S&P Global
Ratings

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Research Update: Update:

Region of Ile-de-France Assigned 'A+/A-1' Ratings; Outlook Stable

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Overview

- Ile-de-France is France's primary economic engine and one of Europe's wealthiest regions.
- It records the highest operating budget surplus among French regions and one of the largest globally.
- However, sustained high investment will continue to generate overall budget deficits (after capital accounts) and drive debt upward at least by 2028.
- We assigned our 'A+/A-1' long- and short-term issuer credit ratings to Ile-de-France. The outlook on the long-term ratings is stable, mirroring that on our unsolicited sovereign credit ratings on France.

Rating Action

On July 15, 2026, S&P Global Ratings assigned its 'A+/A-1' long- and short-term issuer credit ratings to the French Region of Ile-de-France. The outlook is stable.

Outlook

The stable outlook on Ile-de-France mirrors that on France, because we cap our ratings on the region at the level of the sovereign ratings.

Downside scenario

We would lower our ratings on Ile-de-France following a similar rating action on France.

Upside scenario

We would raise our ratings on Ile-de-France if we took a similar rating action on France, as long as the region performed in line with our forecasts.

Rationale

Our ratings on Ile-de-France reflect our expectation that the region will continue to post operating budget surpluses at just below 30% of operating revenue on average, which is particularly high in an international comparison. At the same time, our ratings reflect our expectation that the region will maintain high investment levels until the next regional elections in 2028, thereby generating overall budget deficits (after capital accounts) and driving debt up relatively quickly, approaching 200% of operating revenue by 2028. Our ratings also incorporate our assessments of Ile-de-France's rich economy, strong financial management, and well-established market access.

We assess Ile-de-France's stand-alone credit profile at 'aa-'. However, we cap our ratings on Ile-de-France at the level of our ratings on France (unsolicited; A+/Stable/A-1), since we believe French local and regional governments (LRGs) would be unable to maintain stronger credit characteristics than the sovereign in a stress scenario. French LRGs are structurally dependent on sovereign transfers and shared tax revenue, which constrains their fiscal autonomy. Compounding this is the central government's control over the collection of the LRGs' primary tax proceeds. French LRGs do not control their cash surpluses and must deposit them in a non-interest-bearing account at the French treasury (with limited exceptions).

Ile-de-France is the wealthiest region in France and benefits from a well-balanced institutional framework

The region of Ile-de-France is the wealthiest and most dynamic economic area in France. The region accounts for roughly 30% of France's GDP and 20% of its population, with GDP per capita of about €70,000--around 1.6x the national average. At the European level, Ile-de-France ranks among the wealthiest regions, contributing about 5% of EU GDP. The region is a leading hub for financial services, major corporate headquarters, and innovation clusters, underpinned by advanced transport and education infrastructure. Unemployment remains slightly below the national average, reflecting sustained job creation and strong labor attractiveness.

We believe that Ile-de-France, like other French regions, benefits from a very predictable and well-balanced institutional framework by international standards. Past institutional reforms have generally expanded regional responsibilities. French regions typically generate high operating surpluses, averaging just under 20% of operating revenue. This reflects their broader mandates, particularly investment in capital-intensive sectors such as regional rail and high school (lycee) infrastructure. We expect that in the context of the ongoing budgetary consolidation efforts, the French government will continue imposing budgetary constraints on regions and other subsovereign layers of government, but we forecast the impact of related measures will remain contained, at about 1%-2% of their operating revenue.

We view Ile-de-France's financial management as sound, supported by prudent and well-structured budgetary planning and multiyear forecasts. We believe that the region's proactive approach to debt and liquidity management materially reduces its exposure to market and refinancing risks. Ile-de-France is one of the largest issuers among French LRGs and benefits from a broad and well-established investor base. It has maintained uninterrupted access to capital markets, notably through its long-standing €10 billion Euro Medium-Term Note (EMTN) program. Ile-de-France was the first French LRG to have recourse to such a program, in 2001. The region also benefits from €1 billion NEU commercial paper program (NEU CP) and committed liquidity lines.

