FitchRatings

Tagging Info

Fitch Downgrades International Finance Facility for Immunisation to 'AA'; Outlook Stable

Ratings Endorsement Policy

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Fitch Ratings-Paris/London-16 December 2014: Fitch Ratings has downgraded the International Finance Facility for Immunisation's (IFFIm) Long-term Issuer Default Rating (IDR) to 'AA' from 'AA+' with a Stable Outlook. The issue ratings on IFFIm's senior unsecured bonds have also been downgraded to 'AA' from 'AA+'. All ratings have been removed from Rating Watch Negative. The Short-term foreign currency IDR has been affirmed at 'F1+'.

KEY RATING DRIVERS
The rating action follows Fitch's downgrade of France to 'AA' with a Stable Outlook (see 'Fitch Downgrades France to 'AA'; Outlook Stable' dated 12 December 2014 at www.fitchratings.com).

IFFIm's ratings rely primarily on the support from sovereign donors, which have committed to disburse grants over a period of up to 20 years to enable the IFFIm to finance immunisation programmes in a number of developing countries. The downgrade of IFFIm's ratings reflects the alignment of its ratings with the lower of that of the United Kingdom (AA+/Stable) and France, the two largest contributors with 48.5% and 28.6% of total pledged grants, respectively, at end-2013. To a lesser extent, the ratings are also supported by IFFIm's respect of its gearing ratio, which is the ratio of net debt (outstanding bonds minus funds placed in trust) to net present value of pledged grants.

RATING SENSITIVITIES
The following risk factors may individually or collectively result in a downgrade:
- A negative rating action on France's sovereign IDR or Outlook, or a downgrade of the UK's IDR below that of France.
- Material delays in grant disbursements by donor countries.
- A breach by IFFIm of its gearing ratio limit, related to rising debt or recipient countries' rising credit risk.

Conversely, a positive rating action on France's IDR or Outlook would result in similar rating action on IFFIm.

KEY ASSUMPTIONS
The ratings and Outlook are sensitive to a number of assumptions.

In particular, Fitch assumes the eurozone will avoid long-lasting deflation, such as that experienced by Japan from the 1990s. Fitch also assumes the gradual progress in deepening fiscal and financial integration at the eurozone level will continue; key macroeconomic imbalances within the currency union will be slowly unwound; and eurozone governments will tighten fiscal policy over the medium term.

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

Contact:
Primary Analyst
Amelie Roux
Director

+33 144 299 282
Fitch France SAS
60 rue de Monceau
75008 Paris

Secondary Analyst
Eric Paget-Blanc
Senior Director
+33 1 44 29 91 33

Committee Chairperson
Tony Stringer
Managing Director
+44 20 3530 1219

Media Relations: Athos Larkou, London, Tel: +44 203 530 1549, Email: athos.larkou@fitchratings.com; Rebecca O'Neill, London, Tel: +44 203 530 1697, Email: Rebecca.ONeill@fitchratings.com.

Additional information is available on www.fitchratings.com

Applicable criteria, 'Supranationals Rating Criteria', dated 22 May 2014, are available at www.fitchratings.com.

Applicable Criteria and Related Research:
Supranationals Rating Criteria

Additional Disclosure
Solicitation Status