.2014) was incorporated in Indonesia as an Indonesian foundation. From 1 November 2019 Save The Children International no longer had de facto control over *Yayasan Sayangi Tunas Cilik*. *Yayasan Sayangi Tunas Cilik* is therefore no longer a subsidiary of Save The Children International and is now an Associate Member of Save the Children Association.

17 Related party transactions

In accordance with the provisions of section 33 of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Related Party Disclosures, the related party transactions entered into by Save the Children International are detailed below. All transactions were in the normal course of business.

a *Save the Children Association*

Save the Children International has been controlled throughout the financial year by its ultimate parent undertaking *Save the Children Association*, a Swiss association formed pursuant to Articles 60–79 of the Swiss Civil Code. No other group financial statements include the results of the charity.

At the end of 2019 *Save the Children Association* comprised 27 members and 3 associate member. Members and associate members are each separate and independent legal entities incorporated under laws of their home country and are bound together as members through: *Save the Children Association Bylaws*, a Trademark Licence Agreement between *Save the Children Association* and each member, and an All Member Agreement, entered into in the first quarter of 2011 to implement an international programming strategy.

The boards of *Save the Children Association* and *Save the Children International* have identical membership and both are managed on a day-to-day basis by the same leadership team employed by *Save the Children International*. During the financial year, the following types of transactions took place between *Save the Children International* and *Save the Children Association*: grants of USD 41,941,843 (2018: USD 29,230,000) were received by *Save the Children International* from *Save the Children Association*.

At the year end, the group balances with *Save the Children Association* were:

	2019 USD 000s	2018 USD 000s
Amounts due from/(payable to) the <i>Save the Children Association</i>	(2,146)	135

17 Related party transactions (continued)

b Save the Children members

During the financial year the following types of transactions took place between Save the Children International and members (primarily the 17 international programming members):

- i Grant income of USD 1,027,542 (2018: USD 1,053,008,000) was received from the members for international programming activities.
- ii Donated services of USD 7,988,000 (2018: USD 5,011,000) were received from members.
- iii Donated goods of USD 63,134,000 (2018: USD 125,163,000) were received from members.
- iv Contributions to the charity's working capital of USD 35,400,425 (2018: USD 35,435,772) have been made by, and are repayable to, members.
- v Donations were received by Save the Children International on behalf of Save the Children members. The sums received are remitted to the relevant member.
- vi Additional commitments have been made by the members to Save the Children International as set out in note 18. No profit or loss has arisen on these transactions.

At the year end, the group's balances with members were:

	2019 Amounts receivable USD 000s	2019 Amounts payable USD 000s	2019 Net balance USD 000s	2018 Net balance USD 000s
Save the Children member organisation				
Australia	4,310	(4,178)	132	(1,265)
Canada	3,127	(5,076)	(1,949)	(1,183)
Denmark	4,228	(4,716)	(488)	(643)
European Union	422	—	422	
Finland	866	(3,207)	(2,341)	(1,019)
Germany	7,647	(6,821)	826	(3,984)
Guatemala	—	—	—	—
Hong Kong	1,252	(1,556)	(304)	(709)
India	244	—	244	(44)
Indonesia	1,355	—	1,355	
Italy	5,044	(8,247)	(3,203)	(3,672)
Japan	3,119	(1,790)	1,329	790
Jordan	120	—	120	94
Korea	—	(3,262)	(3,262)	156
Mexico	32	—	32	53
Netherlands	1,267	(4,774)	(3,507)	(1,324)
New Zealand	—	(546)	(546)	13
Norway	—	(13,365)	(13,365)	(11,300)
Phillipines	—	(237)	(237)	
Spain	2,114	(3,247)	(1,133)	(1,104)
South Africa	14	—	14	22
Eswatini	—	(37)	(37)	(38)
Sweden	6,624	(14,329)	(7,705)	(10,806)
Switzerland	617	(2,402)	(1,785)	(749)
United Kingdom	21,061	(35,864)	(14,803)	(18,492)
United States	61,801	(68,931)	(7,130)	(25,094)
	125,264	(182,585)	(57,321)	(80,298)

18 Contingent assets

	2019 International programming reserve commitments (a) USD 000s	2019 International programming closure indemnity (b) USD 000s	2019 Total contingent assets USD 000s	2018 Total contingent assets USD 000s
Save the Children member organisation				
Australia	—	445	445	310
Canada	—	485	485	481
Denmark	—	636	636	495
Finland	—	223	223	182
Germany	—	574	574	416
Hong Kong	—	157	157	202
Italy	—	769	769	877
Japan	—	144	144	140
Korea	—	227	227	229
Netherlands	—	468	468	440
New Zealand	—	27	27	43
Norway	—	1,825	1,825	1,340
Spain	—	261	261	187
Sweden	—	1,550	1,550	1,538
Switzerland	—	151	151	237
United Kingdom	3,112	3,758	6,870	7,350
United States	3,100	8,300	11,400	11,745
	6,212	20,000	26,212	26,212

- (a) Members have made cash contributions of USD 8,788,000 to enable Save the Children International to meet its requirements to hold free reserves in accordance with the reserves policy agreed by the trustees. In addition, members provided a further USD 6,212,000 during 2016 in the form of standby letters of credit which give the charity unconditional and irrevocable access on demand to funds in the event of the use of reserves being required (see note 15).
- (b) The costs associated with the closure/wind-down of the charity's international programming work are covered by member indemnities up to a maximum of USD 20 million.

19 Contingent liabilities

Save the Children International is involved in various legal proceedings and claims arising in the normal course of business. Management does not expect the ultimate resolution of these actions to have a material adverse effect on Save the Children International's financial position, changes in net assets, or cash flow.

Save the Children International receives funding from members for various activities, which are subject to audit. Although such audits may result in disallowance of certain expenditures, which would be absorbed by Save the Children International, in management's opinion the ultimate outcome of such audits would not have a significant effect on the financial position, changes in net assets, or cash flows of Save the Children International.

20 Contingent liabilities

For the reporting date 31 December 2019, the Coronavirus outbreak and the related measures are non-adjusting events. Consequently, there is no impact on recognition and measurement of assets and liabilities.

Save the Children International

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