GAVI ALLIANCE

THE WORLD BANK

IFFIm

SUPPORTING GAVI

INNOVATIVE FINANCE

The International Finance Facility for Immunisation (IFFIm)

Bringing together capital market investors and children in the world's poorest countries. **Both benefit.**

June 2013

The challenge

In the developed world, protection from disease through immunisation is taken for granted. But every year in poorer countries, some 22 million children miss out on vaccinations against the most common diseases, making them vulnerable to sickness, disability and death.

One in five of all children who die before the age of five lose their lives to vaccine-preventable diseases such as diphtheria, pneumonia, diarrhoea and yellow fever – a massive and inexcusable loss of human potential.

One of the main reasons for this global failure is a lack of predictable funding that allows developing countries to plan and implement programmes to protect and improve their children's health.

"Supporting children's immunisation is undoubtedly the best investment we've ever made."

Bill Gates
The Bill & Melinda Gates Foundation

The solution

The International Finance Facility for Immunisation (IFFIm) exists to rapidly accelerate the availability and predictability of funds for immunisation.

The funds raised by IFFIm are used by the GAVI Alliance, a public-private partnership working to reduce vaccine-preventable deaths and illness among children.

The GAVI Alliance provides funds to purchase and deliver vaccines and strengthen health services in the world's poorest countries, saving lives and protecting people's health against disease.

"IFFIm is building a remarkable bridge between investors and children in the world's poorest countries. It is about the efficient mobilisation and application of life-saving funds through creativity and partnership."

David Ferreira
Managing Director for Innovative Finance, GAVI Alliance

US$ 6.3 billion in donor commitments[1]

United Kingdom
US$ 2.98 billion over 23 years[2]

France
US$ 1.72 billion over 20 years

Italy
US$ 635 million over 20 years

Norway
US$ 264 million over 15 years

Australia
US$ 256 million over 20 years

Spain
US$ 240 million over 20 years

The Netherlands
US$ 114 million over 8 years

Sweden
US$ 38 million over 15 years

South Africa
US$ 20 million over 20 years

Brazil
US$ 20 million over 20 years[3]

1. IFFIm pledges are expressed in US$ equivalent amounts of national currency calculated using prevailing exchange rates around the time each grant agreement is signed.
2. The UK has also agreed to match US$ 54 million in new pledges from Italy and Brazil.
3. Brazil's grant agreement is pending.

IFFIm's donors (opposite) have together pledged more than US$ 6.3 billion to IFFIm.

IFFIm issues bonds in the capital markets, converting the long-term government pledges into immediately available cash resources. The pledges are used in part to repay IFFIm bondholders.

The World Bank acts as Treasury Manager to IFFIm. From 2006 to 2012, IFFIm has raised more than US$ 4.55 billion from institutional and individual investors at an average interest cost of 0.83%.

"IFFIm is a catalytic success story, and one that is constantly attracting new members," notes the official G8 report from the May 2012 meeting at Camp David. The report describes IFFIm as part of a "game changing" effort for global immunisation.

"Life or death for a young child too often depends on whether he is born in a country where vaccines are available or not."

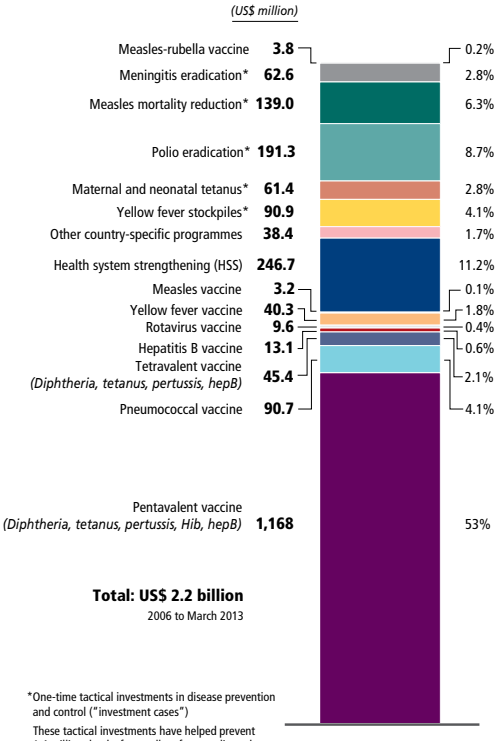
Nelson Mandela
Former President of South Africa & Chairman Emeritus, the GAVI Alliance

Results

The GAVI Alliance has helped vaccinate more than 370 million children in the past decade, saving more than 5.5 million lives. This would not have been possible without IFFIm.

Since IFFIm began in 2006, IFFIm funding has allowed GAVI to nearly double its expenditures in health programmes. In total, US$ 2.2 billion in IFFIm funding already has been disbursed to support vaccine purchase and delivery for 70 developing countries.

