



Bridge
Fund

Facing Winter's Bitter Realities

Bridge Fund accelerates \$1.2 million
to Middle East and North Africa winter response



Children in Syria and surrounding countries face new threats to their health and well-being as temperatures drop.

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This winter, UNICEF seeks to help 1.3 million children affected by crises and conditions in Syria, Iraq, Jordan, Lebanon, Turkey, the State of Palestine and Egypt better survive the winter. This year, dozens of children and newborns have reportedly died, mostly due to hypothermia, attempting to reach refugee camps, like the overcrowded Al Hol camp in northeastern Syria.

The UNICEF USA Bridge Fund accelerated \$1.175 million to the UNICEF Middle East North Africa (MENA) office to provide internally displaced and refugee children in the region with lifesaving winter supplies. This injection of cash met urgent winterization requirements in Syria, Jordan and Palestine—putting a coat on a child so he can play outside, a blanket on a newborn so she can keep warm, rain boots on children so they

won't miss school. "Years of conflict, displacement and unemployment have reduced families' financial resources to almost nothing," said Geert Cappelaere, UNICEF Regional Director for the MENA. "Staying warm has simply become unaffordable."

UNICEF's "winterization" efforts include the delivery of warm clothing kits, thermal blankets, heaters and fuel, and WASH (water, sanitation and hygiene) supplies to the most vulnerable populations of the Middle East. This was projected to be a staggering \$53 million operation this year, including complex logistics in which UNICEF Supply needs to procure and pre-position supplies. However, winterization fundraising campaigns that run in summer months aren't as galvanizing to donors. Enter the Bridge Fund.

Accelerating funds immediately when children's lives are at risk exemplifies the Bridge Fund's purpose and power as an impact investing vehicle. The gap in time between a pledged gift and its availability for use is often far too lengthy to execute lifesaving UNICEF programs and initiatives. Drawing cash from the Bridge Fund's pool of revolving funds allows UNICEF to act immediately when young lives are at stake, and to replenish the funds later.

