

# **GCCR** RATINGS

**Presentation for CABRI**

**November 2021**

# Rating Agencies international/ global scales can be comparable

## COMPARISON: INTERNATIONAL SCALE / GLOBAL SCALE RATINGS

| GCR  | S&P  | FITCH | MOODYS |
|------|------|-------|--------|
| AAA  | AAA  | AAA   | Aaa    |
| AA+  | AA+  | AA+   | Aa1    |
| AA   | AA   | AA    | Aa2    |
| AA-  | AA-  | AA-   | As3    |
| A+   | A+   | A+    | A1     |
| A    | A    | A     | A2     |
| A-   | A-   | A-    | A3     |
| BBB+ | BBB+ | BBB+  | Baa1   |
| BBB  | BBB  | BBB   | Baa2   |
| BBB- | BBB- | BBB-  | Baa3   |
| BB+  | BB+  | BB+   | Ba1    |
| BB   | BB   | BB    | Ba2    |
| BB-  | BB-  | BB-   | Ba3    |
| B+   | B+   | B+    | B1     |
| B    | B    | B     | B2     |
| B-   | B-   | B-    | B3     |
| CCC+ | CCC+ | CCC   | Caa1   |
| CCC  | CCC  | CCC   | Caa2   |
| CCC- | CCC- | CCC   | Caa3   |

### **But not exactly:**

Each Credit Rating Agency has a different transition and default study, meaning the ratings perform differently, albeit with the same ranking.

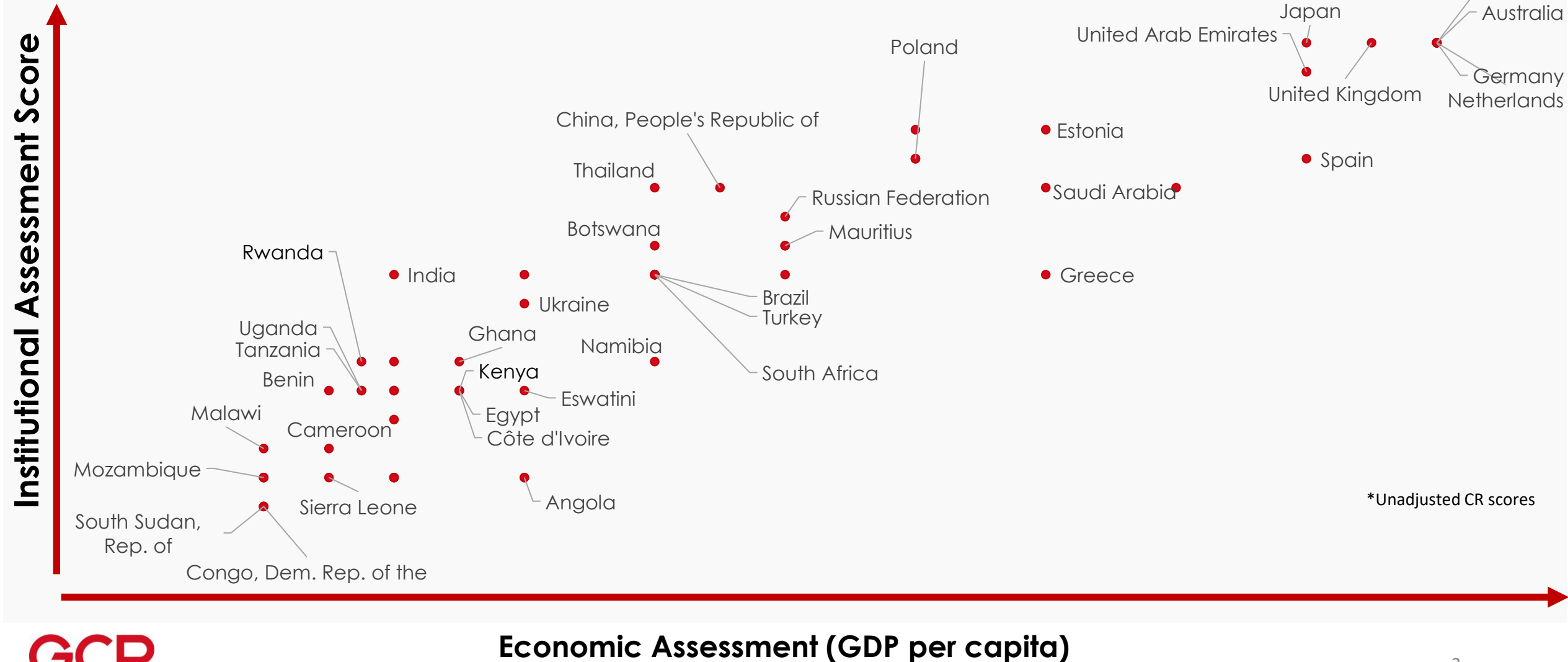
Most of the ratings reflect observed default, but Moody's place an element of recoverability into the lower rating levels.

Typically, international scale ratings on an international scale are 'capped' by sovereign ratings, but not for GCR ratings.

