

IFFIm raises US\$ 1 billion as vaccine bonds heat up capital markets

In Kisumu, Kenya, a 65-year-old grandmother from Nyalenda Slum gets her first jab of COVID-19 at a vaccination centre.

At an outdoor immunisation clinic in Baguida, Togo, a young entrepreneur takes a break from work to get his first dose. This mammoth job – immunising

the world against the coronavirus – is being carried out tens of thousands of times each day, one jab at a time, by brave, dedicated health workers.

But behind the scenes, IFFIm is playing an instrumental role in enabling global immunisation by surging funding for Gavi programmes, including COVID-19 vaccines through the Gavi COVAX AMC (Advance Market Commitment).

Vaccines have long been understood by global health practitioners as one of the most cost-effective health interventions on the planet. But there has never been so much discussion about vaccination as there is today.

Investors know this and have flocked to vaccine bonds to help fund high-visibility immunisation programmes that are saving lives across the world.

IFFIm bonds have always been fully subscribed, but recent issues have been in exceptionally high demand. In 2021, IFFIm raised a total of US\$ 1 billion by increasing a highly successful April US\$ 750 million bond with an increase in November that brought in an additional US\$ 250 million. With the US\$ 500 million bond issued in October 2020, IFFIm has raised US\$ 1.5 billion in immediately available funding during the pandemic – financing for Gavi's core immunisation programmes as well as COVID-19 vaccines through the Gavi COVAX AMC. In addition, in July 2020, IFFIm issued a NOK 2 billion vaccine bond against a long-term contribution from the Kingdom of Norway for the Coalition for Epidemic Preparedness Innovations (CEPI) to accelerate research and development for COVID-19 vaccines.



A health care worker greets a father with an elbow check in Dakar, Senegal.

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The success of its last four bonds, says IFFIm Board Chair Ken Lay, shows that investors, who are increasingly eager to put their capital toward social good, know that vaccines work, want to participate in a highly visible and effective global health measure, and appreciate the impact of vaccine bonds.

"We've hit a tipping point," says Ken Lay, chair of IFFIm's board of directors. "The momentum for this is huge."

Donors have also called on IFFIm to help them raise additional surge funding to COVAX through frontloading that allows them to pledge funding – essentially, donating now and paying later in the form of multi-year pledges. The COVAX AMC aims to supply lower-income countries with COVID-19 vaccines. And IFFIm continues to have leverage to raise additional funding from those generous donor pledges in the future.

Bringing investors, donors and



A flight docked at the Julius Nyerere International Airport in Dar es Salaam, Tanzania, ready to offload the initial delivery of 1,058,450 doses of Johnson & Johnson's Janssen vaccine.

global health sectors together, IFFIm will continue to be a vital partner in this multilateral solution.

"IFFIm's tremendous success, particularly at this pivotal moment in global health, has proven it was created for all the right reasons," said Dr Seth Berkley, CEO of Gavi, which co-leads the COVAX Facility. ■

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> WHAT IS IFFIm?

The International Finance Facility for Immunisation (IFFIm) was initiated in 2006 to rapidly accelerate the availability and predictability of funds for immunisation. IFFIm uses government pledges to support the issuance of vaccine bonds sold to

institutional and individual investors. The money supports vaccine programmes of Gavi, the Vaccine Alliance, a public-private partnership that works to save children's lives and protect people's health by increasing access to immunisation in developing countries. The World Bank is

IFFIm's treasury manager. IFFIm's donors comprise Australia, Brazil, France, Italy, the Netherlands, Norway, South Africa, Spain, Sweden, and the United Kingdom. www.iffim.org



Gavi, the Vaccine Alliance is a public-private partnership that helps vaccinate half the world's children against some of the world's deadliest diseases. Since its inception in 2000, Gavi has helped to immunise a whole generation – over 822 million children – and prevented more than 14 million deaths, helping to halve child mortality in 73 developing countries.

Gavi also plays a key role in improving global health security by supporting health systems as well as funding global stockpiles for Ebola, cholera, meningitis and yellow fever vaccines.

