

## **GAVI Secretariat response to the IFFIm evaluation**

### **Introduction**

The terms of reference of the IFFIm evaluation called for an assessment both of IFFIm's efficacy as a financing mechanism, as well as the extent to which IFFIm has contributed to enhancing GAVI's impact on immunisation and health. For a comprehensive assessment of GAVI's efficacy with respect to immunisation and health, however, we wish to refer the reader to a recently completed evaluation of the GAVI Alliance (which can be found on the GAVI website on <http://www.gavialliance.org/performance/evaluation/index.php>).

**1. Evaluation observation: Current health impact models have weaknesses - new, improved models will be available shortly. Update impact estimates once new models become available. Consistent approaches should be used. It is important that the evidence is made publicly available but also kept up to date....We would suggest GAVI encourages efforts by partners including WHO and UNICEF to improve their assessment of impact and takes a cautious approach to attributing results**

GAVI Secretariat response: WHO's improvement of the impact models is a funded component of the GAVI Alliance Business Plan 2011-15, under programme objective 1.1.2. In addition, the GAVI Secretariat has begun to do exploratory work with the Bill & Melinda Gates Foundation regarding how the impact projections used within the GAVI Alliance and in related contexts can be made more rigorous and more consistent across agencies. Preliminary discussions have taken place with WHO's Initiative for Vaccine Research regarding options for coordinating this work across agencies and having a sub-group of WHO's Quantitative Immunisation and Vaccines Related Research Advisory Committee (QUIVER) provide a technical review of the methods used. Once new models are available, the impact estimates will be updated. On the question of attribution, the GAVI Alliance Monitoring and Evaluation (M&E) Framework and Strategy states explicitly that the impact that is measured does not represent impact that can be exclusively attributed to GAVI, but rather GAVI's contribution toward national impact resulting from investments and actions from many entities, including most significantly countries themselves.

**2. Evaluation observation: The investment cases raise further questions about impact and attribution. The evidence base for the impact of some of the investment cases is extremely weak though efforts are often underway by WHO and UNICEF to improve them. Yellow fever is one example; the estimates of deaths averted by the Measles Initiative are also heavily dependent on the initial estimate of measles deaths which is open to considerable uncertainty**

GAVI Secretariat response: The primary reasons that the evidence base for the impact of the investment cases are weak are twofold: there are fundamental limitations on the availability of burden of disease and impact data related to the vaccines funded through the investment cases, and no clear M&E framework was defined for each of the investment cases at the time that they were prepared and funded. The GAVI Alliance now has an M&E Framework and Strategy to support its strategy and business plan for 2011-15. In addition, a grant monitoring framework has been developed to ensure that grants to non-country entities are clearly specified and underpinned by robust M&E. This

framework is now being adapted to apply to country grants as well. These frameworks serve to ensure that all future investment cases will have a clear M&E framework, indicators and data sources in place prior to approval. The GAVI Alliance has made targeted investments to improve the evidence base in specific areas where feasible and appropriate (e.g., the Accelerated Development and Introduction Plans (ADIPs), 1.1.2 in the business plan for 2011-15), but GAVI is not positioned to be a major funder of the production of burden of disease estimates. On a smaller scale, the GAVI Secretariat is working with subject matter experts at WHO and the Centers for Disease Control (CDC) to review the burden of disease estimates from the Yellow Fever Investment Case and update them as appropriate.

**3. Evaluation observation: We would therefore caution GAVI against placing too much focus on deaths averted which - although a clear, simple concept - ignores other important benefits.**

GAVI Secretariat response: The GAVI Alliance M&E Framework and Strategy for 2011-15 specifies that impact will be measured not only through deaths averted, but also through reduced morbidity and social and financial risk protection. The deaths averted indicator will continue to be used (e.g., it is one of the 13 indicators at the mission and goal level in the GAVI Alliance Strategy), but this indicator will be used alongside others that give a more balanced picture of impact.

