The International Finance Facility for Immunisation

VACCINE BONDS

Innovative financing to save more lives, faster

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Treasury manager:

THE WORLD BANK
The International Finance Facility for Immunisation

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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
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

140 million children are born worldwide each year

but almost 20 million are not fully vaccinated

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

1.5 million will then die from diseases that vaccines prevent

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.
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: a tool for Gavi to save more lives

Long-term, predictable funding from IFFIm strengthens Gavi’s ability to invest large amounts as needed, encouraging more vaccine production while reducing prices.

Puts long-term funding from donor countries to work **immediately**

Frontloading resources over a shorter term, or drawing down funds over a longer period, **gives Gavi flexibility** to use funds when they are needed most.
IFFIm’s funding mechanism

**Government donors**
Long-term financial pledges

**Bonds**
Capital market investors

**The World Bank** is IFFIm’s treasury manager

**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**
The IFFIm partnership

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

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

2. IFFIm BOARD OF DIRECTORS
IFFIm’s Board reviews disbursement of funds and is responsible for funding decisions

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 Vaccine Bonds

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

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount committed (US$m equiv.)</th>
<th>Grant Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom (AA/Aa2/AA-)</td>
<td>2,980</td>
<td>23 years</td>
</tr>
<tr>
<td>France (AA/Aa2/AA)</td>
<td>1,884</td>
<td>20 years</td>
</tr>
<tr>
<td>Italy (BBB/Baa3/BBB)</td>
<td>635</td>
<td>20 years</td>
</tr>
<tr>
<td>Norway (AAA/Aaa/AAA)</td>
<td>532</td>
<td>25 years</td>
</tr>
<tr>
<td>Australia (AAA/Aaa/AAA)</td>
<td>284</td>
<td>20 years</td>
</tr>
<tr>
<td>Spain (A/Baa1/A-)</td>
<td>240</td>
<td>20 years</td>
</tr>
<tr>
<td>The Netherlands (AAA/Aaa/AAA)</td>
<td>181</td>
<td>10 years</td>
</tr>
<tr>
<td>Sweden (AAA/Aaa/AAA)</td>
<td>38</td>
<td>15 years</td>
</tr>
<tr>
<td>South Africa (BB-/Ba1/BB)</td>
<td>20</td>
<td>20 years</td>
</tr>
<tr>
<td>Brazil (BB-/Ba2/BB-)</td>
<td>20</td>
<td>20 years</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,814</strong></td>
<td></td>
</tr>
</tbody>
</table>
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.

**Bertrand de Mazières (Audit Committee Chair)**
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.

**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.

**Jessica Pulay**
Jessica is Co-Head of Policy and Markets at the UK Debt Management Office (DMO). She spent 16 years at the European Bank for Reconstruction and Development and is a trustee of the Wallace Collection.

**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.

**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.
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*
**IFFIm Vaccine Bond offers to date**

<table>
<thead>
<tr>
<th>Year</th>
<th>Bond</th>
<th>US$m equiv.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>Inaugural USD Benchmark (USD)</td>
<td>1,000</td>
</tr>
<tr>
<td>2008</td>
<td>Uridashi (ZAR)</td>
<td>223</td>
</tr>
<tr>
<td>2009</td>
<td>Uridashi (AUD/ZAR/NZD)</td>
<td>1,102</td>
</tr>
<tr>
<td></td>
<td>Dual Tranche Retail &amp; Institutional (GBP)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Uridashi (USD/AUD) &amp; (ZAR/AUD)</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>Uridashi (ZAR) &amp; (AUD/BRL/ZAR) &amp; (AUD)</td>
<td>851</td>
</tr>
<tr>
<td></td>
<td>AUD Kangaroo Bond Benchmark (AUD)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eurobond (AUD)</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>Uridashi (BRL) &amp; (AUD/BRL/ZAR)</td>
<td>394</td>
</tr>
<tr>
<td>2012</td>
<td>Uridashi (AUD/ZAR) &amp; (AUD)</td>
<td>137</td>
</tr>
<tr>
<td>2013</td>
<td>Uridashi (TRY/ZAR)</td>
<td>839</td>
</tr>
<tr>
<td></td>
<td>Floating Rate USD Benchmark (USD)</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>Inaugural sukuk (USD)</td>
<td>500</td>
</tr>
<tr>
<td>2015</td>
<td>Sukuk (USD)</td>
<td>200</td>
</tr>
<tr>
<td>2016</td>
<td>Floating Rate USD Benchmark (USD)</td>
<td>500</td>
</tr>
<tr>
<td>2017</td>
<td>Floating Rate USD Benchmark (USD)</td>
<td>300</td>
</tr>
<tr>
<td>2019</td>
<td>Sukuk (USD) private placement</td>
<td>116</td>
</tr>
<tr>
<td></td>
<td>Zero Coupon Note (NOK)</td>
<td></td>
</tr>
</tbody>
</table>

