



Bridge
Fund

Annual Report

June 30, 2017



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Dear Friends,

We established the UNICEF USA Bridge Fund in 2011 to solve a problem. Children often need help before financial commitments — in the form of pledges or government appropriations — are fulfilled and cash is secured. In response, we built a vehicle to ensure that UNICEF can complete immunization campaigns before childhood diseases cripple or kill, deliver desks that arrive before school starts, and fast-track emergency relief to desperate families just one day after an earthquake strikes.

Essentially, the Bridge Fund enables us to manage the timing of financing. We can now accelerate money to UNICEF to meet urgent needs quickly, before committed funding arrives. And, a pool of fixed-term investments enhances our ability to plan long-term and reduces dependence on annual fundraising.

For donors and investors, the Bridge Fund offers a unique opportunity to combine philanthropic dollars and private investment to create lasting social impact for children.

Since the fund's founding, we have accelerated \$178 million in critical assistance. We continue to identify new opportunities to bridge funding gaps for children and meet UNICEF's growing needs. And, this year alone, we accelerated \$64 million to UNICEF, a milestone, and more than twice the amount we accelerated last year.

We must thank our stakeholders — many of whom have shared our vision for the Bridge Fund since its launch six years ago — for their guidance and support. We have also attracted increased commitments from current supporters and a diverse group of new corporate partners, groups and individuals.

Together, we have made real progress in many of the 157 countries where UNICEF operates. But the world's children confront growing threats to their survival and development. War, poverty, climate change and new diseases threaten millions or have forced them from home. Millions have been deprived of school and economic opportunity. Others face child labor, trafficking and abuse. Children's needs far outstrip the current resources that governments, philanthropy and the private sector have dedicated to them.

Given the rapid growth in children's needs, we are exploring with UNICEF how we might replicate the Bridge Fund's success and expand available financing for the most marginalized. Together — through new funds focused on infrastructure or local economic development — we hope to foster more public/private collaboration and promote long-term, sustainable change. As our plans develop, we will engage our supporters, the philanthropic community and social impact investors for their ideas and expertise.

Once again, thank you for your support.

A handwritten signature in black ink, appearing to read "Edward G. Lloyd".

Edward G. Lloyd

Chief Operating Officer and Chief Financial Officer
UNICEF USA

A handwritten signature in black ink, appearing to read "Gabriella Morris".

Gabriella Morris

Senior Vice President for the UNICEF USA Bridge Fund
UNICEF USA

The Global Child Refugee Crisis Continues Unabated

The Bridge Fund Accelerates Support for Emergency Aid

The figures are staggering. Millions of children — desperate for a chance to survive and thrive — continue to be forced from home by violence, climate change, drought and poverty. Some remain within their own borders. But, as of 2015, the latest year for which data are available, a shocking 31 million were living outside their countries of birth.

Worse, the number of refugee and migrant children fleeing without parents has reached a record high. At least 300,000 unaccompanied and separated children were recorded in some 80 countries in 2015–2016, while 100,000 unaccompanied children were apprehended at the U.S.-Mexico border and 170,000 unaccompanied children applied for asylum in Europe.

Abuse, Exploitation and Loss of Rights

UNICEF is highlighting the concern that laws, policies and services — meant to protect these refugee and migrant children — are not being properly enforced or implemented, leaving them bereft of protection, health care and education.

For example, a whopping 25 million migrant and refugee children living in conflict zones have been deprived of school.

Unaccompanied children can also be easy prey for traffickers and others who abuse and exploit them. Additional findings from UNICEF's report include the horrifying statistics that children account for approximately 28 percent of trafficking victims globally, and that as much as 20 percent of child refugee/migrant smugglers have links to human trafficking networks.

In UNICEF's annual, signature report on the child refugee crisis, 'A Child is a Child: Protecting children on the move from



These children need a real commitment from governments around the world to ensure their safety throughout their journeys.

— UNICEF Deputy Executive Director Justin Forsyth

violence, abuse and exploitation,' we explain the urgent need to establish or strengthen global protection systems to keep children safe from exploitation, abuse, death, and the loss of their fundamental rights.

