MOODY'S INVESTORS SERVICE

CREDIT ANALYSIS

International Finance Facility for Immunisation (IFFIm)

Supranational

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Rating Rationale

On 14 December 2012, we changed from stable to negative the outlook on the Aaa rating of the International Finance Facility for Immunisation (IFFIm), reflecting the downgrade of France to Aa1 from Aaa on 19 November 2012 and the high correlation in credit risk that we believe is present among IFFIm's largest sovereign donors. France's downgrade reflects our view that there has been a marginal diminution in the certainty that the sovereign will fulfill its financial obligations. France is IFFIm's second-largest donor. As part of the rating action, we also affirmed the Aaa/Prime-1 issuer and debt ratings.

IFFIm's Aaa long-term and P-1 short-term issuer ratings are based on (1) the firm commitment of the donor governments to make payments to IFFIm on specified dates over periods of up to 20 years; (2) adherence to its gearing and liquidity policies; and (3) the involvement of the International Bank for Reconstruction and Development (IBRD or World Bank) as Treasury Manager to carry out the financial and risk management functions. The negative outlook on the rating reflects not only downgrades and/or outlook changes of some of the donors but also a low-probability but high-impact event whereby a significant portion of the donor payments, on which IFFIm is reliant, could face disruption owing to the high correlation of donors' credit standings. IFFIm's donor base is dominated by European sovereigns with the combined pledges from euro area sovereign donors comprising 40.5% of total remaining pledges[1].

In addition to the legally-binding nature of donors' pledges, we assess commitment to IFFIm to be very strong. The likelihood that a donor will break the pledge contract is low due to their strong ability to make the scheduled payments. Using government bond ratings as a proxy of ability, the weighted median government bond rating of IFFIm's donors is Aaa. Reinforcing this is donors' very strong willingness to honour pledges based on IFFIm's success in fulfilling its purpose, which is to accelerate and facilitate funding for immunizations carried out by the GAVI Alliance, to help the international community achieve the United Nation's Millennium Development Goals. Since inception, new donors have joined and there have been several instances of the original donors making additional pledges.

[1] The four euro area sovereign donors original total pledges comprised 43.1% of the total pledges over IFFIm's full life.

IFFIm's gearing ratio and liquidity policy provide a substantial financial cushion against adverse developments in the full and timely receipt of donor payments. There are two sources of potential reduction in donors' scheduled pledge payments. These are when (1) a donor fails to comply with the contract; or (2) the high-level financing condition, which systematically and automatically reduces scheduled payments when recipient countries are in arrears with the International Monetary Fund (IMF). To ensure that there are sufficient funds to repay bondholders despite these risks, IFFIm monitors and limits its indebtedness through a gearing ratio[2] and adheres to a liquidity policy that requires liquid assets to equal one year's debt service. As of September 2012, the actual gearing ratio came to 44.1% and liquid assets were 1.2x the prudential minimum at end-November 2012.

The World Bank's role as the Treasury Manager in helping to establish these prudent policies and effectively monitor the underlying risks and make adjustments when necessary, is a key factor in IFFIm's Aaa rating. As an innovation in financing, IFFIm started as an untested structure. The World Bank's capacity, experience, and proven track record of timely debt servicing brings a necessary institutional strength to the structure.

Organisation Structure

IFFIm is a multilateral development institution,[3] which was created in 2006 as a financing tool to accelerate and facilitate funding for immunizations carried out by the GAVI Alliance (GAVI)[4] thus helping the international community achieve the Millennium Development Goals. IFFIm serves as an additional funding vehicle for GAVI-approved programmes and does not have any operations other than making grants to GAVI to finance programmes in the world's poorest countries[5]. IFFIm has no employees and therefore receives administrative support from GAVI. Moreover, the IBRD, as Treasury Manager, conducts IFFIm's financial affairs, including risk management. IFFIm is incorporated as a private company, registered as a charity in England and Wales, and is governed by its own board of directors.

