

IFFIm on track to help save four million lives



WHO/MARKO KOKIC

Funds provided by IFFIm from its inception in 2006 to the end of 2008 have helped save more than three million lives by accelerating access to immunisation in developing countries, according to the GAVI Alliance, recipient of the funds.

The World Health Organization projects that more than a million additional deaths will be averted as a result of vaccine support given in 2009 and 2010. IFFIm will thus have helped GAVI prevent more than four million premature deaths by the end of 2010.

"IFFIm's investors can measure their return not only in terms of a market-based interest rate but also in the lives they have helped protect against vaccine-preventable diseases," said IFFIm Board Chair Alan Gillespie.

"Millions more children who have been immunised will grow up to go to school and later contribute to the future development of their countries as healthy and productive adults," he added.

From November 2006 to April 2010, IFFIm has leveraged donations worth US\$ 489 million to raise US\$ 2.6 billion on the world's capital markets in seven major offerings to both retail and institutional investors. At Libor -0.05%, IFFIm's actual average interest cost to date has been 1.6%.

"IFFIm is a success. It raises funds in the capital markets at very low cost, giving investors and financial institutions the opportunity to make a difference to millions of children in the poorest countries," said Susan McAdams, Director of Innovative Finance at the World Bank, IFFIm's treasury manager.

"The World Bank is honoured to be a part of this initiative, offering its expertise and investor franchise for GAVI's immunisation programmes," she added.

"IFFIm's remarkable success in leveraging the capital markets has enabled GAVI to double its spending on immunisation programmes which are not only cost-effective but proven to save lives," said GAVI Alliance CEO Julian Lob-Levyt.

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 sells bonds on the capital markets to raise funds for the GAVI Alliance, a public-private partnership which works to save children's lives and protect people's health by increasing access to vaccination in developing countries. IFFIm has been rated AAA/Aaa/AAA by Fitch Ratings, Moody's Investor Service and Standard & Poor's, based on support from the United Kingdom, France, Italy, Spain, the Netherlands, Sweden, Norway and South Africa. Australia has pledged to join in the near future.

High demand for Vaccine Bonds in Japan

A successful uridashi distributed by Daiwa Securities Co. Ltd in March 2010 raised US\$ 320 million bringing the total funds raised by IFFIm in Japan to more than US\$ 1.2 billion.

This most recent offering for Japanese retail investors was in South African Rand (ZAR) with a three-year maturity and a 7.15% coupon. Previous offerings distributed by Daiwa raised US\$ 223 million in 2008 and US\$ 429 million in 2009.

Women made up 56% of the total of 14,614 investors who participated in this transaction. Almost 90% of all investors were 50 years of age or older.

In 2009, Mitsubishi UFJ Securities Co. Ltd. raised US\$ 143 million and HSBC Securities (Japan) raised US\$ 130 million.

All five offerings have been for Japanese retail investors who have shown a remarkable interest not only in the variety of currency denominations on offer – specifically South African rand (ZAR), US dollars (USD),

Australian dollars (AUD) and New Zealand dollars (NZD) – but also in the humanitarian use of the funds.

“Japanese investors are keen to help people living in the poorest countries. One way they express their support is by investing in bonds issued by institutions like IFFIm,” said George Richardson, Head of Capital Markets at the World Bank.

“Reaching the US\$ 1 billion (100 billion yen) milestone would not have been possible without a strong partnership with Japan’s banking community.”



COURTESY MTN-I

From left to right: Michael Bennett, Lead Financial Officer, World Bank; Mike Tims, CEO, mtn-i; Julian Lob-Levyt, CEO GAVI Alliance; Alan Gillespie, IFFIm Board Chair; Chris Jones, HSBC’s Global Head of MTNs and Co-Head of Rate Structuring

Recognition for IFFIm

IFFIm was honoured at the seventh annual MTN Awards dinner in London with a special award for innovation from mtn-i, the Medium Term Note information provider.

The dinner in February 2010 was attended by more than 100 of the market’s leading dealers and borrowers. “IFFIm has pioneered a new model for development financing and highlighted the positive, innovative and sometimes inspirational work the international debt market does for society at a time when bankers have been making headlines for less positive reasons,” said mtn-i Founder and CEO Mike Tims.

