



# IFFIm

International Finance Facility for Immunisation

Oslo, 7 February 2007



Health and Immunisation  
Programmes



Treasury Manager





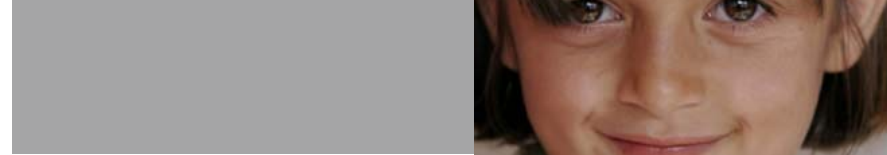
## IFF: The International Finance Facility

- Significant funding gap if MDG's are to be achieved
- Increased liquidity in the global capital markets
- No new indebtedness for low income countries
- Established ODA budgets as G8 moves towards ODA (Official Development Assistance) of 0.7% GNP over time
- Borrow against committed future grants



## Why IFFIm?

- Pilot
- Challenge of Global Poverty
- Millennium Development Goals
- MDG #4: Focus on Children
- Power of Immunisation / high return upon investment
- Budget constraints









## IFFIm

- New AAA/Aaa/AAA-rated multilateral development institution that raises funds in the international capital markets.
- Complements the work of existing development organisations to address the challenge of global poverty.
- Created to accelerate the availability of funds to be used for health and immunisation programmes through the GAVI Alliance.
- Funds programmes in 70 of the poorest countries in the world (GDP per capita threshold of US\$ 1,000).



# The Establishment of IFFIm – October 2<sup>nd</sup> 2006

Six European Governments entered into legally binding Grant Agreements

Donors	Rating	Grant Amount	
	United Kingdom	AAA/Aaa/AAA	£1,380.0 mm
	Republic of France	AAA/Aaa/AAA	€372.8 mm
	Republic of Italy	AA-/Aa2/AA	€473.5 mm
	Kingdom of Spain	AAA/Aaa/AAA	€189.5 mm
	Kingdom of Sweden	AAA/Aaa/AAA	SEK 276.2 mm
	Kingdom of Norway	AAA/Aaa/AAA	\$27.0 mm
<b>Total</b>		<b>\$ 4.1 billion</b>	



# Expanding IFFIm's Financial Base

IFFIm was set up to accommodate additional donors

- Additional confirmed grants from the Republics of France, Brazil and South Africa



