



Bridge
Fund

Annual Report

June 30, 2019



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Dear Bridge Fund Supporters,

In 2011, we created the UNICEF USA Bridge Fund to accelerate money where needed to improve children’s lives. Through the advocacy and leadership of our Board, the generosity of our donors, and the commitment of our lenders, we have seen the fund grow and its impact multiply. Today, as we assess our progress, we are tremendously excited about what we have achieved and what the future holds.

This year, the Bridge Fund accelerated \$57 million across four sectors—health, education, natural disaster and emergencies, and water, sanitation and hygiene (WASH)—to respond to devastating earthquakes in Indonesia, educate and empower children in Brazil and Syria, bring much-needed water to people in Guinea, and support polio eradication efforts, among other projects. This funding got essential supplies and programs to children on average four months earlier than otherwise would have been possible, impacting over 150 million children. We’re honored to have been included for our fifth consecutive year on the Impact Assets 50 list. The Bridge Fund now stands as a \$37.5 million loan pool supported by \$13.5 million in equity. Thank you to all our supporters for your renewed support.

Since inception, we’ve brought together a diverse range of investors and donors, small and large, to drive impact connected to the breadth and diversity of UNICEF’s global initiatives. One such example is the global effort to eradicate polio. We are proud to say that every stakeholder, since our inception, has participated in this effort, and the world is closer than ever before to eradication. This important work continued this year through providing over \$40 million of financing to UNICEF to ensure that poliovirus vaccines were purchased on time and that immunization and community awareness programming continued seamlessly around the globe.

We stand now at an exciting moment in our journey, ready to build on this momentum and drive further innovations in impact investing with our inspired board and staff. Our commitment to the Bridge Fund remains stronger than ever as we work to grow our activity and diversify our impact. At the same time, the Bridge Fund’s success has spurred new conversations within UNICEF about ways to expand to other program needs in partnership with our supporters. Over the next several years, our goal is to fund a variety of impact investments aligned with our mission. In the face of the extraordinary funding gaps to meet the 2030 Sustainable Development Goals, we believe blended financing that incorporates philanthropic dollars, catalytic capital, and other forms of debt—as modeled by the Bridge Fund—will be an even more important strategy.

Expanding our impact will also require us to redefine risk in ways that consider the diverse communities and geographies in which we seek to build a stronger future for children. By leveraging UNICEF’s boots-on-the-ground expertise, we will be able to identify projects and evaluate actual versus perceived risks in order to protect our investors while injecting much-needed capital where it can do the most good.

We thank you for your support of this critical work and look forward to your participation as we continue to grow the Bridge Fund and explore new ways to engage in impact investing for the betterment of children worldwide.


Shahriar Shahida
Board Chair

UNICEF USA Impact Fund for Children, Inc.


Edward G. Lloyd
President

UNICEF USA Impact Fund for Children, Inc.

COVER PHOTO

A young girl in Kobelema, Liberia, eats lunch at UNICEF-supported school. More than 150 million children are at risk of chronic malnutrition globally. UNICEF’s malnutrition prevention programs can return \$16 in benefits for every \$1 spent.

Battling Malnutrition in Yemen and Ethiopia

The Bridge Fund accelerates \$330,000 in nutrition intervention

A healthy 16-month-old child weighs about 8 kilos. At 16 months, Saba weighed only 5.7. The little girl, who lives in the violence-ridden port city of Al Hudaydah, Yemen, had developed severe diarrhea and a fever that was progressing to pneumonia. Fortunately, a local health worker recognized the severity of the toddler’s condition and drove her to a UNICEF-supported Therapeutic Feeding Center. There, Saba received antibiotics and nutrition treatment for severe acute malnutrition, and her condition improved.

Saba’s story highlights the power of community management of acute malnutrition (CMAM), a methodology that uses a case-finding and triage approach to treating acute malnutrition in young children. UNICEF and its partners train community-based health volunteers who can operate in vulnerable geographies where health services are scarce. In June, 2019, the UNICEF USA Bridge Fund accelerated a \$330,000 grant from the Bezos Family Foundation as part of the Students Rebuild Challenge to reduce malnutrition through community-based interventions like the one that helped Saba. The bridge ensured that nutrition programming for children under age 5 in Yemen and Ethiopia would progress.

Cases like Saba’s are all too common within Yemen’s humanitarian crisis, which has decimated government health services and depleted food supplies. Escalating violence in Al Hudaydah has threatened the delivery of food and medicine to other parts of the country, leaving approximately 12 million Yemenis, including 2 million children, in need of food assistance in 2019. UNICEF estimates that this emergency nutrition response will require \$120 million.

