

Donors make historic commitments to IFFIm

Pledges secure IFFIm's future as a flexible funding source for Gavi

When the coronavirus pandemic forced Gavi's highly anticipated 4 June 2020 replenishment conference to move online, it was a timely reminder of the necessity and urgency of vaccines in an uncertain world. Yet in the shadow of the worst public health crisis in a century, global leaders remotely addressed the world and made historic commitments to provide equal access to vaccines for all.

"Investing in IFFIm is smart and of added value to global health security."

Kitty van der Heijden,
Director-General for International
Cooperation for the Netherlands

During the Global Vaccine Summit, leaders from Italy, the Netherlands, Norway and Spain announced pledges totalling US\$926 million in new, long-term funding to IFFIm – part of a total of \$8.8 billion raised overall for Gavi's core immunisation programmes. The support ensures IFFIm's financial strength for years to come, enabling the innovative social bond pioneer to



Girls in Tabitha Clinic field visit, Kenya, November 2019.

help Gavi meet its ambitious 2021 to 2025 strategic goals.

"This is a historic moment for Gavi and IFFIm," said Cyrus Ardalan, IFFIm Board Chair. "With the new pledges, IFFIm has greatly exceeded its replenishment goals. The strong and continuing support from donors ensures IFFIm's ability to remain a vital part of Gavi's financial structure into the future. IFFIm will serve Gavi in its next funding cycle to provide equal access to vaccines for all."

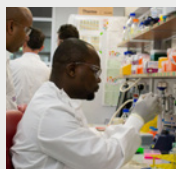
Dr Seth Berkley, CEO of Gavi, said: "It's heartening to see how many countries affirmed Gavi's mission through their generous donations to IFFIm, which

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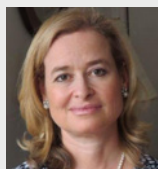


Gavi's successful Global Vaccine Summit, hosted by the UK, was held virtually on 4 June 2020. L to R: Jen Copestake, Seth Berkley, CEO, Gavi, the Vaccine Alliance.

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will enable Gavi to use Vaccine Bonds to raise flexible funding in the future, where and when it is needed."

Over the next five years, Gavi aims to immunise another 300 million children in lower-income countries. The new support will also help meet the challenge of the coronavirus pandemic by accelerating access to COVID-19 vaccines and strengthening health systems. "Ensuring equitable access to vaccines is a multilateral responsibility," said Pedro Sánchez Pérez-Castejón, Prime Minister of Spain.



Pedro Sánchez Pérez-Castejón, Prime Minister of Spain.



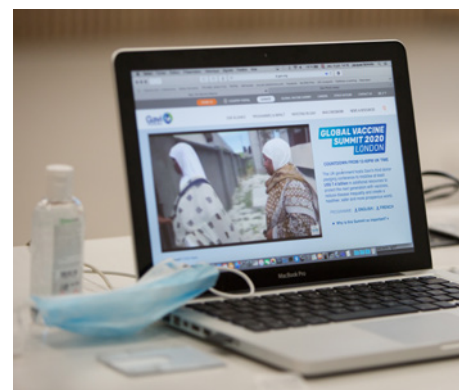
Dag-Inge Ulstein, Norwegian Development Minister.

of Spain, addressing Summit viewers. "That is why Gavi's operation model is exemplary. It combines the needs of developing countries with the know-how of international organisations and experience of the private sector."

During the Summit, leaders recognised IFFIm's model as an instrument that could surge funding to address the COVID-19 pandemic.

"IFFIm is well positioned to play a critical role in the growing response to the biggest health crisis of the last century," said Kitty van der Heijden, Director-General for International Cooperation for the Netherlands. "The Netherlands recognises that, more than ever, investing in IFFIm is smart and of added value to global health security."

IFFIm Vaccine Bonds are already helping fund coronavirus vaccine research. Based on a long-term commitment from Norway, IFFIm and Gavi have accelerated the availability



Behind the scenes at the Global Vaccine Summit 2020 in London.

of funding for CEPI, the Coalition for Epidemic Preparedness Innovations, which is on the front lines of developing vaccines against COVID-19.

