



Innovative financing to save more lives, faster

# The International Finance Facility for Immunisation **VACCINE BONDS**

Treasury manager:





# The International Finance Facility for Immunisation **VACCINE BONDS**

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# 1. Financing immunisation



***“ A child not immunised today may be a life lost tomorrow. Let’s invest in life now. ”***

Cyrus Ardalan, IFFIm Board Chair

# Overview of financing immunisation

Since 2006, **IFFIm** raises money for **Gavi**, by issuing **Vaccine Bonds** in the capital markets and repaying these bonds with long-term donor pledges



## For Gavi

- accelerates the rate of immunisation in poor countries: saving more lives, faster
- reduces vaccine prices and secures supply by increasing long-term funding predictability



## For investors

- portfolio diversification and attractive risk-adjusted returns
- an award-winning socially responsible investment



## For donors

- significant immediate impact to immunising children & saving lives
- IFFIm has in aggregate been able to raise financing at a lower funding cost than the weighted composite cost of donors

# The world's immunisation challenge

**132 million** children are born worldwide each year



but **almost 20 million** are not fully vaccinated



It can take **15+ years** for a vaccine introduced in wealthy countries to reach low-income countries.

Because of inequity, many children never have access to life-saving vaccines.



As many children as born each year in Germany, Italy & Spain combined

**1.7 million** will then die from diseases that vaccines prevent

# Gavi addresses the challenge

Gavi is a public-private global health partnership

The Alliance was created in 2000 to address stagnating and declining immunisation rates in the poorest countries



# IFFIm's funding mechanism



**Government donors**  
Long-term financial pledges

IFFIm is the only aid-financing entity in history to secure legally binding commitments of up to 20 years from donors



IFFIm's funding structure makes large volumes of funds immediately available for **Gavi's vaccination programmes**



**Capital market investors**  
  
**THE WORLD BANK**

The World Bank is IFFIm's treasury manager

# The IFFIm partnership

## 1. DONORS

Long-term pledges from 10 sovereign governments enable IFFIm to raise money in the capital markets

GOVERNMENTS



GOVERNANCE



## 2. IFFIm BOARD OF DIRECTORS

IFFIm's Board reviews disbursement of funds and is responsible for funding decisions

## 4. GAVI

As the sole beneficiary of IFFIm funds, Gavi accelerates access to immunisation for children in poor countries

BENEFICIARY



MANAGEMENT



## 3. THE WORLD BANK











As IFFIm's treasury manager, the World Bank manages IFFIm's finances to the same prudent standards as it does its own finances

IFFIm



# IFFIm donors

**IFFIm Vaccine Bonds** are backed by long-term, irrevocable and legally binding pledges from ten sovereign governments:

Country	Amount committed (US\$m equiv.)	Grant Period
 United Kingdom (AA/Aa2/AA)	2,980	23 years
 France (AA/Aa2/AA)	1,884	20 years
 Italy (BBB/Baa3/BBB)	635	20 years
 Australia (AAA/Aaa/AAA)	284	20 years
 Norway (AAA/Aaa/AAA)	264	15 years
 Spain (A-/Baa1/A-)	240	20 years
 The Netherlands (AAA/Aaa/AAA)	181	10 years
 Sweden (AAA/Aaa/AAA)	38	15 years
 South Africa (BB+/Baa3/BB+)	20	20 years
 Brazil (BB-/Ba2/BB-)	20	20 years
<b>Total</b>	<b>6,546</b>	

# IFFIm's Board of Directors

**IFFIm's Board is comprised of six directors with extensive backgrounds in banking, capital markets and development finance**



## **Cyrus Ardalan (Chair)**

Cyrus is Non-Executive Chairman of Citigroup Global Markets and Chairman of OakNorth Bank. Previously he was a Vice Chairman of Barclays, serving in several key roles in government relations, emerging markets and investment banking.



## **Fatimatou Zahra Diop**

Fatimatou retired as Secretary General of the Central Bank of West African States (BCEAO) then co-founded Afrivac which works with public & private sector partners to promote strengthening African countries' budgets.



## **Marcus Fedder (Audit Committee Chair)**

Marcus is the former Vice Chair of TD Securities and former Treasurer of the European Bank for Reconstruction and Development. He holds a PhD in politics from the Freie Universitaet Berlin.



## **Doris Herrera-Pol**

Doris is recently retired from the World Bank where she was the global head of capital markets. Before joining the World Bank, Doris conducted sovereign debt negotiations for the Dominican Republic.



