



To: IFFIm Board of Directors

From: The World Bank, as IFFIm Treasury Manager

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

The Treasury Manager's quarterly report on the financial management activities of IFFIm for the second 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

Second Quarter of 2024

I. International Capital Market Environment

The US Federal Reserve Bank decided to keep short-term rates unchanged in July. Federal Reserve officials indicated that inflation is getting closer to its target, which could open the door for future interest rate cuts.

The European Central Bank cut its interest rates by 25 basis points as expected in June, moving the deposit rate to 3.75%. The cut can be interpreted as slightly hawkish as the Governing Council did not agree unanimously and one Member dissented.

The Bank of England kept its bank rate stable at 5.25% in June. The Monetary Policy Committee slightly surprised as it indicated that more of its members expected rate cuts by the end of the Summer.

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 second quarter of year 2024 and, indicative benchmark issuance costs for IFFIm as of June 30, 2024.

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

USD

Issuer	Amount (\$ billion)	Issue date	Maturity Date	Maturity (years)	All-in Spread (bps)
EIB	5.0	4/16/2024	6/15/2029	5	SOFR + 39
IBRD	3.0	4/3/2024	4/10/2026	2	SOFR + 20
KBN	1.25	6/11/2024	9/10/2027	3	SOFR + 35
<i>IFFIm Indications as at 6/30/2024*</i>					All-in Spread (bps)
<i>IFFIm</i>	<i>0.5 min</i>			3	<i>SOFR + 43</i>
<i>IFFIm</i>	<i>0.5 min</i>			5	<i>SOFR + 55</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 July 29, 2024. In July 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 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.

Table 2 – IFFIm and Main Donor Credit Ratings as of July 29, 2024

Donor Name	S&P	Outlook	MOODY	Outlook	FITCH	Outlook
FRANCE	AA	Stable	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 689.7 million. The portfolio is divided into two tranches: Operational and Stable.

Table 3 - IFFIm Investment Activity and Performance

IFFIm - International Finance Facility for Immunisation											June	
											2	0
Portfolio Performance											2	4
Portfolio Returns and Excess Returns Before Fees												
Benchmark Description	Current Benchmark Effective Date	30-Jun-24 Size (USD)	Q2FY24		Client FY to date ^{1/}		Rolling One-Year		Rolling Five-Year			
			Non-annualized Portfolio Return (%)	Excess Return (bps)	Non-annualized Portfolio Return (%)	Excess Return (bps)	Portfolio Return (%)	Excess Return (bps)	Annualized Portfolio Return (%)	Excess Return (bps)		
IFFIm		689,717,290	1.44	9	3.04	31	6.14	61	2.63	38		
Operational Cash	SOFR Overnight Rate Index 11/1/16	118,188,480	1.40	5	2.83	12	5.59	9	2.30	19		
Stable Cash	SOFR Overnight Index 3/31/22	571,528,810	1.45	10	3.08	36	6.35	82	2.76	48		

