

FACT SHEET: International Finance Facility for Immunisation

What is it?

The Taskforce has recommended the significant expansion of an innovative financing mechanism that was launched in 2006 by the United Kingdom Government. The International Finance Facility for Immunisation (IFFIm), which is also supported by France, Italy, Spain, Sweden, Norway and South Africa, exists to rapidly accelerate the availability and predictability of funds for immunization.

Together these countries have pledged to contribute US\$ 5.3 billion to IFFIm over 20 years. This strong financial base enables IFFIm to have a triple-A rating from the three major rating agencies. IFFIm raises finance by issuing bonds in the capital markets and so converts the long-term government pledges into immediately available cash resources. The long-term government pledges will be used to repay the IFFIm bonds' principal and interest.

To date IFFIm has raised more than \$2 billion in the capital markets and distributed \$1.25 billion for GAVI Alliance's programmes. GAVI is a public-private partnership working to reduce vaccine-preventable deaths and illness among children under five. It provides funds to purchase and deliver vaccines and strengthen health services in 72 of the world's poorest countries.

An expanded IFFIm will provide additional funds in support of health services, including immunization, as part of a joint initiative between the GAVI Alliance, Global Fund and World Bank facilitated by WHO to channel resources more effectively to developing countries. This support to scaling up health services will require additional donor contributions and/or revenues from a range of sources (for example, Solidarity Levy on Airline Tickets or De-Tax).

The design and implementation of the original IFFIm took more than three years from concrete proposal to the issuance of the first bond. Using the existing platform would be both cost effective and efficient. It allows donors to contribute to an IFFIm which is established in the international capital markets and can issue bonds with minimum delay, allowing for a more immediate impact on health systems in poor countries..

Why is the Taskforce supporting it?

IFFIm is now an established borrower (it is expected to raise approximately US\$ 3.3 billion for GAVI's programmes through 2015) and could – with further donor support – raise substantially more than it does at present to be used toward other investments on immunization that would benefit from frontloading.

The Taskforce believes that strengthening health systems in poor countries will require a balanced approach that includes both frontloading and sustainability - both of which are provided by IFFIm. Strong health systems require a package of interventions, which in turn require different forms of finance. In addition to the need for predictable cash flows, certain expenditures require frontloaded funds to finance one-time investments in services and delivery infrastructure.

Possible uses of frontloaded funds include investments to expand training capacity, expand and renovate physical infrastructure, and improve systems for financing, management and information.

Frontloading also might be justified in times of crisis, as a form of bridge financing when it is expected that other funds will later become available and will ensure sustainability.

Frontloaded investments could make significantly more funding available in the near term, when funding gaps are urgent in the run up to 2015. Using funds more quickly means that results should be realized sooner.

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See also: www.iff-immunisation.org. www.hm-treasury.gov.uk/press_21_03.htm