## **Bertrand de Mazières**

Bertrand is Director General for Finance at the European Investment Bank. He has been in French public administration, financial market regulatory authorities and International Financial Institutions since 1982.



## **Helge Weiner-Trapness**

Helge is Founding Partner of Quintus Partners providing investment advisory and capital raising services. He spent 14 years in Hong Kong where he was most recently Managing Director and Co-Global Head of the Financial Institutions Group at Barclays.

# The World Bank is IFFIm's treasury manager

The World Bank's triple A rating, 70 years of experience in capital markets and prudent financial management help ensure IFFIm's long-term stability. The World Bank manages IFFIm's financial operations.

Execution of IFFIm  
funding program

Accounting  
and reporting

Donor payment tracking  
Cash management

**THE WORLD BANK**

Liquidity management  
services

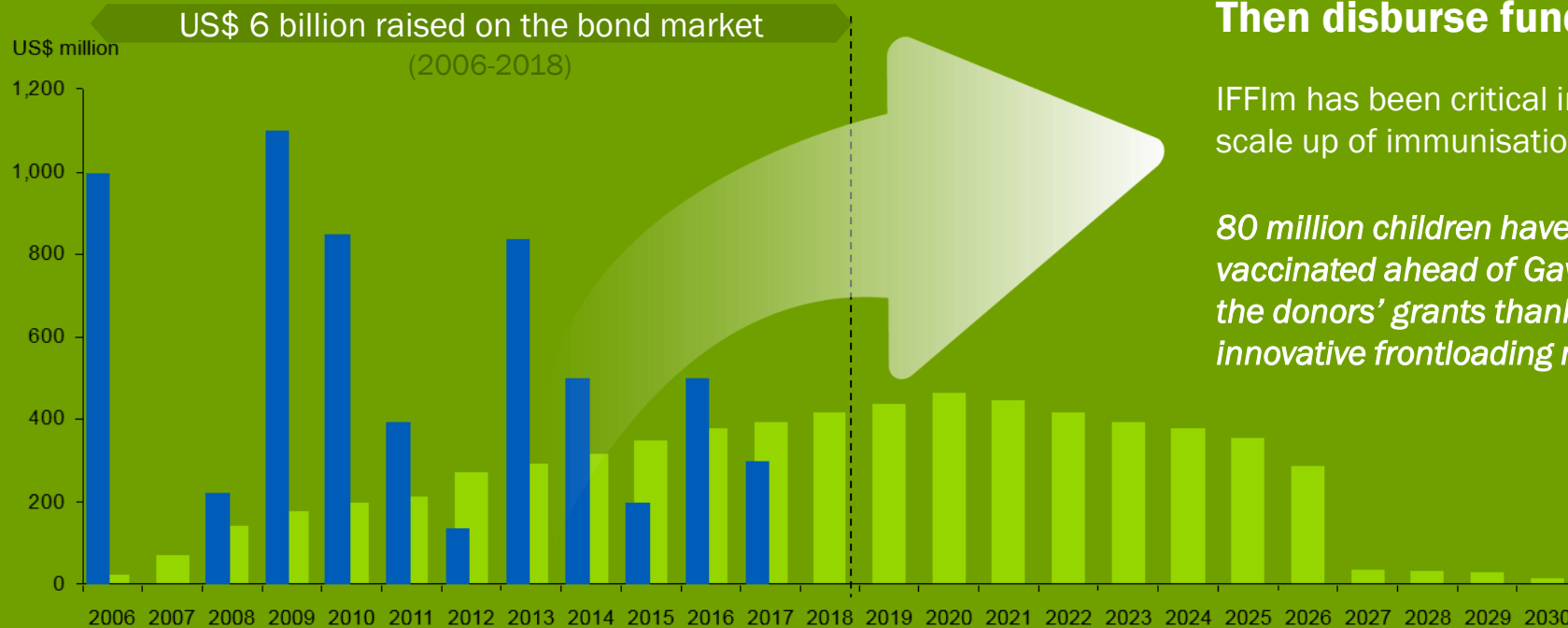
Asset and liability  
management

Management of  
gearing ratio

# IFFIm – a single purpose issuer of social bonds

**Long-term commitments** from ten donor countries

**Enable IFFIm to issue Vaccine Bonds**



**Then disburse funds to Gavi**

IFFIm has been critical in the rapid scale up of immunisation

*80 million children have been vaccinated ahead of Gavi receiving the donors' grants thanks to IFFIm's innovative frontloading mechanism*

