

IFFIm disbursements for pentavalent now US\$ 1.17 billion
How the ‘walkers’ of the Haitian mountains deliver vaccines, with the help of IFFIm



GAVI/2013/Evelyn Hochstein

Keeping kids healthy and alive is not so easy in the tiny Haitian mountain village of Taillefer.

Consider the blue propane tank that ensures Taillefer’s vaccines are refrigerated. The tank weighs 9 kg (20 lbs), and it is carried by Joseph Mesura atop his head each week to the teeming Port-au-Prince neighborhood of Carrefour, 16 km away.

Mesura is 65 years old. He balances the tank as he walks from Taillefer to Carrefour and back, up and down mountains, through fields and across the Rivière Froide. What road exists is rocky and full of holes, impassable in a light rain.

That’s day one: a 6-hour round trip, without water or food, he says. On day two, Mesura makes the same journey again in order to collect the vaccines, passing small farms growing rice, sweet potato, cassava and yam on land that has been deforested. He has been doing this since 1988. On occasion, his two teenage sons lend a hand.

“When you don’t have money, it’s not hard to walk,” Mesura says. “The vaccines help the people. I am proud to help the community. It is a mission of God.”

His coworker, Albert Hippolite, helped construct the clinic, called the Community Centre of Taillefer, in 1987. It and the vaccines that the clinic provides have transformed the health of the community. “I was born here [in 1947]. Before the building, members of my family all died — my brother, my cousins, my friend — because of a lack of healthcare,” he says. “Now, people don’t die of disease.”

GAVI Board seeks help from IFFIm donors. See page 3.

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Honoured for its past successes, IFFIm achieves more in 2012-13

IFFIm continued to experience strong access to the capital markets during an eventful year that brought it significant visibility and awards, as well as successful navigation of updates to its credit rating.

Following last summer's success in raising US\$ 137 million in Japan, IFFIm raised an additional US\$ 139 million there in March 2013 (related story, page 7). This came just after IFFIm was rated Aa1 by Moody's Investor Service and had its AA+ rating affirmed by Standard & Poor's, and it came just before Fitch changed its rating to AA+.

Meantime, IFFIm simplified its operational structure by removing its intermediary, the GAVI Fund Affiliate (GFA). This is expected to greatly reduce IFFIm's operational costs, allowing it to respond directly to funding requests from the GAVI Alliance. A former GFA board member now is advising the IFFIm Board on due diligence and the new governance structure.

This strong action by the IFFIm Board was finalised as it transitioned its leadership with three new members under Chair René Karsenti: Cyrus Ardalan, vice chairman of Barclays; Christopher Egerton-Warburton, founder of Lion's Head Global Partners who while at Goldman Sachs helped conceive and launch IFFIm; and Marcus Fedder, co-founder and partner of Agora Microfinance Partners. They replace John

Cummins, Dayanath Jayasuriya and Arunma Oteh, whose terms ended.

The IFFIm Board now is working with GAVI to play a complementary role to help eradicate polio, an initiative led by the Global Polio Eradication Initiative (GPEI). If there is IFFIm donor appetite, IFFIm could use its frontloading capability to serve as a funding mechanism for GAVI to fund the introduction of inactivated polio vaccine (IPV) into routine immunisation in coming years.

In 2013, IFFIm also was honoured as a socially responsible investment for a second straight year. It was cited as the "SRI Innovation of the Decade" by mtn-i, a news, data and analytics provider that covers the medium-term note market. Last year, IFFIm's 2008 inaugural retail bond issue in Japan was cited by EuroWeek magazine as among the 25 most influential deals of the past five years, helping set a trend of ethically-themed bonds sold in Japan.

IFFIm continues to receive much attention in Japan. Last October, it was highlighted at two forums in Tokyo on public-private partnerships, while Vaccine Bonds were featured on NHK World TV. And in December, Japan's most respected newspaper, Asahi Shimbun, published an op-ed on IFFIm by René Karsenti.

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 the GAVI Alliance, a public-private partnership which 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 the United Kingdom, France, Italy, Spain, Australia, the Netherlands, Sweden, Norway and South Africa. Brazil has committed to become IFFIm's tenth donor.



