



UNICEF CAMBODIA: RASOKA THOR

■ Update 2: November 2007

## IFFIm's one-year anniversary impact

This second update, at the first anniversary of the IFFIm launch, presents a summary "realtime" account of how and where IFFIm's predictable, long-term funding is making a difference.

**In brief:** of the US\$ 1 billion made available, some US\$ 995 million-worth of programmes have now been approved by the IFFIm Board. Of this total, 90% (US\$ 912 million) is scheduled for disbursement before the end of 2007.

Country demand, based in part on awareness of the availability of long-term funding, has accelerated spending.

It has been a remarkable year for the launch of health system strengthening: 40 countries have already applied for funding. 2007 also saw the number of countries applying for Hib vaccine almost double to 44 from the previous year. All but four eligible countries in Africa have now applied for Hib vaccine.

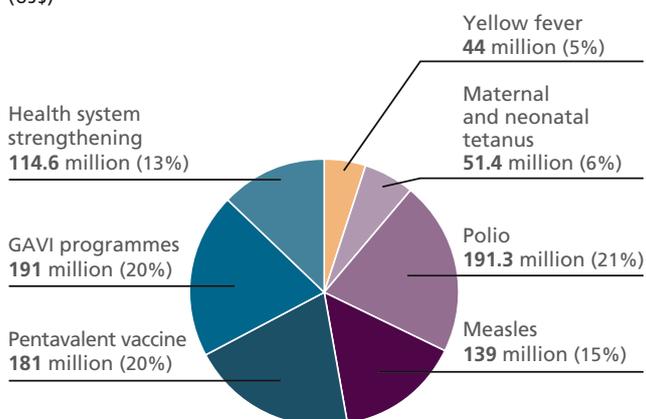
### What is IFFIm?

The International Finance Facility for Immunisation Company (IFFIm) is a new multilateral development institution created to accelerate the availability of predictable, long-term funds for health and immunisation programmes. IFFIm's financial base consists of legally binding grants payments from its sovereign sponsors, on the basis of which IFFIm issues AAA/Aaa/AAA-rated bonds in the international capital markets. The World Bank is the Treasury Manager for IFFIm.

IFFIm's inaugural bonds of US\$1 billion were issued on 14 November 2006. IFFIm funds are provided as grants – not loans – through the GAVI Alliance in some 70 of the world's poorest countries. IFFIm's anticipated investment of US\$4 billion over the next 10 years is expected to provide immunisation for an additional half a billion people, and avert as many as 10 million deaths.

IFFIm was established as a charity with the Charity Commission for England and Wales and is registered in England and Wales as a company.

### Expected disbursements 2006–2007 (US\$)



Of the total of US\$ 994.7 million given Board approval, \$912 million is expected to be disbursed before end 2007.

### Commitments from the sponsoring countries

United Kingdom: a total of **£ 1,380,000,000** over 20 years

France: **€ 372,800,000** over 15 years with an additional maximum total **€ 920,000,000** authorised over 20 years

Italy: a total of **€ 473,450,000** over 20 years

Spain: a total of **€ 189,500,000** over 20 years

Sweden: a total of **SEK 276,150,000** over 15 years

Norway: a total of **US\$ 27,000,000** over 5 years

South Africa: a total of **US\$ 20,000,000** over 20 years

Other donors are expected to follow suit. Brazil for example has announced that it will pay **\$20 million** over 20 years.

## Tactical funding

Drawing on “best practice” experience, IFFIm funding has been allocated to a variety of areas, with a common factor: in each case, the **support gives exceptional acceleration to the chosen programme**. Each targets either a disease or an issue which is constraining progress towards the global goals of improved child and maternal health, focusing on the poorest countries in the world.

This summary gives selected “vital statistics” on use of IFFIm funds, and indicative reports of the catalytic support IFFIm provides in the frontloading of control of four target deadly diseases: measles, yellow fever, polio, and maternal and neonatal tetanus. It profiles the four countries that have received the greatest volume of IFFIm funds.