As of 2016. Excludes pledges from Brazil which are pending

# IFFIm Vaccine Bond offers to date

**Annual funding volume** depends on needs for immunisation programmes in partner countries and refinancing needs for maturing debt

**IFFIm sells bonds** to retail and institutional investors and issues a variety of transactions ranging from larger, more liquid issues to smaller, more targeted bonds

**Average maturity is 3-5 years**

Year	Bond	US\$m equiv.
2006	Inaugural USD Benchmark (USD)	1,000
2008	Uridashi (ZAR)	223
2009	Uridashi (AUD/ZAR/NZD)	429
2009	Dual Tranche Retail & Institutional (GBP)	400
2009	Uridashi (USD/AUD) & (ZAR/AUD)	273
2010	Uridashi (ZAR) & (AUD/BRL/ZAR) & (AUD)	422
2010	AUD Kangaroo Bond Benchmark (AUD)	395
2010	Eurobond (AUD)	34
2011	Uridashi (BRL) & (AUD/BRL/ZAR)	394
2012	Uridashi (AUD/ZAR) & (AUD)	137
2013	Uridashi (TRY/ZAR)	139
2013	Floating Rate USD Benchmark (USD)	700
2014	Inaugural sukuk (USD)	500
2015	Sukuk (USD)	200
2016	Floating Rate USD Benchmark (USD)	500
2017	Floating Rate USD Benchmark (USD)	300

Total 6,046

## 2. IFFIm's financial strength



**“ What makes IFFIm unique is the combination of financial strength with moral purpose – enabled by financial innovation ”**

Gordon Brown, Former Prime Minister of the UK



# IFFIm's Balance Sheet

**IFFIm maintains a conservative balance sheet**

## Assets

Sept 2018 (unaudited)	US\$m
Sovereign pledges	2,239
Funds held in trust	845
<b>Total Assets</b>	<b>3,084</b>

## Liabilities

Sept 2018 (unaudited)	US\$m
Bonds payable	884
Grants payable	507
Other liabilities	565
<b>Total Liabilities</b>	<b>1,956</b>
<b>NET ASSETS</b>	<b>1,128</b>

# Unique features ensure high credit strength

## Highly rated grantor countries

- The UK is the largest donor, pledging around 50% of remaining donor payments
- France, Italy, Australia, and Spain remaining pledges of 31%, 7%, 6%, 3% respectively as of Dec. 2018

## Treasury management by the World Bank

- Treasury assets are conservatively invested
- Foreign exchange risk is fully hedged

## Conservative financial policies

- Liquidity buffer under which IFFIm must maintain a portfolio of liquid assets that cover debt service over the next 12 months
- Maximum leverage limit at 70.3% as of 4Q 2018
- Gearing ratio at the end of 2018 was 7.8%

## Innovative & effective financing instrument

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

## Legally binding pledges

- Irrevocable and legally binding pledges to provide grants to Gavi, the Vaccine Alliance

## Strong donor commitment

- Donors committed to disburse grants over more than 20 years up to 2030
- Nominal value of pledges totaled US\$6.5bn as of December 2018



# Credit rating linked to donor ratings

IFFIm ratings by:

**Fitch Ratings** AA (negative outlook)

**Moody's** Aa1 (stable)

**S&P** AA (negative outlook)

Close link of IFFIm's ratings to ratings of largest donors:

**Moody's (Jan 2019):** "Moody's decision to affirm the ratings was driven by IFFIm's strong gearing and liquidity positions and strong risk management framework..."

**Fitch Ratings (Dec 2018):** "IFFIm's ratings rely primarily on support from donors as their grant payments ultimately back the repayment by IFFIm of its bond issuance."

**S&P (Dec 2018):** "The ratings balance our view of IFFIm's policy importance and the creditworthiness of its main donor countries."



### 3. IFFIm saves lives

#### **Vaccines protect against most major child killers:**

including: pneumococcal disease, rotavirus, measles, tetanus, diphtheria and polio

#### **Vaccines provide health, social and economic gains:**

reducing death and disease, healthcare cost savings and productivity gains through improved ability to learn and work

#### **Vaccines are a highly cost-effective intervention:**

cost estimate of eradicating smallpox through immunisation: US\$ 100 million, but now saves the world US\$ 1.35 billion/year



**“ Vaccines are the simplest, most effective, most inexpensive way to save children’s lives**

Bill Gates, a Gavi founding donor



# IFFIm investments help save lives



IFFIm has helped Gavi by increasing its funding for immunisation programmes, resulting in...