Across the Gulf of Aden lies Ethiopia, which, despite a decades-long decline in poverty, still grapples with tremendous rural scarcity due to rainfall-dependent agriculture. Nearly 8 million Ethiopians require food assistance, including 2 million children—370,000 of whom suffer from severe acute malnutrition. In 2016, UNICEF launched a four-year program with the government of Ethiopia to reduce malnutrition through community-based interventions for children under 5, adolescent girls, and pregnant and lactating women.

UNICEF’s nutrition programming supports UN Sustainable Development Goal 2: Zero Hunger. Each year, 5.6 million children die before they reach their fifth birthday; nearly half of these deaths are



Saba started to recover just three days after her arrival to the nutrition center at Al Hudaydah, Yemen. Here, in recovery, Saba’s weight and nutrition continue to be actively monitored.

© UNICEF/ UN0276446/ALMAHBASHI

attributable to malnutrition. In Yemen, the accelerated funds allow UNICEF and partners to treat 446 children suffering from severe acute malnutrition with therapeutic care in the form of ready-to-use therapeutic food (RUTF).

Another 8,093 Yemeni children will receive preventive micronutrient interventions. Poor nutrition in the first 1,000 days of a child’s life can lead to stunting, preventing their bodies and brains from reaching their potential. Vitamins and minerals like iodine, iron, zinc, calcium, vitamin D and folate help avert this life-altering condition.

UNICEF will also provide 218 Ethiopian children suffering from severe acute malnutrition with therapeutic care, and another 6,900 with vitamin A treatments. Vitamin A deficiency, a major contributor to mortality in children under 5, decreases with low-cost supplementation that can enhance resistance and help reduce mortality from all health causes by 23 percent.

Nutrition interventions give children like Saba a better chance to survive, and thrive, during the most critical period of child development. In accelerating funds to UNICEF’s nutrition programming in two countries, the UNICEF USA Bridge Fund helps bring SDG 2 incrementally closer to fulfillment. ●

The UNICEF USA Impact Fund for Children

Building on the Bridge Fund’s Success to Forge a New Strategic Direction

The Bridge Fund has developed and executed a strategy that has allowed us to provide significant impact for children in health, social inclusion, and other children-related Sustainable Development Goals. Building on this, we are seeking to embark on a new strategic planning phase, informed by the insights and feedback of all our supporters.

As the core business of the UNICEF USA Impact Fund for Children (formerly In-Kind Assistance Corporation), the Bridge Fund will continue to be our focus as we seek to substantially expand its activity and further diversify its impact. We are forging new relationships across the UNICEF network with Country Offices and other National Committees to better understand their financing needs and build a stronger pipeline. We are also expanding our support of UNICEF’s procurement operation through increased efficiency and flexible financing for governments that implement procurement practices to ensure a sustainable supply of essential commodities.

In addition to growing the Bridge Fund, we plan to pilot a new portfolio of social impact investing products, in partnership with UNICEF, that leverage catalytic and concessionary capital to scale up market solutions, attract additional forms of investment, and generate impact for children and their communities. Specifically, we are exploring strategies that span the impact investing spectrum, including “Pay for Success” models (i.e., development impact bonds), providing supplier financing to small/medium enterprises working with UNICEF

globally, and socially responsible (ESG) indexes that actively select companies that adhere to UNICEF’s Child Rights in Business initiative.

Impact investing has the potential to address some of the world’s most important challenges at scale. Our board is committed to helping design and implement impact investment strategies that will bring additional resources to work for children.

Steve Eaton, UUSA Impact Fund for Children Board Member

Though highly promising, these new areas are still evolving and are subject to further exploration, feedback and piloting. We do not yet have all the answers, but are excited to continue working to identify and pilot innovative impact investing solutions for children that leverage the \$502 billion impact investing market and enable our donors and supporters to have a scalable, sustainable impact on the 2030 Sustainable Development Goals. ●



In Saravene province in Lao PDR, known for having some of the highest malnutrition rates in Southeast Asia, a woman feeds her child a special meal filled with micronutrients while receiving UNICEF nutrition counseling.

© UNICEF/ UN182695/NOORANI

Quarterly Program Impact: \$28.4 million

FY 2019 Fourth Quarter Highlights

- **31 million** doses of bivalent oral polio vaccine procured
- **15,767** children, 774 suffering severe acute malnutrition, provided essential nutrition interventions
- **40,000** individuals trained to perform community mobilization work for polio eradication
- **300,000** out-of-school children in Syria provided safe learning environments and materials



Abdirashid Dahir, age three, eats a nutrition-enriched biscuit at a temporary stabilization centre in the drought-affected area of Wafdug, Somalia.

