

IFFIm measures up

New data on IFFIm’s impact shows how flexible financing is a catalyst for saving lives



CREDIT Gavi/2014/Karel Prinsloo

When Gavi, the Vaccine Alliance needed flexible funding to jump-start critical immunisation programmes in countries like India, Pakistan, Nigeria and Uganda, it turned to IFFIm as its first source of funding. IFFIm has enabled Gavi to accelerate funding for critical immunisation and public health interventions in many of the world’s poorest countries.

The results are staggering. A recent analysis shows how, over a decade, IFFIm’s frontloading mechanism in support of routine immunisation has allowed more than 80 million children to be vaccinated ahead of receiving the donors’ grants.

Since 2006, IFFIm has contributed US\$ 2.6 billion to Gavi’s immunisation programmes. Frontloading funds to introduce and maintain routine vaccination programmes makes government donors’ investments go further by speeding delivery of Gavi’s live-saving vaccines.

For example, Pakistan received more than \$16 million in health system strengthening financing from IFFIm. This money went to improving Pakistan’s program management, human resources, finance, logistics, service delivery, monitoring and advocacy.

In 2008, IFFIm disbursed more than \$6 million to help stabilise Nepal’s health administration. Then, in April 2015, Nepal was devastated by an earthquake. But because the country’s health system was relatively strong — due in part to IFFIm funding — the country managed to resume regular immunisation services within days.

IFFIm has also played a prominent role in one of Gavi’s core and most

With grant of US\$ 20 million, Brazil becomes 2nd BRICS donor to IFFIm.

More on p. 8.



Gavi/GMB Akash

Parents attend the vaccine session at the EPI centre in Dhaka, Bangladesh. More than three million children will benefit from pneumococcal vaccine (PCV), which protects against one of the leading causes of pneumonia, and the Inactivated Polio Vaccine (IPV) as part of the Polio Eradication & Endgame Strategic Plan 2013-2018.

to its children. Hib was virtually eliminated in just five years, preventing 30,000 cases of severe Hib disease and 5,000 child deaths every year.

IFFIm also made a significant contribution to Gavi's mission to eradicate polio, investing more than \$191 million to help develop and license oral polio vaccine (OPV) products. IFFIm's support contributed to a striking 95% decline in polio cases in Nigeria and India, the elimination of wild poliovirus from all 15 countries reinfected in 2009 and an 85% decline in type 3 polio cases globally.

In June 2018, Gavi approved an exceptional extension of overall support for Nigeria up to 2028 including funding for inactivated polio vaccine (IPV) for the next two years. IFFIm may play a role in financing this extension initiative.

successful functions: negotiating significantly lower vaccine costs for the world's poorest countries. With funds provided by IFFIm, Gavi has had a catalytic effect on increasing uptake of underused vaccines in the poorest countries. For example, by funding more than 90% of initial vaccines for Gavi's pentavalent programme, IFFIm's investment encouraged manufactures to increase production and decrease the price. Gavi is now able to procure pentavalent vaccines for \$0.88 per dose, a price reduction of more than 75% since 2006.

IFFIm has provided more than \$27 million for pentavalent in Uganda, making it one of the first Gavi-supported countries to deliver the vaccine

Over a decade, IFFIm's frontloading mechanism in support of routine immunisation has allowed more than 80 million children be vaccinated ahead of receiving the donors' grants.

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.



Gavi, the Vaccine Alliance is a public-private partnership committed to saving children's lives and protecting people's health by increasing equitable

use of vaccines in lower-income countries. 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. Gavi, the Vaccine Alliance is supported by donor governments (Australia, Brazil, Canada, Denmark, France, Germany, India, Ireland, Italy, Japan, the Kingdom of Saudi Arabia, Luxembourg, the Netherlands, Norway, the People's Republic of China, Principality of Monaco, Republic of Korea, Russia, South Africa, Spain, the State of Qatar, the Sultanate of Oman, Sweden, Switzerland, United Kingdom, and United States), the European Commission, Alwaleed Philanthropies, the OPEC Fund for International Development (OFID), the Bill & Melinda Gates Foundation, and His Highness Sheikh Mohamed bin Zayed Al Nahyan, as well as private and corporate partners (Absolute Return for Kids, Anglo American plc., The Children's Investment Fund Foundation, China Merchants Group, Comic Relief, Deutsche Post DHL, the ELMA Vaccines and Immunization Foundation, Girl Effect, The International Federation of Pharmaceutical Wholesalers (IFPW), the Gulf Youth Alliance, JP Morgan, "la Caixa" Foundation, LDS Charities, Lions Clubs International Foundation, Majid Al Futtaim, Orange, Philips, Reckitt Benckiser, Unilever, UPS and Vodafone). www.gavi.org



The World Bank is like a cooperative, made up of 189 member countries.