Bridge Fund Impact And Child Refugees

In Fiscal Year 2017, the Bridge Fund dedicated \$4.1 million to support children and families uprooted from their homes across Africa and the Middle East through humanitarian aid, and interventions in education and water.

- War in Syria crippled educational systems in Syria and its neighbors. The Bridge Fund accelerated \$2.4 million last fiscal year to provide children in Iraq with equitable access to education, including safe learning environments and essential education supplies.
- Following a deadly attack on its Syrian border in June 2016, Jordan closed border crossings, stranding 75,000 refugees. The Bridge Fund provided the \$300,000 in pre-financing necessary for a new nonprofit organization to rehabilitate a sustainable, safe water supply for these refugees.
- Crisis in Africa is forcing more children to flee home than ever. The speed of aid is critical, and the Bridge Fund accelerated \$1.4 million to provide the hardest hit regions in Africa with access to education and safe water, measles immunization and treatment for severe acute malnutrition. ●

Mary's Story

A 17-year-old unaccompanied minor from Nigeria who fled her country because of extreme poverty and the loss of her family, Mary's experience is all too typical of what happens to unaccompanied children. Describing the smuggler-turned-trafficker who trapped her for more than three months in Libya before she escaped to Italy, she said, "He told me if I didn't sleep with him he would not bring me to Europe. He raped me."

UNICEF Issues A Call-To-Action

UNICEF is asking governments worldwide to adopt an aggressive agenda to protect refugee and migrant children.

Action steps include protection of child refugees, particularly unaccompanied ones, from exploitation and violence; ending of detention for refugee children; keeping families together and reuniting separated children with their families; access to high quality schooling, health care and other services; combating discrimination; and addressing the root causes of the refugee and migrant crisis.

Children Need the Private Sector, Too.

The world child refugee crisis continues to grow in 2017. For example, conflict in the Democratic Republic of Congo (DRC) has now displaced almost 3.8 million people. At least 5.5 million children urgently need humanitarian assistance, with at least 60,000 uprooted in June 2017 alone.

As UNICEF Child Protection Officer Alphonse Tshikala said of UNICEF's work in the DRC: "It feels like overnight we went from a development program to full blown crisis, and we've had to adapt quickly."

Clearly, philanthropies, governments and the private sector will need to adapt quickly and help, too. Implementing UNICEF's

ambitious protection agenda will require funding far beyond what many of the cash-strapped countries in the Middle East, Central America and Sub-Saharan Africa most affected by the child refugee crisis can afford.

For instance, to respond to conflict in the DRC, UNICEF needs \$40.2 million beyond its original humanitarian appeal for the country. But, as of early August, UNICEF faced a 58% funding gap, including \$4.9 million for shelter and non-food items, \$4 million for water, sanitation and hygiene, and \$3.5 million for nutrition.

Mohammed's Story

But the consequences of not protecting children in the DRC or elsewhere are clear. Take Mohammed, 14, a Syrian refugee who now toils away as a child laborer in a repair shop in Erbil, a city in Iraqi Kurdistan. Mohammed and his five siblings must support their family, and they haven't been to school since they left Syria more than three years ago.

"What I would like most is to leave this job and go back to school," says Mohammed. "I miss my school in Syria. I miss my pens and books, and I'd like to have them back." ●

Ruthless smugglers and traffickers are exploiting children ... It is unconscionable that we are not adequately defending children from these predators.

—UNICEF Deputy Executive Director Justin Forsyth



Syrian refugee and education activist Muzoon Almellehan meets Nigeria refugee girls at a sewing workshop in Daresalam refugee camp, Lake Region, Chad.

© UNICEF/UN060350/SOKHIN

The End of Polio is in Sight

UNICEF and The Bridge Fund Help Overcome Final Obstacles

Since 1988, the Global Polio Eradication Initiative (GPEI) — led by national governments and spearheaded by the World Health Organization (WHO), Rotary International, the U.S. Centers for Disease Control and Prevention (CDC), and UNICEF, (with the critical support of the Bill and Melinda Gates Foundation) — has reduced the global incidence of polio by more than 99 percent.

With the help of more than 20 million volunteers worldwide, GPEI has saved more than 16 million people from paralysis. Today, polio is endemic in only three countries: Afghanistan, Pakistan and Nigeria. In 2016, only 37 cases were reported worldwide.

