

# International Finance Facility for Immunisation (IFFIm)

## Key Rating Drivers

**Downgrade of the UK:** International Finance Facility for Immunisation's (IFFIm) ratings are driven by the lower of the two sovereign ratings of the UK (AA-/Negative) and France (AA/Negative). Following Fitch Ratings' downgrade of the UK sovereign in March 2020, IFFIm's rating is only anchored to that of the UK. The sovereign rating of France was put on Negative Outlook in May 2020. IFFIm's ratings rely primarily on support from donors as their grant payments ultimately back IFFIm's repayment of bond issuances.

**Strong Donor Commitment:** Donors' commitments are legally binding, and repudiation of their pledges would entail severe reputational damage and legal proceedings. In June 2020, Italy (BBB-/Stable), Norway (AAA/Stable), Spain (A-/Stable) and the Netherlands (AAA/Stable) further affirmed their support for IFFIm, contributing a total of USD926 million in long-term funding. In line with recent ongoing practice, donors made pledges in the respective national currencies.

**Recent Developments:** In July 2020, IFFIm issued a NOK2 billion (approximately USD200 million) bond placement to help accelerate the financing of coronavirus vaccine research and development, undertaken by the Coalition for Epidemic Preparedness Innovations (CEPI). This is backed by a 10-year, NOK2 billion commitment from Norway, announced in March 2020. CEPI is undertaking a USD2 billion project, to research and undertake coronavirus vaccination testing and further support their ongoing clinical trials.

**Disbursement Activity:** Disbursements from IFFIm to Gavi, the Vaccine Alliance, had been limited (2017: USD0; 2018: USD50 million). In 2019, however, this increased considerably to USD315.7 million – in two disbursements (USD65.7 million and USD250 million). Fitch expects IFFIm to disburse around USD400 million to Gavi in 2020. At end-2019, IFFIm had made disbursements of about USD3 billion since its inception in 2006. The money supports numerous vaccination programmes, including yellow fever, polio, measles and meningitis.

**Contained Leverage:** IFFIm disburses grants in support of its mandate as bond issues are repaid through contributions from donors. IFFIm maintains a ratio of net debt (outstanding bonds minus funds held in trust) to net present value of pledges – the gearing ratio. At end-June 2020, the gearing ratio was 9.4%, against a limit of 71.8%.

**Limited Liquidity, Market Risks:** Liquidity risk is limited due to IFFIm's strict compliance with its liquidity policy (liquid assets must cover debt servicing over the next 12 months) and conservative risk management. IFFIm's unhedged exposure to foreign exchange is minimal. Liquidity and market risk are managed effectively by the International Bank for Reconstruction and Development (IBRD; AAA/Stable), IFFIm's designated treasury manager.

## Rating Sensitivities

**Donor Rating Changes:** IFFIm's ratings and Outlook would be reviewed if the rating and/or Outlook of the UK was changed, due to its weight of pledges and the UK sovereign rating being lower than France. Material delays in grant disbursements by donor countries would also exert pressure on the ratings.

**Gearing Ratio:** A reduced cushion, increasing the potential for a breach of IFFIm's gearing ratio limit related to rising debt, or a reduced net present value of pledges following an increase in the credit risk of recipient countries or donors, would put pressure on the ratings.

## Ratings

Long-Term IDR	AA-
Short-Term IDR	F1+

## Outlook

Long-Term IDR	Negative
---------------	----------

## Financial Data

International Finance Facility for Immunisation (IFFIm)	Dec 19	Dec 18
Pledges signed in the year at fair value	59	11
Outstanding pledges at fair value (USDm)	2,073	2,250
Funds held in trust (USDm)	428	817
Outstanding debt (USDm)	510	886
Gearing ratio – actual (%)	8.1	7.8
Gearing ratio – limit (%)	70.3	70.3

Source: Fitch Ratings, IFFIm

## Applicable Criteria

[Supranational Rating Criteria \(April 2020\)](#)

## Related Research

[The Coronavirus Crisis and Suprationals \(July 2020\)](#)

[Fitch Ratings 2020 Outlook: Suprationals \(December 2019\)](#)

[The Cost to Sovereigns of Support for Suprationals \(November 2019\)](#)

## Analysts

Nick Perry  
+44 20 3530 2727  
[nick.perry@fitchratings.com](mailto:nick.perry@fitchratings.com)

Enrique Bernardes  
+44 20 3530 1964  
[enrique.bernardes@fitchratings.com](mailto:enrique.bernardes@fitchratings.com)

## Income and Expenditure Account

(USDm)	31 Dec 19	31 Dec 18	31 Dec 17	31 Dec 16
Contribution revenue	59.1	10.7	198.8	22.7
Operating expenses	219.9	3.9	53.7	54.0
Total operating income	1.0	0.9	0.9	1.0
Operating profit (loss)	-159.7	7.7	145.9	-30.3
Net financing expenses on bonds and bond swaps	23.1	28.0	22.3	16.6
Net fair value gains on pledges and pledge swaps	74.6	155.6	92.7	86.6
Foreign-exchange gains/loss and other financing charges	0.7	-1.6	0.7	0.8
Investment and interest income	23.4	20.6	15.0	8.2
Surplus (deficit)	-84.2	154.4	232.1	48.7

Source: Fitch Ratings, IFFIm

## Balance Sheet

(USDm)	31 Dec 19	31 Dec 18	31 Dec 17	31 Dec 16
Sovereign pledges	2,074	2,250	2,588	2,355
Funds in trust	428	817	912	863
Other assets	0	2	0	0
Total assets	2,502	3,069	3,500	3,218
Bond issues	510	886	1,181	1,382
Grants payable	357	457	507	457
Other liabilities	521	528	768	567
Total liabilities	1,388	1,871	2,456	2,406
Net assets	1,114	1,198	1,044	812
Total liabilities + net assets	2,502	3,069	3,500	3,218

Source: Fitch Ratings, IFFIm

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT [WWW.FITCHRATINGS.COM](http://WWW.FITCHRATINGS.COM). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2020 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.