

BRIDGE FUND

QUARTERLY ACTIVITY REPORT • NOVEMBER 15, 2016



Women and children walk along a street in downtown Jérémie, Haiti, two days after the city was struck by Hurricane Matthew.

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When Disaster Strikes, Rapid Aid Saves Lives

In Response to Hurricane Matthew, the UNICEF Bridge Fund Accelerates Emergency Assistance to Children and Their Families in Haiti.

After an earthquake or a hurricane strikes, speed is essential. The faster assistance arrives, the more children and their families can be saved. UNICEF — which operates the world's largest humanitarian warehouse (in Denmark) and which responded to more than 310 emergencies in 102 countries last year — understands this necessity. When Hurricane Matthew slammed into Haiti's southwestern coast on the morning of October 4, 2016, making it the first Category 4 storm to hit the island nation since 1964 — and pummeled towns and villages with 145 mile per hour winds, lashing rain, flooding, landslides and coastal

surges — the UNICEF Bridge Fund was ready.

While UNICEF issued a worldwide appeal for \$32 million in emergency assistance for 6 million children in the Caribbean (including Cuba, the Dominican Republic, Haiti and Jamaica) likely to be harmed by the storm, the U.S. Fund for UNICEF and the Bridge Fund advanced \$1 million for this initiative, accelerating UNICEF's ability to deliver assistance quickly and efficiently. The Bridge Fund's financing was designed to cover essential "first-responder" supplies such as clean water, water purification units, medical material, therapeutic food and emergency generators. ▶



Patients are treated on the grounds of Hôpital St-Antoine in Jérémie, Haiti.



Mylove Thèogène, 8, stands outside her collapsed home. Her family of five found shelter at a nearby school house.

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Simultaneously, the U.S. Fund launched a “flash appeal” to the American public, with a \$10 million goal. But emergency fundraising takes time — a luxury Haitian children and their families could not afford. In fact, the storm’s effect on Haiti, which was still recovering from a devastating 2010 earthquake and battling a cholera epidemic, was so severe — destroying roads, bridges, ports, homes, businesses and telecommunications — that the sheer scale of the disaster was slow to emerge.

“We are in a race against time to get to these children before diseases do.” — **MARC VINCENT,**
UNICEF REPRESENTATIVE
IN HAITI

But UNICEF, which has been working in Haiti since 1949, offered some of the first damage assessments. Marc Vincent, UNICEF Representative in Haiti, described a catastrophic situation: “Overflowing rivers, stagnant waters, and animal and human corpses are perfect breeding grounds for waterborne diseases. Every day that goes by increases the threat of cholera. We are in a race against time to get to these children before diseases do.”

Eventually, Haiti’s death toll rose to more than 1,000. One month after Hurricane Matthew, UNICEF reported that nearly 600,000 Haitian children needed help, with at least 1,000 suspected cholera cases. Loss of crops, food-stocks and livestock in some of the worst affected areas left more than 112,000 children facing acute malnutrition. An estimated 50,000 homeless children were staying in temporary shelters. Up to 80 percent of hospitals and clinics had lost their roofs, and more than 700 schools had been damaged or were being used for shelters, disrupting education for at least 150,000 children.

But, a month and a half after Hurricane Matthew, UNICEF and its partners are still hard at work. Bolstered by funding from many sources — including the Bridge Fund’s crucial advance financing — they are providing aid in what remains a very challenging environment. UNICEF’s assistance includes the provision of safe water to 100,000 people a day; a cholera vaccination campaign for up to 900,000 people; the prevention and treatment of malnutrition among children under age five, their mothers and pregnant women; and the distribution of emergency medical supplies, among many other aid activities.

Most importantly, UNICEF, the U.S. Fund and the Bridge Fund are each poised to act quickly again if — and when — the next emergency strikes and funding acceleration can make a lifesaving difference for children. ■

Safe, Sustainable Water for Syrian Refugees

A Q&A with the three “humanitarian entrepreneurs” who partnered with UNICEF and the Bridge Fund to help thousands of children and their families in need.