Ile-de-France will continue to post high operating budget surpluses, but continued investments will push up debt

We expect Ile-de-France's operating surpluses will remain particularly high in international comparison, averaging 26.8% of operating revenue over 2026-2028, albeit down from 29.5% in 2025.

We project a slight dip in the region's operating revenue in 2026, mainly due to reduced state transfers to regions--such as those for training programs (Pactes Régionaux d’Investissement dans les Compétences [Regional Skills Investment Pacts])--combined with weak value-added tax (VAT) revenue growth of 0.5%, mirroring the sluggish economic performance seen last year. VAT revenue, which accounts for a substantial portion of Ile-de-France's operating revenue, will return to its normal growth path from this year, following the temporary freeze imposed by the central government in 2025. Ile-de-France receives the largest share of VAT transfers from the central government among French LRGs, reflecting both its economic weight and its sensitivity to national economic conditions and budgetary decisions. We note that Ile-de-France is the region that contributes the most to France's interregional equalization funds, which are designed to redistribute resources among LRGs.

Despite cost-containment efforts, we expect Ile-de-France's operating expenditure will increase, driven mainly by inflationary pressures, higher interest spending, and the region's €66 million contribution to the DILICO reserve fund. Initially introduced in the 2025 Finance Law to France's public finances, the DILICO mechanism is intended to be temporary, but its end date remains uncertain in our view. Nevertheless, we note that Ile-de-France's operating expenditure fell by more than inflation in 2025, reflecting the region's efforts to streamline its administrative costs through, for example, resource rationalization, a focus on core competencies, optimized procurement, and the elimination of 50 full-time equivalent positions from headquarters staff.

Large investments will continue to generate budget deficits after capital accounts, averaging 8.4% of total revenue over 2026-2028. We expect that investments will remain high at least through 2027, the final full year of the current 2021-2028 mandate, as the multiyear investment programs launched at the beginning of the mandate will be reaching completion. High school infrastructure currently represents the largest share of investment spending. We anticipate that capital expenditure will ease after the March 2028 regional elections, in line with the typical post-election pattern.

Consequently, we forecast that Ile-de-France's debt will rise to 199% of operating revenue in 2028, from 171% in 2025. At the same time, the region's debt-to-operating budget surplus ratio remains relatively low, at about six years. We forecast interest payments will remain below 5% of operating revenue on average, as Ile-de-France benefits from a favorable debt profile despite its relatively high debt stock. With about 99% of its outstanding debt at fixed rates, the region's exposure to potential higher interest rates remains relatively contained.

We view Ile-de-France Mobilités (IdFM) as Ile-de-France's main contingent liability. Ile-de-France is the only region that does not act as a transport authority, as the law assigns this role to IdFM. The region sits on the board of IdFM, alongside the City of Paris (A+/Stable/A-1) and the other Île-de-France departments. IdFM is a public administrative entity created by the French state, and benefits, by law, from dedicated fiscal resources. Unlike other regions, Ile-de-France cannot introduce a transport levy because IdFM already collects it. IdFM's debt is substantial (at about €13 billion at end-2025), driven by network expansion and investment, partly offset by solid revenue growth. About 90% of IdFM's operating expenditure consists of transfers to transport operators, mainly RATP (A+/Stable/A-1) and SNCF (A/Stable/A-1). We believe that the French state, alongside the region, retains control over public transport in Ile-de-France, given its importance for the French economy.