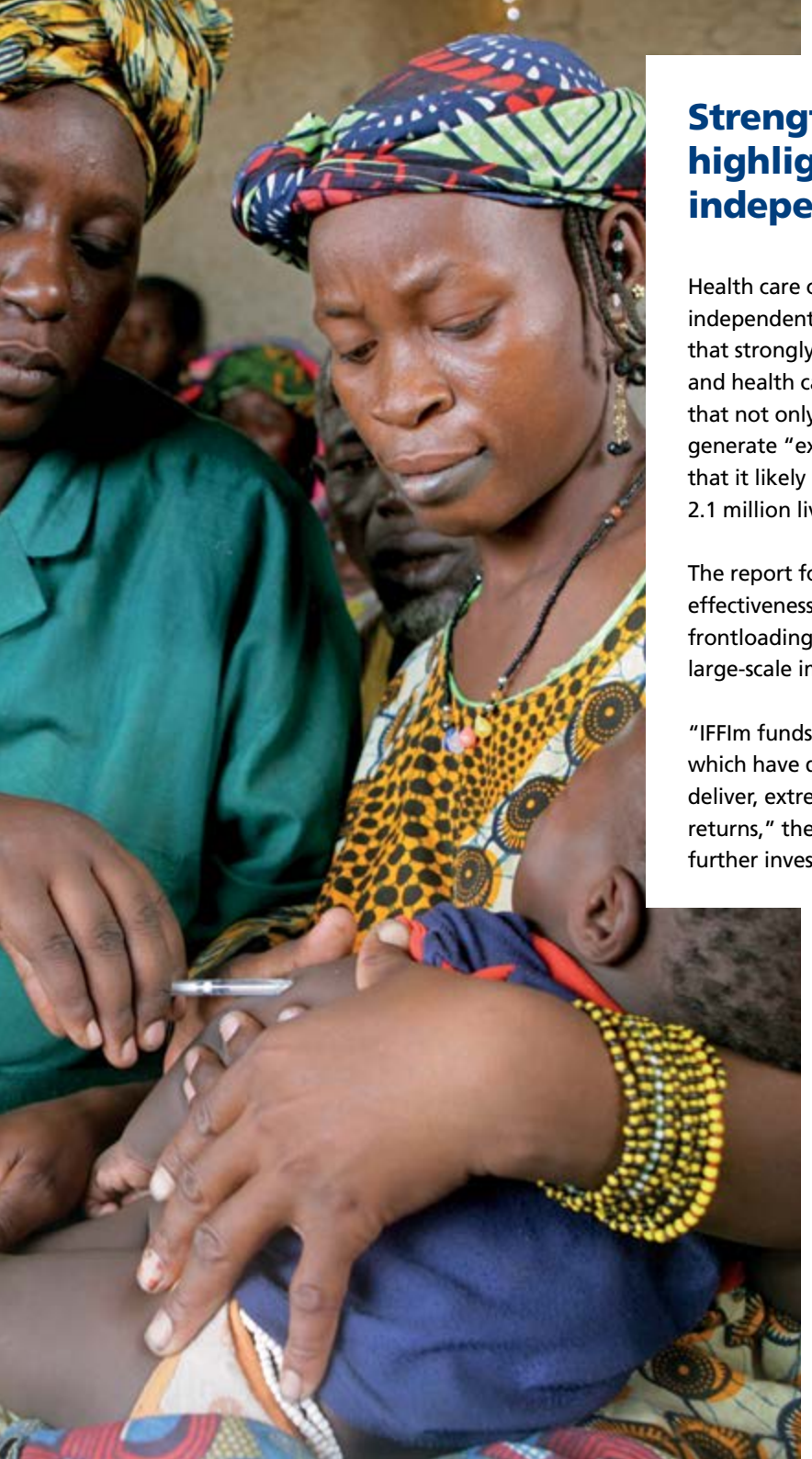
GAVI disbursements of IFFIm funds



Total: US$ 2.2 billion
2006 to March 2013

*One-time tactical investments in disease prevention and control ("investment cases")

These tactical investments have helped prevent 1.4 million deaths from yellow fever, polio and measles. Such dedicated funding has also played a significant role in combating 600,000 cases of meningitis and maternal and neonatal tetanus.



Strength of IFFIm highlighted in independent evaluation

Health care consulting firm HLSP issued an independent evaluation of IFFIm in July 2011 that strongly commended its financial model and health care results. The report noted that not only do IFFIm-funded investments generate "extremely good returns," but also that it likely helped GAVI save more than 2.1 million lives.

The report focused on IFFIm's cost-effectiveness, particularly the benefits of frontloading and its impact on creating large-scale immunity.