But the last reservoirs of this dreaded scourge may be the most difficult to eradicate. War, conflict and extreme social instability in the last three endemic countries — and refugee crises involving millions of children and their families — pose severe challenges to mass immunization.

New Eradication Initiatives

That's why, on March 24, 2017, GPEI announced that more than 190,000 polio vaccinators in 13 countries across west and central Africa would immunize more than 116 million children to tackle the continent's last remaining polio stronghold. The synchronized vaccination campaign, one of the largest ever implemented in Africa, is part of urgent measures to stop polio on the continent.

As UNICEF Regional Director for West and Central Africa, Ms. Marie-Pierre Poirier, explained: "Polio eradication will be an unparalleled victory ... [saving] all future generations of children from the grip of a disease that is entirely preventable."

The Bridge Fund Plays A Crucial Role

Since its founding, the Bridge Fund has dedicated nearly 80% of its program activity to, and invested over \$100 million in, this important fight. We have worked particularly closely with UNICEF's Supply Division to procure polio vaccine rapidly and efficiently.

During Fiscal Year 2017, we accelerated a total of \$42.2 million to polio eradication efforts, including \$17.5 million to UNICEF country offices in Afghanistan, the Democratic Republic of Congo, Côte d'Ivoire, Liberia, India and Pakistan, and \$17.72



A child receives an oral polio vaccine as part of mass vaccination by UNICEF during a Rapid Response Mission to the village of Aburoc, South Sudan.

© UNICEF/UN065997/HATCHER-MOORE

million to Nigeria to help make the country polio-free again after the virus returned to the war-ravaged Lake Chad region and paralyzed two children.

The momentary setback for polio eradication in Nigeria illustrates the complexity of global mass immunization campaigns. It also makes the Bridge Fund's support particularly important. Mass immunization requires expert planning and effective management on a global scale. UNICEF starts with purchase orders, delivery and in-country distribution and ends by vaccinating millions of children each year. The Bridge Fund has ensured that funding gaps don't occur at any stage during this multi-step process.

As UNICEF Supply Divisions' Jonathan M. Weiss (Chief, Procurement Services Center) explains, "UNICEF Supply is the world's largest oral polio vaccine purchaser in the world. In the effort to eradicate polio, the resources made available by the Bridge Fund have been instrumental in ensuring immunization campaigns happen on time to protect child lives." ●

After Hurricane Matthew, Haiti Builds Back

UNICEF and The Bridge Fund Promote Sustained Recovery

Media coverage of emergencies often ebbs rapidly after natural disasters. But regardless, UNICEF keeps working in countries like Haiti after hurricanes and earthquakes to help children and communities recover, build back, and foster resilience.

UNICEF knows that optimal crisis response promotes long-term development, just as programming in non-crisis situations helps empower communities to weather future shocks.

UNICEF and the Bridge Fund Respond to the Storm

That's why UNICEF's relief efforts began before Hurricane Matthew hit. Emergency relief teams worked with UNICEF Haiti to pre-position supplies and help coordinate emergency response.

That's also why — when Hurricane Matthew slammed into Haiti's southwestern coast on the morning of October 4, 2016 and pummeled towns and villages with 145-mile-per-hour winds, lashing rain, flooding, landslides and coastal surges — UNICEF and the Bridge Fund were ready.

The Bridge Fund advanced \$1 million to accelerate UNICEF's ability to deliver assistance quickly and efficiently. This financing covered essential first-responder supplies such as clean water, water purification units, medical material, therapeutic food and emergency generators.

Given Hurricane Matthew's devastation, the Bridge Fund's advance to UNICEF was critical. According to the U.N., the storm caused \$2.8 billion in damages, representing approximately one-third of Haiti's annual GDP. The storm also displaced 175,000 people, flattened buildings, destroyed crops and livestock, and caused food shortages and malnutrition. It damaged water and sanitation systems. It wrecked hundreds of schools and deprived tens of thousands of students of their education. Nearly 1.4 million needed humanitarian assistance.

UNICEF's Impact

UNICEF's response is still ongoing and systemic. Among many other measures, UNICEF worked to resume critical vaccination campaigns against cholera and measles. In fact, since Matthew, UNICEF has increased the number of Haiti's rapid cholera response teams from 46 to 88. In the health sector, UNICEF has restored the cold-chain systems of 37 health facilities and equipped 35 malnutrition outpatient treatment centers in the hardest hit, southwestern portion of Haiti.

