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Fitch Exposure Draft: Rating Public Sector Counterparty Obligations in PPP Transactions.

This exposure draft outlines Fitch Ratings' proposed global approach to rating the obligations of a public sector grantor (grantor) under a concession, lease or other agreement (referred to herein as a "framework agreement") used to support a public private partnership (PPP) financing for public infrastructure assets. Such ratings are an input in the rating process for PPP transactions.

The criteria establish a globally consistent framework to:

- Determine if the PPP framework agreement qualifies for assignment of a counterparty rating.
- Establish a methodology for notching from the general credit quality of the public sector counterparty to reflect any perceived higher risk of default under a framework agreement.
- Guide how to consider the PPP obligation in the public sector counterparty's general credit rating (as expressed in the IDR) as well as how late payment or rejection of an obligation under the framework agreement would be reflected in the counterparty's IDR.

Public sector counterparties considered in these criteria include sovereign, state, provincial, regional and local governments, departments and agencies thereof, as well as public sector entities. Not all rating factors outlined in this report apply to each individual rating. Each specific rating report discusses those factors most relevant to the individual rating assignment.

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