

Fact sheet on the International Finance Facility for Immunisation (IFFIm)

The International Finance Facility for Immunisation (IFFIm) is one of the most successful innovative financing tools of the MDG period having leveraged Official Development Assistance (ODA) to raise more than US\$5 billion in the capital markets over the last decade. IFFIm has underwritten the early success of Gavi, the Vaccine Alliance.

What is IFFIm?

IFFIm is a financing mechanism that converts long-term ODA commitments into immediately available cash by using the commitments to back the issuance of Vaccine Bonds on the capital markets. The money raised via these bonds is directed to Gavi, the Vaccine Alliance¹ to meet country demand for vaccines.

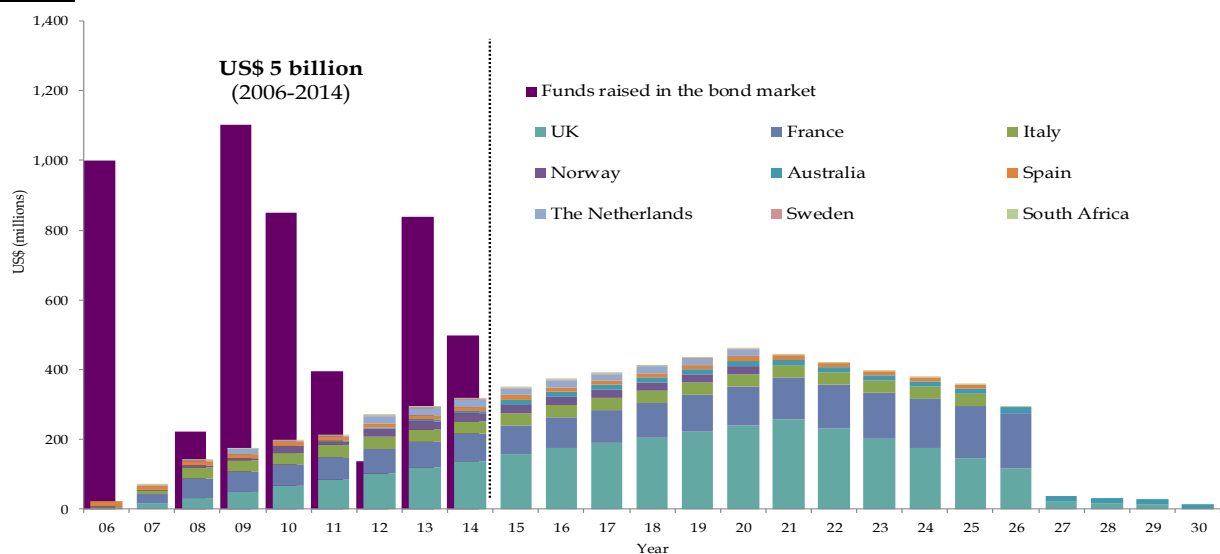
The success of IFFIm since its first bond issuance in 2006 enabled Gavi to significantly scale up its support for developing countries to expand access to immunisation, almost doubling the available resources. Prevention is better than cure, and acting now to prevent potential future illness is smart. It saves lives and saves healthcare costs for families, communities and nations.

Since its creation in 2000, Gavi has helped developing countries reach 500 million additional children and prevent more than 7 million deaths. Looking ahead, Gavi's vision is to accelerate its efforts and reach an additional 300 million children between 2016 and 2020, preventing a further 5 million-6 million future deaths.

At different times, most governments borrow on capital markets to fund domestic public expenditure. IFFIm uses the same approach to finance international development needs. IFFIm has proven to be a relatively inexpensive way of raising funds, with an average cost of borrowing below the average costs incurred by its donor governments in their own borrowing.

Thanks to IFFIm's ability to shift funds through time, Gavi has been able to deliver support for new vaccines many years in advance of donor payments, accessing future cash inflows to immunise children today (see table 1). The flexibility of the mechanism also recently proved valuable as a potential stand-by funding source to enable Gavi's rapid response to the Ebola crisis.

Table 1



¹ Gavi is a public-private partnership working to reduce vaccine-preventable deaths and illness among children. Gavi provides funds to purchase and deliver vaccines and strengthen health services in the world's poorest countries, saving lives and protecting people's health against disease.

How does IFFIm contribute to sustainable development?

Since its creation in 2006, IFFIm has raised more than US\$ 5 billion on the international capital markets. The World Bank acts as IFFIm’s treasury manager, and IFFIm’s prudent financial policies and operations have resulted in a strong credit rating and investor confidence.

One of IFFIm’s unique features is that it mobilises private sector capital by offering investors a socially responsible investment. Another key feature is its smart use of ODA funds, facilitating predictable long-term funding that gives Gavi great flexibility. Never before did donors make such long-term commitments of ODA, some more than 20 years.

The scale of donor long-term commitments to IFFIm also supports Gavi’s efforts to transform vaccine markets through reduced prices and increased security of vaccine supply. As a result, IFFIm not only supports Gavi in ensuring ‘more money for health’ but also ‘more health for the money’.










Key contributors

To date, nine donors have together pledged more than US\$ 6.5² billion to IFFIm over 23 years (see table 2). Brazil has also pledged US\$ 20 million and is in the process of finalising its commitment.

These ODA contributions enable the mobilisation of funds from investors on the capital markets. IFFIm has also been successful in engaging non-traditional investors in global development, for example through a sukuk issuance – IFFIm’s first transaction that complies with Islamic law – which raised US\$ 500 million, including more than US\$ 300 million from Middle East investors. The 2014 sukuk transaction was widely acknowledged as ground breaking, including winning a Euromoney award for innovation in Islamic finance.

Table 2

Signed donor pledges to IFFIm*

								
United Kingdom	France	Italy	Norway	Australia	Spain	The Netherlands	Sweden	South Africa
US\$ 2.98 billion over 23 years	US\$ 1.72 billion over 20 years	US\$ 635 million over 20 years	US\$ 264 million over 15 years	US\$ 256 million over 20 years	US\$ 240 million over 20 years	US\$ 114 million over 8 years	US\$ 38 million over 15 years	US\$ 20 million over 20 years

*At the Berlin pledging meeting on 27 January 2015 where donors committed support to Gavi for 2016-2020, Australia, France and the Netherlands made additional pledges of AU\$ 37.5 million, US\$180 million and US\$72 million respectively.

IFFIm was initially conceived as a pilot programme in 2004 and received its first donor commitments in 2005. As the world focuses on the post-2015 SDGs and the future of financing for sustainable development, IFFIm stands out as a proven effective innovative financing mechanism that has helped leverage ODA smartly to fight poverty and advance prosperity.

For further information see www.gavi.org and www.iffim.org

² The information shows IFFIm pledges by donors in US\$ equivalent amounts of national currency calculated using prevailing exchange rates at the time each signed the grant agreement