



Bridge Fund

Unprecedented Famine Risk Threatens 2.5 Million Children



Amina, with her daughter, holds up her empty cooking pot inside their makeshift home near the town of Ainabo, Somalia.

© UNICEF/UN056039/HOLT

Time is running out for at least 2.5 million children who are at imminent risk of death this year from severe acute malnutrition in 13 countries spanning Africa and the Middle East. Conflict and displacement in these countries, exacerbated by drought and water scarcity, have resulted in what the United Nations is saying is the largest humanitarian crisis since the Second World War. Famine has been declared in South Sudan and could ensue in Nigeria, Somalia and Yemen. With 80

million people at risk in the hardest hit regions, the magnitude and urgency of the situation is overwhelming. By accelerating funds through its Bridge Fund, UNICEF USA is doing everything in its power to save children's lives. As Leila Pakkala, UNICEF Regional Director for Eastern and Southern Africa, said during a recent visit to the UNICEF USA offices, "In a time of famine, impact does not come gradually. It is sudden. If we respond right now, for every dollar received, we're able to save a child's life." ▶

Sustained conflict across multiple countries, which has forced millions of children and families from their homes, has caused massive social and economic disruption. It has also resulted in grave violations of children’s rights. In Northeast Nigeria, children who have fled Boko Haram’s attempts to conscript them as child soldiers or kidnap them as child “brides” are now at risk of starvation. In Yemen, over two years of civil war have left nearly 70 percent of the population in desperate need of humanitarian assistance, and the situation continues to worsen. Conflict has also driven up the price of food and strained scarce resources in surrounding countries such as Ethiopia, Kenya and northern Uganda, which must absorb tens of thousands of refugees.

El Niño weather patterns and climate change, resulting in multiyear drought, have dried up rivers and freshwater ports, decimating crops, livestock and fish. After observing the affected regions, Pakkala noted a key indicator of the severity of the current crisis: “When camels are dying, that is a bad sign.” Drought also leads to the spread of deadly infection. Without a safe water supply, waterborne diseases such as cholera and typhus spread via contaminated water sources, putting children at risk. Malnutrition further increases children’s vulnerability to all diseases.

In a crisis caused by multiple factors, mobilizing an urgent, integrated response is critical. Pakkala emphasized that “...what we are most concerned about in all of these countries is not just delivering water, or treating malnutrition, or dealing with the cholera response. It is about doing all of them together. If we don’t, the cycle is not being broken.” UNICEF is coordinating on-the-ground efforts to provide malnutrition screening, ready-to-use therapeutic food (RUTF), safe water and vaccinations for deadly diseases.

Unprecedented Humanitarian Crisis Looms Across 13 Countries



© ONESTOPMAPS.COM / 5W INFOGRAPHICS

But the timing of aid is critical. Within the next three months, as the situation worsens, the cost of emergency response will increase twenty to thirty fold. That’s why early money is smart money. Early funding and economies of scale will reduce expensive air freight and procurement costs for supplies to fight famine. Accelerated funding also saves lives. The faster you reach children on the brink of starvation with RUTF and health care, the more effective your intervention will be. In Nigeria, for example, where 450,000 children are at risk, 1 in 5 kids is likely to die. Immediate treatment can cut mortality rates to 1 in 100.

Now, more than ever, the world must learn from prior crises, when delayed interventions led to increased child mortality and suffering. Speaking of an earlier famine, UNICEF’s Executive Director Anthony Lake explains: “We can still save many lives. The severe malnutrition and looming famine are largely man-made. Our common humanity demands faster action. We must not repeat the tragedy of the 2011 famine in the Horn of Africa.” ●

UNICEF USA: A New Name, A New Look

Founded in 1947, the U.S. Fund for UNICEF is proud of our decades-long advocacy for UNICEF as it helped save more children’s lives than any other humanitarian organization.

Now one of America’s most effective nonprofits — garnering more than \$568 million in public support last fiscal year, securing an annual U.S. government appropriation of \$132.5 million and maintaining a 90 percent program ratio — we have decided it was time to strengthen our brand and visual identity.

While our legal name will remain the U.S. Fund for UNICEF, we will now be communicating publicly as UNICEF USA. Our new globe-shaped logo, highlighting UNICEF’s signature cyan color, will remind the public that, together, we work tirelessly for children in more than 190 countries and territories.

