MOODY'S INVESTORS SERVICE

ISSUER IN-DEPTH
31 July 2020

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RATINGS

International Finance Facility for Immunisation

	Rating	Outlook
Long-term Issuer	Aa1	STA
Short-term Issuer	P-1	--

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International Finance Facility for Immunisation - Aa1 stable

Annual credit analysis

OVERVIEW AND OUTLOOK

The credit profile of the International Finance Facility for Immunisation (IFFIm, Aa1 stable) reflects very high liquidity, the strong commitment from donor governments and the involvement of the World Bank (IBRD, Aaa stable) as treasury manager. While IFFIm's role as a financing vehicle implies no paid-in-capital or loan portfolio, the supranational's low gearing ratio (as of December 2019, net debt amounted to just 10% of the present value of donor pledges) indicates low leverage and a high level of flexibility in the unlikely event that donor pledges fail to materialize. IFFIm also benefits from a strong liquidity policy, consistently holding liquid assets in excess of annual debt-service needs.

IFFIm's strong gearing and liquidity positions are partially offset by high donor concentration, with the UK (Aa2 negative) and France (Aa2 stable) representing over 80% of remaining pledges as of December 2019. Because its revenue structure is reliant on the receipt of donors' pledges, IFFIm's rating is closely linked to the creditworthiness of its sovereign donors. Donor concentration risk is partially offset by the IBRD's robust risk management framework, which has ample flexibility to adjust leverage and disbursements in the event of negative rating actions on its largest donors, the UK and France.

Positive ratings momentum for IFFIm would emerge if the creditworthiness of its largest donors, the UK and France, were to improve materially. A significant decrease in the concentration of donor pledges would also be credit positive.

Further material deterioration in the creditworthiness of IFFIm's donors could place downward pressure on IFFIm's rating, particularly if a significant deterioration impacts the UK or France, IFFIm's largest donors. A weakening of risk management practices, or a significant increase in leverage would also be credit negative events that could pressure the rating.

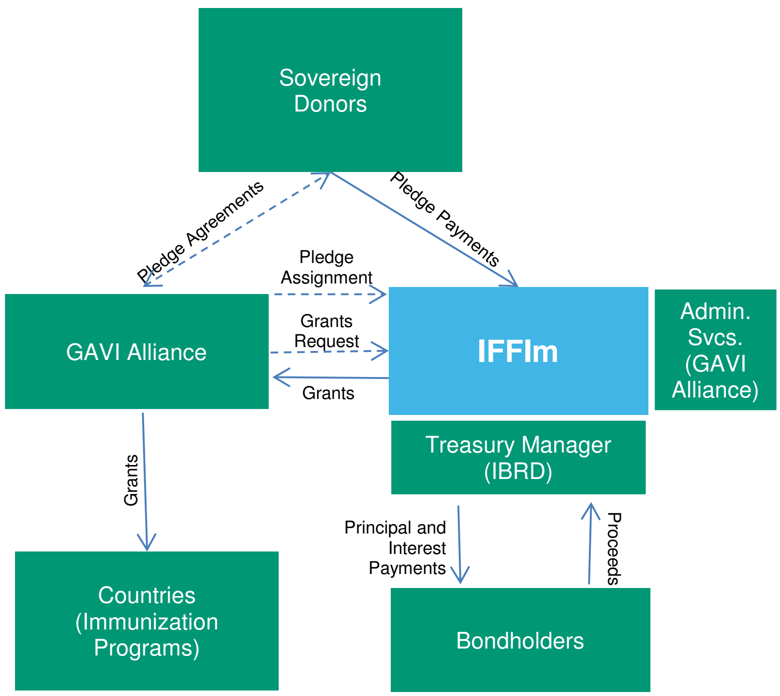
This credit analysis elaborates on IFFIm's credit profile in terms of strength of member support and liquidity and funding, which are the two main analytical factors for Other Supranational Entities in Moody's Supranational Rating Methodology.

Organizational structure and strategy

IFFIm is a multilateral development institution created in 2006 as a financing tool to accelerate and facilitate funding for immunizations carried out by Gavi, the Vaccine Alliance (Gavi),[1] and thereby help the international community in achieving the United Nation's Sustainable Development Goals. IFFIm serves as an additional funding vehicle for Gavi-approved programs and does not have any operations other than making grants to Gavi to finance programs in the world's poorest countries. IFFIm has no employees and therefore receives administrative support from Gavi. Moreover, the IBRD, as treasury manager, conducts IFFIm's financial affairs, including risk management. The role of the IBRD as treasury manager is a significant source of credit strength for IFFIm. The financial and institutional strength of the IBRD allows it to provide innovative risk management solutions, which ultimately benefit IFFIm. IFFIm is incorporated as a private company, registered as a charity in England and Wales, and is governed by its own board of directors.

Sovereign donors enter into pledge agreements with Gavi, setting a total amount to be paid according to a schedule over a set period. Gavi assigns IFFIm the right to receive the cash as it comes in and IFFIm uses this right to future cash flows to access the international debt markets. The proceeds from IFFIm's bond issues are granted to Gavi-approved immunization programs. IFFIm uses the cash from scheduled donor payments to service debt and cover operating expenses (see Exhibit 1).