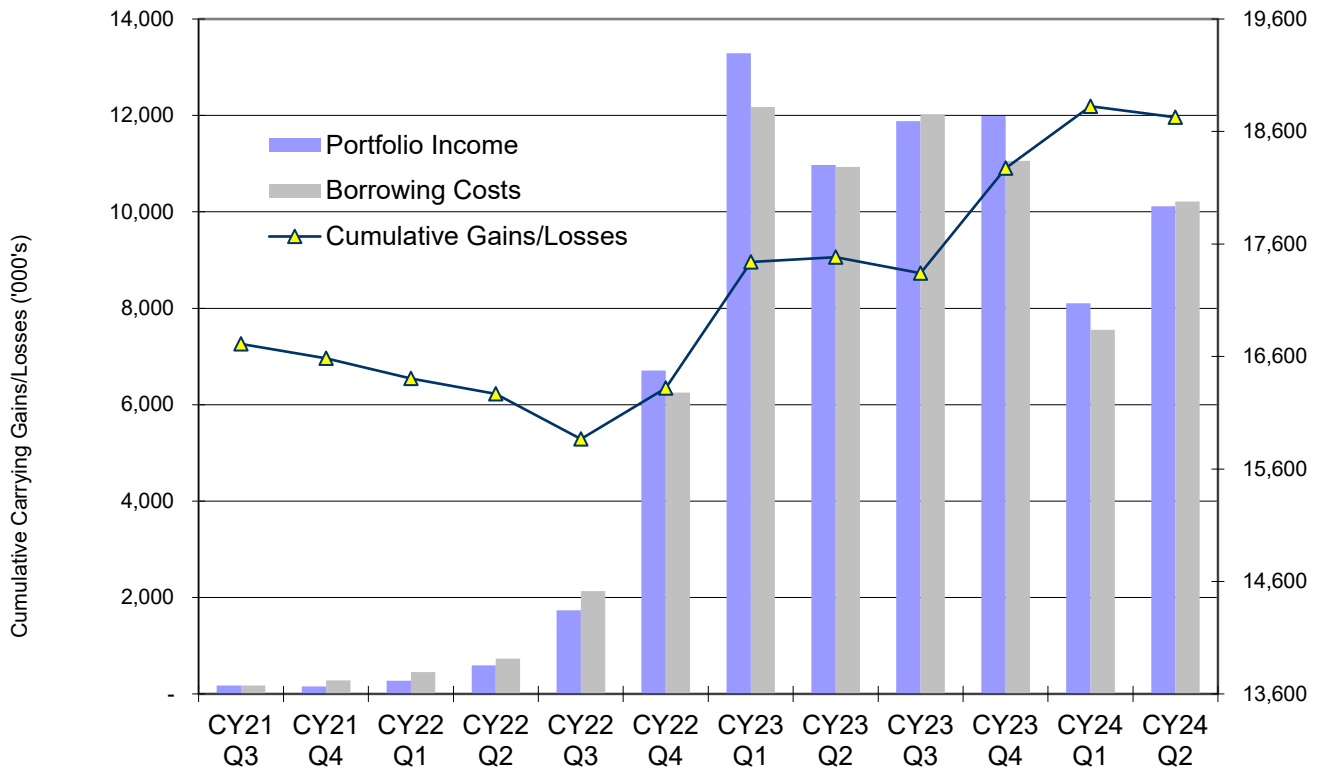
^{1/} Client Fiscal Year: January - December, Inception November 6, 2006

^{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 \$18.7 million.

Chart 1 - IFFIm's cumulative carrying gain since inception as of June 30, 2024 (USD, Thousands)

IFFIm Quarterly Cumulative Carrying Gains/(Losses)



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 776 million as of March 31, 2024 to USD 752.5 million as of June 30, 2024¹. The decrease is primarily due to bond repayments of USD 98.4 million, debt service and administrative costs of USD 39.5 million which were partially offset by donor inflows from Australia and United Kingdom.

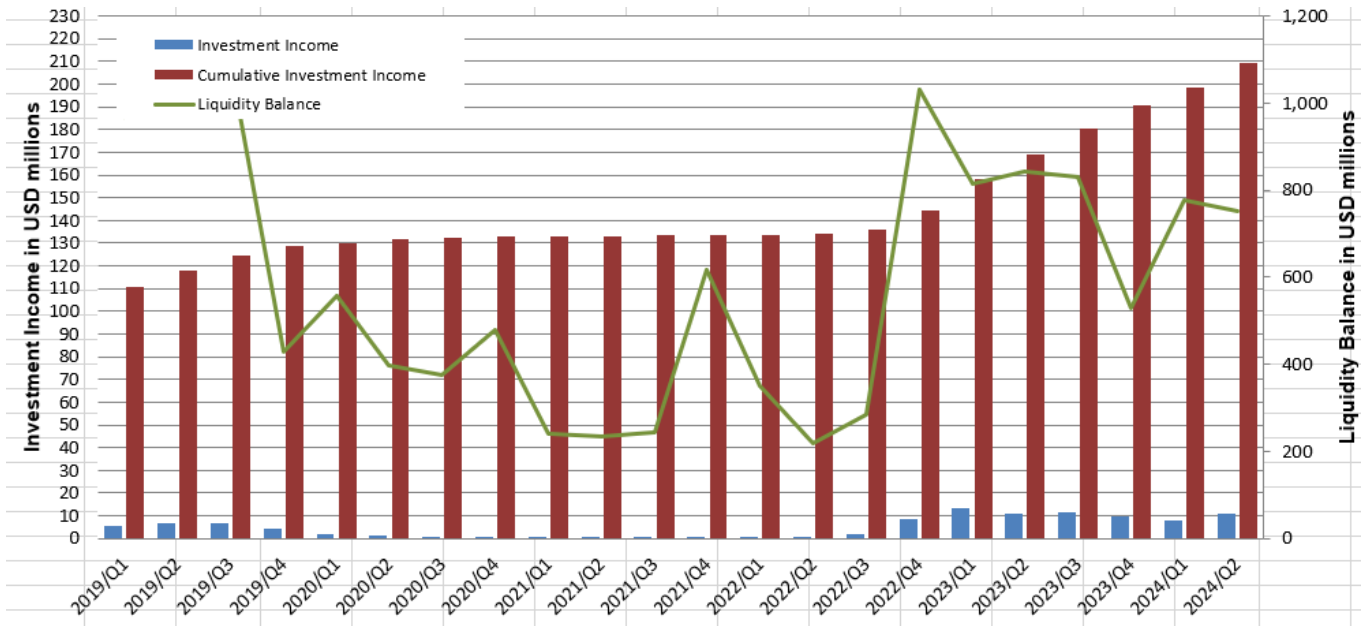
Table 4 - Summary of Cash Flows for IFFIm²