With partners, UNICEF was also able to rehabilitate 75 schools, enabling more than 20,000 children to return to the classroom. Roseberline D., 13, knows firsthand what UNICEF's impact in Haiti has been: "I lost everything, including my books, my notebooks and my school bag," she explains. "We spent so many weeks without school. Now I'm very happy, and I get to see my friends again!" ●



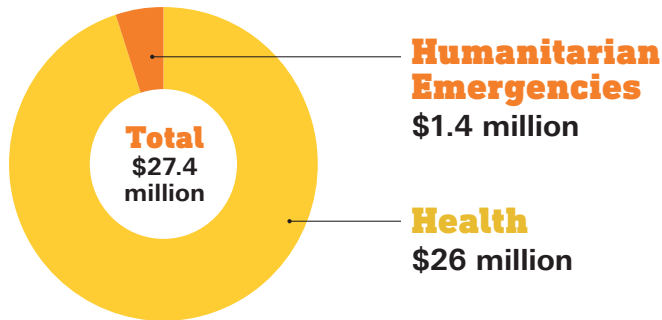
Mylove Théogène, 8, who lost her home and school to Hurricane Matthew, looks at the devastation as she washes dishes.

© UNICEF/UN038078/LEMOYNE

Quarterly Program Activity: \$27.4 million

For the fourth quarter of Fiscal Year 2017, the Bridge Fund completed 11 transactions totaling \$27,440,625.

Quarterly Activity by Sector



Quarterly Activity by Geographic Reach

Health	\$26,050,625
South Asia	\$17,721,124
West and Central Africa	\$2,789,501
Eastern and Southern Africa	\$540,000
Multi-Region	\$5,000,000
Humanitarian Emergencies	\$1,390,000
West and Central Africa	\$934,000
Eastern and Southern Africa	\$456,000

Program Activity

Since our last quarterly report distributed on May 15, 2017, the Bridge Fund completed eight transactions. Their respective impacts appear below.*

Transactions (date of transaction)	Inputs	Outputs	Outcomes
Vaccine Independence Initiative (June 30, 2017)	\$5 million investment to the UNICEF Vaccine Independence Initiative to provide flexible credit terms for governments	<ul style="list-style-type: none"> Timely procurement and delivery of essential commodities, including vaccines, injection devices, cold-chain equipment, Long Lasting Insecticidal Nets and Ready-To-Use Therapeutic Food 	<ul style="list-style-type: none"> Governments are able to reduce stock-outs and work toward a systematic and sustainable supply. Life-saving, essential health supplies reach children faster, increasing health and immunity and reducing childhood mortality.
6 individual grants for polio eradication in UNICEF Country Offices (June 30, 2017)	For Community-Based Vaccination Pakistan \$7,539,349 Afghanistan \$6,935,186 India \$1,585,185 DRC \$843,374 Côte d'Ivoire \$310,317 Liberia \$297,214 Total \$17,510,625	Community-based vaccination programming such as: <ul style="list-style-type: none"> Community engagement and communication programming, including creation and distribution of resource materials, social mobilization toolkits and advocacy Recruitment and training of community-based vaccination health workers and supervisors for polio vaccine delivery 	<ul style="list-style-type: none"> The poorest, most isolated children are immunized from polio. Further progress is made toward a polio-free Pakistan and Afghanistan. Elimination status for India, DRC, Côte d'Ivoire and Liberia maintained.
LDS Charities – Famine Emergency Relief (June 30, 2017)	\$1.14 million in emergency relief funding	Life-saving goods and services for children affected by the famine crisis	<ul style="list-style-type: none"> Nigeria: 3.9 million people gain access to emergency services including treatment for severe acute malnutrition, safe water, measles immunization and safe learning environments. Somalia: 1.7 million children provided with treatment for severe acute malnutrition and measles immunization.

* Impact for three transactions completed in Q4 was included in the Q3 activity report, [available on our website](#).

Annual Program Activity:

\$64.3 million

The data below summarizes 26 transactions for Fiscal Year 2017.

