



To: IFFIm Board of Directors

From: The World Bank, as IFFIm Treasury Manager

Subject: **Treasury Manager Report – Fourth Quarter of 2023**

The Treasury Manager's quarterly report on the financial management activities of IFFIm for the fourth quarter of 2023 is attached. Questions concerning this report may be referred to Andrea Dore (adore@worldbank.org) or Karen Pillay (kpillay@worldbank.org).

OFFICIAL USE ONLY

IFFIm: Treasury Manager Report Fourth Quarter of 2023

I. International Capital Market Environment

The US Federal Reserve Bank's FOMC kept its rates stable at the end of January. Chair Powell signaled that the FOMC will move carefully when beginning to dial-back the current monetary policy stance in light of continued strong labor market and decreasing inflation.

The European Central Bank held interest rates unchanged at a record-high 4% in January 2024 and reaffirmed its commitment to fighting inflation even as the time to start easing borrowing costs approaches.

The Bank of England kept its main rate at 5.25% as the monetary policy committee was divided in its vote as six members voted to keep the rate, two to raise and one to cut. The forward guidance in the statement changed and wording around possible future rising rates was removed from the text.

II. Funding Activities

a. Issuance of Notes

Since IFFIm's inception, the Treasury Manager has arranged for IFFIm to issue a total of USDeq 8.7 billion through 41 transactions in eight currencies: AUD, BRL, GBP, NZD, NOK, TRY, USD and ZAR.

b. Issuances from other Supranationals

Table 1 shows issuance activities of Supranationals in the fourth quarter of year 2023 and, indicative benchmark issuance costs for IFFIm as of December 31, 2023.

**Table 1 – Selected Supranational/Non-U.S. Agency Benchmark Issuance
Fourth Quarter of 2023**

USD

Issuer	Amount (\$ billion)	Issue date	Maturity Date	Maturity (years)	All-in Spread (bps)
IFC	1.5	12/6/2023	1/15/2027	3	SOFR + 36
IADB	1.5	12/12/2023	2/1/2027	3	SOFR + 38
KBN	2.0	10/24/2023	3/1/2027	3	SOFR + 43
AFDB	2.0	11/29/2023	1/4/2027	3	SOFR + 39
<i>IFFIm Indications as at 12/31/2023*</i>					All-in Spread (bps)
<i>IFFIm</i>	<i>0.5 min</i>			3	<i>SOFR + 53</i>
<i>IFFIm</i>	<i>0.5 min</i>			5	<i>SOFR + 61</i>

(*) Estimates do not include World Bank swap intermediation charge, swap execution cost.

c. Marketing and Investor Outreach

Rating Agencies: Table 2 sets out the credit ratings of IFFIm and its main donors as of February 2024. In December 2023, S&P affirmed IFFIm’s rating at AA and changed the outlook to ‘Stable’ from ‘Negative’. In September 2023, Moody’s affirmed IFFIm’s rating at Aa1 and in October 2023, they revised IFFIm’s outlook to ‘Stable’ from ‘Negative’ following the decision to change UK’s outlook. Fitch affirmed IFFIm’s credit rating at AA- in June 2023 with a negative outlook. IFFIm is slated to have its annual review meeting with Fitch in March 2024.

Table 2 – IFFIm and Main Donor Credit Ratings as of February 16, 2024

Donor Name	S&P	Outlook	MOODY	Outlook	FITCH	Outlook
FRANCE	AA	Stable	Aa2	Stable	AA-	Stable
UNITED KINGDOM	AA	Stable	Aa3	Stable	AA-	Negative
IFFIm	AA	Stable	Aa1	Stable	AA-	Negative

Investor and media outreach: The Treasury Manager continued to reach out to potential investors and responded to ad hoc investor related requests for information.

III. Investment Activities and Performance

At the end of the quarter, the size of IFFIm’s liquid investment portfolio was USD 522 million. The portfolio is divided into two tranches: Operational and Stable.