After two decades of progress, Gavi is now focused on protecting the next generation and reaching the unvaccinated children still being left behind, employing innovative finance and the latest technology – from drones to biometrics – to save millions more lives, prevent outbreaks before they can spread and

help countries on the road to self-sufficiency. Learn more at www.gavi.org

The Vaccine Alliance brings together developing country and donor governments, the World Health Organization, UNICEF, the World Bank, the vaccine industry, technical agencies, civil society, the Bill & Melinda Gates Foundation and other private sector partners. View the full list of donor governments and other leading organizations that fund Gavi's work [here](http://www.gavi.org).

www.gavi.org

For further information please contact:

Paolo Sison
Gavi, the Vaccine Alliance
Tel: +1 202 478 1050



The World Bank is global development organization owned by 189 member countries. The World Bank's goals are to (i) end extreme poverty and (ii) boost shared prosperity. The World Bank is also the treasury manager for IFFIm. In that capacity, the World Bank manages IFFIm's finances according to prudent policies and standards. This includes IFFIm's funding strategy and its implementation in the capital markets, investment and risk management, and managing the investor outreach and ratings agency relationships. The World Bank also coordinates with IFFIm's donors and manages their pledges and payments as well as IFFIm's disbursements for immunisation and health programmes through Gavi, the Vaccine Alliance.

www.worldbank.org

For further information please contact:

World Bank as IFFIm Treasury Manager
iffim@worldbank.org

Health systems adapt to handle largest vaccine campaign in history

With the rollout of COVID-19 vaccines, health systems around the world are dealing with about five times the volume of vaccines than normal.

That means health workers will be delivering five times as many jabs. Now, many countries are dealing with the dual burden of restoring routine immunisation programmes even as they respond to COVID-19.

Since 2006, with IFFIm support, Gavi has prioritised health systems strengthening (HSS) in lower-income countries. From storage facilities and technology to data collection and health care workers, these systems are essential to delivering life-saving vaccines, and they are currently under severe stress.

On top of its longstanding support of health systems, last year Gavi made US\$ 200 million in immediate funding available for HSS to confront the pandemic as it unfolded.

IFFIm's assured, flexible funding has supported Gavi's COVID-19 vaccine purchases. And it has also helped to strengthen the health systems that deliver the vaccines to people who need them.

Last year Gavi made US\$ 200 million in immediate funding available for HSS to confront the pandemic as it unfolded.

In fact, IFFIm has vastly expanded its support for HSS since the start of the pandemic, disbursing approximately US\$ 10.6 million to HSS as of July 2021. And in 2020, IFFIm disbursed approximately US\$ 62 million to HSS, a 412% increase from the US\$ 12 million disbursed in 2019. This funding is enabling countries to maintain and build on existing health care infrastructures to tackle the arduous task that lies ahead.



A resident of Sakteng village in the district of Trashigang, Bhutan gets her second dose of the COVID-19 vaccine at the community's health centre. Bhutan rolled out a week-long nationwide mass vaccination on 20 July 2021.

Adapting to meet the need

With systems stretched thin, countries are adapting at pace so they can provide essential services while administering COVID-19 vaccines. Some are bringing in retired staff or medical students to expand their workforce. And setting up mass vaccination sites makes it possible for health workers to vaccinate many more people per hour than they could otherwise manage.

Pakistan, for example, has boosted its absorptive capacity. As of September 2021, the country was delivering one million doses a day of different vaccines. Pakistan has built on its existing polio vaccine programme infrastructure to roll out COVID-19 vaccines nationwide, with mass vaccination centres and strategies to make sure people without government ID, rural residents, women, refugees and migrants can still access vaccines.

Building on strong existing health systems

Most countries have rolled out mass vaccination campaigns before COVID-19,

but those are usually planned one or two years in advance. When it comes to COVID-19 vaccines, supplies are not as predictable. The vaccines are coming from multiple sources, affecting the timing of delivery and donated doses are often made available in small quantities at very short notice.