Health

Targeting over 200 million children and individuals

Total Program Activity	\$58,448,079
West and Central Africa	\$20,509,602
South Asia	\$17,721,124
Eastern and Southern Africa	\$3,060,694
Middle East and North Africa	\$156,659
Multi-Region	\$17,000,000

Program Highlights

- \$24.7 million accelerated for oral polio vaccine procurement to ensure that campaigns occur on schedule and global stockpiles that are maintained
- \$17.5 million accelerated toward community-based vaccination to ensure continuity of polio immunization programming
- \$5 million accelerated to support the pre-financing of essential vaccine procurement, including pentavalent, rotavirus and pneumococcal vaccines, for select Gavi member-countries
- \$4 million, accelerated to buy tetanus vaccine and injection devices to ensure that maternal neonatal immunization campaigns occur on schedule

Education

Over 30,000 children reached

Total Program Activity	\$3,205,796
Middle East and North Africa	\$2,409,566
Central and Eastern Europe and the Commonwealth of Independent States	\$193,044
Multi-Region	\$603,188

Program Highlights

- \$2.4 million accelerated to support equitable access to education for out-of-school Syrian refugee children. This included construction of classroom spaces and procurement and distribution of supplies
- \$568,000 accelerated to ensure equity, protection and education for children with disabilities

Humanitarian Emergencies

Interventions reaching up to 11.6 million individuals

Total Program Activity	\$2,390,000
Latin America and the Caribbean	\$1,000,000
West and Central Africa	\$934,000
Eastern and Southern Africa	\$456,000

Program Highlights

- \$1 million accelerated for emergency relief following Hurricane Matthew
- \$1.39 million accelerated toward emergency relief for famine crisis in Africa, concentrated in Nigeria and Somalia, including treatment for severe acute malnutrition, access to safe water, measles immunization and access to temporary, safe learning environments

Water

Infrastructure serving over 10,000 refugees

Total Program Activity	\$300,000
Middle East and North Africa	\$300,000

Program Highlights

- Provided the pre-financing required for the rehabilitation of a borehole to provide a safe, sustainable water source for refugees on the Syrian/Jordanian border



The Bridge Fund has adopted IRIS (Impact Reporting and Investment Standards) metrics to reflect the impact of our work using criteria generally accepted in the impact investing industry. Complete IRIS metrics per each transaction are provided at unicefusa.org/irismetrics2017.

Cumulative Program Activity: \$178 million since 2011

Impact Areas

Health

\$168 million

Over 500 million individuals reached

The Bridge Fund has increased access to, and quality of care for, a range of health conditions and diseases such as polio, malaria, yellow fever, maternal and neonatal tetanus, severe acute malnutrition, and neonatal care.

Education

\$5.5 million

Over 650,000 children reached

The Bridge Fund has increased access to, and improved quality education for, children around the world, including construction and creation of safe learning environments and procurement and distribution of essential supplies.

Humanitarian Emergencies

\$3.9 million

Potential to reach over 23 million individuals

The Bridge Fund has accelerated emergency response funding following Hurricane Matthew, famine crisis in Africa, the Nepal earthquake, Cyclone Pam, the West African Ebola outbreak and Typhoon Haiyan.