The GAVI Alliance is a public-private partnership committed to saving children's lives and protecting people's health by

increasing access to immunisation in poor countries. The 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 and corporate partners. GAVI uses innovative finance mechanisms, including co-financing by recipient countries, to secure sustainable funding and adequate supply of quality vaccines. Since 2000, GAVI has financed the immunisation of an additional 370 million children and prevented more than 5.5 million premature deaths.

www.gavialliance.org

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World Bank Group

The World Bank is a global development cooperative owned by 188 member countries. Its purpose is to help its members achieve equitable and sustainable economic growth in their national economies and to find effective

solutions to pressing regional and global problems in economic development and environmental sustainability. The World Bank is also the 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.

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GAVI Board looks to IFFIm donors to help ensure efficient funding

Significant credit for GAVI's success in rapidly bringing life-saving vaccines to the poorest countries goes to its donors, including their foresight in funding IFFIm.

IFFIm's predictable and flexible financing has helped GAVI nearly double its programme spending, and IFFIm continues to provide important financial flexibility that helps GAVI operate with increased efficiency and effectiveness.

"IFFIm means both more money for health and more health for the money," says David Ferreira, GAVI's Managing Director for Innovative Finance. "It is not only a very efficient financing vehicle, it also significantly enhances the public health impact of GAVI's activities. The 2011 independent evaluation of IFFIm clearly demonstrates this."

However, the ability of GAVI to draw funds from IFFIm will begin to tail off, which would decrease the predictable and flexible funding GAVI requires, as well as the ability to support important initiatives such as polio eradication. This means IFFIm is working as intended: Long-term donor pledges have supported near-term funding through the capital markets (see page 7). IFFIm has so far approved US\$ 3 billion for GAVI programmes — more than three times what would have been available through IFFIm donor pledges over the same period — even though donor pledges are paid over a 20-year horizon.

GAVI's success means that its programmes have accelerated at an unprecedented pace to meet its promised target of helping immunise an additional quarter billion children by 2015, according to GAVI's long-term funding strategy report to its Board in December 2012. GAVI will spend about US\$ 7.8 billion between 2011-2015, which will grow to US\$ 8.6 billion in 2016-2020.

Given the global fiscal environment, GAVI's challenge in bridging this gap is to "develop and implement a long-term funding model that can deliver the predictable and flexible funding required" to meet GAVI's needs, the December 2012 paper notes. The ideal capital structure for GAVI would thus have a balance of short-

and long-term financing mechanisms that give donors a choice of instruments, help GAVI shape the vaccine market and potentially engage in unforeseen but critical projects, such as funding key aspects of polio eradication or a new vaccine.

"These are objectives that IFFIm is well-situated to help GAVI achieve," says IFFIm Chair René Karsenti.

As a result, GAVI will encourage donors to contribute significant funding through IFFIm as part of GAVI's next replenishment, which starts now and will culminate in a pledging event in 2015. The objective is to have IFFIm represent a meaningful proportion of GAVI's 2016-20 funding.

"We would like to appeal to donors who are able, to support IFFIm generously," says GAVI Board Chair Dagfinn Høybråten. "IFFIm is an essential component of GAVI's funding model if GAVI is to perform its functions properly."

GAVI Board Chair Dagfinn Høybråten



GAVI/2011/Saiful Huq Oni

IFFIm support of cutting edge vaccines

It is late morning at Ankariera health centre in the coastal south on the island of Madagascar. The small three-room clinic — the only facility in a 10 km radius — is ready for a busy day.

Mothers with small infants clutch their pink child health cards outside the centre, as they seek shade from the hot sun. Next to the clinic, older women and men gather with different produce they have brought to sell at the adjacent weekly local market.

Standing amid it all is paramedic Hantamalala Ramanandraibe, the centre's sole health worker, responsible for an estimated 4,600 people. She has no running water or electricity at the clinic and very limited contact with the nearest referral hospital.

Over the last two decades, Madagascar has been one of a handful of countries to reduce its child mortality rate by 60 percent. This has been achieved in part by the successful implementation of the country's national

immunisation programme – a key part of which now includes two vaccines introduced by GAVI with funding from IFFIm: pneumococcal vaccine and pentavalent.