Exhibit 1
IFFIm's organizational structure



Sources: IFFIm and Moody's Investors Service

Donors may restrict their payments by set percentages if countries eligible to receive vaccines through Gavi fall into protracted arrears with the IMF (that is, more than six months). As a result, if enough countries were in arrears to the IMF at the same time, the amount of payments to IFFIm could in some circumstances be less than the amount needed to service debt. However, protracted arrears to the IMF are a rare event.[2] Indeed, currently only one country (Sudan) of IFFIm's 70-country reference portfolio is in protracted arrears to the IMF. Over 2019, two countries (Somalia and Sudan) were in protracted arrears and as such grantor payments in 2019 were reduced by 1.5% compared to committed amounts, a reduction that had no impact on IFFIm's creditworthiness.

CREDIT PROFILE

Our determination of a supranational's rating is based on three rating factors: capital adequacy, liquidity and funding and strength of member support. For Other Supranational Entities, strength of member support is the key driver of our assessment of the institution's credit profile. Additional considerations on liquidity and funding, and other qualitative adjustments including risks stemming from the operating environment or the quality of management, are incorporated to provide the rating range. For more information please see our Supranational Rating Methodology.

Strength of member support score: a1

Factor 1: Strength of member support

Scale	aaa	aa1	aa2	aa3	a1	a2	a3	baa1	baa2	baa3	ba1	ba2	ba3	b1	b2	b3	caa1	caa2	caa3	ca	c	
+					Assigned																	-

Sub-factor scores	
Ability to support	aa3
Willingness to support: Non-contractual	High

Shareholders' support for an institution is dependent on the ability and willingness of the members. Ability to support is reflected by the shareholders' credit quality. Willingness to support takes into consideration (1) the members' contractual obligations that primarily manifest in the callable capital pledge, a form of emergency support, and (2) other non-contractual manisfestations of support to the institution's financial standing and mission. Strength of member support can increase the preliminary rating range determined by combining factors 1 and 2 by as many as three scores.

Note: In case the Adjusted and Assigned scores are the same, only the Assigned score will appear in the table above.

We assess IFFIm's strength of member support at "a1." In addition to pledges being legal obligations, the majority of pledged support to IFFIm come from donors with high credit ratings who have shown strong commitment to supporting IFFIm's mission. Our final assessment of strength of member support balances the donors' ability and willingness to honor pledges with the concentration risk inherent in IFFIm's donor structure.

Ability to honor pledges remains very strong despite concentration risk and some uncertainty

While IFFIm does not have capital, the sovereign donor commitments are legally binding and enforceable payment obligations. Given the legal characteristics of these pledges, we consider these donor obligations as analogous to capital contributions. For most of the supranationals we rate, the strength of member support score is built around sovereigns' capital contributions to the supranational institutions. In particular, the ability to support score is determined by the weighted average shareholder rating. As we consider outstanding donations analogous to capital subscriptions, we calculate the weighted average donor rating at Aa3.

At inception, IFFIm had six original donors: UK, France, Italy (Baa3 stable), Norway (Aaa stable), Spain (Baa1 stable) and Sweden (Aaa stable). Over time, donors have both increased their pledges (such as Norway in 2019 and 2020), while new donors have joined IFFIm – the latest example is Brazil (Ba2 stable) joining in October 2018. Exhibit 2 provides a breakdown of remaining donor pledges as of December 2019. In June 2020, during the Global Vaccine Summit, Italy, Norway, the Netherlands and Spain announced additional pledges to IFFIm totaling US$ 926 million. In addition, Norway pledged an additional NOK 2 billion (equivalent of approximately $200 million) to IFFIm to frontload its contribution to the Coalition for Epidemic Preparedness Innovations (CEPI), a Gavi approved program, to support research and development for COVID-19 vaccines.

Pledges are considerably concentrated, with the UK, France and Italy accounting for almost 90% of remaining pledges. This introduces risk to the weighted average donor rating, especially as both the UK and Italy have experienced negative credit pressures in recent years. The UK, which accounts for almost 50% of remaining pledges, continues to face uncertainty given the complexity of implementing Brexit. The UK's sovereign rating would come under pressure if we concluded that the economic impact of the decision to leave the EU would be more severe than currently expected – for instance, if the UK were to leave without a deal. Similarly, IFFIm's third largest donor, Italy has also presented some uncertainty regarding its public debt and fiscal strategy; we consider the coronavirus pandemic to pose significant downside risks to Italy's growth outlook and fiscal and debt metrics. By contrast, IFFIm's second major donor, France, had until recently seen upward pressure on its credit profile. Continued improvements in France's credit profile would in turn aid IFFIm's creditworthiness.

