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Geneva (Republic and Canton of)

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Geneva (Republic and Canton of)

This report supplements our research update "Republic and Canton of Geneva Affirmed At 'AA-'; Outlook Stable," published on Dec. 20, 2019. To provide the most current information, we may cite more recent data than that stated in the previous publication. These differences have been determined not to be sufficiently significant to affect the rating and our main conclusions.

Rationale

Issuer Credit Rating
AA-/Stable/--

Geneva's sound economic fundamentals and the extremely predictable and supportive institutional framework for Swiss cantons underpin the canton's creditworthiness. We see Geneva's operating margin decreasing structurally just below 5% of operating revenue from 2020 following the implementation of the corporate tax reform, and at the same time we expect deficits to remain contained, except for the one-off large deficit of 2020 due to the recapitalization of Caisse de prévoyance de l'Etat de Genève (CPEG; Geneva's main public pension fund). We expect debt to increase substantially in 2020--essentially to fund the recapitalization--and stabilize thereafter. We believe Geneva will continue to use its liquidity line moderately and keep benefiting from strong access to the markets both for its long-term and short-term funding.

A very strong local economy and favorable framework remain Geneva's key strengths

We view Swiss cantons' institutional framework as extremely predictable and supportive, notably because major reforms are planned well in advance and widely discussed (including the current corporate tax reform), and transparency and accountability standards are very high. Swiss cantons display comparatively strong adequacy of revenue and expenditure, supported by equalization mechanisms. Compensating transfers from the federal government under the corporate tax reform will partly mitigate Geneva's tax revenue losses, underlining our view of the favorable institutional framework for Swiss cantons.

In addition, Geneva continues to benefit from its wealthy and diversified economy, with real GDP per capita exceeding Swiss francs (CHF) 101,000 in 2018, which is very high in a national and international context, and remains 25% above the national average. The impact of local GDP growth on the canton's finances is significant, as demonstrated by very high tax revenue in 2018.

The bulk of Geneva's operating revenue consists of locally collected taxes, which made up about 80% of operating revenue as of 2019.

Geneva will post limited deficits after the implementation of the tax reform

In 2019 we expect Geneva's operating margin to trend down to 6.5%, from 8.8% in 2018, partly due to one-off personnel costs linked to litigation over 2016 salary increases worth CHF234 million. From 2020 we forecast operating margins at 4.0% of operating revenue due to the implementation of the corporate tax reform, which will reduce revenue from this source and marginally increase operating expenditure, notably social aid and health spending. However, this decrease can also be partially attributed to the lower economic growth forecast for both the whole confederation and for Geneva. We believe the canton's management will work toward tightening cost controls in the coming years to help keep operating margins just below 5% of operating revenue.

Amid increasing international pressure to reduce tax advantages granted to certain categories of companies in Switzerland, the federal government drafted a project to reform the Swiss corporate tax system and abolish cantonal lump-sum taxation. It aimed to make corporate taxation more compliant with the Organization for Economic Co-operation and Development (OECD) guidelines.

After a national referendum rejected this project in 2017, the confederation and cantons started a new project (tax proposal and AHV financing or "RFFA"). In a May 2019 referendum, the new proposal passed both at the national and the cantonal level. Geneva will implement the corporate tax reform from 2020.

The reform will lead to a reduction in tax revenue once the general corporate tax rate drops to 13.99% from 24.20%. Geneva will benefit from partial compensation from the confederation to cantons, offsetting some of its lost tax revenue. Moreover, the canton will increase the individual allowances for health care insurance from 2020.

We anticipate that the canton's capital expenditure (capex) will be about 75%-80% of budgeted investments over 2019-2021, in line with 2018, gradually increasing from 70% in 2018. We forecast an average CHF593 million over 2018-2020, only marginally above the 2016-2018 average of CHF538 million owing to the ramping up of projects. In 2020 Geneva will recapitalize two pension funds for roughly CHF5.2 billion, of which CPEG is by far the largest.

Despite the recapitalization, the canton's public pension funds, mostly CPEG, still face significant unfunded pension liabilities and therefore weigh negatively on our assessment of the canton's performance.

The canton's tax-supported debt will spike to 174% of operating revenue in 2020, mainly to fund CHF5.2 billion of capital injections into public pension funds. We forecast debt will marginally increase thereafter. We include in our calculation Geneva's direct debt and the debt of the transportation company TPG and the public hospital HUG. Meanwhile, interest charges should remain below 2.5% of operating revenue on average through 2021. In our view, the canton displays prudent debt and liquidity management.