© UNICEF/UN059390/JAYENE

Transactions	Inputs	Outputs	Outcomes
Emergency Response following Cyclone Idai Mozambique, Malawi, Zimbabwe 2 MONTHS BRIDGED	\$750,000 accelerated for disaster relief for families affected by tropical cyclone	<ul style="list-style-type: none">● Safe water and sanitation● Immunization● Malnutrition screenings and treatment● Education and psychosocial support● Child protection services	<ul style="list-style-type: none">● Protection of children and their families allowing communities to rebuild
Increased access to education* Syria 3 MONTHS BRIDGED	\$2,500,292 for education programming that increases access to education for out-of-school children	<ul style="list-style-type: none">● 300 safe learning spaces created● Delivery of self-learning materials, based on national Syrian curriculum● Delivery of catch-up materials focused on children who have missed school● Provision of psychosocial support● Delivery of school supplies	<ul style="list-style-type: none">● No children affected by crisis denied their right to education● Curriculum designed in partnership with Ministry of Education with consistent progression between grade levels so children stay on track
Repair and rehabilitation of baseball fields Puerto Rico 2 MONTHS BRIDGED	\$294,000 for repairs and rehabilitation of eight baseball fields to build back Puerto Rico after Hurricane Maria	<ul style="list-style-type: none">● Removal of damaged ground treatment● Design and installation of outfield irrigation and drainage● Facility repairs● Fencing and lighting	<ul style="list-style-type: none">● Provide 18,000 children and youth with safe space to play● Restore sense of normalcy following hurricane, using sport as a means to improve school performance and youths' connectedness to their communities
Critical Nutrition Interventions accelerated Ethiopia, Yemen 2 MONTHS BRIDGED	\$332,500 accelerated to reduce malnutrition through community-based interventions	<ul style="list-style-type: none">● 774 children treated with therapeutic care● 8,093 children treated with micronutrient interventions● 6,900 children to receive Vitamin A treatments	<ul style="list-style-type: none">● Sustainably improve maternal and child nutrition, especially for the most vulnerable● Increase health and resilience of children
Community-based strategies for polio eradication Afghanistan, Democratic Republic of Congo, Kenya, Nigeria, Pakistan Afghanistan \$7,083,561 DRC \$2,062,130 Kenya \$1,293,965 Nigeria \$4,500,763 Pakistan \$9,578,275 .5 MONTHS BRIDGED	Five grants accelerated for polio eradication activities such as social mobilization for immunization campaigns, campaign operations and vaccine procurement	<ul style="list-style-type: none">● Procurement of 31.4 million doses of bivalent oral polio vaccine● Over 30,000 community health workers and social mobilizers supported and trained● Over 9,000 community vaccinators supported and trained	<ul style="list-style-type: none">● Immunization for the hardest to reach children, facing challenges such as conflict, insecurity and mobile populations● Increased community awareness of the importance of immunization● Further progress toward achieving a polio-free world, with a target of 80 million individuals in five countries**