Republic of France

€920mm



Republic of Brazil

US\$20mm



Republic of South Africa

US\$20mm

**Total**

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**US\$ 5.4 billion**



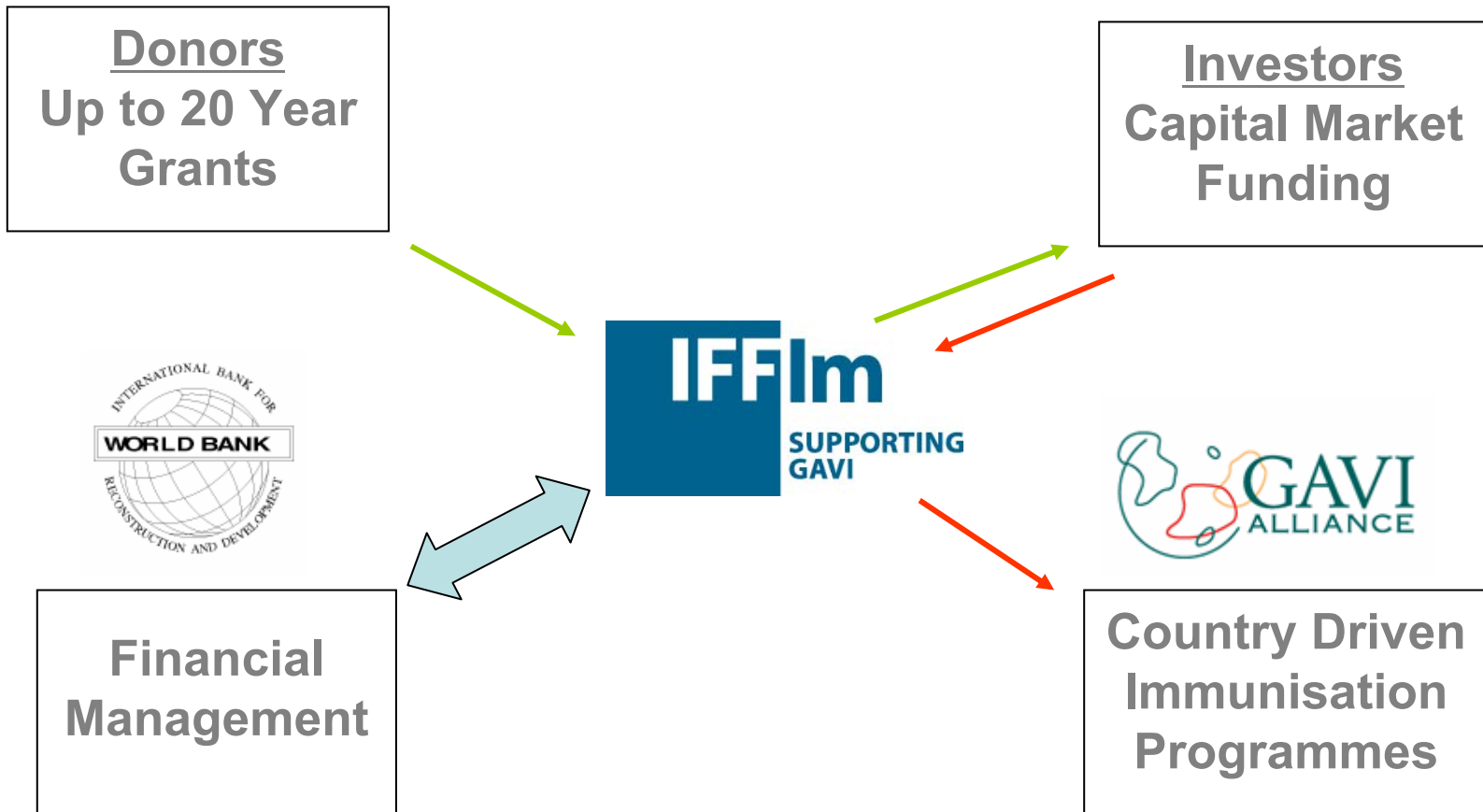
# Who Governs IFFIm?

- IFFIm is established as a charity governed by the IFFIm Board.
- The IFFIm Board consists of five directors with extensive backgrounds in banking, capital markets, development finance, and the health sector.

<b>IFFIm Board</b>	
Alan Gillespie - <i>Chairman</i>	<ul style="list-style-type: none"> <li>■ Chairman, Ulster Bank Group,</li> <li>■ Former Chief Executive, Commonwealth Development Corporation Group Plc</li> </ul>
Michèle Bocoz	<ul style="list-style-type: none"> <li>■ Executive Vice-President, International Affairs, Institut Pasteur</li> </ul>
John Cummins	<ul style="list-style-type: none"> <li>■ Group Treasurer and Board Director of Standard Life Bank</li> </ul>
Dayanath Jayasuriya	<ul style="list-style-type: none"> <li>■ Senior Partner, Asian Pathfinder Legal Consultancy and Drafting Services</li> <li>■ Former Chairman of the Securities and Exchange Commission of Sri Lanka</li> </ul>
Arunma Oteh	<ul style="list-style-type: none"> <li>■ Vice President, Corporate Management, African Development Bank</li> </ul>



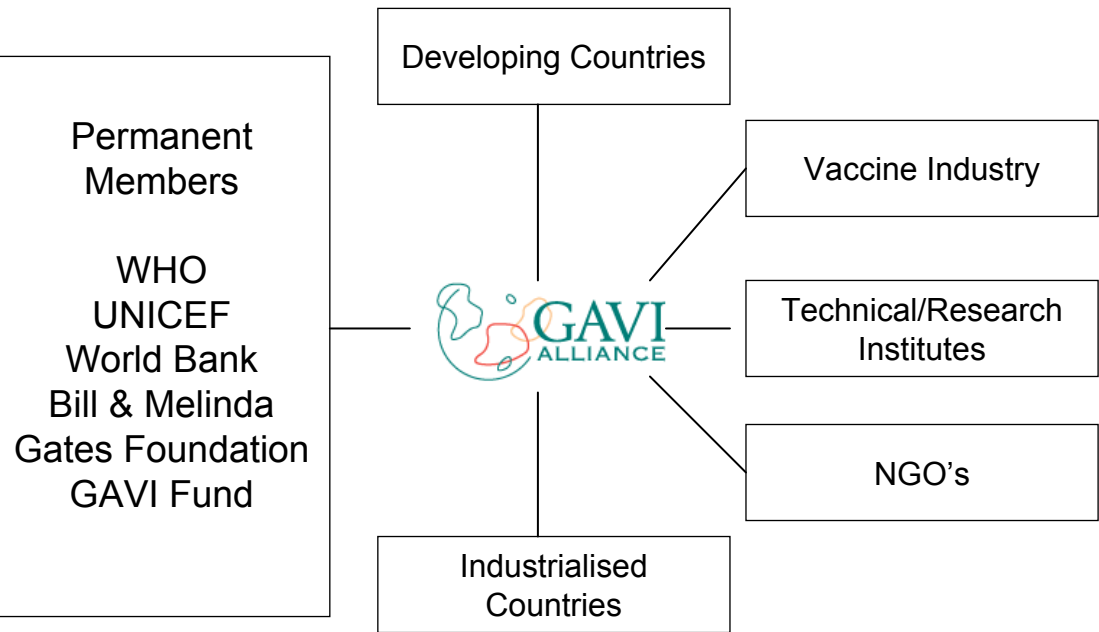
# How does IFFIm Operate?