The canton's debt burden could, in a hypothetical stress scenario, be negatively affected by the cost of a theoretical recapitalization of its bank, Banque Cantonale de Genève, of which Geneva is the largest shareholder.

Geneva's liquidity debt service coverage ratio is largely dependent on its available committed credit lines, which we expect will cover about 49% of debt service requirements in the coming 12 months. However, the canton benefits from strong access to external liquidity, as reflected in its sizable short-term facilities comprising CHF1.3 billion of contracted bank lines, as well as more than CHF4.6 billion of direct and indirect liquidity lines that are not formally contracted but generally available and regularly used. The facilities are with various public-sector entities and Swiss and international banks. The canton is also a frequent issuer of public bonds, and issued the first green bonds among Swiss local governments in 2017. In 2019, the canton issued a second green bond for a high CHF660 million to fund investments linked to the rail connexion Cornavin Eaux-Vives Annemasse (CEVA). Geneva is the first green bond issuer in Switzerland.

Outlook

The stable outlook reflects our expectation that Geneva will continue to benefit from its expanding, although slightly decelerating, economy, and limit budgetary pressures from tax cuts under its corporate tax reform, while at the same time minimizing the impact of the CPEG recapitalization in 2020.

Downside scenario

We might consider a negative rating action if, in a less favorable economic environment, the canton's management generated larger budgetary deficits from 2021 or its liquidity position deteriorated.

Upside scenario

We could consider a positive rating action if the canton's financial management was able to structurally decrease its unfunded pension liabilities or significantly improve its performance, thanks to tighter cost controls. However, we consider both scenarios to be unlikely at present.

Extremely Predictable And Supportive Institutional Framework

In our view, Swiss cantons benefit from a very stable political and institutional system, which we assess as extremely predictable and supportive under our methodology for rating international local and regional governments. The score we assign to the institutional framework of Swiss cantons is '1', the highest on our 1 to 6 scale.

Our assessment mainly takes into account the following elements:

- The main reforms of the institutional framework are planned well in advance and are broadly discussed. For instance, financial compensation expected from the confederation to compensate for the reduction of taxes linked to the corporate tax reform (from 2020) reflect the extremely predictable and supportive institutional framework for Swiss cantons;
- We view the financial transparency of Swiss cantons as very strong;
- Swiss cantons' expenditure to revenues is relatively strong, thanks to their fiscal leeway and different equalization mechanisms in place; and
- The budgetary framework for Swiss cantons is prudent despite the absence of a formal framework of surveillance of cantonal finances and of exceptional financial support coming from the confederation.

The main characteristics of the institutional framework for Swiss cantons are detailed in "Public Finance System Overview: Swiss Cantons," published Nov. 20, 2018.

The corporate tax reform (TRAF) will come into effect in 2020, affecting cantonal finances

Both the national and cantonal reforms were approved by referendums on May 19, 2019, and will be implemented in Geneva in January 2020.

In the context of increasing international pressure to reduce tax advantages for companies in Switzerland, and negotiations with the EU and the OECD, a project to reform the current corporate taxation system (Corporate Tax

Reform III or CTR III) was initially approved by the federal parliament on June 17, 2016. It was submitted to a national referendum on Feb. 12, 2017, and rejected.

An approved reform, TRAF, was put in place by a working group comprising representatives from the cantons and central government (after the CTR III rejection). It contains specific adjustments that had been contested in CTR III, like the deduction of notional interests now cancelled. More generally, this reform now links two projects, the tax reform and AHV financing (the Swiss old age insurance system). The Swiss parliament approved this proposal on Sept. 28, 2018, after a first adoption by the federal council in March 2018. Both Switzerland and Geneva's population approved the project on May 19, 2019.

Geneva aims to retain within its territory the holding and auxiliary companies that have been particularly concerned about the tax reform, and which represent directly and indirectly an important portion of cantonal employment.

The corporate tax reform will lead to a reduction in the canton's tax revenues, through the implementation of a single corporate income tax rate at 13.99% (24.2% currently). The canton will benefit from partial compensation from the confederation.

We note that the cantonal reform includes increases in health insurance premiums from 2020.