Table 3 - IFFIm Investment Activity and Performance

IFFIm - International Finance Facility for Immunisation

December

20

Portfolio Performance

23

Portfolio Returns and Excess Returns Before Fees

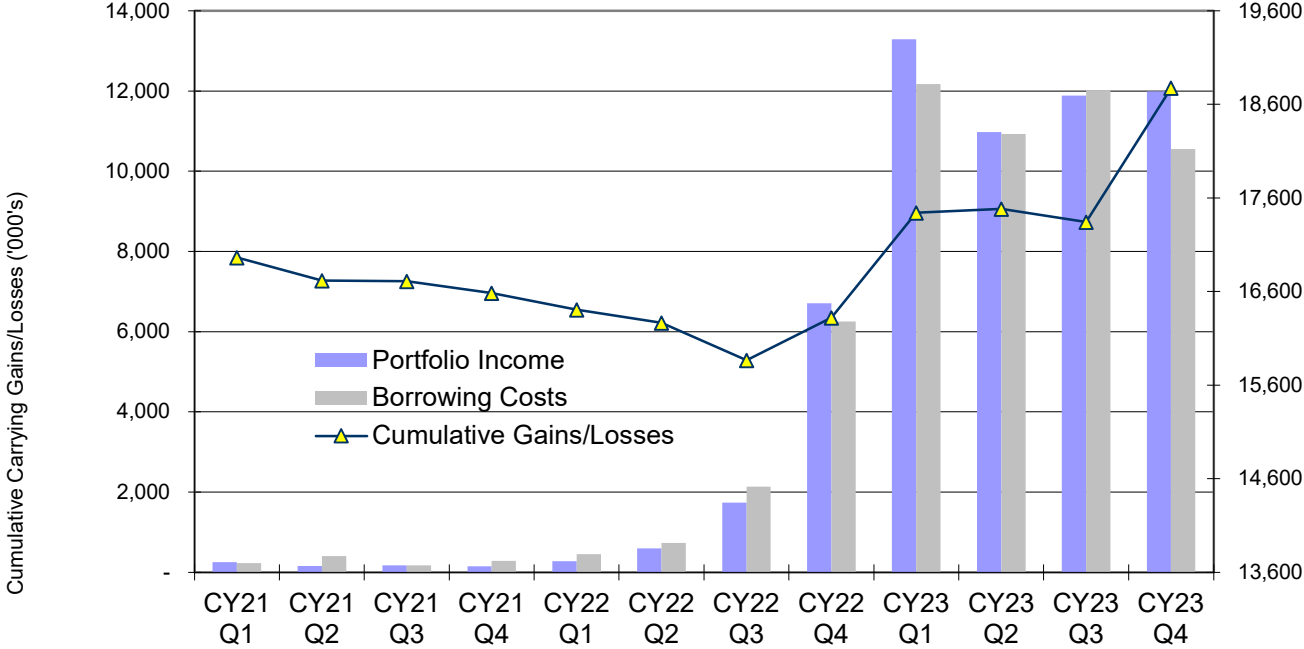
	Benchmark Description	Current Benchmark Effective Date	31-Dec-23 Size (USD)	Q4FY23		Client FY to date ^{1/}		Rolling One-Year		Rolling Five-Year	
				Non-annualized Portfolio Return (%)	Non-annualized Excess Return (bps)	Non-annualized Portfolio Return (%)	Non-annualized Excess Return (bps)	Portfolio Return (%)	Excess Return (bps)	Annualized Portfolio Return (%)	Annualized Excess Return (bps)
IFFIm			522,005,256	1.55	19	5.80	61	5.80	61	2.29	33
Operational Cash	SOFR Overnight Rate Index	11/1/16	81,155,182	1.41	5	4.86	(22)	4.86	(22)	2.05	25
Stable Cash	SOFR Overnight Index	3/31/22	440,850,074	1.68	31	6.00	80	6.00	80	2.41	42

^{1/} Client Fiscal Year: January - December. Inception November 6, 2006

^{2/} Total liquidity for Stable Cash was transferred from Libor Plus Strategy to SOFR Plus Strategy along with change of its benchmark to ICE BofA SOFR Overnight Rate Index effective 31st March 2022

Since inception, IFFIm’s cumulative carrying gain is over \$18.6 million.

Chart 1 - IFFIm’s cumulative carrying gain since inception as of December 30, 2023 (USD, Thousands)



IV. Implementation of IFFIm’s Risk Management Strategy

Under its liquidity policy, IFFIm maintains a minimum level of liquid assets equivalent to its cumulative contracted debt service payments for the next 12-month period. IFFIm’s primary liabilities are the bonds that it has issued. IFFIm’s balance sheet is managed to ensure that, at a very high confidence level, its multi-currency, long-term payment asset base will cover its liabilities.

