



## Foreword by CareEdge Ratings



**Mehul Pandya**  
MD & Group CEO, CareEdge

**Sovereign credit ratings** remain a vital anchor for **global capital flows**. As international markets grow complex, the need for a more nuanced and differentiated approach—one that complements traditional frameworks—has become increasingly clear. This report captures **how CareEdge Global Ratings is breaking convention in sovereign risk assessment**.

CareEdge Global Ratings addresses this need through a forward-looking, back-tested, and credible methodology. As the **first Indian credit rating agency** to offer global-scale sovereign ratings, we provide institutional investors with a data-driven framework that places greater emphasis on objective and measurable parameters.

Our approach prioritises structural resilience, integrating key indicators such as capital formation, debt sustainability, and external vulnerability to deliver a more holistic assessment of sovereign credit strength. The relevance of this framework is already evident. Within just 18 months of launch, we have expanded our coverage to **45 countries**, positioning CareEdge Global as **the world's fourth-largest sovereign rating provider by coverage**.

Our assessments are also gaining **wider market acceptance**. Rating actions by other international agencies have converged with our own across **22 sovereigns**, affirming the **predictive value** of our methodology. Market behaviour has further validated our work, with **CDS spread** movements reflecting risk differentiation in line with our ratings.

Through a transparent and globally comparable rating system, we seek to empower investors to navigate volatility with greater confidence. Our commitment to the highest standards of **governance** and deep sovereign **expertise** ensures that our ratings remain a credible and indispensable tool for global asset allocation.

## Foreword by ORF



**Samir Saran**  
President, ORF

The architecture of global finance is anchored on trust, and few instruments shape that trust more profoundly than sovereign credit ratings. They influence how capital is allocated, how risk is priced, and how nations are perceived by investors, institutions, and markets. Yet while the global economy has transformed dramatically over recent decades, traditional rating agencies remain constrained by legacy frameworks that too often fail to recognise where economic dynamism, fiscal prudence, and long-term growth potential increasingly reside. In many cases, they continue to assess sovereign risk through assumptions shaped by an earlier era of global finance, one in which economic power was concentrated in a narrow set of advanced economies.

This disconnect is particularly visible in the treatment of emerging economies such as India. Despite maintaining one of the world's fastest growth trajectories, demonstrating macroeconomic resilience through repeated global shocks, and undertaking sustained structural reforms, India and other high-performing emerging markets continue to face rating assessments that many argue do not adequately reflect their underlying economic fundamentals. The persistence of such gaps raises legitimate questions about whether incumbent methodologies remain sufficiently responsive to the realities of a changing global economy.

Against this backdrop, CareEdge makes an important contribution through this report, *Breaking Convention: How CareEdge Global Ratings Is Redefining Global Credit Risk Assessment*.

...continued

This report does not merely present an institutional methodology; it advances a wider argument for greater plurality, transparency, and innovation in the global ratings ecosystem. By interrogating conventional assumptions and introducing alternative metrics for assessing sovereign resilience, structural strength, and external vulnerability, CareEdge seeks to enrich an area of analysis that remains central to the functioning of the international financial system.

Importantly, the emergence of new voices in the ratings landscape should not be viewed as disruption for its own sake. Rather, it reflects the natural evolution of markets that must adapt to changing economic geography and a more diverse set of development trajectories. Greater methodological diversity can strengthen the credibility of the ratings ecosystem by encouraging competition, improving transparency, and reducing the risk of analytical orthodoxy.

For emerging and developing economies in particular, this conversation is especially consequential. Sovereign ratings have long had implications beyond capital markets alone, they shape perceptions of national credibility, influence borrowing costs, and can materially affect development pathways. Ensuring that these assessments are rigorous, context-sensitive, and reflective of structural realities is not just a technical matter, but a strategic imperative.

At ORF, we believe that institutions governing the geopolitical and geoeconomic order must continuously evolve to remain fit for purpose. Whether in multilateral development finance, trade governance, digital regulation, or sovereign risk assessment, the principle remains the same: systems designed for yesterday's distribution of power cannot be presumed adequate for tomorrow's realities.

We are pleased to partner with CareEdge on this important contribution and hope it stimulates meaningful debate on how to build a more representative, resilient, and forward-looking global financial architecture.

## Scope of the report



- On October 3, 2024, **CareEdge Global IFSC Ltd (CGIL)** entered the global ratings space with the launch of its sovereign ratings. This marked a step towards bridging the gap in the existing sovereign rating methodologies through a **differentiated approach**.