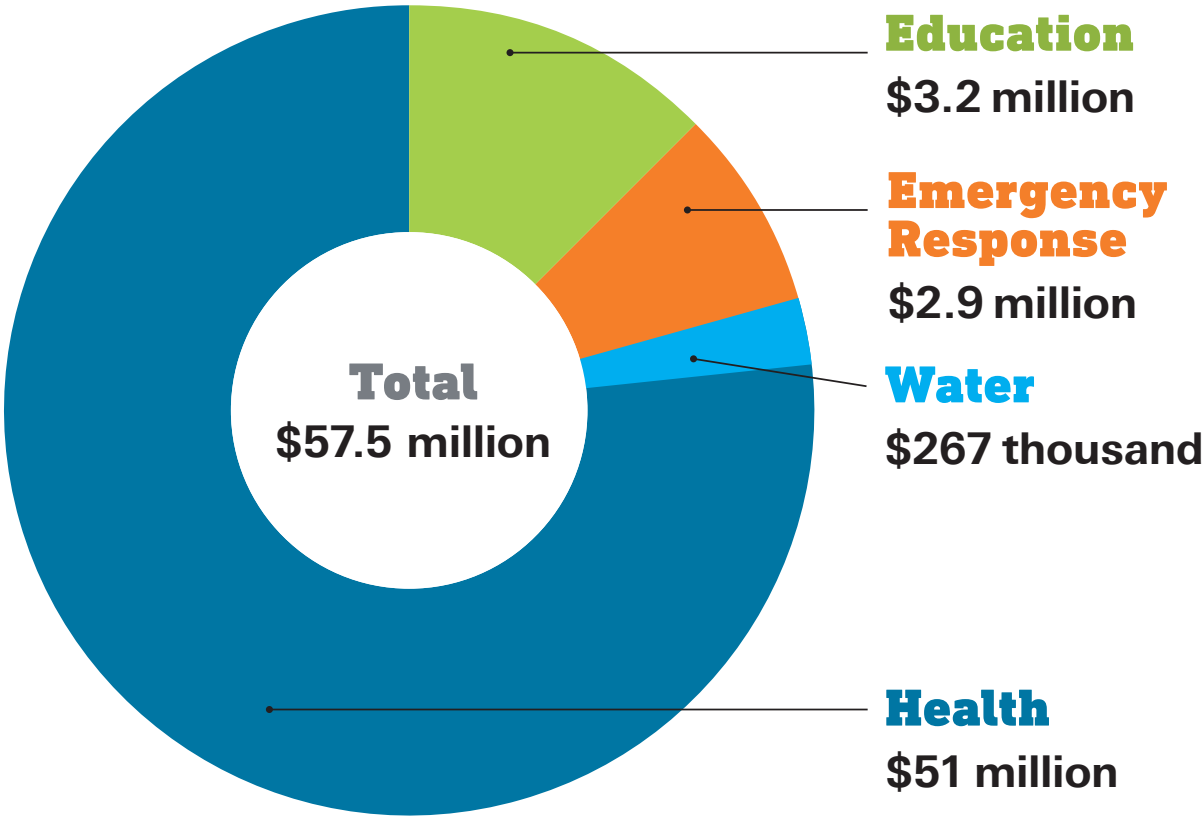
* The “Increased Access to Education” commenced in July 2017 with a total project budget of \$21 million. The Bridge Fund had accelerated \$4M for this project prior to this quarter’s \$2.5M (creating a total of \$6.5M bridged). Outcomes reported represent total project goals.

** Aggregate target to reach 80 million children represents the total work of the Global Polio Eradication Initiative in these countries, not limited to the UNICEF funds bridged in this transaction.

FY19 Program Activity: \$57.5 million

The data below summarizes 15 transactions, including emergency response and development funding.