# IFFIm and the GAVI Alliance

## Immunisation Programmes



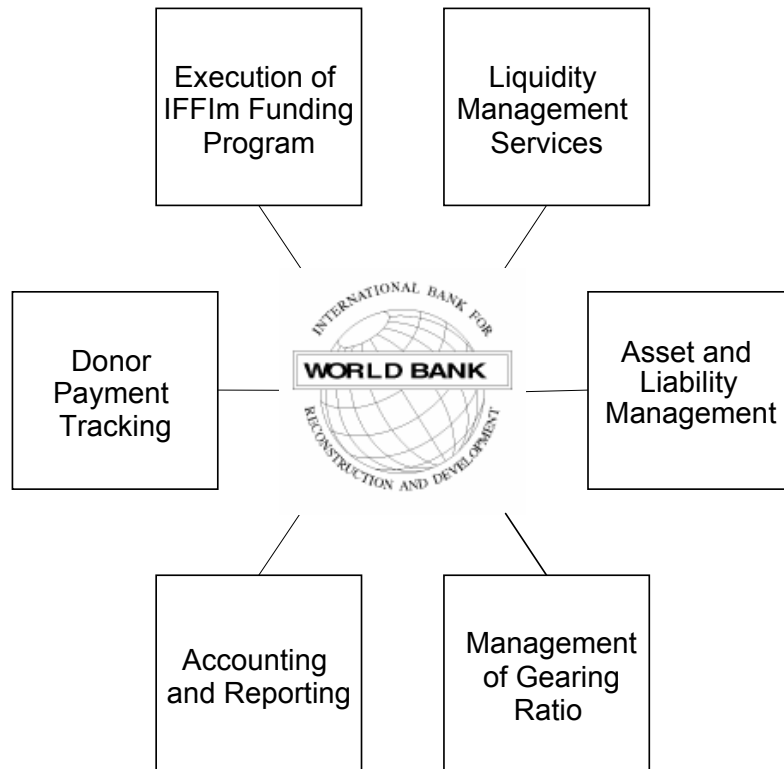
### GAVI Resources (including total amount expected from IFFIm)

- Bill & Melinda Gates Foundation \$1.5bn
- Bilateral Donor Grants \$1.7bn
- IFFIm \$4bn
- Total \$7.2bn**



# IFFIm and the World Bank

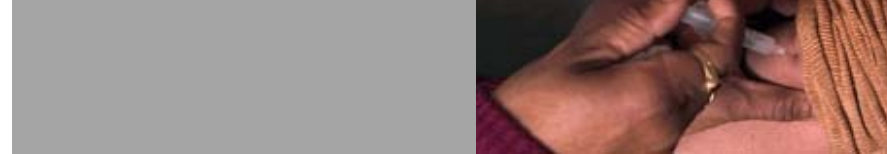
## Treasury Manager



## World Bank

- 60 years of capital markets experience.
- Established conservative financial management polices.
- A key component of IFFIm's AAA/Aaa/AAA ratings.