## Growing international recognition

IFFIm is benefiting from increased international recognition from stakeholders, including growing interest from private investors. The UN Secretary General and the South Korean Minister for Foreign Affairs recently voiced support for IFFIm at the Leading Group conference in South Korea in September while the UK Prime Minister cited GAVI and IFFIm as pathfinders in his inaugural speech to the United Nations General Assembly in July. This recognition was further reflected in the G8 Africa Declara-

tion of June 2007 as well as on the occasion of the recent presentation of IFFIm by Italy at the Financing for Development (road to Doha) meeting of the United Nations. Further recognition is reflected by the financial markets: in addition to the four awards received in 2006, the UK’s Financial Times awarded Deutsche Bank/Goldman Sachs the 2007 “Sustainable Deal of the Year” for IFFIm.

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## Frontloading disease protection

### A country-led process to build community health

Early intervention with vaccination incrementally saves lives. This is the principle behind preparing vaccine stockpiles and behind building “herd immunity”, tackling measles, yellow fever, tetanus and polio through a combination of mass campaigns backed by routine immunisation. Interestingly, the age groups protected in these campaigns include adolescents and women of childbearing age (15-49), as well as the classic target of children under the age of five. This, together with the important investments being made (through health system strengthening) in improving health service provision, **represents a significant country-led process to build community health**.

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## Message from Alan Gillespie

Chair, IFFIm Board

*IFFIm has got off to a strong start. Real-time reporting on approvals and disbursements show the system flexing to accommodate the greatly increased funds flow. Although originally projected to spend some US\$400 million annually, nearly US\$1 billion has gone already – in just one year – to meet country demand and to make tactical, time-sensitive investments in accelerating vaccine access and health system strengthening in the poorest countries. The programmes funded continue to show important results, improving not just young child health and survival, but reaching beyond to mothers and adolescents, and to the health services that support them.*

*In nine months of operations we have seen IFFIm’s special features start to emerge: its uniquely long-term funding capacity coupled with its nimble near-term action. We have seen countries respond to this. Within the first year of launch an astonishing 40 countries have applied for support to strengthen their health systems. This is a massive vote of confidence – as well as a clear indicator of*

*the continuing critical impediments to vaccine distribution. In spite of these recognised constraints, country applications for Hib vaccine have doubled in 2007, strongly due to the availability of the new, liquid, 5-in-1 (pentavalent) vaccine – funded by IFFIm. We see IFFIm working both directly and indirectly here – through the specific pentavalent vaccine investment, and through countries’ recognition that long-term support is available to access this powerful shot.*

*Through the year the IFFIm team has raised IFFIm’s visibility through a variety of media and outreach opportunities, ranging from journal articles to addressing officials at IMF-World Bank meetings, taking a multitude of opportunities internationally to continue to explain and promote IFFIm.*

*As we go into the second year of this pilot project, we will be looking hard at how to continue to capitalise on this success – both in terms of lessons learnt for others seeking to apply capital market strengths to development goals and for where else to apply the multifaceted leverage IFFIm provides.*

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## What frontloading means

*A study on the Costs and Benefits of Front-loading and Predictability of Immunization predicted benefits including lowered vaccine prices, development of herd immunity against certain diseases among the targeted populations, and subsequent higher economic growth:*

- *The predictability of a committed funding source, vs. the standard situation of funding by uncertain, voluntary annual grants, **lowers the price of vaccines.***
- *The same vaccinations administered intensively over five years vs. thinly over 20 years are more effective because the population develops a **"herd immunity" that drives down the disease burden.***
- *More effective vaccinations lead to **higher economic growth.***

The Costs and Benefits of Front-loading and Predictability of Immunization by Owen Barder  
The Value of Vaccination by David Bloom, David Canning and Mark Weston, World Economics, Vol. 6, No. 3, July – Sept. 2006

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## Protecting mothers and infants

### Maternal and neonatal tetanus

Maternal and neonatal tetanus (MNT) kills the poorest of the poor in the developing world. The overwhelming number of tetanus cases – usually fatal – occur in developing countries among newborn babies or mothers following unclean deliveries and poor post natal hygiene. **Global MNT elimination is possible through vaccination.**

Two doses of tetanus toxoid vaccine will protect both mother and child – if they can get them. The women who most need the vaccines live in the areas with the least infrastructure and are the hardest to reach. Supplemental immunisation activities are needed in these areas. To date, the MNT programme has reached about 80% of women targeted in supplementary immunisation activities with at least two doses.

