

BRIDGE FUND

QUARTERLY ACTIVITY REPORT • FEBRUARY 15, 2017



The U.S. Fund for UNICEF travelled to Montenegro to visit UNICEF's Child Protection work. There are currently 49 foster families in Montenegro and UNICEF is working hard to increase that number. Pictured here are the foster families the USF team had the honor of meeting.

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Ensuring Equity, Protection and Education for Children with Disabilities

The Derek Drummond Fund at the U.S. Fund for UNICEF

There are an estimated 93 million children with disabilities in the world; children who possess the same rights as all others. Yet, children with disabilities are often one of the most marginalized and excluded groups in society. Facing daily discrimination in the form of negative attitudes or lack of adequate policies and legislation, they are effectively barred from realizing their rights to healthcare, education and even survival.

David Drummond and Elena Marimo Berk, passionate to fight on behalf of children with disabilities around the world, founded the Derek Drummond Fund at the U. S. Fund for UNICEF in December 2016. David and Marimo's journey to starting this fund was a personal one. With a son, Derek, born seriously affected by autism, they knew firsthand the struggles and challenges that families and children with disabilities face. After hearing the stories of disabled children around the



Ali, 9, practices writing the alphabet on a child-friendly space board.



The Savo Pejanovic primary school in Montenegro is one of the most inclusive schools in the country. There are 590 students, 15 with special educational needs, 45 with impairments and 55 Roma children.

FROM LEFT: © UNICEF/JUNI197224/KHUZAE; © 2016 U.S. FUND FOR UNICEF/MILJANIC

world, they knew they had to act. As Marimo said, “these children are truly the world’s most vulnerable, and we cannot forget them.”

One of the programs the Derek Drummond Fund supports is UNICEF’s All Children Learning and Reading Together. Many times, children with disabilities are denied access to education, either because schools refuse to accept them or because of discrimination in their families or communities. Globally, 57 million children are out-of-school, and it is estimated that one third of those children have a disability.

Research shows us that when children with and without disabilities learn together, levels of discrimination are reduced and social inclusion in and outside of schools improves. But, how do we foster inclusive learning environments where all children, regardless of their background or situation, are welcome in the same schools? David and Marimo were personally motivated by UNICEF’s approach: technology and the power of Universal Design.

Universal Design (UD) is the design of products, environments, programs and services that can be used by all people, to the greatest extent possible, without the need for adaptation or specialized design. No printed book can offer all the necessary features to ensure access to all users. However, through digital formats and UD principles, books can be made accessible to readers who are blind or have low vision, who are deaf or hard of hearing, and those with intellectual and learning disabilities.

UNICEF has conducted wide-ranging consultations with

education and technology experts, software developers, publishers and disability groups to design digital textbooks accessible to all children. Through this program, textbooks were piloted in Montenegro with narration for learners with dyslexia. In Paraguay, digital books included a pop-up window to teach content through sign language videos. In December 2016, the Bridge Fund accelerated a portion of the Derek Drummond Fund’s pledge to facilitate the pilot of digital books in three additional countries.

“These children are truly the world’s most vulnerable, and we cannot forget them.”

—ELENA MARIMO BERK, USF DONOR

After working as a teacher for nearly 13 years before co-founding the Creekside School in San Jose for children with autism, Marimo was drawn to the idea of digital textbooks designed with UD principals. “I was floored. It’s such a simple idea, yet it will have an incredible and far-reaching impact.” Marimo is inspired to discover the untapped potential of all students. Now, she and her husband David support the All Children Learning and Reading Together program to ensure that all children, particularly the most vulnerable and hardest to reach, have a fair chance to make their dreams real. ■