Ile-de-France has strong access to external liquidity. The region currently benefits from two €100 million liquidity lines, each drawable within 24 hours, and a multiyear facility from the European Investment Bank. The region pursues a cash-management optimization strategy to limit its financial costs. Its deposits at the French Treasury as of Jan. 1, 2026, are relatively low, since they do not bear interest. The bond issuance carried out at the start of the year temporarily increases these deposits, since the region is not permitted to place the proceeds of this issuance in an interest-bearing account. Ile-de-France's debt service ratio is low in light of its substantial financing requirements, with liquidity facilities representing less than 40% of its debt service over the next 12 months. However, the region benefits from broad and very well-established market access, notably through its €10 billion EMTN and €1 billion NEU CP programs, which significantly reduces refinancing risks in our view. Ile-de-France is one of the largest issuers among French LRGs and has maintained uninterrupted access to capital markets.

Region of Ile-de-France Selected Indicators

Mil. EUR	2023	2024	2025	2026bc	2027bc	2028bc
Operating revenue	4,071	4,207	4,184	4,143	4,168	4,186
Operating expenditure	3,063	3,069	2,950	3,012	3,050	3,083
Operating balance	1,008	1,138	1,234	1,131	1,118	1,103
Operating balance (% of operating revenue)	24.8	27.1	29.5	27.3	26.8	26.3
Capital revenue	765	736	680	614	612	611
Capital expenditure	2,142	2,335	2,179	2,179	2,153	2,056
Balance after capital accounts	(369)	(461)	(265)	(434)	(423)	(343)
Balance after capital accounts (% of total revenue)	(7.6)	(9.3)	(5.4)	(9.1)	(8.9)	(7.2)
Debt repaid	475	501	751	687	706	667
Gross borrowings	600	938	1,000	1,121	1,129	1,010
Balance after borrowings	(244)	(24)	(16)	0	0	0
Direct debt (outstanding at year-end)	6,452	6,889	7,138	7,571	7,995	8,338
Direct debt (% of operating revenue)	158.5	163.7	170.6	182.8	191.8	199.2
Tax-supported debt (outstanding at year-end)	6,452	6,889	7,138	7,571	7,995	8,338
Tax-supported debt (% of consolidated operating revenue)	158.5	163.7	170.6	182.8	191.8	199.2
Interest (% of operating revenue)	2.7	2.9	3.6	4.0	4.3	4.5
Local GDP per capita ($)	74,934.1	75,242.0	--	--	--	--
National GDP per capita ($)	44,939.4	46,290.5	49,134.3	51,516.1	53,954.4	56,708.4

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. EUR--euro. $--U.S. dollar.

Region of Ile-de-France--Rating Component Scores

Key rating factors	Scores
Institutional framework	2
Economy	1
Financial management	2
Budgetary performance	3

Liquidity	2
Debt burden	5
Stand-alone credit profile	aa-
Issuer credit rating	A+
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

France, June 1, 2026

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S., July 15, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- France, June 1, 2026
- Subnational Government Outlook 2026: French Local And Regional Governments Navigate Budgetary Risk With Caution, Jan. 19, 2026

In accordance with our relevant policies and procedures, the Rating Committee was composed of analysts that are qualified to vote in the committee, with sufficient experience to convey the appropriate level of knowledge and understanding of the methodology applicable (see "Related Criteria"). At the onset of the committee, the chair confirmed that the information provided to the Rating Committee by the primary analyst had been distributed in a timely manner and was sufficient for Committee members to make an informed decision.

After the primary analyst gave opening remarks and explained the recommendation, the Committee discussed key rating factors and critical issues in accordance with the relevant criteria. Qualitative and quantitative risk factors were considered and discussed, looking at track-record and forecasts.

The committee's assessment of the key rating factors is reflected in the Rating Component Scores above.

The chair ensured every voting member was given the opportunity to articulate his/her opinion. The chair or designee reviewed the draft report to ensure consistency with the Committee decision. The views and the decision of the rating committee are summarized in the above rationale and outlook. The weighting of all rating factors is described in the methodology used in this rating action (see "Related Criteria").

Ratings List

Ratings List	
New Rating	
Ile-de-France (Region of)	
Issuer Credit Rating	A+/Stable/A-1
Commercial Paper	A-1
Senior Unsecured	A+