

The logo for the International Finance Facility for Immunisation (IFFIm). It features the letters 'IFFIm' in a bold, white, sans-serif font, with the 'I' and 'F' being significantly larger than the other letters. The logo is set against a dark blue rectangular background.

SUPPORTING
GAVI



The International Finance Facility for Immunisation (IFFIm) “Vaccine Bonds”

What is the future for socially responsible investing?

How capital markets can save lives and generate returns for investors: The Vaccine Bonds initiative

ECMI-CEPS

January 15th, 2014



THE WORLD BANK

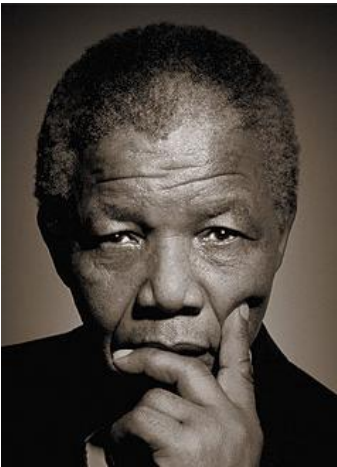
Why vaccine bonds matter

Every year...

132 million children are born worldwide

22 million go unvaccinated

1.7 million die from diseases vaccines can prevent



Life or death for a young child too often depends on whether it is born in a country where vaccines are available.

Nelson Mandela (1918-2013), GAVI Founding Chair

The power of vaccines



Vaccines are the simplest, most effective, most inexpensive way to save children's lives.

Bill Gates, a GAVI founding donor

Vaccines

- **Protect against most of the major killers of children**
Vaccines can protect against pneumococcal disease, rotavirus, measles, haemophilus influenzae B ('Hib'), pertussis (whooping cough), tetanus, diphtheria and polio.
- **Provide health, social and economic gains**
Benefits of immunisation include: reduction in morbidity and mortality, health care cost savings, care-related productivity gains and productivity gains through improved cognition, physical strength and educational attainment.
- **One of the most cost-effective interventions available**
It is estimated that eradicating smallpox through immunisation cost US\$100 million and now saves the world US\$1.35 billion per year.

IFFIm is the solution

The challenge: Meet the UN Millennium Development Goals (MDGs) in an environment of constrained government budgets.



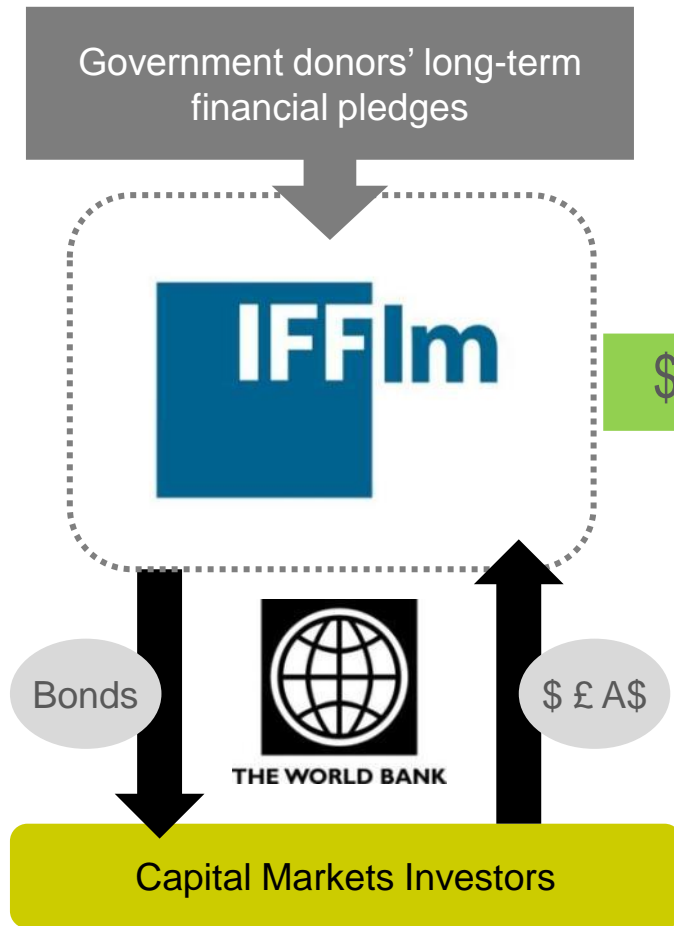
The solution: The GAVI Alliance: a unique public-private partnership, launched in 2000 to help with stagnating vaccination rates.

The Alliance brings together all the main players in immunization into one, decision-making body: WHO, UNICEF, the World Bank, the Bill & Melinda Gates Foundation, donor governments, developing countries, international development and finance organisations and the pharmaceutical industry.