In USD millions		
Balance, March 31, 2024	(A)	776.0
Inflows from bonds (including related swaps)		0.0
Inflows from donors (including related swaps)		119.0
Investment income		-66.4
Swap recouping		61.9
Total inflows	(B)	114.5
Disbursement for approved programs		0.0
Debt service		38.7
Bond repayment		98.4
Administrative costs		0.8
Total outflows	(C)	138.0
Balance, June 30, 2024	(A)+(B)-(C)	752.5

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.

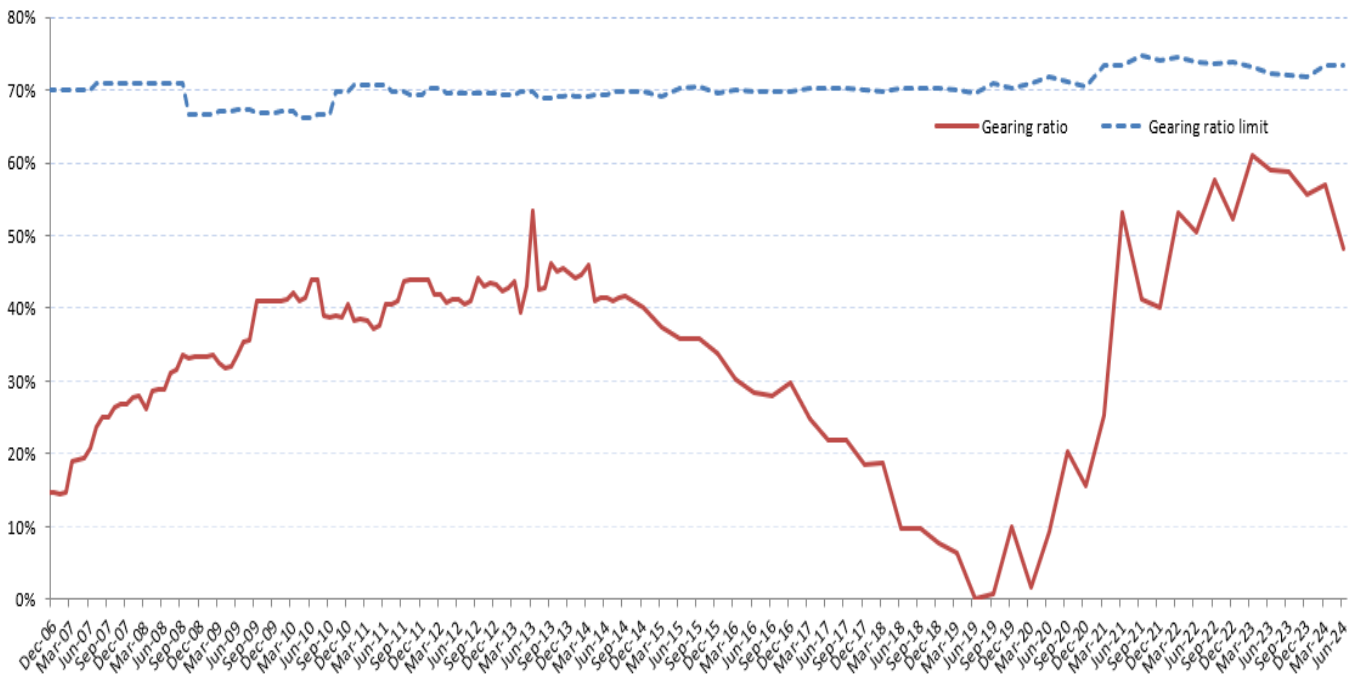
² The figures provided in this table may differ from those that will appear in IFFIm's financial statements.