Geneva remains a major contributor to the cantonal equalization system, although this contribution shall decrease from 2020

Under its constitution, the Swiss Confederation (unsolicited; AAA/Stable/A-1+) supports financial equalization among the cantons, facilitating a very strong revenue and expenditure balance for the cantons. The cantonal equalization system (CES) has been based on three funds since 2008:

- A revenue-related equalization fund (CHF4.22 billion in 2019). The objective is to reduce differences among cantons in terms of financial capacity and fiscal charge. Such equalization includes, up to 59.5%, a vertical equalization funded by the confederation and an horizontal equalization funded by Cantons with potential high resources (the remaining 40.5%);
- An expenditure-related equalization fund (CHF724 million in 2019) funded entirely by the confederation. The objective is to compensate for excessive costs supported by some Cantons and linked to geographical and sociodemographic factors;
- A neutralization fund (CHF280 million in 2019) linked to the reform of the equalization system RPT, funded by Cantons with CHF93 million. This fund has decreased by 5% per year since 2016,and will be closed by 2036 at the latest.

In 2019, seven cantons were net contributors to the cantonal equalization system: Zurich (CHF487 million), Zug (CHF329 million), Geneva (CHF300 million), Schwyz (CHF199 million), Basel-City (CHF125 million), Obwalden (CHF8 million), and Nidwalden (CHF46 million).

For 2020 the net contribution of Geneva to the intercantonal equalization funding, RFT, shall decrease by roughly CHF25 million, to about CHF275 million. Costs linked to the RPT shall continue to decrease for Geneva, following the changes introduce in mid-2019 but also importantly due to the increase of revenues linked to excessive costs.

A Continuously Very Strong Economy

The canton is a dense territory with a dynamic demographic profile

Geneva is a small (246 square kilometers), densely populated (2,042 residents per square kilometer) Swiss canton with 501,748 inhabitants as of December 2018 (source: Office cantonal de la statistique [OCSTAT]), up by 0.7% from December 2017. Geneva's population dynamics in 2018 are similar to the national average. This population growth has been almost equally triggered by both a positive natural balance and migratory balance. The proportion of non-Swiss nationals in the canton is high (40%, almost double the national average) and most of them are active.

Following recent demographic projections, the cantonal population could increase by almost 100,000 by 2040. If the population increase translates into the increase of ad hoc expenditures (social security, health care, education, public equipment), it also implies more dynamic fiscal revenues. Such an increase will, however, imply an increased need of housing facilities, in the context of already high real estate pressure.

Even if Geneva's population stays relatively young, there will be an increase in the 65-plus population by 2040 (currently 16.5% of the population; around 21% in 2040), and almost doubling of 80-plus year olds, reaching more than 40,000 residents by 2040, implying new costs for the canton (increasing medical and social structures and elderly care).

A wealthy and resilient economy

Geneva's economy is characterised by a very high GDP per capita reaching CHF104,000 in 2018. Geneva's GDP per capita has exceeded the Swiss average by more than 30% since 2001, and the canton has salaries among the highest in Switzerland which is positive for cantonal finances given that half of the cantonal revenues are linked to personal income taxes and the wealth tax. Geneva's economy focuses on high value added activities and Geneva posted a very high employment density (three in every four inhabitants work) which reflects its attractiveness for companies but also for the active population: French border workers, who make up around 20% of the workforce, have increased 2.5x since 2002.

In our base case, we anticipate a slight reduction in Geneva's GDP growth trend in 2020, after the very high growth recorded in 2018. We consider that Geneva benefits from a positive growth differential with Switzerland (see "Sovereign Risk Indicators," published Dec. 12, 2019, on RatingsDirect) as the canton has posted a more dynamic GDP growth since 2018 versus the Swiss average. This is positive for cantonal finances as more than 80% of operating revenues stem from local taxes.

A diversified economy, although banking activities and holding companies are increasingly under international pressure

The canton's economy has increasingly diversified since the beginning of the 1990s. In 2018, services make up 85% of value-added, against 11% for industry, with a focus on high-value-added activities (luxury watches, chemicals and pharmaceuticals, and precision engineering). Overall, these sectors are largely geared toward international markets, and they make up the bulk of Geneva's exports, notably to countries undergoing strong growth, particularly in Asia.

The public and semi-public sector accounts for more than 20% of GDP (international governmental organizations excluded), and roughly one-fourth of employment, which provides significant stability to the employment base. This stems from the presence of a wide variety of international organizations that employ more than 8% of Geneva's workforce. Geneva also remains an important conference center and tourism destination, notably business tourism.

