

**Rating Action: Moody's assigns program (P)Aaa rating to IDA's Global Debt Issuance Facility**

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Global Credit Research - 23 Mar 2018

New York, March 23, 2018 -- Moody's Investors Service has assigned a program rating of (P)Aaa to the Global Debt Issuance Facility ("the Program") of the International Development Association (IDA), which plans to issue notes as a part of the agreements reached during its replenishment negotiations to change its financing model to leverage its equity.

The payment obligations associated with these notes are direct, unsecured obligations of IDA ranking pari passu with all its other unsecured and unsubordinated obligations. The program rating mirrors IDA's long-term issuer rating of Aaa.

Assignments:

Issuer: International Development Association

Senior Unsecured Medium-Term Note Program, Assigned (P)Aaa

**RATINGS RATIONALE**

IDA intends to use the proceeds from future issuances to support the financing of its sustainable development projects and programs in IDA's member countries.

IDA's Aaa rating is anchored by the institution's credit strengths, which include: its exceptionally high and stable capitalization; robust liquidity levels provided by its low debt-service requirements and substantial liquid assets; preferred creditor status; and strong extraordinary shareholder support.

IDA's main credit challenges stem from its development mandate, which require it to lend to riskier sovereigns, some of which have no or very limited access to capital markets. As a result, IDA could, albeit with low probability, experience a sharp increase in non-performing loans should there be simultaneous financial crises in several large borrowers, or a regional crisis in one of the largest borrowing regions. In addition, key contributing member countries (donor countries) could, again with low probability, forego or significantly downsize their contributions to regular replenishments.

IDA's ratings have been assigned by evaluating factors relevant to the specific characteristics of multilateral development banks (MDBs), reflecting in particular their dual nature as financial institutions and vehicles of international public policy. MDB rating factors include an assessment of the stand-alone financial strength of the institution (in particular its level of capitalization, liquidity, its risk management framework and the quality of its assets), as well as the multiple forms of support (including in contractual form) provided by the governments that compose its membership. These attributes were compared against other similar institutions and IDA's ratings were calibrated against Moody's global scale. IDA's ratings are believed to be similar to other issuers presenting comparable credit risk.

The principal methodology used in this rating was Multilateral Development Banks and Other Supranational Entities published in March 2017. Please see the Rating Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

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