**4. Evaluation observation: IFFIm has performed well within the constraints imposed by the design of the IFF pilot. However, IFFIm has only been able to make limited use of the overall potential of the IFF concept. Ideally, the model would be larger (to improve efficiency) and the funds would be spent on a purpose better suited to, or in need of, frontloading. GAVI did not really require frontloaded funds and GAVI might have been better able to use IFFIm funds had they arrived two or three years later, and been used to support increased uptake of pneumococcal and rotavirus.**

GAVI Secretariat response: IFFIm is an efficient financial tool for GAVI and has proven to be cost-effective at its current scale. As GAVI increases its programmatic commitments – largely to fund pneumococcal and rotavirus vaccines– the GAVI Secretariat is looking to secure more donor funds and to make IFFIm a permanent and significant component of GAVI's portfolio. IFFIm uniquely provides long-term visibility and predictability of funding, as well as flexibility that allows one to efficiently shift money through time. Both attributes are very attractive to GAVI and both are put to good effect. Through frontloading, GAVI has utilised an extreme form of IFFIm's time-shifting attribute in order to make long-term investments in vaccination programmes and for tactical immunisation initiatives.

IFFIm has been instrumental in helping GAVI fund breakthrough vaccines quickly and securely. For instance, IFFIm financed more than 90% of the payment guarantee to UNICEF to secure initial doses of pentavalent. GAVI could not have made that commitment, including upfront cash payments, without its ability to rely on long-term, stable funding from IFFIm. The availability of IFFIm funding is also supporting security for future pentavalent supplies.

Market expectations and market norms required a minimum benchmark issue size in order to achieve a liquidity threshold and tightest pricing. The benchmark issuance brought IFFIm very low borrowing costs and set a price point for future, smaller bond issues.

**5. Evaluation observation: Future funding from IFFIm – based on current donor pledges – is now in decline just as GAVI is embarking on a very ambitious programme. This raises major concerns about sustainability for GAVI.**

GAVI Secretariat response: The sustainability of GAVI requires a holistic funding strategy comprising a portfolio of funding sources. IFFIm is a component of this portfolio, but nevertheless an important one. GAVI is in the process of increasing its various funding sources during the current resource mobilisation cycle covering 2011-15. The majority of GAVI funding will come from direct donor grants, with IFFIm and others, including private sector support, providing supplementary resources. GAVI envisages IFFIm to be an important part of its overall funding. The Innovative Finance team was created in 2010 (and reached its current manpower complement in the fourth quarter of 2010) as a dedicated resource focused on identifying and tapping new sources of innovative finance. One of its roles is to increase donor commitment to IFFIm from existing and new donors.

**6. Evaluation observation: There is a further important question of whether predictability for GAVI is translated into predictability where it really matters – at the country level. The HSS evaluation, for example, found evidence that funds were not always provided to countries in a predictable manner**

GAVI Secretariat response: At the start of IFFIm and GAVI's Health Systems Strengthening window, it took time to develop and implement appropriate procedures to ensure that support to countries was provided in an efficient and predictable manner. In addition, the GAVI Alliance Board introduced a Transparency and Accountability Policy (TAP) in 2009 to reduce GAVI fiduciary risk in cash-based programmes. The requirements of the TAP policy included the endorsement of a Financial Management Assessment (FMA) and the signing of an Aide-Memoire before funds were disbursed to countries. This took on average about 7 months, leading to a delay in release of funds after Board approval. The long period required was largely due to the time needed to build staff capacity and complete the backlog of countries for which FMAs were required. This is now being addressed through an increase in staff capacity and an internal review of TAP, including the FMA methodology, to identify opportunities for shortening the length of time required.

**7. Evaluation observation: The model has been shown to be extremely powerful. However, GAVI has only been able to harness part of IFFIm's potential. The potential uses available to GAVI did not permit it to fully utilise the potential to frontload. In short, the model, though well used, was "over-powered" for GAVI (i.e. GAVI was not able to utilise its full potential).**

GAVI Secretariat response: Please see response to point 4 above.