Sovereign donors enter into pledge agreements with GAVI, setting a total amount to be paid according to a schedule over a set time period. GAVI grants IFFIm the right to receive the cash as it comes in and IFFIm uses this right to future cash flows to access the international debt markets. The proceeds from IFFIm's bond issues are granted to GAVI-approved immunization programmes. IFFIm uses the cash from scheduled donor payments to service debt and cover operating expenses. Repayment of IFFIm debt will have priority over funding for immunizations, and the Treasury Manager is authorised to delay programme funding in order to repay debt obligations.

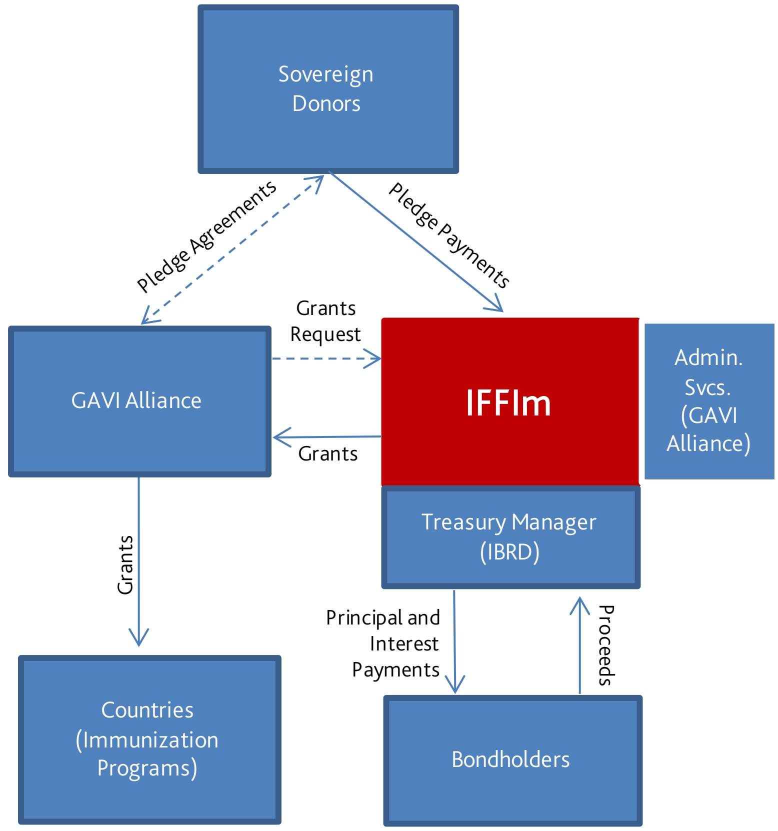
[2] Ratio of net debt to the present value of remaining donor pledge payments.

[3] The Basel Committee on Banking Supervision's Newsletter No. 10 in October 2006 stated that supervisors may allow banks to apply a 0% risk weight to claims on IFFIm in a similar way as an MDB, in accordance with paragraph 59 of the document *International Convergence of Capital Measurement and Capital Standards, A Revised Framework*, June 2004 (Basel II Framework).

[4] A charity established in 2000. As a public-private partnership, GAVI's donors are governments, corporations, foundations and private individuals.

[5] The world's poorest countries are defined as those with per capita GDP of less than $1,000. Seventy countries are eligible to apply for immunization programmes with GAVI.

EXHIBIT 1
Stylised Representation of IFFIm's Structure



Since grants bear no credit risk, our analysis of IFFIm is different from the analysis of other supranationals in which loan portfolio quality is integral. Instead, we focus on the risks – and management of risks – associated with reductions in donor's scheduled payments, which could affect IFFIm's ability to service debt.

Sovereign Donors

Sovereign commitments to GAVI are legally valid, binding and enforceable payment obligations. The six original donor governments to IFFIm were the UK, France, Italy, Spain, Sweden and Norway. Since inception, four donors pledged additional amounts and three new donors finalised pledges. Exhibit 2 breaks down the $6.3 billion in total commitments. Not included in this table is the UK's pledge to match the fresh pledge made by Italy in 2011.