The result is that Madagascar has lifted its routine immunisation coverage to 89%, up from around 57% just before GAVI began working with it in 2001.

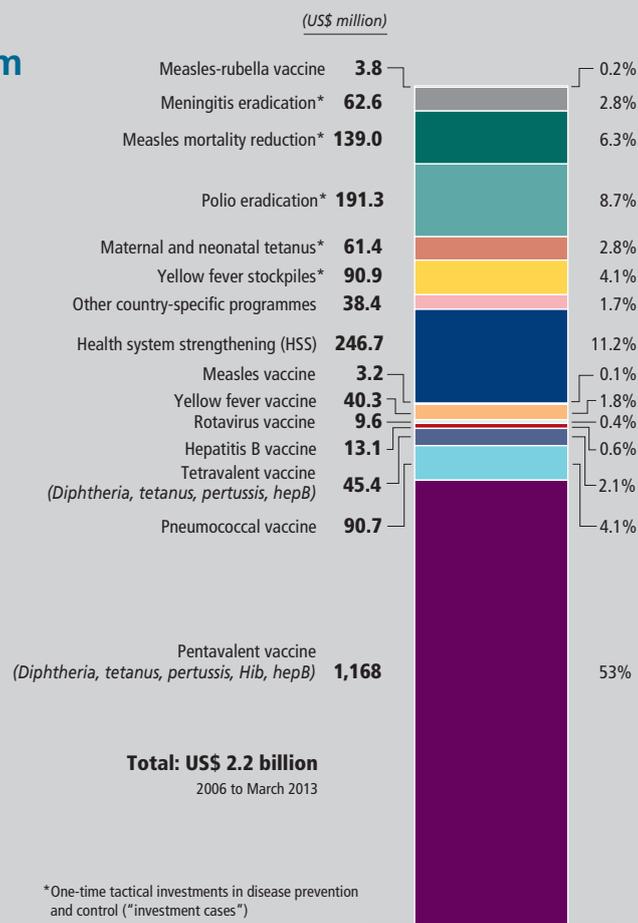
This year, Madagascar is slated to be among the first eight GAVI demonstration countries to receive the human papillomavirus (HPV) vaccine that will help ensure millions of girls in developing countries can be protected against cervical cancer.

HPV vaccines are primarily available as part of routine immunisation to girls in relatively wealthy countries. And yet of the 275,000 women in the world who die of cervical cancer every year, more than 85% are in low-income countries, where the incidence of HPV infection is higher, and few women have access to screening and treatment.

GAVI programmes funded by IFFIm

As of 31 March 2013, IFFIm had approved programmes of US\$ 3 billion (since inception). Of that amount, US\$ 2.2 billion already has been disbursed to support vaccine purchase and delivery to 70 developing countries. This is nearly double the amount that would have been possible had GAVI not had access to the market based on IFFIm donor pledges.

IFFIm has been instrumental in helping GAVI provide vaccines quickly and securely. For instance, IFFIm financed more than 90% of the 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. GAVI could not have made that upfront cash payment without its ability to rely on long-term, stable funding from IFFIm. Since the initial upfront cash payment of US\$ 177 million, IFFIm has continued to fund the procurement of pentavalent and other life-saving vaccines for country programmes, most recently adding funding to support GAVI's rotavirus vaccine and measles-rubella vaccine initiatives.



*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.

is helping protect Madagascar's children

Next up: In 2014, Madagascar is scheduled to introduce rotavirus vaccine – for which IFFIm began providing funds to GAVI in 2013 – protecting children against severe diarrhoea, the second leading cause of death for those ages 5 and under. The leading cause of death — pneumonia — is averted with pneumococcal vaccine, which Madagascar introduced last year with support from GAVI.

More than 500,000 young children die each year from pneumococcal infection, according to the World Health Organization, with the vast majority of these deaths in developing countries, such as Madagascar. In addition to pneumonia, pneumococcal disease also is responsible for meningitis, which can leave survivors with permanent disabilities, including mental retardation and seizures.

IFFIm began providing funds to GAVI for pneumococcal vaccine about two years ago, with total funding for it now US\$ 91 million. Such

support is critical for developing countries with tight budgets and poor infrastructure, where it is an immense challenge to purchase, deliver and preserve vaccines.

