



Fitch Maintains IFFIm on Rating Watch Negative

Fitch Ratings - London - 19 September 2019:

Fitch Ratings has maintained International Finance Facility for Immunisation's (IFFIm) 'AA' Long-Term Issuer Default Rating (IDR) and issue ratings on Rating Watch Negative (RWN) and affirmed the bank's Short-Term IDR at F1+.

The RWN on the Long-Term IDRs reflects the RWN on the UK sovereign (AA/RWN), which reflects the heightened uncertainty over the ultimate outcome of the UK's exit from the EU and the increased risk that a disruptive 'no-deal' Brexit could result in negative action on the UK sovereign ratings.

Fitch expects to resolve the RWN on IFFIm upon resolution of the RWN on the UK.

Key Rating Drivers

IFFIm's ratings are driven by the sovereign ratings of the UK and France (AA/Stable), its two largest donors. IFFIm's ratings rely primarily on support from donors as their grant payments ultimately back IFFIm's repayment of its bond issuances. The UK's and France's share of total outstanding pledges was 45% and 34%, respectively, as of end-1H19.

Established in 2006, Fitch considers IFFIm as a supranational administrative body (SAB), given its distinct structure as an international finance facility and continued support from donor countries. In line with Fitch's Supranationals Rating Criteria, Fitch rates IFFIm under the SAB approach.

IFFIm front-loads grant payments from donors to provide funding to Gavi, a global health public-private partnership. Gavi is focused on improving childhood immunisation coverage in developing countries and accelerating access to new vaccines.

Earlier in the year, the boards of IFFIm and Gavi approved a proposal from Norway (AAA/Stable) to support a Gavi programme for the Coalition for Epidemic Preparedness Innovation through IFFIm bond issuances. In July, IFFIm issued a NOK600 million bond to front-load this initiative.

IFFIm's ratings are also supported by its conservative prudential framework, which is managed by the International Bank for Reconstruction and Development (AAA/Stable) in its capacity as treasury manager for IFFIm.

RATING SENSITIVITIES

In view of their dominant shares of pledged grants, Fitch links IFFIm's ratings to the sovereign ratings of the UK and France.

The main factors that could, individually or collectively, result in negative rating action are:

-A downgrade of either the UK or France;

-Material delays in grant disbursements by donor countries; and

-A reduced level of cushion that increases 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.

Conversely, the main factors that could, individually or collectively, result in positive rating action are:

- A resolution of the RWN on the UK that was not a downgrade of the UK's sovereign IDRs would lead to corresponding rating action on IFFIm;

- Significant additional pledges from sovereigns rated higher than IFFIm that materially changed the relative weight of the UK's and France's share in outstanding pledges; and

- An upgrade of the UK's and France's sovereign IDRs would result in an upgrade of IFFIm;

Key Assumptions

Fitch assumes that the relative weight of donor countries in total pledged grants will remain broadly unchanged.





Sources of Information

Sources of information - IFFIm's financial statements, and other information provided by IFFIm and IBRD (in its capacity as a treasury manager for IFFIm).

Public Ratings with Credit Linkage to other ratings

The ratings of IFFIm are driven by the sovereign ratings of the UK and France.

RATING ACTIONS

ENTITY/DEBT	RATING	PRIOR
International Finance Facility for Immunisation (IFFIm)	LT IDR AA  Rating Watch Maintained	AA 
	ST IDR F1+ Affirmed	F1+
senior unsecured	LT AA  Rating Watch Maintained	AA 

Additional information is available on www.fitchratings.com

FITCH RATINGS ANALYSTS

Primary Rating Analyst
Enrique Bernardez
Associate Director
+44 20 3530 1964
Fitch Ratings Ltd
30 North Colonnade, Canary Wharf
London E14 5GN

Secondary Rating Analyst
Arnaud Louis
Senior Director
+33 1 44 29 91 42

Committee Chairperson
Theresa Paiz Fredel
Senior Director
+1 212 908 0534

MEDIA CONTACTS

Peter Fitzpatrick
London
+44 20 3530 1103
peter.fitzpatrick@thefitchgroup.com

Applicable Criteria

Supranationals Rating Criteria (pub. 23 May 2019)

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