Closer to Elimination, Reaching the Hardest to Reach

Accelerating the Funds for Effective Immunizations

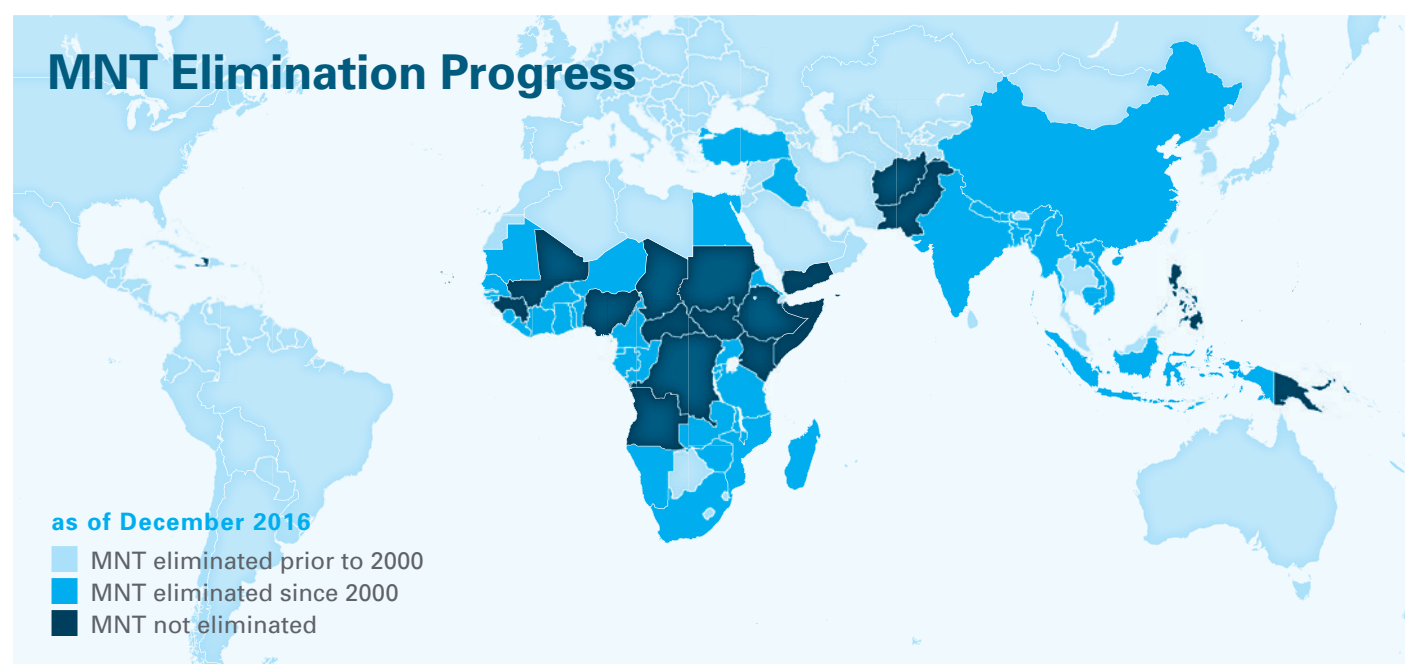
Maternal and neonatal tetanus (MNT) is an excruciating disease that takes the life of one child every fifteen minutes. It is characterized by severe muscle spasms and causes newborn babies to suffer repeated, painful convulsions and extreme sensitivity to light and touch. Tragically, the disease claims the lives of 34,000 newborns a year almost exclusively in developing countries where there is limited or no health infrastructure, unhygienic birth practices and lack of maternal tetanus immunization.

In 2000, UNICEF and partners launched an initiative to eliminate MNT in 59 at-risk countries. During the first decade of work, 20 of these priority countries achieved elimination. In 2010, and the global service organization Kiwanis International partnered with UNICEF and launched a fundraising campaign, *The Eliminate Project*, to help globally eliminate MNT. Since its launch, an additional 21 countries have been officially validated for MNT elimination. While this represents significant progress, 18 countries still remain at risk. Tetanus toxoid vaccine is one of the most effective, safe, stable and inexpensive vaccines ever developed. It is administered in a series of three doses and the temperature, dosing and timing are

crucial. If the needed rounds are not administered on schedule, women miss out on the maximum protection of immunization and sometimes countries and health workers must start over. This complexity presents a particular challenge for campaigns in conflict and emergency-affected regions, such as Yemen.