In Madagascar, a dedicated team manages the country's national distribution from a central vaccine warehouse in the capital city of Antananarivo. Marius Rakotomomga, head of vaccination at the Madagascar Health Department, is grateful for two cold rooms provided by UNICEF that keep the country's central stock of vaccines safe and at the right temperature.

Funding from partners like GAVI — with help from IFFIm — has been critical in ensuring vaccines reach the remote health centres, such as Ms. Ramanandraibe's clinic in Ankariera.

There, another young mother brings her baby for vaccination. There is no doubt that this small life-saving intervention today will ensure a healthier life tomorrow.

In 2014, Madagascar is scheduled to rollout rotavirus vaccine with GAVI support, which began using IFFIm funds for it this year.



GAVI/2011/Ecl Harris

IFFIm held up as model for Japanese corporate sector

Public-private partnerships — exemplified by the success of IFFIm — were highlighted during a global health symposium of Japanese companies as important models for Japanese corporations to emulate.

The symposium, supported by the Japanese Ministry of Foreign Affairs, was among several key engagements in Tokyo last fall during which former IFFIm Chair Alan Gillespie introduced new Chair René Karsenti to IFFIm's Japanese banking partners Daiwa, HSBC, Mitsubishi and JP Morgan. The delegation included GAVI Managing Director for Innovative Finance David Ferreira and representatives of the World Bank.

Companies can “make a reasonable profit and help people at the same time,” said Shiro Konuma, director of the Global Health Policy Division within the Japanese Ministry of Foreign Affairs. “Governments always must keep in mind the *raison d'être* of private companies. That is the starting point. But we all share the responsibility to help save lives.”

IFFIm holds a special stature in Japanese public-private partnerships, as the Japanese have been responsible for nearly half of IFFIm Vaccine Bond purchases. Overall, IFFIm has raised US\$ 4.55 billion through bond sales, and just over US\$ 2 billion of it has come from Japanese *uridashi* investors. Since its founding in 2006, IFFIm, in turn, has funded nearly half of GAVI's programme spending.

As a result, the Japanese public has enabled funding for about a quarter of GAVI programmes in that time period, noted GAVI CEO Seth Berkley, a featured speaker at the symposium, which included Satoru Yamamoto, director/head of International Investors Services at Daiwa Securities, which helped introduce Vaccine Bonds in Japan.

IFFIm was consistently cited by the panel as an example of good business that has benefited public health. It “seems like water and oil, but IFFIm is the link,” said Yamamoto. Underwriters like Daiwa can expand and market their business to Japanese investors, who secure both a financial and a social return.

“Vaccines represent the finest example of partnerships between the private sector and public sector,” added Dr. Tadataka Yamada, Chief Medical and Science Officer at Takeda



GAVI/2013/Jonathan Stern

GAVI CEO Seth Berkley with participants

Pharmaceutical Company, the largest pharmaceutical supplier in Japan.

Time and again, participants in the symposium — attended by about 135 people — returned to the view that good public-private partnerships lead to good business. “If we want to grow, it will be in the developing world” by providing them with affordable medicines, vaccines and technologies, said Dr. BT Slingsby, director of Global Access Strategies at Eisai, a Japan-based pharmaceutical company.

Case studies offered at the symposium by Eisai, Daiwa, medical imaging/camera company Fujifilm and food/chemical company Ajinomoto “show what the private sector can do with a job that used to be done by the government,” said Kiyoshi Kurokawa, chairman of the Health & Global Policy Institute (HGPI) think tank, which sponsored the symposium.

GAVI, for example, now is working with corporate partners through the GAVI Matching Fund to “bring their tools to this very important mission,” Berkley said. This could help solve obstacles to immunisation, such as the need to monitor vaccine supplies and keep them in cold storage in remote areas.

“You might ask, why should the private sector engage in this discussion?” Berkley concluded. “Healthy people mean healthy markets. These are places that are likely to see growth in the future and become partners in this very shared earth.”

IFFIm raises US\$ 700 million, providing strong support to GAVI

IFFIm successfully issued its largest financing since its inaugural benchmark, raising US\$ 700 million in a June transaction jointly led by Daiwa Securities Group and Deutsche Bank.