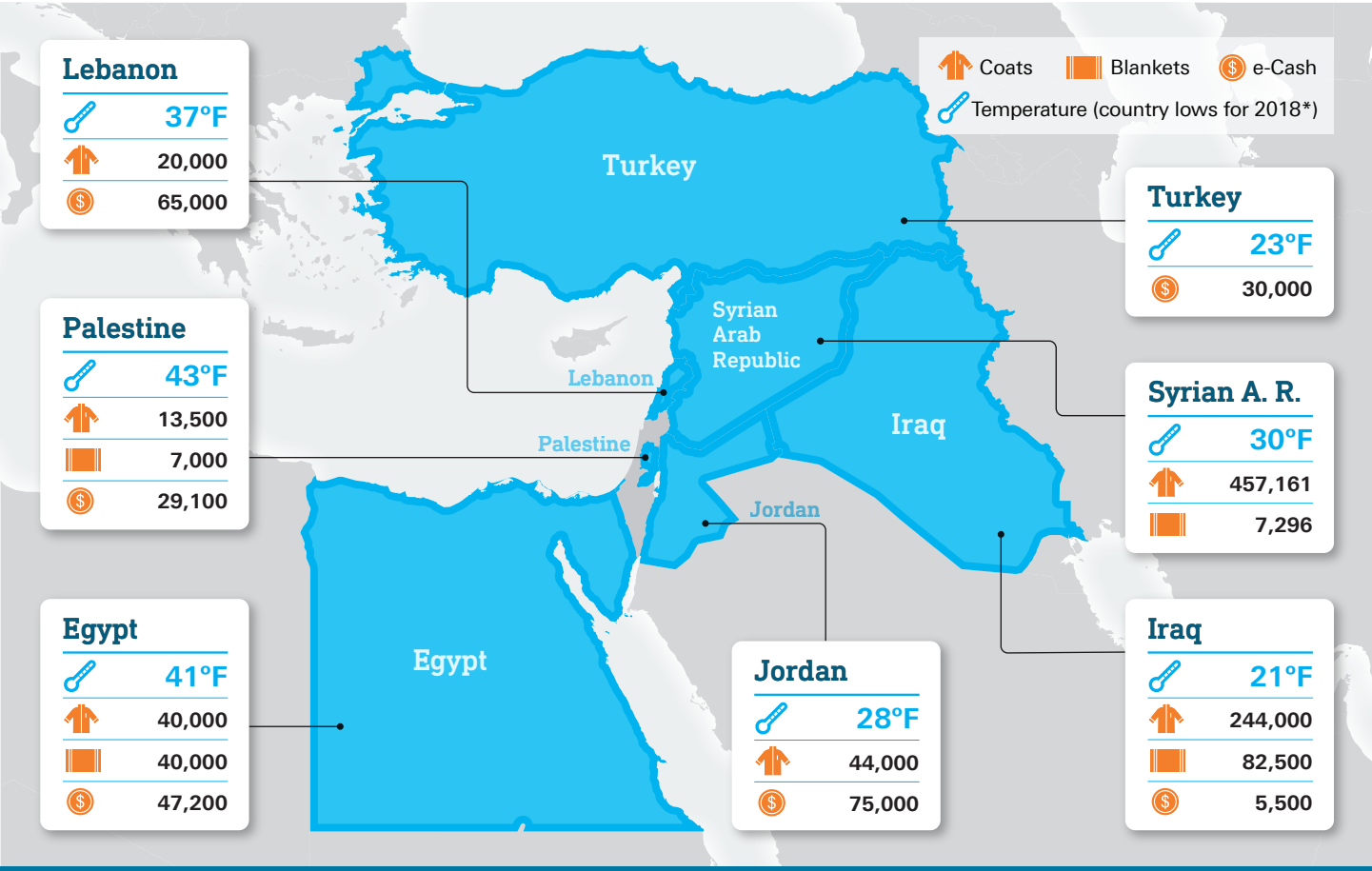
When UNICEF National Committees join forces, we create innovative ways to respond to crises all over the world — helping more children to survive and thrive.

—David Morley, CEO of UNICEF Canada and Chair of the Standing Group of National Committees

In countries across the Middle East and North Africa, despite their low latitudes, winter temperatures can fall below freezing. Moreover, the prolonged conflict in the region has displaced millions of people internally and driven millions more to live as refugees in neighboring host countries. These host communities often lack the resources and infrastructure to fully absorb the population influx and satisfy the food, water, safety and medical needs of refugees. Winter storms, torrential rain and flooding compound the dangers for people living in impermanent structures with no heat and inadequate waterproofing.

2018-2019 UNICEF Winterization Response

Across the region, there are 4 million internally displaced children and 3.5 million children living as refugees. As part of its response, UNICEF is targeted to deliver the below commodities to the numbers of children below.



*Provided by timeanddate.com



UNICEF is providing blankets and winter clothing, as well as access to safe water, essential medical care, including vaccinations and psycho-social support for children.

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Of course, the most vulnerable among these displaced and refugees are children and infants, who are especially susceptible to hypothermia and respiratory illness. These children have left their homes with few-to-no possessions, often without the protection of family and friends, and endured violence and deprivation in their search for safety.

Winterization assistance can also take the form of small amounts of cash, disbursed as electronic voucher cards. These e-vouchers allow families to choose specific sizes of clothing and other items, within defined categories, and also generate income in local markets. A portion of the funds from the Bridge Fund were distributed as e-vouchers to children and families living in hard-to-reach areas and perilous conditions. Syria received the largest distribution of \$747,000, which it directed to reach children in some of the newly accessible rural areas of the country. Palestine received \$127,000 for e-vouchers for families living in the Gaza Strip, where conditions are deteriorating, to purchase clothing, blankets, school uniforms and rain boots.

