



■ Update April 2007

The International Finance Facility for Immunisation

Frontloading financing for development – impressive initial results when the financial markets meet the world of development.

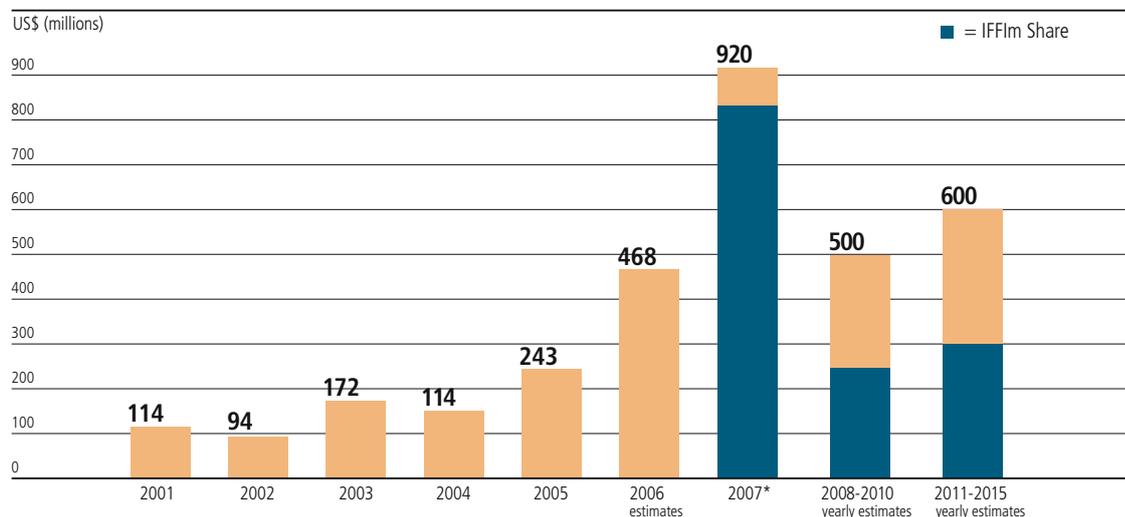
The GAVI Alliance, created in 2000, is a public-private partnership, accelerating delivery of life-saving immunisation through its partners to the world's poorest children. By the end of 2006, it was estimated that 2.3million additional premature deaths had been prevented. The innovative structure of GAVI was specifically designed to be able to carry out predictable, long-term development financing faster and more efficiently than any of the existing vehicles.

Lives saved

By the end of 2007, through IFFIm, an estimated 3.8million additional children will have been reached with vaccine against Hib, 14.5million with vaccine against Hepatitis B and 4.4 million children with vaccine against yellow fever.

Frontloading: The International Finance Facility for Immunisation (IFFIm) has promptly released unprecedented resources to support vital activities in health system strengthening and childhood immunisation.

GAVI disbursements and portion of funds provided by IFFIm



*Includes vaccine prepayment

To illustrate the significance of IFFIm: since the GAVI Alliance started in 2000, it has disbursed a cumulative total of US\$ 817 million to fund immunisation in the world's poorest countries. In a single year – 2007 – GAVI is expecting to disburse approximately US\$ 836 million of frontloaded IFFIm funds raised in the international capital markets.

Acting quickly: By the end of 2007, approximately US\$ 836 million of IFFIm funds will have been disbursed. In the three months since the IFFIm launch the GAVI Alliance has already disbursed a total of US\$ 460 million of IFFIm funds to a range of programmes to control priority diseases such as polio, measles, yellow fever and tetanus. By the end of 2007 an additional US\$ 376 million will have been disbursed.

The practical implications of deploying so much money quickly and effectively are demanding- both for those disbursing the funds, and for those who are working to absorb the proceeds in the most cost-effective way possible. New governance and legal structures were put in place to accommodate these demands. A unique combination of experts from the fields of development, the international capital markets, and international law together oversee the structures designed to ensure IFFIm supports strong programmes.

Generating guaranteed predictability of development funds: One of the great strengths of IFFIm funding is that it is, by design, predictable over the long-term. The funds have to be absolutely reliable so that partner countries can plan more securely for long-term goals such as human resources development – especially at local and district levels. The IFFIm funds go to the purchase and

Health system strengthening: removing barriers to progress

Much of the world's burden of disease could be prevented or cured. There are known, affordable technologies to achieve this. The problem is getting those drugs, vaccines, and other forms of prevention, care or treatment to those who need them – on time, reliably, in sufficient quantity and at reasonable cost. Failing or inadequate health systems are one of the main obstacles to scaling-up effective distribution of such life-saving technologies, and therefore also a key barrier to achieving the internationally agreed Millennium Development Goals.

In January 2007, at the World Economic Forum in Davos, the GAVI Alliance announced the initial investment of US\$ 500 million in health system strengthening between 2006 and 2010. These funds will contribute to the GAVI Alliance's current efforts to reduce child mortality (MDG4) and maternal mortality (MDG5).