As part of our initiative, the U.S. Fund for UNICEF Bridge Fund has now become the UNICEF USA Bridge Fund.

Implemented across all UNICEF USA initiatives, including the Bridge Fund, we believe our exciting new brand will expand our audience appeal and provide a more powerful shared marketing platform for donors and investors. ●



children first.

Power of Supply

UNICEF-procured supplies help save lives and build futures.

This April, more than 1,000 people traveled to Washington D.C. for the 2017 UNICEF USA Annual Meeting. This event brings together UNICEF USA's key supporters, stakeholders and partners to reflect on last year's successes and learn how we can most effectively collaborate to make a better world for children in the coming year. A highlight of this year's Annual Meeting was a panel discussion featuring the Bridge Fund and the UNICEF Supply Division, one of our most important partners and the largest humanitarian supply operation in the world.

Development and humanitarian supply chains are very complex. They require technical expertise, innovative solutions, collaboration and financial resources. It is no small feat that, in 2015 alone, UNICEF procured over \$3.4 billion in supplies and services — including 5,000 products such as vaccines, essential medicines, therapeutic foods, mosquito bed nets, clean water and sanitation equipment, and education supplies — for children around the world. The Supply Division works with private industry, governments and multilateral organizations to create markets, increase transparency, improve government budgeting and procurement processes, and expand the number of local and domestic suppliers. Through these efforts, the Supply Division ensures global availability of quality supplies and works with governments to implement a range of supply chain models. As Jonathan Weiss, the Supply Division's Chief of Procurement, explains, one of UNICEF's primary goals is developing stable and efficient humanitarian supply systems: "It's all about sustainability."

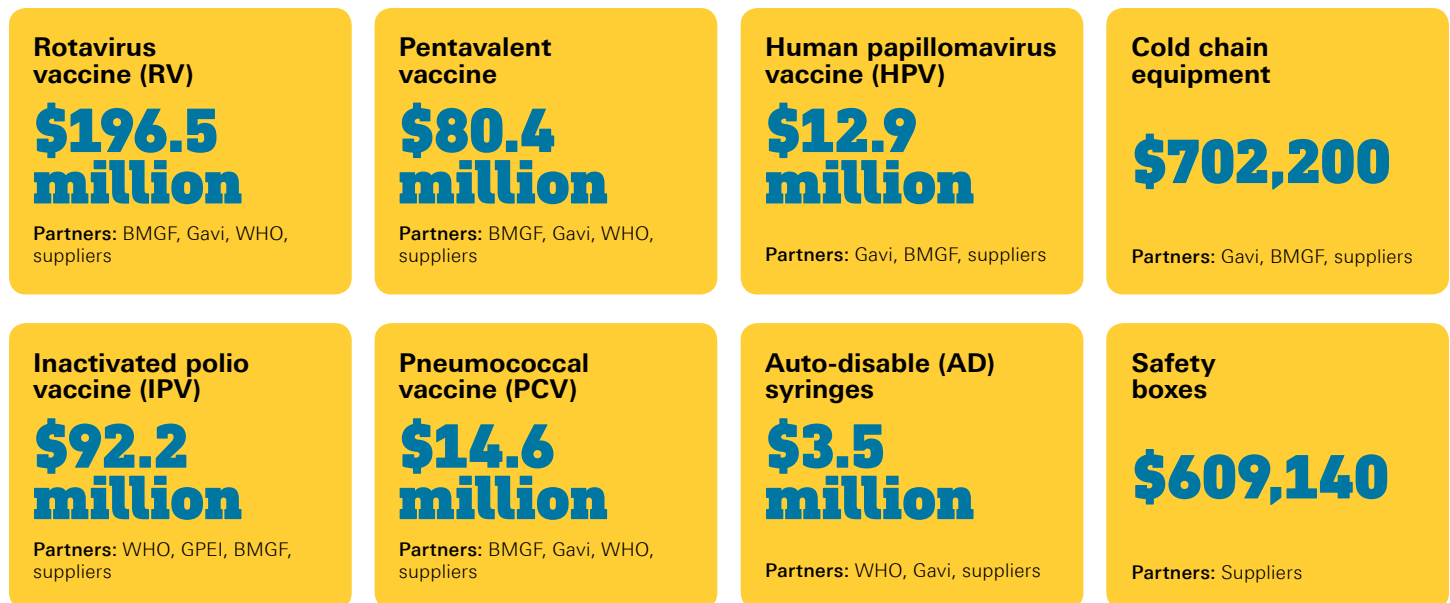
It is no small feat that, in 2015 alone, UNICEF procured over \$3.4 billion in supplies and services for children around the world.

