



To: IFFIm Board of Directors

From: The World Bank, as IFFIm Treasury Manager

Subject: **Treasury Manager Report – First Quarter of 2024**

The Treasury Manager's quarterly report on the financial management activities of IFFIm for the first quarter of 2024 is attached. Questions concerning this report may be referred to Andrea Dore (adore@worldbank.org) or Karen Pillay (kpillay@worldbank.org).

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IFFIm: Treasury Manager Report
First Quarter of 2024

I. International Capital Market Environment

The US Federal Reserve Bank (FED) decided to keep rates unchanged in May. The FED Chair stressed that it was unlikely that the FED’s next move would be a rate hike. Market participants received the news as slightly dovish considering the latest inflation and job data.

The European Central Bank (ECB) held interest rates steady for a fifth meeting, while sending a clear signal that cooling inflation allows cuts in two months. The President of the ECB, Christine Lagarde, said a few officials favored an immediate reduction, but she doubled down on the need to wait for more data.

BOE maintained the benchmark rate unchanged in May, aligning with expectations. However, the BOE moved closer to a potential rate cut as second policymaker voted in favor of reducing borrowing costs. Governor Andrew Bailey indicated that rates might decrease more sharply than markets currently expect, though he clarified that there is no predetermined plan regarding the pace or extent of such cuts.

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 first quarter of year 2024 and, indicative benchmark issuance costs for IFFIm as of March 31, 2024.

**Table 1 – Selected Supranational/Non-U.S. Agency Benchmark Issuance
First Quarter of 2024**

USD

Issuer	Amount (\$ billion)	Issue date	Maturity Date	Maturity (years)	All-in Spread (bps)
EIB	4.0	3/12/2024	3/19/2027	3	SOFR + 29
IADB	4.0	1/30/2024	2/15/2029	5	SOFR + 42
AFDB	2.0	1/25/2024	2/25/2027	3	SOFR + 34
KBN	3.0	1/24/2024	1/24/2029	5	SOFR + 53
<i>IFFIm Indications as at 3/31/2024*</i>					All-in Spread (bps)
<i>IFFIm</i>	<i>0.5 min</i>			3	<i>SOFR + 50</i>
<i>IFFIm</i>	<i>0.5 min</i>			5	<i>SOFR + 60</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 May 15, 2024. In April 2024, Fitch affirmed IFFIm’s credit rating at AA- and revised its outlook to Stable. In December 2023, S&P affirmed IFFIm’s rating at AA and changed the outlook to ‘Stable’ from ‘Negative’. In October 2023, Moody’s revised IFFIm’s outlook to ‘Stable’ from ‘Negative’ following the decision to change UK’s outlook and affirmed IFFIm’s rating at Aa1.

Table 2 – IFFIm and Main Donor Credit Ratings as of May 15, 2024

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

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 528 million. The portfolio is divided into two tranches: Operational and Stable.

