

## **FITCH REVISES IFFIM'S OUTLOOK TO NEGATIVE; AFFIRMS AT 'AA'**

Fitch Ratings-Paris/London-30 June 2016: Fitch Ratings, London, 30 June 2016: Fitch Ratings has revised International Finance Facility for Immunisation's (IFFIm) Outlook to Negative from Stable and affirmed the Long-Term Issuer Default Rating (IDR) at 'AA'. The Short-Term IDR has been affirmed at 'F1+'. IFFIm's senior unsecured notes are also affirmed at 'AA'.

### **KEY RATING DRIVERS**

The revision of the Outlook has been prompted by Fitch's downgrade of the United Kingdom's IDRs to 'AA'/Negative on 27 June 2016. IFFIm's ratings rely primarily on support from donors, which have committed to disburse grants over a period of up to 20 years.

IFFIm is a supranational entity established in 2006 through which developed countries facilitate the upfront financing of large-scale immunisation programmes in developing countries by pledging multi-year grants as backing for bonds issued in the international capital markets. The UK and France are IFFIm's largest contributors, whose share in outstanding balances of pledged grants is 52.3% and 27.5% respectively.

Funds raised on financial markets by IFFIm are disbursed as grants to the so-called Global Alliance Vaccine Initiative, the Vaccine Alliance (GAVI), a global health public-private partnership to improve access to immunisation for children in a pool of 53 eligible developing countries. IFFIm has been one of the largest sources of funding for GAVI since its inception, together with direct grants from governments and foundations.

IFFIm honours its debt service thanks to the disbursement of grants initially pledged by donor countries according to a predefined schedule, ranging from five to 23 years depending on the country. Internal procedures, including the maintenance of a comfortable liquidity cushion and a ceiling on indebtedness at a lower level than pledges (the gearing ratio, based on the net present value (NPV) of pledges), provide additional protection to bondholders in case of a delay in or limited shortage of disbursements of grants by donor countries

### **RATING SENSITIVITIES**

Fitch links IFFIm's ratings to the sovereign ratings of the UK and France. In the event of a further downgrade of the sovereign rating of the UK or France, IFFIm's ratings would be downgraded. Conversely, any upgrade of the UK and France's sovereign IDRs or a positive Outlook revision in the UK's rating would have positive implications for IFFIm's credit ratings.

Material delays in grant disbursements by donor countries would also exert pressure on the ratings.

Beyond the support IFFIm would receive from its contributors, a breach by IFFIm of its gearing ratio limit related to rising debt or a reduced NPV of pledges following an increase in the credit risk of recipient countries or donors could trigger a rating downgrade.

### **KEY ASSUMPTIONS**

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

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- Sources of information - The sources of information used to assess these ratings were International Finance Facility for Immunisation financial statements, and other information provided by the International Finance Facility for Immunisation.

Applicable Criteria  
Supranationals Rating Criteria (pub. 29 May 2015)  
[https://www.fitchratings.com/creditedesk/reports/report\\_frame.cfm?rpt\\_id=866568](https://www.fitchratings.com/creditedesk/reports/report_frame.cfm?rpt_id=866568)

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