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

Tue 29 Jun, 2021 - 4:19 AM ET

Fitch Ratings - London - 29 Jun 2021: Fitch Ratings has revised the Outlook on International Finance Facility for Immunisation's (IFFIm) Long-Term Issuer Default Rating 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.

The revision of the Outlook mirrors the revision of the Outlook on the UK sovereign's Long-Term IDR, to which IFFIm's ratings are linked (see "Fitch Revises the United Kingdom's Outlook to Stable; Affirms at 'AA-'" at www.fitchratings.com)

KEY RATING DRIVERS

IFFIm's ratings are driven by the lower of the two sovereign ratings of the UK (AA-/Stable) and France (AA/Negative), 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 44% and 21%, respectively, at end-2020.

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.

In response to the on-going Covid-19 pandemic, IFFIm has increased its role in helping support Gavi's vaccination rollout, as well as funding further development and research into the coronavirus. Gavi has raised USD9.6 billion for COVAX Advanced Market Commitment (AMC), with approximately USD1.2 billion to be sourced through IFFIm. Additionally, IFFIm maintains its commitment to Gavi 5.0 (2021-2025) Core Programmes.

IFFIm's ratings are also supported by its conservative prudential framework, including a gearing ratio that caps net debt as a percentage of the adjusted net present value of pledges to 70.5% at end-2020, which is managed by the International Bank for Reconstruction and Development (IBRD; AAA/Stable) in its capacity as treasury manager for IFFIm.

**RATING SENSITIVITIES**

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

- An upgrade of the UK's sovereign IDR would result in an upgrade of 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.

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

- A downgrade of the UK sovereign rating.

- Material delays in grant disbursements by donor countries.

- 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.

**BEST/WORST CASE RATING SCENARIO**

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579.

KEY ASSUMPTIONS

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

SOURCES OF INFORMATION

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

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

Linked to the sovereign ratings of UK and France.

RATING ACTIONS

<table>
<thead>
<tr>
<th>ENTITY/DEBT</th>
<th>RATING</th>
<th>PRIOR</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>ENTITY/DEBT</th>
<th>RATING</th>
<th>PRIOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Finance Facility for Immunisation (IFFIm)</td>
<td>LT IDR</td>
<td>AA- Rating Outlook Stable Afirmed AA- Rating Outlook Negative</td>
</tr>
<tr>
<td><strong>•</strong></td>
<td>ST IDR</td>
<td>F1+ Afirmed F1+</td>
</tr>
<tr>
<td><strong>•</strong>      senior unsecured</td>
<td>LT AA-</td>
<td>Afirmed AA-</td>
</tr>
</tbody>
</table>

**VIEW ADDITIONAL RATING DETAILS**

**FITCH RATINGS ANALYSTS**

**Nick Perry**  
Associate Director  
Primary Rating Analyst  
+40 20 3530 2727  
nick.perry@fitchratings.com  
Fitch Ratings Ltd  
30 North Colonnade, Canary Wharf London E14 5GN

**Enrique Bernardez**  
Director  
Secondary Rating Analyst  
+44 20 3530 1964  
enrique.bernardez@fitchratings.com

**Theresa Paiz-Fredel**  
Senior Director  
Committee Chairperson  
+1 212 908 0534  
theresa.paiz-fredel@fitchratings.com

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

Additional information is available on www.fitchratings.com

APPLICABLE CRITERIA
Supranationals Rating Criteria (pub. 20 May 2021) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES
Dodd-Frank Rating Information Disclosure Form
Solicitation Status
Endorsement Policy

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

DISCLAIMER
ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS. IN ADDITION, THE FOLLOWING HTTPS://WWW.FITCHRATINGS.COM/RATING-DEFINITIONS-DOCUMENT DETAILS FITCH'S RATING DEFINITIONS FOR EACH RATING SCALE AND RATING CATEGORIES, INCLUDING DEFINITIONS RELATING TO DEFAULT. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR WHICH THE LEAD ANALYST IS BASED IN AN ESMA- OR FCA-REGISTERED FITCH RATINGS COMPANY (OR BRANCH OF SUCH A COMPANY) CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH RATINGS WEBSITE.
group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US$1,000 to US$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US$10,000 to US$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

...
SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's Regulatory Affairs page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.