IFFIm created to support the GAVI Alliance: a mechanism to finance global development by “frontloading” funds through vaccine bonds issued by a special facility that provides flexible access to markets and predictable funding for programmes.

The benefit: Vaccines are the most cost-effective health intervention when there are health systems that can deliver them safely and effectively.

IFFIm funding structure



GAVI's mission: to save children lives and protect people's health by expanding access to vaccination in poor countries

Vaccination Programmes

GAVI has helped vaccinate 370 million additional children against potentially fatal diseases like diphtheria, tetanus, pertussis, hepatitis B, Hib, and yellow fever

GAVI has helped to save more than 5.5 million children since its creation in 2000

The role of IFFIm

IFFIm was created in 2006 to rapidly accelerate the availability and predictability of funds for immunisation programmes by the GAVI Alliance. GAVI vaccinates children in countries with annual national incomes of less than US\$ 1,550 per capita



IFFIm uses long-term donor pledges to support issuance of vaccine bonds on the capital markets











IFFIm has thus far been able to raise US\$4.5 billion from investors, enabling millions of additional children to be vaccinated because of additional funds

The money raised from investors helps fund GAVI programmes to meet immediate country demand for vaccines, providing a near-term positive impact on public health that protects future generations

- **Supranational issuer**
Established in 2006
- **Rating AA+ (stable) / Aa1 (neg) / AA (stable)**
- **Zero percent BIS risk weighting**
- **Established as charity**
Registered with the Charity Commission for England and Wales
- **The World Bank is IFFIm's Treasury Manager**
- **Sound and prudential financial policies**



Governments have entered into long-term legally binding grant agreements with IFFIm, which has been constructed to accommodate additional donors.

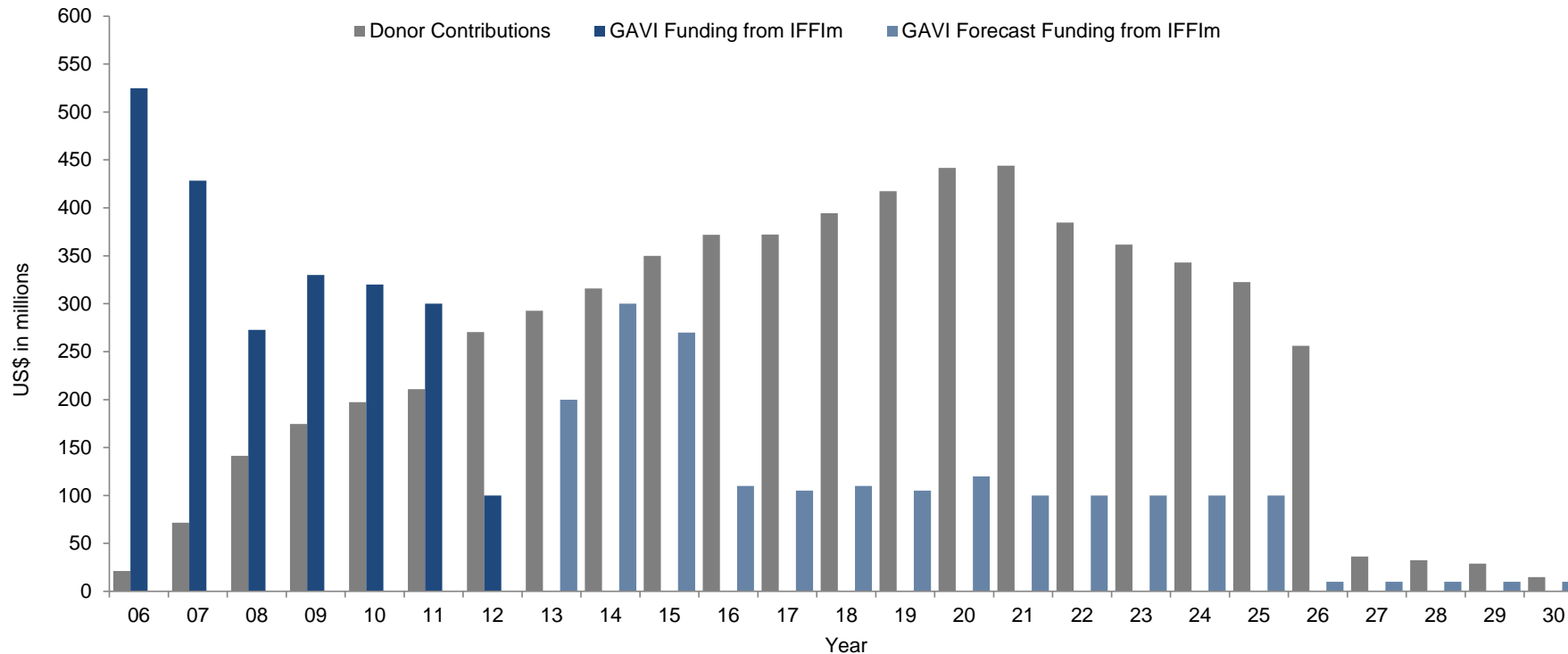
Donors	Ratings (as of January 9, 2014)	Grant (US\$ equivalent)
 United Kingdom	AA+/Aa1/AAA	US\$ 2,980 million
 France	AA+/Aa1/AA	US\$ 1,719 million
 Italy	BBB+/Baa2/BBB	US\$ 635 million
 Norway	AAA/Aaa/AAA	US\$ 264 million
 Australia	AAA/Aaa/AAA	US\$ 256 million
 Spain	BBB/Baa3/BBB-	US\$ 240 million
 The Netherlands	AAA/Aaa/AA+	US\$ 114 million
 Sweden	AAA/Aaa/AAA	US\$ 38 million
 South Africa	BBB/Baa1/BBB	US\$ 20 million
 Brazil (BBB/Baa2/BBB) has also been considering a grant to IFFIm of US\$ 20 million		