V. Disbursements and Available Funding Balance

IFFIm's total fund balance decreased from USD 831.5 million as of September 30, 2023 to USD 529.4 million as of December 31, 2023¹. The decrease is primarily due to bond repayments of USD 500.9 million, debt service and administrative costs of USD 45.7 million which were partially offset by donor inflows from the UK, Netherlands, Spain and Brazil, and swap recouping and investment income.

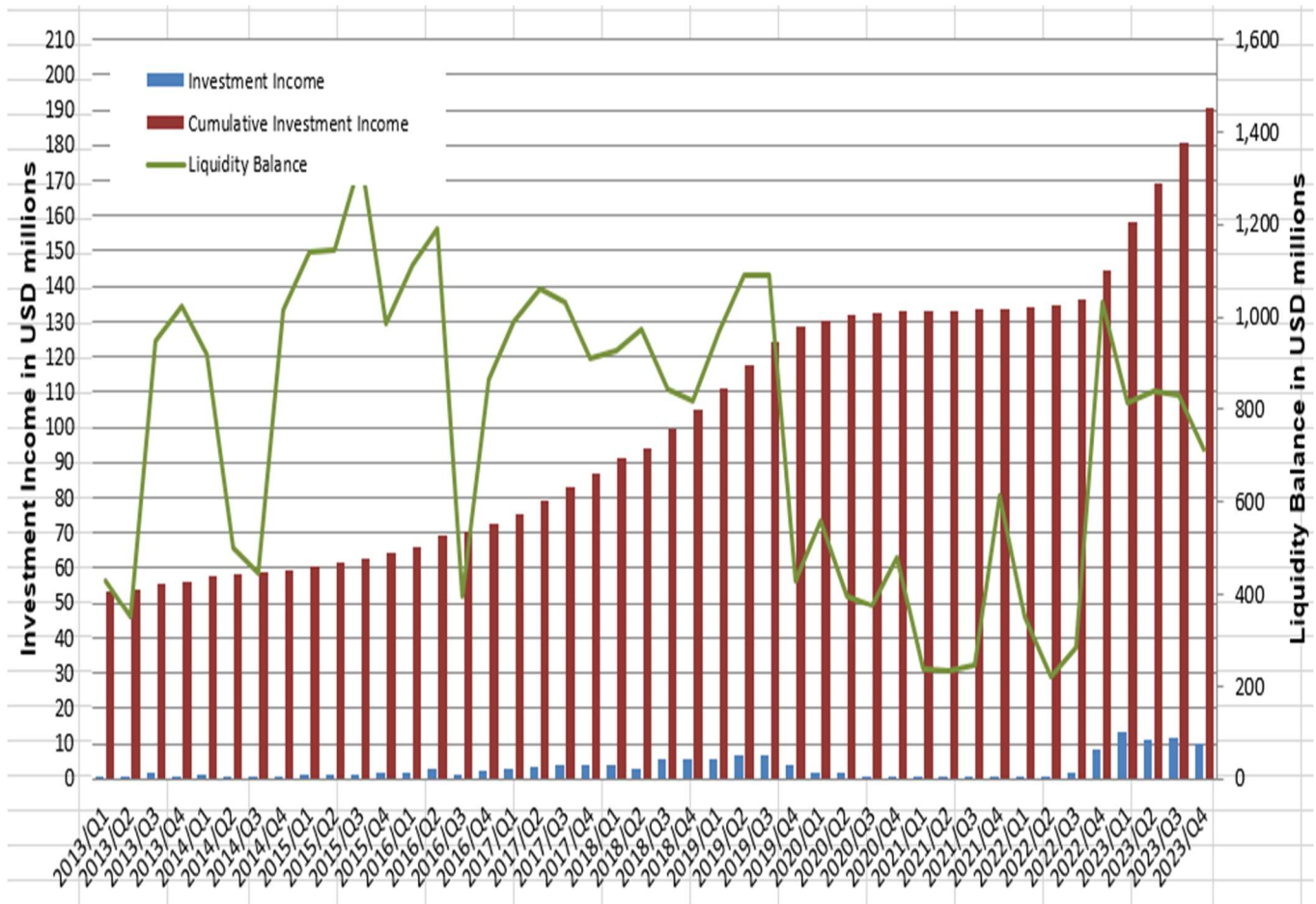
Table 4 - Summary of Cash Flows for IFFIm²

In USD millions		
Balance, Sep 30, 2023	(A)	831.5
Inflows from bonds (including related swaps)		0.0
Inflows from donors (including related swaps)		221.6
Investment income		12.8
Swap recouping		10.1
Total inflows	(B)	244.5
Disbursement for approved programs		0.0
Debt service		45.2
Bond repayment		500.9
Administrative costs		0.5
Total outflows	(C)	546.6
Balance, Dec 31, 2023	(A)+(B)-(C)	529.4

¹ IFFIm's investment portfolio balance (as mentioned in Paragraph III) may be different from the total fund balance due to the inclusion of the outstanding balances in IFFIm's bank accounts in contribution currencies, which are valued at the end of quarter exchange rates.