One keystone of sustainable supply systems is cost, and the Supply Division is a global leader in ensuring cost-effective product development, procurement and shipping. UNICEF uses evidence-based strategies that focus on competition, transparency, special financing, special contracting and partner collaboration to maximize sustainability and return on investment via the marketplace, while also meeting children's urgent needs in 190 countries and territories. Through these efforts, in 2015, UNICEF passed along \$500 million in savings to UNICEF programs, governments and humanitarian partners, and helped these stakeholders reach more children with the same finite resources.

To date, the Bridge Fund has made \$81 million available to the Supply Division to support this vital work. In November 2017, UNICEF USA will be hosting a "field visit" to the Supply Division to offer supporters and stakeholders a firsthand look at the power of UNICEF's supply and operations work. For more information, contact Gabriella Morris. ●

UNICEF Supply: Vaccine Savings Overview

As the largest global buyer (by volume) of vaccines, UNICEF Supply Division works with suppliers, governments and partner organizations to increase vaccine availability and reduce prices in the global market. As a result, countries gain accelerated access to needed vaccines that might not be otherwise available, while saving hundreds of millions of dollars a year.



ALL DATA FROM MOST RECENT UNICEF SUPPLY ANNUAL REPORT

Maximize Impact

UNICEF Next Generation leader supports solar-powered refrigeration in Rwanda.

Sterling McDavid is a social impact entrepreneur. In 2015, she founded The Starling Project, a charitable company that sells luxury home candles that help provide solar energy to communities in need around the world. “Our candles not only light the homes of their users, but also the world,” notes McDavid. Since its founding, the company has contributed significant funding to UNICEF and, most recently, used the Bridge Fund to accelerate a multi-year pledge to UNICEF Rwanda.

“I believe every person has the right to a safe and healthy life. When I went on my first UNICEF field visit — to Vietnam — my eyes were opened to so many different issues that exist for the world’s most vulnerable children, and I knew I wanted to make more than just a small dent in helping to solve those issues,” explains McDavid. She’s been a UNICEF USA supporter since 2011 and is currently chair of the UNICEF Next Gen Steering Committee. UNICEF’s Next Generation is a group of young leaders, entrepreneurs and innovators who commit their resources, resolve and enthusiasm to supporting UNICEF’s lifesaving work. As McDavid says, “my NextGen peers inspire me on a daily basis.” Humbled by her responsibility as Chair, McDavid views her role to “not only inspire my peers, but also to go above and beyond with creative ways of giving back.”

The power of solar energy excites McDavid because of the many ways it can help communities without access to electric power. “Almost every week I hear about a new solar project doing something I never would have imagined!” Her investments in UNICEF solar energy programs have ranged from clean water projects to providing solar-powered cooling equipment for the “cold chain” in Rwanda, a process that safeguards the medical viability of vaccines from the time of manufacture until the point of administration by ensuring they are stored and transported within required temperature ranges.

Rwanda, located in the heart of the Great Lakes Region in Central Africa, is one of the poorest countries in the world, with 60 percent of the population living below the poverty line. With a population of over 11 million and high fertility rate of 3.8 births per woman, Rwanda is the most densely populated country in Africa. Half of its citizens are under the age of 18. Neonatal mortality represents over one-third of the under-five mortality rate in Rwanda, with the majority of deaths due to a small number of common, preventable or treatable conditions.

One of the challenges Rwanda faces in preventing treatable diseases is the implementation and efficacy of UNICEF’s vaccine cold chain. To help operate cold chains properly, McDavid decided to provide funding for solar direct-drive refrigerators. Visiting the communities she would support only motivated her further. “Rwandan culture has more of a sense of community than anywhere I have ever been in the world,” McDavid says.



Sterling McDavid visits an Early Childhood Development and Family Center in Rwanda in May 2016.

© UNICEF USA / 2016 / MUGABE

Many of us are eager to donate what we can, and the Bridge Fund makes it possible for us to commit to larger UNICEF projects.

— Sterling McDavid

“The Rwandan people are all eager to work hard together to improve their country and that made me want to work with them to help them achieve their goals.”

