



IMPACT FUND
FOR CHILDREN

QUARTERLY ACTIVITY REPORT



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March 31, 2024

MILESTONE NUMBER OF CHILDREN TREATED IN GLOBAL FIGHT AGAINST MALNUTRITION

Bridge Fund's Innovative Financing Solutions Enable UNICEF to Scale Up Global Response

In 2023, UNICEF and partners reached 9.3 million children with lifesaving nutrition treatment – nearly 2 million more than in 2022 and the highest nutrition response on record. UNICEF's ability to scale services to meet demand made the milestone achievable, despite the steady rise in the number of children suffering from severe wasting in UNICEF priority countries. The UNICEF USA Bridge Fund's (Bridge Fund's) investments in innovative financing solutions helped enable this impact.

As a leader in the fight against child malnutrition, UNICEF adopts a systems approach to prevent all forms of child malnutrition. UNICEF procures and distributes malnutrition treatments like Ready-to-Use Therapeutic Food (RUTF) and strengthens supply chains by building national capacity to maintain and scale product availability. UNICEF also designed novel finance solutions like the RUTF Supplier Advance Payment Window (RUTF Window) and the Vaccine Independence Initiative (VII). These vehicles expedite supplies to market through critical advance payments to suppliers, prefinancing and guarantees.

Along with nutritious diet programming, essential nutrition services and positive nutrition and care practices, UNICEF supports health and nutrition worker training in screening and treating children who have life-threatening wasting. Innovative financing and prepositioning of supplies ensure that RUTF is ready and available for affected children.

Innovative finance expediting outcomes

Through its participation in the flagship RUTF Window and VII, the Bridge Fund's combined \$35 million investment in the funds has supported RUTF manufacturers and strengthened nutrition supply chains. Building supplier capacity and diversifying

the RUTF supplier base allow more manufacturers to operate within countries with the greatest demand, an important UNICEF goal.

One of the biggest needs identified by UNICEF to reduce child malnutrition rates was a solution to provide advance payments to RUTF suppliers facing production capacity constraints and a reduced ability to scale up to meet demand. Advance payments provide the extra liquidity suppliers need to ramp up production by paying as much as 70 percent of a purchase order's value up front. In 2023, the RUTF Window and VII executed \$86.8 million in advance payments, enabling approximately \$210 million in RUTF purchase orders and the procurement of enough cartons of RUTF to treat roughly 4.9 million children.¹

1. Note: Purchase orders and cartons enabled estimated for the RUTF Supplier Advance Payment Window were calculated using historical averages based on cumulative data reported by the RUTF Window as of December 2023.



UNICEF's "Find and Treat" campaign supports health workers in detecting and treating cases of child malnutrition early, particularly in hard-to-reach areas.

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“Operating at full capacity strains business financing due to the cash cycle,” explained one manufacturer based in Africa who received RUTF Window funds.



The increase in working capital is allowing the business to assemble the inputs required to operate at higher production levels.”

RUTF MANUFACTURER BASED IN AFRICA

In addition to advance payments to manufacturers, VII, a revolving facility managed by the UNICEF Supply Division, enabled timely RUTF procurement and delivery through traditional prefinancing and guarantees. In 2023, the facility was responsible for \$2.4 million in RUTF prefinancing, translating to 75,000 RUTF cartons and preventing dire RUTF stock-outs in Burkina Faso, Cameroon and Zimbabwe. VII also provided \$30 million in guarantees for RUTF purchase orders to shore up suppliers’ production capacity for UNICEF commitments.

From supply chain shortages to solutions

From September 2022 to September 2023, advance payment contributed to a threefold increase in production capacity, and efforts to fortify the supply chain ensured continual RUTF availability. When facility shortages arose, UNICEF and partners took swift remedial actions to unblock supply flow. Several countries, including Yemen, Madagascar, Haiti, South Sudan and Nigeria, noticed a decrease in RUTF stock-out durations during that time.

UNICEF’s comprehensive strategy to combat child malnutrition has brought about significant changes. Through UNICEF’s efforts to diversify its supplier base, 80 percent of RUTF manufacturers now operate in countries with the greatest demand. Supplier support from the RUTF Window to improve their capacity further reinforces this diversification. This geographic distribution also facilitates emergency delivery by sea freight rather than airlift. As a result, the supply chain’s carbon footprint has experienced a sharp reduction.