EXHIBIT 2

Sovereign Donors and Pledges as of December 2012

	Date		Time Period (Years)	Amount ($ mil)	Share of Total Pledges	Rating** as of Dec 14, 2012
United Kingdom	Oct 2006	*	23	2,980	47.6	Aaa/Negative
France	Oct 2006	*	20	1,719	27.4	Aa1/Negative
Italy	Oct 2006	*	20	635	10.1	Baa2/Negative
Norway	Oct 2006	*	15	264	4.2	Aaa/Stable
Australia	June 2011		20	256	4.1	Aaa/Stable
Spain	Oct 2006		20	240	3.8	Baa3/Negative
Netherlands	Dec 2009		8	114	1.8	Aaa/Stable
Sweden	Oct 2006		15	38	0.6	Aaa/Stable
South Africa	Mar 2007		20	20	0.3	Baa1/Negative
				6,266		

* Additional pledge made by UK in August 2010; France in December 2007; Italy in November 2011; Norway in August 2010.

** Government bond rating

Source: IFFIm and Moody's

Concentration of Pledges Is a Credit Weakness

The two largest donors, the UK and France, pledge 75% of the total. This concentration of pledges may come down – although only marginally – as new or additional pledges are made and the total pledged amount reaches the target figure of $7.0 billion.

The concentration, especially regarding the UK's almost 50% share, is a credit weakness as it exposes IFFIm to a material loss of incoming payments based on the creditworthiness of one donor. In addition, four donors – France, Italy, Spain, and the Netherlands – are all members of the euro area. In our view, there is a high correlation in credit risk among euro area sovereigns, as evidenced by the evolution of the euro area debt crisis to date, and the close institutional, economic and financial linkages among the major euro area sovereigns. As a result, France, Spain and Italy,[6] whose ratings have been downgraded during the past year, could be expected to exhibit a high correlation in their credit standings and behaviour towards their IFFIm commitment, which puts 38.5% of IFFIm's remaining payments[7] at risk in extreme scenarios.

There are several factors that partially mitigate the risk from the concentration in pledges. Included in this is the strong ability and willingness of the UK to continue honouring its pledge to IFFIm and the active risk management function, which maintains solvency and liquidity buffers. These factors are discussed in detail in the remainder of this report.

Conditionality of Donors' Pledge Payments

Under Eurostat accounting rules, if the payment obligations of the donors were unconditional the total pledge would have to be recognised all at once as a liability on donor's accounts. In order for the donors to not have to report their entire pledge to GAVI as a liability immediately upon making the pledge, a high-level financing condition (also referred to as the Grant Payment Condition) was added. This conditionality does not alter the legally binding nature of the commitments.

6 Excluding the Netherlands because it is rated higher at Aaa.

7 France, Spain, and Italy's original total pledges comprised 41.4% of the total pledges over IFFIm's full life.

The condition is that if any of the 70 countries eligible for GAVI programmes were to fall into protracted arrears with the IMF (i.e., more than six months), the amount of the donor disbursements to IFFIm would be reduced by a predetermined amount during the time that the country remains in arrears. If the country becomes current again, the donor payments would resume according to the original schedule. The Treasury Manager determines the reduction and coordinates the reduced payments from the donors on IFFIm's behalf.

For all but eight of the countries, the reduction would be 1% of scheduled grants. For Vietnam the reduction would be 3% and for Bangladesh, DR Congo, Ethiopia, India, Indonesia, Nigeria and Pakistan it would be 5%. As a result, if enough countries were in arrears to the IMF at the same time, the amount of the payments to IFFIm could in some circumstances be less than the amount needed to service debt – depending on the actual amount of debt that had been issued and scheduled debt service payments at the time.

