



Vaccine bonds are big in Japan

The International Finance Facility for Immunisation (IFFIm) got off to a brisk start in 2008 with a successful retail offering in Japan which raised US\$ 222.8 million (ZAR 1.7 billion).

The IFFIm “vaccine bonds” attracted great interest in Japan. The Uridashi bonds (foreign bonds sold to Japanese retail investors) were purchased mainly by investors aged 50 and over.

Purchasers included both men and women in equal numbers and 40 percent of the bonds were bought by people living in the Kanto region of Japan – home of the capital, Tokyo.

The two-year issue was arranged by Daiwa Securities SMBC Co. Ltd., the wholesale securities firm under Daiwa Securities Group, and distributed by Daiwa Securities to Japanese investors.

The “vaccine bonds” offered to Japanese investors were denominated in South African Rand (ZAR). The transaction was the largest South African Rand denominated bond to date in Japan’s retail market.

Daiwa received more than 10,000 orders and the bonds were fully sold during the six-day subscription period, a considerable accomplishment for a retail transaction of this kind.

The International Finance Facility for Immunisation Company (IFFIm) is a multilateral development institution created in 2006 to accelerate the availability of predictable, long-term funds for health and immunisation programmes.

IFFIm’s financial base consists of legally binding grant payments from its sovereign sponsors, on the basis of which IFFIm issues AAA/Aaa/AAA-rated bonds in the international capital markets. The World Bank is the Treasury Manager for IFFIm.

IFFIm funds are provided as grants – not loans – through the GAVI Alliance (formerly the Global Alliance for Vaccines and Immunisation) in around 70 of the world’s poorest countries. IFFIm was established as a charity with the Charity Commission for England and Wales and is registered in England and Wales as a company.

The average order size was around US\$ 20,000, but more than 45 percent of the orders were of US\$ 12,000 or less.

“Japan is a large source of funding for supranational borrowers and with this transaction IFFIm has now successfully established itself in that market. This success could not have been possible without the hard work of Daiwa, The World Bank and others, and we are very grateful to them and the Japanese public and investors for their investment in immunisation for the poorest countries,” said IFFIm Board Chairman Alan Gillespie.

“Being part of IFFIm’s debut in the Japanese market is a special opportunity. We thank Daiwa and its clients for enthusiastically supporting this bond as they have supported World Bank bonds for so many years. IFFIm brings together sovereign capital, World Bank expertise and the GAVI immunisation programmes to make a difference in millions of lives,” said Doris Herrera-Pol, Director and Global Head of Capital Markets of the World Bank.



IFFIm donors, board members and GAVI staff at the IFFIm donors meeting in Cape Town, South Africa on 27 November 2007

Donor update

IFFIm donor commitments so far

United Kingdom	£ 1,380,000,000 over 20 years
France	€ 1,239,960,000 over 20 years
Italy	€ 473,450,000 over 20 years
Spain	€ 189,500,000 over 20 years
Sweden	SEK 276,150,000 over 15 years
Norway	US\$ 27,000,000 over 5 years
South Africa	US\$ 20,000,000 over 20 years

Other donors are expected to follow suit. Brazil, for example, has announced that it will commit \$20 million over 20 years

IFFIm was originally launched with six founding donors in 2006: France, Italy, Norway, Spain, Sweden and the United Kingdom. South Africa joined in March 2007. Efforts continue by IFFIm and the GAVI Alliance Secretariat to broaden the donor group.

For example, GAVI is working with UNITAID to advocate for parliamentary approval of Brazil's pledge of US\$20 million to IFFIm, as well as the air solidarity levy financing for UNITAID – this in view of the fact that both pledges are covered by the same draft bill in Parliament. In April, a joint UNITAID-GAVI delegation briefed Members of Parliament in Brasilia with the help and support of the Brazilian Ministry of External Relations.

Since the launch of IFFIm, the Chairman of the IFFIm Board, Alan Gillespie, together with members of the GAVI Secretariat have been actively reaching out to potential new IFFIm donors. Briefings have now taken place with senior government officials in Russia, Denmark, Finland, Ireland and the Netherlands. IFFIm and GAVI strongly welcome IFFIm donors joining these outreach efforts in donor capitals as members of the IFFIm delegation.

[Jiji Press](#) > [Nikkei](#) > [Fuji Sankei Business Eye](#) > [TV report NHK](#) > [TV Asahi's](#) > [Financial Times](#) > [Reuters](#) > [Agence France Presse](#) > [Bloomberg](#)
> [Time Asia](#) > [Forbes magazine](#) > [the American Chamber of Commerce Journal](#) > [FinancialWeek](#) > [Forbes.com](#) > [San Diego's Union Tribune](#) > [Nature Medecine](#)

IFFIm in the news

Media interest in IFFIm was particularly high in the first quarter of 2008 mainly, but not only, due to the second IFFIm bond offering in March.

A significant number of Japanese financial journalists attended a Daiwa Securities briefing in Tokyo resulting in wide-ranging coverage of the Uridashi "vaccine bond" including articles in Jiji Press, Nikkei, Fuji Sankei Business Eye, a TV report on NHK and multimedia reports on TV Asahi's website.

Foreign correspondents from the Financial Times, Reuters, Agence France Presse, Bloomberg, Time Asia, Forbes magazine and the American Chamber of Commerce Journal also covered the event resulting in very positive media coverage. The denomi-

nation of the Uridashi offering – South African Rand – also attracted some attention from the financial media in South Africa.

An op-ed by IFFIm Board member Arunma Oteh and the World Bank's Joy Phumaphi about IFFIm's success ran in four newspapers.

Since March, IFFIm Board Chairman Alan Gillespie has also been featured in a special Reuters interview picked up by Financial Week, Forbes.com and San Diego's Union-Tribune as well as another interview by Nature Medicine, a science magazine sold mainly in the United States.