The World Bank's goals

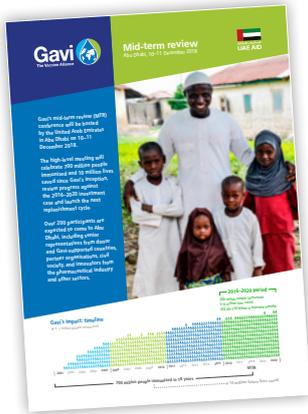
are to (i) end extreme poverty at the global level within a generation and (ii) boost shared prosperity. The World Bank is also the treasury manager for IFFIm. In that capacity, the World Bank manages IFFIm's finances according to prudent policies and standards. This includes IFFIm's funding strategy 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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Gavi mid-term review in UAE assesses past progress, charts future path



On 10 and 11 December, the United Arab Emirates will host Gavi's 2018 mid-term review (MTR). The high-level meeting will celebrate 700 million people immunised and 10 million lives saved since Gavi's inception, review progress against the 2016-2020 investment case and launch the next replenishment cycle.

More than 200 participants are expected to attend the MTR event, including senior representatives from donor and Gavi-supported countries, partner organisations, civil society, and innovators from the pharmaceutical industry and other sectors.

Indeed, the MTR will highlight ways in which Gavi and IFFIm have formed productive alliances with many sectors to help create transformative solutions that advance the global immunisation agenda. IFFIm's engagement of private investors on capital markets around the world represents one of the prime examples of such alliance building.

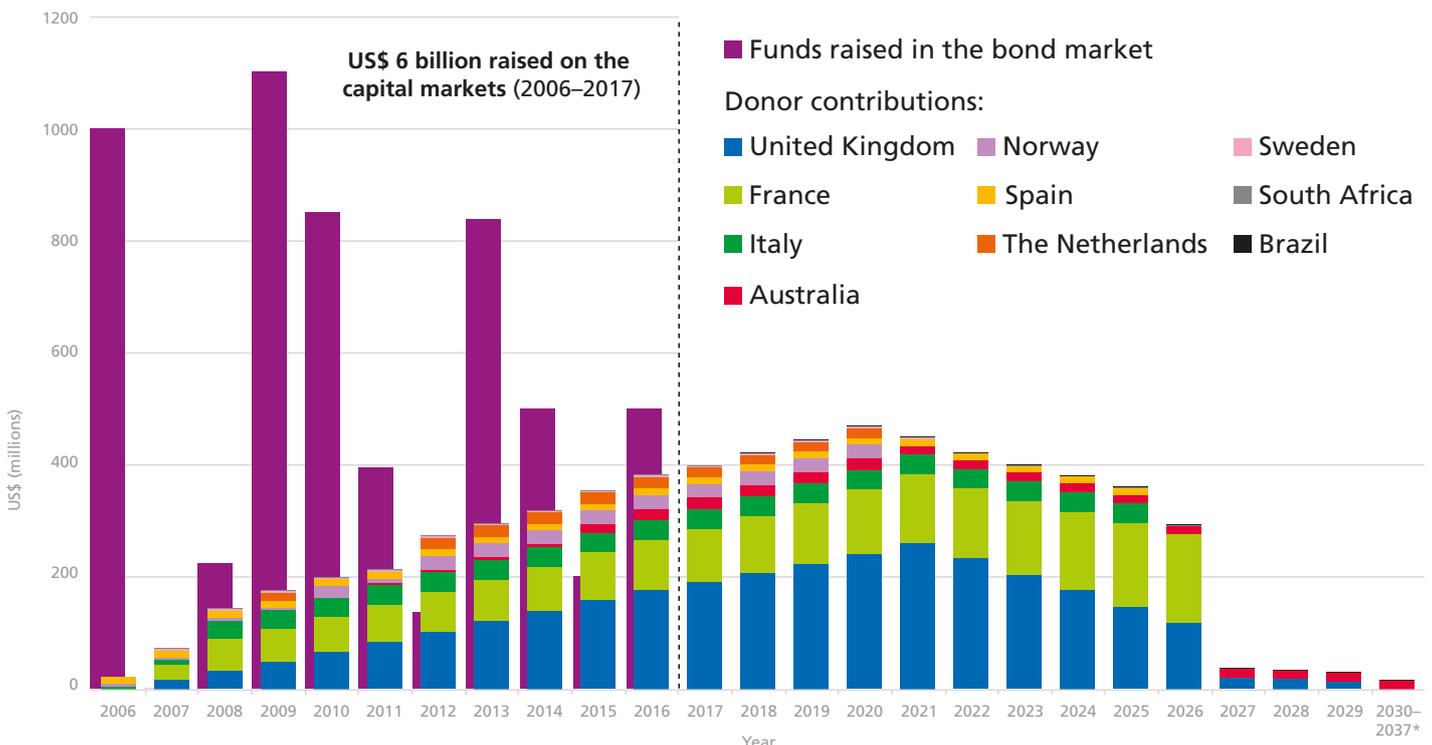
UAE, the first Gavi donor from the Middle East and North Africa region in 2011, has special significance to IFFIm, as it was the site of two sukuk — or financing vehicles that comply with Islamic law — that raised a combined US\$ 700 million through Vaccine Bonds in 2014 and 2015.

