

**SUBJECT:** IFFIM CHAIR REPORT

**Category:** For Information

### **Section A: Introduction**

- This report provides an overview of IFFIm’s contribution to Gavi and its role in the 2021-2025 replenishment.
- IFFIm is an innovative financing mechanism with strong donor support and recognised as a pioneer in socially responsible investing
- IFFIm is expected to provide US\$ 1.475 billion in assured resources for 2021-2025 period with added value through its financial flexibility.
- IFFIm’s existing resources will be nearly exhausted by the end of the 2021-2025 period and its financial strength compromised from 2024.
- A replenishment of US\$ 500 - US\$ 1 billion will enable Gavi to fully meet its flexible funding needs and retain IFFIm’s effectiveness as a financing mechanism for the next strategic period.

### **Annexes**

**Annex A:** IFFIm Chair report



# IFFIm Chair's report

*Gavi Board meeting*

**Cyrus Ardalan**

*Chair, IFFIm Board of Directors*

Delhi, 4-5 December 2019

Treasury manager:



# IFFIm Chair Report

## *AGENDA*

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Benefits of IFFIm

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IFFIm support for the Gavi 2021-2025 Investment Opportunity

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IFFIm's place in Gavi's replenishment

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IFFIm resources

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Replenishing IFFIm

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Concluding comments

# Benefits of IFFIm

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- IFFIm has made a significant contribution to Gavi and IFFIm's donors
- For Gavi
  - Funding to scale up vaccine programmes
  - Flexibility
  - Market shaping
- For donors
  - Managing budgetary impact using an alternative to direct funding
  - Allowing flexibility to utilise funds as needed through front loading
  - Having an innovative and adaptable financial mechanism with multiple applicability: CEPI, guarantees
  - Hedging long-term currency risk

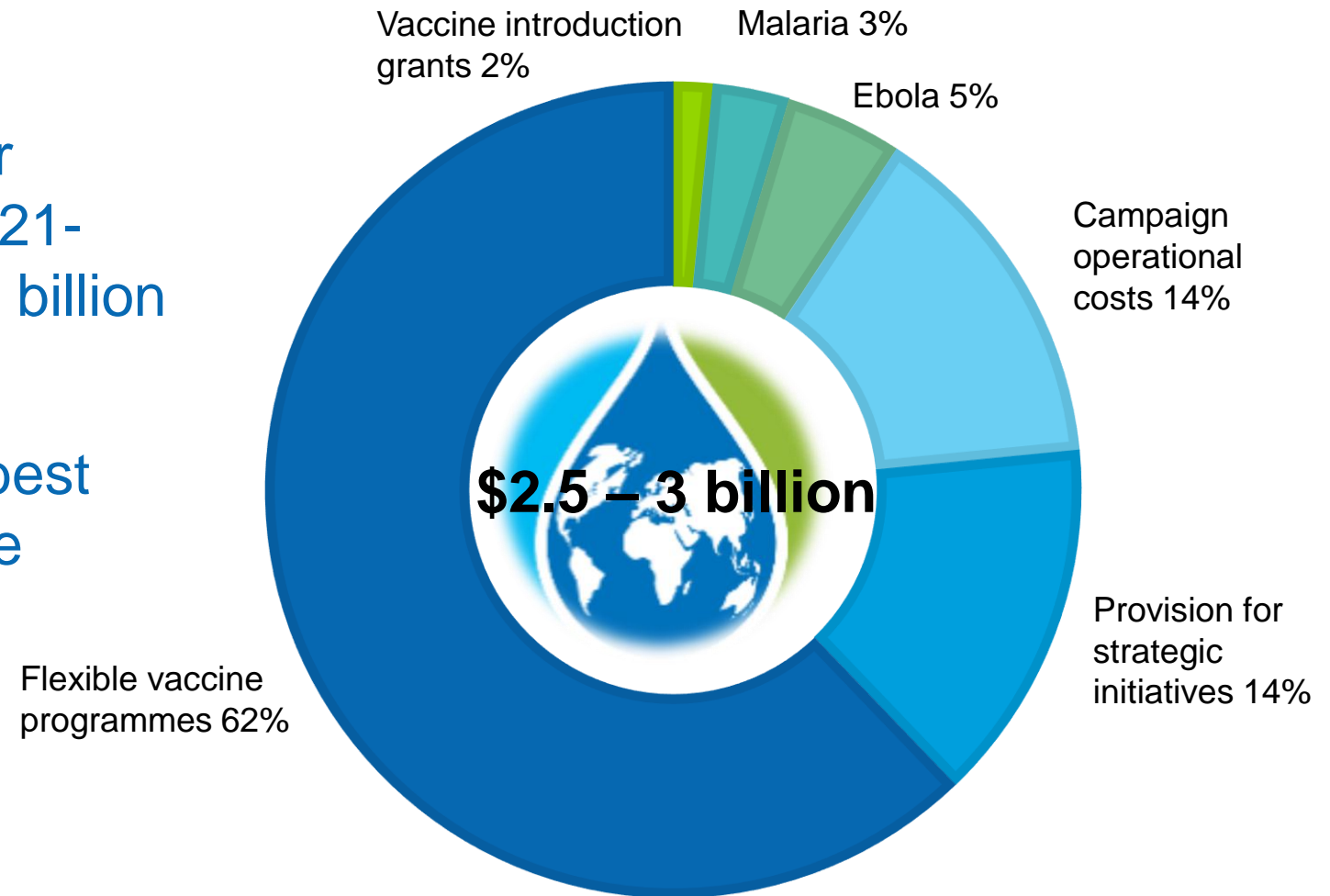
# IFFIm support for the Gavi 2021-2025 Investment Opportunity

