

03 APR 2024

Fitch Revises IFFIm's Outlook to Stable; Affirms at 'AA-'

Fitch Ratings - London - 03 Apr 2024: Fitch Ratings has revised the Outlook on International Finance Facility for Immunisation's (IFFIm) Long-Term Issuer Default Rating (IDR) to Stable from Negative and affirmed the IDR at 'AA-'.

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

Key Rating Drivers

Improved Support: The rating action follows Fitch's revision of the Outlook on the United Kingdom's Long-Term Foreign-Currency IDR of 'AA-' to Stable from Negative on 22 March 2024, which was primarily due to reduced policy uncertainty. IFFIm's ratings are driven by the extraordinary support it receives from its donor countries. The 'AA-' rating reflects the lowest rating of IFFIm's largest donor countries: the UK (40% of pledges on a net present value basis), Norway (AAA/Stable; 18%) and France (AA-/Stable; 12%), accounting for 70% of total outstanding pledges as of end-2023.

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: The importance of IFFIm's policy mandate has been strengthening 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, owing to new pledges to expand vaccination programmes in low-income countries, including via COVAX. The increase in funding was supported in 2023 by Spain's commitment of an additional EUR75 million and Canada's pledge of CAD125 million, improving the diversification of IFFIm's funding sources.

Stabilising Leverage: IFFIm's gearing ratio (net debt/adjusted net present value of pledges) stabilised in 2023 at 54.3% following a rise from 40.3% in 2021 to 52.4% in 2022. The institution's debt declined to

USD2.0 billion in 2023 from a peak of USD2.4 billion in 2022 (2021: USD1.8 billion), following the maturity of a USD500 million bond. IFFIm did not undertake capital market activities in 2023 owing to grant payments by donors and ample liquid assets, which were utilised for debt servicing and funding disbursements to GAVI.

Conservative Risk Management: The rating also takes into account IFFIm's 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 73.4% at end-March 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), IFFIm's liquid assets must cover all debt repayments over the next 12 months. At end-2023, liquid assets totalled USD536 million, well above the minimum liquidity needs of USD226 million.

RATING SENSITIVITIES

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

- Negative rating action on one of the key contributing donors with the lowest rating (the UK and France).
- Delays in grant disbursements by key donor countries that might lead to a weakening in our assessment of their propensity to support IFFIm.
- 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:

- Positive rating action on the two key contributing donors with the lowest rating (the UK and France).
- 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.

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.

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Rating Actions

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

ENTITY/DEBT	RATING	RECOVERY	PRIOR
• senior unsecured ^{LT}	AA-	Affirmed	AA-

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◊
NEGATIVE	⊖	◊
EVOLVING	◊	◆
STABLE	◐	

Applicable Criteria

[Supranationals Rating Criteria \(pub.11 Apr 2023\) \(including rating assumption sensitivity\)](#)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

International Finance Facility for Immunisation (IFFIm) UK Issued, EU Endorsed

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