Nevertheless, many Gavi-supported countries have been able to mount an effective response to today's challenges because of previous investments in their health systems. In Ghana, the COVID-19 vaccine rollout builds on years of experience in eliminating wild poliovirus and other mass and routine immunisation campaigns.

Rwanda has built on its existing infrastructure to boost its capacity to store and move Pfizer vaccines at ultra-cold temperatures and began vaccinating widely within just two days of the first vaccines arriving.

"We had capacity to store vaccines that require special conditions, including from fighting Ebola," says Dr Sabin Nsanzimana, Director General

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of the Rwanda Biomedical Centre. “We had teams that were trained in rolling out vaccines at the central, district and community levels.”

Angola also leveraged its existing systems and experience, building its COVID-19 vaccination drive on a health infrastructure set up to deal with a 2017 outbreak of yellow fever. Angola also made early investments in the purchase of ultra-cold chain equipment and set up an electronic registry for COVID-19 immunisation, backed by an existing logistics management information system.

Flexible funding aids emergency response

Since its creation in 2006, IFFIm has supported Gavi’s HSS efforts and this early focus on health systems has set the stage for a rapid response to the pandemic. IFFIm’s ability to provide



A health worker preparing a COVID-19 vaccination at a Rural Health Centre (RHC) in Islamabad, Pakistan.

flexible funding when it is most needed ensures Gavi can help support robust health systems around the world, from major cities to remote communities.

Indeed, the response to the pandemic could offer lessons about how to build health systems further. Expanding the usage of cold chain equipment, reaching missed

populations and building confidence in vaccines will benefit health systems for years to come.

“There has never been such an intense political focus on the importance of immunisation and ensuring equitable access to healthcare,” said Alex de Jonquieres, Director of Health Systems & Immunisation Strengthening at Gavi. “COVID-19 has demonstrated the health, political, economic and moral cases for ensuring we reach everyone with effective health care services. Hopefully, we can sustain this emphasis on ensuring equitable access to all essential health services well beyond the pandemic.” ■



A health worker poses at the first COVID-19 rollout at the National Cardiothoracic Centre in Accra, Ghana.

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Dr Sabin Nsanzimana, Director General of the Rwanda Biomedical Centre

IFFIm welcomes three new Board Members



In 2021, IFFIm welcomed three global development and finance executives to its Board of Directors: Monique Barbut, President of WWF France; Hassatou N'Sele, Treasurer of the African Development Bank Group (AfDB); and Ingrid van Wees, Vice President for Finance and Risk Management of the Asian Development Bank (ADB). They bring to IFFIm a rich diversity of geography, languages and experiences—and, for the first time, a majority female board. We’ve published excerpts from their recent Q&As below. To read their full interviews, visit iffim.org/news-and-resources

Lessons on COVID-19 from Africa

Tell us about your own experience with the COVID-19 crisis and how it has shaped your thinking about how to promote greater health equity between higher- and lower-income countries.

Africa is warring against formidable threats and infrastructure gaps on multiple fronts. COVID-19 is the latest, destroying health and livelihoods. Climate change continues to lead to drought, extreme flooding, the displacement of people, and food and water insecurity. We have a huge

infrastructure gap: there is no access to electricity for half of the populations, which is affecting livelihoods and economic growth. Health is threatened, also. While it accounts for 15% of the world's population, Africa accounts for 60% of global deaths due to infectious or parasitic diseases.

Many actions have been taken and a range of initiatives launched, but progress has been slow, simply because of a sore lack of resources.

There has been an allocation of Special Drawing Rights (SDR) made by the International Monetary Fund to all its member countries: US\$ 650 billion, with US\$ 33 billion going to the 54 countries of the African continent. Meanwhile, the top seven advanced economies of the world received more than US\$ 290 billion, supplementing their US \$2.5 trillion in reserves. To ensure better equity between higher- and lower-income countries, recycling these SDRs towards the most vulnerable



Hassatou N'Sele

and developing countries would send a very powerful signal that the world continues to care.

What about Africa do people outside the continent need to understand better?