McDavid worked with the Bridge Fund to maximize the impact of her donation by accelerating funding for the full cold-chain implementation to Rwanda right away, while committing to fulfill her pledge over the next several years. Using McDavid’s accelerated funding, UNICEF Rwanda was able to speed up the purchase and delivery of critical cold-chain supplies. McDavid’s takeaway is that the Bridge Fund may be a very useful donor vehicle for the broader Next Generation community, too. “Given that we are in earlier stages of our careers, we may not have the capital to donate large amounts to UNICEF all in one year,” explains McDavid. “However, many of us are eager to donate what we can, and the Bridge Fund makes it possible for us to commit to larger UNICEF projects.” ●

Why We Invest

Bridge Fund investor discusses returns that matter.

New Summit currently manages three impact strategies, including the Income and Impact fund, which made an initial investment of \$350,000 in the Bridge Fund in 2014. Since then, it has increased its Bridge Fund investments to \$1,000,000. Recently, we connected with industry veterans Bill Marvel and Adam Seitchik, President and Principal, respectively, of New Summit Investments, to learn more about how they navigate the impact investment space.

How does New Summit define “impact investing?”

For us, impact investing means deploying capital in free markets to seek attractive, risk-adjusted returns, creating true prosperity within the opportunities and limits created by sustainability. Through impact investing, everyone can seek competitive private returns while also doing their part for the common good. We believe impact investing is not a specialty area, but simply a better, more satisfying way to invest.

What are some of the strategies that guide your investments in this space?

New Summit organizes the investments in our funds across three thematic categories: Economic Empowerment, Green Innovation and Conscious Commerce. We set a high bar for positive social and environment impact and competitive returns. We also work with individuals, institutions and partners that share our view that an increasingly transparent, connected and resource-interdependent world will reward enterprises that are well governed, socially just and focused on thriving in an economy evolving to meet the world’s needs.

What is the size and scope of your work?

Our portfolio management team has investment discretion of about \$1 billion assets under management. Just over \$40 million is deployed to private impact investments. The Bridge Fund investment sits in our private debt strategy, called the Income and Impact Fund.

Over the years our investment has supported emergency vaccines, education programs and water/sanitation projects.

—New Summit Investments

Why have you renewed and increased your investments in the Bridge Fund?

The UNICEF Bridge fund is a core holding in our Income and Impact fund. We earn a competitive interest rate and leverage our investments’ strong impact thesis. Over the years our investment has supported emergency vaccines to combat the outbreak of polio and yellow fever, and also supported education programs and water/sanitation projects.

What are your future plans to evolve your impact investing practice?

Our future plans include aggregating impact metrics across the portfolio as private-market impact reporting standards become more uniform.

We will continue to partner with our industry peers to advocate for robust and standardized reporting metrics. We think it is important to bring to life for our investors the positive contributions their capital is making for society and the environment. ●

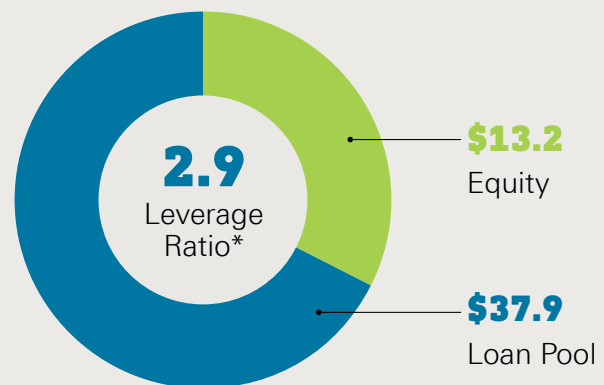


New Summit
INVESTMENTS

RETURNS THAT MATTER

Fund Capitalization

In millions of dollars (as of May 15, 2017)



\$13.2 million in grants provides a catalytic first-loss equity pool for investors (leverage ratio of 2.9) as a \$37.9 revolving loan pool multiplies the impact of this equity pool.

*The \$10 million TD Bank loan is in the form of a Line of Credit, and the leverage ratio calculation above assumes full utilization.

New Investments

\$10 million loan TD Bank



America’s Most Convenient Bank®

Program Activity

Since February 15, 2017, the Bridge Fund has completed six transactions totaling \$16,940,000. The transactions and the respective impact are listed below.