Exhibit 2
Donor pledges indicate significant concentration
(as of December 2019, $ million unless otherwise noted)

Country	Date of first pledge	Total ammount pledge	Remaining pledges	Share of remaining pledges	Moody's Credit Rating and Outlook	
United Kingdom	October 2006	2903	1387	49.2%	Aa2	NEG
France	October 2006	1856	925	32.8%	Aa2	STA
Italy	October 2006	619	205	7.3%	Baa3	STA
Spain	March 2011	234	70	2.5%	Baa1	STA
Norway	October 2006	258	23	0.8%	Aaa	STA
Sweden	October 2006	37	5	0.2%	Aaa	STA
South Africa	December 2009	20	7	0.2%	Ba1	NEG
Netherlands	October 2018	176	16	0.6%	Aaa	STA
Australia	March 2007	277	165	5.8%	Aaa	STA
Brazil	October 2018	18	16	0.6%	Ba2	STA
Total		**6397**	**2819**			

Note: Pledges have been adjusted by the “high level condition.”
Sources: IFFIm and Moody's Investors Service

While a reduction in donor creditworthiness would impact IFFIm's own creditworthiness, key donors that have faced negative credit pressures in recent years have continued to display a strong ability and willingness to honor their pledges to IFFIm. Additionally, despite recent weaknesses, all donors have investment-grade rating, with the exception of Brazil and South Africa (Ba1 negative), which both account for under 1% of pledges. This indicates that there is a very high likelihood that IFFIm will receive the pledges as promised from the sovereign donors with no, or minimal, delays or reductions.

In addition, the annual commitment for each donor is small in the context of the government's total budget. For example, the UK government's annual commitment, while varying by year, averages around £80 million, approximately 0.01% of its total annual revenue. Similarly, France's annual commitment to IFFIm represents an extremely small portion of its total annual budget of around 0.01% of revenue. It seems unlikely, given the relative affordability of the annual amounts, that donors will renege on their commitments.

Willingness to honor pledges supported by effective delivery of IFFIm's mandate

With IFFIm, as with all supranationals, we assess the willingness of members to provide support in light of the importance of the institution to the member. Regional multilateral development banks, as enactors of economic public policy, are often of strong economic importance to their sovereign members. This is not the case for IFFIm given that Gavi is a charity organization and all immunization programs are located exclusively in non-donor countries. Therefore, the importance to the donors rests on the importance of the charity mandate and IFFIm's ability to help Gavi fulfill that mandate.

Gavi and the financing provided through IFFIm are an integral part of delivering on the United Nations' Sustainable Development Goals. The likelihood that a donor would abandon these goals once they have committed is very low, not just because of the gravity of the goal, but also because of the negative political repercussions stemming from a lawsuit over failure to honor commitments to fund immunizations.

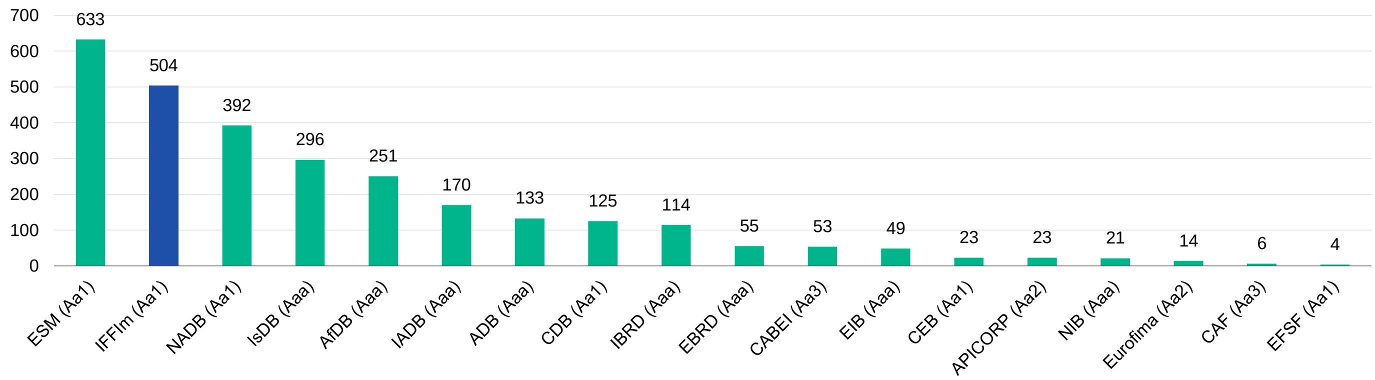
In addition, there are no serious questions about IFFIm's role in helping to reach this goal. Independent reviews conducted in recent years and separately commissioned by several different stakeholders spoke positively about IFFIm's effectiveness in accelerating and facilitating funding for Gavi. Furthermore, governments continue to view IFFIm as an attractive avenue through which to aid Gavi. In October 2018, Brazil pledged $20 million to IFFIm for the following 20 years. In December 2018, Gavi approved a proposal to support the Coalition for Epidemic Preparedness Innovation (CEPI) through the issuance of debt instruments backed by a Norwegian pledge of around $70 million. In July 2020, IFFIm announced that Norway made an additional pledge of around $200 million, which was leveraged by a 2 billion NOK IFFIm bond issuance. Given the current environment and urgency of developing a vaccine to immunize against the coronavirus, the relevance of Gavi and IFFIm in channeling urgent vaccination to low-income countries has increased. Gavi will likely play an important role in this respect once a vaccine against the virus is developed, and donors are likely to use IFFIm as a financing vehicle to support Gavi's mission.