# GCR Country Risk Comparison: 70% of World GDP covered

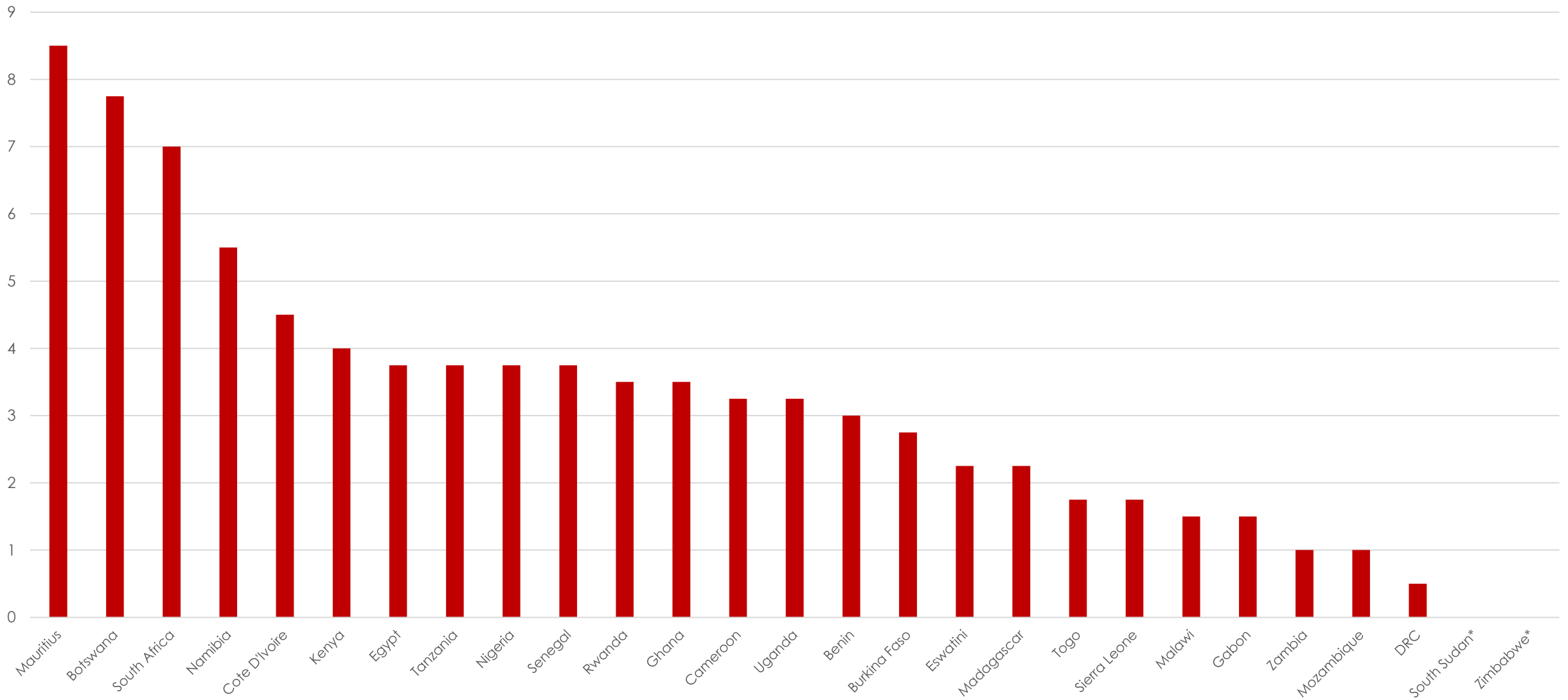
**Country Risk Score = Economic Strength Score + Institutional Assessment Score + Adjustments**

GCR research shows a clear correlation between countries' economic strength and the quality of their institutional framework



\*Unadjusted CR scores

# GCR Ratings African Country Risk Scores\*\*



\*\* As at 19 July 2021

# Key Rating Factors

Marginal Increase  
in Projected  
Growth Levels

Strong Institutional  
Scores Relative to  
Peers

Geopolitical  
tensions largely  
stable

Free trade  
agreements bode  
well for the region

Recovery of  
global supply  
chains and  
demand

Economies  
starting to starting  
to pick-up after  
COVID-19 shock in  
2020

Lifting of travel  
restrictions = Free  
movement of  
people & goods

Access to  
Vaccines

Region displays  
economic  
resilience albeit  
from a low base

Spending on  
Infrastructure &  
capital although  
domestic growth  
lagging

COVID-19  
highlighted pre-  
existing fiscal and  
debt vulnerabilities

Downward pressure  
from recent security  
concerns largely  
containable

Poverty rates  
Improved although  
marginally overall

Relatively Low  
Levels of Wealth

Unquantified  
Reliance on the  
informal Sector

Vulnerability to  
climate change  
(Impact of  
droughts)

Governance  
Indicators

The high level of  
public debt =  
vulnerable to  
volatility

High  
Unemployment

Volatile  
Commodity Prices  
= susceptibility to  
shocks

Weak institutional  
scores

Somewhat  
undiverse  
economic  
activities

Relatively strong  
dependence on  
foreign aid =  
highly conditional

# Links to Applicable GCR Rating Criteria

- **GCR Rating Framework**

[https://gcratings.com/wp-content/uploads/2019/05/GCR\\_Criteria-for-the-GCR-Ratings-Framework.pdf](https://gcratings.com/wp-content/uploads/2019/05/GCR_Criteria-for-the-GCR-Ratings-Framework.pdf)

- **GCR Rating Scales Symbols and Definitions**

<https://gcratings.com/wp-content/uploads/2019/05/GCR-Rating-Scales-Symbols-and-Definitions.pdf>

# Key Contacts



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