"The crisis we are in now requires resources on a massive scale," said Dag-Inge Ulstein, Norwegian Development Minister addressing participants in an IFFIm video. "This is what IFFIm was designed to do." ■

> WHAT IS IFFIm?

The International Finance Facility for Immunisation (IFFIm) was initiated in 2006 to rapidly accelerate the availability and predictability of funds for immunisation. IFFIm uses government pledges to support the issuance of Vaccine Bonds sold to

institutional and individual investors. The money supports vaccine programmes of Gavi, the Vaccine Alliance, a public-private partnership that works to save children's lives and protect people's health by increasing access to immunisation in developing countries. The World Bank

is IFFIm's treasury manager. IFFIm's donors comprise Australia, Brazil, France, Italy, the Netherlands, Norway, South Africa, Spain, Sweden, and the United Kingdom. www.iffim.org



Gavi, the Vaccine Alliance is a public-private partnership that helps vaccinate half the world's children against some of the world's deadliest diseases. Since its inception in 2000, Gavi has helped to immunise a whole generation – over 822 million children – and prevented more than 14 million deaths, helping to halve child mortality in 73 developing countries.

Gavi also plays a key role in improving global health security by supporting health systems as well as funding global stockpiles for Ebola, cholera, meningitis and yellow fever vaccines.

After two decades of progress, Gavi is now focused on protecting the next generation and reaching the unvaccinated children still being left behind, employing innovative finance and the latest technology – from drones to biometrics – to save millions more lives, prevent outbreaks before they can spread and

help countries on the road to self-sufficiency. Learn more at www.gavi.org

The Vaccine Alliance brings together developing country and donor governments, the World Health Organization, UNICEF, the World Bank, the vaccine industry, technical agencies, civil society, the Bill & Melinda Gates Foundation and other private sector partners. View the full list of donor governments and other leading organizations that fund Gavi's work [here](http://www.gavi.org).

www.gavi.org

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The World Bank is like a cooperative, made up of 189 member countries. The World Bank's goals are to (i) end extreme poverty at the global level within a generation and (ii) boost shared prosperity. The World Bank is also the 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, risk 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 Gavi, the Vaccine Alliance.

www.worldbank.org

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IFFIm helps Gavi respond to COVID-19

Coronavirus has upended health, security and economies all over the globe, but the poorest countries in the world face the greatest challenges – and gravest risks. Lower-income countries with fragile health systems are struggling to control outbreaks of coronavirus, and Gavi, the World Health Organization (WHO) and UNICEF have warned that 80 million children under the age of one are at risk of missing out on vaccines due to COVID-19's disruption of routine immunisation, threatening the resurgence of deadly diseases like measles, polio and diphtheria.

With expertise in vaccines and a wide network of public and private partners, Gavi is playing a central role in the global response to COVID-19. IFFIm is providing some of the immediate, flexible funding Gavi will need for its COVID-19 initiatives – and is prepared to do more.

Supporting CEPI

IFFIm and Gavi are making IFFIm's proven and powerful frontloading mechanism available to CEPI. Launched in 2017 to accelerate the development of vaccines against deadly diseases, CEPI is now on the front lines of COVID-19 vaccine research. Its goal for a COVID-19 vaccine is to cut development time for new vaccines from the historic norm of 10 to 15 years to a record 12 to 18 months, or less. So far, CEPI has raised US\$1.4 billion of the \$2 billion it estimates it needs to encourage the research and development of COVID-19 vaccines, a process that is now well underway. Part of CEPI's COVID-19 programme funding came from IFFIm's July 2020 Vaccine Bond issuance totalling NOK 2 billion, backed by a new long-term pledge from the Norwegian government.

When needed, IFFIm can deploy funding at scale that accelerates the development of vaccine candidates and supports Gavi's work to strengthen the health systems necessary to deliver them at scale.

