

DRAFT FOR OCTOBER 6 GAVI EVENT

1. The Bank is a founding member and a committed partner for GAVI:

The World Bank is one of the founding members of the GAVI Alliance. As a Board member and technical partner the Bank remains committed to the goals of GAVI to increase access to new life-saving vaccines for children living in 72 of the world's poorest countries. Immunization, both the basic EPI package used in routine programs and more recently developed new vaccines are some of the most cost-effective interventions for reducing childhood morbidity and mortality - a key strategy for reaching the Millennium Goals, in particular MDG4. Vaccines used in routine programs supported by the Bank and other donors cost only pennies per dose, but result in alleviating childhood death and disease and generate savings in treatment costs. Conservative estimates indicate that Bank financed vaccination programs in IDA countries have saved 3.8 Million lives during the last decade.

2. Through GAVI partnership the world's poor access new vaccines:

While newer vaccines are more expensive and less prevalent in low income countries, they have been shown to be a cost-effective investment as well. Since 2000, the GAVI Alliance in collaboration with the Bank has invested over \$3.7 billion for immunizing over 300 million children, preventing nearly 5 million deaths from hepatitis, Hib, diphtheria, tetanus and pertussis.

3. The Bank contributes to GAVI through its special role in development:

In drawing on its comparative advantages, the Bank works with GAVI on: (i) sharing long-term experience in strengthening health systems at the country level, and launching the joint Health Systems Funding Platform – a collaborative effort between GAVI, the Global Fund, WHO and the Bank with other partners; (ii) supporting economic and fiscal space analysis, considered critical for the financial sustainability of national immunization programs; and (iii) working with GAVI and other stakeholders in designing and implementing innovative financing mechanisms such as IFFIm vaccine bonds and new market shaping approaches such as AMCs.

4. Vaccine programs are more successful when Health Systems work:

The international community is recognizing that functioning health systems are important success factors and necessary preconditions for reaping the full benefits of investments in new vaccines. GAVI supported health systems strengthening since 2006 and has been working with the World Bank, WHO and the Global Fund to further harmonize (in accordance with the Paris Declaration on Aid Effectiveness) and align funding for health systems in low-income countries through a joint Health Systems Funding Platform. GAVI, in partnership with the World Bank has played an important role in developing this work over the past year, both at the country and global levels.

5. Countries share the financial burden to immunize the poor:

GAVI in close collaboration with the World Bank has developed a co-financing mechanism in which countries finance a portion of their new vaccines. For very poor countries, this is a successful mechanism to build country ownership and secure the long-term sustainability of immunization programs. Countries with a higher GNI per capita are expected to contribute more to finance new vaccines and pay higher co-financing rates, so that they are put on a trajectory to sustain these programs after GAVI support ends. The World Bank played a

significant role in this initiative and has been involved in developing, monitoring, and evaluating the GAVI co-financing policy.

6. A multisectoral approach is important for vaccine programs to succeed:

The Bank's multi-sectoral investment philosophy in IDA countries (with a GNI of less than \$1000.-) and its support for health systems provide a solid base for development work of other partners such as GAVI. Over the past 5 years the Bank's investments in the health sector of the poorest countries amounted to over US\$5.6 billion. Most of these resources were allocated for health systems, accounting for more than 30 percent of the Bank's IDA contribution in health. And 18% of IDA investments over this time period went to child health, including for immunization. Contributing its own resources, the Bank also provides critical technical assistance for GAVI client countries, including fiscal space analysis and cost-effectiveness studies to help countries make informed investments in their health sector, including in immunization.

7. The Bank and GAVI have worked closely and successfully together on major innovative financing initiatives:

- The frontloaded funds generated through \$2.5 billion in "vaccine bonds" issued by the International Finance Facility for Immunization (IFFIm) are being used by GAVI for its core programs. The Bank is IFFIm's Treasury Manager, issuing IFFIm's bonds, managing its funds, and hedging the currency and interest rate risk of the bonds as well as the currency risk inherent in the sovereign donor grants to IFFIm. One of IFFIm's strengths is its flexibility – the Bank, on IFFIm's behalf, is able to seek funding when it is needed by GAVI and where it is most attractive. IFFIm is now an established issuer in the capital markets and its cost of funding is comparable to the most established multilateral development banks.
- The pilot Advance Market Commitment for pneumococcal vaccines is a promising results-based, market-oriented financing mechanism. After extensive work among donors (Italy, United Kingdom, Canada, Russia, Norway and the Bill & Melinda Gates Foundation) working with the Bank, GAVI, WHO, UNICEF, GAVI-eligible countries and vaccine manufacturers, the pilot AMC was launched in 2009 to accelerate capacity scaleup of new vaccines against pneumococcal diseases. These diseases kill some 1.6 million people a year, most of them children in low income countries. Spurred by the AMC structure and \$1.5 billion AMC subsidy, two manufacturers have already entered into ten-year supply agreements to supply pneumococcal vaccines tailored to the needs of GAVI countries. Two more manufacturers have registered to participate. The Bank is the financial manager of the AMC, and it holds AMC funds in trust for GAVI on its own balance sheet, effectively guaranteeing donor contributions to the AMC instrument.

The Bank looks forward to continued collaboration with GAVI on promising innovative financing instruments.