



RATING ACTION COMMENTARY

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.

Feedback

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

ENTITY/DEBT	RATING	PRIOR
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Feedback

ENTITY/DEBT	RATING		PRIOR
International Finance Facility for Immunisation (IFFIm)	LT IDR	AA- Rating Outlook Stable	Affirmed AA- Rating Outlook Negative
●	ST IDR	F1+	Affirmed F1+
● senior unsecured	LT	AA-	Affirmed AA-

[VIEW ADDITIONAL RATING DETAILS](#)

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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

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