With the escalation of conflict in March 2015, Yemen is facing a humanitarian crisis of catastrophic proportions, one in which 80 percent of its entire population is estimated to require humanitarian aid. Though health workers have had difficulty in reaching conflict-heavy regions, the country has restarted tetanus immunization campaigns, beginning in 2017. UNICEF, supported by Kiwanis International and other partners, aim to reach over a half million woman of reproductive age with a round of immunizations to fight the continued threat of the disease.

Given the critical need to take advantage of this window of opportunity, the Bridge Fund accelerated Kiwanis International's pledge in order to immediately facilitate the operations and procurement needs of the campaign. To date, the Bridge Fund has accelerated \$9 million for *The Eliminate Project* to maximize the efficacy of global tetanus immunization campaigns. ■



Gavi – Breakthrough Solution to Saving Children’s Lives

When the World Health Organization (WHO) founded the Expanded Program on Immunization (EPI) in 1974, global immunization rates barely registered five percent. But by 1990, thanks to WHO and UNICEF’s Universal Childhood Immunization campaign, a remarkable 80 percent of the world’s children were being immunized with six vaccines – tuberculosis, diphtheria, tetanus, pertussis, measles and polio. This progress slowed

in the 1990s as funding for immunizations took a back seat to other donor interests. Developing countries were unable to fund and maintain vaccination campaigns and pharmaceutical companies had little incentive to invest in supplying vaccines to the poorest parts of the world.

By the turn of the new millennium, while children born in industrialized countries were receiving an average of 11 to 12 vaccines, over 30 million children in poor ▶



A boy holds up his shirt sleeve as he receives a measles vaccination in the Tigray Region of Ethiopia.



Gavi Facts and Figures

- More than 8 million deaths averted (since inception in 2000)
- Close to 580 million children immunized
- Increased coverage of pentavalent vaccine of 21 percent
- Return on investment of immunization of \$18 for every \$1 spent
- Nine countries transitioning out of Gavi support, fully self-financing all vaccines introduced with Gavi support



Nurse Anne-Marie Gnduille administers the pentavalent vaccine to a child at the Port Bouet General Hospital in Abidjan, Côte d'Ivoire.

CLOCKWISE FROM BOTTOM: © UNICEF/UNI109528/ASSELIN; © UNICEF/UN020646/BALASUNDARAM; © UNICEF/UNI183994/BINDRA

countries were receiving only half of these protections. Newer, more expensive, life saving vaccines were routinely being delivered to infants in the rich world, such as the hepatitis B and Type b (Hib) vaccines, while virtually none of the world's poorest children received them. The solution to vaccinate the world's neediest children from preventable disease and death came after years of concerted effort to remove the barriers to global immunization efforts.

Gavi, the Vaccine Alliance, a public/private partnership of the existing major players in global immunization, was created

in 2000, boosted by a \$750 million five-year grant from the Bill and Melinda Gates Foundation. Gavi was designed to leverage not just financial resources and expertise, but to help make vaccines more affordable and delivery more sustainable. The key to achieving sustainability is the provision that requires developing countries to gradually "own" their vaccination programs.

From the beginning of Gavi support, governments are expected to co-finance vaccines by financing a fraction of the needed doses. Gradually, as national income levels grow, co-financing levels for governments increase. Through this method, Gavi currently helps countries introduce 11 life saving vaccines to member-country's immunization program. Today, Gavi provides significant financial and technical support to 73 of the world's poorest countries promoting equitable access to vaccines in order to save children's lives.