For 2007, IFFIm is expected to fund a total of US\$ 71 million of this effort out of its first bond issuance to support comprehensive health system plans in Cambodia, Ethiopia and Kyrgyz Republic.

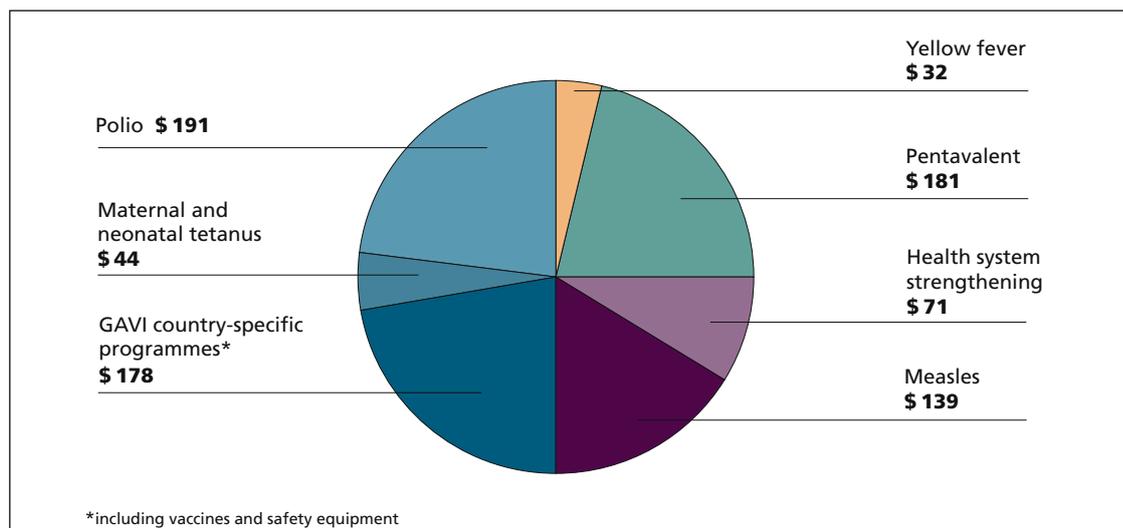
Together, GAVI Alliance support is helping to bring the newest and most effective vaccines against deadly childhood diseases to the people and the places that might not otherwise be able to afford or access them.

distribution of vaccines as well as to meet the needs that countries themselves identify as “bottlenecks” to getting immunisation to children. This approach of ensuring predictable financing, and especially for strengthening of health systems, is in line with the G8's commitments to increase financing to enable partner countries to make long-term investments.

Togolese children queue with their immunisation cards to be vaccinated against yellow fever.



Breakdown of expected IFFIm disbursements for 2007 – Total of US\$ 836 million



Stockpiles that actively save lives

GAVI-supported stockpiles are not mountains of unused vaccines. They represent innovative mechanisms to ensure that scarce or new vaccines or medicines are poised ready for deployment as soon as an outbreak is identified. IFFIm funding of the Yellow Fever Initiative demonstrated this in the first two weeks of February, when about 1.3 million Togolese children were immunised against this highly infectious viral disease in 11 districts of Savanes and Kara regions. As soon as three cases of yellow fever were laboratory confirmed, the partners in the Yellow Fever Initiative put the response plan into action. The exercise was a great example of coordination among partners – led by the Ministry of Health – that will reduce the size and frequency of yellow fever outbreaks for at least 20 years.

Another effect of the stockpile is to secure supply for routine programmes. With just three manufacturers of yellow fever vaccine worldwide, supply is limited. Outbreaks used to take all the vaccine available and disrupt supply to routine programmes.

Staff from the WHO country and regional offices, UNICEF and Agence de Médecine Préventive together provided expertise in epidemiology, logistics and quality assurance, together with a social mobilisation expert from the WHO Mediterranean Centre for Vulnerability Reduction who worked with the Togolese Red Cross's national volunteer network on social mobilisation, supported by the International Federation of Red Cross and Red Crescent Societies.

For the full photo story on this, see https://www.who.int/features/2007/yellow_fever/gallery/en/index.html

The polio stockpile goes beyond the conventional. It is not a stockpile of the trivalent polio vaccine (OPV) used to eradicate polio globally, but – in an additional WHO-led initiative – contains three completely new vaccines, developed specifically to ensure that the post-eradication phase is not compromised by vaccine-derived wild poliovirus. The IFFIm funding for this stockpile has been essential to spur industry rapidly to manufacture and evaluate the new monovalent vaccines that are critical to this process. Without this intervention, it would not have been profitable to produce these vaccines. At least two eligible OPV manufacturers will have produced and licensed OPV types 1 and 3. The clinical trials for types 1 and 3 will be well underway by end-2007.

Selected results flowing from IFFIm funding

■ **Delivering on improved prices:** IFFIm funding has allowed GAVI to make a three-year binding commitment to purchase vaccine at a reduced price by making a longer-term commitment. As a result of this funding, the reduction in price of the pentavalent vaccine (ie a single injection that includes vaccination against diphtheria, pertussis and tetanus, *Haemophilus influenzae* type b and hepatitis B) is 7.7%. Additionally, the availability of IFFIm funding over the next decade is supporting security of supply by giving assurance of GAVI support to pentavalent vaccine in the future. This is an incentive to new manufacturers to enter the market in the coming years to further reduce the price.

