Overview

**Highlights**

GAVI is the third largest multilateral in the health sector. It has a single-purpose mandate, to increase access to immunization in poor countries. The World Bank is a founding partner to GAVI and remains a major partner, particularly at a financial level by supporting operations of two major innovative financial mechanisms on its behalf. By design, GAVI itself does not have a presence at the country level and relies heavily on its partners, WHO and UNICEF, for planning and implementing country activities. While the Bank’s financial engagement on behalf of GAVI has been transformative, this review identifies opportunities for stronger Bank engagement in immunization activities at the country level, in GAVI’s governance, and in broader immunization policy discussions.

**Financial engagement.** The Bank’s most significant contribution is a key role in the establishment and management of two innovative financing mechanisms (IFFIm and AMC) that have contributed one-third of GAVI’s financial resources from 2000 to 2010. In both cases the Bank worked with partners to translate a conceptual innovation into a viable financial pilot mechanism. Operationalizing these instruments required the Bank to assume financial risk, develop new systems, and make a long-term commitment. The Bank assumed a direct balance sheet risk on behalf of AMC and used its excellent credit rating to place IFFIm “vaccine” bonds. The Bank’s financial relationship with GAVI and IFFIm has been highly competent and professional. It deserves widespread appreciation and recognition.

**Engagement at country level.** The relationship with GAVI has been collegial and constructive in countries where there is engagement, but in many countries the Bank is not substantially involved in immunization. This review concludes that the status quo leaves organizational synergies untapped, and that stronger Bank involvement, drawing on its strengths in sustainable funding for immunization, addressing inequities in access to immunization, investments in health systems strengthening, and donor coordination in health could help achieve greater development results.

**Governance.** The mandates and priorities of the Bank and GAVI were mutually relevant and compatible at GAVI’s inception but the engagement diminished during a period from around 2008 until recently. This disengagement by the Bank can be traced to differences in alignment between the Bank’s broader development objectives and GAVI’s focused approach on accelerating introduction of new and sometimes costly vaccines in low-income countries, and the changing influence of the founding partners and growing autonomy of the GAVI Secretariat after GAVI’s 2008 governance reform.

The new World Bank Group strategy makes a strong case for an expanded World Bank Group role in global and regional dialogue and collective action. It argues that addressing complex development challenges requires partnering with private, public, multilateral, and civil society actors. The Independent Evaluation Group (IEG) conducted this review because the GAVI Alliance is one of the largest global
partnership programs in which the Bank is involved, and because GAVI as the world’s leading financier of immunization is a major player in global health: GAVI has become the third largest multilateral in the health sector, behind only the Global Fund and the World Bank.

The Bank played a crucial role in facilitating and supporting the establishment of GAVI during a period when immunization funding was in decline and gains made in childhood immunization since the 1970’s were in serious danger. The Bank is a founding member and partner of GAVI since 2000. At the time, GAVI was seen as highly congruent with the goals and mandates of the Bank at global and country level. The GAVI partnership was regarded as complementary to the Bank’s country programs and would help achieve the MDGs related to child health. This alignment was the basis for the Bank’s extraordinary and highly successful efforts to set up and manage two innovative financial vehicles that provide GAVI with significant and predictable resource flows.

The review focuses on the performance of the Bank in the three roles that the Bank plays in GAVI: development partner at global and country level (that is, joint donor in the health sector); financial partner; and corporate governance as founding partner and voting board member. It does not evaluate GAVI or its financial mechanisms.

The Bank Has Made Significant Contributions to Innovative Development Finance on Behalf of GAVI

The World Bank helped develop, implement, and manage two major innovative financial mechanisms—the International Finance Facility for Immunisation (IFFIm) and the Advanced Market Commitment (AMC)—on behalf of GAVI. IFFIm and AMC provide additional resource flows to GAVI in support of childhood immunization. IFFIm raises funds on international capital markets by issuing bonds known as “vaccine bonds” against long-term, legally binding grant agreements from sovereign donors. IFFIm uses these grant payments to pay the principal and interest on its bonds. IFFIm bonds have raised US$4.55 billion which IFFIm has used to fund GAVI programs and refinance its debt.

In its stewardship of IFFIm, the Bank has been a vital and effective financial partner to GAVI. It subsidized the systems development costs and has fulfilled its roles and responsibilities as treasury manager exceptionally well, managed liquidity well, and used its supranational status and conservative risk management approach to reassure investors’ confidence in IFFIm. This has allowed IFFIm to raise funds on favorable terms, including spreads that have been lower than the weighted average of donors’ borrowing costs. The mechanism exposes IFFIm to risks of credit downgrades of its major donors; the risks materialized but were managed with flexibility by the Bank. The Bank also successfully navigated a complex governance arrangement. The Bank deserves widespread recognition for these contributions.
The Bank also provides useful and competent financial management and administrative services to the AMC. Donors commit funds to the AMC to subsidize the purchase of pneumococcal vaccines at an affordable price for developing countries. This offers vaccine manufacturers a long-term, guaranteed market price. The Bank has taken on the financial risk associated with donor default; this limited risk is transparently disclosed on International Bank for Reconstruction and Development (IBRD’s) balance sheet and the Bank is compensated for carrying it.