Annual Aggregated Activity by Sector

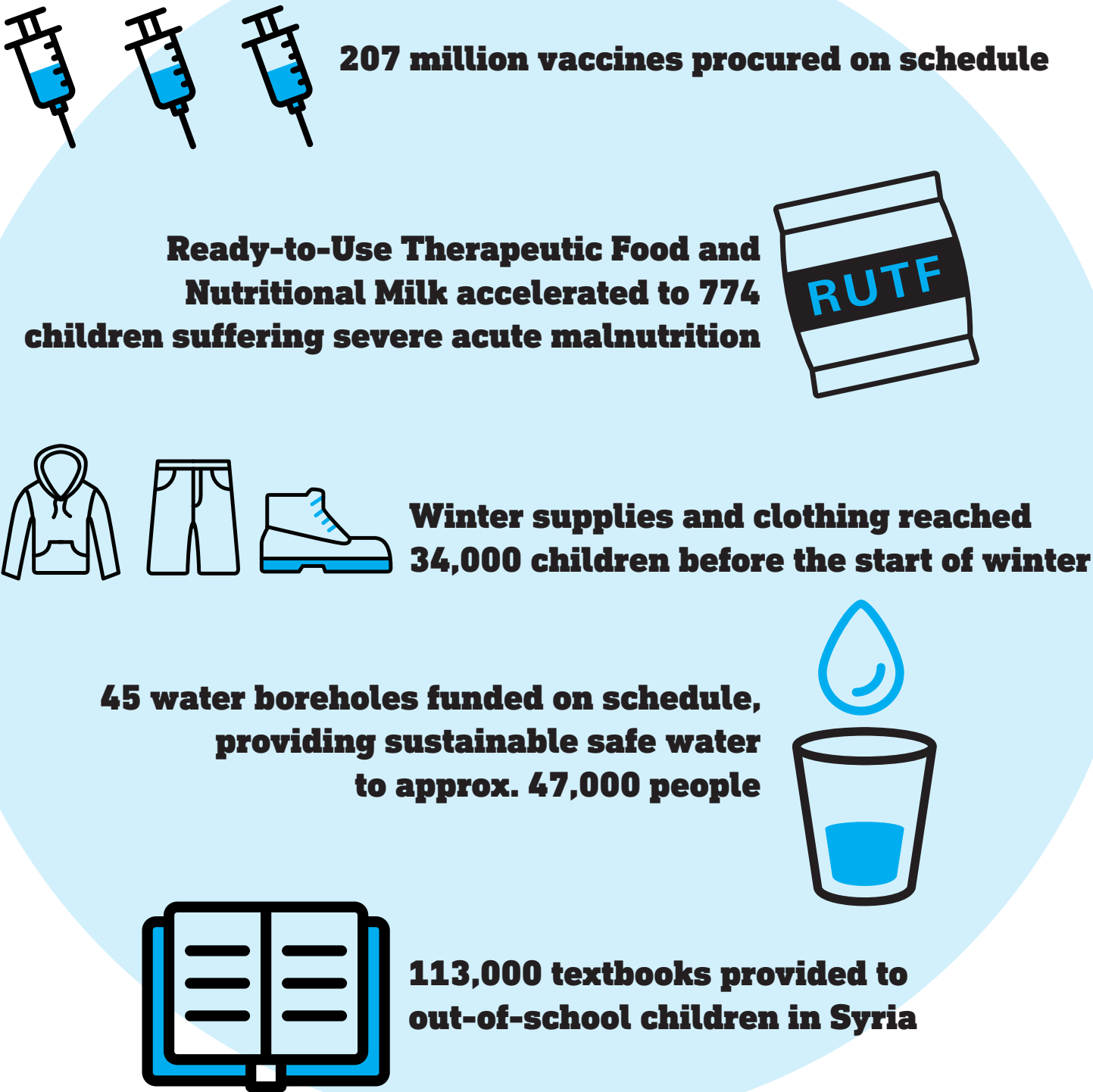


For the fifth consecutive year, the UNICEF USA Bridge Fund has been selected for inclusion in the Impact Assets 50 for its work as an innovative, impact investing tool.

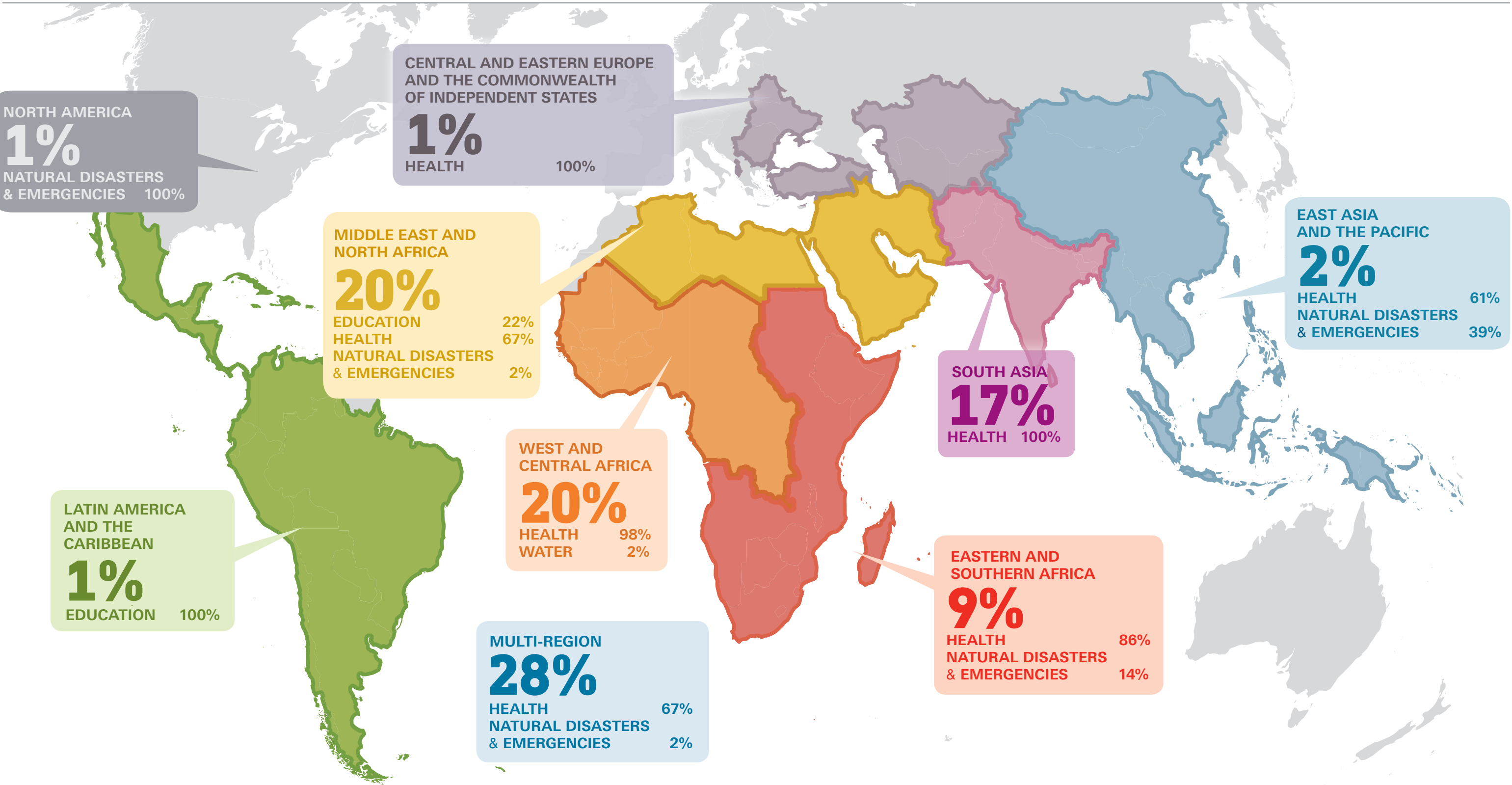
Annual Impact Highlights:

Average number of months accelerated: 4
Children and individuals targeted: 150 million

HIGHLIGHTS:






FY19 Annual Aggregated Activity by Geographic Region and Program Area



FY19 Bridge Fund SDG Impact

The SDGs provide a framework of global, measurable targets that serve as a roadmap to a better world by 2030 tackling the existential issues of our planet, from health and education to the environment and poverty alleviation. The Bridge Fund is committed to using the Sustainable Development Goals 2030, (SDGs) as a framework for our impact reporting, connecting each quarter’s activity to the SDG targets it contributes to.

Sustainable Development Goal	Zero Hunger	Health and Well Being
RELEVANT TARGETS	<div><div>2</div><div>ZERO HUNGER</div><div></div><div>2.1, 2.2</div></div>	<div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div><div></div><div>3.2, 3.3, 3.4, 3.8</div></div>
CHALLENGE	Despite the global progress in reducing child mortality over the past few decades, an estimated 5.4 million children under age 5 died in 2017. And, nearly half of these deaths are attributable to undernutrition. Poor nutrition in the first 1,000 days of a child’s life can also lead to stunted growth, which is associated with impaired cognitive ability	13.5 million children worldwide under the age of 1 do not benefit from any vaccine. Yet, immunizations are the most cost-effective health intervention to date averting 2–3 million deaths a year
FUNDING ACCELERATED	\$333K	\$50.7M
FY19 BRIDGE FUND TARGET POPULATION	6,900 children	131 million children and individuals
KEY INTERVENTIONS	<ul style="list-style-type: none">● Nutrition treatments including Ready-to-Use Therapeutic Food, vitamin A and micronutrients	<ul style="list-style-type: none">● Immunization for communicable and noncommunicable diseases● Promotion of quality and affordable essential medicines and vaccines for all

Quality Education	Clean Water and Sanitation	Reduced Inequalities
<div><div>4</div><div>QUALITY EDUCATION</div><div></div><div>4.1, 4.5</div></div>	<div><div>6</div><div>CLEAN WATER AND SANITATION</div><div></div><div>6.1, 6.2, 6.B</div></div>	<div><div>10</div><div>REDUCED INEQUALITIES</div><div></div><div>10.1</div></div>
Currently, 262 million primary- and secondary-age children and adolescents are out of school, and at least 175 million pre-primary school-age children are not in education Conflict has forced 27 million children out of school in 24 conflict-affected countries, with girls particularly affected	3 in 10 people worldwide, or 2.1 billion, lack access to safe, readily available water at home, and 4.5 billion, or roughly two-thirds of the world’s population lack safely managed sanitation Children under 5 years of age are, on average, 20 times more likely to die from diarrheal diseases associated with poor WASH than from violence in conflict	There are at least 93 million children with disabilities in the world that are less likely to attend school, access medical services, and are at higher risk of physical abuse and societal exclusion
\$2.5M	\$268K	\$784K
300,000 out-of-school children	210,000 individuals	26,000 children and adolescents
<ul style="list-style-type: none">● Provision of safe learning spaces● Delivery of self-learning materials	<ul style="list-style-type: none">● Creation/Restoration of water boreholes	<ul style="list-style-type: none">● Inclusive sports programming



Goal 17 recognizes that SDG progress will happen only when the entire global community, including the public and private sectors, collaborate to create the capacity, formulate policies, strengthen institutions and leverage the financing necessary for a better world. Since 2011, the Bridge Fund has brought together a diverse team of investors to enhance UNICEF’s financial ability to save children’s lives and build their futures. Promoting SDG 17 target 17.6, the Bridge Fund fosters multi-stakeholder partnerships that mobilize financing resources in support of the SDGs.