Pledges remain substantial when compared to outstanding debt

As a measure of sustainability of IFFIm's finances, we can compare IFFIm's outstanding debt to the value of the remaining pledges. Because we consider donor obligations as analogous to capital contributions in MDBs, this yields a ratio analogous to the callable capital over total debt ratio. In the specific case of IFFIm, we consider the nominal value of the donors' remaining pledges as a measure of callable capital, and find that IFFIm compares favorably to supranationals rated Aaa thru Aa3 (see Exhibit 3).

Exhibit 3

Donor pledges showcase significant donor support
(Callable capital as % of total debt, latest data available)



Source: Moody's Investors Service

IFFIm uses a similar metric to ensure its financial sustainability. IFFIm's treasury manager has set a limit on IFFIm's debt stock, using a gearing ratio, defined as total debt net of cash holdings (i.e., net debt) over the present value of donor pledges. As of year-end 2019, the gearing ratio was 10%, well below the current gearing ratio limit (GRL) of around 70%. In 2013, IBRD, as treasury manager, added a risk management buffer of 12% to the gearing ratio limit to cover additional risk related to derivative transactions entered into between IFFIm and IBRD, which raised the IBRD's exposure to IFFIm above its own risk thresholds. The buffer brought the GRL to 58%. In 2020, the 12% buffer was removed as IBRD and IFFIm entered into another derivative transaction that "re-couponed" IFFIm's and IBRD's existing derivative transactions, which the IBRD then hedged itself with market counterparts. As a result, IBRD's exposure to IFFIm fell, which allowed for the removal of the 12% buffer.

Throughout IFFIm's existence, the observed gearing ratio has remained well below its limit. At the start, the ratio rose as IFFIm issued debt and disbursed funds to Gavi. After 2013, however, the ratio started decreasing as a result of a slowdown in debt issuance, a steady stream of pledges and limited disbursements to Gavi. In the coming years, we expect the ratio to rise once again as IFFIm plans to accelerate both debt issuance and disbursement of funds to Gavi. It is important to note that despite the existence of a maximum level, the treasury manager is under no obligation to reach that level.

Liquidity and funding score: Very High

Factor 2: Liquidity and funding

Scale	Very High	High	Medium	Low	Very Low
+	Assigned				-

Sub-factor scores

Liquid resources	**aaa**
Quality of funding	**aa**

An institution's liquidity is important in determining its ability to meet its financial obligations. We evaluate the extent to which liquid assets cover net cash flow over the coming 18 months and the stability and diversification of the institution's access to funding.

Note: In case the Adjusted and Assigned scores are the same, only the Assigned score will appear in the table above.

We assess IFFIm's liquidity at "Very High," reflecting a prudent liquidity policy, the role of the IBRD as risk manager of its investment portfolio, as well as our view of high access to financial markets to issue bonds.

Liquidity policy ensures ample coverage of upcoming financial obligations

As stated by IFFIm, its liquidity policy aims to ensure an adequate level of liquid assets to meet its operational requirements, provide predictability of program funding and support its credit rating. To this end, the policy sets a prudential minimum level of liquidity equivalent to IFFIm's cumulative contracted debt-service payments for the next 12 months, in line with the liquidity policies of other highly rated supranationals.

The treasury manager recalculates and resets the prudential minimum once every quarter. We consider this policy to be very strong because it ensures the ability to service debt for one year in the unlikely event that IFFIm loses market access and is unable to rollover existing debt.

IFFIm has consistently held more liquid assets than the prudential minimum set by the policy. As of year-end 2019, the minimum liquidity by IFFIm's policy was $338 million, below the value of IFFIm's actual liquid assets, which amounted to $428 million, about 1.26x the prudential minimum. IFFIm's infrequent market issuance has resulted in some volatility in its maturity profile over the years, although until relatively recently the majority of debt maturities was concentrated in the medium term. Limited issuance in recent years led to a material worsening in the maturity profile of the debt stock in 2018-19 (see Exhibit 4). However, we expect the maturity profile to improve once again as IFFIm tapped markets in mid-2020 with a 10-year amortizing bond, and we expect it to issue again later in 2020. We continue to expect IFFIm to easily retain access to markets and to improve its overall maturity profile relative to year-end 2019.

Exhibit 4
IFFIm has mostly historically kept its maturity profile concentrated in the medium term
(% of total)

	2012	2013	2014	2015	2016	2017	2018	2019
1 year or less	21%	33%	22%	47%	38%	25%	54%	61%
1-5 years	74%	64%	74%	51%	59%	70%	36%	30%
Over 5 years	5%	3%	4%	2%	3%	5%	10%	9%

Source: IFFIm

World Bank involvement in treasury operations and risk management provides institutional strength

The IBRD carries out IFFIm's financial management function under rules set forth in the Treasury Management Agreement (TMA). As such, there is active management of cash flows, investments and disbursements by a strong institution with a long track record. The TMA is renewed every five years, most recently in 2016.