Gavi COVAX AMC

In addition to providing emergency assistance for health systems fighting the COVID-19 pandemic, Gavi is an active partner in the Access to COVID-19 Tools (ACT) Accelerator. The ACT Accelerator brings together governments, international health organizations, scientists, businesses, civil society, and philanthropists with

therapeutics, vaccines and health system strengthening. Gavi, CEPI and WHO, together with multinational and developing country vaccine manufacturers, are working on the vaccine pillar to develop COVAX, a global risk-sharing mechanism for pooled procurement and equitable distribution of eventual COVID-19 vaccines.

In order to ensure vaccine supplies for lower-income countries and lower-middle income countries, Gavi also launched, as part of COVAX, a financing mechanism called the Gavi COVAX Advance Market Commitment (AMC). The Gavi COVAX AMC is funded by overseas development assistance with an initial fundraising target of \$2 billion to immunise health care workers and other high-risk individuals and create a flexible buffer of doses to be deployed where they are needed most. "Only the global availability of a vaccine will allow us to break this epidemic's cycle, and this in turn requires an urgent and enormous amount of funding," said IFFIm board member Doris Herrera-Pol. "Initial funding is needed to research and develop vaccine candidates, and when an effective and safe vaccine is found, funding will be needed to roll it out. And IFFIm will be ready to answer the call." ■

"Only the global availability of a vaccine will allow us to break this epidemic's cycle, and this in turn requires an urgent and enormous amount of funding."

Doris Herrera-Pol, IFFIm board member

a shared goal: to end the pandemic as quickly as possible by supporting the development and equitable distribution of the diagnostics, vaccines, and treatments the world needs.

The ACT Accelerator will help guarantee access to substantial volumes of vaccines for all countries – especially those with too few resources to afford them.

There are four "pillars" within the ACT Accelerator: diagnostics,



COVID-19 lab (CEPI research).

Photo courtesy of the University of Queensland

Gavi prioritises health system strengthening

Assured funding from IFFIm is helping Gavi respond to health systems crisis

The world will be grappling with coronavirus for some time to come – as well as the uncertainty of a fast-moving epidemic. As part of its multi-pronged response, Gavi has made available US\$200 million in immediate funding for health system strengthening (HSS) as health infrastructures around the globe face new problems due to coronavirus.

IFFIm, a longtime supporter of HSS, has disbursed \$338 million to Gavi's HSS programme since 2006. And as a Gavi's flexible funding resource, IFFIm can provide assured funding, if and when it is needed, to help Gavi respond quickly to evolving needs for stronger health systems around the world.

Gavi and IFFIm chart HSS progress

Over the last 20 years, Gavi has helped countries improve their health systems and broaden vaccine coverage, confronting challenges such as climate change, urbanisation, human migration and conflict.


"COVID-19 has caused widespread disruption of routine immunisation services."

Dr Seth Berkley, Gavi CEO

IFFIm has been involved in Gavi's health system strengthening programme from the start. In 2006, IFFIm frontloaded more than \$150 million to kickstart Gavi's investments in health systems, enabling Gavi to improve vaccine coverage and equity in 40 countries. The IFFIm funding comprised almost 65% of Gavi's initial investment for health system and immunisation strengthening during the first two years of the programme.

Fast forward to 2019: a record year for Gavi's HSS programmes, when it approved additional improvements



Dr Seth Berkley, CEO of Gavi (left), meets with representatives from the WHO during a field visit to the Democratic Republic of Congo during the National Forum for Ebola Eradication in July 2019.

in health coverage and equity for 31 countries. Gavi also procured and installed a record amount of cold chain equipment, which had the result of increasing the number of cold chain equipment suppliers from six to eight and a drop in average prices. That's a great example of how Gavi shapes markets for the greater public good.

Health systems strain under the weight of COVID-19

But now, a deadly challenge has arrived and threatens to disrupt health care infrastructures in vulnerable communities.

