

# Sovereign Debt – Shadow Rating Workshop

15<sup>th</sup> October 2007, Georgetown, Guyana



The World  
Bank



The Commonwealth Business Council in association with the World Bank is organising a workshop on Sovereign Debt and Shadow Ratings on 15<sup>th</sup> October in Georgetown, Guyana.

The workshop will be organised in the margins of the Commonwealth Finance Ministers Meeting (CFMM) that is taking place in Guyana from Oct 15-17, 2007.

A recent report on Shadow Sovereign Ratings released by the World Bank<sup>1</sup> highlights the fact that the three major rating agencies of the world: Standard & Poors; Fitch and Moody's have so far only rated 86 developing nations. Of these at least 15 countries haven't been rated since the year 2004 and nearly 70 other developing countries have never been rated.

Of the 70 unrated developing nations 14 are part of the Commonwealth which is made up of 53 nations. Thus 20% of all unrated countries in the world are part of the Commonwealth or 26% of the Commonwealth is currently un-rated.

The World Bank paper on Shadow Sovereign Ratings forms the basis of this workshop. The paper indicates that many unrated countries merit ratings at par or even better than other nations. In fact there are many that even are of quality investment grade.

The ratings have a significant impact on:

- Foreign Direct Investments flowing into a country
- Foreign Exchange earnings
- Bond and debt markets
- Capital markets

Although there are countries that may not need to borrow but not having a rating increases the risk profile of any nation. The global money markets follow the rating indices to price the risk of projects being developed or implemented in these countries.

Through this initiative the CBC would like to bring this agenda to the forefront of the global issues. It would like to do this not only for the Commonwealth nations but also other unrated nations as well.

This workshop will bring key stakeholders together to discuss and understand various aspects of sovereign and sub-sovereign ratings.

## **Workshop Content**

- Understand what impact do sovereign ratings have on the economy of a country.
- The concept of Shadow Sovereign Ratings that apply to un-rated countries.
- Analyse how sovereign ratings affect sub-sovereign ratings and whether shadow ratings can bring down the cost of borrowing for unrated countries.
- Learn how to improve sovereign and sub-sovereign ratings of nations.
- Raise Awareness on the shadow ratings amongst the unrated countries and the investor community.
- To discuss the perceived market risks and pricing structures.
- To discuss the possibilities of setting up a common debt market of unrated countries.

## **Participant Profiles**

- Finance Ministers
- Central and Reserve Bank Governors
- Rating Agencies
- Investment Banks
- Representatives of Debt & Capital Markets
- Risk Management Experts
- Development Banks
- World Bank and CBC representatives

<sup>1</sup> Shadow Sovereign Ratings For unrated developing countries: World Bank

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## **Workshop Agenda**

- 0830 hrs: Registration
- 0900 hrs: **Welcome Note**  
Dr. Mohan Kaul, Director General, Commonwealth Business Council
- 0910 hrs: **Sovereign Debt – Shadow Ratings Overview**  
Dilip Ratha, Senior Economist, Development Prospects Group, World Bank
- 1000 hrs: Refreshments Break
- 1030 hrs: **Perspectives of Finance Ministers**  
Discussions with Finance Ministers & Central Bank Governors
- 1130 hrs: **Perspectives from Investors**  
Discussions with Investors & Rating Agencies
- 1230 hrs: **Summary and Way Forward**
- 1300 hrs: Close of workshop

For more details on the workshop please contact:

## **Programme Contacts**

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