## What is IFFIm's Purpose?

IFFIm's goal is to provide \$4bn for immunisation from 2006-2015

- Every year 27 million infants are not vaccinated against the most common childhood diseases and 2 to 3 million children die annually from easily preventable diseases.
- It is anticipated that over 10 years IFFIm will enable the immunisation of 500 million people
- It is estimated that this intervention will save 5 million child deaths and more than 5 million future adult deaths



## Funding GAVI Programmes in 70 of the poorest countries in the world

Afghanistan, Angola, Armenia, Azerbaijan, Bangladesh, Benin, Bhutan, Bolivia, Burkina Faso, Burundi, Cambodia, Cameroon, Central African Republic, Chad, Comoros, Congo, Republic of Côte d'Ivoire, Democratic Republic of Congo, Djibouti, Ethiopia, Eritrea, The Gambia, Georgia, Ghana, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, India, Indonesia, Kenya, Kiribati, Kyrgyz Republic, Lao PDR, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Moldova, Mongolia, Mozambique, Myanmar, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Papua New Guinea, Rwanda, Sao Tome & Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, Sri Lanka, Sudan, Tajikistan, Tanzania, Timor-Leste, Togo, Uganda, Ukraine, Uzbekistan, Vietnam, Yemen Rep, Zambia, Zimbabwe.



# What is IFFIm's Purpose?

IFFIm's goal is to provide \$4bn for immunisation from 2006-2015

**Measles and  
Tetanus  
Campaigns**

**Polio  
Vaccine  
Stockpile**



**Supporting  
New  
Vaccines**

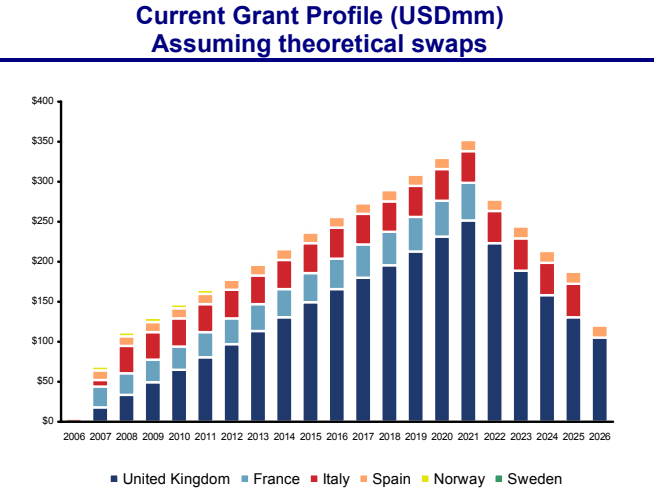
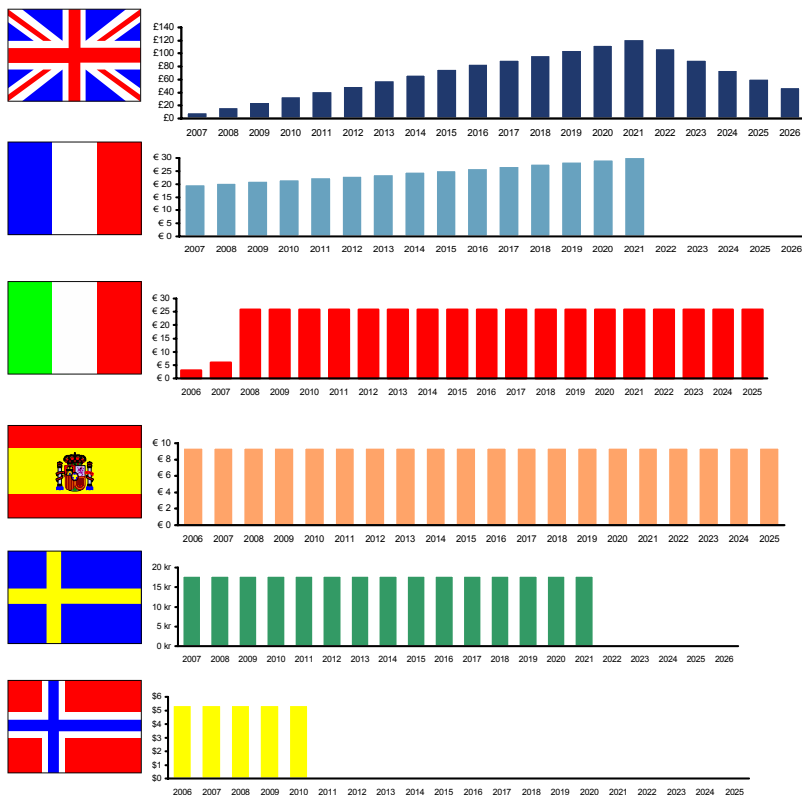
**Strengthening  
Immunisation  
Services**