The IBRD's financial management is very strong, a factor in its own Aaa rating and a strong supporting factor for IFFIm's Aa1 rating. The IBRD's involvement in establishing and managing IFFIm's gearing ratio, liquidity policy and debt maturity structure provides confidence that debt repayments will be made on time. The treasury manager has flexibility in delaying commitments and disbursements for programs to be within the desired gearing ratio and to maintain liquidity according to the established policy. Furthermore, it has, perhaps more than any other organization, a sense of the credit quality of recipient countries. It will therefore be able to adjust IFFIm's financial metrics in advance in the event of a reduction in donors' scheduled payments, as a result of the grant payment condition, to safeguard IFFIm debt repayment capacity.

As IFFIm's treasury manager, the IBRD carries out the entity's asset & liability management, namely the management of IFFIm's market risk stemming from foreign-exchange rate and interest-rate risks. Almost all sovereign pledges are denominated in local currency and not in US dollars, and some outstanding bonds are denominated in other currencies. In addition, interest rate fluctuations can impact the value of sovereign pledges and bonds. To hedge against interest rate and exchange rate risks, IFFIm enters into US dollar floating-rate swaps. Counterparty risk is low because the swap contracts are with the IBRD.

The treasury manager invests liquid assets on IFFIm's behalf according to the following very conservative guidelines, which are similar to the IBRD's own guidelines, and whose goal is to preserve capital rather than generate earnings:

» Money market instruments must be issued or guaranteed by financial institutions rated A3 or higher

» Foreign-currency government and agency obligations must be rated Aa3 or higher

» Local-currency government obligations carry no rating minimum, but are subject to credit approval on a country-by-country basis

» Agency or instrumentality of a government, multilateral organization, or other official entity must be rated Aa3 or higher

» Asset-backed securities must be rated Aaa

» Corporate securities must be rated Aaa

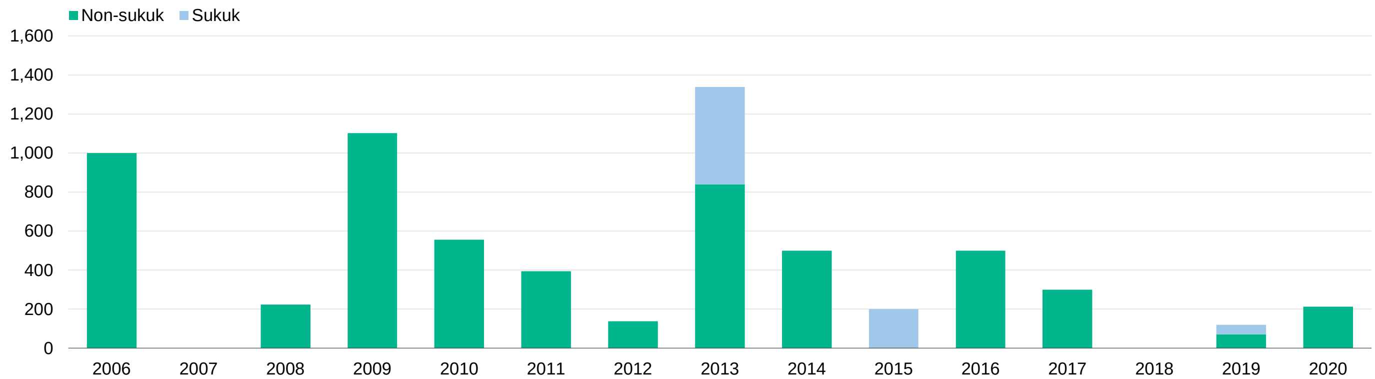
Market funding access is high due to diversified investor base

IFFIm's borrowing program can be characterized as modest in size yet diversified. By year-end 2019, total bond issuance since inception amounted to just over $6.0 billion with most of it issued in 2006, 2009, 2010, and 2013 (see Exhibit 5).

Bonds are issued in four markets: Japan (A1 stable), the UK, Australia (Aaa stable) and the Eurobond market. IFFIm has also entered the sukuk market, securing a total of $750 million over three issues (2014, 2015, and 2019). The latest non-sukuk issuance was an NOK 2 billion bond in July 2020. Given its global funding base, and to hedge currency and interest-rate risk, all bonds are swapped at issuance into US dollar floating rate.

Exhibit 5

IFFIm has had a modest borrowing program
($ million, as of July 2020)



Sources: IFFIm and Moody's Investors Service

Despite having a sovereign donor base that is mainly European, including several euro area members, IFFIm has been able to maintain its very low borrowing rates over recent years. Unlike Europe-based MDBs, IFFIm's borrowing costs were not stressed at the height of the European debt crisis. This can be largely attributed to the reputational benefits of having the IBRD as its treasury manager. We view it as unlikely that there will be disruption in IFFIm's market access, but the liquidity policy discussed above provides additional protection for bondholders.

Other elements related to intrinsic financial strength

The absence of capital in IFFIm's balance sheet means that, unlike the case of multilateral development banks, we are limited in the assessment of the institution's intrinsic financial strength. It also makes a capital adequacy analysis less relevant to determine its creditworthiness. Additionally, given that IFFIm only provides grants to Gavi, and thus lacks a loan portfolio, it is not exposed to the same credit risk that multilateral development banks experience in the form of borrower quality and asset performance.

