All about IFFIm

The International Finance Facility for Immunisation

Marcus Fedder - IFFIm Board member
Francois Lefebvre - World Bank
Paolo Sison - Gavi Innovative Finance
1. Overview

2. Financing immunisation

3. IFFIm’s impact
1. Overview
IFFIm’s Business Model:

IFFIm raises money for Gavi by issuing vaccine bonds in the capital markets and repaying these bonds with long term donor pledges.
IFFIm fundamentals

- Supranational issuer
- Rated AA / Aa1 / AA (S&P / Moody’s / Fitch)
- Established as charity
- The World Bank is IFFIm’s Treasury Manager
- Sound and prudential financial policies
Unique features of IFFIm

- Legally binding donor pledges
- Highly rated grantor countries
- Innovative & effective financing instrument
- Favourable Eurostat ruling
Eurostat ruling is beneficial to donors

- **Favourable balance sheet treatment of pledges**
  - Donor commitments attributed at the time of pledging
  - However, pledges are not reflected in government deficits until year they are due
- **IFFIm bonds do not count as donor debt**
IFFIm’s role within Gavi

- IFFIm was created in 2006 to rapidly accelerate the availability and predictability of funds for immunisation ("frontloading")
- IFFIm provides flexibility, allowing Gavi to de-link its vaccination programs from when pledges are paid in
Importance of IFFIm to Gavi

- **Secures long-term funding visibility & predictability**
  - Gives implementing countries greater confidence in Gavi’s programmatic commitments

- **Provides Gavi with operational cash flow flexibility**
  - Gavi is able to draw down funds when they are needed the most: Frontloading resources over short period, or smaller drawdowns over longer term

- **Provides market shaping potential**
  - Gavi is in a better position vis-à-vis vaccine suppliers
IFFIm’s Board

- Six directors with extensive finance and capital markets experience

René Karsenti
IFFIm Chair
President of the International Capital Market Association (ICMA)

Cyrus Ardalan
Vice Chairman, Barclays Bank
Former Vice Chairman and Head of Public Sector for EMEA of Barclays Capital

Didier Cherpitel
IFFIm Audit Committee Member
Former Chairman & MD, JP Morgan
Former Secretary General & CEO of the International Federation of the Red Cross and Red Crescent

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2. Financing immunisation
IFFIm’s funding mechanism

- **Government donors**
- Long-term financial pledges

- **IFFIm**
- Bonds
- Capital market investors

- The World Bank

- **Gavi**
- Immunisation programmes
World Bank as Treasury Manager

- Execution of IFFIm funding programme
- Liquidity management
- Asset and liability management
- Management of gearing ratio
- Accounting and reporting
- Donor payment tracking / cash management
Long-term donor commitments

New pledges from France, the Netherlands, Australia, and Brazil are in the process of being finalised. These pledges will bring the total amount of donor commitments to IFFIm up to US$6.5 billion.
IFFIm frontloading / financial flexibility

- Enables IFFIm to issue bonds to create immediate funds for Gavi

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Bridging countries, donors & investors

- 73 Gavi-supported countries
- 9 donors
- 29 bond transactions
US$500 mm raised through vaccine sukuk

- Inaugural sukuk on 27 November 2014:
  - Largest sukuk al-murabaha issuance in public markets
  - Largest inaugural sukuk by a supranational
  - First ever socially responsible sharia-compliant financing to save children’s lives
  - Strong investor demand, 85% of investors new to IFFIm

- Success of the sukuk afforded Gavi increased engagement in the Middle East
IFFIm recognised widely for innovation

- Cited as “SRI Innovation of the Decade” by mtn-i
- Recognised by the G8 and the WHO as an innovative financial solution for catalysing development
- Numerous award-winning bond issuances
- Shortlisted to FT/IFC Transformational Business Award 2015
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3. Impact
Examples of Gavi’s use of IFFIm proceeds

- **Maternal and Neonatal health**
  - Tetanus elimination: US$ 61.4 million

- **Emergency campaigns**
  - US$ 90 million: Yellow fever initiative
  - US$ 139 million: Measles initiative

- **New vaccines**
  - US$ 1.3 billion: 5-in-1 pentavalent vaccine

**Total disbursed since 2006**: US$ 2.5 billion
**IFFIm’s impact: Pentavalent**

<table>
<thead>
<tr>
<th>Issue</th>
<th>IFFIm’s contribution</th>
<th>Result</th>
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</table>
| Five diseases kill ~1 million people every year  
diphtheria, tetanus, pertussis, *haemophilus influenzae* type B (Hib), hepatitis B | - IFFIm helped establish pentavalent programme by financing >90% of initial vaccines  
- Gavi now able to procure penta for as low as only $1.19 a dose  
- Total IFFIm support now at US$ 1.3 billion | ~ 14.5 million children immunised  
~ 207,000 future deaths prevented (2006-2013)  
All 73 Gavi countries have introduced pentavalent vaccine |
### IFFIm’s impact: Maternal neonatal tetanus

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<td>A newborn dies every nine minutes due to unsanitary delivery resulting tetanus infection</td>
<td><strong>US$ 61.4 million to fight the disease, including sustaining elimination efforts</strong></td>
<td>Supported the immunisation of 40 million women</td>
</tr>
<tr>
<td>Two doses of tetanus toxoid vaccine will protect mother and child</td>
<td></td>
<td>Elimination of maternal neonatal tetanus in ~ 20 countries</td>
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### IFFIm’s impact: Emergency immunisation campaigns

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| African resurgence of Yellow Fever  
~200,000 cases  
~30,000 deaths | - US$ 90 million to the Yellow Fever Initiative  
- US$ 139 million to the Measles Initiative for targeted mass campaigns against these diseases | Helped reach approx. 70 million people, reducing burden of yellow fever by ~27%  
500,000 future deaths averted are expected from Gavi-funded measles campaigns |
| Measles continues  
145,700 measles deaths annually | | |
### IFFIm works for...

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<td>Able to efficiently draw down over US$2.5bn thus far for vaccine purchases and health systems strengthening</td>
<td>Making a significant immediate impact to immunising children and saving lives</td>
<td>Able to participate in award-winning socially responsible investment with attractive risk-weighted returns</td>
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<td>Since its inception, IFFIm has accounted for over a third of Gavi’s programme funding</td>
<td>IFFIm has in aggregate been able to raise financing at a lower funding cost than the weighted composite cost of donors</td>
<td>Successfully raised US$5bn through 29 transactions in six currencies since 2006</td>
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Future of IFFIm

- IFFIm has proven to be a one-of-a-kind, unique funding instrument for Gavi, providing it with long-term predictable and flexible funding
  - IFFIm is currently projected to provide US$ 1.2 billion to Gavi in 2016-2020

- Looking ahead, there are several areas where IFFIm could potentially play an important role, including:
  - Funding to accelerate development and rollout of new vaccines, including possibly malaria
  - Emergency responses
  - Funding to support new projects and initiatives
  - Potentially deploying IFFIm to address broader development needs