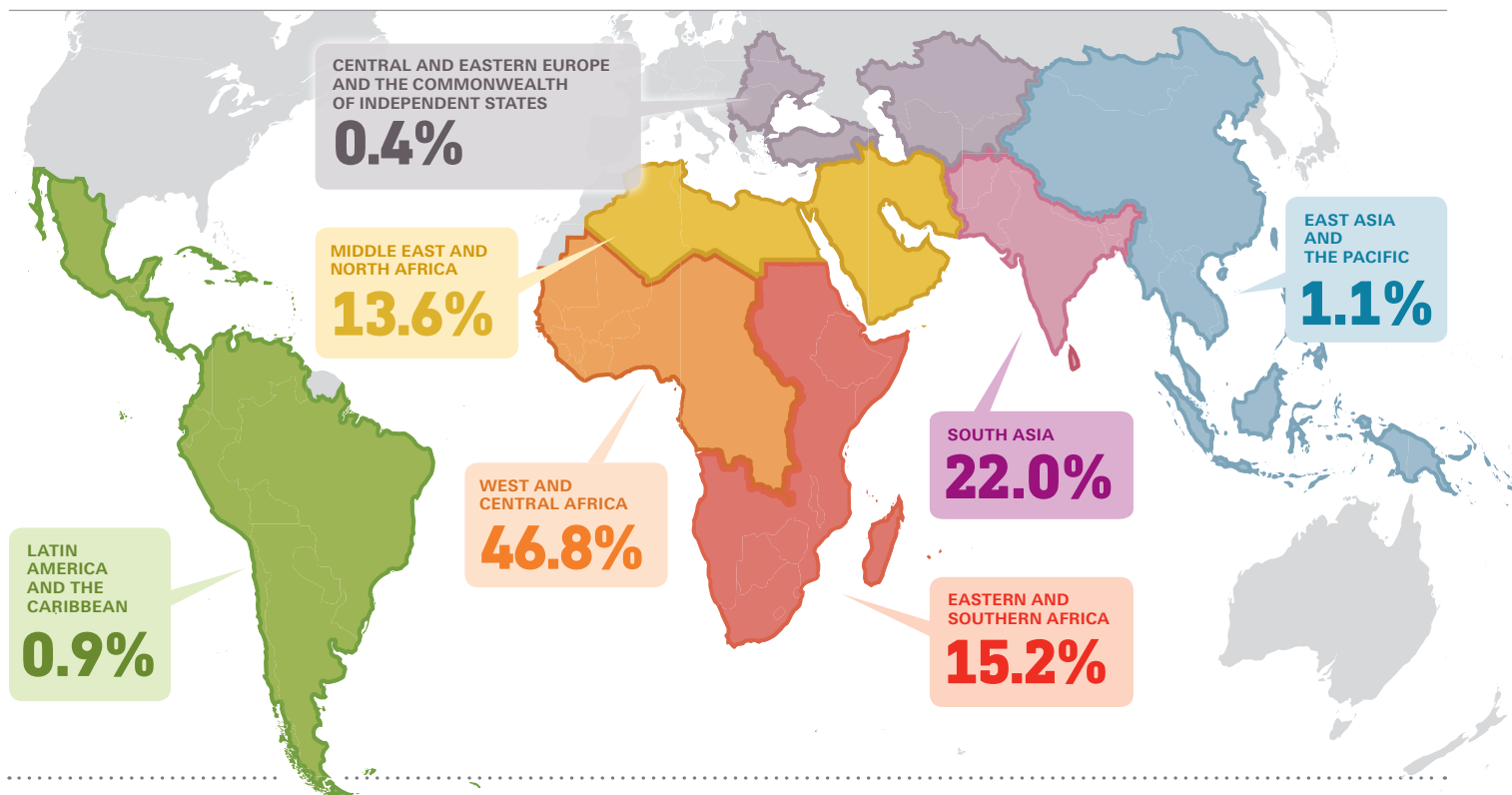
Water

\$500 thousand

Potential to reach over 5 million individuals

The Bridge Fund has facilitated capacity-building efforts and water infrastructure investment to increase access to water and promote healthy sanitation throughout the Legal Amazon and the Middle East.

Bridge Fund Activity by Geographic Region



IA 50
2016
MANAGER

For the third straight year, the UNICEF USA Bridge Fund has been selected for inclusion in the Impact Assets 50 for its work as an innovative, impact investing tool.

Financial Information*

UNICEF USA In-Kind Assistance Corporation

UNICEF Bridge Fund Program (Segment) Statement of Financial Position (unaudited)*

Assets

Cash and Investments	\$14,846,003
Contributions Receivable	\$36,800,455
Total Assets	\$51,646,458

Liabilities

Loans Payable	\$37,850,000
Accrued Interest Expense	\$350,398
Total Liabilities	\$38,200,398
Net Assets	13,466,060

Total Liabilities and Net Assets	\$51,646,458
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*As of June 30, 2017

Covenant Calculation

Leverage Ratio	Loan Goal	Actual
Debt : Net Assets	Maximum 3.5 : 1	2.8 : 1

UNICEF Bridge Fund Program (Segment) Statement of Activities (unaudited)*

Public Support and Revenue

Contributions Revenue	\$65,313,943
Investment and Interest Income	\$586,272
Total Revenue	\$65,900,215

Expenses

Program Services	
Grants to UNICEF	\$64,343,875
Program Expenses (including interest expense)	\$1,127,480
Management and General	\$14,025
Fundraising	\$101,000
Total Expenses	\$65,586,380

Change in Net Assets	\$313,835
Net Assets – Beginning	\$13,132,225
Net Assets – Ending	\$13,446,060

*For the twelve months ended June 30, 2017

We certify that as of the quarter ending June 30, 2017, 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.