Donor Commitment

Given IFFIm's structure and grant operations, the focus of our analysis on its creditworthiness is the likelihood that donor pledges will fall short of what was originally contracted, thus potentially hampering its ability to service debt. A reduction in the amount paid in could result from either a donor breaking its contract with GAVI or a substantial number of recipient countries going into arrears with the IMF causing significant reductions in donor payments via the high-level financing condition. The former is discussed in this section, while the latter is discussed in the "Gearing Ratio and Limit" section below.

We view the likelihood that a donor would break its contract with GAVI to be very low due not only to the legally-binding nature of the pledges, but also the very strong commitment of the donors. Incorporated in the determination of commitment are measures of donors' ability and willingness to honour pledges.

Legality of Pledges

Each donor signs an unconditional and irrevocable Grant Agreement with GAVI, which specifies the total commitment and the payment schedule. Each Grant Agreement is supported by a legal opinion stating it is indeed legal, valid, binding and enforceable.

Ability to Honour Pledges

The ability of the donors to honour their commitment can be measured using our government bond ratings, which assess the expected loss an investor may face when holding debt obligations issued by the sovereign. As bonds represent contracts that the sovereign enters into and commits to paying cash (interest and principal) on a set schedule, we view the government bond ratings as a good proxy and applicable to IFFIm's case.

Currently, the weighted median donor rating is Aaa. Since the UK pledges almost 50% of total pledges, this calculation is largely determined by the UK's bond rating (Aaa negative, assigned in February 2012). As such, the figure did not change after we downgraded France to Aa1 in November. Any reduction in scheduled payments from the UK would impact IFFIm more than reduced payments from the other donors, individually.

However, we believe that a combination of common exposure to shocks, together with the close institutional, economic and financial linkages that exist among the euro area sovereign donors, implies that the credit standing of a significant number of IFFIm's donors would exhibit a strong correlation in extreme scenarios. Although the rating of the Netherlands remains Aaa (with a negative outlook), France, Italy and Spain, whose ratings we downgraded, together account for 38.5% of IFFIm's remaining donor pledges[8]. The high correlation of these three euro area sovereigns indicates that if the most highly rated of them were to default, all three of them would likely do so.

In assessing the credit risk profile of IFFIm, a highly rated entity, we consider its resilience to highly stressed scenarios that would seriously undermine the capacity of its sovereign donors to fulfill their commitments to it. The negative outlook on IFFIm's rating is due to the ongoing and protracted European sovereign debt crisis, which marginally increases the likelihood of such an extreme scenario materialising.

Extreme scenarios aside, all the donors are rated at investment grade, with several members very highly rated. This indicates that there is a very high likelihood that IFFIm will receive the pledges as promised from the sovereign donors with no, or minimal, reductions.

In addition, the annual commitment for each donor is small in the context of the government's total budget. For example, the British government's commitment, while varying by year, averages around £80 million annually. This is a small amount given the total UK central government budget, with revenues of around £560,000 million and expenditures of around £680,000 million in 2011. Similarly, France's annual commitment to IFFIm represents an extremely small portion of the total annual budget at around 0.017% of revenues and expenditures. It seems unlikely that given the relative affordability of the annual amounts there would be a sudden move against immunizing children.

Willingness to Honour Pledges

With IFFIm, as with all supranationals, we assess the willingness of members to provide support in light of the importance of the institution to the member. A very strong willingness to support an institution could potentially trump a sovereign's weaker ability. Regional multilateral development banks, as enactors of public policy, often have strong economic importance to its sovereign members. This is not the case for IFFIm since GAVI is a charity organisation and all immunization programmes are located exclusively in non-donor countries. Therefore, the importance to the donors rests on the importance of the charity mandate and its ability to fulfill that mandate.

GAVI – and its financing through IFFIm – is an integral part of United Nations Millennium Development Goals Target 4, which is to reduce the incidence of mortality among children less than five years of age by two thirds by 2015. The likelihood that a donor would abandon this goal once they've committed to it is very small, not just because of the gravity of the goal, but also because of the negative political development stemming from a lawsuit over failure to honour commitments to fund immunization.