Total 6.162

**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**

**Most recent transaction**
- 2017: $300mil / 3 yr / Benchmark
- Apr 2019: $50mil / 3 yr / Sukuk
- 2019: NOK600m / 6 yr / Zero coupon

**Contact**
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**

<table>
<thead>
<tr>
<th>Assets</th>
<th>December 2019</th>
<th>US$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sovereign pledges</td>
<td>2,074</td>
<td></td>
</tr>
<tr>
<td>Funds held in trust</td>
<td>428</td>
<td></td>
</tr>
<tr>
<td>Other assets</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>2,502</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>December 2019</th>
<th>US$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds payable</td>
<td>510</td>
<td></td>
</tr>
<tr>
<td>Grants payable</td>
<td>357</td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>521</td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>1,388</strong></td>
<td></td>
</tr>
</tbody>
</table>

**NET ASSETS**                   **1,114**
### Unique features ensure high credit strength

<table>
<thead>
<tr>
<th>Highly rated grantor countries</th>
<th>Innovative &amp; effective financing instrument</th>
</tr>
</thead>
</table>
| • The UK is the largest donor, pledging around 46% of remaining donor payments  
  • France, Norway, Italy, and Australia accounting for 29%, 9%, 6%, 5% respectively | • Vaccine bonds provide a portfolio diversification opportunity with attractive risk-adjusted returns in an award-winning socially responsible investment |

<table>
<thead>
<tr>
<th>Treasury management by the World Bank</th>
<th>Legally binding pledges</th>
</tr>
</thead>
</table>
| • Treasury assets are conservatively invested  
  • Foreign exchange risk is mitigated through hedging activities | • Irrevocable and legally binding pledges to provide grants to Gavi, the Vaccine Alliance |

<table>
<thead>
<tr>
<th>Conservative financial policies</th>
<th>Strong donor commitment</th>
</tr>
</thead>
</table>
| • 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 2019  
  • Gearing ratio at 31 December 2019 was 10% | • Donors committed to disburse grants over more than 20 years up to 2037  
  • Nominal value of pledges totaled US$ 6.8b as of May 2020 |
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 (July 2019)**: “The credit profile of IFFIm reflects very high liquidity, the strong commitment from donor governments and the involvement of the World Bank as treasury manager.”

- **Fitch Ratings (March 2020)**: “IFFIm’s ratings rely primarily on support from donors as their grant payments ultimately back IFFIm’s repayment of its bond issuances.”

- **S&P (March 2019)**: “We affirmed our ratings on IFFIm based on our view of the commitment of its highly rated contributors to its mandate of supporting child immunization programs in the world’s poorest countries.”
Vaccines are the simplest, most effective, most inexpensive way to save children’s lives

Bill Gates, a Gavi founding donor

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...

>13 million lives saved

~760 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 2019 suggests that vaccination has a good return on investment with every US$ 1 spent on immunisation $54 are saved in health care costs, lost wages and lost productivity.
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

<table>
<thead>
<tr>
<th>SBP components</th>
<th>Requirements met by IFFIm</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Use of proceeds</strong></td>
<td>• Proceeds go to support Gavi’s mission to accelerate the availability of life-saving vaccines for the world’s most vulnerable children</td>
</tr>
</tbody>
</table>
| **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$1.7 billion to Gavi between 2020-2025  
• 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 |

For more information, see:  
[www.iffim.org/funding-gavi](http://www.iffim.org/funding-gavi)  
[www.gavi.org/support/process/apply/independent-review-committee](http://www.gavi.org/support/process/apply/independent-review-committee)  

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.
IFFIm widely recognised for innovation

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

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

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

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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London EC1Y 8BB

www.iffim.org

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