

IFFIm evaluation report

Donors comments

First of all, donors would like to thank the evaluators, the Evaluation Advisory Group, the GAVI Secretariat and all the participants to the exercise, for this tremendous, comprehensive and detailed piece of work. Donors feel that the report presents valuable information about the goal effectiveness, costs effectiveness, and impacts in terms of lives saved by IFFIm.

The evaluation shows, while highlighting constraints (size), lost opportunities (frontloading too early) and potential challenges (sustainability), that IFFIm has so far achieved impacts beyond those specifically targeted for immunisation.

Executive summary

- Donors noted that some elements of the executive summary are not coherent with statements or conclusions of the main text. More generally, they felt the executive summary was less positive than the report, and this should be corrected as most readers will only read the executive summary. For example the counterfactual analysis (“what if IFFIm did not exist?”) is stronger in the main report (see section 3.5) than in the Summary. Another example is the discrepancy between the following sentence in the Executive summary : *“These results seem likely to be achieved because GAVI has been able to buy good things (cost effective interventions) rather than buying things better (taking full advantage of predictability or the potential to frontload)”*, and the main text, which explains better why GAVI (ie. UNICEF) didn’t enter into different contracts as a result of IFFIm.
- Donors feel that the sentence “IFFIm is a second best solution” does not reflect the reality. It would surely be better if all donors had met the 0.7% target, but if we assume donors run budget deficits and have to borrow to finance their GAVI funding, then the evaluation shows funding through IFFIm is actually cheaper than funding directly. Under these circumstances you could view IFFIm as first best. We would therefore ask for a more balanced formulation.

Impact of IFFIm

- Assessing IFFIm impact was a difficult task as GAVI's evaluation is currently working on this, and was not the heart of this evaluation. However IFFIm donors are very pleased to see that the evaluation report shows that financing from IFFIm has been fundamental to GAVI's expansion and hence accelerated impact. Again the executive summary should be reviewed so as to better explain, as it is the case in the main text, that this part of the evaluation is a check on the system, based on very conservative assumptions and should not be seen as an attempt to precisely estimate the impact of IFFIm. Final attribution of health impact to IFFIm should be interpreted with some care as there is a clear risk here of counting results multiple times and attributing results to multiple agencies.
- The repeated argument that GAVI did not need IFFIm frontloading should be qualified and deserves a GAVI Secretariat response. The sentence on p. 7 - *"GAVI did not really require frontloaded funds and GAVI might have been better able to use IFFIm funds had they arrived two or three years later, and been used to support increased uptake of pneumococcal and rotavirus"* sounds like an overstatement and is questionable. While the situation of a "demand-constrained" GAVI could apply in the first year, predictability and flexibility are both important (and complementary) components for immunisation. The "flexibility" component (money can be raised and spent when needed – as opposed to "sitting on cash") should be also valued (a tiny reference can be found in page 102, and only referred to the financial crisis) by the evaluators. In other words the evaluators could balance the criticism of the timeliness of frontloading with the positive side represented by the flexibility of issuing bonds when needed, avoiding a situation of unnecessarily "sitting on cash". The counterfactual here is not clear, without IFFIm, pentavalent would likely have been scaled up later, perhaps pushing pneumococcal and rotavirus even further back. Furthermore, this doesn't 100% fit with the later text. GAVI couldn't have undertaken what it did without IFFIm funds, and the evaluation claims a high level of additionality

Model

- The evaluation suggests however that IFFIm's is not fully utilized given constraints such as pre-defined spending limits, a relative small donor-base that provides high security, and well developed strategy for maximizing IFFIm's ability to frontload investments. However; even with these constraints IFFIm seem to have been performing very well, and the evaluation suggest that IFFIm has managed its liquidity well and that excess liquidity has only been maintained once for strategic purposes. How and when GAVI spends IFFIm funds is an strategic issue for GAVI and the GAVI board in addition to IFFIm, and is also linked to the absorption capacity question.