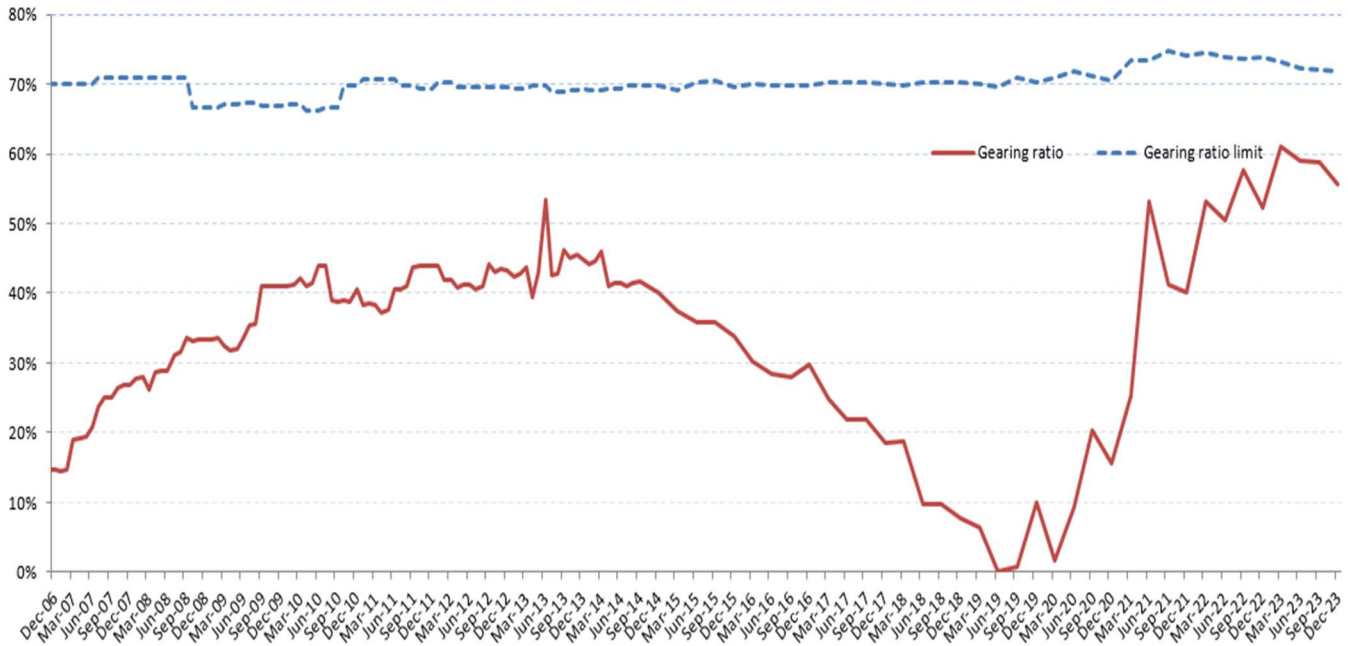
² The figures provided in this table may differ from those that will appear in IFFIm's financial statements.

Chart 2 - Investment income and liquidity balance



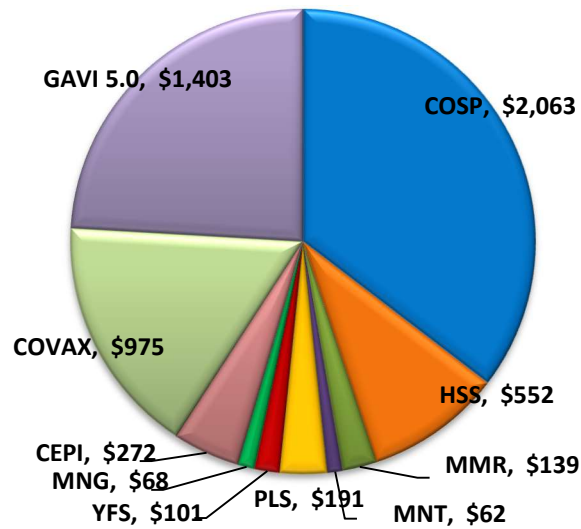
The Gearing Ratio Limit approved by the IFFIm Board for the fourth quarter of 2023 was 71.8%. The Risk Management Buffer (RMB) was adjusted down to zero after the swap re-coupons transaction in 2020, as such the approved Gearing Ratio Limit less the RMB is at 71.8%. The end-December 2023 actual gearing ratio decreased to 54.2% from the end-September 2023 level of 58.7%.

