



IFFIm Report

René Karsenti, Chair, IFFIm Board

GAVI Alliance Board Meeting

Geneva, Switzerland

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THE WORLD BANK

IFFlm strategic priorities

- 1 **Manage risk and credit rating challenges**
- 2 **Conduct donor outreach**
- 3 **Enhance funding sources**



- As a key component of GAVI's long-term funding strategy, IFFlm must remain efficient, and both increase and diversify donor support
- A road map identifying 2013-14 actions to support these objectives was created at the March IFFlm Board retreat

Significant events in 2013

Bond issuances

GFA retirement

Swap management

IFFIm Board strategy retreat



2013 bond issuances

Daiwa uridashi (March)

- US\$ 139 million
- Maturity: 5 years
- Average Cost: 3-month US\$ LIBOR + 15.25 bps

Investor roadshow (April – May)

- Highlighted IFFIm to central bank and institutional investors in the Middle East, Europe, South Africa the US
- IFFIm funding need for the next year is ~US\$1bn



IFFIm remains cost-efficient: borrowing cheaper than composite donors

IFFIm delivers: proceeds from bond issuances fully fund GAVI's financing needs from IFFIm sources in 2013

GFA retirement

Removal of GFA from IFFIm complete on 8 February 2013

- Former GFA board member now advising IFFIm Board on due diligence process in new governance structure

New IFFIm grants to be entered directly with GAVI

Restructuring will lead to savings of up to US\$ 1.4m per year



Swap management

IFFIm enters into swap agreements with the World Bank to hedge interest rate and foreign exchange risk

The World Bank, as IFFIm's swap counterparty, has the right to call for collateral to protect against exposure above a specified threshold

A solution is being finalised between the parties to mitigate World Bank–IFFIm counterparty risk

- A “Risk Management Buffer” will be added to the IFFIm Gearing Ratio Limit to account for the additional net exposure above a US\$400m threshold
- While in place, this will obviate a need to post cash collateral



Solution will change the timing of IFFIm funding to GAVI in the intermediate term but not overall amount of IFFIm funding to GAVI

IFFIm Board retreat

IFFIm replenishment strategy

- Reinforce value of IFFIm to all existing and prospective stakeholders as core part of GAVI's long-term funding strategy
- Stronger IFFIm Board engagement with IFFIm donors

IFFIm investors

- Continue outreach to new and existing investor base

IFFIm essential to GAVI

- IFFIm is sole GAVI instrument that is long-term, flexible and predictable
- Apply IFFIm more strategically to support GAVI policy and programmes
- Highlight IFFIm's contribution to GAVI



IFFIm works for...



GAVI

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

IFFlm works for...



Donors

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

IFFIm works for...



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

EUROWEEK
THE NEWSPAPER OF THE GLOBAL CAPITAL MARKETS



Investors

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

IFFIm

SUPPORTING
GAVI

Thank You