A hallmark of this particular transaction was the collaboration of UNICEF National Committees globally. With the participation of the UNICEF UK and UNICEF Canada National Committees, alongside UNICEF USA, the Bridge Fund was able to increase the amount it could accelerate to UNICEF. The Bridge Fund wasn't limited to advancing the projected success of its own

campaign and pledges, but was able to review and accelerate those of other National Committees. Lorna O'Mahony, an emergency officer in the UNICEF MENA regional office, expressed gratitude for the combined grant. "We very much appreciate the effort to kick-start winterization funding in MENA."

This transaction marks the second time since inception in 2011 that the UNICEF USA Bridge Fund has collaborated with other UNICEF National Committees. Designed to appeal to a wide range of social impact investors, the Bridge Fund invites other UNICEF National Committees to pledge funds for immediate use that can then be fulfilled upon the successful completion of fundraising campaigns.

Threats to childhood development, safety and survival continue to intensify in the 190 countries and territories where UNICEF works. At the same time, traditional international development funding streams cannot be relied upon to meet the growing needs of children in crisis. UNICEF USA created the Bridge Fund to draw private sector capital into the work of putting children first. The Fund hopes to expand our global impact with the partnership and collaboration of UNICEF's National Committees. To date, we have accelerated \$241 million to help more than 580 million people, and we are inspired by what more we can do with continued investment and support. ●

Preparing for a Polio-Free World

The UNICEF USA Bridge Fund has proved an important vehicle to support the polio eradication effort. This quarter accelerated \$8.1 million to procure a stockpile of wild poliovirus Type 2 vaccine (OPV2) for potential emergencies. Jalaa Abdelwahab, Deputy Director, Polio Programme, UNICEF, spoke with us about recent successes and remaining challenges in the global effort to eradicate polio.

Where are we in the effort to eradicate polio?

We are closer than ever before to eradicating polio. In 1988, there were 350,000 cases of wild poliovirus (WPV) in 125 countries. By 2018, there were just 33 cases in two countries, Afghanistan and Pakistan. WPV was last reported in a third country, Nigeria, in 2016.

Without a collective polio eradication effort, more than 17 million healthy children would have been paralyzed by the virus. The Global Polio Eradication Initiative (GPEI) is a unique public-private partnership that vaccinates 400 million children a year. GPEI is led by national governments with five core partners: Rotary International, UNICEF, the World Health Organization, the U.S. Centers for Disease Control and Prevention, and the Bill & Melinda Gates Foundation.

The Bridge Fund has allowed a diverse set of investors to play a part in the effort to eradicate polio.

— Edward G. Lloyd, President, IKAC

What are the biggest challenges remaining?

Conflict, insecurity, massive mobile populations, political transitions, operational barriers and, in some instances, communication barriers, have prevented health workers from reaching all children with polio vaccines. As a result, WPV continues to circulate at low levels in parts of Pakistan and Afghanistan.

We are also addressing outbreaks of vaccine-derived poliovirus (VDPV) in several countries, which arise due to weak health systems that lead to insufficient polio immunizations among the population. Circulating VDPV2 (cVDPV2) has been stopped in Syria and Pakistan, but remaining outbreaks require significant



We are 99.9 percent of the way to eradicating polio globally.

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Community health workers vaccinate the most vulnerable children in the hardest to reach areas.

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workers form the core of our program to build trust with the community and its caregivers — both vaccinators and social mobilizers. Frontline workers are usually local, preferably female, protected and endorsed by their communities, motivated through strong supervision and fair compensation, and committed to ending polio. Without community-based vaccinators in Pakistan, we would not have such unprecedented increases in coverage and decline in refusals in the highest-risk areas.

Other innovative strategies include opportunistic campaigns to reach children in conflict-affected areas, and vaccinating children at transit and cross-border points. In addition, UNICEF continues to strengthen engagements with vaccine manufacturers to ensure that a sufficient and affordable supply of quality polio vaccines (IPV, bOPV, mOPV2 and mOPV1) can be delivered at the global level.