In addition, there are no serious questions as to IFFIm's role in helping to reach this goal. Independent reviews conducted in 2011 and separately commissioned by several different stakeholders spoke positively about IFFIm's effectiveness in accelerating and facilitating funding for GAVI. GAVI's disbursements for immunization programmes have more than doubled from $300 million-$400 million each year before IFFIm to $900 million as a result of IFFIm.

[8] France, Spain, and Italy's original total pledges comprised 41.4% of the total pledges over IFFIm's full life.

Treasury Operations and Risk Management

One of IFFIm's key credit strengths is its very strong treasury management services conducted by the IBRD, which follows very prudent debt and liquidity guidelines.

World Bank Involvement

The IBRD provides IFFIm's financial management function under the rules set forth in the Treasury Management Agreement (TMA). As such, there is active management of cash flows, investments and disbursements by a historically strong institution. During 2011, the original five-year TMA was re-signed by IFFIm and the IBRD for another five-year period.

The IBRD's financial management is very strong and is one factor in its own Aaa rating and a strong supporting factor of IFFIm's Aaa rating. Its involvement in establishing and managing IFFIm's gearing ratio, liquidity policy and the maturity structure of debt provides confidence that debt repayments will be made on time. As detailed in the following section, the Treasury Manager has flexibility in delaying disbursements for programmes and in cutting back on further debt issuance in order to be within the desired gearing ratio and to maintain liquidity according to the established policy. Furthermore, it has, perhaps more than any other organisation, a sense of the credit quality of recipient countries. It will be able, therefore, to adjust IFFIm's financial metrics in advance of the time when the reduction in donor's scheduled payments, as a result of the grant payment condition, potentially endangers debt repayment capacity.

Asset/Liability Management

As IFFIm's Treasury Manager, the IBRD carries out the asset/liability management, namely the management of IFFIm's market risk stemming from foreign exchange rate and interest rate risks. Almost all sovereign pledges are denominated in local currency and not US dollars[9] and some bonds outstanding are denominated in other currencies. In addition, interest rate fluctuations can impact the value of sovereign pledges and bonds. To hedge the risk that fluctuations in foreign exchange rates will impact cash flows and interest rate fluctuations will adversely affect the value of its assets and liabilities, IFFIm enters into US dollar floating rate swaps. Counterparty risk is low, as the swap contracts are with the IBRD.

Gearing Ratio and Limit

IFFIm will issue bonds of up to $4 billion – less if total commitments do not reach the target level of $7.0 billion. We deem it unlikely that reductions in donor's scheduled payments would occur to the extent that IFFIm's ability to service debt would be jeopardised. An additional factor supporting this view is the Treasury Manager's oversight of this risk by monitoring and setting a limit on IFFIm's gearing ratio.

The gearing ratio is defined as Net Debt/Present Value of Donor Pledges.[10] At end-2011, this ratio was 44.0% and had increased further to 44.1% by September 2012. The ratio has gradually increased from 20.0% at end-2006 and will continue to increase to close to the guiding limit of around 70%, as set by the trustees on the advice of the Treasury Manager. This is a natural evolution of the ratio as intended by IFFIm's structure, which frontloads bond issuance for immediate immunization impact while the sovereign pledges are paid in gradually over IFFIm's life. It is important to note that despite the existence of a maximum level, the Treasury Manager is under no obligation to reach that level.

9 Only South Africa's pledge is denominated in US dollars.

10 Debt is net of cash holdings.

The IBRD models the risks associated with reductions in donor's scheduled payments, either stemming from recipient countries going into arrears with the IMF or due to donor "default" on the pledge contract with IFFIm. The model builds in the risk of either reduction source and can be adjusted as risks increase, with the ultimate goal of minimising the potential that a shortfall in cash inflows would prevent the timely payment of debt obligations. It is a solvency model over the remaining life of IFFIm. The gearing limit is set such that the risks are absorbed sufficiently in order to maintain a Aaa expected loss on IFFIm's bonds.