In total, IFFIm was mentioned in more than 40 significant media outlets in the first quarter alone.

Why we want our children to be immunised



UNICEF ETHIOPIA / ANDRIAS GETACHEW



GAVI / Z007 / EDY PURNOMO



GAVI / Z007 / MITHRA WERAKONE



GAVI / Z007 / KATHERINE BRISBOIS

*"Brucktayet is my fifth child, and she is five months old," explains Meseret Teshome from **Ethiopia**. "I have made sure that she is vaccinated because I want her to be healthy. We don't have much money, and when the children are healthy we can spend the little money we have on clothes or school-books instead of doctors and medicines."*

*"Naila Nur Fatimah is 10 months old and my third child," says Nur Isnaini from **Indonesia**. "All my children have all their vaccines, because I know that vaccines boost their immune system and help them stay healthy. Health is important because it is like capital for the children. With health they don't just stay alive, they can do well at school and achieve their aspirations."*

*"Tarini Anupaja is our first child, and he is two months old," explains Nalini Geethika from **Sri Lanka**. "We will make sure that he gets all the vaccines because they prevent sickness, and we would like our son to have a healthy, long life. Don't all parents? It will help him to be happy and achieve his goals."*

*"My son Dennis is my fourth child, but only three are still alive," says Harriet Bamoo from **Ghana**. "I want to make sure that my children are as healthy as possible and I know that vaccines can help that. When Dennis grows up, I want him to be a great man! Maybe a pilot, or a doctor. Something great anyway!"*

One vaccine protects children against five killer diseases

More than 50 million children will have been immunised with the latest pentavalent vaccine (five antigens in one injection) by the end of 2008, according to GAVI projections. The vaccine offers protection against diphtheria, tetanus, pertussis, hepatitis B, and *Haemophilus influenzae* type b (also known as Hib).

A total of 49 GAVI-eligible countries have now been approved for introduction

of this life-saving vaccine, which will be paid for largely out of money raised by IFFIm.

Strong communication and advocacy efforts, the availability of long-term predictable financing, such as that provided by IFFIm, and a new, convenient, liquid combination vaccine have all been significant factors in increasing demand for the pentavalent vaccine.

Building on success

IFFIm's goal is to provide US\$4 billion for immunisation between 2006 and 2015. Every year, nearly 27 million infants are not vaccinated against the most common childhood diseases and 2 to 3 million children die annually from easily preventable diseases.

One year after its launch, the impact of the International Finance Facility for Immunisation is clearly visible. The first-ever global bond issuance for development has proved its value in concrete gains for health.

By the end of 2007, US\$862 million had been disbursed – almost 90% of the total proceeds of the first bond issuance. The funding supported both “core” GAVI programmes to support immunisation and health development, plus a range of special one-time investments in disease eradication or control through operations run by GAVI's partners.

In its second year, IFFIm continues to maintain solid financial results. After the initial US\$1 billion bond issued in 2006, a second issuance was completed in Japan and an additional US\$222.8 million was raised.

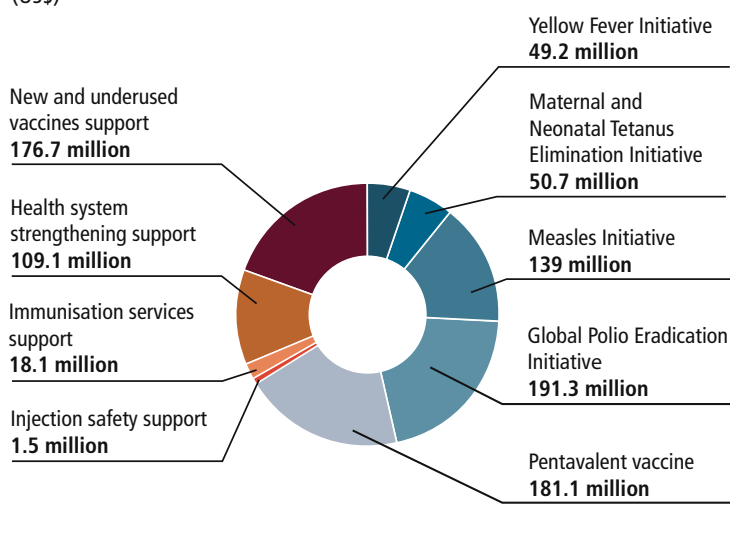
As at March 31, 2008 IFFIm approved programme funding totalling US\$1.32 billion and of that approved amount, US\$917 million had been used. In the first quarter of 2008 alone, US\$53 million of IFFIm funds were disbursed. A large percentage of this amount was used to pay for health system strengthening and new and underused vaccines.

The outlook for IFFIm spending remains strong. As at June 2008, total cumulative approved programmes are expected to reach US\$1.491 billion, two thirds of which has already been disbursed and the rest of which should be fully disbursed over the next 18 months.

With the long-term commitment from many countries and future bond issuances, IFFIm allows GAVI to double its support to implementing countries.

IFFIm spending 2006 to March 2008

(US\$)



The GAVI Alliance is a unique partnership of public and private sector actors with a single, shared focus: to improve child health in the poorest countries by extending the reach and quality of immunisation coverage within strengthened health services.

GAVI's partners include UNICEF, WHO, the World Bank, civil society organisations, public health institutions, donor and implementing country governments, the Bill & Melinda Gates Foundation, other private philanthropists, vaccine industry representatives, IFFIm, the financial community and others whose collective efforts and expertise are enabling much greater progress to be made in this field than ever before.

The World Bank is Treasury Manager for IFFIm. In that capacity, the World Bank 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.

For the latest information
please see
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