Since 1999, global MNT elimination has had a resource total of US\$ 162 million. IFFIm provided US\$ 62 million of that funding in March 2007. This represented 90% of the resources for the campaign in 2007, and overall a 60% boost above previous resources. Its effect: a projected doubling in the number of women targeted with tetanus vaccine this year.

In 2006, 13 million women were targeted for MNT vaccination. **In 2007 and early 2008, 26 million women will have been targeted.**

IFFIm will have enabled each of the 21 high-burden target countries to complete their

planned activities for 2007, without exception. This is vital for the elimination efforts.

A second important use of IFFIm money is in the validation activities that confirm the actual elimination in countries. Funds so far have enabled Zambia to validate its elimination status through a community-based survey.

With IFFIm funds allowing many countries to complete otherwise faltering MNT immunisation programmes, the rate of elimination is speeding up. It is anticipated that 30-35 countries (of the remaining 47) will be ready for validation by end 2009, bringing the realisation of this global goal significantly nearer.

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## Scaling up a global effort

### Measles

Measles kills nearly 345,000 people globally, and of those, most are children under the age of five.

The Measles Initiative has built on a strong partnership to achieve continuing success over 2006 and 2007. As reported in the April update, **IFFIm has contributed strongly to the work on the reduction of measles deaths globally**, funding both programme and surveillance activities.

On the principle of early, robust action, US\$ 139 million of IFFIm support went to the Measles Initiative by June 2007 (full disbursement).



This picture was taken in Laos, at a home delivery, with no skilled birth attendant. The umbilical cord is being cut by the father with a sliver of bamboo.

## IFFIm's funding represents approximately 80% of the total amount of external funding for measles available to high-burden countries in 2007

IFFIm's funding represents approximately 80% of the total amount of external funding for measles available to high-burden countries in 2007. This has allowed rapid scale-up of measles mortality reduction activities. These, in 2007 alone, are providing 194 million children in 32 countries with life-saving measles vaccine. Global measles vaccination coverage reached 80% for the first time in 2006.

But vaccination alone is not enough. It is essential to know the extent to which disease control is being effective. Programme monitoring and disease surveillance are crucial. **IFFIm funds have also gone to give vital support to measurement of vaccination coverage and disease surveillance.** For example, the global measles laboratory network, in part supported with IFFIm funds, tested over 180,000 blood specimens to determine if the patient had measles or not.



Countries are increasingly recognising yellow fever vaccination as a public health priority.

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## Revealing previously unrecognised populations at risk

### Yellow fever

Yellow fever is a lethal, highly infectious viral disease, causing devastating epidemics. The vaccine is highly effective, and is available both through routine immunisation in 21 countries and through the stockpiles funded by IFFIm, which are available for all outbreaks and preventive campaigns in the 12 West African countries most at risk.

Activities around yellow fever funded by IFFIm have had a catalytic effect on country interest in yellow fever and yellow fever vaccine production in developing countries. Through the four areas of yellow fever activities IFFIm **will strengthen health systems and support vaccine security and affordability, to prevent approximately 687,000 deaths between now and 2050** in those 12 at-risk countries.

With improved yellow fever risk assessment and data collection tools enabled by the IFFIm funds, countries are increasingly recognising yellow fever vaccination as a public health priority. At the 2007 World Health Assembly, other countries asked to join the 12 countries covered by the Yellow Fever Initiative.