Following the financial crisis of 2008, Geneva's financial sector now represents less than 15% of local GDP, a sharp reduction from 25% in 2000. Compared with other financial centers, such as Zurich, Geneva was relatively sheltered from the financial turmoil in the capital markets because its financial institutions primarily focus on asset management and commodities trading. However, Geneva's strong specialization as the leader in commodities trading could negatively affect the canton if the sector continued to face difficulties. Also, international pressure to fight tax evasion could affect the Swiss banking sector as a whole, including Geneva, but it is difficult to measure at this stage the potential effect on cantonal finances.

Satisfactory Financial Management

We view the canton's financial management as satisfactory. We consider that the canton's executive faces persistent difficulties in implementing structural solutions and meeting its budgetary and strategical targets, with looser revenue and expenditure management weighing on our overall assessment of its management. Following the 2018 cantonal elections, we continue to assess positively the executive's renewed commitment to limit the deterioration of budgetary balances by implementing cost-cutting measures. Moreover, the canton continues to display prudent debt and liquidity management while maintaining tight control over its GREs.

Following the 2018 cantonal elections, the canton has a financial and legislative roadmap targeting structural reforms and limiting debt build-up

The elections, both at the Cantonal Government (Conseil d'Etat) and the Parliament (Grand Conseil), mostly resulted in a rebalancing of political power. At the executive level, the Conseil d'Etat, the right and left wings now have three counsellors each out of seven (MCG, one of the populist parties, has the seventh) which makes consensus necessary between these two political groups to implement structural reforms. The Conseil d'Etat's chairperson is now Antonio Hodgers (from the left). Ms. Fontanet is the new minister in charge of cantonal finances and human resources.

At the Cantonal Parliament, elections led to the creation of two large political blocks (right wing versus left wing).

The government presented its 2018-2023 agenda on Sept. 14, 2018. The 2019-2022 financial planning horizon reveals a continuity in the financial management of the Canton, aiming at mitigating the deterioration in budgetary performance through cost-cutting, limiting debt increases, and raising operating revenues. These goals are deemed necessary for the canton to improve flexibility. The canton's roadmap also includes structural measures and reforms (on some social allowances, or on public administration), to abide by its budgetary targets through 2022. Finally, the financing of the CPEG has been implemented and will be significantly recapitalized in 2020. The Conseil d'Etat continues to pursue the distribution of responsibilities between the canton and the municipalities through an ambitious objective to transfer some responsibilities to the municipalities in the medium term.

Political and managerial leadership is consensus-based, but with a clear strategy to limit debt intake, despite the implementation of corporate tax reform

The canton's citizens choose Geneva's parliament and government for five-year terms in simultaneous elections.

Consensus-based governance is favored by the semi-direct democratic system, using frequent referenda.

Geneva's law on financial management stipulates a balanced operating budget: if there is a deficit, it must not exceed the canton's specific reserves, and that the accounts will be balanced in the medium term. Assumptions for the budget are generally prudent, especially with regard to resources. In addition, if the canton posts three consecutive years of deficits, or if the budgeted deficit exceeds the specific reserve, the cantonal parliament must submit measures to a popular vote through referenda--with clear set options--increasing tax rates or reducing expenditures to achieve a balanced budget. This limit on deficits was modified by the parliament in 2019 to introduce, between 2020 and 2027, a transitory mechanism following the implementation of the corporate tax reform. The budgetary deficit cannot exceed the expected growth path of the deficit unless it is covered by the available reserve. If does exceed it, the canton must implement the necessary correction measures.

Moreover, since Jan. 1, 2014, a new mechanism for capex has come into force to limit new debt. New investment projects (excluding renewals) require approval by 51 of the 100 members of parliament, if average yearly cantonal debt exceeds CHF13.3 billion, and by 67 members of parliament if average yearly debt is over CHF14.8 billion. These debt ceilings are not indexed and are in practice long-term brake mechanisms on Geneva's debt, targeting a decrease of long-term debt to one year of revenues (under International Public Sector Accounting Standards [IPSAS]).

Budgetary construction is subject to fiscal conditions and a good infra-annual budgetary controls

The construction of the budget relies largely on realized revenues and expenditures, which are then indexed up. The taxation system post-numerando (based on revenues collected) does not enable very precise fiscal revenue budgeting, which partly explains the differences between the budget and the actuals.

