IFFIm Report

René Karsenti, Chair, IFFIm Board

GAVI Alliance Board Meeting
Geneva, Switzerland
12 June 2013
IFFIm strategic priorities

1. Manage risk and credit rating challenges

2. Conduct donor outreach

3. Enhance funding sources

- As a key component of GAVI’s long-term funding strategy, IFFIm must remain efficient, and both increase and diversify donor support.

- A road map identifying 2013-14 actions to support these objectives was created at the March IFFIm Board retreat.
Significant events in 2013

- Bond issuances
- GFA retirement
- Swap management
- IFFIm Board strategy retreat
2013 bond issuances

Daiwa uridashi (March)
- US$ 139 million
- Maturity: 5 years
- Average Cost: 3-month US$ LIBOR + 15.25 bps

Investor roadshow (April – May)
- Highlighted IFFIm to central bank and institutional investors in the Middle East, Europe, South Africa, the US
- IFFIm funding need for the next year is ~US$1bn

IFFIm remains cost-efficient: borrowing cheaper than composite donors

IFFIm delivers: proceeds from bond issuances fully fund GAVI’s financing needs from IFFIm sources in 2013
Removal of GFA from IFFIm complete on 8 February 2013

- Former GFA board member now advising IFFIm Board on due diligence process in new governance structure

New IFFIm grants to be entered directly with GAVI

Restructuring will lead to savings of up to US$ 1.4m per year
IFFIm enters into swap agreements with the World Bank to hedge interest rate and foreign exchange risk.

The World Bank, as IFFIm’s swap counterparty, has the right to call for collateral to protect against exposure above a specified threshold.

A solution is being finalised between the parties to mitigate World Bank–IFFIm counterparty risk:

- A “Risk Management Buffer” will be added to the IFFIm Gearing Ratio Limit to account for the additional net exposure above a US$400m threshold.
- While in place, this will obviate a need to post cash collateral.

Solution will change the timing of IFFIm funding to GAVI in the intermediate term but not overall amount of IFFIm funding to GAVI.
IFFIm replenishment strategy

- Reinforce value of IFFIm to all existing and prospective stakeholders as core part of GAVI’s long-term funding strategy
- Stronger IFFIm Board engagement with IFFIm donors

IFFIm essential to GAVI

- IFFIm is sole GAVI instrument that is long-term, flexible and predictable
- Apply IFFIm more strategically to support GAVI policy and programmes
- Highlight IFFIm’s contribution to GAVI

IFFIm investors

- Continue outreach to new and existing investor base
Helped GAVI nearly double its spending on vaccines and continues to provide increased financial predictability and flexibility.
Donors

Donors that wish to support global health use IFFIm to scale-up support
IFFIm works for...

Investors

Vaccine bonds provide a portfolio diversification opportunity with attractive risk-adjusted returns in an award-winning socially responsible investment.

IFFIm's inaugural uridashi bond was included among the market's 25 most influential transactions by EuroWeek magazine.

IFFIm was cited as the “SRI Innovation of the Decade” by mtn-i, the news, data and analytics provider.
Thank You