Thus, for both IFFIm and AMC, the Bank provided excellent execution that successfully translated conceptual innovations in development finance into viable financial pilot mechanisms. These interventions were justified at the time but for cost and other reasons are unlikely to be replicable for the health sector (Annex B). The AMC has drawn criticism for overpaying on pneumococcal vaccine (Hargreaves and others 2011). IEG did not see evidence that the controversies surrounding the AMC have affected the Bank’s reputation.

The Bank as Development Partner to GAVI: Opportunities for Stronger Development Results

While GAVI provides extensive financial resources for vaccines and related support, its financial assistance does not cover all aspects that might be necessary to ensure universal and sustainable immunization in low-income countries. GAVI’s model relies on its partners to provide the necessary policy dialogue, technical assistance, and operational support to help countries reap the full benefits of immunization. Partners are funded for specific activities identified in the GAVI Alliance Strategy and Business Plan 2011-2015.

In contrast to GAVI’s singular categorical role, the World Bank has a broad and comprehensive role in the health sector. Its pursuit of health system strengthening can lay the groundwork for successful delivery of immunization. Between FY2003 and 2012, the Bank provided US$2.91 billion for child health through health-sector-specific and multisectoral programs to reach the MDGs and assist people in developing countries to create healthy futures.

However, the Bank’s lending, policy dialogue, and analytical work on childhood immunization has been quite limited. Bank lending and analytical support for immunization have declined in recent years. Immunization as a share of total approved health projects dropped from 15 percent in 2006 to less than 5 percent in 2012. Most of the 36 Bank projects with an immunization-related objective or component approved between 2002 and 2012 were general health system strengthening projects with immunization as one element, including direct financing of seven immunization strengthening projects for polio. The reduced direct financing for immunization by the Bank accompanies the increased financing for immunization by GAVI, and as such can be seen as a logical division of labor resulting from the rise of GAVI as the
world’s pre-eminent financier of immunization. But Bank analytical and other work has also been reduced: IEG could identify only a few Bank studies related to immunization. The Bank participates in the country-level coordination mechanism for immunization, the Interagency Coordination Committee (ICC) chaired by the Ministry of Health (MOH), in only a few countries. This has left some gaps.

Bank health-sector staff, particularly at country level, and health-sector staff from partner organizations consulted by IEG identified missed opportunities for stronger development results. There is also a strong wish among senior GAVI staff for stronger Bank engagement. IEG finds that the status quo leaves potential organizational synergies untapped, creating room for greater development results via stronger Bank involvement in:

- Addressing the serious inequities in access to immunization faced by many low-income countries.
- Reaching marginalized groups with immunization poses organizational difficulties for national health systems.
- Helping to ensure adequate and sustainable funding for immunization. Drawing on its experience in health-sector financing, the Bank could provide a useful counterweight to GAVI’s current focus on rapid introduction of new vaccines which are considerably more expensive than traditional EPI vaccines, as well as supporting GAVI’s renewed focus on vaccine sustainability in countries. IEG’s country visits and interviews with experts suggest that sustainable funding for the GAVI-supported vaccine program cannot be assured once countries graduate from GAVI, but IEG did not find evidence of substantive Bank engagement in assessing the fiscal implications of new vaccine introduction.
- Finding ways to improve donor coordination in health in order to reduce transaction costs and avoid creating overlapping reporting and accounting requirements for client countries. Several mechanisms for donor coordination in health have been set up but have fallen short of expectations.

The Bank did not make a conscious decision to reduce immunization-related activities; several contributing factors could be identified. The GAVI Secretariat’s lack of field presence (apart from periodic visits by its Geneva-based country responsible officers, and the presence of its in-country partners WHO and UNICEF) makes it difficult for the Bank to engage with the GAVI Secretariat at the country level. Direct funding between the Bank and GAVI has ceased: a GAVI-financed and Bank-executed trust fund that provided direct funding to the Bank’s work on immunization-related health systems strengthening was discontinued in 2011 at the Bank’s request due to a perceived
conflict of interest. The Bank did not develop directives on how to engage with GAVI, and no formalized division of labor exists between the two organizations, in part because the Bank could not accept the semi-contractual relationship arrangement envisioned in the GAVI Alliance Business Plan 2011-15.

**The Bank’s Contributions to GAVI’s Governance**

From GAVI’s initial years until around 2008-10, the Bank was an active participant in GAVI’s economic and financing strategies, was a member of GAVI’s Financing Task Force, co-chair of the Immunization Financing and Sustainability Task Team, and helped with the design and implementation of the co-financing policy. These active engagements were supported by a dedicated Bank team that conducted studies on topics of relevance to GAVI.