**>10 million**  
lives saved

**~700 million**  
children immunised

# Help to reduce vaccine price & secure supply

The **pentavalent vaccine** is effective in eradicating five diseases\* that kill ~1 million people every year, but is expensive and was often not available where it's needed most



## IFFIm provided:

Help to establish pentavalent programme by **frontloading >90% of initial vaccines**, encouraging manufacturers to step up vaccine production and reduce its price

Total IFFIm support now exceeds **US\$ 1.3b**



## Helping Gavi:

Gavi now able to procure pentavalent vaccines for as low as **\$0.68 a dose**, a price **reduction of over 75%** since 2006

**All 73 Gavi countries** have introduced pentavalent vaccine

\* diphtheria, pertussis (whooping cough), tetanus, hepatitis B and Haemophilus influenzae type B (Hib)

# Help to prevent disease outbreaks

Outbreaks of yellow fever and measles in Africa in past years called for fast action Time. was short to vaccinate people before the disease spread.



## IFFIm provided:

**Yellow fever: US\$ 90.9 million** for emergency stockpiles of vaccines to stave off epidemics & run preventive campaigns

**Measles: US\$ 139 million** for targeted mass campaigns against the diseases



## Helping Gavi to protect:

**Over 189 million people** against yellow fever disease through campaigns and routine delivery

An additional **328 million children** against measles through campaigns

# Immunisation creates new outcomes

## Vaccination sets off a positive cycle in a child's life.

We do not usually think of vaccination as an investment, but research published in 2016 suggests that vaccination is in every sense an investment, with wider economic benefits that accrue across a lifetime



## 4. Social bond principles



“ *Socially Responsible Investment (SRI) Innovation of the Decade* ”

mtn-i, the news / analytics provider

# Vaccine bonds helped pioneer SRIs

IFFIm offers investors a **unique opportunity** to combine an attractive financial investment with an exceptional social purpose - generating a positive impact on society

## Advantages for Investors:

- Alignment with social bond principles
- Measurable impact
- Attractive risk-adjusted returns
- Portfolio diversification





# Compliant with ICMA Social Bond Principles

## SBP components

## Requirements met by IFFIm

### Use of proceeds

- Proceeds go to support Gavi's mission to accelerate the availability of life-saving vaccines for the world's most vulnerable children

### Project evaluation & selection

- Gavi's potential vaccine investments are evaluated by an Independent Review Committee (IRC), which is made up of independent technical experts, and which reports to the Gavi Board
- Gavi is responsible for the selection of immunisation and/or health systems strengthening programmes for which IFFIm provides funding

### Management of proceeds

- IFFIm is currently forecasted to disburse US\$1.3 billion to Gavi between 2016-2025
- Gavi manages the allocation, disbursement and tracking of IFFIm's proceeds in a transparent manner as per its program funding policies

### Monitoring & reporting

- IFFIm provides quarterly reports how it allocates funds to programmes, and publishes audited financial statements annually
- Gavi evaluates ongoing programmes as per its evaluation policy, and monitors and reports on its impact annually, using criteria set by its Board

