

## @FFD4 UPDATE: Reimagining Credit Ratings for the Global South

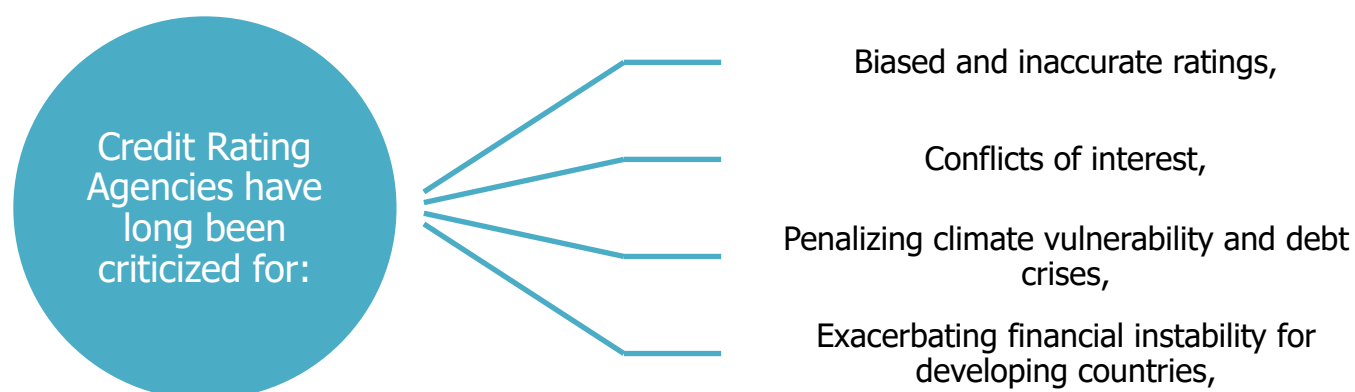


**“Uganda’s growing debt burden and high borrowing costs are partly influenced by how global CRAs assess and rank the country, affecting our fiscal space for essential investments in health, education, and economic development.”**

Seville, Spain – At the Fourth International Conference on Financing for Development, CSBAG attended a special session focused on systemic issues in the global financial architecture, specifically the long-overdue reform of Credit Rating Agencies and explored pathways for ensuring credit ratings promote sustainable development. The session brought together UN

Member States, civil society, UN agencies, and academia.

Credit Rating Agencies are private institutions that assess and assign credit ratings to entities such as countries, companies, or financial products. However, their biased, inaccurate, and unaccountable practices have significantly undermined the development potential of countries, particularly in the Global South, including Africa. The **"Africa debt premium"** is a prime example, where African countries like Uganda are forced to pay higher interest rates despite comparable risk profiles.



### Impact on Uganda

Uganda's growing debt burden and high borrowing costs are partly influenced by how global CRAs assess and rank the country, affecting its fiscal space for essential investments in health, education, and economic development.

The session highlighted the need for reforming CRAs to ensure they promote rather than hinder sustainable development. The session discussed several key issues, including conflicts of interest, the lack of transparency, and bias against developing countries. The ratings often penalize countries facing climate and debt vulnerabilities.

Delegates called for an intergovernmental UN-led process under ECOSOC to push for global CRA reforms and improve transparency, the need to promote the creation of new, independent, and publicly accountable credit rating agencies as well as supporting the establishment of regional agencies like the proposed Africa Credit Rating Agency

### From CSBAG perspective these are the major key take aways from this session

- Credit rating practices are systemic barriers that affect Uganda's cost of borrowing and fiscal flexibility
- There is a global push to hold CRAs accountable and introduce equity and fairness into the rating process
- The creation of an Africa Credit Rating Agency presents an opportunity for Uganda and other African nations to access more just and regionally informed credit assessments
- The CSO community, including CSBAG, has a critical role in demanding transparency, fairness, and inclusion in global financial governance.

Moving forward, CSBAG will continue to advocate for reforms that promote transparency, fairness, and accountability in the credit rating process. The organization will work with other CSOs to push for the establishment of new, independent, and regionally owned rating agencies that deliver fair assessments.