# What is IFFIm's Financial Structure?

IFFIm's financial base consists of legally binding grants from its sovereign donors

Current Maximum Schedule of Payment Obligations by Sovereign Sponsors (Millions)<sup>1</sup>

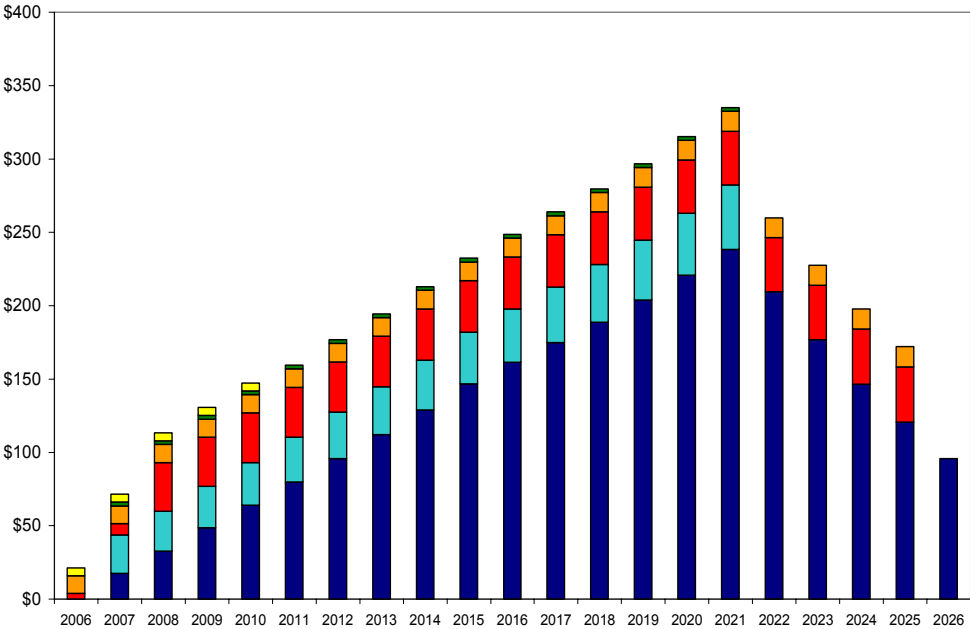


<sup>1</sup> The full amount for France's obligation as well as Brazil and South Africa's agreed amounts (\$1 million per year for 20 years) will be shown in the graphs once the respective grant agreements are signed.

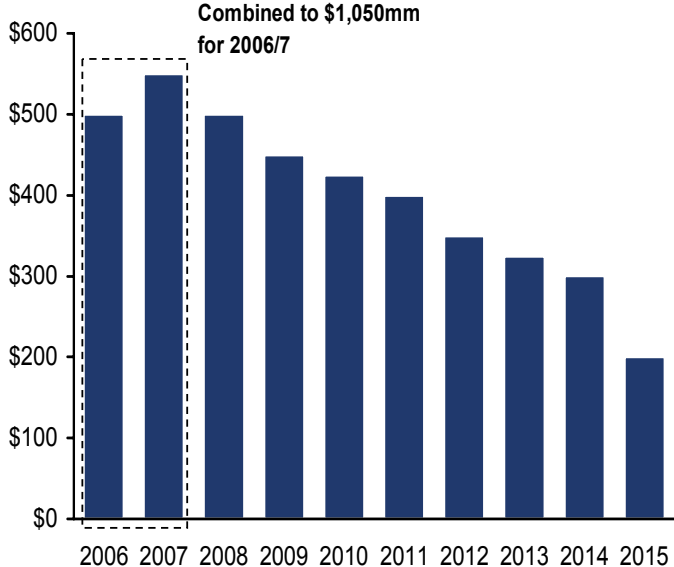


# IFFIm's Sources and Uses

Back-loaded Donor Cash-flows (USD mm)



Front-loaded IFFIm Disbursements (USD mm)





## Donor Payments

- It is important to the donors that their grant payments fund immunisation programmes in well governed states over the next 20 years.
- Donors pay 100% of their legally binding grants, unless a recipient country breaches a “high level performance test”.
- The high level performance test for recipient countries chosen for IFFIm is “protracted arrears to the IMF”.
- IFFIm may not fund programmes in countries that have breached the test and donors will be relieved of a fixed percentage of their payments for each recipient country in arrears (see prospectus).