The MTR will assess the performance so far of Gavi's current strategic period, which began in 2015 at the Alliance's second pledging conference hosted by Germany's Chancellor Angela Merkel in Berlin. Backed by the G7, Gavi raised more than \$7.5 billion at that pledging conference. That funding has put Gavi on track to vaccinate an additional 300 million children between 2016 and 2020, resulting in more than 5 million lives saved and economic benefits of \$80-100 billion.

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IFFIm Board Chair Cyrus Ardalan and Board members Fatimatou Zahra Diop and Christopher Egerton-Warburton have represented IFFIm and Gavi at important gatherings such as the Association of African Central Banks and Euromoney Kuwait. In addition to raising awareness about the MTR, they are highlighting the impact of IFFIm's innovative development finance model in the world's poorest countries.

IFFIm issues bonds based on long-term pledges



Note: Brazil is scheduled to make payments of US\$ 1 million per year over 2030-2037 totaling US\$ 8 million over the period. The total amount of donor commitments to IFFIm including Brazil's new pledge is US\$ 6.55 billion.

“It gives me incredible pride to be part of this”

Board Chair Cyrus Ardalan talks about IFFIm’s vision for socially responsible investing and its positive impact on Gavi

Q: Why are socially responsible investments getting more popular?

CA: There’s a growing understanding and appreciation in commercial and in financial markets that companies should and can play a very direct role in furthering social purposes and that they can do this without making sacrifices on their basic objective of achieving adequate returns on investment.

Q: How is IFFIm innovating in the SRI sector?

CA: IFFIm provides probably the purest form of a socially responsible investment. Its purpose is unambiguously social. It has a very clear and direct impact which can be measured. By being able to tap into the international capital markets on an ongoing basis, IFFIm is able to give Gavi a flexible form of financing that it can draw upon as it requires. Likewise, IFFIm offers a number of donors an attractive mechanism for supplementing their support for Gavi through providing long-term commitments yet seeing the benefits show up in the short term.

Q: What has IFFIm achieved since it was founded in 2006?

CA: IFFIm has had a major positive impact enabling Gavi to accelerate its programme of providing children in developing countries the vaccines that they need to survive and thrive. As a result of IFFIm’s investment, Gavi has been able to benefit from an additional US\$ 2.6 billion in proceeds, which it has been able to utilise to accelerate and expand its operations.