■ **Measles:** IFFIm funds will have contributed importantly to a reduction in the number of global measles deaths from 480,000 in 2003

“The Measles Initiative and GAVI are two of the most successful global health initiatives in recent years”

Timothy E. Wirth,
President of the UN Foundation

to an estimated 170,000 in 2010. In February, \$139 million of IFFIm money and pledges gave a critical boost to the work of the Measles Initiative. In 2007, nearly 240 million children will have been immunised against measles in supplementary campaigns.

Measles vaccination campaigns are also contributing to the reduction of child deaths from other causes. They have become a channel for the delivery of other life-saving interventions, such as bed nets to protect against malaria, de-worming medicine and vitamin A supplements.

For more information see: <http://www.measlesinitiative.org/press/GAVI22Feb2007.pdf>

■ Maternal and neonatal tetanus:

38 million women of child-bearing age will be targeted for immunisation in 19 countries, saving between 204,000 and 314,000 lives.

IFFIm's first bond issuance

IFFIm's inaugural bonds were issued on 14 November 2006. The bonds were priced comparably to other sovereign/supranational issuers and were bought by a broad range of investors – both geographically and by investor type – including several central banks, pension funds, fund managers, and insurance companies (see figure below). Additionally, reflecting its fundamental humanitarian purpose, individuals such as His Holiness Pope Benedict XVI; Her Majesty Queen Rania Al-Abdullah of Jordan; Cardinal Renato Raffaele Martino; Archbishop of Canterbury; Dr Rowan Williams; Chief Rabbi, Dr Jonathan Sacks; Iqbal Khan of the Muslim Council of Britain; Ramesh Khalidi of the Hindu Forum; Indrajit Singh OBE of the Sikh Council of Britain as well as Bono and Bob Geldof supported the IFFIm initiative.

Recognition from the capital markets

As evidence of the strong market demand for IFFIm securities as well as for the strong ongoing high quality investor appetite, the trading price for IFFIm bonds on the secondary market has improved relative to that of comparable issues.

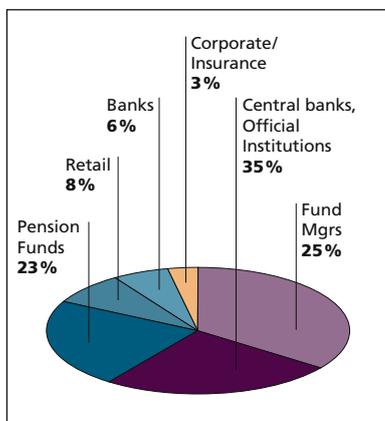
In its first few months IFFIm has won numerous awards, recognising IFFIm as a debut issuer. In *Euroweek's "Deals of the Year 2006"*, IFFIm was awarded first place as "Best new borrower", second place in "Sovereign, supra-national and agency deal of the year", and fourth out of "Overall top ten deals of the year". It also took the top prize in *ISR's award ceremony*, with "Innovation of the year".

IFFIm: The aim of IFFIm is to accelerate the availability of funds, raised in the international capital markets and backed by sovereign donor pledges, to be used for health and immunisation programmes through the GAVI Alliance in 70 of the world's poorest countries. The original IFFIm donors are: United Kingdom, France, Italy, Spain, Norway and Sweden. South Africa joined in March 2007 and Brazil has announced that it will become a donor to IFFIm. Dialogue is currently under way with other possible donors to IFFIm with a view to achieving the full funding goal. An anticipated IFFIm investment of US\$4 billion is expected to help prevent approximately 5 million child deaths between 2006 and 2015.

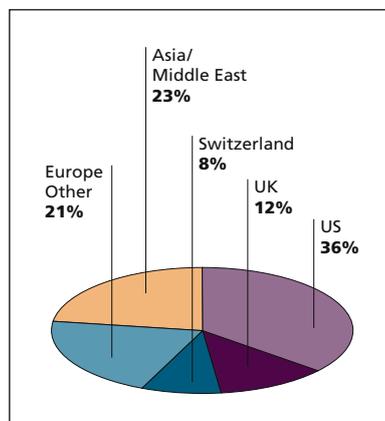
The World Bank is Treasury Manager for IFFIm. In that capacity, the World Bank, as IFFIm's agent, manages IFFIm's finances according to prudent policies and standards. This includes IFFIm's funding strategy and its implementation in the capital markets, rating agency and investor outreach, hedging transactions 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 the GAVI Alliance.

GAVI: The GAVI Alliance includes a wide range of development partners: developing country and donor governments, WHO, UNICEF, the World Bank, the Bill & Melinda Gates Foundation, the vaccine industry, research and technical agencies, public health institutions, non-governmental organisations and the GAVI Fund (the resource and funding arm of GAVI).

Distribution by investor type



Distribution by region



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