Table 3 - IFFIm Investment Activity and Performance

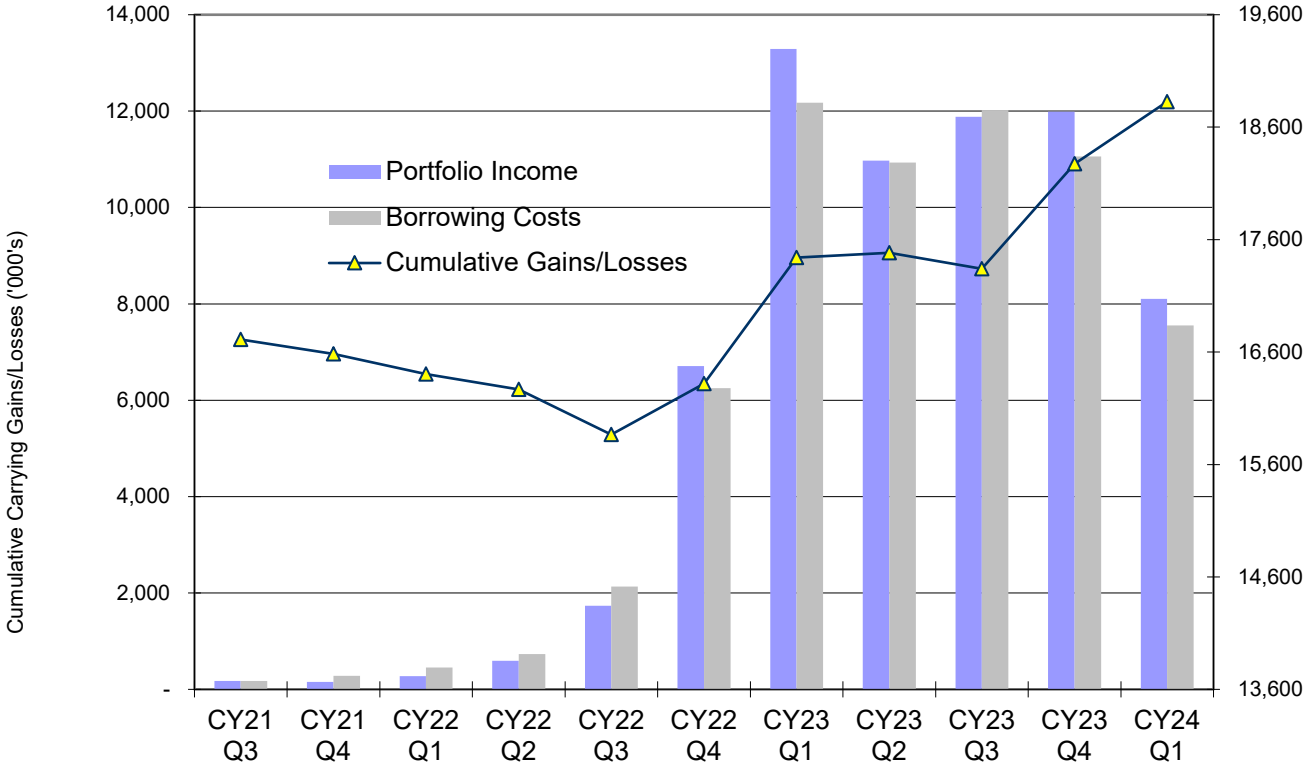
IFFIm - International Finance Facility for Immunisation										March	
Portfolio Performance										2	0
Portfolio Returns and Excess Returns Before Fees										2	4
Benchmark Description	Current Benchmark Effective Date	31-Mar-24	Q1FY24		Client FY to date ^{1/}		Rolling One-Year		Rolling Five-Year		
		Size (USD)	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		528,070,892	1.57	22	1.57	22	6.04	62	2.47	37	
Operational Cash	SOFR Overnight Rate Index	114,490,005	1.41	7	1.41	7	5.17	(18)	2.20	25	
Stable Cash	SOFR Overnight Index	413,580,887	1.61	25	1.61	25	6.29	85	2.60	46	

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

^{2/} Total liquidity for Stable Cash was transferred from Labor 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 \$18.8 million.

Chart 1 - IFFIm’s cumulative carrying gain since inception as of March 31, 2024 (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 increased from USD 529.4 million as of December 31, 2023 to USD 776 million as of March 31, 2024¹. The increase is primarily due to donor inflows from Australia, Spain, France, Sweden, Italy, Norway and South Africa of USD 250.5 million², investment income of USD 11.8 million, which were partially offset by debt service and administrative costs of USD 15.7 million.