Pentavalent: A Pioneer Vaccine

The **five-in-one** Pentavalent vaccine protects against diseases that cause approximately 1 million deaths a year. It is the first Gavi-supported vaccine to be implemented in **all 73** member-countries.

5 Diseases ➤ 1 Vaccine



DIPHTHERIA
Causes respiratory illness that affects the throat and tonsils



PERTUSSIS
Causes whooping cough



TETANUS (DTP)
Causes seizures, fatal without treatment



HEPATITIS B
Causes inflammation of the liver/ulcers



HAEMOPHILUS INFLUENZAE TYPE B (HIB)
Causes meningitis, pneumonia and septicemia

Supply Facts

- UNICEF's Supply Division has met demand for over one billion pentavalent doses.
- Global production capacity has increased from 20 to 400 million doses through innovations that have reduced the strain on immunization cold chains.
- Gavi can now buy the pentavalent vaccine for as little as USD\$1.15 per dose, which until recently cost more than USD\$30 per dose in the U.S. public market.

UNICEF Supply Division Role

Starting in 2011, the UNICEF Supply Division assumed responsibility for procuring all vaccines and devices on behalf of Gavi member-countries, up to 73 countries to date. In 2011 alone, UNICEF procured 296 million doses of vaccines, valued at \$750 million, along with 570 million pieces of safe injection supplies, valued at \$15 million. This partnership is one of many within Gavi's unique business model that not only finances the introduction of new vaccines in developing countries, but also reshapes the vaccine market. By pooling the demand from developing countries for new vaccines and providing long-term, predictable financing, Gavi is able to attract new manufacturers, including an increasing number of suppliers based in emerging markets, increase healthy competition and, as a result, drive vaccine prices down.