**Approximately
US\$6.3 billion**

IFFIm works and delivers to GAVI

IFFIm receives long-term donor commitments, enabling it to issue bonds and transfer funds to meet GAVI needs

- GAVI has nearly doubled spending on vaccines and rapidly scaled-up immunisation in large part due to IFFIm, which has raised US\$4.5 billion in the bond markets since 2006.



IFFIm's Treasury Manager

The World Bank

The IFFIm Board appointed the World Bank as IFFIm's Treasury Manager to manage IFFIm's financial operations, based on the fact that the World Bank has the following:

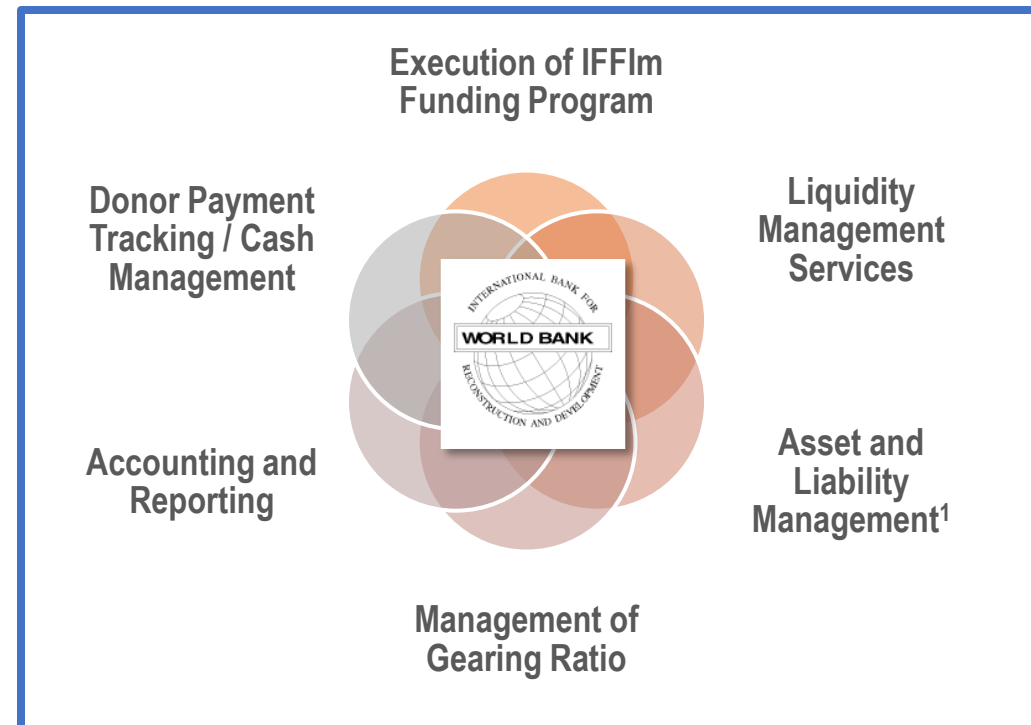
Experience

More than 60 years of capital markets experience

Established policies

Conservative financial management

- Prudent gearing ratio limit
- Minimum liquidity policy
- Conservative liquidity management
- Asset and liability management



¹The World Bank is IFFIm's hedging counterparty.

When and how does IFFIm raise funds in the capital markets?