Bridge Fund partners with CapShift to Unlock Catalytic Capital

An interview with CapShift Chairman and CEO, Jacques Perold



Jacques Perold, CapShift Chairman and CEO

What is a Donor-Advised Fund and how does CapShift envision transforming this market?

A donor-advised fund (DAF) is like a private foundation, but more accessible to the average person, and without the costs and overhead of a foundation. A DAF allows individuals to make a tax-deductible contribution to their account to a sponsoring organization, and then make recommendations on where to both donate those funds and where to invest prior to disbursing funds to a charity. With over \$110 billion in DAFs in the U.S., they are a popular way to make charitable gifts and, increasingly, a way to make impact investments.

At CapShift, we believe that DAFs are positioned to create catalytic change even before the first dollar is donated, by aligning investable assets with the donor’s overall mission. We partner with leading DAFs to bring them access to public, private, and nonprofit ventures and funds, operating globally and locally, referred to us by leading domain experts. This includes opportunities for donors to support the work of UNICEF and other like-minded organizations.

DAFs are positioned to be an exciting and unique source of catalytic funding.

Specifically, how do you envision donor-advised funds playing an important role in the growing need for catalytic capital?

Given their tax-advantaged status, their charitable purpose, and their sheer size, DAFs are positioned to be an exciting and unique source of catalytic funding.

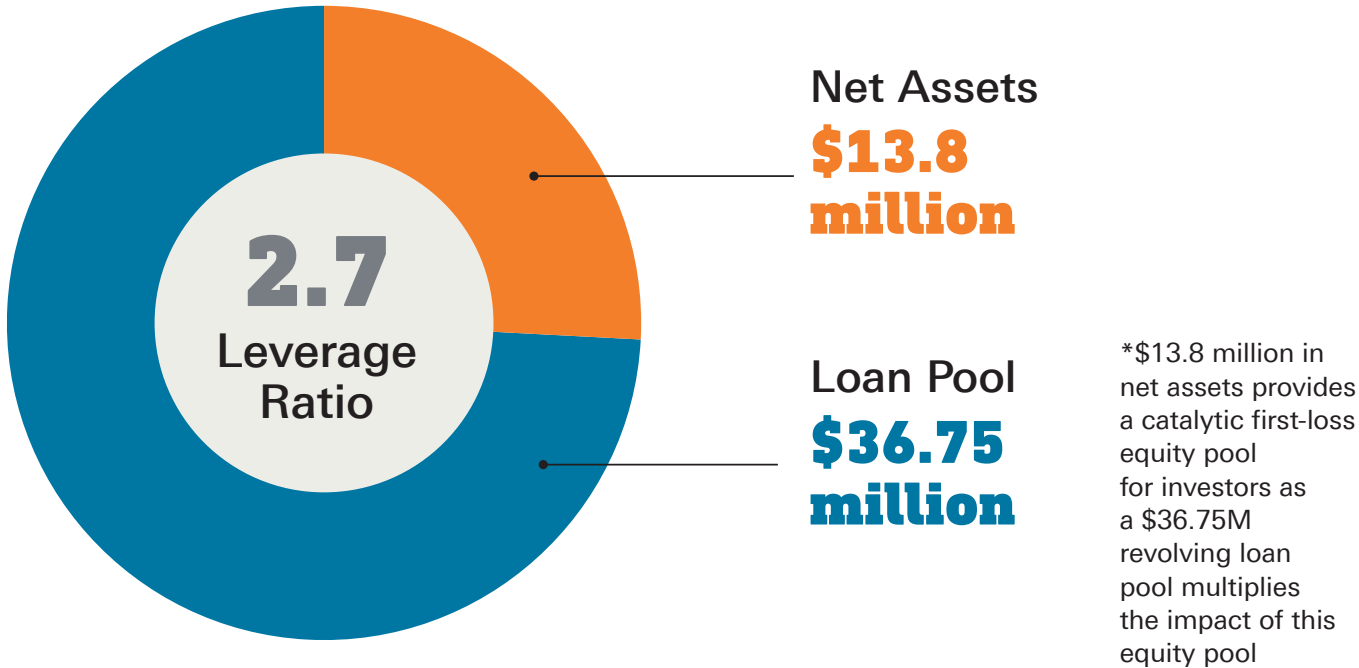
At CapShift we’ve found that impact investing resonates with many donors, especially when the investment opportunities are aligned with their philanthropic priorities. Many of the same entities that donors support with grants have a great need for capital—e.g. short- or medium-term loans, guarantees, financing capital, etc.—to further their mission.