GAVI became an independent legal entity in 2008, when the GAVI Board merged with the GAVI Fund Board into the present GAVI Alliance Board. The Bank was represented at the vice presidential-level in the governance reform process. For the Bank and the other multilateral partners, the reorganization gave rise to issues regarding the number and allocation of voting board seats and brought up many questions regarding their role in the new entity. The process was described by several stakeholders as contentious. The Bank did not have any explicit corporate guidelines to guide its position on the issues.

The reform fundamentally changed the nature of the GAVI partnership. GAVI evolved from an informal alliance to a formal, corporate identity. The new 2008 GAVI Alliance Board diluted the voting influence of the founding partners. Two-thirds of the 28 board members are constituency determined, including the pharmaceutical industry, and one-third comprises independent individuals that are neither stakeholders nor shareholders. The three founding UN partners—UNICEF, WHO, and the World Bank—representing the traditional “Alliance” element of GAVI, are now represented by only three votes on a 28 vote corporate Board. Certain constituencies interviewed by IEG expressed concern that GAVI has transitioned from an alliance of equal partners to a corporate organization.

Differences in corporate priorities between the Bank and GAVI sharpened after 2008 and seem to have greatly contributed to the diminishing interactions. GAVI’s emphasis on making new vaccines available as quickly as possible, even if costly, was viewed skeptically by many Bank staff and others interviewed for this evaluation, who expressed concerns over the implications for overall health-sector finance. People perceived that their concerns regarding sustainable financing of immunization were not adequately addressed (GAVI has increased its attention to vaccine cost reductions in recent years although this has always been a part of its mission). People interviewed by IEG use terms such as “withdrawal” and “cautious engagement” to describe the Bank’s position vis-à-vis GAVI.
from 2008 until recently. Bank staffers have a perception that there has been limited time for discussion and critical questions at GAVI Board and committee meetings.

Staff in both organizations would like to see closer Bank-GAVI cooperation. GAVI perceives that the Bank could add value, particularly in the financial sustainability of vaccine programs and health systems strengthening, because of its institutional knowledge, relationships with ministries of finance, and the perception that it can be a lender of last resort and help countries graduate from GAVI support to domestic vaccine financing. More recently, the Bank is actively involved in developing GAVI’s 2016-2020 strategy.

Conclusions and Lessons for the Bank’s Relationship with GAVI and other Partnership Programs

The central lesson for the Bank’s relationship with GAVI is the need to discuss, update, and re-affirm the principal partnership arrangements to reflect the changing realities in which both partners operate. The 2008 governance reform profoundly changed the governance structure, and with it the dynamics of the relationship. The Bank has not, to IEG’s knowledge, reviewed what if any consequences the governance reform should have for its own contributions to GAVI’s governance.

A second lesson is to manage governance of partnership programs more proactively and systematically, particularly during initial setup and reform. As also mentioned in the World Bank Group strategy, the Bank could benefit from managerial oversight of how its major partnerships are governed.

Third, the governance reform process which transformed GAVI from an informal alliance hosted by UNICEF into a new independent Swiss foundation, involved complex governance issues and legal concerns. The choice of creating a new independent organization can also create an expansionary institutional dynamic, as new organizations strive for budget and recognition. The international community may want to carefully weigh the pros and cons of creating new independent organizations versus housing partnerships in existing organizations.

A fourth lesson is that the Bank’s competence and experience in concessional development finance can be highly useful in future attempts to set up innovative development finance on behalf of partners. The World Bank Group strategy aims to leverage private-sector resources, partnerships, and innovative finance. The lessons from the Bank’s work on behalf of GAVI for future endeavors is that the Bank should: carefully consider if the short-term benefits of any innovative financial mechanism justify the long-term consequences for the Bank and its partners; find ways to maintain simple governance arrangements; and ensure appropriate Bank recognition and reasonable protection against reputational risks from its work on behalf of partners.
A fifth lesson is that clearer definition of roles and responsibilities at country and global level could enhance the impact of the Bank, GAVI, and other organizations’ support for immunization. It would be helpful for the Bank and GAVI to agree on priority countries, modes of engagement, and division of labor. The division of labor should be documented yet flexible so as to avoid excessively restrictive contractual approaches and permit the Bank to pursue its comparative advantages in policy dialogue and analytical work tailored to country contexts.

Sixth, the Bank-GAVI experience is not unique: there are often missed opportunities for stronger results in the Bank’s engagements in partnership programs. IEG’s synthesis report of global program reviews in 2011 found strong operational linkages to the Bank’s country-level work in only four of 17 global programs reviewed (IEG 2011a). To remedy this, IEG has recommended a more explicit definition of roles and accountabilities in partnership programs. IEG has also recommended that the Bank put in place stronger coordination mechanisms between partnership programs and the relevant sectors and practices and empower its representatives on program boards to work for the Bank’s corporate interests (the Bank has yet to implement a proposal that staff serving on partnership boards be guided by terms of reference that set out Bank-wide institutional positions). These steps could help fulfill the World Bank Group strategy objective of closer alignment between global engagements and Bank Group goals.