- This report attempts to **capture the forward-looking strength of our assessments**.



- We have done this by examining whether **subsequent rating actions by other global credit rating agencies** (GCRAs) converge towards our initial assessments.



- We have also **analysed movements in market-based indicators**, such as credit default swap (CDS) spreads, to assess alignment with our risk assessments.



- In addition, we have **evaluated shifts in key macro-financial indicators**, including the share of external government debt and domestic confidence indicators, to assess whether these trends are consistent with our underlying risk evaluations.

## Key takeaway: CGIL ahead of the curve



- Since CGIL's launch, we have observed **22 cases of convergence** in rating actions by other GCRA's with our credit risk assessments, corroborating the strength and credibility of our analytical framework. This spans cases where CGIL assigned higher ratings ahead of peers (Cohort A; e.g., Portugal, India, Morocco) as well as where CGIL assigned lower ratings ahead of peers (Cohort B; e.g., US, France, China).



- **CDS market trends are also in line with our forward-looking credit risk assessments**, with spreads declining for Cohort A in the post-CGIL rating assignment period, indicating easing market risk perception, while spreads for Cohort B remained broadly stable despite broader market compression.



- **Other indicators are also consistent** with our assessments, with the share of external debt in total government debt increasing, signalling improved market access for Cohort A, while remaining unchanged for Cohort B. Similarly, domestic confidence indicators strengthened for Cohort A in the post-rating period but were muted for Cohort B.



- All these trends underscore **our position ahead of the curve.**

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# The importance of sovereign ratings

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# Role of sovereign ratings



## Anchor global capital flows

- Sovereign ratings act as a key reference point guiding international investment decisions



## Determine borrowing costs

- Higher ratings lower risk expectations, thereby reducing sovereign borrowing costs and effectively capping corporate interest rates



## Shape market access and confidence

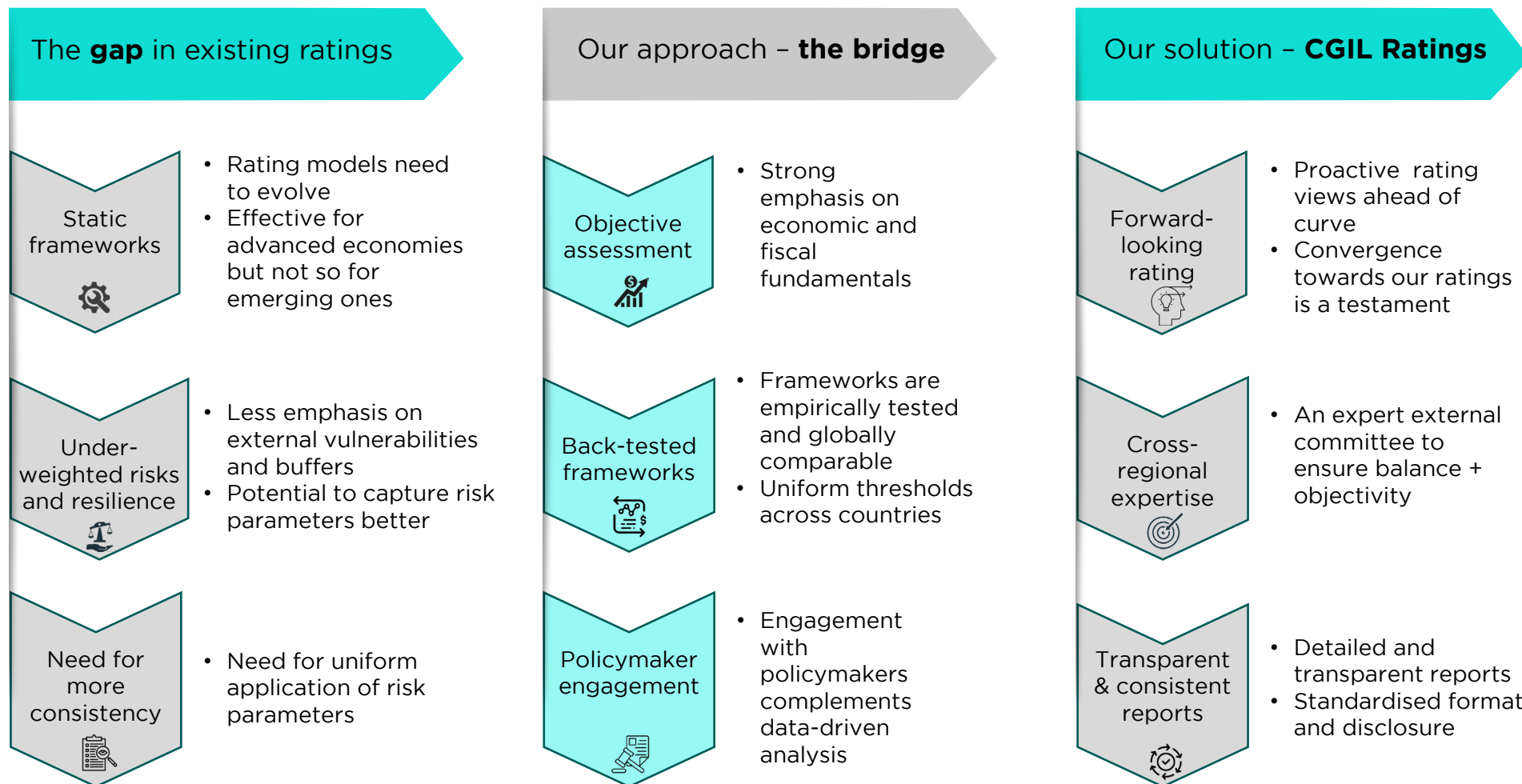
- Ratings influence a country's ability to access global capital markets and sustain investor trust