On June 21, 2016, a deadly attack on the Jordanian-Syrian border killed seven Jordanian security guards, prompting Jordan to secure its border with Syria. As a result, an estimated 7,000 Syrians fleeing violence in their home country, had to remain on the Syrian side of the border, at the Hadalat crossing, with no place to go and inadequate water facilities. In October 2016, the U.S. Fund for UNICEF Bridge Fund provided Revive Missions, a nonprofit founded in response to the Syrian refugee crisis, with pre-financing to build a safe, sustainable water source for these refugees. The Bridge Fund Quarterly chatted with Revive Missions founders, Bryan Leppi, Joseph Lamy and Wolfgang Haupt, about what brought them to rehabilitate and equip a borehole on the Jordanian/Syrian border.



A borehole at the Hadalat crossing of the Jordanian/Syrian border is equipped and rehabilitated.

BFO: What is Revive Missions and how did it come into being?

RM: Revive Missions is a charitable organization founded in early 2016 as an immediate response to the Syrian refugee crisis, where over 4 million refugees fled war and poverty. To combat the dire conditions faced by these refugees, we wanted to fulfill one of their most essential needs: the lifeline of water. We launched “StopThirst.org” to pursue our mission to rescue and support water-poor refugee populations.

BFO: What are two things that interest and excite you most about sustainable water projects?

RM: We love exactly that — “sustainability” and “water.” We aim to put smart, sustainable water solutions into place that eliminate the inefficient, expensive, “quick-fixes” that create tension between refugees and host communities. Helping water-poor refugee populations build and/or gain access to autonomous water sources is what makes us happy.

BFO: What motivated you to become involved with the Hadalat project in Jordan in particular and how has working with the U.S. Fund for UNICEF, the Bridge Fund, and UNICEF helped you to do that?

RM: The Syrian refugee crisis is arguably the most pressing humanitarian challenge of our time and, under the guidance of one of our main supporters, António Guterres (Secretary-General-designate of the United Nations), we sought out the most urgent aid initiative within that crisis. Hadalat is the center of the world for us! As opposed to other asylum-seekers, our beneficiaries in Hadalat have had categorically limited access to international support.

After extensive analysis, we decided that UNICEF’s on-the-ground team was the perfect partner to build a sustainable water source for the Hadalat refugees. Thanks to the close coordination between UNICEF, the U.S. Fund for UNICEF and the Bridge Fund, we are now approximately three months away from completing our project.

BFO: What impact has this project had, and will it continue to have, on the region?

RM: By early 2017, our UNICEF-led emergency water project will service over 7,000 asylum-seekers in Hadalat. It is our hope and ambition that this project will be a model for sustainable water projects in the region.

BFO: From your experience, what is one thing you wish people knew about the migrant crisis in Syria?

RM: People must know that these fellow humans struggle to find help on the most basic level. Like each of us, they have the same fundamental needs for safety, food and water. ■

World Polio Day, October 24th

On October 24, 2016, the world recognized World Polio Day. We came together to acknowledge the challenges that remain, while celebrating the tremendous progress made toward a polio-free world. Since its founding, the Bridge Fund has dedicated over 80% of its program activity, and has invested over \$100 million in this important fight.

This September, the Bridge Fund stepped in to help reverse a dangerous setback in Nigeria.



A polio timeline reveals just how close UNICEF and its partners are to eradicating a disease that has killed or paralyzed untold numbers of children since the dawn of human history. Recently, war and violence in several countries have slowed, but not stopped our progress.

1403 – 1365 BCE

Archaeological evidence of polio infection dates back to Ancient Egypt.



1952

Ironically, due to improved sanitation, polio outbreaks increase in the West during the first half of the 20th century. In 1952, the U.S. experiences the worst polio outbreak in its history.

1988

UNICEF, along with Rotary International, WHO and other partners, joins the Global Polio Eradication Initiative. At the time, polio cripples more than 350,000 children in 125 countries each year.



2014

By 2014, 80% of the world's population lives in polio-free regions. Afghanistan and Pakistan still suffer from wild polio infections, however, because terrorism and war impede mass vaccinations, though infections finally start to decline.

1955

The first polio vaccine, developed by Jonas Salk, is licensed and children's vaccination campaigns are launched.



1958-1960

Mass vaccinations of children in the Belgian Congo and Poland take place.