SARS-CoV-2, the virus responsible for COVID-19, has made it to more than 210 countries and territories as of early August, with cases and deaths increasing each day. Outbreaks like this are inevitable, which is one of the reasons resilient health systems that can deliver vaccines and other medical interventions are so important.

Countries in Africa and Asia, even with support from Gavi to grapple with their weak health systems, have been particularly hard hit. The Democratic Republic of the Congo (DRC), for example, is facing multiple outbreaks of cholera, measles and a new outbreak of Ebola in Equateur province. Ethiopia, too,

is battling simultaneous cholera, measles and yellow fever outbreaks.

Zero-dose children and health workers at risk

Between 2000 and 2018, the number of children in Gavi-supported countries who received a full course of routine vaccines grew by more than 50%. However, more than 10 million children still do not receive a single dose of basic vaccines every year. The number of "zero-dose" children has remained stubbornly static over the last decade – and could rise significantly during the pandemic.

"COVID-19 has caused widespread disruption of routine immunisation services," said Gavi CEO Dr Seth Berkley in a 2019 report to Gavi's Board of Directors. "There is heightened risk of backsliding and an increase in the number of zero-dose and under-immunised children, child deaths and outbreaks."

Strengthened health systems make it possible for countries to prevent disease outbreaks that pose a threat to their children, protecting millions of others around the world. Without strong health systems – infrastructure, institutions, clinics and trained health workers – developing countries will struggle to address coronavirus, and millions of

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children could miss routine vaccines, making them vulnerable to measles, diphtheria, polio and dozens of other preventable diseases.

Health care workers – 70% of whom are women – are on the frontlines of this pandemic. Many are working without personal protective equipment or other basic supplies. “Alliance partners, including both WHO and UNICEF, have lost invaluable staff to COVID-19 as they supported the health and well-being of others,” said Dr Berkley.

Flexible funding from IFFIm will support Gavi's HSS programmes

IFFIm's strong past support for HSS has helped pave the way for a rapid response

to the pandemic, as health systems are essential to deliver COVID-19 vaccines once they are available.

Recent IFFIm disbursements – \$18.4 million from 2019 to 2020 – are helping strengthen health systems in 12 vulnerable countries today: Uganda, Liberia, Côte d'Ivoire, the Central African Republic, Burkina Faso, Afghanistan, Côte d'Ivoire, Tanzania, India, the Republic of Kyrgyzstan, Tajikistan and Bangladesh.

It will take unprecedented resources to mobilise the international response to COVID-19. IFFIm's ability to provide flexible funding when it is needed ensures Gavi is ready to respond to unforeseen emergencies and make robust health systems a priority for the world's hard-to-reach communities. ■



Gavi/2019/Frederique Tissandier

A health worker immunises a child during the measles vaccine launch in Ethiopia in 2019. The MCV2 vaccine protects against measles, rubella and mumps.

A Q&A with outgoing IFFIm board member Marcus Fedder

The art of innovative finance

Read the full interview at iffim.org

How did IFFIm evolve during your board service?

When I joined the board, I was really interested in the innovative structure. From my work in microfinance, particularly in Cambodia, I knew how crucially important vaccination is for the poorest people at the bottom of the pyramid.

Around the time I joined, IFFIm was changing from being the key provider of funding for Gavi to becoming one of Gavi's financing options as they received significant contributions from donors in the 2015 replenishment. Frontloading, so critical in the beginning, looked to be less important for a while. But then CEPI was created and in 2019 used IFFIm to frontload Norwegian multi-year pledges to develop new vaccines against deadly diseases. How timely was that? And now, it is clear that IFFIm will be needed more than ever to finance vaccination of the poorest in the global fight against COVID-19.

What did you learn about IFFIm's impact from visits to Gavi supported countries?

