

Bond Case Briefs

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Fitch: Rating Public-Sector Counterparty Obligations in PPP Transactions.

These criteria outline Fitch Ratings' 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 a 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; and 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.

[Read the report.](#)