GPEI partners are supporting the development of a more stable oral polio vaccine that provides the same level of protection as OPV. Now in clinical trials, the new vaccine could become an improved tool for keeping the world polio-free after eradication.

Does GPEI's work on polio have broader implications for SDG health targets and beyond?

GPEI's polio eradication efforts have generated more than \$27 billion in savings through health benefits gained and deaths averted. Achieving a polio-free world will reap total savings of \$40–50 billion by averting treatment costs and increasing productivity.

resources and efforts, especially in the Democratic Republic of the Congo, Nigeria, Niger, Papua New Guinea and the Horn of Africa. That is why we require a sufficient stockpile of vaccines, especially mOPV2¹.

Furthermore, resource mobilization for polio remains challenging, and we are potentially facing cash flow issues in 2019, including for the stockpile and vaccines for Pakistan.

What strategies are you using to address these challenges? Are there lessons learned from the GPEI that apply to the way we approach the Sustainable Development Goal (SDG) health targets?

We shifted away from traditional approaches and are now focusing on using frontline health workers. Polio frontline

Perhaps most relevant to tackling other SDG health targets is the interconnected nature of GPEI's approach to polio eradication. Polio-affected geographies are often the most marginalized and underserved communities, characterized by extreme poverty and lacking in essential services. Polio workers deliver other important health interventions to children, including measles vaccines and Vitamin A supplements, and polio surveillance networks are being used to better detect and respond to outbreaks of other diseases.

Recently, UNICEF announced an integrated response plan in Pakistan and Afghanistan, the areas at highest risk for polio, that will provide essential services in health, nutrition, WASH and education, thereby improving community acceptance toward polio vaccination and its eradication. The SDGs were created to encourage this type of innovative strategy, action and collaboration. ●

¹mOPV2 is monovalent type 2 oral polio vaccine.

Quarterly Program Activity: \$9,308,840

During the second quarter of Fiscal Year 2019 (FY 2019), we completed two transactions totaling \$9,308,840.

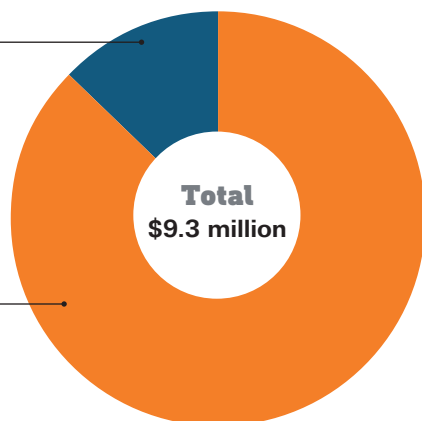
Quarterly Activity by Sector

**Natural
Disasters and
Emergencies**

\$1,175,000

Health

\$8,133,840



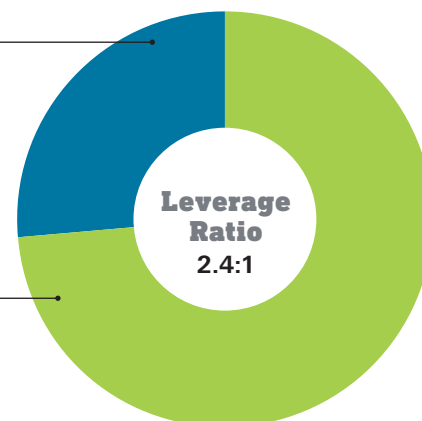
Bridge Fund Capitalization

Net Assets

\$13,500,000

Loan Pool

\$36,800,000



Quarterly Activity by Geographic Reach

Multi-Region

\$8,133,840

Middle East and North Africa

\$1,175,000

Total

\$9,308,840


Current Capitalization

as of December 31, 2018

\$13.5 million in net assets provides a first-loss equity pool for investors, as \$37.85 million in capital is disbursed throughout the year. \$10 million of the capital pool is a Line of Credit. In FY19 Q2, \$5 million was drawn resulting in Loans Payable of \$31.8M and a leverage ratio of 2.4:1.