Transactions (date of transaction)	Inputs	Outputs	Outcomes
Nigeria – bOPV March Campaign February 15, 2017 FY17 Q3	\$6,000,000 accelerated toward a full procurement need of \$10,517,758 of bOPV	3,150,000 vials (of 20 doses) of bOPV	<ul style="list-style-type: none"> Nationwide immunization campaign targeting 60 million children in Nigeria Continued progress towards polio eradication in Nigeria
WHO mOPV stockpile March 15, 2017 FY17 Q3	\$7,000,000 accelerated toward a full procurement need of \$14.9 million of the mOPV2 stockpile	<ul style="list-style-type: none"> 119 million doses of mOPV2 from bulk to finished product 50 million doses of mOPV2 will be available for the stockpile by end of October 2017 69 million doses available by end of December 2017 	<ul style="list-style-type: none"> Sufficient levels of the mOPV2 stockpile for immediate use for future outbreaks is maintained Arresting of Type 2 polio outbreaks in affected regions, particularly Nigeria and the Lake Chad region Continued progress towards global polio eradication
USF Donor – UNICEF Rwanda March 15, 2017 FY17 Q3	\$150,000 toward UNICEF Rwanda Health Sector (To be accelerated in multi-year schedule. \$95,000 accelerated in FY17)	\$150,000 toward UNICEF Rwanda Health Sector <ul style="list-style-type: none"> Procurement and distribution of essential supplies, including solar direct drive refrigerator Training, mentoring, supervising, and monitoring health facility staff Developing, testing and scaling-up electronic patient management systems 	Enabling the Rwanda Ministry of Health to scale-up and improve the quality of interventions for managing sick newborns
United Nations Foundation – transport costs March 31, 2017 FY17 Q4	\$540,000 in transportation of in-kind contribution of 601,000 Long Lasting Insecticidal Nets (LLIN) from Japan (Sumitomo) to Juba, with transfers through local transport	Distribution of LLIN to curb malaria infections, with opportunity to conduct routine immunizations, Antenatal Care (ANC) and community education	Malaria protection for estimated 65,373 pregnant women, 343,240 children under five years and 192,388 families without children under five years, along with other vulnerable groups
Kiwanis MNT April 24, 2017 FY17 Q4	<ul style="list-style-type: none"> \$3 million for vaccines and injection devices Operational expenses 	<ul style="list-style-type: none"> In Pakistan, 1,890,588 women of reproductive age (WRA) will receive either round one or two of the tetanus immunizations In Mali, 1,523,250 WRA will receive third round of tetanus immunizations 	<ul style="list-style-type: none"> Lower mortality rates of newborns and their mothers A step closer to the elimination of tetanus
Famine Relief Emergency Funding May 11, 2017 FY17 Q4	\$250,000 in immediate funding	Life-saving goods and services for children in 13 affected countries	Progress toward the protection of up to 2.5 million children at imminent risk of death and 80 million people in need of humanitarian assistance associated with widespread severe acute malnutrition and famine

The Bridge Fund is an innovative financial tool created by UNICEF USA to speed lifesaving assistance to children in need. The Bridge Fund provides UNICEF with flexible capital to react immediately when supplies are needed, reducing or eliminating timing gaps between the start of a crisis or project and the moment funding becomes available.

Financial Information

UNICEF USA In-Kind Assistance Corporation

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

Assets

Cash and Investments	\$16,649,108
Contributions Receivable	\$24,633,568
Total Assets	\$41,282,676

Liabilities

Loans Payable	\$27,850,000
Accrued Interest Expense	\$177,000
Total Liabilities	\$28,027,000

Net Assets	\$13,255,676
-------------------	---------------------

Total Liabilities and Net Assets	\$41,282,676
---	---------------------

*As of March 31, 2017

Covenant Calculation

Leverage Ratio	Loan Goal	Actual
Debt : Net Assets	Maximum 3.5 : 1	2.1 : 1

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

Revenue

Contributions Revenue	\$37,203,250
Investment and Interest Income	\$416,783
Total Revenue	\$37,620,033

Expenses

Grants to UNICEF	\$36,903,250
Interest Expense	\$593,332
Total Expenses	\$37,496,582

Net Income	\$123,451
-------------------	------------------

Net Assets – Beginning	\$13,132,225
-------------------------------	---------------------

Net Assets – Ending	\$13,255,676
----------------------------	---------------------

* For the nine months ended March 31, 2017

We certify that as of the quarter ending March 31, 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: May 15, 2017

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,
Bridge Fund
gmorris@unicefusa.org
212-922-2579

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