The financial department maintains a tight control over its budget, mainly through monthly follow ups on the evolution of operating revenues and expenditures.

Financial transparency is high, and long-term capital and financial planning are regularly updated

We view Geneva's financial accounts as well-documented, comprehensive, and disclosed in a timely manner. The canton also publicly provides consolidated accounts, including for key cantonal companies like transport, hospital, and multi-utility companies, along with its own accounts.

The canton applies consistent principles based on accrual accounting and it annually posts balance sheets. It reports its budgets and accounts according to IPSAS standards. In this report, we systematically refer to cash-adjusted figures (excluding amortization and provisions, for instance).

Geneva makes four-year projections, which are regularly updated, based on clearly formulated hypotheses.

Prudent debt and cash management

We view Geneva's medium-term debt policy as well formulated and prudent. It limits the use of derivatives to simple, plain-vanilla operations. This strategy has the following goals for 2020:

- Limiting the average interest rate to 1.30%;
- Reporting exposure to variable rates not higher than 30% of the stock of debt; and
- Containing short-term debt at 25% of total debt.

The Canton also wants to maximise the amount of cash it grants its pension fund within the recapitalization scheme.

We view cantonal cash management as efficient and proactive. Geneva has a cash pooling system consolidating the treasury management of all cantonal departments and the most significant cantonal companies, notably its public transportation company, Transports Publics Genevois (TPG), its social aid entity Hospice Général, or the University of Geneva (UNIGE). This system helps to limit debt recourse and related interest charges. The canton has also contracted short-term facilities of CHF1.3 billion, and benefits from CHF4.6 billion of direct and indirect non-contracted liquidity lines with several public-sector entities and Swiss and international banks. These lines cover its annual cash needs. Similarly, the canton makes use of capital markets through public bond issues. In November 2017, it became the first Swiss local authority to issue green bonds. In 2019, the canton again issued a green bond, enlarging its investor base with a high CHF660 million to fund the rail connexion Carnavin Eaux-Vives Annemasse (CEVA).

Moderate Budgetary Performance

In 2015-2017, the canton posted a globally stable operating margin (before amortization), slightly above 6% of adjusted average operating revenues due to monitored operating expenditures (+1.7%) and operating revenues at a slightly lower pace (+1.2%). We anticipate that the canton's operating margin will decrease to 6.5% of operating revenues in 2019 versus 8.8% in 2019, following a dispute about 2016 salary increases that will cost the canton CHF234 million in 2019, but also because the canton recorded very high fiscal revenues in 2018. We expect a structural deterioration of budgetary performances from 2020, with an operating margin at 4% of operating revenues due to the implementation of the corporate tax reform. The reform will reduce tax revenues and notably increase social and health care expenses. The operating performance reduction is also linked to the expected deceleration of economic growth for both the canton and the confederation.

We anticipate that capex will average CHF593 million over 2019-2021 (excluding the CPEG recapitalization) compared to CHF538 million on average over 2016-2018, mainly because several projects are under development.

In 2020, the Canton of Geneva will also recapitalize two of its public pension funds (CPEG being the most important one) for CHF 5.2 billion.

This will lead to deficits after capital accounts on average over 2019-2021, of around 12% of total revenues, essentially due to the recapitalization.

Despite the CPEG recapitalization, we believe that public pension funds in the canton remain exposed to high unfunded pension liabilities

The unfunded pension liabilities negatively affect our assessment of the canton's budgetary performance.

The main public pension fund (CPEG) was created in January 2014 through the merger of the CIA (public pension fund for teachers) and the CEH (public pension fund for medical personnel). In 2020, in our base case, the canton will recapitalize CPEG up to 75%, as well as the FPTFG- foundation de prévoyance en faveur du personnel des TPG, for CHF5.4 billion.

Despite the recapitalizations, we anticipate ongoing very high unfunded pension liabilities. This is also because the

CPEG recapitalization was not followed by a change of its financing structure into a defined contribution scheme, which would have transferred in theory the risk of the performance of the fund onto its insurers and would have moved away from the Canton the eventual risk of recapitalization CPEG performs poorly.

Very High Tax-Supported Debt

We view Geneva's tax-supported debt as very high when compared with international peers. The canton's end-2018 tax-supported debt (this includes direct debt as well as that of its financially dependent entities, TPG and HUG-hopitaux universitaires de Genève stood at 126% of consolidated operating revenues (this includes revenues from TPG and HUG, excluding cantonal transfers).