**8. Evaluation observation: An IFFIm type model is perhaps best suited to institutions which are at a mature stage of their development or where the investment is of a "one off" nature. Employing it during/before a growth phase does not create but will magnify the funding challenges.**

GAVI Secretariat response: The IFFIm model can be applicable to organisations in various stages of growth, efficiently facilitating long-term visibility of predictable and flexible funding. IFFIm funds have been instrumental in enabling GAVI to help bring forward country introductions of new vaccines, while costs are reduced in the longer term through country graduation, co-financing and price reductions. To the extent that GAVI is successful in increasing long-term donor commitments to core GAVI funds, the frontloading of IFFIm will have proven to be key to financing this accelerated introduction of lifesaving vaccines. Other examples of positive and appropriate applications of IFFIm to GAVI cited in the evaluation report are the financing of tactical investment cases to support disease eradication and vaccine stockpiles.

**9. Evaluation observation: GAVI has made some broad statements about what it wants from IFFIm but has not been specific. GAVI should set out a clear vision of the role it expects IFFIm to play going forward (how the resources would be used under which circumstances and over what period).**

GAVI Secretariat response: At the time of the evaluation the future role of IFFIm may not have been clear to all relevant parties, as GAVI was refining its overall funding strategy (please see the portfolio strategy articulated in response to point 5 above).

As the IFFIm evaluation was occurring, GAVI launched an intensive consultation process with donors, seeking to reposition IFFIm and establish its role within GAVI's funding strategy moving forward (attached is the latest version of a document that seeks to explain the intended role of IFFIm). Innovative finance sources of funding (of which IFFIm is a part) is expected to contribute approximately US\$1.5 billion between 2010-15 and the steady state long-term ambition is for this to be 15-25% of GAVI's overall funding, the bulk of which in all likelihood will come from IFFIm. Substantial progress related to the growth of IFFIm was accomplished in a short period of time.

The use of IFFIm funds are a subset of the overall requirements of GAVI, and these are well understood amongst the GAVI Secretariat, donors and other partners (please see the latest version of the IFFIm Key Numbers Table, attached, which was jointly prepared by the GAVI Secretariat and the World Bank).

**10. Evaluation observation: There is the issue of whether GAVI actually uses the predictability the IFFIm funds provided to achieve its mandate particularly in terms of achieving its market shaping objectives.**

GAVI Secretariat response: The GAVI Alliance has recognized the need to take a proactive approach to market shaping, and this is reflected in the creation of a specific strategic goal dedicated to this. As part of strategic goal 4 on shaping vaccine markets, ensuring predictability in funding is key to signal the viability of GAVI demand over the long term. This enables manufacturers to build in supply to GAVI countries in the long term through their investment strategies, as well as to develop products relevant to GAVI countries. IFFIm funds are an important element of ensuring this predictability in funding.

**11. Evaluation observation: Management arrangements need to be improved ensuring communication is central to IFFIm strategy, a more robust approach needs to be taken for**

**communication planning and measurement, and increased efforts need to be made to communicate both to donors and investors as IFFIm moves into a new or expanded phase of operation.**

GAVI Secretariat response: The GAVI Secretariat has long recognised that communication is central to IFFIm's strategy and success. However, it has had limited capacity to devote as much attention to the IFFIm as desired. Over the past two years, the GAVI Secretariat has progressively increased the resources devoted to innovative finance communications, including IFFIm, and specifically in recent months, it has added a dedicated senior communications officer to the Media & Communications team. Based in Washington DC, this staffer works closely with the Innovative Finance team to develop and implement a more robust work plan that further prioritises IFFIm as one of the organization's central financing instruments. This will naturally involve more management and staff time dedicated to IFFIm communications and advocacy work. It will also require strengthened coordination with IFFIm partners to ensure coherent planning and implementation.