Since 2006, IFFIm has frontloaded funds to introduce and maintain routine vaccination programmes in the world’s poorest countries. The effect is both impressive and heartening because 80 million children in routine immunisation programmes have been vaccinated earlier than they would have been otherwise, ahead of Gavi receiving the donors’ grants. This has saved more lives faster.



Gavi/2018

Q: Besides providing funding, how else does IFFIm support Gavi?

IFFIm’s long-term and flexible funding capabilities have enabled Gavi to reduce the cost of vaccines through market shaping. For example, by funding more than 90% of initial vaccines for Gavi’s pentavalent programme, IFFIm’s investment encouraged manufacturers to increase production and decrease the price. Gavi is now able to procure pentavalent vaccines for \$0.88 per dose, a price reduction of more than 75% since 2006.

Q: What is your vision for IFFIm’s future?

CA: In addition to our efforts to continue to strategically support Gavi’s market-shaping activities, we’re currently exploring with Gavi how IFFIm could be used by Gavi to enable modern cold chain equipment, necessary to deliver unspoiled vaccines to children whose lives depend on these — especially in remote areas. In this process we’re keen to expand the use of energy-efficient, solar-powered equipment, which can provide cold-chain facilities in remote areas without electricity.

We’re also exploring how IFFIm might be able to support the rapid deployment of financing in the case of infectious disease outbreaks, should Gavi decide to play an active role in this area.

Q: Have you seen results of IFFIm and Gavi’s work in the field?

CA: I visited a remote clinic in a village in Laos. It was really moving to see the dedication and passion with which the doctors and nurses provided the vaccines and other basic health services to the children and parents and the wider impact it had on their community. And it’s experiences like that that bring home to me the incredible differences that IFFIm and Gavi make to the lives of ordinary people in some of the poorest countries in the world. It gives me incredible pride to be part of this.

“IFFIm has had a major positive impact enabling Gavi to accelerate its program of providing children in developing countries the vaccines that they need in to survive and thrive.”

Cyrus Ardalan

Gavi extends its IFFIm-funded polio vaccine campaign in Nigeria



Gavi/2013/Adrian Brooks

A smiling Yusuf Ibrahim stands with his four children in the tiny farming village of Unguwar Daji in northern Nigeria. The introduction of the pentavalent vaccine in Nigeria is estimated to save the lives of at least 30,000 children who die from vaccine-preventable disorders every year. Nigeria has also introduced the pneumococcal vaccines, which protect against pneumonia, still the world's biggest killer of children under the age of five.

IFFIm and Gavi have long supported remarkably successful efforts to eradicate polio around the globe, and they're continuing the fight in Nigeria, where polio is still endemic. IFFIm alone has provided more than US\$ 191 million to global efforts to end polio. As of 2018, IFFIm has used 7.5% of its funds on polio vaccine programmes.

When the Global Polio Eradication Initiative (GPEI) faced a funding crisis in 2006, it turned to IFFIm as the only way to finance stockpiling the polio vaccine so suppliers have it available for outbreaks. IFFIm's \$191 million investment helped develop and license oral polio vaccine (OPV) products that could be field tested for safety and purchased in bulk. GPEI is a partnership of WHO, UNICEF, the US Centers for Disease Control, Rotary International and national governments.

In 2007, Gavi reprogrammed \$104.62 million in IFFIm funds from a post-eradication era polio vaccine stockpile into intensified polio eradication activities. The funding freed up much-needed cash and set in motion a scaling up of immunisation and surveillance activities in support of WHO's Case for Completing Polio Eradication.

Four months into the programme, IFFIm funding helped immunise more than 100 million children under age five, some of them multiple times, in 11 polio-affected countries. It also supported surveillance activities and technical assistance in four WHO regions.

IFFIm funding was critical to the rapid development and licensing of a new OPV vaccine in 2009. This led to a striking 95% decline in cases in Nigeria and India, the elimination of wild poliovirus from all 15 countries reinfected in 2009, and more than an 85% decline in type 3 polio cases globally.

In 2011, Gavi applied IFFIm funds to polio eradication programmes in the heart of Africa. Gavi later partnered with UNICEF, WHO, the Bill & Melinda Gates Foundation and others, to end polio once and for all.