- The conservative spending limits seem however to have worked well for IFFIm's credibility and ability to achieve low interest rates. It is important that an eagerness now to make IFFIm more effective will not overrun or mandate a very qualified and independent IFFIm board and treasure management. Current system for accountability and division of responsibility seems to be effective.
- If IFFIm is expanded, there should be strategic discussions to analyze whether there is room to further improve GAVI's utilization of IFFIm's frontloading opportunities.
- On the financial management, the donors congratulate the IFFIm board and the World Bank for successful and efficient management of IFFIm. The careful, but also at times opportune management of assets and risks have resulted in the overall successful results of IFFIm. The role of the WB and its conservative approach has also been key in donor's ability to participate in this innovative initiative.
- Donors note the overall favorable assessment of governance arrangements and the recommendations - that the working of the TMA be reviewed when the current arrangement expires in Sept 2011 and that there is an opportunity to review arrangements through the performance assessment process (p.69). Both should be valuable exercises and we will be interested in participating where possible. Donors agree that transaction costs in setting up IFFIm were high, but would note that the experience of going through this, whilst not exactly the same, was helpful when it came to the design and structure of the AMC - so did have some broader benefits. This could actually be added to section 6.4 on "externalities produced by IFFIm", which should include the positive spillover from the lessons learned in the IFFIm process into the AMC pilot negotiations more generally and, beyond, the synergies between the two GAVI-friendly innovative financing mechanisms reinforcing each other albeit quite different in nature.
- On performance assessment and reporting (p76), donors agree that consideration should be given to the development of a single report which brings together the costs of IFFIm, the funds raised, and the additional immunization spending and coverage achieved. The current explanatory notes are very helpful in this respect but could be further expanded as it would help improve donor ownership and understanding in our own countries. This recommendation could be included in the executive summary.

Sustainability

- The evaluation points towards important issues around sustainability as IFFIm has been used to considerably expand GAVI's annual program commitments.

While some donors agree with the fact that sustainability could be an issue, some other donors feel that the sentence “GAVI has to face some serious sustainability challenges” is too strong, as the replenishment conference of June 13th will start providing an answer to this challenge. Some donors think that IFFIm has worked as bridge financing for the growth of GAVI.

- If donors should choose to expand IFFIm, donors should require GAVI to carefully analyze issues related to what are the most strategic investments and sustainability issues. The evaluation findings suggest that increasing the scale of IFFIm to include other ‘uses’ would make investment in the model more attractive to new donors. Some donors confirmed their potential interest in discussions to further expand IFFIm.
- The IFFIm does not have to play the same role for every donor or every challenge. It is also an excellent instrument for emerging donors to engage and could be very useful if a game changing new vaccine came along, for example, for malaria. IFFIm can be a medium-term solution for new donors who today can only afford smaller financing streams. It is still important however to continue to attract donor interest from developed countries with AAA ratings to ensure the financial integrity and credibility of the mechanism.

Lessons for the future

- The evaluation findings suggest that GAVI and donors could continue to benefit from IFFIm as part of GAVI's financing mechanisms. Most convincing is the current opportunity for economies of scale and the ability to time shift investments for GAVI.
- Donors should take these findings as important input to their assessment of the future role of IFFIm and the role of IFFIm in the replenishment process. Also evaluation findings should be used to engage in strategic discussions about how to ensure the best strategic use of funds from IFFIm within the GAVI portfolio.
- Considering the difficulty to track the impact of IFFIm support to HSS, in the future, and given the new situation brought by the Platform, some donors think more thinking and analysis should be given than it was originally to IFFIm's role in HSS.
- Donors agree that GAVI's capacity to better estimate the health impact of the interventions it supports using IFFIm generated resources could be strengthened in the future. Overall, GAVI's evidence base around IFFIm programmed money needs to be enhanced to help donors better communicate with key stakeholders and the public around what is often perceived as a complicated financing mechanism.