Nonetheless, IFFIm's gearing policy provides a similar point of reference to assess its solvency as the leverage ratio (debt-to-equity) does for multilateral development banks (MDBs). As such, even though these factors are not incorporated into the scorecard that accompanies the supranational rating methodology, the gearing ratio evolution provides additional information to our analysis of IFFIm's credit profile.

As a financing vehicle, IFFIm's operations and leverage capability are largely dependent on donors' payments. In order to determine an appropriate level of leverage, IFFIm manages bond issuances against the present value of expected future cash flows from grantor pledges, which allows IFFIm to front-load its debt issuance. The residual, which is still available to IFFIm over time, creates a cushion to protect bondholders against adverse credit events, namely a reduction in donor payments.

We deem it unlikely that reductions in donors' scheduled payments would occur to the extent that IFFIm's ability to service debt would be jeopardized. Supporting this view is the fact that the IBRD, as treasury manager, oversees this risk by monitoring and setting a limit on IFFIm's gearing ratio, defined as total debt net of cash holdings (net debt) over the present value of donor pledges. Currently, the gearing ratio limit (GRL) is around 70%. Between 2013 and early 2020 the GRL was lowered by 12 percentage points because the IBRD had entered derivative transactions with IFFIm that exceeded the IBRD's own risk thresholds. In 2020, the 12 percentage point buffer was removed as a financial operation reduced IBRD's risk exposure via these transactions.

As of year-end 2019, the gearing ratio was 10%, well below the GRL. Throughout IFFIm's existence the observed gearing ratio has remained well below its limit. At the start, the ratio rose as IFFim issued debt and disbursed funds to Gavi. After 2013, however, the ratio started decreasing as a result of a slowdown in debt issuance, continually arriving pledges and limited disbursements to Gavi. In the coming years, we expect the ratio to rise once again as IFFIm plans to accelerate both debt issuance and disbursement of funds to Gavi. It is important to note that despite the existence of a maximum level, the treasury manager is under no obligation to reach that level.

The IBRD models the risks associated with reductions in donors' scheduled payments, either stemming from recipient countries going into arrears with the IMF or due to delays in disbursement on the pledge contract with IFFIm. The IBRD's model builds in the risk of either of these reductions and can be adjusted as risks increase, with the ultimate goal of minimizing the potential that a shortfall in cash inflows would prevent the timely payment of debt obligations. It is a solvency model over the remaining life of IFFIm. The IBRD calibrates the gearing limit model to maintain a Aaa-consistent expected loss on IFFIm's bonds.

The limit on the gearing ratio provides a cushion as it keeps the amount of net debt at a level that is below the present value of cash inflows from donors' scheduled pledge payments. This cushion can absorb a significant amount of risk stemming from grant payment conditionality, as well as some risk that donors' payments will fall short of the committed amount.

In our view, the strength of the GRL is not only a function of how well the risks are modeled to set the limit, but also of (1) the flexibility of the limit to account for increasing risks and, more importantly, (2) the flexibility for the treasury manager to delay grant commitments and disbursements to Gavi with respect to the GRL. If the treasury manager believes that a large number of countries will go into arrears or that donors' finances are facing stress that would hinder their ability to pay-in according to the pledge schedule, it could delay further approvals for Gavi grants until the gearing ratio falls comfortably below the guiding limit. We view this to be a very strong credit enhancement as it can dynamically absorb a significant amount of the risks that IFFIm faces. The institutionalized priority on timely debt servicing plays a large role in IFFIm's Aa1 rating.

Qualitative adjustments

Qualitative adjustments

Adjustments	
Operating environment	0
Quality of management	0

The strength of member support and liquidity and funding factors represent the key drivers of our assessment of an institution's financial strength. However, assessments of the operating environment and the quality of management are also important components of our analysis. To capture these considerations, we may adjust the preliminary outcome that results from the strength of member support factor and the liquidity and funding factor.

We have not applied qualitative adjustments in our assessment of IFFIm's credit profile.

ESG considerations

How environmental, social and governance risks inform our credit analysis of IFFIm

Moody's takes account of the impact of environmental (E), social (S) and governance (G) factors when assessing supranational issuers' credit profile. In the case of IFFIm, the materiality of ESG to the credit profile is as follows:

Environmental considerations are not material for IFFIm's rating given its mandate to channel donor funding to Gavi.

Moody's considers the coronavirus outbreak as a social risk. In this context, social considerations are relevant for IFFIm's ratings given its mandate to channel donor funding to accelerate vaccination by Gavi, which will likely play an important role in expanding vaccination against the coronavirus to low-income countries. This could increase the degree of leverage and needed donor support to IFFIm.

Governance considerations are material for IFFIm's credit profile, given relatively concentrated donor pledges, with the UK, France and Italy accounting for almost 90% of pledges. This introduces risk to the weighted average donor rating, especially as both the UK and Italy have experienced negative credit pressures in recent years. The role of the IBRD in risk management is also material for IFFIm's credit profile in mitigating concentration risks.