IFFIm and GAVI were also “highly commended” in the Third Sector Excellence Awards and have been shortlisted for a SABRE (Superior Achievement in

Branding and Reputation) award for a well-executed media and communications campaign to publicise the UK offering with HSBC in 2009.

The campaign, led by GAVI’s Head of Media and Communications Dan Thomas, involved a media trip to Sierra Leone for top UK personal finance reporters (accompanied by IFFIm Board member Arunma Oteh). This field visit stimulated positive coverage in the mainstream British press and a TV report on Sky News and was followed by a targeted media pitch which resulted in many published interviews by IFFIm Board Chair Alan Gillespie (including an appearance on Channel Four News), Julian Lob-Levyt and Alice Albright of the GAVI Alliance, and the World Bank’s George Richardson.

This positive public relations campaign helped IFFIm to raise £266 million (US\$ 400 million equivalent) through HSBC from individual and institutional investors – five times more than anticipated.

GAVI’s new Head of Innovative Finance



GAVI/TOS SANDRA SCOLARI

The GAVI Alliance has appointed David Ferreira as Managing Director for Innovative Finance & Head of the Washington DC office to oversee GAVI’s innovative finance portfolio, including IFFIm.

Prior to joining GAVI in March 2010, David was the investment manager of Soul City Broad-Based Empowerment Company. David is a director of ADVTECH Ltd and was a shareholder and director of Praxis Capital.

Before that, David ran the private sector business of the Development Bank of Southern Africa. At the World Bank, David helped to design new financial instruments to enable governments in developing countries attract private financing.

He started his career in South Africa as a human rights and labour lawyer and also practiced as a financial lawyer with the US firm Davis Polk & Wardwell.

David has an MSc from the London School of Economics, an MA from Oxford University as a Rhodes Scholar, and BA and LLB degrees from the University of the Witwatersrand.

Expanding IFFIm welcomes new funding

The United Kingdom, Norway and Australia have pledged almost US\$ 900 million to expand IFFIm and enable substantial new investments in health systems through the GAVI Alliance.

The new pledges to IFFIm (the first from Australia) were announced at the United Nations in New York on 23 September 2009 at a meeting co-chaired by UK Prime Minister Gordon Brown and World Bank President Robert Zoellick.

The two leaders highlighted the need for stronger, better financed health systems and better access to health services, including immunisation for women and children.

The announcement marked the culmination of 12 months' work by the Taskforce on Innovative International Financing for Health Systems launched by Brown and Zoellick in 2008.

The additional contributions announced by the UK (£250 million), Norway (NOK 1.5 billion) and Australia (A\$250 million) followed on from the Netherlands' IFFIm commitment

IFFIm's donor commitments

United Kingdom
£1,380,000,000 over 20 years

France
€1,239,960,000 over 20 years

Italy
€473,450,000 over 20 years

Spain
€189,500,000 over 20 years

Netherlands
€80,000,000 over 8 years

Sweden
SEK 276,150,000 over 15 years

Norway
US\$ 27,000,000 over 5 years

South Africa
US\$ 20,000,000 over 20 years

The following countries have pledged to commit additional amounts:

United Kingdom	£	250,000,000
Norway	NOK	1,500,000,000
Australia	A\$	250,000,000



GAVI CEO Julian Lob-Levyt joins Dutch representative to the GAVI Board, Yoka Brandt, IFFIm Board Chair Alan Gillespie and GAVI Board Chair Mary Robinson to mark the Netherlands' pledge of €80 million to IFFIm

of €80 million announced at the GAVI Board meeting in June 2009. GAVI is working intensively with the World Bank and the Global Fund to Fight AIDS, Tuberculosis and Malaria, with facilitation from the World Health Organization, to develop a common platform for health system strengthening.

This Health System Funding Platform will help countries access money more simply and spend it more effectively. It will help remove

barriers to immunisation and other life-saving services.

Welcoming the news, GAVI CEO Julian Lob-Levyt said the new IFFIm pledges built on the earlier investments by the UK and Norway, and the other IFFIm donors: France, Italy, Spain, Sweden, South Africa and the Netherlands.