The risk assessment activities undertaken as part of the Yellow Fever Initiative are revealing previously unrecognised populations at risk. They have **significantly increased demand for the vaccine.** The initial plan in 2005 anticipated

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## Comments from Doris Herrera-Pol, Director, Capital Markets, World Bank

### The World Bank is IFFIm's Treasury Manager

"IFFIm's inaugural bonds were issued on 14 November 2006 with a 5% coupon and November 14, 2011 maturity. The pricing was comparable to other sovereign/supranational issuers. The inaugural issue was well-received and raised interest from a broad range of investors ranging from central banks and pension funds to religious and charitable organisations, reflecting IFFIm's purpose.

The bonds continue to perform well in the secondary markets. There is continuous demand, especially from retail investors. For IFFIm's 2008 issuance, plans are underway to build on the success and visibility of the inaugural bond and expand to other markets around the world. The World Bank Treasury, as IFFIm's Treasury Manager, is in the process of exploring potential funding products, with a particular focus on individual investors."

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**“Finishing the job of polio eradication is our best buy. We must do it. We are leaving a perpetual gift to generations of children to come.”**

WHO Director-General  
Dr Margaret Chan



Cameroon: The Minister of Public Health commended the international partnership of WHO, UNICEF, GAVI, Médecins sans Frontières, and the Cameroon Red Cross that together made the current outbreak campaign possible.

the need for 12 million doses of vaccine. Following the 2007 risk assessment, **that total has been revised up to 23 million doses – nearly double.**

This robust demand usefully supports supply market stability and better forecasting and production scale-up, with benefits to both producers and purchasers. The result: a marked reduction in the size and frequency of yellow fever outbreaks in Africa in the immediate future and increased availability of vaccine where most needed.

By the end of 2007 US\$ 44 million is expected to have been disbursed for yellow fever activities (of \$57 million approved).

**Cameroon:** IFFIm funds are funding an emergency reserve stockpile for yellow fever outbreaks. This is 6 million doses annually for three years. Cameroon was able to take advantage of this highly responsive facility after one suspected case of yellow fever was confirmed. It quickly launched a reactive vaccination mass campaign against yellow fever in the Akonolinga and Zoétélé health district from 31 October to 9 November 2007. IFFIm provided some 147,000 doses of bundled vaccine and some US\$ 33,000 for the campaign’s operational costs. In a growing trend, the Ministry of Health shared the cost of the campaign, providing US\$ 32,000. Similarly, Togo, Senegal, Mali and Burkina Faso have all contributed to the operational costs of their upcoming preventive campaigns.

**Projected top 5 country recipients 2006–2007**  
(US\$ millions)

<b>Ethiopia</b>	<b>69</b>
<b>Congo DR</b>	<b>36</b>
<b>Pakistan</b>	<b>33</b>
<b>Kenya</b>	<b>18</b>
<b>Nigeria</b>	<b>17</b>

In total 43 countries have benefitted from IFFIm funding of GAVI programmes and health system strengthening support in 2007. The top five countries will have received a total of US\$ 173 million.

**Top 5 recipients of vaccines and immunisation services support 2006–2007**  
(US\$ millions)

Pakistan	<b>33</b>
Congo DR	<b>14</b>
Kenya	<b>14</b>
India	<b>9</b>
Burkina Faso	<b>7</b>

**Top 5 health system strengthening recipients 2006–2007**  
(US\$ millions)

Ethiopia	<b>69</b>
Congo DR	<b>22</b>
Afghanistan	<b>7</b>
Kenya	<b>4</b>
Viet Nam	<b>4</b>

By end 2007, IFFIm will have provided a total of US\$ 191 million to 36 countries for vaccines and immunisation services support. Of this, US\$ 77 million will have gone to the top five recipients. The remaining 31 countries will have received US\$ 114 million.

A total of US\$ 114.6 million will have been disbursed to 13 countries for health system strengthening.