"IFFIm funds have been spent on activities which have delivered, or seem likely to deliver, extremely good development returns," the evaluators note. "The case for further investment through IFFIm is strong."

"IFFIm has delivered… The model is clearly robust."

Independent evaluation of IFFIm by HLSP, July 2011

IFFIm's flexible financing provides funds when needed, not just when available

IFFIm provides certainty of funding for both GAVI and recipient countries, aiding long-term planning and short-term needs. For example, US$ 545 million in proceeds from IFFIm funded tactical purchases that helped prevent 1.4 million deaths from yellow fever, polio and measles. Dedicated IFFIm funding also played a significant role in combating 600,000 cases of meningitis and maternal and neonatal tetanus.

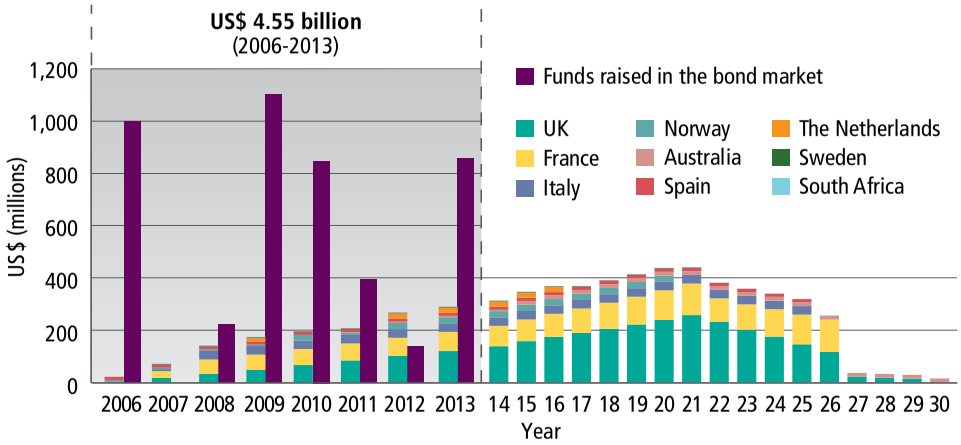
Financing blockbuster vaccine introductions

In addition, IFFIm helped GAVI fund breakthrough vaccines quickly and securely. IFFIm financed more than 90% of the guaranteed payment to UNICEF for initial doses of pentavalent, which immunises against five infectious diseases: diphtheria, tetanus, pertussis, *haemophilus influenzae* type B (Hib) and hepatitis B. GAVI could not have made that commitment and upfront cash payment without IFFIm.

"IFFIm not only provides a market-based return. It saves lives. This is proven."

René Karsenti
IFFIm Board Chair

Long-term commitments enable frontloading of vaccine bonds*



* 9 donor countries currently provide legally binding commitments to IFFIm scheduled over periods up to 2030

Source: World Bank, March 2013

IFFIm works:

...for immunisation: Making long-term government pledges available as immediate cash through bond sales produces a "frontloading" effect ideal for vaccination procurement and delivery. This ensures a near-term positive impact on public health that strengthens and protects future generations.

...for GAVI: IFFIm has helped GAVI nearly double its spending on vaccines, providing US$ 2.2 billion for vaccine purchases and health systems strengthening.

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

...for donors: IFFIm has exceeded expectations by historically achieving lower borrowing costs than a weighted composite of its donors and provided funding, timing and accounting benefits to them.

The GAVI Alliance is a public-private global health partnership committed to saving children's lives and protecting people's health by increasing access to immunisation in poor countries. The Alliance brings together developing country and donor governments, the World Health Organization, UNICEF, the World Bank, the vaccine industry in both industrialised and developing countries, research and technical agencies, civil society organisations, the Bill & Melinda Gates Foundation and other private sector partners.

Since it was launched at the World Economic Forum in 2000, GAVI has prevented more than 5.5 million future deaths and helped protect 370 million children with new and underused vaccines.

www.gavialliance.org

THE WORLD BANK

The World Bank is a global development co-operative owned by 188 member countries. Its purpose is to help its members achieve equitable and sustainable economic growth in their national economies and to find effective solutions to pressing regional and global problems in economic development and environmental sustainability. The World Bank is also the treasury manager for IFFIm. In that capacity, the World Bank, as IFFIm's agent, manages IFFIm's finances according to prudent policies and standards. This includes IFFIm's funding strategy and its implementation in the capital markets, rating agency and investor outreach, hedging transactions and investment management. The World Bank also coordinates with IFFIm's donors and manages their pledges and payments as well as IFFIm's disbursements for immunisation and health programmes through the GAVI Alliance. **www.worldbank.org**

IFFIm SUPPORTING GAVI

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