Wherever you go in Gavi-supported countries, pentavalent vaccines are a high priority. IFFIm funded more than 90% of the initial vaccine cost for

Profile

Marcus Fedder served as an IFFIm board member from 2013 to 2019, bringing experience in both global development and investment banking to help shepherd IFFIm as it raised \$2.5 billion over his seven-year term. Fedder is currently a Non-Executive Director of The Currency Exchange Fund (TCX) and a co-founder of Amnexus, a start-up in the digital med sector. He is also an active artist and writer (his latest novel, *German Justice*, is out in October). His work supports children in Cambodia.



Marcus Fedder.

Gavi's pentavalent programme. When you can put money on the table, it gives you a stronger negotiating power. Gavi nowadays procures these vaccines for US\$0.938 a shot – a price drop of more than 69% since 2010.

Has your creative work as a painter influenced your work in finance?

People working in finance often have a very short attention span. At least I am suffering from that. But when I paint, I can concentrate for a long time. Well, a long time for my standards, certainly not for those of a professional artist. This has definitely helped me dealing with IFFIm papers and long documents. Creativity also helps in thinking of out-of-the-box solutions. By the way, the proceeds from my paintings go to support a charity, Children of the Mekong – www.childrenofthemekong.org ■

New IFFIm board member talks about innovative finance in a present and post-pandemic world

Where did you grow up? Tell us about your family and their influences on your career.

I grew up in London with my parents, who each came from very different backgrounds. My mother had quite a traditional British upbringing, though she also studied in France, and was a qualified UK barrister/lawyer, which was relatively unusual for a woman in the late 1950s and early 1960s. My father arrived in Britain from Austria as a refugee in 1938, at age 15, with no money and speaking virtually no English. He eventually became City (Finance) Editor of The Times newspaper and also authored two books. I was very lucky in that my family background taught me that there were almost no barriers to what you could achieve, provided you were determined enough and worked hard enough.

My parents both died very young, however I was immensely fortunate to have special godparents – in particular, both my godmothers: inspirational women who have pushed the boundaries in terms of what women can achieve in their chosen fields (in their cases, finance and the arts respectively). As a result, I am truly grateful to have these, and other impressive female role models in my life. I feel a great responsibility to pass on some of that encouragement to young women who are embarking on their own careers in whatever sector that might be.

What role can socially responsible investments play in the wake of the pandemic, and beyond?

Socially responsible investments have witnessed enormous growth in the past few years: assets under management in funds recently exceeded



Jessica Pulay.

US\$2 trillion equivalent (230% growth in five years) – and other metrics report total ESG (Environmental, Social and Governance) investments as considerably higher than this. This growth has coincided not only with significantly increased public awareness of climate risks – but it also reflects an increasing awareness by the investment community of the benefits of allocating assets to ESG products.

Whilst the trend towards ESG investments was already developing rapidly, the tragedy of COVID-19 has made such products even more relevant, and the market has grown quickly as a result. IFFIm's role as an innovative provider of financing to Gavi, as well as to CEPI, makes it uniquely positioned to assist with the urgent need of finding a vaccine and ensuring it is made as widely available as possible. Given the rapid evolution of investment products to meet the demands of these unprecedented times, IFFIm is exceptionally well placed to explore the merits of suitable opportunities and innovations.

What strengths and knowledge do you bring to the board?

It is a particular privilege to have joined IFFIm's board at this unprecedented time and to have a ring-side seat on one of the most critical issues facing humanity in 2020: namely to assist in funding the process of developing a COVID-19 vaccine, as well as helping disease prevention more generally. I very much hope to bring my 30+ years of capital markets experience (where I have specialised in government and supranational financing) to assist the board in this vitally important effort with respect to its Vaccine Bond strategy. In addition, I hope that my background of

serving on other boards in my career – across a wide variety of sectors, including finance, education and the arts – will allow me to view topics through a slightly different lens and will complement the great expertise which already exists among my IFFIm Board colleagues.

Can we use lessons learned to rebuild better systems after the pandemic subsidies? What would that look like?

