



CABRI VIRTUAL NETWORK ENGAGEMENT MEETING WITH PUBLIC DEBT MANAGERS IN AFRICA

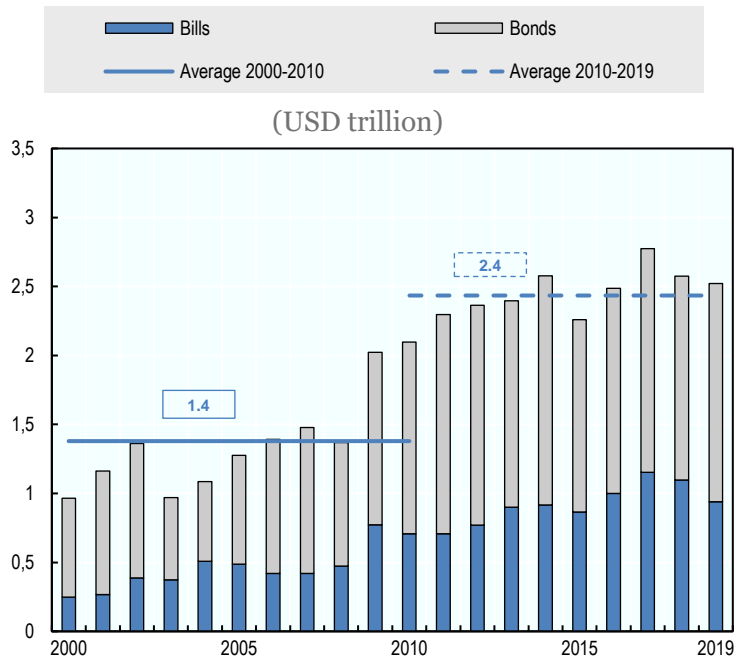
Key issues to consider in improving country credit scores

Fatos Koc, Head of Public Debt Management Unit, OECD
November 25, 2021

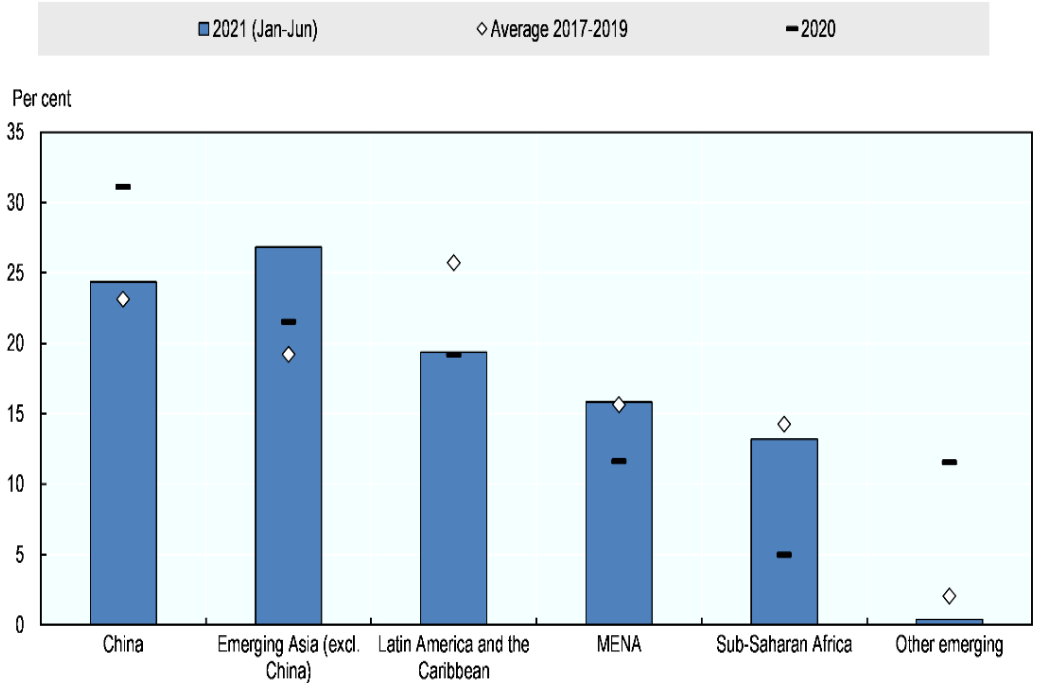


Higher public debt lowers the probability of being placed in a higher rating category