2016

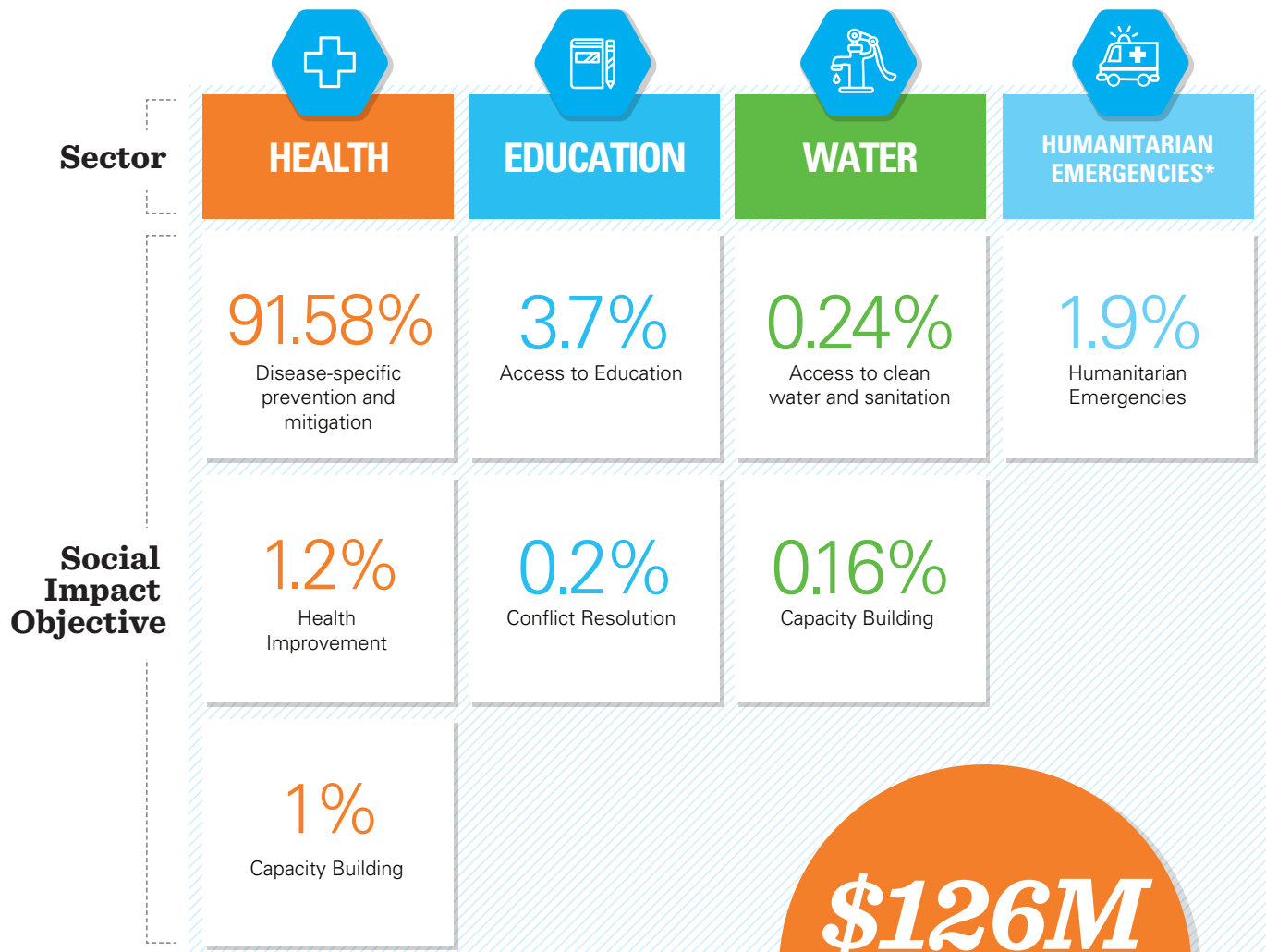
AUGUST Two years after its last reported polio case—and one year after Nigeria's historic removal from the list of countries with wild polio in 2015—polio paralyzes two children in Nigeria's conflict-ravaged Lake Chad region.

SEPTEMBER The Bridge Fund approves a \$6.86 million acceleration to help fund Nigeria's emergency vaccination campaign in advance of a related World Bank loan. This accelerated funding ensures the speedy purchase of 42 million oral polio vaccine doses.

OCTOBER Thousands of Nigerian health workers carry out two emergency immunization campaigns in four northern states, including Borno, and vaccinate approximately 30 million children at risk of polio.