We anticipate that the canton's tax-supported debt will increase significantly, reaching 174% of consolidated operating revenues in 2020 due to the recapitalization of pension funds estimated at CHF5.4 billion. Thereafter, we anticipate that debt will grow moderately.

Under a hypothetical stress scenario, the canton's debt could be affected by the potential cost of a recapitalization of Banque Cantonale de Genève (BCGE; A+/Stable/A-1), of which the canton is the main shareholder. The canton controls 49.8% of BCGE voting rights. The canton's main risk is in its role of majority shareholder, since the guarantee it granted to the cantonal bank for certain savings and deposits of savers depositing their funds to the BCGE disappeared at the end of 2016. BCGE had to be bailed out by the canton in 1999 under a cash injection, and in 2000, through an ad hoc defeasance structure set up by the canton, with total estimated losses of CHF1.9 billion for the canton.

Key Statistics

Table 1

Geneva (Republic and Canton of) Key Statistics

	Fiscal year end Dec. 31					
CHF mil.	**2016**	**2017**	**2018**	**2019bc**	**2020bc**	**2021bc**
Operating revenues	8,160	8,351	8,847	8,982	9,034	9,208
Operating expenditures	7,680	7,864	8,067	8,398	8,672	8,815
Operating balance	480	487	780	584	362	394
Operating balance (% of operating revenues)	5.9	5.8	8.8	6.5	4.0	4.3
Capital revenues	40	29	52	40	40	40
Capital expenditures	551	630	637	619	5,798	580
Balance after capital accounts	(31)	(114)	195	5	(5,396)	(146)
Balance after capital accounts (% of total revenues)	(0.4)	(1.4)	2.2	0.1	(59.5)	(1.6)
Debt repaid	1,123	1,163	805	825	850	775
Gross borrowings	915	1,073	241	1,005	5,818	921
Balance after borrowings	(239)	(204)	(370)	185	(428)	0
Direct debt (outstanding at year-end)	12,466	12,375	11,813	11,993	16,961	17,107

Table 1

Geneva (Republic and Canton of) Key Statistics (cont.)						
	Fiscal year end Dec. 31					
CHF mil.	**2016**	**2017**	**2018**	**2019bc**	**2020bc**	**2021bc**
Direct debt (% of operating revenues)	152.8	148.2	133.5	133.5	187.7	185.8
Tax-supported debt (outstanding at year-end)	13,237	13,180	12,668	12,874	17,868	18,042
Tax-supported debt (% of consolidated operating revenues)	141.7	138.0	126.1	126.2	173.8	172.2
Interest (% of operating revenues)	2.4	2.2	1.9	1.7	2.6	2.7
Local GDP per capita (single units)	98,350	99,616	101,924	104,435	106,614	106,109
National GDP per capita (single units)	78,568	78,917	80,700	81,629	82,888	84,475

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario.

Ratings Score Snapshot

Table 2

Geneva (Republic and Canton of) Ratings Score Snapshot	
Key rating factors	**Scores**
Institutional framework	1
Economy	1
Financial management	3
Budgetary performance	4
Liquidity	2
Debt burden	5
Stand-alone credit profile	aa-
Issuer credit rating	AA-

S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "Methodology For Rating Local And Regional Governments Outside Of The U.S.," published on July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.

Key Sovereign Statistics

- Sovereign Risk Indicators, Dec. 12, 2019.

Related Criteria

- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- Banque Cantonale de Geneve, Jan. 17, 2019
- Summary: Switzerland, Aug. 23, 2019
- Two Popular Votes, Two Approaches To Corporate Tax Reform In Switzerland, May 21, 2019
- Local Government Debt 2019: Slower Debt Reduction For German States And Little Change For Swiss And Austrian LRG Debt, March 1, 2019
- Public Finance System Overview: Swiss Cantons, Nov. 20, 2018
- Will The Swiss Tax Reform Plan TP 17 Cost Some Cantons More Than Others?, Aug. 29, 2018

Ratings Detail (As Of January 27, 2020)*	
Geneva (Republic and Canton of)	
Issuer Credit Rating	AA-/Stable/--
Senior Unsecured	AA-
Issuer Credit Ratings History	
21-Dec-2018	AA-/Stable/--
04-Nov-2016	AA-/Negative/--
20-Sep-2010	AA-/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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