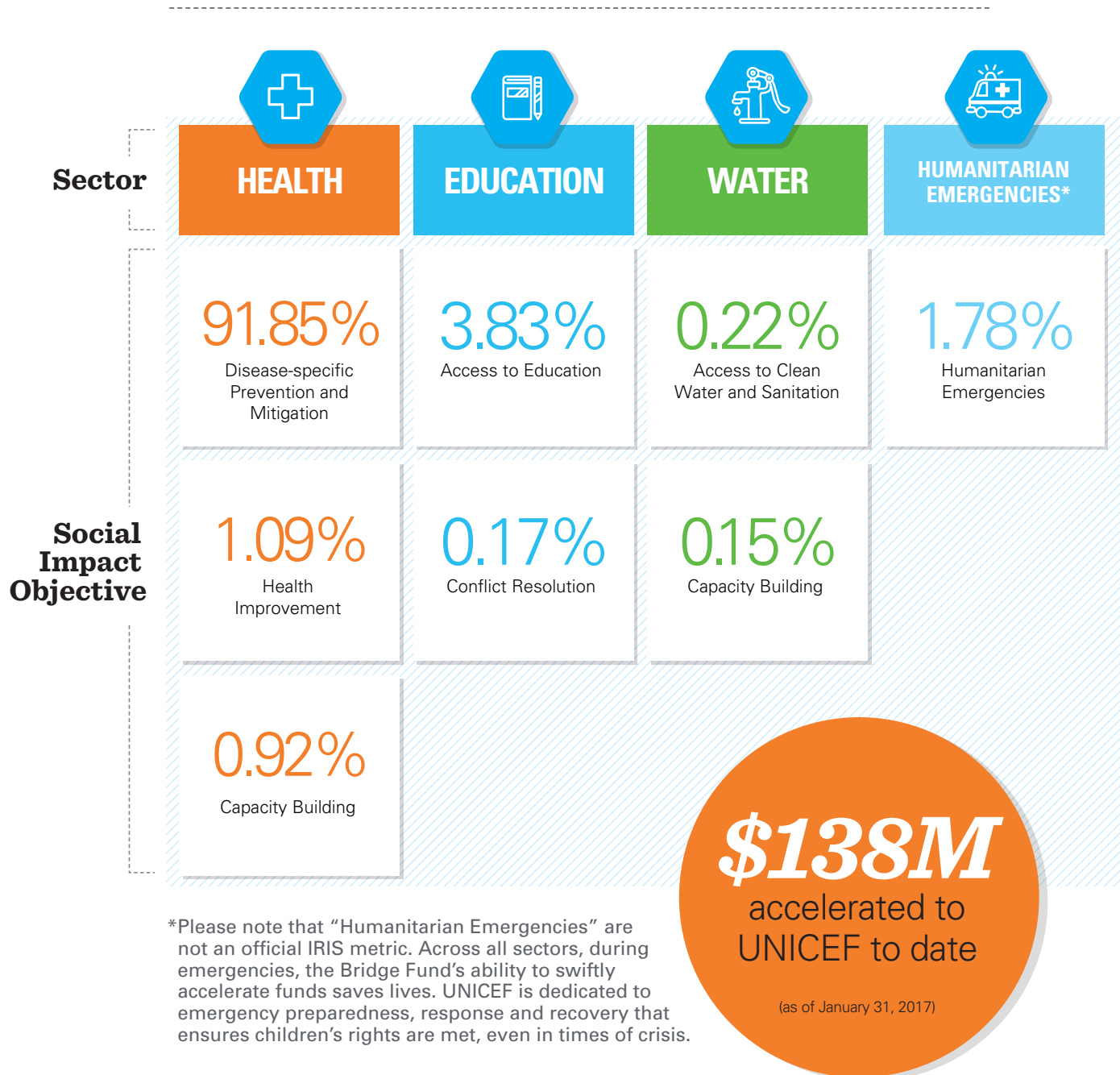
Bridge Fund Acceleration

The Supply Division additionally leverages its procurement role to provide member-countries with pre-financing for procurement orders. Though member-countries work with Gavi to budget for all procurement needs, many may still require technical assistance for budget operations and, for various reasons, face timing issues throughout the year that affect cash-flow. In order to ensure countries meet their co-financing obligations and vaccines are procured on a timely basis, the Supply Division pre-finances transactions for countries that qualify.

In December 2016, the Bridge Fund accelerated funds to the Supply Division to facilitate this process. This transaction makes possible the potential procurement of essential vaccines for up to twenty-one countries. These vaccines include rotavirus, pneumococcal conjugate, meningitis, HPV, yellow fever and pentavalent. ■