## IFFIm's flexibility

### Polio

In June 2007, the catalytic reprogramming of US\$ 104.62 million in IFFIm funds, from a post-eradication era polio vaccine stockpile into intensified polio eradication activities, averted a potentially devastating setback to the 20-year effort to consign polio to the history books.

The injection of flexible IFFIm funding freed up much-needed cash for eradication and set in motion a scaling up of immunisation and surveillance activities in support of the end-2007 milestones presented in the WHO Director-General's *Case for Completing Polio Eradication*.

In the four months since the reprogramming was finalised, IFFIm funding has helped to immunise more than 100 million children under the age of five, some of them multiple times, in 11 polio-affected countries, and has supported surveillance activities and technical assistance in four WHO regions.

IFFIm funding is at work in the most difficult corners of the world. A major breakthrough was achieved in the September polio campaign in Afghanistan, where, thanks to a hard-won accord on access for vaccination, vaccinators were able to access over 80,000 more children in previously-inaccessible key districts of the southern Region.

The WHO Director-General's October interim report on the end-2007 polio milestones underscores the impact of the IFFIm reprogramming. Impressively there has been a **75% year-over-year reduction in the number of districts infected** with the most virulent, type 1 poliovirus in



GAVI: ATUL LOKE

The availability of IFFIm funds supports security of vaccine supply.

### Pentavalent vaccine

The US\$ 181 million investment has been fully disbursed, providing a binding commitment to purchase pentavalent vaccine at a reduced price through a long-term commitment.

**Lessons learnt: Long-term funding allows countries to plan successfully.** The availability of IFFIm funds over a decade supports security of supply and provides an incentive to new manufacturers to enter the market. **It signals stability and committed financing, it spurs larger markets, accelerates vaccine development, and promotes increased production, availability and lower prices.**

In the October 2007 round of country applications for GAVI support, there has been strong interest in the new, convenient liquid vaccine formulation supported by IFFIm funds. 110.3 million doses of the pentavalent vaccine (of which 89.4 in a liquid formulation) have been requested through these applications for the years 2008-2012.

### Frontloading solutions

IFFIm funds are helping countries to address as quickly as possible health system "bottlenecks" that currently limit their ability to get vaccines to children.

To date the IFFIm Board has approved US\$117 million to be used for health system strengthening. This represents more than 10% of the inaugural bond amount of US\$ 1 billion. Of this, GAVI will have applied US\$ 114 million before the end of 2007.

**The predictability of this funding is an essential part of its value.** Fragile economies cannot give firm assurances of consistent financial support to long-term plans. But plans involving human resources training have to be sustained.

Breakthrough funding like this from IFFIm makes all the difference: it assures the whole period.



GAVI/UNICEF: CHRISTINE NESBIT

Traditional birth attendants like Malama Talatu Adamu in Nigeria administer polio drops and advise mothers to take their children for immunisation.

the four remaining polio-endemic countries (India, Nigeria, Pakistan and Afghanistan). And of the 13 countries reporting imported poliovirus in 2006, 10 had already stopped their outbreaks by October.

Medium-term funding remains a challenge with US\$355 million required for activities in 2008. Other donors must now follow the lead of IFFIm and move quickly to ensure funding to protect recent gains and to stop polio transmission everywhere.

## Country examples

### Ethiopia

Ethiopia provides a good example of how to tackle system bottlenecks effectively. Ethiopia's per capita gross national income is US\$160. It is one of the world's poorest countries. It shares the plight of most of the countries in this situation: a high child mortality rate (under five mortality of 145 per 1000 live births), critical gaps in the health workforce, and the consequent vicious circle of ill health and continuing poverty that make it impossible to devote more resources to health.

The key is to address inequitable access to basic health services. Health worker density is currently at 0.6 per 1000 inhabitants. The plan to train 30,000 "health extension workers" is the centerpiece of the health component of the national poverty reduction strategy. Already, 17,600 health extension workers have been trained and deployed since the programme's inception three years ago. With those due to graduate in December 2007, an impressive 24,000 health extension workers will be providing much-needed immunisation for children and pregnant women, nutrition and hygiene advice, and other preventive services in Ethiopian communities.