Gavi extends Nigeria support up to 2028

In June 2018, Gavi's Board of Directors approved an exceptional extension of overall support for Nigeria up to 2028 including funding for inactivated polio vaccine (IPV) for the next two years.

Even though Nigeria was due to transition out of Gavi support in 2021, it has one of the lowest immunisation rates in the world. Immunisation coverage varies by state and within states with a range of 10% to 80%. Meanwhile, an uneven infrastructure with multiple geographical barriers and an anti-vaccine movement create additional obstacles.

Gavi's extended efforts could lead to more than one million lives saved from vaccine-preventable disease in the country.

"With 4.3 million under-immunised children, Nigeria has the highest number of children in the world who are not fully protected against deadly vaccine-preventable diseases", says Gavi CEO Dr Seth Berkley. "This crucial support will ensure that children across the country receive the vaccines they desperately need, help to strengthen the country's primary healthcare system, build a healthier society and ultimately a stronger economy for Africa's most populous country."

Five Facts about Polio

- Polio mainly affects children under age five and can lead to irreversible paralysis
- 5% to 10% of people affected by polio-paralysis die when their breathing muscles become immobilised
- Since the Global Polio Eradication Initiative (GPEI) was formed, polio case numbers have decreased by more than 99%
- Three countries have never stopped transmission of polio (Afghanistan, Nigeria and Pakistan)
- Unlike most diseases, polio can be completely eradicated

Source: WHO (The World Health Organization)

IFFIm 2017 bond issuance generates US\$ 300 million for vaccines

Investors seized a new opportunity to put their money to work for life-saving vaccines in November 2017, when IFFIm priced a US dollar floating rate benchmark bond issuance. The US\$ 300 million, 3-year Vaccine Bonds are ideal examples of how investors can do good for the world, even as they do well with a solid investment.

This transaction marked IFFIm's second visit to the international United States dollar benchmark market during the last two years. The November 2017 issuance was managed by Citi, Crédit Agricole and Goldman Sachs International. The issue maturing on 16 November 2020 carries a

quarterly coupon of +13 basis points over the 3-month USD Libor rate.

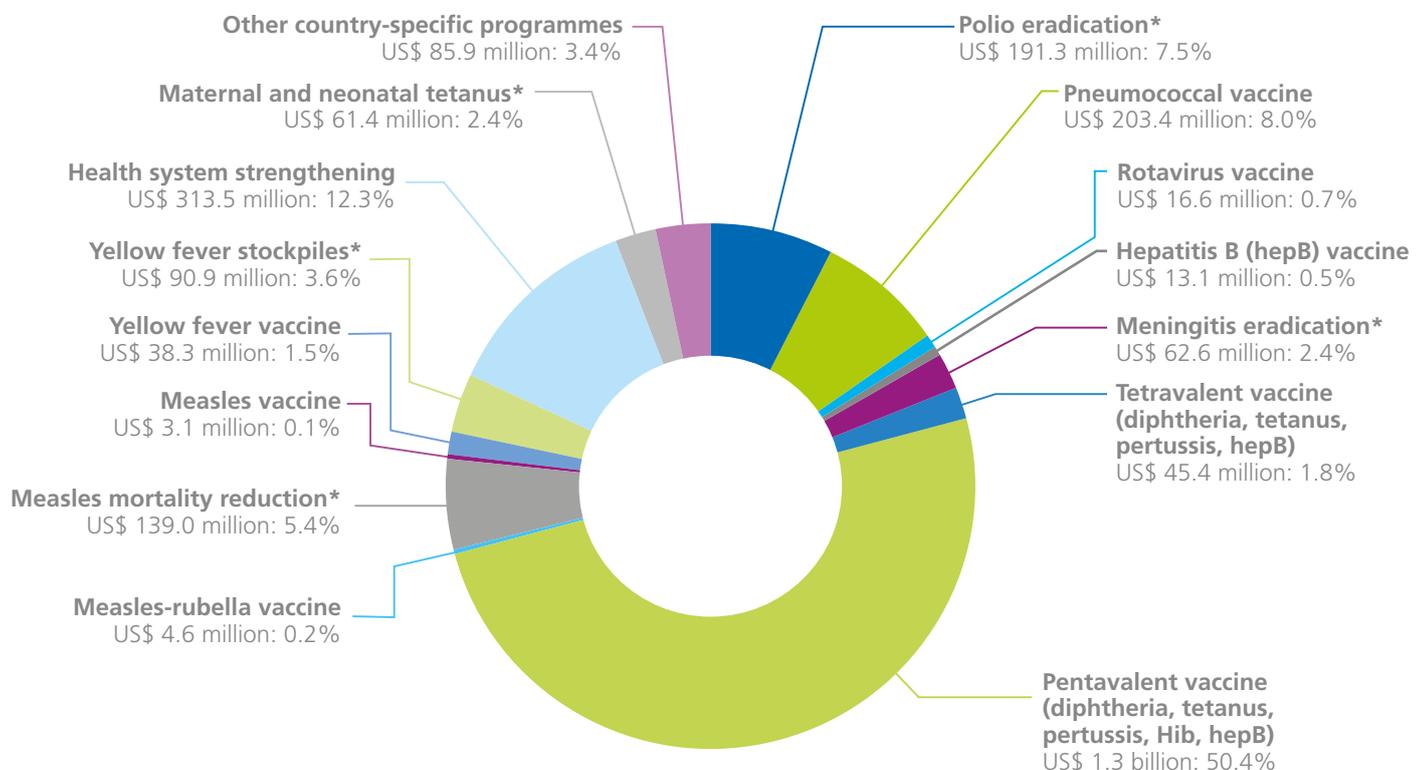
Like previous issuances, IFFIm's Vaccine Bonds will help fund Gavi's immunisation programmes, which protect millions of children in the world's poorest countries against preventable diseases.