# IFFIm & the UN Sustainable Development Goals

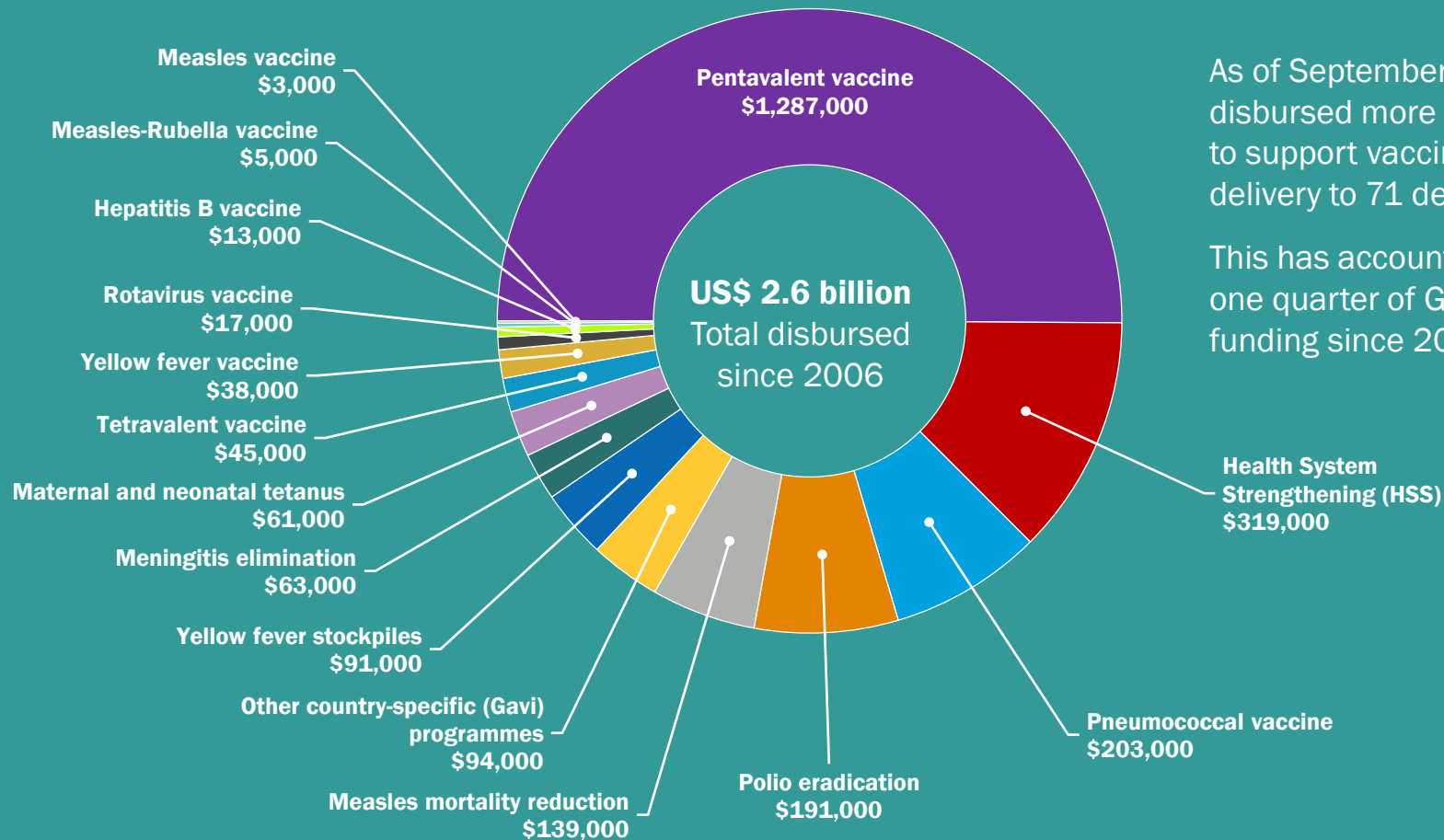


IFFIm supports Gavi's mission to save children's lives and protect people's health by increasing equitable use of vaccines in lower-income countries is directly aligned with the UN Sustainable Development Goal 3; which aims to end preventable deaths of newborns and children under 5 years of age by 2030.



The global partnership between the donors, the Board of Directors, the World Bank, Gavi and Socially Responsible Investors working for Gavi's mission is aligned with the UN Sustainable Development Goal 17 which recognises the need for stronger commitment to partnership and cooperation to achieve sustainable development.

# Gavi disbursements of IFFIm funds



As of September 2018, IFFIm had disbursed more than US\$ 2.6 billion to support vaccine purchase and delivery to 71 developing countries.

This has accounted for approximately one quarter of Gavi's programme funding since 2006.

# IFFIm widely recognised for innovation



**EUROWEEK**  
THE NEWSPAPER OF THE GLOBAL CAPITAL MARKETS

IFFIm's inaugural Uridashi bond included among the market's **25 most influential transactions** by EuroWeek



**mtn-i**

Cited as “**SRI Innovation of the Decade**”  
by mtn-i, the news / analytics provider



**Islamic Finance news**  
*Awards*  
**Deals of the Year**

IFFIm's debut Sukuk was awarded **Social Impact Deal of 2014**  
by Islamic Finance News



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DEVELOPMENT**  
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TIME FOR GLOBAL ACTION

Recognised for its role in investing in and aiding development by the **Action Agenda of the Financing Development Conference** in Addis Ababa, Ethiopia, in 2015. The Action Agenda, endorsed by representatives of the world's governments, stated:

***“...We encourage consideration of how existing mechanisms, such as the International Finance Facility for Immunisation, might be replicated to address broader development needs...”***

## 5. Contact IFFIm



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