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.



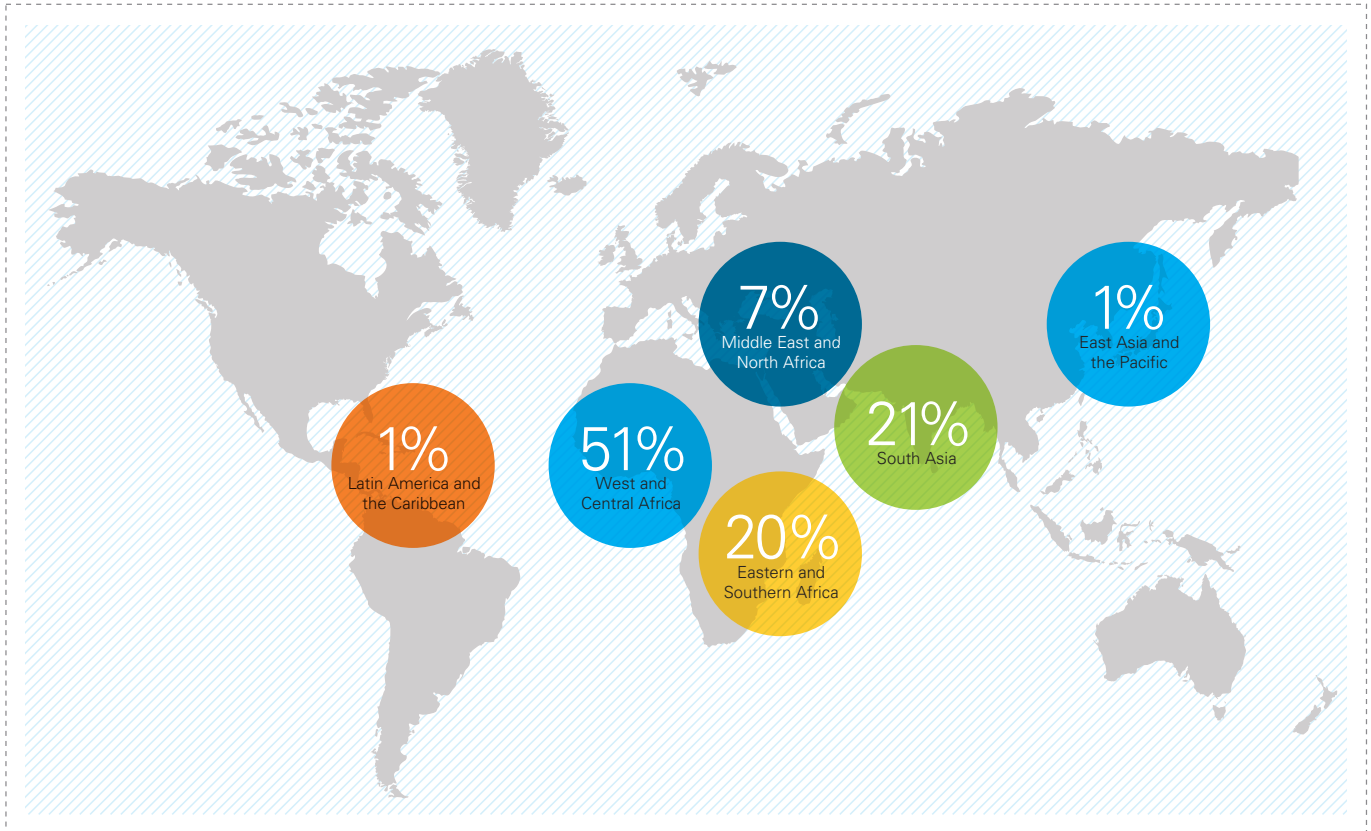
*Please note that "Humanitarian Emergencies" are not an official IRIS metric. Across all sectors, during emergencies, the Bridge Fund's ability to swiftly accelerate funds saves lives. UNICEF is dedicated to emergency preparedness, response, and recovery that ensures children's rights are met, even in times of crisis.