"This new commitment is an exciting acknowledgment of GAVI's place at the forefront of innovative finance, immunisation and global health," he said.

"A strengthened IFFIm can provide the step change the world needs if we are to reach the health-related Millennium Development Goals. The power of the IFFIm mechanism is that it can deliver significant funds and deliver them quickly."



GAVI/IB/DAN THOMAS

What does IFFIm have to do with a grandmother in rural Vietnam?

Vietnam's far northern province of Ha Giang is home to more than 20 ethnic minorities, each with their own traditions and language. In this remote mountainous region, the first contact with health care often comes on foot, from village health workers like Nguyen Thi Xuan.

This 45-year-old grandmother is one of hundreds of volunteers who go from door to door in their communities to offer basic medical treatment and information.

For 10 years, Xuan has been conducting check-ups and providing down-to-earth advice on all kinds of health matters. In her village, her intervention, at an early stage, can mean the difference between life and death.

Xuan spends about a quarter of her time performing health work and attends a monthly meeting at the commune clinic. She is responsible for 266 people in 55 households at her village Na Pong, about 5 km from the commune health clinic.

"Before, there was no health worker in our village. I was interested in volunteering to be a village health worker so I could care for my community's health as well as the health of my own family," she explains.

Xuan and dozens of other village health workers have been selected to take part in a residential training course specially designed to upgrade their skills and give them a broader understanding of the services on offer in the province's commune clinics and hospitals. Her previous training in 1999 lasted only a month.

Dr Dang Van Huynh, Deputy Director of Health in Ha Giang Province, said the training programme started in 1995. In 2008, Ha Giang Province received US\$ 1.6 million in funding for health system strengthening (HSS) to help pay for 14 activities over three years. The support from IFFIm through GAVI has enabled his department to extend the training from two months to nine months.

"Thanks to this support we can now focus on the quality of training," he said.

Ha Giang's Health Department aims to strengthen and extend its health system to serve every community. The GAVI-supported HSS activities include training courses for village health workers, special bags for health workers containing basic health equipment, and computers to help gather data and information. More than 240 people were trained in 2009 and more than 2,000 bags have been distributed.

The basic training course for village health workers lasts for 36 weeks, including 21 weeks at a residential training school (food and accommodation is provided), 13 weeks of on-the-job training at the district level and two weeks at a district hospital.

With 22 different minority languages spoken in this province it is vital to train people from each community. The trainees need to have at least a primary education and to speak Vietnamese. One or two are

selected from each village and they have to commit to go back to their communities after the training.

When it comes to preventive health, Vietnam's immunisation programme is a good example of what can be achieved. The country eradicated polio in 2000 and eliminated neonatal tetanus in 2005.

"Having done the course, I now know more about diseases"

With support from the GAVI Alliance and other development partners, Vietnam started using the hepatitis B vaccine in 2002 and plans to introduce the Hib vaccine against *Haemophilus influenzae* type b in 2010 as part of its pentavalent introduction.

Locally-produced auto-disposable syringes are widely used and funding for health system strengthening will help increase management capacity and monitoring at all levels.

In communities across Vietnam, volunteers like Nguyen Thi Xuan are ensuring that mothers and children receive care in even the remotest of places.

"Before taking this course I was a birth attendant and I helped deliver dozens of babies. Having done the course, I now know more about diseases. Now people come to me with many questions about diseases and I am able to help them," Xuan says with a proud smile.



GAVI/09/DAN THOMAS

Visit to a school health clinic

Vietnam is a showcase of what an effective immunisation programme can achieve. Far fewer children are dying or becoming ill from vaccine-preventable diseases. The infant mortality rate dropped by two-thirds between 1993 and 2004 and under-five mortality by more than 40% since 1990.



GAVI/09/CAROL PIOT

On 16 November 2009, just before the GAVI Alliance Partners' Forum in Hanoi, the IFFIm Board Chair joined GAVI Alliance Board members, GAVI donors and GAVI Secretariat staff on a field visit. The first stop was at the Trang An primary school in Hanoi to observe a measles second dose vaccination day.

A high degree of coordination between the school, the commune health centre and the families is necessary to ensure that children receive both doses. There is one health worker per school who collaborates with the commune health centre to organise regular check-ups and treatment activities if an outbreak occurs.