Table 4 - Summary of Cash Flows for IFFIm³

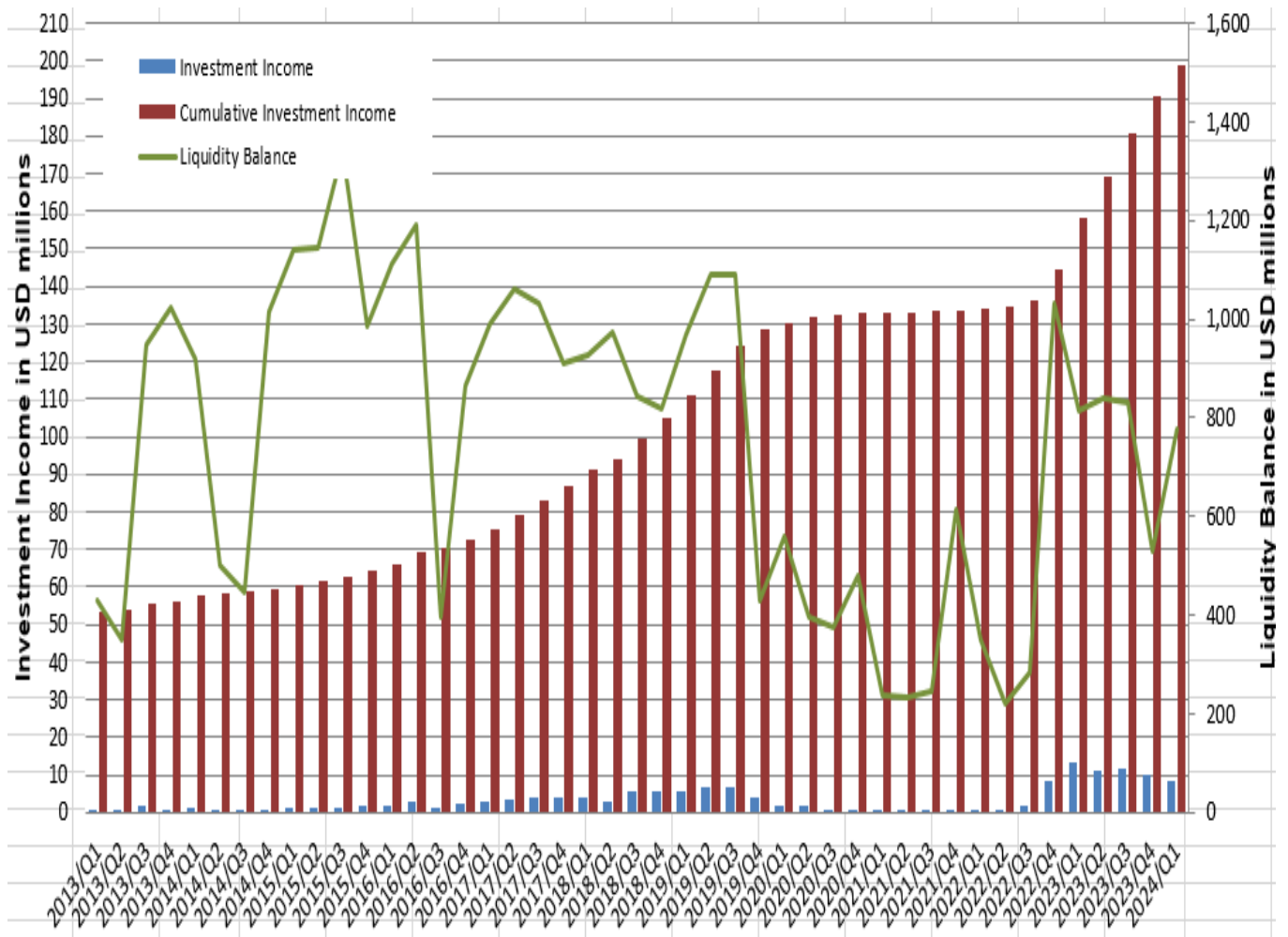
In USD millions		
Balance, Dec 31, 2023	(A)	529.4
Inflows from bonds (including related swaps)		0.0
Inflows from donors (including related swaps)		250.5
Investment income		11.8
Swap recouping		0.0
Total inflows	(B)	262.3
Disbursement for approved programs		0.0
Debt service		15.0
Bond repayment		0.0
Administrative costs		0.7
Total outflows	(C)	15.7
Balance, Mar 31, 2024	(A)+(B)-(C)	776.0

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 donor contributions were received in March 2024, but the related swaps settled in April 2024 as March 31, 2024, was a Sunday.