Work remains to reach Zero Hunger by 2030

The past two decades have seen substantial gains in improving maternal and child nutrition, including a one-third decrease in stunting since 2000. Yet, undernutrition can be linked to almost half of under-five deaths and puts other children at greater risk of dying from common infections. Malnutrition’s triple burden – undernutrition (including stunting and wasting), micronutrient deficiencies and overweight – continues to jeopardize children’s right to survive and thrive. Achieving SDG 2: Zero Hunger requires an efficient, sustainable nutrition supply chain.

New financing mechanisms to fight childhood malnutrition are critical. Malnutrition carries lasting consequences for individuals, societies and economies – costing the global economy an estimated \$3.5 trillion annually, or 5 percent of global GDP. The UUSA Impact Fund for Children will continue to participate in innovative solutions in partnership with UNICEF, including the continual use of funds advanced through vehicles like the RUTF Window and VII to achieve a lasting impact on children’s health globally.



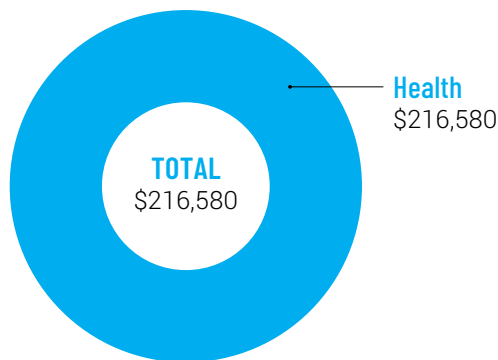
A mother receives Ready-to-Use Therapeutic Food (RUTF) for her 18-month-old son from a UNICEF-supported mobile health and nutrition team.

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QUARTERLY PROGRAM ACTIVITY

During the third quarter of Fiscal Year 2024, the Bridge Fund completed one new transaction for a total amount of \$216,580.

Quarterly Activity by Sector




Quarterly Activity by Geographic Reach

HEALTH	\$216,580
Eastern and Southern Africa	\$216,580
TOTAL	\$216,580

The Bridge Fund's SDG Impact

The Bridge Fund is committed to using the 2030 Sustainable Development Goals (SDGs) as a framework for our impact reporting, connecting each quarter's activity to the SDG target it supports.

SDG	CHALLENGES ADDRESSED	BRIDGE FUND PROGRESS THIS QUARTER
Good Health and Well-being  SDG 3 Ensure healthy lives and promote well-being for all at all ages	Around 75 percent of Uganda's disease burden is preventable. Health promotion and disease prevention interventions can improve mortality rates for diseases such as HIV/AIDS, tuberculosis, diarrhea, ischemic heart disease, congenital defects and stroke.	\$216,580 accelerated to prevent delays in the implementation of the National Community Health Strategy in Uganda and strengthen partner coordination and policy development.

Bridge Fund Q3 Fundraising

Loans	\$500,000
Net Worth Donations	\$150,047
TOTAL	\$650,047

New Bridge Fund Capital

Mr. and Mrs. Steve Eaton
 Franciscan Sisters of Perpetual Adoration (FSPA)
 Ms. Deborah Hart and Dr. William Goodykoontz

QUARTERLY PROGRAM IMPACT

Third Quarter Fiscal Year 2024

TRANSACTIONS	INPUTS	OUTPUTS	OUTCOMES
<p>Fast-tracked funds to ensure continuity of the implementation of a National Community Health Strategy in Uganda</p> <p>\$216,580</p> <p>Eastern and Southern Africa</p>	<p>Accelerated funds to secure payment for consultants, ensuring continuity of National Community Health Strategy implementation</p>	<ul style="list-style-type: none"> Strengthened partner coordination and policy development to enhance national governance capacity for health strategy implementation. 	<ul style="list-style-type: none"> Improved health for women and children in Uganda. Reduced mortality and morbidity from preventable diseases.
<p align="center">UNICEF SUPPLY DIVISION READY-TO-USE THERAPEUTIC FOOD (RUTF) SUPPLIER ADVANCE PAYMENT WINDOW</p> <p align="center">Activity between January 1, 2024 and March 31, 2024 (latest available)</p>			
<p>Supply Division RUTF Supplier Advance Payment Window¹</p> <p>\$15,000,000</p> <p>Global</p>	<ul style="list-style-type: none"> Purchase orders enabled in Q3 FY24: \$15.0 million Bridge Fund composition of drawn RUTF Window capital as of March 31, 2024: 27.3 percent 	<ul style="list-style-type: none"> Enabled \$15.0 million in RUTF purchase orders, which translates to ~348,000 RUTF cartons and a six- to eight-week course of treatment for ~348,000 children.² 	<p>Reached approximately 348,000 children faster with ~348,000 cartons of RUTF, improving child health and nutrition outcomes.²</p>
<p align="center">UNICEF SUPPLY DIVISION VACCINE INDEPENDENCE INITIATIVE (VII) HIGHLIGHTS</p> <p align="center">Activity between January 1, 2023 and December 31, 2023</p>			
<p>Supply Division VII³</p> <p>\$20,000,000</p> <p>Global</p>	<ul style="list-style-type: none"> VII capital base as of December 31, 2023: \$194.9 million Bridge Fund composition of total VII capital base as of December 31, 2023: 10.3 percent 	<ul style="list-style-type: none"> \$134.1 million for procurement of vaccines and supplies for the Democratic Republic of the Congo, Kenya, Nigeria, Indonesia, South Sudan and others through VII prefinancings. 	<ul style="list-style-type: none"> Reached approximately 150 million children faster with 200 million doses of routine vaccines, reducing child mortality and improving children's health and immunity.⁴ Accelerated and increased the equitable supply of medical supplies, vaccines and Ready-to-Use Therapeutic Food.