The delegation also visited a hospital in the Soc Son district, 40 km outside Hanoi, to meet staff and to see infants receiving the hepatitis B vaccine.

The hospital is a central location for vaccination services for approximately 28,000 people in the district. Some 7,000 children are vaccinated annually.

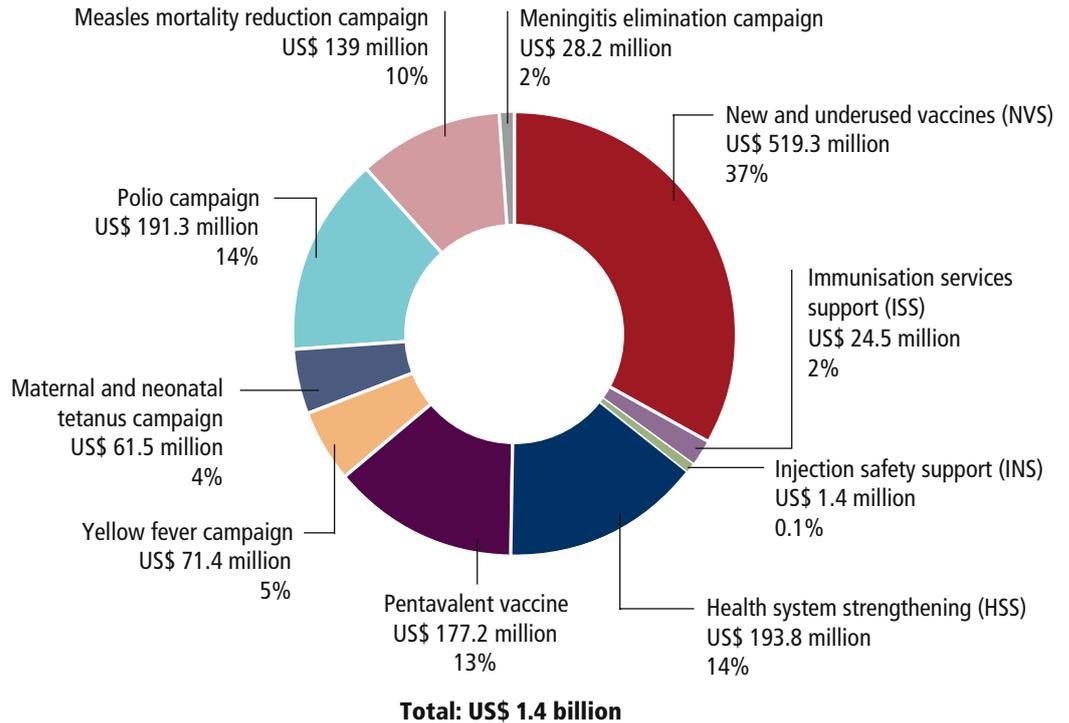
Treasury Manager's Report

As of 31 March 2010, IFFIm had approved programmes of US\$2 billion (since inception). Of that amount, more than US\$1.4 billion has already been disbursed to support vaccine purchase and delivery to 70 developing countries.

IFFIm funding has allowed GAVI to double its spending since 2006. The disbursements are broken out between "core" GAVI programmes (such as new and underused

vaccines including pentavalent, immunisation support, injection safety) and health system strengthening.

Funds have also been used to support tactical investments including a yellow fever vaccine stockpile and continuation, a polio vaccine stockpile, measles mortality reduction, maternal and neonatal tetanus elimination and meningitis vaccinations.



The GAVI Alliance is a unique partnership of public and private sector actors with a single, shared focus: to improve child health

in the poorest countries by extending the reach and quality of immunisation coverage within strengthened health services.

GAVI's partners include UNICEF, WHO, the World Bank, civil society organisations, public health institutions, donor and implementing country governments, the Bill & Melinda Gates Foundation, other private philanthropists, vaccine industry representatives, IFFIm, the financial community and others whose collective efforts and expertise are enabling much greater progress to be made in this field than ever before.



The World Bank is 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, hedging transactions and investment management. The World Bank also coordinates with IFFIm's donors and manages their pledges and payments as well as disbursements for immunisation and health programmes through the GAVI Alliance.

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