Chart 2 - Investment income and liquidity balance



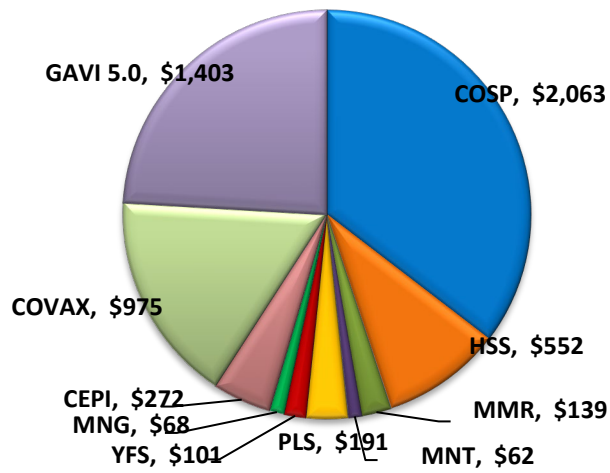
The Gearing Ratio Limit approved by the IFFIm Board for the second quarter of 2024 was 73.4%. The Risk Management Buffer (RMB) was adjusted down to zero after the swap re-coupling transaction in 2020, as such the approved Gearing Ratio Limit less the RMB is at 73.4%. The end-June 2024 actual gearing ratio decreased to 48.1% from the end-March 2024 level of 57%.

Chart 3 - Gearing Ratio and Gearing Ratio Limit



Disbursements from IFFIm to GAVI for approved programs. As of June 30, 2024, cumulative program disbursements from IFFIm to GAVI since inception amounted to USD 5,826 million. The breakdown of these transfers by program is summarized below.

**Chart 4 - Transfers from IFFIm to GAVI Alliance
Inception to June 30, 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 second quarter of 2024 amounted to USD 588,561. Compared with 1/4th of the billed amount, the actual costs were lower by USD 94,689. 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, Q2 CY2024
Amounts in USD

Client: International Finance Facility for Immunization				
Billing period: 2024 Q2 Actuals				
Services	Staff Costs	Travel	Swap Fees/ Investment Fees	Final Total
A. Financial Service Cost				257,607
• Bond Issuance – market research, design, execution	68,600	-		68,600
• Investment management fee (4.5 bps on average liquidity)			81,410	81,410
• Financial risk management	45,879		61,718	107,597
B. Treasury Manager Administration and Support Costs				330,954
• Donor Relations, Management of Donor Pledges and Payments	28,311	7,497		35,808
• Fund Management	31,457	7,497		38,953
• Ratings maintenance including gearing ratio analysis, liquidity	123,374	-		123,374
• Accounting and Reporting	49,870	15,914		65,784
• Legal	31,011			31,011
• Preparation and reporting for IFFIm Board Meetings	36,024			36,024
Total invoice	414,525	30,907	143,128	588,561
Client: International Finance Facility for Immunization				
Billing period: 2024 Q2 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: International Finance Facility for Immunization				
Billing period: 2024 Q2 Actuals vs. Estimates billed				
Services	Staff Costs	Travel	Swap Fees/ Investment Fees	Final Total
A. Financial Service Cost				(56,893)
• Bond Issuance – market research, design, execution	(15,900)	-	-	(15,900)
• Investment management fee (4.5 bps on average liquidity)	-	-	(11,090)	(11,090)
• Financial risk management	(4,121)	-	(25,782)	(29,903)
B. Treasury Manager Administration and Support Costs				(37,796)
• Donor Relations, Management of Donor Pledges and Payments	(4,939)	7,497	-	2,558
• Fund Management	(5,543)	7,497	-	1,953
• Ratings maintenance including gearing ratio analysis, liquidity	25,124	-	-	25,124
• Accounting and Reporting	(52,630)	15,914	-	(36,716)
• Legal	(19,739)	-	-	(19,739)
• Preparation and reporting for IFFIm Board Meetings	(10,976)	-	-	(10,976)
Total invoice	(88,725)	30,907	(36,872)	(94,689)