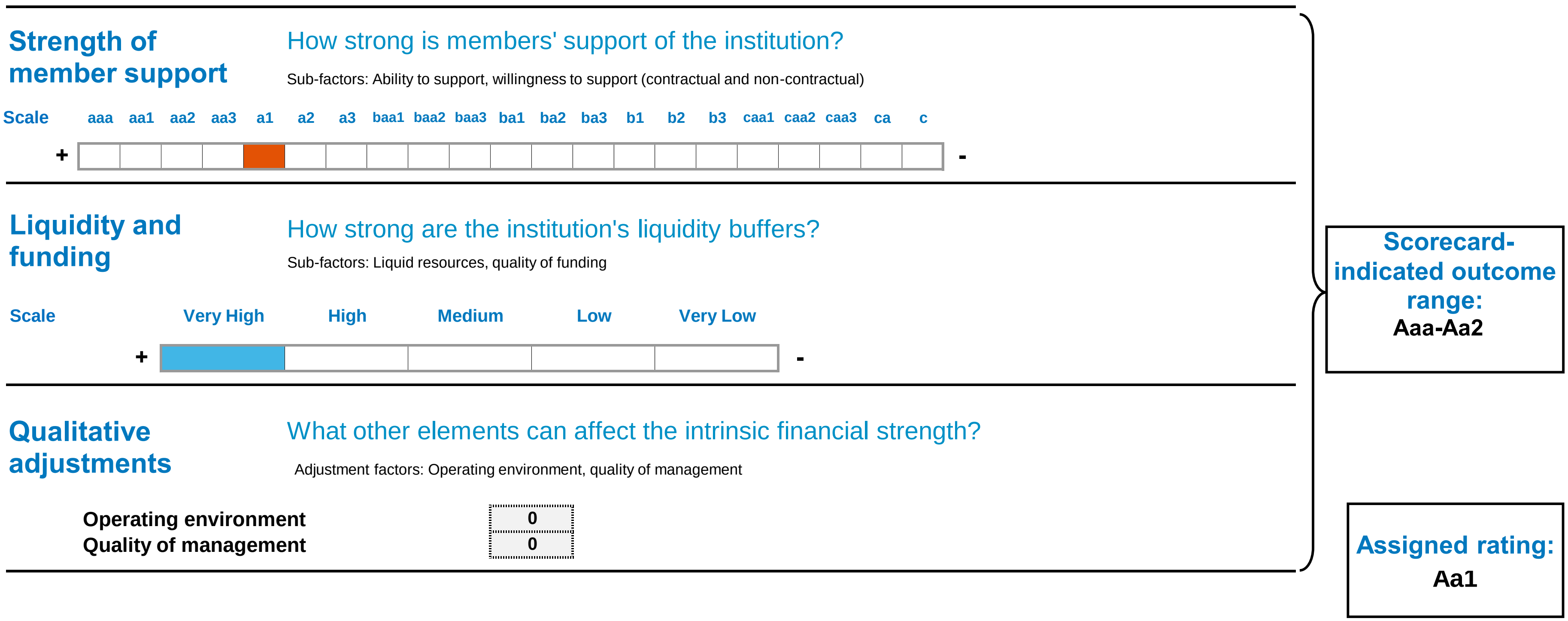
All of these considerations are further discussed in the "Credit profile" section above. Our approach to ESG is explained in our cross-sector methodology General Principles for Assessing ESG Risks. Additional information about our rating approach is provided in our Supranational Rating Methodology.

Rating range

Combining the scores for individual factors provides an indicative rating range. While the information used to determine the grid mapping is mainly historical, our ratings incorporate expectations around future metrics and risk developments that may differ from the ones implied by the rating range. Thus, the rating process is deliberative and not mechanical, meaning that it depends on peer comparisons and should leave room for exceptional risk factors to be taken into account that may result in an assigned rating outside the indicative rating range. For more information please see our Supranational Rating Methodology.

Exhibit 6

Supranational rating metrics: IFFIm



Source: Moody's Investors Service

DATA AND REFERENCES

Rating history

Exhibit 7

IFFIm [1]

	Issuer Rating		Senior Unsecured	Outlook	
	Long-term	Short-term			Date
Outlook Changed				STA	08/06/2014
Rating Lowered	Aa1		Aa1		03/05/2013
Outlook Changed				NEG	12/14/2012
Rating Assigned		P-1	Aaa		11/06/2006
Changed to definitive from prospective	Aaa				10/02/2006
Outlook Assigned				STA	08/30/2006
Rating Assigned	(P)Aaa				08/30/2006

Notes: [1] Table excludes rating affirmations. Please visit the issuer page for IFFIm for the full rating history.
Source: Moody's Investors Service

