

INFORMATION & COMMUNICATION DIRECTORATE

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African leaders convene on establishment of homegrown solution, the Africa Credit Rating Agency.

As the continent continues its march towards economic integration and resilience, the establishment of Africa Credit Rating Agency (AfCRA) represents a pivotal step in asserting Africa's position on global financial governance. In this regard, Heads of State and Government are set to convene for a Presidential Dialogue on the Establishment of an Africa Credit Rating Agency on 14 February 2025. Facilitated by the African Peer Review Mechanism (APRM), the event will also bring together policymakers, financial experts, and development partners to deliberate on the operationalisation of a dedicated credit rating agency for the continent.

The event to be held on the margins of the 37th AU Ordinary Summit at 0800hrs EAT at the African Union Headquarters, underscores Africa's commitment to enhancing the continent's financial sovereignty and addressing long-standing challenges associated with the three international credit rating agencies. The establishment of an Africa Credit Rating Agency aims to provide fair, transparent and development-focused credit ratings that reflect the realities and potential of African economies.

Key objectives of the meeting include:

1. Reaffirming the political will and collective commitment towards AfCRA's establishment.
2. Discussing the progress of the ongoing technical work.
3. Outlining the role of AfCRA in supporting Africa's financial stability and growth.
4. Exploring avenues for collaborative partnerships with development partners and international financial institutions.

Here are 10 things you need to know about the Africa Credit Rating Agency.

1. What is the Africa Credit Rating Agency (AFCRA)?

The Africa Credit Rating Agency (AfCRA) is a continental initiative aimed at providing independent, credible, and African-owned credit ratings for sovereigns, sub-sovereign and corporates. Its primary objective is to enhance transparency, reduce reliance on the three international credit rating agencies, and address the specific needs of African countries, institutions and contexts.

2. Why was AFCRA established?

AfCRA was established to address concerns over perceived biases, inaccuracies, and high costs associated with international credit rating agencies when assessing African countries. It will provide an opportunity for the continent to have a credit rating system that reflects Africa's unique socio-economic realities and fosters a fairer representation of its creditworthiness.

3. How does AfCRA differ from traditional credit rating agencies?

Unlike traditional credit rating agencies, AfCRA focuses exclusively on African economies, incorporating region-specific data and socio-economic indicators. It will operate with a mandate to strengthen African financial markets while promoting transparency, fairness and inclusivity. AfCRA will also emphasize development-driven credit assessment frameworks tailored to the continent's diverse contexts.

4. What is the role of the African Peer Review Mechanism (APRM) in AfCRA?

The APRM will continue to play a crucial role as a supporter and strategic partner in AfCRA's development and operations. It will provide governance insights, institutional frameworks, and technical expertise that inform the rating agency's methodologies. The APRM will also ensure that AfCRA aligns with broader African Union objectives of sustainable development and integration.

5. How will AfCRA ensure credibility and independence?

AfCRA will be governed by a robust institutional framework with strict policies to prevent conflicts of interest. It will employ highly skilled professionals and adopt transparent methodologies that are in line with international best practices while reflecting African realities. Oversight mechanisms and partnerships with respected institutions will further bolster its credibility.

6. Will AfCRA compete with international credit rating agencies?

AfCRA's objective is not to compete with or replace the three international credit rating agencies, but rather to complement them by providing an alternative perspective. It will focus on filling gaps in data and analysis, addressing regional nuances, and promoting African financial integration. This will allow for a diversified view of creditworthiness and fosters collaboration for mutual benefit.

7. How will AfCRA benefit African countries and businesses?

AfCRA will reduce the cost of credit ratings for African countries and businesses, increase their access to capital markets, and ensure a fairer representation of their creditworthiness. It will also provide a platform for promoting African projects and investments, driving economic growth and regional financial stability.

8. How will AfCRA address concerns about bias and transparency?

AfCRA will be committed to maintaining the highest standards of objectivity, impartiality, and transparency. Its methodology will integrate both quantitative and qualitative factors, ensuring an accurate and fair assessment of creditworthiness. AfCRA will also engage stakeholders, including governments, private sectors, and civil society, to build trust and accountability.

9. When will AfCRA begin its operations?

AfCRA is set to officially launch in June 2025 as part of the African Union's broader agenda for financial integration and independence. The establishment process is currently underway, including stakeholder consultations and capacity-building initiatives.

10. How can stakeholders engage with AfCRA?

Stakeholders, including governments, financial institutions, and businesses, can engage with AfCRA through consultations, partnerships, and the submission of data for ratings. The agency will also be open to collaboration with global institutions to exchange expertise and foster best practices in credit assessment.

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