Total marketable debt issuance by EMEs



Marketable debt issuance by regional categories

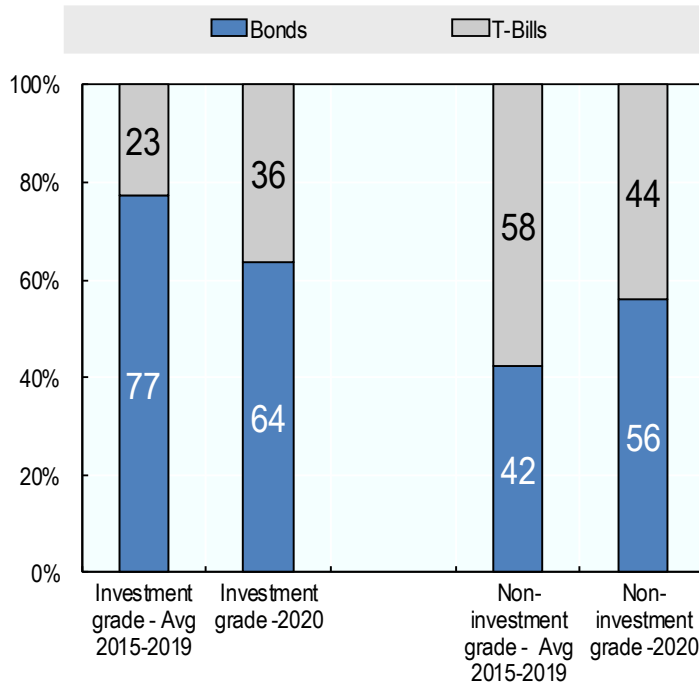


Source: 2021 Edition of OECD Sovereign Borrowing Outlook.

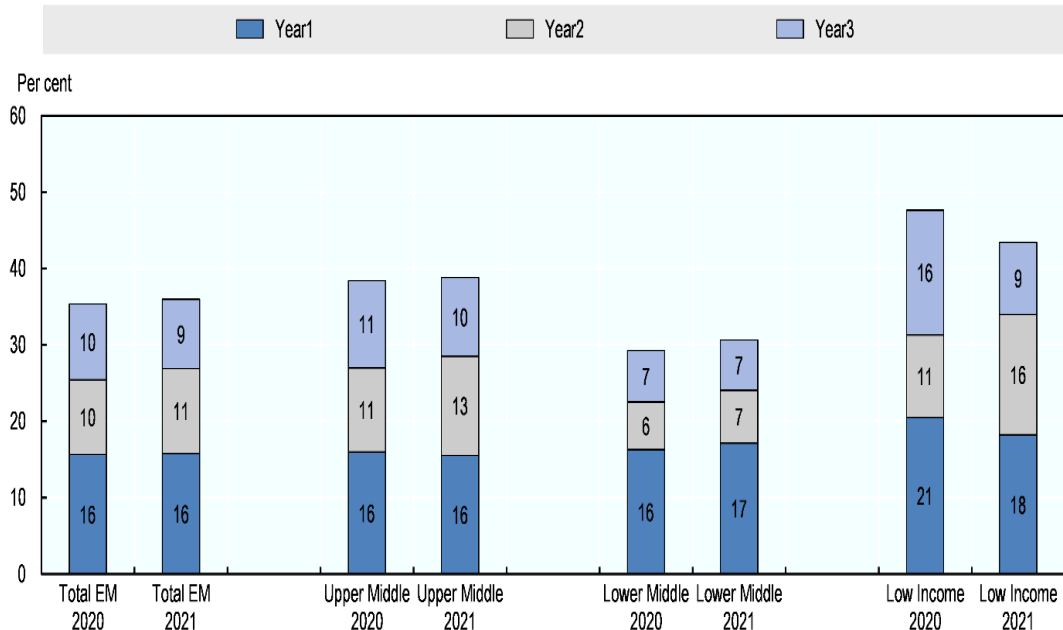


With high debt level and shortened maturities, debt service is more sensitive to changes in rates