Edward G. Lloyd, Chief Operating Officer and Chief Financial Officer Dated: June 30, 2017

Thank you to our stakeholders for making this possible.

We are proud to acknowledge the following supporters and partner organizations that have helped the Bridge Fund provide flexible financing to UNICEF, enabling it to accelerate the purchase and delivery of critical supplies, prevent the interruption of programmatic activity, and optimize purchasing terms with cash up front.

Lenders*

Our lenders provide fixed-rate, fixed-term loans that create a revolving fund to accelerate cash to UNICEF throughout the year.

Loans of \$1,000,000 or above

Anonymous (2)
New Summit Investments
Prudential Financial, Inc.
TD Bank, N.A.
Treehouse Investments, LLC

Loans up to \$1,000,000

Anonymous (4)
Mary Louise and Bruce Cohen
GPD Charitable Trust/John DeBlasio
Mr. and Mrs. William Dietz, Jr.
Embrey Family Foundation
Fidelity Investments Charitable Gift Fund
Hal and Nancy Kurkowski
G. Barrie Landry
Linda Spencer Murchison
Nicole and Shahriar Shahida

Net-Worth Donors*

Equity Contributions to the Bridge Fund are permanent grants that establish the foundation of our capital structure and provide collateral for our loan pool.

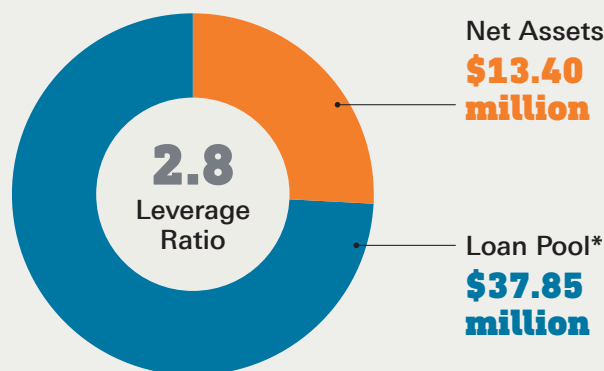
Sustaining Donors

Anonymous (1)
Mr. Andrew Beer and Ms. Eleanor Chai
Mr. and Mrs. William Dietz, Jr.
Mr. and Mrs. Steve Eaton
Fidelity Charitable Trustees Philanthropy Fund
Stefan Findel and Susan Cummings-Findel
Mrs. Melba Gschneidner and the late
Dr. Karl Gschneidner
G. Barrie Landry
Mr. Harry W. Lange
Mariner Investment Group, LLC
Ian Rosenfield and Susanne Caballero
Luly and Maurice Samuels
Mr. Jeffrey Urbina and Ms. Gaye Hill

* Listings as of June 30, 2017

Current Capitalization

Our stakeholders have allowed us to grow our loan pool over time, while enabling us to maintain a conservative leverage ratio.



\$13.4 million in net assets provides a catalytic first-loss equity pool for investors (leverage ratio of 2.8) as a \$37.85 million revolving loan pool multiplies the impact of this equity pool.

*\$10 million of our available loan pool is in the form of a line of credit. The leverage ratio calculation assumes full utilization. This is not reflected as a liability, unless drawn.

To learn more, please visit our website at unicefusa.org/bridgefund or contact:

Edward G. Lloyd
Chief Operating Officer
and Chief Financial Officer
elloyd@unicefusa.org
212-922-2557

Gabriella Morris
Senior Vice President,
UNICEF USA Bridge Fund
gmorris@unicefusa.org
212-922-2579

Erin Egan
Director,
UNICEF USA Bridge Fund
eeagan@unicefusa.org
212-922-2571