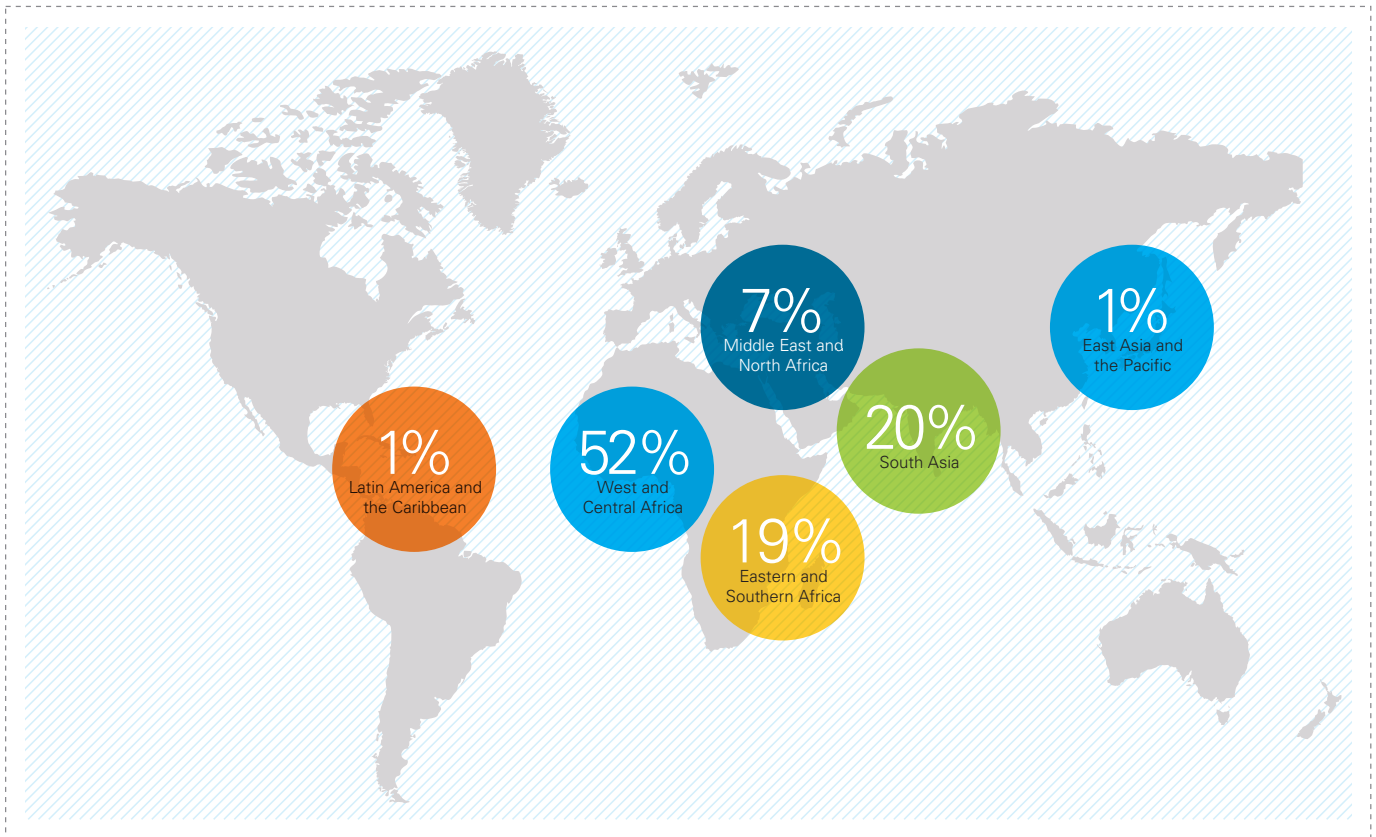
Activity and Impact

We use IRIS metrics to reflect the impact of the Bridge Fund's work. The chart below represents the impact of Bridge Fund program activity to date, as it correlates to IRIS sectors and social impact objectives.



Geographical Reach

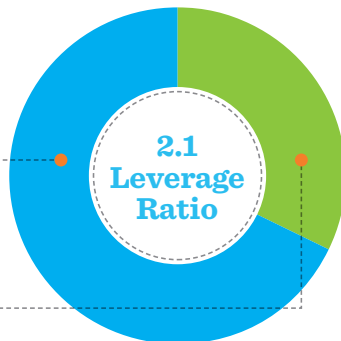
Investing in the UNICEF Bridge Fund allows UNICEF's lifesaving work to continue nearly seamlessly around the world.



Fund Capitalization

\$27.60
Loan Pool

\$13.09
Equity



(\$ in millions)

\$13.1M in grants provides a catalytic first-loss equity pool for investors (leverage ratio of 2.1) as a \$27.6 revolving loan pool multiplies the impact of this equity pool. A \$7.5M loan was redeemed at maturity in FY17 Q1.

New Investments

\$250,000 loan

Mary Louise and Bruce Cohen

\$500,000 loan

Income and Impact Fund LLC

\$50,000 equity contribution

Gaye Hill and Jeff Urbina

Program Activity

Since November 15, 2016, the Bridge Fund has completed four transactions totaling \$11,442,569. The transactions and the respective impact are listed below.