1. Latest data available is as of March 31, 2024. As of March 31, 2024, the Bridge Fund comprised 27.3 percent of the drawn RUTF Window capital and represents a portion of the total activity described. To date, the window has enabled a cumulative \$187.2 million in RUTF purchase orders, translating to the provision of ~4.1 million cartons of RUTF, which is equivalent to a six- to eight-week course of treatment for 4.1 million children.

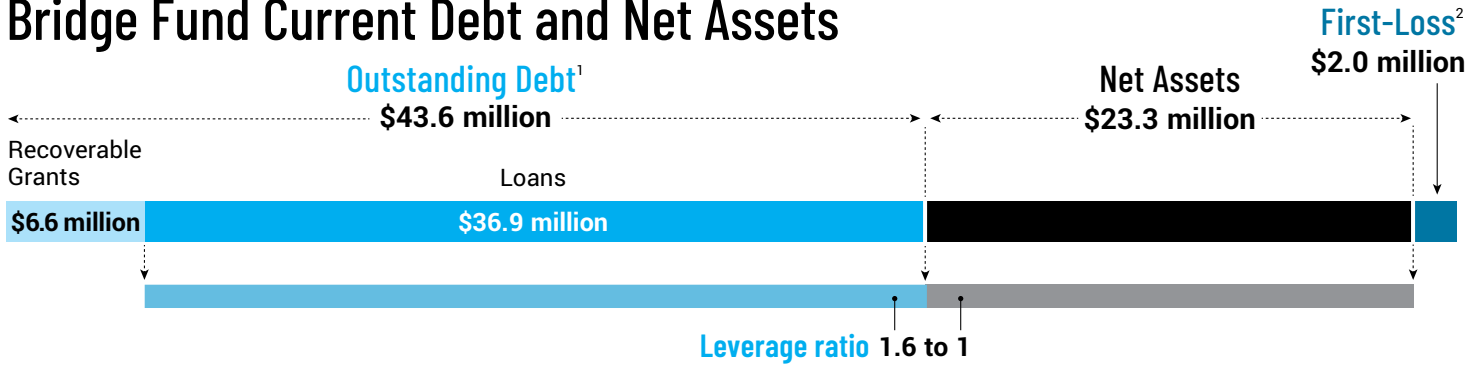
2. One carton of Ready-to-Use Therapeutic Food contains 150 packets, enough for one six- to eight-week course of treatment to restore the health of one severely malnourished child.

3. The Bridge Fund has had a \$10 million investment in the VII since September 2018, and at the end of June 2023, it invested another \$10 million, bringing the total amount invested to \$20 million. Outputs and outcomes represent total activity for the VII in the 12 months ended December 31, 2023. As of December 31, 2023, the Bridge Fund comprised 10.3 percent of the total VII capital base and represents a portion of total activity.

4. To estimate the number of children who will benefit from vaccine procurements, vaccine wastage rates must be included. Vaccine wastage rates vary by vaccine type, number of doses per vial and local health care systems and social conditions. In addition, full immunization against some diseases may require more than one vaccination per child. Thus, there is not a one-to-one correspondence between vaccine doses procured and children reached. Assumed 25 percent wastage rate for reported figures.