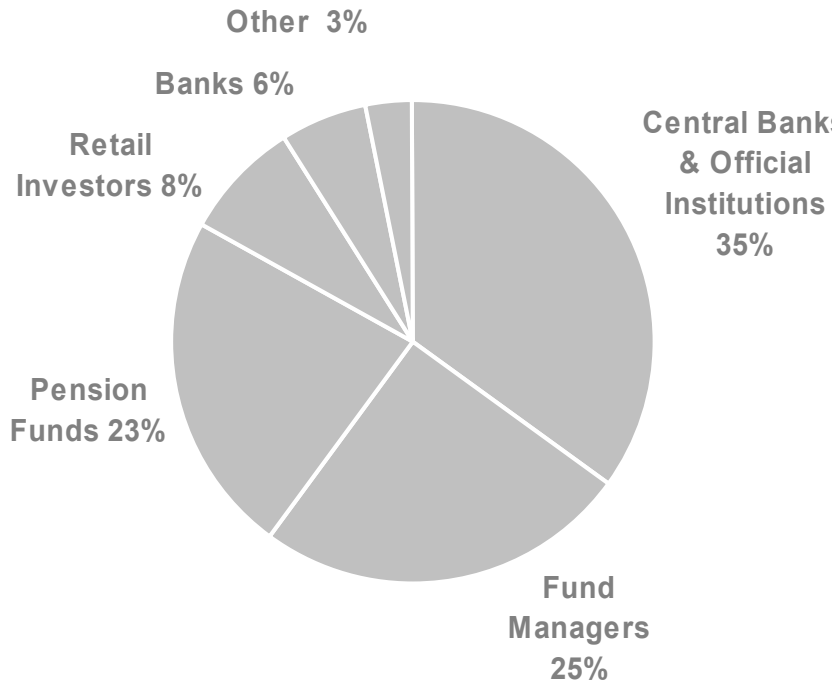
## Results : IFFIm's Inaugural Bond

- IFFIm issued its inaugural bond issue in November 2006 for \$1 billion
- Deutsche Bank and Goldman Sachs were joint lead managers. Co-lead managers were: Barclays, BNP Paribas, Citigroup, Dresdner, HSBC, JP Morgan, Morgan Stanley and UBS.
- The notes are rated AAA/Aaa/AAA by FitchRatings, Moody's Investors Service and Standard & Poor's.
- The book was 1.75 times oversubscribed from 54 investors in 15 different countries. Orders ranged in size from USD 1,000 from retail investors to USD 250 million.

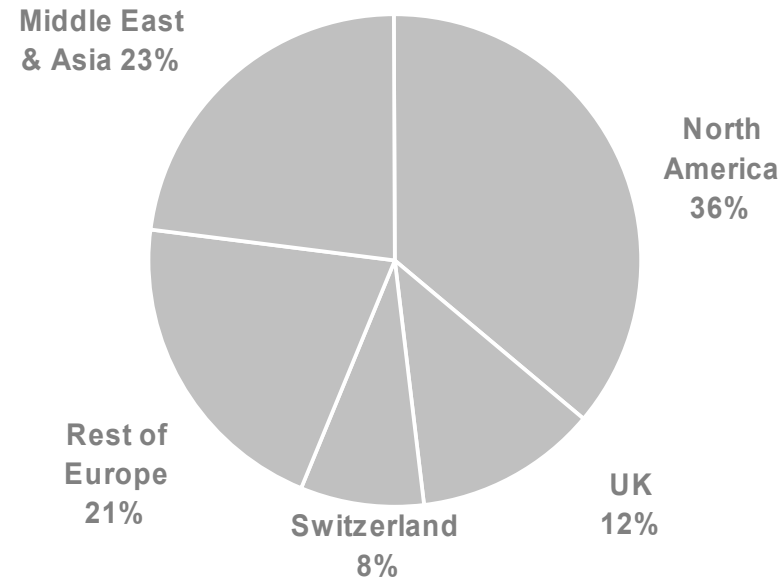


# Results – Who bought the bonds?

**Placement by Investor Type**



**Placement by Region**





## Next steps: when and how will IFFIm Raise Funds in the Capital Markets?

- US\$4 billion (net) over 10 years expected
- Annual funding volume depends on needs for immunisation programmes in partner countries
- IFFIm's borrowing programme will be designed to achieve the best overall value for IFFIm and its sponsors' credit on a sustained basis
- IFFIm will sell bonds to retail and institutional investors and will issue a variety of transactions ranging from larger, more liquid issues to smaller, more targeted bonds