The limit on the gearing ratio provides a cushion such that net debt[11] will never exceed the present value of cash inflows from donor's scheduled pledge payments. For example, the cushion would account for 30 1%-reduction countries going into arrears with the IMF, or six of the seven 5%-reduction countries, or some combination thereof. This would be unprecedented, based on the historical record.

IMF Arrears Are Historically Low

At present, three countries (Somalia, Sudan and Zimbabwe) have protracted arrears with the IMF. Since 1975, there have been an average of five of the 70 GAVI-eligible countries with protracted arrears at any one time, of which only one (Vietnam in the 1980s and through 1993) would trigger a reduction in payments of more than 1% per country. The highest number of countries in arrears in any single year was 11 in both 1988 and 1989, when Vietnam was one of the countries. Therefore, in those two years, the reduction in donor payments would have been 13% from the committed amounts had IFFIm existed.

It is notable that the number of countries in arrears dropped considerably from 10 in the 11-year period through 1994 to three from 1994 onwards. Also, none of the countries that would trigger a 5% reduction in payments has ever been in protracted arrears. Going forward, it seems likely that the number of countries going into arrears will remain low, in part because of the debt relief granted in 2005 to more than 30 of the most heavily indebted countries. In addition, the global financial crisis of 2008-09 was largely an advanced industrial crisis and, while there was an eventual spill over to the global macro economy, the 70 countries in consideration here were relatively financially insulated. Going forward, we expect that these countries will retain a similar level of insulation in the event that the European sovereign debt crisis were to cause another global recession.

Presently, the IMF has no exposure to Vietnam as it was paid off during 2012. While Vietnam is one of the larger reduction countries at 3%, unless and until the IMF builds exposure to Vietnam again, IFFIm has no reduction risk as a result of Vietnam. It remains in the list of reference countries for the grant payment condition.

In our view, the strength of the gearing ratio limit is not only a function of how well the risks are modelled in order to set the limit, but a function of (1) the flexibility of the limit to account for increasing risks; and, more importantly, (2) the flexibility for the Treasury Manager to delay debt issuance and grant disbursements to GAVI in respect of the gearing ratio limit. If the Treasury Manager believes that a large number of countries will go into arrears or that donor's finances are facing stress that would hinder their ability to pay in according to the schedule, it could halt further debt issuance as well as not approve further GAVI grants until such time that the gearing ratio falls comfortably below the guiding limit. We view this to be a very strong credit enhancement as it can dynamically absorb a significant amount of the risks that IFFIm faces. In addition, the institutionalized priority on timely debt servicing plays a large role in IFFIm's Aaa rating.

[11] Net of cash holdings.

Liquidity

As stated by IFFIm, its liquidity policy aims to ensure an adequate level of liquid assets in order to meet its operational requirements, provide predictability of programme funding, and support its Aaa credit rating. To this end, the policy sets a prudential minimum level of liquidity equivalent to its cumulative contracted debt service payments for the next 12 months, in line with the liquidity policies of other highly-rated supranationals. The Treasury Manager recalculates and resets the prudential minimum once every quarter. We consider this policy to be very strong as it would ensure the ability to service debt for one year in the unlikely event that IFFIm is completely cut off from the markets and unable to rollover existing debt.

IFFIm has consistently held more liquid assets than the prudential minimum set by the policy. At the end of 2011, the prudential minimum was $595 million while holdings were $852 million. The position at end-November 2012 remains strong with liquid assets equalling 1.2x the prudential minimum. For the five-year period 2007-11, the actual liquid asset holdings were on average 2.9x greater than the prudential minimum.

Conservative Investment Guidelines

The Treasury Manager invests liquid assets on IFFIm's behalf following very conservative guidelines, which are guided by the preservation of capital rather than earnings goals and are similar to the IBRD's own guidelines:

» Money market instruments issued or guaranteed by financial institutions rated A3 or higher

» Foreign currency government and agency obligations rated Aa3 or higher

» Local currency government obligations carry no rating minimum

» Agency or instrumentality of a government, multilateral organisation, or other official entity rated Aa3 or higher

» Asset-backed securities must be rated Aaa

» Corporate securities must be rated Aaa

At end-November 2012, 45% of bonds in the liquid assets portfolio[12] were invested in instruments or securities rated Aaa and 31% in those rated in the Aa category. Euro area exposure (both sovereign and bank) is low at around 30% of the total bond portfolio and is primarily to Germany with some investments in Austria, France, and the Netherlands. There is no exposure to the peripheral euro area.