\$126M
accelerated to
UNICEF to date

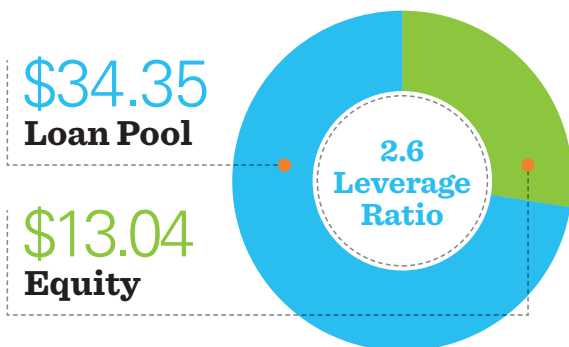
(as of October 31, 2016)

Geographical Reach

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



Fund Capitalization (\$ in millions)



\$13M in grants provides a catalytic first-loss equity pool for investors (leverage ratio of 2.6) as a \$34.3M revolving loan pool multiplies the impact of this equity pool.

Program Activity

Since August 15, 2016, the Bridge Fund has completed six transactions totaling \$10,572,580. The transactions and the respective impact are listed below.

| Transactions (date of transaction) | Inputs | Outputs | Outcomes |
|--|--|---|---|
| Education Above All, Educate a Child initiative (payment in three disbursements from August 2016 – October 2016) | \$2,409,566 to support equitable access to education for out-of-school Syrian Refugee children in Iraq | <ul style="list-style-type: none"> Education supplies for children and teachers School construction and maintenance costs Teacher training and creation of teacher's guide School Block Grants and transportation for teachers and ancillary staff Development and implementation system for monitoring learning outcomes, including in schools in humanitarian situations | <ul style="list-style-type: none"> 17,300 children will have increased access to education 5,300 of these children were previously out-of-school and will be able to go back to school with remedial classes aimed at keeping all children engaged |
| Emergency Oral Polio Vaccine Procurement in Nigeria September 8, 2016 | \$6,863,014 for procurement of polio vaccine | 42 million doses of OPV for the third round of Polio Outbreak Response | 30 million children targeted in immunization campaigns across 18 high-risk Northeastern Nigerian states to arrest outbreak of polio |
| Hurricane Matthew Relief October 5, 2016 | \$1,000,000 initial investment in disaster relief provided one day after hurricane reached landfall in Haiti | Emergency disaster relief, including essential supplies such as water, water purification units, medical supplies, therapeutic foods and emergency generators | 6 million children, overall, protected from the damage and harm caused by Hurricane Matthew |
| Sustainable Water Source for the Refugees at Hadalat October 20, 2016 | \$300,000 | Rehabilitation and equipping of one borehole at the Hadalat crossing in Jordan | 7,000 people (56% children, 51% female) provided with: <ul style="list-style-type: none"> a sustainable water supply for the Hadalat border crossing improved access to lifesaving water services for asylum seekers and host communities protecting them from death, diseases and violence |

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 | \$ 32,099,487 |
| Contributions Receivable | 16,048,803 |
| Total Assets | 48,148,290 |

LIABILITIES

| | |
|--------------------------------|-------------------|
| Loans Payable | 34,450,000 |
| Accrued Interest Expense | 577,125 |
| Total Liabilities | 35,027,125 |

| | |
|---|-------------------|
| Net Assets | 13,121,165 |
| Total Liabilities & Net Assets | 48,148,290 |

**as of September 30, 2016*

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

REVENUE

| | |
|------------------------------------|------------------|
| Contributions Revenue | \$ 9,778,608 |
| Investment & Interest Income | 202,551 |
| Total Revenue | 9,981,159 |

EXPENSES

| | |
|----------------------------|------------------|
| Grants to UNICEF | 9,778,608 |
| Interest Expense | 213,611 |
| Total Expense | 9,992,219 |

| | |
|-------------------------------------|-------------------|
| Net Income | 11,060 |
| Net Assets – Beginning | 13,132,225 |
| Net Assets – Ending | 13,121,165 |

**for the three months ended September 30, 2016*

Covenant Calculation

LEVERAGE RATIO

Debt : Net Assets

LOAN GOAL

Maximum 3.5 : 1

ACTUAL

2.6 : 1

We certify that as of quarter ending September 30, 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:
November 15, 2016

Edward G. Lloyd
Chief Operating Officer and Chief Financial Officer

FOR MORE INFORMATION ABOUT THE U.S. FUND FOR UNICEF BRIDGE FUND, PLEASE CONTACT:

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