It will take time to process and assess what the long-term impact of this shock will be. What is already horribly clear is that this crisis has thrown into sharp relief some of the weaknesses already prevalent in societies, with social inequities becoming even more pronounced within nations and across the world. How these inequalities are addressed, how the world can meet the UN's sustainable development goals, how cities will evolve to take more account of health issues, how technological advances can be harnessed in ways which best serve societies, and how nations can work across borders to resolve these vast dilemmas: these and other policy issues are likely to remain a challenge for the planet in the decades to come. ■

Profile

Jessica Pulay joined the IFFIm board in March 2020. Ms. Pulay is currently Co-Head of Policy and Markets at the UK Debt Management Office (DMO). Her background in finance includes the European Bank for Reconstruction and Development (EBRD), Morgan Stanley, Goldman Sachs, and Deutsche Bank. Based in London, her appointment to the IFFIm board is in a personal capacity.

IFFIm supports new typhoid conjugate vaccines

When the WHO recommended an improved new typhoid vaccine in 2018, Gavi moved quickly to mobilise immunisation campaigns in Africa and Asia, where the disease remains endemic in some areas. Because there were no existing programmes for typhoid conjugate vaccines (TCV) prior to the onset of Gavi's strategic period in 2016, Gavi relied on IFFIm to fund the gap. IFFIm disbursed over US\$13.5 million to these countries helping save millions of children from a disease that can kill up to 30% of those infected.

While wealthy countries have virtually eliminated typhoid, it is still all too common in lower-income countries.

"Typhoid fever imposes a dramatic burden on children in the poorest nations, affecting countries, communities and families," said Dr Ngozi Okonjo-Iweala, Gavi's Board Chair. "I lost my cousin and nearly lost my son because of typhoid. This vaccine will be a lifesaver for millions of children, especially those living without access to clean water or sanitation."

Typhoid, a life-threatening disease caused by the bacterium *Salmonella Typhi*, affects 11 to 21 million people each year, causing 128,000 to 161,000 deaths – mainly in sub-Saharan Africa and South Asia. Symptoms include prolonged fever, headache, nausea, loss



Young girls (L to R): Sehrish Kanwal (14), Faiza Farooq (14), Noor Saba Jamil (15), Dua Khan (14), Laiba Ejaz (13) and Munazza (13) were all immunised against typhoid at Kiran Sitara event at the PAF museum in Karachi. In 2019, Pakistan became the first country to introduce the new Typhoid vaccine.

of appetite and constipation. Almost a third of all cases are among children under the age of five.

The new TCV addresses the growth of strain of typhoid that is resistant to standard treatments in many parts of the world. The new vaccine had been successfully and safely used as part of the outbreak response in Pakistan's Sindh Province since April 2019, and with Gavi's support was introduced into the country's routine immunisation programme in November 2019.

"This vaccine will be a lifesaver for millions of children, especially those living without access to clean water or sanitation."

Dr Ngozi Okonjo-Iweala, Gavi Board Chair

"The rise of extreme drug resistant typhoid risks bringing us back to levels of mortality not seen since the 19th century, posing a risk to all of us," said Dr Seth Berkley, CEO of Gavi. "That's why typhoid conjugate vaccine is so important."

In 2017, the World Health Organization (WHO) prequalified a new typhoid conjugate vaccine. Manufactured by the India-based Bharat Biotech, it is the first typhoid vaccine that can be given to children as young as six months of age, and it confers longer-term protection against typhoid.

Previous typhoid vaccines were not effective in children younger than two. The new typhoid conjugate can be effective for longer periods in children as young as six months.

Given a new programme with no prior allocated budget, Gavi opened a funding window in November 2017 for the vaccine, and IFFIm's financing of more than \$13.5 million enabled countries to introduce the vaccine. The new vaccine was first introduced in countries in 2019, with TCV outbreak response campaigns in countries such as Zimbabwe and Liberia that required flexible funding from IFFIm. In November 2019, Pakistan became the first country in the world to introduce TCV with Gavi support.