The transaction — a 3-year floating rate US-dollar denominated bond — represents IFFIm’s first floating rate offer, and its first benchmark since 2010 (fourth overall).

The benchmark — global in scope, with buyers on five continents — followed a series of informational investor meetings, and telephone and web presentations in the spring by members of the IFFIm Board and senior GAVI and World Bank representatives. The teams reached investors in several locations in the Middle East, Europe, South Africa and the US, and they received very positive feedback about IFFIm’s purpose and funding strategy.

“IFFIm’s Vaccine Bonds prove that investments can make both financial sense and a social impact by saving lives,” said IFFIm Chair René Karsenti. “Vaccine Bonds are critical testimony of the formidable evolution of the international bond markets, providing effective financing tools for social impact.”

“This global bond issue will fund immunisations for millions of children who need it the most,” said Jim Yong Kim, President of the World Bank Group, which is IFFIm’s treasury manager. “Having predictable, long-term funding in place will help us ensure that the world’s most vulnerable children have access to healthcare, and that is a critical step in achieving the goal of ending extreme poverty by 2030.”

IFFIm now has crossed the US\$ 4.5 billion mark in total amount raised (see the chart below), and the financing brings the total in 2013 to US\$ 839 million. IFFIm also raised US\$ 139 million in a March offering to the Japanese “uridashi” retail bond market.

IFFIm funds play a catalytic role in support of the GAVI Alliance and its promise to immunise a quarter billion children from 2011 through 2015, saving 4 million lives. Since it was founded in 2000, GAVI has helped immunise more than 370 million people in the world’s poorest countries, saving more than 5.5 million lives. About US\$ 3 billion in IFFIm funds have been approved for GAVI programmes.

The uridashi offering was distributed by Daiwa Securities Co. Ltd. to Japanese retail and institutional investors, and all the bonds issued were successfully distributed to investors. The Vaccine Bonds were denominated in Turkish lira (5.34% coupon) and South African rand (5.31%) with a maturity of five years.

This was the fifth issue of IFFIm’s Vaccine Bonds for Japanese investors arranged by Daiwa. Including previous, highly successful issues in March 2008, February 2009, March 2010 and March 2011, the total amount of IFFIm’s Vaccine Bonds for Japanese investors arranged by Daiwa is now around US\$ 1.35 billion equivalent.

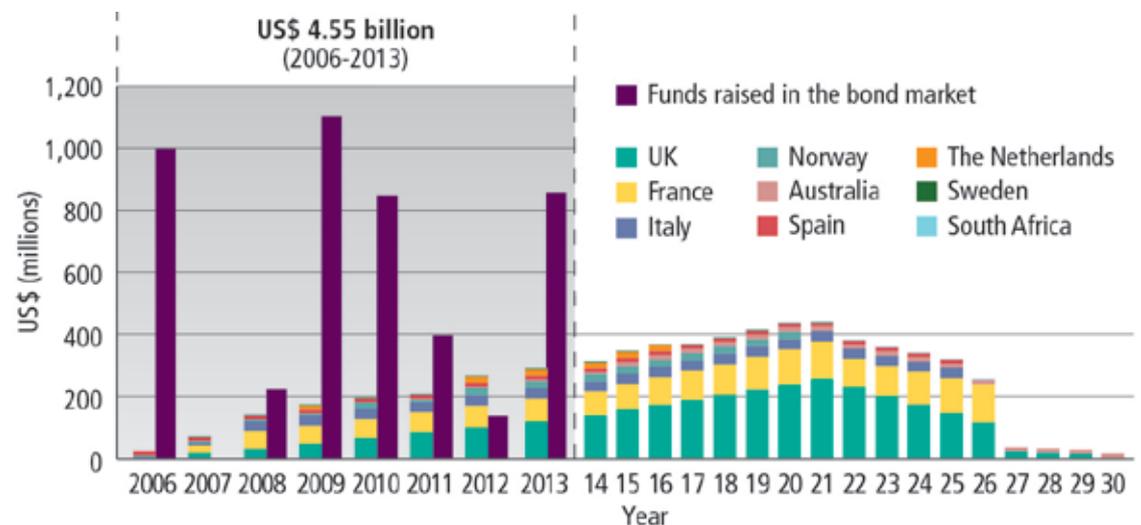
“Significant credit goes to Japanese investors who, with Daiwa’s strong distribution, recognise that IFFIm Vaccine Bonds are an extremely efficient and innovative way to promote child vaccination,” Karsenti adds.



