

# **PRESIDENTIAL BREAKFAST ON THE ESTABLISHMENT OF AN AFRICA CREDIT RATING AGENCY**

## **CONCEPT NOTE**

Date: 15 February 2024

Venue: Sheraton Hotel Addis Ababa

Time: 08:00 to 09:30

## 1. INTRODUCTION

As African economies continue to grow, access to accurate, fair, and unbiased credit ratings is essential for their sustainable development and integration into global financial markets. However, African countries often face significant challenges with existing international credit rating agencies, which sometimes lack local insight and assign risk ratings that increase the cost of capital for African entities.

The establishment of an Africa-based credit rating agency was proposed to address these challenges by providing tailored, continent-sensitive credit assessments. This is in line with Decision Assembly/AU/Dec.631 (XXVIII) adopted by the Assembly of Heads of State and Government of the African Union at its 28<sup>th</sup> Ordinary Session in Addis Ababa, Ethiopia. The decision mandates the African Peer review Mechanism (APRM), a specialised governance entity of the African Union, to provide support to AU Member States in the field of credit rating. This agency would aim to promote transparency, enhance investment opportunities, and reduce dependency on external agencies by delivering ratings that reflect Africa's unique economic landscape.

## 2. Objectives of the meeting

This presidential breakfast meeting will bring together African Heads of State, finance ministers, central bank governors, senior representatives from African financial institutions, and key stakeholders to:

1. Discuss the strategic importance and potential benefits of establishing an Africa Credit Rating Agency (AfCRA);
2. Address concerns and gather feedback on AfCRA's potential structure, governance, and operationalization;
3. Identify next steps, partnerships, and financial resources needed to realize AfCRA's goals;
4. Develop a shared commitment among African leaders and institutions toward advancing the creation of AfCRA.

### 3. Expected Outcomes

1. Enhanced understanding of AfCRA's role in improving Africa's financial ecosystem
2. Consensus on the governance and operational structure of AfCRA
3. Initial commitments from stakeholders to support the establishment and launch of AfCRA
4. Establishment of a task force or working group to further develop the AfCRA framework and timeline

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