



IFFIm's impact on SRI reflected in new Social Bond Principles

By René Karsenti

When the International Finance Facility for Immunisation (IFFIm)

was established in 2006, it pioneered a unique form of investments. Its Vaccine Bonds bring donors and investors together to support efforts to save children's lives through vaccine programmes in the world's poorest countries.

Today, demand among investors for socially responsible products is higher than ever. Responding to this trend, the International Capital Market Association in 2017 issued guidelines for socially responsible investments (SRI). The result: ICMA's [Social Bond Principles](#) (SBP).

ICMA's decision to think through and define best practices in this area is an encouraging sign of the continued evolution and maturation of socially responsible investing. This is a big and valuable step ahead for the field that IFFIm has been part of since 2006.

Social bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance eligible social projects that are aligned with the four core components of the SBP. The SBP are voluntary ICMA guidelines that promote transparency and integrity for any sort of social bond. Following in the footsteps of the Green Bond Principles, the SBP offer guidance for issuers, investors, and underwriters.

IFFIm's Vaccine Bonds, one of the world's most impactful social bonds, meet all four Social Bond Principles:

1. Use of proceeds: The new SBP specify that "all designated Social Projects should provide clear social benefits, which will be assessed and, where feasible, quantified by the issuer." In IFFIm's case, all proceeds go to support Gavi's mission to improve access to life-saving vaccines for the world's most vulnerable children. In fact, IFFIm was designed to be - and remains - completely dedicated to that mission.

2. Process for project evaluation and selection: The SBP also "encourage a high level of transparency

and recommend that an issuer's process for project evaluation and selection be supplemented by an external review." This guidance has always been at the core of IFFIm's operations. Gavi's potential vaccine investments are evaluated by an expert Independent Review Committee (IRC), and IFFIm funds vaccine programmes selected through the IRC evaluation and approved by Gavi's Board.

3. Management of proceeds: The SBP prescribe that "the issuer should make known to investors the intended types of temporary placement for the balance of unallocated proceeds" and "recommend that an issuer's management of proceeds be supplemented by the use of an auditor, or other third party, to verify the internal tracking method and the allocation of funds from the Social Bond proceeds." All IFFIm proceeds are allocated to support Gavi's vaccine purchase and health system strengthening programmes. Gavi manages the allocation, disbursement and tracking of IFFIm's proceeds in a transparent manner, in accordance with its programme funding policies. Gavi programmes, including those funded by IFFIm, are regularly evaluated to ensure that Gavi support has been used as intended.

4. Reporting: Finally, ICMA calls on social bond issuers to "make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and as necessary thereafter in the event of material developments." The World Bank, IFFIm's Treasury Manager, monitors its investments and reports outcomes quarterly to its investors and other stakeholders. IFFIm also regularly reports to donors its performance outcomes against impact indicators.

IFFIm offers investors a unique opportunity to combine an attractive financial investment with an exceptional social purpose generating a major positive impact on society. Its compliance with the new Social Bond Principles gives investors the confidence it will remain true to that mission.

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For further information

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