Instrument composition of sovereign borrowing



Cumulative percentage of debt maturing in the next 12, 24 and 36 months

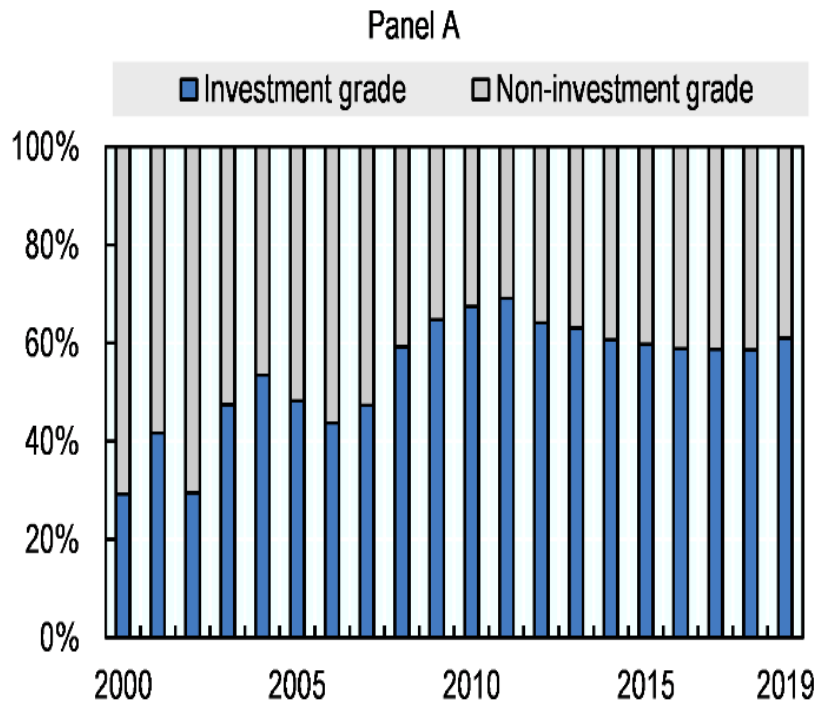


Source: 2021 Edition of OECD Sovereign Borrowing Outlook.

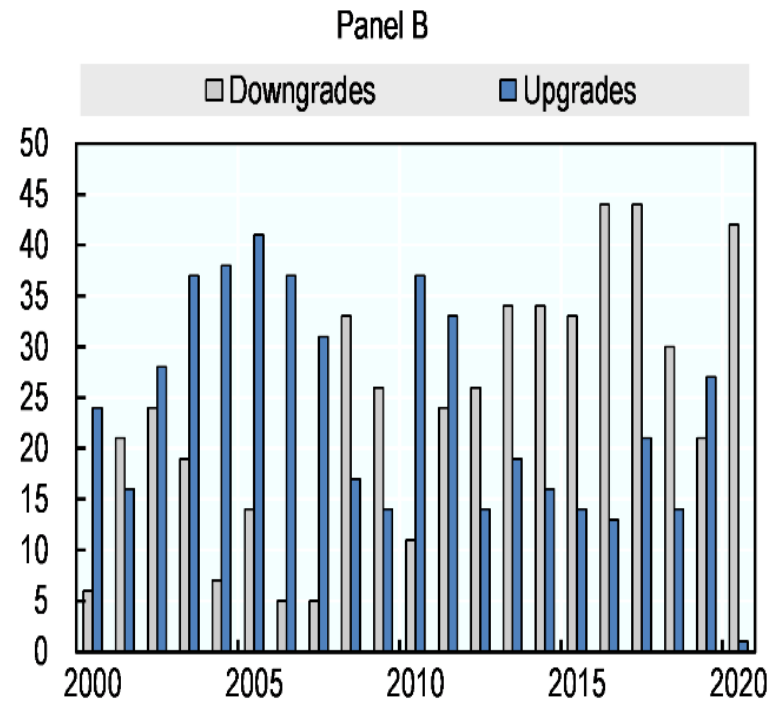


A record number of credit rating downgrades has been observed following the onset of the Covid-19 pandemic

Bond issuance by credit quality



Credit rating grade changes



Notes: Above ratings are based on Moody's, S&P and Fitch and observed on a monthly basis.
Source: 2021 edition of OECD Sovereign Borrowing Outlook.



Key issues to consider in improving country credit scores

- What drives rating downgrades: Capturing investors' perception about countries' sovereign risk (weak institutional settings and low policy credibility, high public debt burden, high level foreign investor participation etc.)
- How to best address investors/rating agencies concerns:
 - Putting rating improvement high on the government's policy agenda
 - Being mindful of vulnerabilities of debt portfolio as well as financial-stability risks stemming from high leverage in the post-COVID-19 environment
 - Develop short- medium- long-term strategies to address the problems



Key issues to consider in improving country credit scores

- Investor package: Scope, accuracy, comparability and timeliness
 - Addressing ESG disclosures by increasing transparency and disclosing relevant information/metrics for ESG ratings
- Communication method with market participants including rating agencies
 - More frequent (virtual) meetings
 - Two-way communication
 - Reach-out to both current potential investor/creditors



Find us online

Publications:

OECD Sovereign Borrowing Outlook,

www.oecd.org/finance/oecdsovereignborrowingoutlook.htm

OECD Working Papers on Sovereign Borrowing and Public Debt Management,

<http://www.oecd.org/daf/fin/public-debt/oecdworkingpaperonsovereignborrowingandpublicdebtmanagement.htm>

Events and other projects:

PDM Network: Public Debt Management Conference May 26-27, 2022 in Rome

<https://www.oecd.org/daf/fin/public-debt/>

OECD Debt Transparency Initiative, <https://www.oecd.org/finance/oecd-debt-transparency-initiative.htm>

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