One of our former chief economists at AfDB, Mthuli Ncube, had

this to say about Africa: "Africa is a continent of contrast, rich in natural resources, yet its people are among the poorest in the world. The image of Africa that gets projected in the world is that of a continent with disease, hunger, corruption and the need for aid beyond the foreseeable future. But there is another story that is less told which acknowledges the challenges faced by the continent but also recognises the progress made in terms of more children going to school, less war, a growing quest for better governance and an expanding middle class. That story needs to be told." ■

Profile

Hassatou N'Sele joined IFFIm's Board of Directors in July 2021. As the Treasurer of the African Development Bank Group (AfDB) based in Abidjan, Cote d'Ivoire, she leads the expansion of the AfDB capital markets activities across the globe. Ms N'Sele is a Senegalese citizen.

The wild side of innovative finance

You were director of the Global Environment Facility (GEF) and proposed its creation. How would you apply lessons learned from your work at GEF? Do you see similarities with IFFIm?

GEF and IFFIm have influenced each other. IFFIm is an independent institution that links a UN-type of institution with the World Bank. GEF was designed on that



Monique Barbut

model – independent in governance and decision-making but built on the financial strength of the World Bank and the capacity to spread out through all UN institutions.

IFFIm was created later than GEF and was able to create a lean type of governance and management, avoiding GEF's institutional heaviness. You don't need a huge administration to make something

powerful, and IFFIm is clearly an example of that. We don't need more institutions. We have enough of them to answer the world's needs. The problem we are confronted with is to make sure they do not compete but try to collaborate and keep their roles and expertise separate. Division of labour is important.

How do you think the UN's Sustainable Development Goals overlap between the environment, health and other sectors?

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There is a direct link between COVID-19 and the environment. We are destroying biodiversity in the ecosystem where wild animals live and pushing them out of their natural habitats. In the last 20 years,

every single new virus has been linked with wild animal to human transmission: Ebola, AIDS, SARS, the avian flu. And COVID-19 might not be the most dangerous one.

In France, we are working on One

Health, a science-based programme to search for new emerging viruses coming from wildlife in the future. Up until now, we have been very lucky, and we have been able to find them, but we are sure there will be more. The question is, what kind of virus will there be and what intensity will it have?

Currently, I am excited about a project called the Great Green Wall of Africa. The programme concerns 11 sub-Saharan countries and aims to restore 100 million hectares of land and create jobs. We have been able to leverage US\$ 16 billion from different donors. ■

Profile

Monique Barbut joined IFFIm's Board of Directors in July 2021. Currently the President of the World Wildlife Fund France, Ms Barbut has spent her extensive career in public service, playing

a key role in environmental and financial global negotiations at the United Nations (UN). She currently serves as special envoy on biodiversity for the French President. Ms Barbut is a French citizen.

Q&A with Ingrid van Wees

Channelling private sector participation to optimise results

Tell us about your life. What experiences and people shaped you as a person and influenced your career?

I was born in the 60s when my parents were dancing to the Beatles and the Rolling Stones. Raised in the Netherlands, I went to study in France after a few years of work and graduating as an engineer. My passion has always been developing countries, and I have spent most of my life working in and with these countries.

The person I have always admired was my grandmother. I remember her as a charismatic and articulate woman. She travelled to Paris by herself at a young age and only married in her early 30s in order to obtain an education and earned her own living. Hers was a very unusual path for a woman born in 1906 and it was an inspiration to me.



Ingrid van Wees

Before joining ADB, you worked in the private sector and then at DEG, the German Development Finance Institution, a subsidiary of KfW Development Bank. How do you think the private sector can be better engaged to help finance development?

Private sector participation, like water, can be channelled to optimise results. Conducive regulatory (and monetary) policy incentives, which aim to reduce investment

hurdles such as technology and credit risk, attract private sector investments. The development of wind and solar energy technology, for example, were fostered in Germany through subsidized tariffs and capital investment. In 2020, the US fast tracked the development of COVID-19 vaccines by eliminating an investment constraint, financial capital, to promote innovation. Equally harmful policies can promote private sector business in undesired areas, providing a need to remove and amend these to achieve a sustainable economy. ■

Profile

Ingrid van Wees joined the IFFIm board in October 2021. She is currently the Vice President for Finance and Risk Management of the Asian Development Bank (ADB), based in Manila, the Philippines. She moved

to development banking after a career in the private sector with leading international companies in infrastructure and consumer goods from 1992 to 2004. Ms van Wees is a Dutch citizen.