"This transaction is yet another opportunity for investors to put their money to work in support of Gavi's efforts to increase access to life-saving vaccines in developing countries," said former IFFIm Board Chair René Karsenti. "IFFIm's Vaccine Bonds are the consummate example of how investors can do good for the world, even as they do well with a solid investment."

Gavi programmes funded by IFFIm

As of 30 June 2018, more than US\$ 2.6 billion of IFFIm funds were disbursed by Gavi to support vaccine purchase and delivery to 71 developing countries, representing approximately one fourth of Gavi's programme funding since IFFIm's inception in 2006. IFFIm has been instrumental in helping Gavi fund breakthrough vaccines quickly and securely. For instance, IFFIm financed more than 90% of Gavi's promised payment to UNICEF to secure initial doses of pentavalent, a single shot of which immunises against five infectious diseases: diphtheria, tetanus, pertussis, *Haemophilus influenzae* type B (Hib) and hepatitis B.

2006 to June 2018: US\$ 2.6 billion



*One-time tactical investments in disease prevention and control ("Investment cases"). These tactical investments have helped prevent 1.4 million deaths from yellow fever, polio and measles. Such dedicated funding has also played a significant role in combating 600,000 cases of meningitis and maternal and neonatal tetanus.

Bertrand de Mazières offers IFFIm extraordinary experience with social impact investing



European Investment Bank

Bertrand de Mazières, who became the newest member of the IFFIm Board of Directors in the spring of 2018, traces his most formative experience with global development finance to the mid-1990s. That's when his responsibilities at the French Treasury, where he had long played leading roles as a civil servant, expanded to include international banking.

As the Treasury's Assistant Under-Secretary for Debt and Development, de Mazières was France's chief negotiator to the International Development Association, or IDA, the World Bank development fund, and he provided his government's input about World Bank programmes. He also oversaw France's participation in several multilateral development banks and funds – such as the African Development Fund and the project of the Middle-East Development Bank – and sat on the board of the central banks of the West African and Central African Financial Communities, as well as the French Official Development Agency.

Growing up mostly in Paris, de Mazières was the only one in his family to go into banking and international development finance. Though his mother graduated as a historian who specialised in African studies and his wife, who is English, was born in Sudan, he had only “an intellectual exposure to Africa” while he was in university.

But by the 1990s, de Mazières got an intensive education about the vast horizon of developing countries' complexities and an intimate view of the early evolution of innovative financial instruments to support them. One such instrument at the time was the Global Environment Facility, or GEF, which de Mazières helped initiate. GEF has since provided more than US\$ 17.9 billion in grants and mobilized an additional \$93.2 billion in co-financing for environmental stewardship projects in 170 countries.