Annual funding volume depends on needs for immunisation programmes in partner countries

IFFIm sells bonds to retail and institutional investors and issues a variety of transactions ranging from larger, more liquid issues to smaller, more targeted bonds

IFFIm financings

(Amount equivalent in USD)

2006 Inaugural benchmark (USD)	USD 1,000	Million
2008 Daiwa uridashi (ZAR)	USD 223	Million
2009 Daiwa uridashi (AUD/ZAR/NZD)	USD 429	Million
2009 HSBC Sterling Retail & HSBC/RBS Institutional (GBP)	USD 400	Million
2009 Mitsubishi uridashi (USD/AUD)	USD 143	Million
2009 HSBC Japan uridashi (ZAR/AUD)	USD 130	Million
2010 Daiwa uridashi (ZAR)	USD 320	Million
2010 HSBC uridashi (AUD/BRL/ZAR)	USD 127	Million
2010 CBA/RBC AUD benchmark (AUD)	USD 395	Million
2011 Daiwa uridashi (BRL)	USD 225	Million
2011 J.P. Morgan uridashi (AUD/BRL/ZAR)	USD 169	Million
2012 HSBC uridashi (AUD/ZAR)	USD 98	Million
2012 J.P. Morgan uridashi (AUD)	USD 38	Million
2013 Daiwa uridashi (TRY/ZAR)	USD 139	Million
2013 Daiwa/Deutsche benchmark (USD)	USD 700	Million
TOTAL	USD 4.5	Billion

IFFIm works for donors



IFFIm has secured US\$ 6.3 billion in pledges over 23 years to issue US\$ 4.5 billion in bonds for immediate funding for GAVI programmes

Acceleration of fundraising as IFFIm can immediately borrow more than €3 billion (US\$ 3.7 billion) on behalf of GAVI from capital markets at a competitive rate through Vaccine Bonds

The United Kingdom, France and Italy make up about 85% of IFFIm funding

Donors that wish to support global health use IFFIm to scale-up support

IFFIm works for GAVI



Helped GAVI nearly double its spending on vaccines and continues to provide increased financial flexibility

IFFIm has enabled an estimated 100 million additional children to be vaccinated thanks to additional funding of GAVI

With IFFIm support, GAVI will help countries to vaccinate around 250 million additional children by 2015

IFFIm works for investors



Vaccine bonds provide a portfolio diversification opportunity with attractive risk-adjusted returns in an award-winning socially responsible investment

IFFIm's inaugural uridashi bond was included among the market's 25 most influential transactions by EuroWeek magazine

IFFIm was cited as the "SRI Innovation of the Decade" by mtn-i, the news, data and analytics provider



Vaccine Bonds: a model for SRIs



- **Investment opportunities**

SRI, or impact investing, offers opportunities that make financial sense and offer tangible social benefits

- **Investor interest in SRI growing**

SRI brought billions of dollars to projects that strengthen communities, promote health and bring needed services

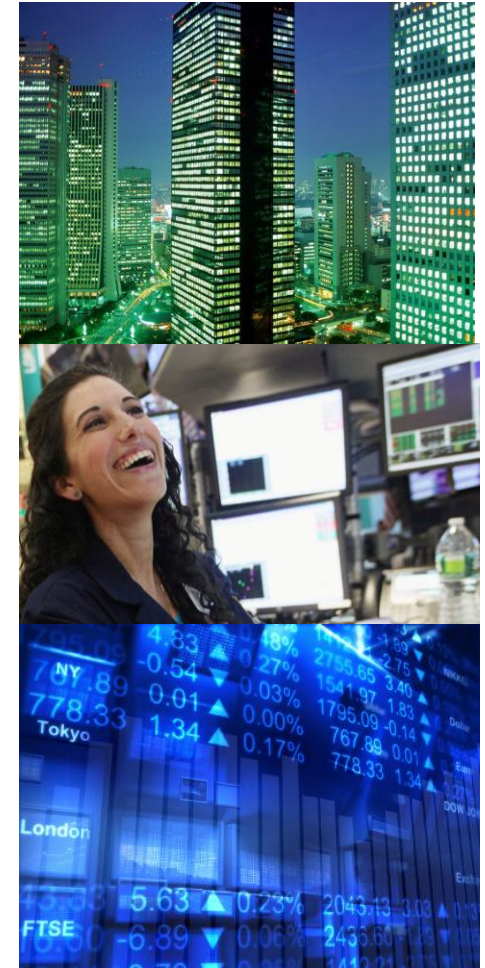
- **Transformative during difficult times**

IFFIm demonstrates that impact investments can be transformative during difficult times

- **Improving the model of worldwide social development**

Institutions and foundations prove that innovative financial instruments like IFFIm can be a solution to challenges

- **US\$ 35 trillion of assets managed under the UN Principles for Responsible Investments**
Up from US\$ 2 trillion eight years ago
- **UN Principles have 1200 signatories**
Up from 600 six years ago: 770 are investment managers
- **SRI represents about 15% of global capital**
More than €3 trillion of bonds in Europe are managed under SRI criteria
- **Institutional investors are changing the market**
- **Easy to perform due diligence on Vaccine Bonds**



IFFIm

www.iffim.org



GAVI Alliance

www.gavialliance.org



The World Bank

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SUPPORTING
GAVI

Thank You