## Results – Disbursements

### **Today: US\$ 460 million**

- US\$124,840,000 to WHO for the polio eradication initiative vaccine stockpile
- US\$ 100,000,000 to the UN Foundation for measles mortality reduction
- US\$ 181,050,000 to Unicef for Pentavalent Vaccine (DTP3, Hep B, Hib)
- US\$ 54,298,077 for Country Specific Support (core GAVI programmes)

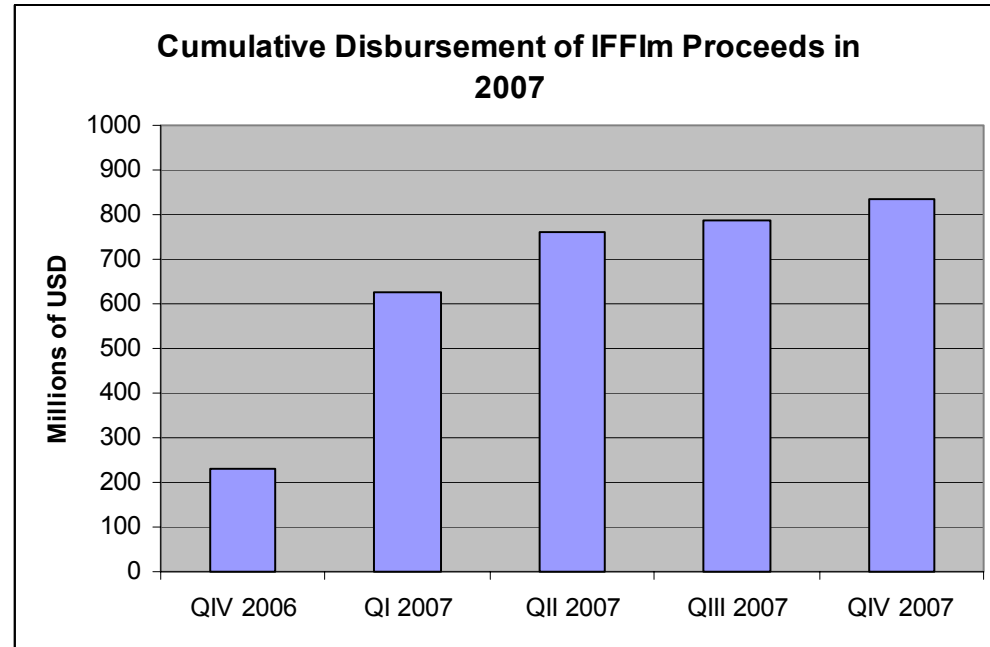
### **By end March 2007: US\$ 141 million**

- US\$ 66 million to WHO for the polio eradication initiative, stockpile of Vaccine
- US\$ 22 million to WHO / Unicef for the Maternal & Neonatal Tetanus Campaign
- US\$ 10 million to WHO / Unicef for the Yellow Fever Stockpile
- US\$ 43 million for Country Specific Support (core GAVI programmes)

## Results - Use of Proceeds by end 2007

By end 2007, US\$ 836 million in total from IFFIm proceeds are scheduled to finance the following programmes:

▪ Polio	\$191
▪ Measles	\$139
▪ Yellow Fever	\$ 32
▪ MNT	\$ 44
▪ Country Specific	\$178
▪ Pentavalent	\$181
▪ HSS	\$ 71
<b>Total</b>	<b>\$836</b>



## IFFIm – Long Term Use of Proceeds

- Annual GAVI Alliance programme spending, excluding the four Non-Country Specific investments (Polio, Measles, Yellow Fever and MNT), is currently around US\$ 450 million per year.
- This level is expected to grow to US\$ 600 million by 2010, as new programmes come on stream (ie HSS, Pneumococcal and Rotavirus investment cases).
- Depending on future bond issuances, IFFIm is expected to fund approximately US\$ 300 million per year, ie 50-66% of GAVI Alliance programme spending.



## Websites

IFFIm: [www.iff-immunisation.org](http://www.iff-immunisation.org)



GAVI Alliance: [www.gavialliance.org](http://www.gavialliance.org)



The World Bank: [www.worldbank.org](http://www.worldbank.org)





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