GEF was “a bit of a prototype of what's happening today,” de Mazières says. “It comes out of a notion that money can be contributed to certain aims — with special reporting and strong monitoring. Before GEF, most projects were only using public money; the idea to leverage private money was not yet happening. GEF had the same reasoning behind it that IFFIm and green bonds have today.”

In 2006, de Mazières moved with his wife and three children to Luxembourg to take on his current position as Director General for Finance at the European Investment Bank. There he oversees a team of more than 200 people who, among other functions, maintain the EIB's liquidity to ensure it has sufficient funds to invest in projects across Europe and in emerging market countries.

Early on, de Mazières was deeply involved in EIB's contribution to the creation of yet another new and promising financial vehicle: green bonds. Issued for the first time in July 2007, green bonds were, he says, “the first opportunity for private investors to support initiatives aimed at addressing the problem of climate change. The World Bank Group followed immediately after with green bond products of their own and, with EIB, helped establish this market.” Starting with about \$1 billion in investments in 2007, the total green bond market now hovers around \$100 billion, according to de Mazières. The EIB is still engaged in the development of standards and best practices for green bonds.

“Investors are definitely interested in impact investments, but only in those that can truly demonstrate impact.”

Bertrand de Mazières

The explosion of the green bond market in 2013, de Mazières says, is part of the larger and continuously evolving story of increased support by private investors in socially responsible investments — including, most prominently, IFFIm. “Investors are definitely interested in impact investments,” de Mazières says, “but only in those that can truly demonstrate impact. That requires strong measurement to explain the results and show that green bonds or social bonds are governed by responsible principles.”

For de Mazières, joining the IFFIm Board is another way to continue his contribution to the success story of leveraging the power of the private sector to improve the world. “The story is not done yet,” he says, “but we've seen a lot of encouraging progress.”

Brazil's US\$ 20 million for IFFIm shows commitment to global immunisation

On 10 October 2018, the Government of Brazil formally approved its commitment to provide US\$ 20 million — \$1 million per year for 20 years — to IFFIm.

The grant is significant on at least two levels. First, it broadens IFFIm's pool of donor support to \$6.55 billion, against which it raises financing on capital markets to accelerate financing for Gavi's immunisation programmes in the poorest countries.

Second, it shows that BRICS countries like Brazil can be important contributors to essential global health initiatives like Gavi. With its pledge, Brazil becomes the 10th donor to IFFIm overall and the second BRICS donor after South Africa.

"For IFFIm, the participation of Brazil is an incredibly valuable symbol," IFFIm Board Member Christopher Egerton-Warburton noted at a meeting with Brazil's Minister of Health, Gilberto Occhi, in New York City during September's UN General Assembly. "It demonstrates that IFFIm is an efficient tool for many countries like Brazil to make important contributions to important global development needs like immunisation."

Brazil has a longstanding commitment to ensuring access to medicines and vaccines at the domestic, regional and international level. Also, the country's state-owned vaccine manufacturer Bio-Manguinhos is one of the only four global suppliers of yellow fever vaccine and has provided the vaccine to Gavi.

"We appreciate Brazil's support through this pledge. We have enormous respect for how much Brazil prioritizes health and vaccines," Gavi CEO Seth Berkley said at the meeting with Minister Occhi in New York. "We already have a strong working relationship with Brazil. We buy vaccines from Brazil, and most recently we've been using Brazilian experts to help with some of the Lusophone countries in Africa to provide technical assistance."



Gavi/2018/Andrew Seng

At this year's UN General Assembly in New York, Brazil's Minister of Health, Gilberto Occhi, Dr Seth Berkley, CEO of Gavi, and Christopher Egerton-Warburton, a member of the IFFIm Board of Directors, met to discuss the Brazil's US\$ 20 million commitment to IFFIm.

A young child holds a polio vaccine at Wampar Huongulf district Health Clinic, Papua New Guinea in July 2018. Brazil's \$20 million pledge broadens IFFIm's pool donor support to of \$6.55 billion, against which it raises financing.



Gavi/2018/AAPIMAGE-Brendan Esposito

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