

**Sixteenth session**

Geneva

20–23 October 2025

**Bridging the credit rating and market information gaps****Summary prepared by the UNCTAD secretariat**

1. The parallel event featured four panellists: Managing Director, Global Policy Forum Europe; Professor, Economics, Geneva Graduate Institute; General Coordinator, Trade Policies, Ministry of Finance, Brazil; and Senior Vice-President, Sovereign Risk Group, Moody's Investors Service.
2. A representative of the UNCTAD secretariat moderated the discussion. She introduced the event by noting that, by end-2024, 94 of 142 developing countries had been rated by at least one of the big three rating agencies and, of these, 81 per cent had been rated below investment grade, implying that they faced higher spreads and costlier financing. The moderator stated that, in contrast, 80 per cent of developed countries had investment-grade ratings, allowing them to incur lower debt-servicing costs.
3. One panellist noted that the respective responsibilities of sovereign lenders and borrowers were described in the UNCTAD document titled "Principles on responsible lending and borrowing"; however, there was a gap in terms of responsibilities for rating agencies and other actors. The gap could be addressed as the principles of responsible sovereign borrowing and lending were reassessed in the context of the Sevilla Commitment.
4. Another panellist stated that good data was a prerequisite for good policies and that the quality, timeliness and transparency of debt-related and other relevant data had a critical role in shaping investor perceptions of a country's creditworthiness. Hidden debt and the lack of full debt disclosure by both debtors and creditors hindered the preparation of accurate assessments of debt sustainability and led to higher spreads due to uncertainty and, once the debt was uncovered, ratings downgrades. In order to mitigate such effects, the panellist stated that rating agency reports and associated data could be made public, with exceptions due to national security and other considerations. Finally, the panellist highlighted that high-quality and detailed information allowed for better assessments of the potential economic benefits of different public project investments.
5. One panellist noted that several questions remained to be resolved with regard to ways in which to better integrate the risk of blended finance into default probability calculations, since that seemed to be overestimated in current models. In addition, the panellist highlighted the issue of incorporating the costs and benefits of green investment into sovereign ratings.
6. Another panellist agreed that good data was a prerequisite for good policies and stated that rating agency scorecards, which were transparent, only provided an indication of what a sovereign rating might be; committees would decide on the actual ratings, relying on both published and confidential data. The panellist stressed that, while critics of rating agencies



noted that subjective assessments created scope for bias, the current approach was more fair, since the experts on rating committees took into account more than merely publicly available data; and a permanent physical presence of a rating agency within each rated country would not guarantee more accurate, or fairer, ratings. In addition, sovereign ratings already considered the cost of climate inaction, but the time frames for investments in climate mitigation and adaptation and for sovereign ratings were not necessarily aligned. Finally, she stated that in order to present a coherent picture to rating agencies and investors, countries needed robust and relevant data that supported long-term economic development visions.

7. During the ensuing discussion, several panellists noted that credit rating agencies played a role in development, since sovereign credit ratings could significantly influence both the cost of and access to long-term private finance for Governments and public entities in developing countries. All panellists agreed that both lenders and borrowers had a responsibility to be transparent in reporting debts and related liabilities, as well as the contractual terms of debt instruments, since that would enable the rapid identification of gaps and unreported debt. In this regard, one panellist gave an example of a repository for debt data for Africa through publicly collected information.

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