Some donors—willing to take more risk, less return, or both in the pursuit of their desired impact—adjust their risk-return parameters; doing so enables them to provide affordable financing to populations that are typically underserved and, in some cases, help them build a track record to attract larger pools of capital. Donors tend to be more patient when investing from their DAF, which can fill much-needed capital gaps and provide organizations with greater flexibility.

Most importantly, we find the DAF is a good place for people to try out thinking a little bit differently with their investments, regardless of where they are in their impact investing journey.

Current Capitalization

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



We’re very excited for our partnership. What about the Bridge Fund was attractive for you to offer on your platform?

The UNICEF USA Bridge Fund’s story resonates with me and many of our donors who make contributions during a crisis and want our dollars to be as effective as possible.

By allowing UNICEF to use my donor-advised fund’s investable assets to bridge the gap between when donors agree to contribute to a crisis and when funds actually arrive, I help accelerate the much-needed delivery of programmatic support and enable UNICEF to save more lives and provide better services. This is a win-win, as the critical dollars are there when UNICEF needs them and return to my donor-advised fund once the donor’s funds earmarked for the crisis arrive. Then I can reinvest these philanthropic assets or donate to UNICEF USA or another charity of my choosing. ●

New FY19 Bridge Support

\$150,000 raised in new First-Loss Equity Grants to serve as collateral for Bridge Fund Loan Pool

\$50,000 raised in new Recoverable Grants to be included in Bridge Fund Loan Pool

Financial Information*

UNICEF USA Impact Fund for Children, Inc.

(formerly UNICEF USA In-Kind Assistance Corporation)

UNICEF Bridge Fund Program (Segment) Statement of Financial Position (unaudited)*	
Assets	
Cash and Investments	\$17,500,764
Contributions Receivable	\$33,397,769
Total Assets	\$50,898,533
Liabilities	
Grants Payable	
Loans Payable	\$36,750,000
Accrued Interest Expense	\$311,175
Total Liabilities	\$37,061,175
Net Assets	13,837,358
Total Liabilities and Net Assets	\$50,898,533
*As of June 30, 2019	

Covenant Calculation		
Leverage Ratio	Loan Goal	Actual
Debt : Net Assets	Maximum 3.5 : 1	2.7 : 1

UNICEF Bridge Fund Program (Segment) Statement of Activities (unaudited)*	
Public Support and Revenue	
Contributions Revenue	\$58,114,723
Investment and Interest Income	\$1,080,808
Total Revenue	\$59,195,531
Expenses	
Program Services	
Grants to UNICEF and other NGO's	\$57,591,749
Program Expenses (including interest expense)	\$1,218,949
Management and General	\$116,000
Fundraising	\$110,000
Total Expenses	\$58,809,672
Net Income	\$385,859
Net Assets – Beginning	\$13,451,499
Net Assets – Ending	\$13,837,358

*For the twelve months ended June 30, 2019

We certify that as of the quarter ending June 30, 2019, 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.



• Brett D. Robinson, Chief Financial and Administrative Officer

Dated: July 30, 2019

Thank you to our stakeholders for supporting the Bridge Fund.

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)
Merck & Co., Inc
New Summit Investments
Prudential Financial, Inc.
St. Joseph Province
TD Bank, N.A.
Treehouse Investments, LLC

Loans up to \$1,000,000

Anonymous (2)
Mary Louise and Bruce Cohen
Futures Without Violence
Hal and Nancy Kurkowski
G. Barrie Landry
Linda Spencer Murchison
Nicole and Shahriar Shahida

Recoverable Grants

Anonymous (1)

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 (2)
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

Since inception, the Bridge Fund has accelerated \$283 million to UNICEF

Qatalyst Partners
Ian Rosenfield and Susanne Caballero
Luly and Maurice Samuels
Mr. Jeffrey Urbina and Ms. Gaye Hill

UNICEF USA Impact Fund for Children Board of Directors

Chair

Shahriar Shahida

Directors

Glen Baptist
Steve Eaton
Dolores R. Gahan
Peter Lamm
Caryl M. Stern

* Listings as of June 30, 2019



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

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