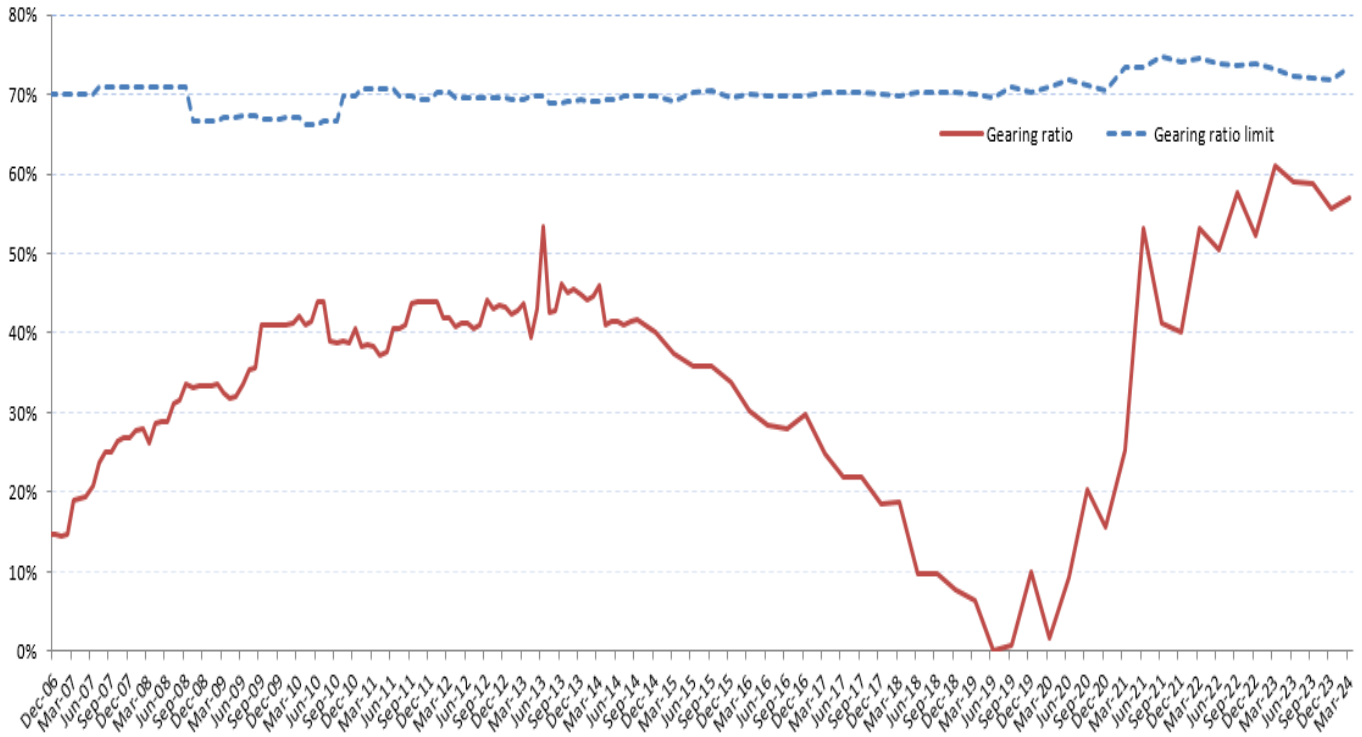
³ The figures provided in this table may differ from those that will appear in IFFIm's financial statements.