Chart 3 - Gearing Ratio and Gearing Ratio Limit



Disbursements from IFFIm to GAVI for approved programs. As of December 31, 2023, cumulative program disbursements from IFFIm to GAVI since inception amounted to USD 5.83 billion. The breakdown of these transfers by program is summarized below.

**Chart 4 - Transfers from IFFIm to GAVI Alliance
Inception to December 31, 2023 - amount in USD million**



*YFS - Yellow Fever Stockpile; MMR - Measles, Mumps & Rubella; MNT-Maternal & Neonatal Campaign; MNG - Meningitis
PLS - Polio Stockpile Campaign; HSS - Health Systems Strengthening; COSP - Core GAVI Immunizations; CEPT – CEPI Arrangement*

VI. Treasury Manager's costs update

The actual Treasury Manager's costs for the fourth quarter of 2023 amounted to USD 569,974. Compared with 1/4th of the billed amount, the actual costs were lower by USD 83,776. The detailed breakdown of the costs by categories can be found in table 5.

Table 5 - Comparison of Treasury Manager's actual costs vs. billed estimates, Q4 CY2023
Amounts in USD

Client: International Finance Facility for Immunization					
Billing period: 2023 Q4 Actuals					
Services	Staff Costs	Travel	Swap Fees/ Investment Fees	Paid Third Party Costs	Final Total
A. Financial Service Cost					256,749
• Bond Issuance – market research, design, execution	42,872	-			42,872
• Investment management fee (4.5 bps on average liquidity)			74,129		74,129
• Financial risk management	69,053		70,695		139,748
B. Treasury Manager Administration and Support Costs					313,225
• Donor Relations, Management of Donor Pledges and Payments	36,046	3,884			39,930
• Fund Management	40,051	3,884			43,935
• Ratings maintenance including gearing ratio analysis, liquidity	73,393	-			73,393
• Accounting and Reporting	83,135	-			83,135
• IT: IFFim systems development and maintenance	-				-
• Legal	38,082				38,082
• Preparation and reporting for IFFim Board Meetings	34,749				34,749
Total invoice	417,382	7,768	144,824	-	569,974

Client: International Finance Facility for Immunization					
Billing period: 2023 Q4 Estimates billed					
Services	Staff Costs	Travel	Swap Fees/ Investment Fees	Paid Third Party Costs	Final Total
A. Financial Service Cost					303,000
• Bond Issuance – market research, design, execution	84,500	-	-	-	84,500
• Investment management fee (4.5 bps on average liquidity)	-	-	87,750	-	87,750
• Financial risk management	43,250	-	87,500	-	130,750
B. Treasury Manager Administration and Support Costs					350,750
• Donor Relations, Management of Donor Pledges and Payments	33,250	-	-	-	33,250
• Fund Management	37,000	-	-	-	37,000
• Ratings maintenance including gearing ratio analysis, liquidity	87,250	-	-	-	87,250
• Accounting and Reporting	99,750	-	-	-	99,750
• IT: IFFim systems development and maintenance	-				-
• Legal	46,500	-	-	-	46,500
• Preparation and reporting for IFFim Board Meetings	47,000	-	-	-	47,000
Total invoice	478,500	-	175,250	-	653,750