Transactions (date of transaction)	Inputs	Outputs	Outcomes
Kiwanis MNT FY17 Q2 November 22, 2016	\$1 million for vaccines, injection devices and related interventions	<ul style="list-style-type: none"> In Yemen, UNICEF will work to reach 538,705 women of reproductive age (WRA) with a second round of the tetanus immunization In Sudan, UNICEF will work to reach 2.9 million WRA with the 3rd round of tetanus immunization 	<ul style="list-style-type: none"> Two rounds of the tetanus immunization series for ~3.4 million WRA Lower mortality rates of newborns and their mothers A significant step closer to the elimination of maternal and neonatal tetanus
Gavi member-country pre-financing December 15, 2016	Up to \$5 million for procurement of vaccine supplies for up to 21 Gavi member-countries. (Exact countries/ amounts to be reported once complete.)	Procurement of life-saving vaccines for member-countries such as pentavalent, rotavirus, pneumococcal, conjugate vaccine, meningitis, HPV and/or Yellow Fever	<ul style="list-style-type: none"> Allow for country immunization campaigns to happen on or close to schedule, increasing the number of children immunized, reducing childhood mortality, and reducing future deaths within member-countries. Allow countries to resolve cash-flow issues in order to prevent vaccine stock-outs.
Nigeria bOPV February Campaign January 11, 2016	\$4,857,087.35 for procurement of bOPV	1,454,300 vials (of 20 doses) of bOPV	<ul style="list-style-type: none"> Immunization for ~26m children in 14 high-risk states of Northern Nigeria Arresting of further polio outbreaks in previously unreachable territories Continued progress toward polio eradication in Nigeria
The Derek Drummond Fund January 15, 2017	\$585,482 to ensure equity, protection and education for children with disabilities.	Programs include: <ul style="list-style-type: none"> <i>UNICEF in Montenegro</i> to strengthen child protection and education programming <i>Accessible Books</i> program to go toward Universal Design-based early-reading digital books 	<ul style="list-style-type: none"> UNICEF in Montenegro: <ul style="list-style-type: none"> Prevent family breakdown and reduce the number of children living in institutional care Improve public knowledge, attitudes, and practices addressing social exclusion and discrimination against children with disabilities Accessible Books: <ul style="list-style-type: none"> Creation of more inclusive learning environments Increased literacy and numeracy for all children Enhanced teacher capacity and support

The U.S. Fund for UNICEF Bridge Fund is an innovative financial tool created by the U.S. Fund for UNICEF 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 U.S. Fund for UNICEF In-Kind Assistance Corporation

USF-IKAC operates for the benefit of, and to perform specific functions for the U.S. Fund for charitable and educational purposes.

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

ASSETS

Cash and Investments	\$ 30,713,802
Contributions Receivable	9,313,707
Total Assets	40,027,509

LIABILITIES

Loans Payable	27,100,000
Accrued Interest Expense	53,208
Total Liabilities	27,153,208
Net Assets	12,874,301
Total Liabilities & Net Assets	40,027,509

*as of December 31, 2016

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

REVENUE

Contributions Revenue	\$ 18,383,391
Investment & Interest Income	170,616
Total Revenue	18,554,007

EXPENSES

Grants to UNICEF	18,383,391
Interest Expense	428,540
Total Expense	18,811,931
Net Income	(257,924)
Net Assets – Beginning	13,132,225
Net Assets – Ending	12,874,301

*for the six months ended December 31, 2016

Covenant Calculation

LEVERAGE RATIO

Debt : Net Assets

LOAN GOAL

Maximum 3.5 : 1

ACTUAL

2.1 : 1

We certify that as of quarter ending December 31, 2016, 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.



Dated:
February 15, 2017

Edward G. Lloyd
Chief Operating Officer and Chief Financial Officer

FOR MORE INFORMATION ABOUT THE U.S. FUND FOR UNICEF BRIDGE FUND, PLEASE 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
Operations
eeegan@unicefusa.org
(212) 922-2571