IMPACT FUND CAPITALIZATION AND PORTFOLIO BREAKDOWN

Bridge Fund Current Debt and Net Assets



Portfolio Breakdown by Repayment Source



1. The Bridge Fund has a \$20 million line of credit and \$10 million in drawable loans. As of March 31, 2024, \$7 million of the loan was drawn, leaving a remaining drawable loan balance of \$3 million.
2. In FY23, the Bridge Fund received a \$2 million permanent donation that functions as a fully loss-absorbing guarantee for Bridge Fund transactions. This will provide first-loss protection for transactions like the \$15 million RUTF Supplier Advance Payment Window.
3. Flexible funding represents Bridge Fund cash advances made for fundraising strategies of UNICEF National Committees identified to produce net-new philanthropic revenue.
4. The RUTF Window represents a \$15 million catalytic contribution to a facility administered by the UNICEF Supply Division, which solves malnutrition treatment supply chain issues by enabling advance payments for Ready-to-Use Therapeutic Food (RUTF) suppliers to help them increase capacity and meet demand.
5. The Vaccine Independence Initiative (VII) is a revolving fund, managed by the UNICEF Supply Division. VII pre-financing receivables are from third-party multilaterals and sovereign governments.

Portfolio Breakdown by Loan Watch Category

Delays occur in the Bridge Fund portfolio due to the nature of the business. The outstanding portfolio is actively monitored and diligent cash flow management policies mitigate effects on the portfolio.

100% Low Watch



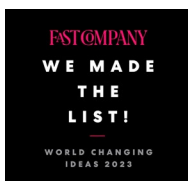
Low Watch: Performance as expected.

All Bridge Fund outstanding transactions are categorized as Low Watch as of March 31, 2024.



Impact Fund for Children's Tenth Consecutive Year on the ImpactAssets 50 List

The Bridge Fund was selected as an Emeritus Impact Manager for the ImpactAssets 50 (IA 50) [2024 list](#). The IA 50 recognizes managers who have demonstrated a consistent ability to generate positive impact and resilience within the impact investing market. We thank our investors and donors who have contributed to this inclusion.



Bridge Fund's Response Has Been Listed as a Winner in the Rapid Response Category of Fast Company's 2023 World Changing Ideas Awards

The Bridge Fund's response to the Horn of Africa malnutrition crisis has been selected as an honorable mention in the "Enduring Impact: 15+ Years in Business" category and was chosen as the winner of the "Rapid Response" category. Read more about our investment in the battle against malnutrition in our [Q2 2023 quarterly report](#).

FINANCIAL INFORMATION

UNICEF USA Impact Fund for Children Inc.

Statement of Financial Position (unaudited) for the 9 months ended March 31, 2024

ASSETS

Cash and Investments	\$32,524,762
Contributions Receivable	\$34,555,614
Total Assets	\$67,080,376

LIABILITIES

Recoverable Grants Payable	\$6,625,000
Loans Payable	\$36,925,000
Accrued Interest and Other Liabilities	\$226,427
Total Liabilities	\$43,776,427
Net Assets*	\$23,303,949
TOTAL LIABILITIES AND NET ASSETS	\$67,080,376

COVENANT CALCULATION**

Leverage Ratio	Maximum	Actual
Debt: Net Assets	3.5 : 1	1.6 : 1

*As of March 31, 2024.

**Recoverable grants up to \$10 million are excluded from the 3.5:1 debt-to-equity ratio. As reported here, loans payable only includes cash loans and the line of credit.

Statement of Activities (unaudited) for the 9 months ended March 31, 2024

REVENUE

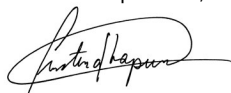
Contributions Revenue	\$16,492,478
Investment and Interest Income	\$2,361,161
Total Revenue	\$18,853,639

EXPENSES

Program Services	
Grants to UNICEF and Other NGOs	\$16,258,064
Program Expenses	\$1,334,494
Management and General	\$51,468
Fundraising	\$174,500
Total Expenses	\$17,818,526

Net Income	\$1,035,113
Net Assets – Beginning	\$22,268,836
Net Assets – Ending	\$23,303,949

We certify that, as of the quarter ending March 31, 2024, there exists no default or Event of Default (as such term is defined in the Loan Agreement), and we are in compliance with the covenants set forth in Sections 4.1 and 4.4 and in Article V of the Loan Agreement, including without limitation and as demonstrated in the above computations, the financial covenants set forth in Sections 5.2 and 5.5 of the Loan Agreement.



Cristina Shapiro, President, Impact Fund for Children Inc.
Dated: March 31, 2024

To learn more, please visit our website at unicefusa.org/impact-fund-for-children or contact:

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