Section A: Introduction

- This report provides an overview of IFFIm’s contribution to Gavi and its role in the 2021-2025 replenishment.
- IFFIm is an innovative financing mechanism with strong donor support and recognised as a pioneer in socially responsible investing
- IFFIm is expected to provide US$ 1.475 billion in assured resources for 2021-2025 period with added value through its financial flexibility.
- IFFIm’s existing resources will be nearly exhausted by the end of the 2021-2025 period and its financial strength compromised from 2024.
- A replenishment of US$ 500 - US$ 1 billion will enable Gavi to fully meet its flexible funding needs and retain IFFIm’s effectiveness as a financing mechanism for the next strategic period.

Annexes

Annex A: IFFIm Chair report
Treasury manager:

IFFIm Chair’s report

Gavi Board meeting

Cyrus Ardalan
Chair, IFFIm Board of Directors
Delhi, 4-5 December 2019

Treasury manager:
IFFIm Chair Report

AGENDA

Benefits of IFFIm
IFFIm support for the Gavi 2021-2025 Investment Opportunity
IFFIm’s place in Gavi’s replenishment
IFFIm resources
Replenishing IFFIm
Concluding comments
Benefits of IFFIm

- IFFIm has made a significant contribution to Gavi and IFFIm’s donors
- For Gavi
  - Funding to scale up vaccine programmes
  - Flexibility
  - Market shaping
- For donors
  - Managing budgetary impact using an alternative to direct funding
  - Allowing flexibility to utilise funds as needed through front loading
  - Having an innovative and adaptable financial mechanism with multiple applicability: CEPI, guarantees
  - Hedging long-term currency risk
IFFIm support for the Gavi 2021-2025 Investment Opportunity

- IFFIm is projected to provide Gavi with US$ 1.47 billion for the 2021-2025 period
- IFFIm’s value added is its ability to provide financial flexibility
- This flexibility allows Gavi to respond when needs materialise
IFFIm’s place in Gavi’s replenishment

- Gavi’s anticipated need for flexible spending in the 2021-2025 period is US$ 2.5 - 3 billion

- Time-flexible spending is best matched by equally flexible financing commitments
IFFIm resources

IFFIm resources will be nearly exhausted by the end of the 2021-2025 period

Limited financing capacity

Frontloading capacity below minimum benchmark issue

US$ million

0 300 600 900 1,200

2021 2022 2023 2024 2025 2026 2027 2028 2029 2030-37

Current pledges  Frontloading capacity

Annex A
Replenishing IFFIm

- Incremental pledges of a minimum of US$ 500 million and up to US$ 1 billion over 10 years recommended
  - Provide Gavi resources to meet the higher end of the flexible spending needs (US$ 3 billion)
  - Maintain operational continuity

<table>
<thead>
<tr>
<th>New pledges</th>
<th>Estimated amount available to Gavi</th>
<th>Capital markets efficiency decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021-2025</td>
<td>2026-2030</td>
</tr>
<tr>
<td>No replenishment</td>
<td>1.5 billion</td>
<td>0.1 billion</td>
</tr>
<tr>
<td>US$500 million</td>
<td>1.9 billion</td>
<td>0.2 billion</td>
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<tr>
<td>US$1 billion</td>
<td>2.2 billion</td>
<td>0.3 billion</td>
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</tbody>
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Concluding comments

- IFFIm continues to play a significant role in Gavi’s 2021-2025 Investment Opportunity

- However, with a diminished asset base from around 2024, IFFIm may not have efficient access to the capital markets

- Similarly, IFFIm’s financial strength may be significantly compromised and its sustainability could be called into question

- Long-term pledges of US$ 500 million to US$ 1 billion would match IFFIm’s financial flexibility with Gavi programmes that require flexible resources and would enable IFFIm to remain relevant for Gavi post 5.0
THANK YOU