Client: International Finance Facility for Immunization					
Billing period: 2023 Q4 Actuals vs. Estimates billed					
Services	Staff Costs	Travel	Swap Fees/ Investment Fees	Paid Third Party Costs	Final Total
A. Financial Service Cost					(46,251)
• Bond Issuance – market research, design, execution	(41,628)	-	-	-	(41,628)
• Investment management fee (4.5 bps on average liquidity)	-	-	(13,621)	-	(13,621)
• Financial risk management	25,803	-	(16,805)	-	8,998
B. Treasury Manager Administration and Support Costs					(37,525)
• Donor Relations, Management of Donor Pledges and Payments	2,796	3,884	-	-	6,680
• Fund Management	3,051	3,884	-	-	6,935
• Ratings maintenance including gearing ratio analysis, liquidity	(13,857)	-	-	-	(13,857)
• Accounting and Reporting	(16,615)	-	-	-	(16,615)
• IT: IFFim systems development and maintenance	-				-
• Legal	(8,418)				(8,418)
• Preparation and reporting for IFFim Board Meetings	(12,251)				(12,251)
Total invoice	(61,118)	7,768	(30,426)	-	(83,776)

The actual Treasury Manager's costs for 2023 were USD 2,758,668 as reflected in table 6 below. The total actual costs were USD 206,332 lower than the 2023 billed amount, majorly due to the lower SWAP and Bond issuance costs, ratings maintenance costs, legal and accounting costs. The 2023 under-run will be reflected in the fee paid for year 2024.

Table 6 - Comparison of Treasury Manager's actual costs vs. billed estimates, CY2023
Amounts in USD

Client: International Finance Facility for Immunization					
Billing period: 2023 Actuals					
Services	Staff Costs	Travel	Swap Fees/ Investment Fees	Paid Third Party Costs	Final Total
A. Financial Service Cost					1,142,836
• Bond Issuance – market research, design, execution	271,891	-			271,891
• Investment management fee (4.5 bps on average liquidity)			348,912		348,912
• Financial risk management	223,782		298,251		522,033
B. Treasury Manager Administration and Support Costs					1,615,832
• Donor Relations, Management of Donor Pledges and Payments	137,890	8,402			146,292
• Fund Management	153,211	8,402			161,613
• Ratings maintenance including gearing ratio analysis, liquidity	316,937	-			316,937
• Accounting and Reporting	359,646	-			359,646
• IT: IFFim systems development and maintenance	350,000				350,000
• Legal	121,444				121,444
• Preparation and reporting for IFFim Board Meetings	159,900				159,900
Total invoice	2,094,701	16,804	647,163	-	2,758,668

Client: International Finance Facility for Immunization					
Billing period: 2023 Estimates billed					
Services	Staff Costs	Travel	Swap Fees/ Investment Fees	Paid Third Party Costs	Final Total
A. Financial Service Cost					1,212,000
• Bond Issuance – market research, design, execution	338,000	-	-	-	338,000
• Investment management fee (4.5 bps on average liquidity)	-	-	351,000	-	351,000
• Financial risk management	173,000	-	350,000	-	523,000
B. Treasury Manager Administration and Support Costs					1,753,000
• Donor Relations, Management of Donor Pledges and Payments	133,000	-	-	-	133,000
• Fund Management	148,000	-	-	-	148,000
• Ratings maintenance including gearing ratio analysis, liquidity	349,000	-	-	-	349,000
• Accounting and Reporting	399,000	-	-	-	399,000
• IT: IFFim systems development and maintenance	350,000	-	-	-	350,000
• Legal	186,000	-	-	-	186,000
• Preparation and reporting for IFFim Board Meetings	188,000	-	-	-	188,000
Total invoice	2,264,000	-	701,000	-	2,965,000

Client: International Finance Facility for Immunization					
Billing period: 2023 Actuals vs. Estimates billed					
Services	Staff Costs	Travel	Swap Fees/ Investment Fees	Paid Third Party Costs	Final Total
A. Financial Service Cost					(69,164)
• Bond Issuance – market research, design, execution	(66,109)	-	-	-	(66,109)
• Investment management fee (4.5 bps on average liquidity)	-	-	(2,088)	-	(2,088)
• Financial risk management	50,782	-	(51,749)	-	(967)
B. Treasury Manager Administration and Support Costs					(137,168)
• Donor Relations, Management of Donor Pledges and Payments	4,890	8,402	-	-	13,292
• Fund Management	5,211	8,402	-	-	13,613
• Ratings maintenance including gearing ratio analysis, liquidity	(32,063)	-	-	-	(32,063)
• Accounting and Reporting	(39,354)	-	-	-	(39,354)
• IT: IFFim systems development and maintenance	-	-	-	-	-
• Legal	(64,556)	-	-	-	(64,556)
• Preparation and reporting for IFFim Board Meetings	(28,100)	-	-	-	(28,100)
Total invoice	(169,299)	16,804	(53,837)	-	(206,332)