

RATING ACTION COMMENTARY**Fitch Affirms IFFIm at 'AA-'; Outlook Negative**

Thu 27 Mar, 2025 - 7:38 AM ET

Fitch Ratings - London - 27 Mar 2025: Fitch Ratings has affirmed International Finance Facility for Immunisation (IFFIm)'s Long-Term Issuer Default Rating (IDR) at 'AA-' with a Negative Outlook.

A full list of rating actions is at the end of this rating action commentary.

KEY RATING DRIVERS

Support Drives Ratings: IFFIm's ratings are driven by the extraordinary support the institution receives from its donor countries. The 'AA-' rating reflects the lowest rating of IFFIm's largest donor countries: the UK (AA-/Stable; 42% of pledges on a net present value basis), Norway (AAA/Stable; 17%) and France (AA-/Negative; 10%), which combined accounted for 69% of total outstanding pledges as of end-2024. The ratings rely primarily on support from sovereign donors as their grant payments ultimately back IFFIm's debt service.

SAB Approach: Fitch rates IFFIm as a supranational administrative body (SAB), given its distinct structure as an international financial facility and continued support from its donor countries. IFFIm continues to be one of the largest contributors to GAVI's resources, a global health public-private partnership, accounting for approximately one-sixth of the funding to its programmes. IFFIm frontloads grant payments from donor countries to provide funding to GAVI, which is focused on improving childhood immunisation coverage in developing countries and accelerating access to new vaccines.

Important Policy Mandate: IFFIm's policy mandate is strong, with its enhanced role in supporting global vaccination rollout, as well as funding further research and development into vaccines against emerging infectious diseases, including Covid-19. Since the outbreak of the Covid-19 pandemic, IFFIm's disbursements have been high, albeit declining, owing to

new pledges to expand vaccination programmes in low-income countries, including via COVAX and CEPI.

Lower Share of France's Pledges: In 2024, France's share of outstanding donor pledges continued to decline, to 10% of total pledges, from 12% at end-2023 and 21% at end-2020. Given the country's role in the creation of IFFIm and its record of financial support, Fitch expects that France will remain one of the largest donor countries over the medium term and this is a key consideration in the rating assessment.

In the context of GAVI's High Level Pledging Summit in June this year, donor countries are set to announce new pledges to be channelled through IFFIm over 2026-2030 (GAVI 6.0 replenishment cycle). While not our expectation, any signal of a material dilution in France's share of outstanding pledges over this replenishment cycle would affect our approach to IFFIm's rating.

Increasing Leverage: IFFIm's gearing ratio (net debt/adjusted net present value of pledges) increased to 57.7% in 2024 from 54.3% in 2023 due to increased debt levels and receipt of donor payments leading to the reduction of the net present value of outstanding pledges. IFFIm's debt rose to USD3 billion at end-2024 from USD2 billion in 2023, following the issuance of a USD1 billion bond in October 2024. IFFIm plans to use part of proceeds from the issuance to refinance three maturing bonds in 2025, with the remainder being disbursed to GAVI.

Conservative Risk Management: IFFIm has a conservative risk management framework, which is managed by the International Bank for Reconstruction and Development (IBRD; AAA/Stable) in its capacity as IFFIm's treasury manager. The risk management framework includes a gearing ratio limit that caps net debt as a percentage of the adjusted net present value of donor pledges to 73.5% at end-2024 (71.8% at end-2023).

Strong Liquidity Position: IFFIm's liquidity position remains strong relative to its future cash requirements. As per its prudential liquidity management framework (managed by IBRD), liquid assets must cover all debt repayments over the next 12 months. At end-2024, liquid assets totalled USD1.5 billion, above the minimum prudential liquidity needs of USD975 million.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/downgrade:

Support (Capacity): A downgrade of France's rating or the addition of substantial pledges from a sovereign rated lower than IFFIm that materially changes the relative weight of the UK's, Norway's and France's share in outstanding pledges.

Support (Propensity): Delays in grant disbursements by key donor countries that might lead to a weakening in our assessment of their propensity to support IFFIm.

Risk/Leverage: A breach of IFFIm's gearing ratio limit related to increasing debt, or a reduced net present value of pledges following an increase in the credit risk of recipient countries or donors.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

Support (Capacity): A revision of the Outlook on France's rating to Stable would lead to a revision of IFFIm's Outlook to Stable.

Support (Capacity): Significant additional pledges from sovereigns rated higher than IFFIm that materially change the relative weight of the UK's, Norway's and France's share in outstanding pledges could lead to a revision of the Outlook to Stable or an upgrade of the rating.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

IFFIm's IDRs are driven by the lowest sovereign rating of the UK, Norway and France.

ESG CONSIDERATIONS

Fitch does not provide ESG relevance scores for IFFIm. In cases where Fitch does not provide ESG relevance scores in connection with the credit rating of a transaction, programme, instrument or issuer, Fitch will disclose in the key rating drivers any ESG factor which has a significant impact on the rating on an individual basis. For more information on Fitch's ESG Relevance Scores, visit the Fitch Ratings ESG Relevance Scores page.

RATING ACTIONS

| ENTITY / DEBT ↕ | RATING ↕ | | | PRIOR ↕ |
|---|----------|-----|----------|---------|
| | | | | |
| International Finance Facility for Immunisation (IFFIm) | LT IDR | AA- | Affirmed | AA- |
| | ST IDR | F1+ | Affirmed | F1+ |
| senior unsecured | LT | AA- | Affirmed | AA- |

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VIEW ADDITIONAL RATING DETAILS

Additional information is available on www.fitchratings.com

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APPLICABLE CRITERIA

[Supranationals Rating Criteria \(pub. 03 Oct 2024\) \(including rating assumption sensitivity\)](#)

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

International Finance Facility for Immunisation (IFFIm)

UK Issued, EU Endorsed

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