While IFFIm's investment guidelines are the same as the IBRD's own guidelines, the actual investments are even more conservative than the IBRD. Holdings are even shorter in maturity, with the weighted average maturity of securities holdings being eight months and the average maturity of deposits being one month.

Borrowing Programme

IFFIm's borrowing programme can be characterised as modest in size and diversified, given its size. By end-July 2012, total bond issuance since inception amounted to $3.7 billion[13] with most of that issued in 2006, 2009 and 2010 (around $1.0 billion, $1.1 billion, and $0.85 billion, respectively). Issuance

[12] Bonds comprise approximately 80% of the total portfolio.

[13] As compared to approximately $1 billion paid in so far from donor's pledges, which exemplifies IFFIm's structure to frontload bond issuance now based on long-term donor pledges paid in over time.

during 2011 and 2012 was low at around $400 million and $200 million, respectively. The 2013 borrowing programme will be larger at around $800 million.

Bonds are issued in five markets: Uridashi, pound sterling, US dollar, Australian dollar and the private placement market. IFFIm bonds are well received in the deep Uridashi market and it has returned to it repeatedly. In order to hedge currency and interest rate risk, all bonds are swapped at issuance into US dollar floating rate.

Despite having a sovereign donor base that is almost entirely European and including several euro area members, IFFIm has been able to maintain its very low borrowing rates (Libor minus) throughout the ongoing European sovereign debt crisis. In fact, during fall 2011, amid euro area sovereign financial stress – including two of IFFIm's donors, Spain and Italy – IFFIm's spreads tightened. This compared favourably to other European supranationals and can be largely attributed to the reputational benefits of having the World Bank as its Treasury Manager (IFFIm's borrowing costs are similar to the World Bank's). We view it as unlikely that there will be a dislocation in IFFIm's market access, but the liquidity policy discussed above provides additional protection to bondholders in the event that the crisis worsens and the markets no longer distinguish IFFIm from other European issuers.

Rating History

International Finance Facility for Immunisation (IFFIm)

	Issuer Rating		Senior Unsecured	Outlook	Date
	Long-term	Short-term			
Outlook Changed	--	--	--	Negative	December-12
Rating Assigned	--	P-1	Aaa	Stable	November-06
Rating and Outlook Assigned	Aaa	--	--	Stable	October-06

Annual Statistics

International Finance Facility for Immunisation (IFFIm)

Balance Sheet ($ thousands)	2006 [1]	2007	2008	2009	2010	2011
ASSETS						
Cash	499	667	392	772	2,442	692
Funds held in trust	498,682	96,520	145,362	1,082,285	1,565,302	850,958
Prepayments	498	469	442	396	424	272
Derivative financial instruments	--	--	40,667	326,648	460,740	269,107
Sovereign pledges	2,149,262	2,976,828	2,741,183	2,882,103	3,171,579	3,403,937
o/w due within one year	60,209	127,048	130,706	150,424	163,588	211,286
o/w due after more than one year	2,089,052	2,849,780	2,610,477	2,731,679	3,007,991	3,192,651
TOTAL ASSETS	**2,648,940**	**3,074,485**	**2,928,045**	**4,292,204**	**5,200,487**	**4,524,966**
LIABILITIES						
Creditors falling due within one year	3,525	2,768	12,691	267,490	1,079,932	766,565
Creditors falling due after more than one year	1,006,958	1,043,078	1,255,486	2,345,259	2,330,046	1,809,050
Grants payable to GAVI Fund Affiliate	336,341	94,125	146,606	437,064	517,064	417,064
Derivative financial instruments	71,965	106,762	--	305,048	320,270	755,794
TOTAL LIABILITIES	**1,418,788**	**1,246,733**	**1,414,783**	**3,354,861**	**4,247,312**	**3,748,473**
NET ASSETS/RESTRICTED FUNDS	**1,230,152**	**1,827,752**	**1,513,262**	**937,343**	**953,175**	**776,493**
TOTAL LIABILITIES AND RESTRICTED FUNDS	**2,648,940**	**3,074,485**	**2,928,045**	**4,292,204**	**5,200,487**	**4,524,966**

[1] IFFIm was incorporated on26 June 2006.