Through frontloading the funding needed to support the programme roll-out using IFFIm funds,

the whole project has been accelerated. **Ethiopia will receive a total of US\$76.5million for health system strengthening for 2007 – 2009, with the majority arriving in 2007.**

Equally essential in this mix is a solid national plan that can bear the strain of such dramatic acceleration. The end result has to bring the widest possible range of benefits.

Tedros Ghebreyesus, Ethiopian Minister of Health and GAVI Alliance board member, described the critical significance of the new programme to improving his country's health services. He said, "Our vehicle has not been strong enough to carry all the programmes we have loaded on it. Now we are working to strengthen the vehicle so that it can carry all our programmes, the vaccines and the other health care interventions, to every corner of this vast country."

### Democratic Republic of the Congo

This war-torn country has achieved impressive gains in immunisation over the last five years. DTP<sub>3</sub> coverage has increased from 49% in 2003 to 77% in 2006, and yellow fever vaccine coverage increased from 29% in 2003 to 74% in the same period. This is a substantial accomplishment given the context of war and civil unrest. It is also a triumph over the challenges related to

UNICEF/INDRIAS GETACHEW



IFFIm has front-loaded health system strengthening funds to Ethiopia.

**"Our vehicle has not been strong enough to carry all the programmes we have loaded on it. Now we are working to strengthen the vehicle so that it can carry all our programmes, the vaccines and the other health care interventions, to every corner of this vast country."**

Tedros Ghebreyesus, Ethiopian Minister of Health and GAVI Alliance board member

bringing vaccines to the different corners of this vast and partly inaccessible country which has a weak infrastructure and continuing conflict in the north-east regions.

IFFIm funds have supported this impressive coverage increase with close to US\$8million disbursed for new vaccines. A further US\$21 million will shortly be disbursed for health system strengthening, facilitating sustained coverage increase.

### Pakistan

Pakistan has been supported by GAVI since 2001, making steady improvements in vaccine coverage, from an estimated 63% in 2001 to 83% in 2006. While indicators are improving, progress is too slow to meet the millennium development goal indicators for child and maternal mortality. In 2006, infant mortality stood at 70 deaths per 1,000 live births.

WHO has identified Pakistan as containing large numbers of unvaccinated children (689,000) within its large population (159 million). This has triggered special efforts to increase coverage and reach even further into remote areas, tribal communities, and other hard-to-reach populations. GAVI has supported hepatitis B vaccine in Pakistan since 2003, and in 2006 approved support for the phased introduction of the combination vaccine DTP – HepB. More than US\$30million in



Pakistan's large numbers of unimmunised children are receiving special attention.

IFFIm funds have been disbursed for this so far in 2007. In 2008 Pakistan is due to receive support for health system strengthening and for civil society organisations to help address management and other weaknesses in the health infrastructure.

### Kenya

Kenya, supported by the GAVI Alliance since 2000, has made steady improvements in DTP<sub>3</sub> vaccine coverage, from an estimated 53% in 2000 to 80% in 2006. While some service indicators are improving, progress is so far too slow to meet the millennium development goal indicators for child and maternal mortality. The under 5 mortality rate stands at 115 deaths per 1,000 live births in 2003, a deterioration from the rate of 90 deaths per 1000 in 1990.

GAVI has supported pentavalent vaccine introduction since 2001, as well as yellow fever immunisation in high-risk districts since 2001. Kenya is one of the first countries to apply for pneumococcal vaccine. Kenya began co-financing in 2007 and will exceed the minimum level from 2008 onwards. Kenya will be receiving US\$9.9million for 2007-2009 to improve its health system's capacity to provide essential basic health care services, including immunisation services for women and children from 2008. The funds will be used to strengthen the human resources in the country as well as supporting the community health workers programme.

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, nongovernmental organisations and the GAVI Fund (the resource and funding arm of GAVI).

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