Bridge Fund's SDG Impact

The Bridge Fund commits to using the Sustainable Development Goals as a framework for our impact reporting, connecting each quarter's activity to the SDG goals and targets it contributes to. This quarter, Bridge Fund activity made particular progress against SDG 3: Good Health and Well-Being.

Sustainable Development Goal	SDG Targets	Bridge Fund Progress
3 GOOD HEALTH AND WELL-BEING  Goal 3 Ensure healthy lives and promote well-being for all, at all ages	3.2 End preventable deaths of newborns and children under 5 years of age 3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases, and combat hepatitis, waterborne diseases and other communicable diseases 3.8 Achieve universal health coverage, access to quality health care services, and access to safe, effective, quality and affordable essential medicines and vaccines for all	55 million doses of type 2 oral polio vaccine procured to maintain polio elimination efforts for all

Quarterly Program Impact

FY 2019 Second Quarter Highlights

- **55 million** doses of type 2 oral polio vaccine procured for global stockpile
- **33,704** children reached with winter supplies to protect them from harsh weather
- **\$847,000** provided to households as e-vouchers to promote local procurement of winter supplies

Transactions	Inputs	Outputs	Outcomes
Pre-position winter supplies for winter response in Middle East \$1.175 million Middle East, particular focus Jordan, Syria, State of Palestine	\$1.175 for the timely purchase and pre-positioning of winter supplies for children affected by crisis in Syria.	<ul style="list-style-type: none"> ● Electronic voucher cards provided to promote local procurement of child clothing, blankets, school uniforms, jackets and rain boots to meet specific needs. ● In Palestine e-vouchers provided to 1,352 of the most vulnerable families on the Gaza Strip. ● In Syria, e-vouchers reached 18,000 children in Aleppo, Rural Damascus, Homs, Hama, and Latakia. ● In Jordan, 7,880 winter clothing kits were purchased and disbursed to reach 13,000 children. 	Over 33,704 of the most vulnerable children were protected from harsh weather conditions preventing them from getting sick, and keeping them in school.
mOPV2 stockpile levels maintained \$8.1 million Global	\$8.1M accelerated toward a procurement need for mOPV2 stockpile to bridge procurement by 3–4 months.	55 million doses of mOPV2 from bulk to finished product to be available October 2019.	<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. ● Continued progress toward global polio eradication.

Financial Information

U.S. Fund for UNICEF In-Kind Assistance Corporation

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

Assets

Cash and Investments	\$15,020,662
Contributions Receivable	\$30,372,209
Total Assets	\$45,392,871

Liabilities

Loans Payable	\$31,800,000
Accrued Interest Expense	\$111,536
Total Liabilities	\$31,911,536
Net Assets	\$13,481,335

Total Liabilities and Net Assets	\$45,392,871
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*As of December 31, 2018

Covenant Calculation

Leverage Ratio	Loan Goal	Actual
Debt: Net Assets	Maximum 3.5 : 1	2.4 : 1

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

Revenue

Contributions Revenue	\$16,240,340
Investment and Interest Income	(\$139,877)
Total Revenue	\$16,100,463

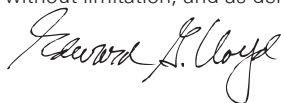
Expenses

Program Activity	
Grants to UNICEF and Other NGOs	\$15,640,340
Interest Expense	\$430,287
Total Expenses	\$16,070,627

Net Income	\$29,836
Net Assets – Beginning	\$13,451,499
Net Assets – Ending	\$13,481,335

* For the six months ended December 31, 2018

We certify that as of the period ending December 31, 2018, 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, President, U.S. Fund for UNICEF In-Kind Assistance Corporation Dated: December 31, 2018

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

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