International Finance Facility for Immunisation (IFFIm)

Income Statement ($ thousands)	2006 [1]	2007	2008	2009	2010	2011
INCOME						
Contribution revenue	2,109,970	679,709	0	87,137	401,608	144,137
Donated services	1,084	105	171	842	835	820
Investment and interest income	3,602	16,675	4,501	10,773	5,670	8,046
TOTAL INCOME	**2,114,656**	**696,488**	**4,672**	**98,752**	**408,113**	**153,003**
EXPENSES						
Programme grants to GAVI	861,090	186,053	325,120	620,485	400,000	200,000
Treasury manager's fees	1,903	1,298	1,779	1,965	2,212	2,569
Governance costs	1,595	2,160	2,786	2,985	2,934	2,749
Interest on bonds	8,141	50,000	65,344	110,554	132,437	166,399
Other financing charges	--	245	3,877	8,091	6,586	4,209
TOTAL EXPENSES	**872,729**	**239,756**	**398,906**	**744,080**	**544,169**	**375,926**
SURPLUS BEFORE FAIR VALUE	**1,241,928**	**456,732**	**-394,234**	**-645,328**	**-136,056**	**-222,923**
FAIR VALUE GAINS (LOSSES)						
Net fair value gains (losses)	-11,924	140,405	78,688	70,664	150,663	43,736
On pledges & pledge swaps	-10,442	140,322	23,567	-9,522	18,074	-130,291
On bonds & bond swaps	-1,481	83	55,121	80,186	132,589	174,027
Other unrealised FX gains	148	463	1,057	-1,255	940	1,068
On interest rate overlay swap	--	--	--	--	285	1,437
TOTAL FAIR VALUE GAINS (LOSSES)	**-11,776**	**140,868**	**79,745**	**69,409**	**151,888**	**46,241**
SURPLUS FOR YEAR	**1,230,152**	**597,600**	**-314,489**	**-575,919**	**15,832**	**-176,682**

[1] IFFIm was incorporated on 26 June 2006.

International Finance Facility for Immunisation (IFFIm)

Financial Ratios	2006 [1]	2007	2008	2009	2010	2011
LIQUIDITY (%)						
Liquid Assets/Total Assets	18.8	3.2	5.0	25.2	30.1	18.8
Liquid Assets/Total Liabilities	35.2	7.8	10.3	32.3	36.9	22.7
Liquid Assets/Debt	49.4	9.3	11.5	41.5	46.0	33.1
Liquid Assets/Prudential Minimum (X) [2]	12.5	2.0	5.1	4.6	1.6	1.4
CAPITAL ADEQUACY (%)						
Sovereign Pledges due after more than one year/						
Financial liabilities falling due after more than one year	207.5	273.2	207.9	116.5	129.1	176.5
Restricted Funds/Grants Payable to GAVI	365.7	1,941.8	1,032.2	214.5	184.3	186.2
Gearing Ratio [3]	20.0	35.5	33.1	40.9	40.6	44.0

Notes:

[1] IFFIm was incorporated on 26 June 2006.

[2] IFFIm maintains a prudential minimum level of liquidity equivalent to its cumulative contracted debt service payments for the next 12 months.

[3] Net debt as percent of the present value of donor pledges; guiding maximum is around 70%.

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Websites

For additional information, please see the following websites:

» IFFIm: www.iffim.org

» IBRD (World Bank): www.worldbank.org

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