Annual statistics

Exhibit 8
IFFIm

Balance Sheet, USD Thousands	2013	2014	2015	2016	2017	2018	2019
Assets							
Cash & Equivalents	22	3,349	1,197	81	14	1,978	15
Securities	1,024,771	1,011,747	985,108	863,214	911,776	816,964	427,925
Derivative Assets	55,692	2,494	14,915	10,827	1,817	3,688	2,105
Net Loans	0	0	0	0	0	0	0
Net Equity Investments	0	0	0	0	0	0	0
Other Assets	3,362,170	3,152,876	2,735,697	2,355,136	2,588,323	2,250,599	2,073,947
Total Assets	**4,442,655**	**4,170,466**	**3,736,917**	**3,229,258**	**3,501,930**	**3,073,229**	**2,503,992**
Liabilities							
Borrowings	2,168,030	1,892,780	1,605,984	1,381,669	1,181,141	886,338	509,801
Derivative Liabilities	1,194,230	1,088,961	859,903	577,518	768,689	530,442	521,376
Other Liabilities	507,780	508,327	507,776	458,101	508,032	458,019	358,550
Total Liabilities	**3,870,040**	**3,490,068**	**2,973,663**	**2,417,288**	**2,457,862**	**1,874,799**	**1,389,727**
Net Assets/Restricted Funds							
Net Assets/Restricted Funds	**572,615**	**680,398**	**763,254**	**811,970**	**1,044,068**	**1,198,430**	**1,114,265**
Memo items							
Off-balance sheet borrowings:							
IFFIm Sukuk Company Limited	0	0	499,000	502,000	0	0	0
IFFIm Sukuk Company II Limited	0	0	199,000	200,000	200,000	0	0
IFFIm Sukuk Company III Limited	0	0	0	0	0	0	50,000

Source: Moody's Investors Service

Exhibit 9
IFFIm

Income Statement, USD Thousands	2013	2014	2015	2016	2017	2018	2019
Net Interest Income	**-73,960**	**-48,378**	**-28,570**	**-9,630**	**-7,542**	**-3,576**	**2,428**
Interest Income	3,752	2,950	4,784	8,224	15,043	20,648	23,371
Interest Expense	77,712	51,328	33,354	17,854	22,585	24,224	20,943
Net Non-Interest Income	**224,967**	**162,524**	**116,215**	**112,599**	**293,753**	**162,711**	**133,704**
Other Income	224,967	162,524	116,215	112,599	293,753	162,711	133,704
Other Operating Expenses	**8,699**	**6,363**	**4,789**	**54,253**	**54,113**	**4,773**	**220,297**
Administrative, General, Staff	4,977	5,111	4,163	4,026	3,746	3,925	4,159
Grants & Programs	0	0	0	50,000	50,000	0	215,700
Other Expenses	3,722	1,252	626	227	367	848	438
Pre-Provision Income	**142,308**	**107,783**	**82,856**	**48,716**	**232,098**	**154,362**	**-84,165**
Loan Loss Provisions (Release)	0	0	0	0	0	0	0
Net Income (Loss)	**142,308**	**107,783**	**82,856**	**48,716**	**232,098**	**154,362**	**-84,165**
Other Accounting Adjustments and Comprehensive Income	0	0	0	0	0	0	0
Comprehensive Income (Loss)	**142,308**	**107,783**	**82,856**	**48,716**	**232,098**	**154,362**	**-84,165**

Source: Moody's Investors Service

Exhibit 10

IFFIm

Financial Ratios	2013	2014	2015	2016	2017	2018	2019
Capital Adequacy, %							
Return On Average Assets	3.3	2.5	2.1	1.4	6.9	4.7	-3.0
Net Interest Margin	-7.2	-4.8	-2.9	-1.1	-0.8	-0.4	0.6
Liquidity, %							
Quality of Funding Score (Year-End)	--	--	--	--	--	aaa	aaa
Liquid Assets / ST Debt + CMLTD	141.4	240.4	130.8	162.3	312.5	162.2	129.1
Liquid Assets / Total Debt	47.3	53.6	61.4	62.5	77.2	92.4	83.9
Liquid Assets / Total Assets	23.1	24.3	26.4	26.7	26.0	26.6	17.1
Strength of Member Support, %							
Weighted Average Shareholder Rating (Year-End)	Aa3	Aa2	Aa3	Aa3	Aa3	Aa3	Aa3
Callable Capital / Gross Debt	232.5	250.0	190.6	193.0	264.7	366.5	503.6

Source: Moody's Investors Service

Moody's related publications

- **Credit Opinion:** International Finance Facility for Immunisation (IFFIm) – Aa1 stable: Update following rating affirmation, outlook unchanged, 29 July 2020
- **Rating Action:** Moody's affirms Aa1 ratings of the International Finance Facility for Immunisation (IFFIm); maintains stable outlook, 28 July 2020
- **Sector In-Depth:** Supranational Issuers – Global: FAQ on MDB credit quality in the context of the coronavirus outbreak, 13 May 2020
- **Rating Methodology**: Multilateral Development Banks and Other Supranational Entities, 25 June 2019

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Related websites and information sources

- Sovereign and supranational risk group web page
- Sovereign and supranational rating list
- International Finance Facility for Immunisation (IFFIm) website

Endnotes

1 Gavi is a charity established in 2000. As a public-private partnership, Gavi's donors are governments, corporations, foundations and private individuals.

2 Since 1975, there has been an average of five countries in arrears from IFFIm's reference portfolio. The highest number of countries in arrears in any single year was 11, in both 1988 and 1989. Had IFFIm existed then, the reduction in donor payments would have been 17% from the committed amounts.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

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