GAVI/2012/Sala Lewis

IFFIm Chair René Karsenti

IFFIm issues bonds based on long-term donor pledges



Continued from page 1

Healthcare, nutrition and water hard to get in rural Haiti

The work of Mesura, Hippolite and others is how children in Taillefer are protected against disease, as with the pentavalent vaccine, the five-in-one shot rolled out nationally in Haiti in 2012, through support of the GAVI Alliance, which has received US\$ 1.17 billion for pentavalent from IFFIm.

Pentavalent was chosen first by the Haitian Ministry of Health among GAVI vaccines because of the high incidence of *haemophilus influenzae* type B (Hib) among Haiti's children. Pentavalent protects children against the virus that causes Hib, which causes meningitis and pneumonia), as well as against diphtheria, tetanus, pertussis (whooping cough) and hepatitis B.

Pentavalent is one of the vaccines being administered on this Monday at Taillefer's satellite clinic in Mataillefer, several kilometres deeper in the mountains, to a group of about 20 women and children. As with the women in Taillefer, many have walked all night from a more distant village to receive them.

One mother, Eugene Raymonde, says she has made the journey because she can't miss an opportunity to provide healthcare for herself and her children, ages 4 and 7. At 23, she is a widow – twice over. Her first husband died in the 2010 earthquake, and the second died of poisoning, she says. Her village has no running water, no health centre, no school and no jobs. Professional healthcare is a rare opportunity.

UNICEF — a GAVI partner — has spread word through village churches of a campaign against maternal and neonatal tetanus (MNT), says Christophe Boulierac, Communication Chief for UNICEF-Haiti. UNICEF is helping administer the Td (tetanus-diphtheria) vaccine nationally to women of child-bearing age over the next three years.



GAVI/2013/Evelyn Hockstein

Joseph Mesura of the Community Centre of Taillefer, Haiti

The UNICEF campaign lends an opportunity to continue routine immunisation with pentavalent, as well as vaccines against measles, rubella, polio, tuberculosis and — soon with GAVI support — rotavirus, after the Ministry of Health implements its plan to increase cold chain capacity. IFFIm this year began funding GAVI's rotavirus vaccine programme.

Chief Gigi maintains her post

The manager of the Taillefer clinic, Ghislaine Alphonse — affectionately called Chief Gigi — lives at the facility during the work week. It includes an examination room and a supply area.

"The people understand the importance of vaccines," she says. "They come from all over the Malanga area, sometimes 10 hours on foot. They left at midnight or 1 a.m. to come here for the vaccine today." A handful of men milling about are "walkers." Their job is to accompany the women on their overnight journey to Taillefer, as none of the women's husbands joined them.

Although the clinic at Taillefer does not have running water, it does have a propane-fueled refrigerator and a new solar panel, says Lydie Maoungou Minguél, UNICEF immunisation

specialist and team leader. This is not the case at the satellite clinic, which is much higher in the mountains, set amid a cluster of banana and coconut trees.

All vaccines there — such as the pentavalent being administered today — must be transported in a cold box and used immediately or returned to the clinic in Taillefer, Maoungou Minguél says. The extreme conditions mean immunisation clinics are provided only monthly, on the front porch of deputy nurse Estima Juliana's home.

The lack of funding and capacity has affected the introduction of vaccines, says Jeannot Francois, Extended Programme for Immunisation (EPI) manager for Haiti's Ministry of Health. Haiti must wait until next year to roll out pneumococcal vaccine — with support of GAVI, which has received US\$ 90.7 million from IFFIm for the vaccine — for the simple reason that there is not enough cold storage capacity.

But thanks to IFFIm, GAVI and its Alliance partners, the children of Taillefer now have pentavalent and soon will have rotavirus and pneumococcal vaccines. "Ça va," says Chief Gigi, who has worked at the clinic for 22 years. "We will do new campaigns."