- IFFIm is projected to provide Gavi with US\$ 1.47 billion for the 2021-2025 period
- IFFIm's value added is its ability to provide financial flexibility
- This flexibility allows Gavi to respond when needs materialise



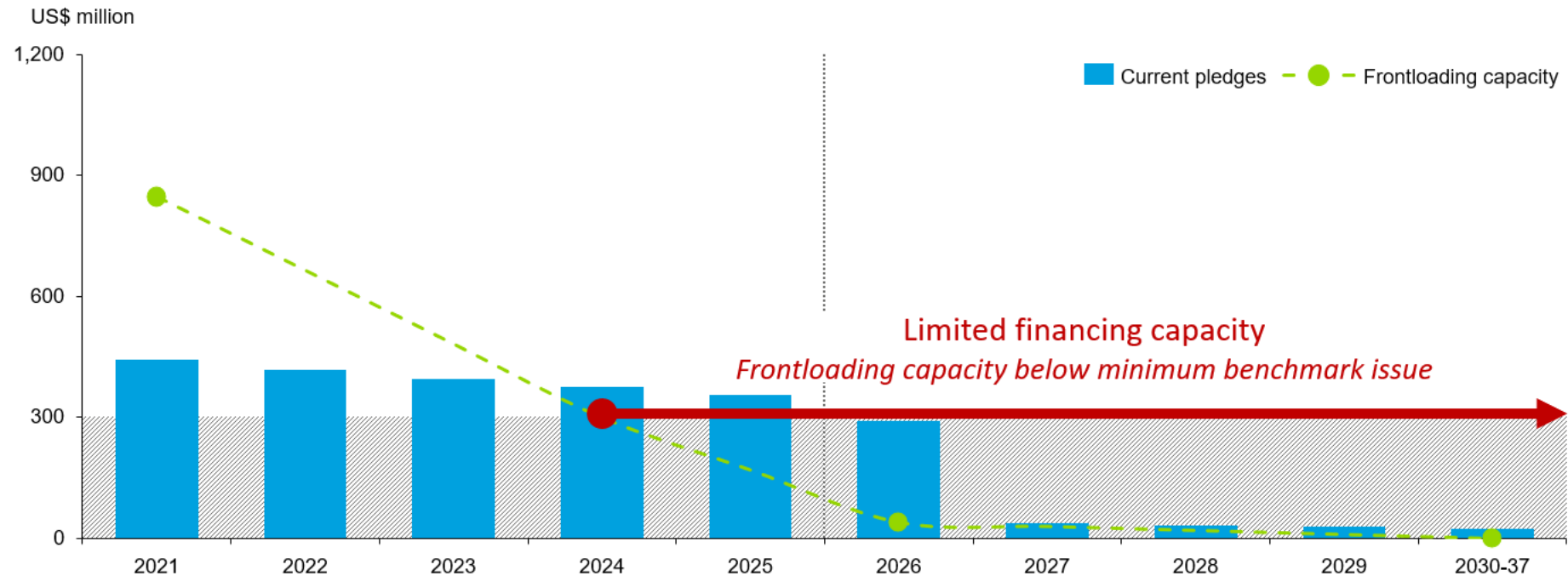
# IFFIm's place in Gavi's replenishment

- Gavi's anticipated need for flexible spending in the 2021-2025 period is US\$ 2.5 - 3 billion
- Time-flexible spending is best matched by equally flexible financing commitments



# IFFIm resources

## IFFIm resources will be nearly exhausted by the end of the 2021-2025 period



# Replenishing IFFIm

- Incremental pledges of a minimum of US\$ 500 million and up to US\$ 1 billion over 10 years recommended
  - Provide Gavi resources to meet the higher end of the flexible spending needs (US\$ 3 billion)
  - Maintain operational continuity

New pledges	Estimated amount available to Gavi		Capital markets efficiency decreased
	2021-2025	2026-2030	
No replenishment	1.5 billion	0.1 billion	2024
US\$500 million	1.9 billion	0.2 billion	2025
US\$1 billion	2.2 billion	0.3 billion	2026



# Concluding comments

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- IFFIm continues to play a significant role in Gavi's 2021-2025 Investment Opportunity
- However, with a diminished asset base from around 2024, IFFIm may not have efficient access to the capital markets
- Similarly, IFFIm's financial strength may be significantly compromised and its sustainability could be called into question
- Long-term pledges of US\$ 500 million to US\$ 1 billion would match IFFIm's financial flexibility with Gavi programmes that require flexible resources and would enable IFFIm to remain relevant for Gavi post 5.0



**THANK YOU**

Treasury manager:



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