IFFIm turns 15

IFFIm marks its 15th birthday this year, just as the COVID-19 pandemic has renewed focus on the importance of its unique frontloading model.

International financial markets – and the global community at large – have shown a strengthened appreciation for the value IFFIm brings to the countries it serves, the donors that support it and, most importantly, the people whose lives it has helped to save.

IFFIm pioneered ‘social bonds’, a growing sector in today’s capital markets. Since 2006, IFFIm has harnessed broad international enthusiasm for socially responsible investing (SRI) – both institutional and retail – to raise approximately US\$ 8 billion in funding for Gavi through 39 bond issues in eight currencies. The Gavi efforts that IFFIm funds have dramatically reduced childhood mortality through programmes in lower-income countries, combatting measles and polio, providing pentavalent

vaccines, and strengthening country health systems. And recently, Gavi’s work has been central to global efforts to broaden the reach of COVID-19 vaccines and enhancing countries’ capacity to deliver them.

IFFIm provides a unique model for accelerating funding for urgent humanitarian needs. Its vaccine bonds are a win-win-win: children benefit from better health, donors provide greater amounts of funding faster, and investors get a stake in improving world health while seeing a good rate of return.

IFFIm provides a unique model for accelerating funding for urgent humanitarian needs.

From supporting childhood vaccination to fighting a pandemic

With initial backing from the United Kingdom and five other nations – France, Italy, Spain, Sweden and Norway – IFFIm raised US\$ 1 billion from its first issue in 2006. Four more donors have

joined since then – South Africa, the Netherlands, Australia and Brazil.

IFFIm has led innovation in SRI, receiving numerous accolades, including mtn-i’s SRI Innovation of the Decade and Euroweek’s 25 Most Influential Deals. IFFIm’s unique and award-winning Uridashi in [Japan](#) and [Sukuk](#) issues in Islamic markets has earned enthusiastic support from investors and have expanded the impact of SRIs from early ‘green bonds’ focused on climate and the environment to include global health. The ‘pure play’ that its structure represents ensures investors that the capital they allocate to IFFIm bonds is directed exclusively to the humanitarian activities that IFFIm supports.

In recent years, IFFIm has expanded its capabilities in ways that now seem prescient. In summer 2019, months

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René Karsenti gives an oral vaccine to an infant during a Gavi field visit to the Dongbang Health Centre in Vientiane, Lao PDR in November 2017. Karsenti was IFFIm’s Board chair from 2012-2018.

before the COVID-19 pandemic began, Norway chose IFFIm as a vehicle to finance CEPI, the Coalition for Epidemic Preparedness Innovations, for research and development of vaccines against emerging infectious diseases. In spring 2020, IFFIm pivoted quickly in response to the growing pandemic, scaling up to raise immediate funding for CEPI's COVID-19 vaccine programmes.

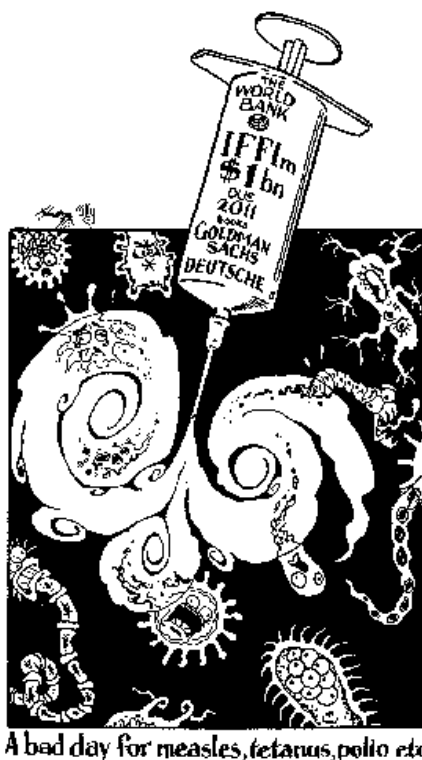
In 2021, IFFIm's [US\\$ 750 million issue](#), followed by a [US\\$ 250 million bond increase](#), has provided urgently needed surge funding for the Gavi COVAX AMC's coronavirus vaccine rollout. "The pandemic has hugely reinforced the need to build out IFFIm's proven model, scale it up and accelerate the pace at which we make it happen," said IFFIm Board Chair Ken Lay.

