

International Finance Facility For Immunisation Outlook Revised To Stable On Improved U. K. Rating Outlook

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Overview

- On Oct. 26, 2010, Standard & Poor's revised its outlook on the 'AAA' rating on the U.K. to stable from negative.
- The U.K. accounts for roughly half of the dollar value of grants to be provided to the International Finance Facility for Immunisation (IFFIm).
- Reflecting the commitment of the U.K., we are revising the outlook on IFFIm to stable from negative.
- We are affirming our 'AAA' issuer credit rating on IFFIm.

Rating Action

On Nov. 3, 2010, Standard & Poor's Ratings Services affirmed the 'AAA' issuer credit rating on the International Finance Facility for Immunisation (IFFIm). In addition, we revised the outlook on the rating to stable from negative. The revision follows the Oct. 26, 2010, revision in the outlook on Standard & Poor's 'AAA' rating on the U.K. to stable from negative. The U.K. accounts for roughly half of the dollar value of grants to be provided to IFFIm over time by U.K., France, Italy, Norway, Spain, the Netherlands, Sweden, and South Africa. With the U.K. outlook revision, 86% of IFFIm's pledged contributions are backed by governments rated 'AAA' with a stable outlook.

Rationale

The ratings on IFFIm reflect the commitment of its highly rated donor governments to its mandate of supporting child immunization programs in the poorest of the world's developing countries.

Established in 2006, IFFIm is a company registered as a U.K. charity. Its purpose is to accelerate the funding of the immunization and vaccine procurement programs of the Global Alliance (GAVI), a public-private partnership. Seventy-two of the world's poorest countries are eligible for grants from GAVI, 70 of which are eligible to receive funds raised by IFFIm. All of IFFIm's treasury functions are performed by the World Bank.

Standard & Poor's ratings and outlook on IFFIm reflect the underlying debt ratings of the donor governments. Should the ratings or outlooks on the principal donors change, those on IFFIm could change as well. Our IFFIm rating and outlook also rest on our assumption that the donors' pledges are nearly as certain to be paid as their debt service. This assumption is based not only on the legally binding nature of the commitments but also on the IFFIm's politically compelling mandate, and donor support for the execution of that mandate by GAVI. The rating also assumes that the number of recipient governments that run protracted arrears to the International Monetary Fund (IMF) will not significantly exceed historical peak periods, as donor grants are conditioned on recipients treating the IMF as a preferred creditor.

Outlook

The stable outlook on IFFIm reflects Standard & Poor's expectation that donor governments will maintain their ratings and meet their commitments to IFFIm. It also reflects our expectation that the protracted arrears to IMF of the 70 IFFIm-eligible countries—especially in the latter years of IFFIm's activities—will not substantially exceed expectations based upon historical experience. If these assumptions do not hold, in particular if the ratings or outlooks on the principal 'AAA' rated shareholders were to change, downward pressure on IFFIm's ratings would build.

Ratings List

Ratings Affirmed; Outlook Action

	To	From
International Finance Facility for Immunisation Sovereign Credit Rating	AAA/Stable/A-1+	AAA/Negative/A-1+
Ratings Affirmed		
International Finance Facility for Immunisation Senior Unsecured	AAA	

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