Chart 2 - Investment income and liquidity balance



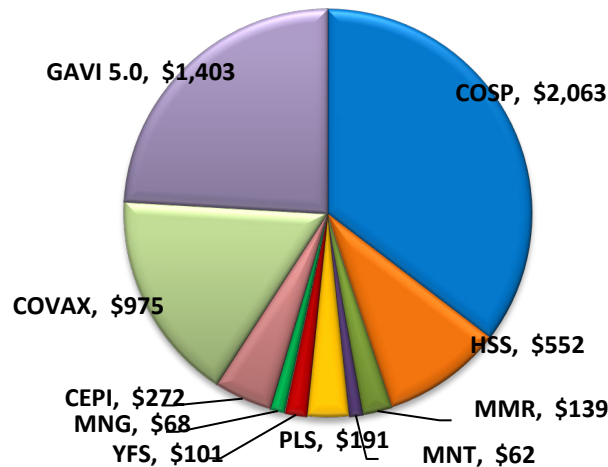
The Gearing Ratio Limit approved by the IFFIm Board for the first quarter of 2024 was 73.4%. The Risk Management Buffer (RMB) was adjusted down to zero after the swap re-coupons transaction in 2020, as such the approved Gearing Ratio Limit less the RMB is at 73.4%. The end-March 2024 actual gearing ratio increased to 57% from the end-December 2023 level of 54.2%.

Chart 3 - Gearing Ratio and Gearing Ratio Limit



Disbursements from IFFIm to GAVI for approved programs. As of March 31, 2024, 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 March 31, 2024 - 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 first quarter of 2024 amounted to USD 622,553. Compared with 1/4th of the billed amount, the actual costs were lower by USD 60,697. 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, Q1 CY2024
Amounts in USD

Client: Billing period:		International Finance Facility for Immunization 2024 Q1 Actuals		
Services	Staff Costs	Travel	Swap Fees/ Investment Fees	Final Total
A. Financial Service Cost				208,700
• Bond Issuance – market research, design, execution	39,500	-		39,500
• Investment management fee (4.5 bps on average liquidity)			51,100	51,100
• Financial risk management	47,800		70,300	118,100
B. Treasury Manager Administration and Support Costs				413,853
• Donor Relations, Management of Donor Pledges and Payments	46,300	9,027		55,327
• Fund Management	51,400	9,027		60,427
• Ratings maintenance including gearing ratio analysis, liquidity	93,600	-		93,600
• Accounting and Reporting	94,900	-		94,900
• Legal	68,900			68,900
• Preparation and reporting for IFFIm Board Meetings	40,700			40,700
Total invoice	483,100	18,053	121,400	622,553

Client: Billing period:		International Finance Facility for Immunization 2024 Q1 Estimates billed		
Services	Staff Costs	Travel	Swap Fees/ Investment Fees	Final Total
A. Financial Service Cost				314,500
• Bond Issuance – market research, design, execution	84,500	-	-	84,500
• Investment management fee (4.5 bps on average liquidity)	-	-	92,500	92,500
• Financial risk management	50,000	-	87,500	137,500
B. Treasury Manager Administration and Support Costs				368,750
• 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	98,250	-	-	98,250
• Accounting and Reporting	102,500	-	-	102,500
• Legal	50,750	-	-	50,750
• Preparation and reporting for IFFIm Board Meetings	47,000	-	-	47,000
Total invoice	503,250	-	180,000	683,250

Client: Billing period:		International Finance Facility for Immunization 2024 Q1 Actuals vs. Estimates billed		
Services	Staff Costs	Travel	Swap Fees/ Investment Fees	Final Total
A. Financial Service Cost				(105,800)
• Bond Issuance – market research, design, execution	(45,000)	-	-	(45,000)
• Investment management fee (4.5 bps on average liquidity)	-	-	(41,400)	(41,400)
• Financial risk management	(2,200)	-	(17,200)	(19,400)
B. Treasury Manager Administration and Support Costs				45,103
• Donor Relations, Management of Donor Pledges and Payments	13,050	9,027	-	22,077
• Fund Management	14,400	9,027	-	23,427
• Ratings maintenance including gearing ratio analysis, liquidity	(4,650)	-	-	(4,650)
• Accounting and Reporting	(7,600)	-	-	(7,600)
• Legal	18,150	-	-	18,150
• Preparation and reporting for IFFIm Board Meetings	(6,300)	-	-	(6,300)
Total invoice	(20,150)	18,053	(58,600)	(60,697)