9/11 laid the groundwork for innovative finance

IFFIm's creation story is about timing, creativity and a growing desire around the world to put money to use to raise people out of poverty.

[Christopher Egerton-Warburton](#), one of IFFIm's original framers, says the idea for the innovative finance mechanism was born 20 years ago. "Gordon Brown gave a speech to the New York Fed a few weeks after 9/11," Egerton-Warburton recalls. "He talked about how despite recent events, the world could not lose sight of the UN Millennium Development Goals." Brown had proposed that donors frontload their official development assistance to support those goals. "That speech was the founding concept of IFFIm," he added.

At the time, Egerton-Warburton covered the UK Treasury for Goldman



Olly Coppestone's cartoon in the 10 Nov 2006 edition of Euroweek celebrated IFFIm's launch as "a bad day for measles, tetanus, polio, etc."

Sachs. He met with one of Gordon Brown's Ministers, Baroness Shriti Vadera, who asked him to create a mechanism that would bring forward the value of long-term government pledges, with cash flow only hitting the budget the year pledge payments are made.

Egerton-Warburton and his colleagues rolled up their sleeves and created something truly unique: a financial instrument they called the Innovative Finance Facility (IFF). They presented the idea to the then Chair of the US Federal Reserve, Alan Greenspan, who asked what the money would be spent on. They needed a social good that would be widely beneficial, cost effective and low risk. Soon after that,

Bill Gates met with Brown to discuss long-term finance for Gavi's vaccine programmes, and the relationship with immunisation and innovative finance began. "This crazy series of events is how IFFIm came to be," said Egerton-Warburton.

IFFIm was founded as a UK charity in June 2006 and issued its [inaugural bond](#) on 7 November 2006, immediately raising US\$ 1 billion for Gavi. Pope Benedict XVI, Bono and Bob Geldof were among the first vaccine bond purchasers. "This is the first time that bonds are issued to finance a specific objective related to health and immunisation," said Alan Gillespie, IFFIm's first Board Chair, announcing the historic transaction. "We are being given the opportunity to demonstrate a new way of funding international development, addressing the seemingly intractable problems of poor nations with a tried-and-true financing model from the capital markets."

"I thought at the time, and I've remained convinced ever since, that IFFIm's capital structure is brilliant. It's a really efficient use of the public credit of its donors," said Lay, who was the Treasurer of the World Bank at the time.

Baroness Vadera says she is proud of her involvement in creating IFFIm. "Working as part of the UK Government, we believed and used the potential of innovative finance to frontload funding for Gavi, which saved more lives than conventional finance over time would have," she said. "Investing in vaccines has yielded dividends over and over again with millions of healthy children. Vaccine bonds are still saving lives every day."

"In retrospect, IFFIm's underlying value proposition seems obvious: If vaccines can get delivered today, it will dramatically reduce the need for poor countries to seek assistance from donors in the future," added Lay.

What's next for IFFIm? "With vaccines more visible than ever, we can work to develop innovative ways that IFFIm can catalyse an even greater pool of resources," said Lay. "IFFIm has provided surge funding for this pandemic and will be ready for the next health emergency." ■



World Bank Treasury staff including Doris Herrera-Pol, Heike Reichelt, Tenzing Sharchok, Randy Ewell, Andrea Dore and Roy Gooi worked around the clock on the trading floor to break ground on vaccine bonds, a bold new financial instrument.