"Typhoid is a highly contagious disease that spreads more quickly and easily when people live in crowded neighborhoods with weak water and sanitation infrastructure," said Dr. Azra Fazal Pechuho, Pakistan's Provincial Minister of Sindh for Health, and Population Welfare. "Typhoid is preventable. Prevention through vaccination is one of the most effective interventions to reduce typhoid infections." ■

Typhoid facts



Typhoid affects between 11 and 21 million people a year



Between 128,000 and 161,000 people die from it every year



Almost a third of all cases are among children under five years of age



If untreated, it can kill up to 30% of those infected

In brief: in the news

Innovations in Humanitarian Financing Forum

With COVID-19, the world is witnessing the speed and scale with which a local health challenge can grow into a global crisis. How can public and private sectors work together to increase the scale and scope of funding required to proactively address social causes – and potentially avert crises from future global threats?

This question is the focus of the Innovations in Humanitarian Financing Forum (IHFF), a roundtable of stakeholders exploring novel financial tools and instruments to expand resources for urgent needs – from health emergencies and education to sanitation, hygiene and climate change.

Although traditional humanitarian aid has grown significantly in recent years, gaps in funding remain. “The humanitarian sector has an opportunity to look beyond traditional funding to find alternative resources

and innovative models to mobilise private capital for emergency response,” said IHFF Co-Chair and IFFIm Board Chair Cyrus Ardalan.

A London Business School study presented to IHFF participants in May 2020 will inform the Forum’s goals. “Humanitarian financing as we know it today is not adequately equipped to address the frequency and scale of emergencies our world is facing,” said Simon Meldrum, Innovative Finance Specialist with the British Red Cross and IHFF Co-Chair. “COVID-19 has further exposed the fragility of the current system.” ■



IHFF participants met virtually in May 2020.

News media highlighted IFFIm in 2020 as a solution to financing the pandemic response

In spring 2020, Board Chair Cyrus Ardalan appeared on Euromoney Live, AON and ICMA podcasts to discuss the role of innovative financing in the era of COVID-19. In June, Mr Ardalan’s Op Ed, “Private sector investors must now step up to quell the COVID-19 crisis,” appeared in the World Economic Forum’s Agenda blog. And in July 2020, IFFIm Board member Doris Herrera-Pol sat for an extensive interview with Frank Jackman for Global Capital. “IFFIm’s funding support is a concrete example of the types of responses that can help us move forward,” she said. “We can do a lot together as issuers, governments and investors.” ■

EUROMONEY
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Doris Herrera-Pol.

mtn-i named IFFIm Vaccine Bond issuance “Deal of the Year”

The 2019 award, shared by Skandinaviska Enskilda Banken (SEB) and Toronto-Dominion Bank, was given in the SRI: Green/Social category for an IFFIm Vaccine Bond issuance, backed by a multi-year pledge from Norway, that raised 600 million Norwegian Krone (US\$66 million) for CEPI, an approved Gavi programme. The winning bond provided immediate funding for vaccine research and development to combat diseases like MERS, Nipah virus and Lassa fever. ■

In brief: new initiatives

Guarantee facility

The European Investment Bank (EIB) and Gavi are partnering to design a novel guarantee facility, backed by IFFIm’s balance sheet, that will free up Gavi’s cash and investment assets that would otherwise be held as collateral.

The new innovative finance instrument, introduced at the Gavi Vaccine Summit in June 2020, could replace pre-payments and ad hoc guarantee mechanisms to achieve market shaping objectives.

The mechanism aims to guarantee Gavi’s financial obligations to UNICEF and other third parties for its procurement of vaccines for Gavi implementing countries. The new facility leverages IFFIm’s long-term assets to improve the efficiency and flexibility of Gavi’s financial commitments.

The guarantee will be a revolving mechanism able to accommodate multiple procurement contracts simultaneously backing future payments as vaccines are procured and releasing the guarantees as Gavi fulfils its payment obligations.

This mechanism will improve Gavi’s financial efficiency and enhance its market shaping strength, allowing Gavi to purchase more vaccines and immunise more children. ■