## A source of credibility

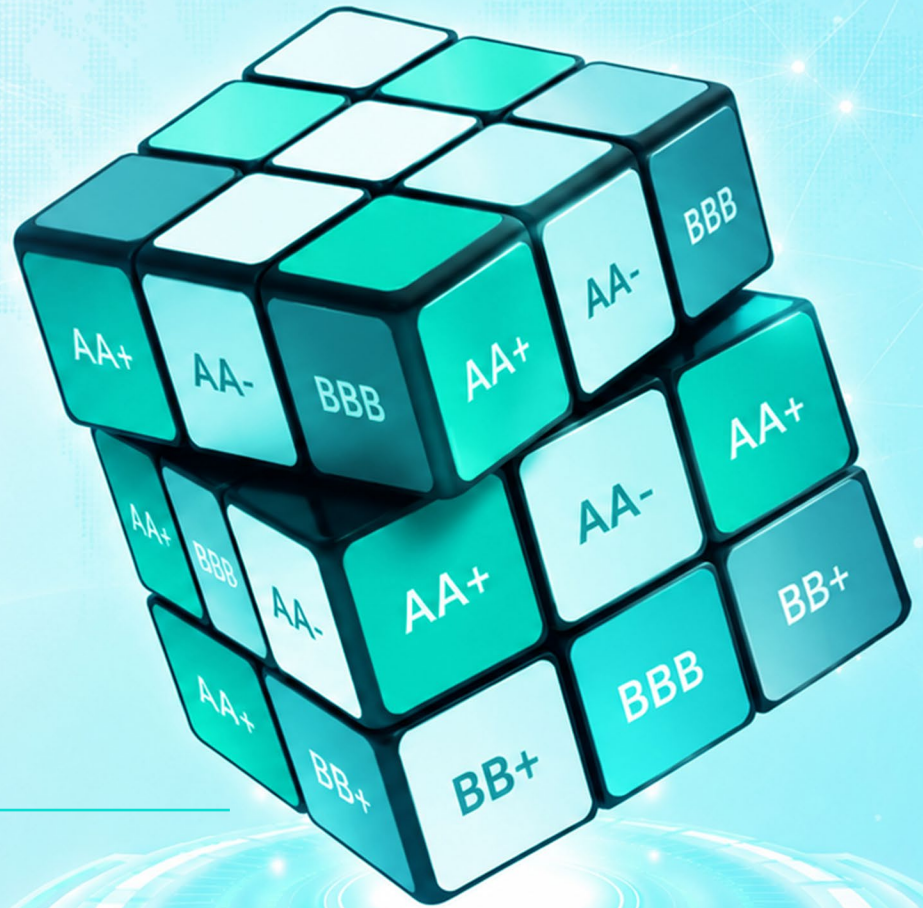
- Ratings offer transparency and an independent benchmark of creditworthiness, especially for sovereigns where global market indicators are limited

# CGIL bridging the 'gap' in sovereign ratings methodology



# About CareEdge Global

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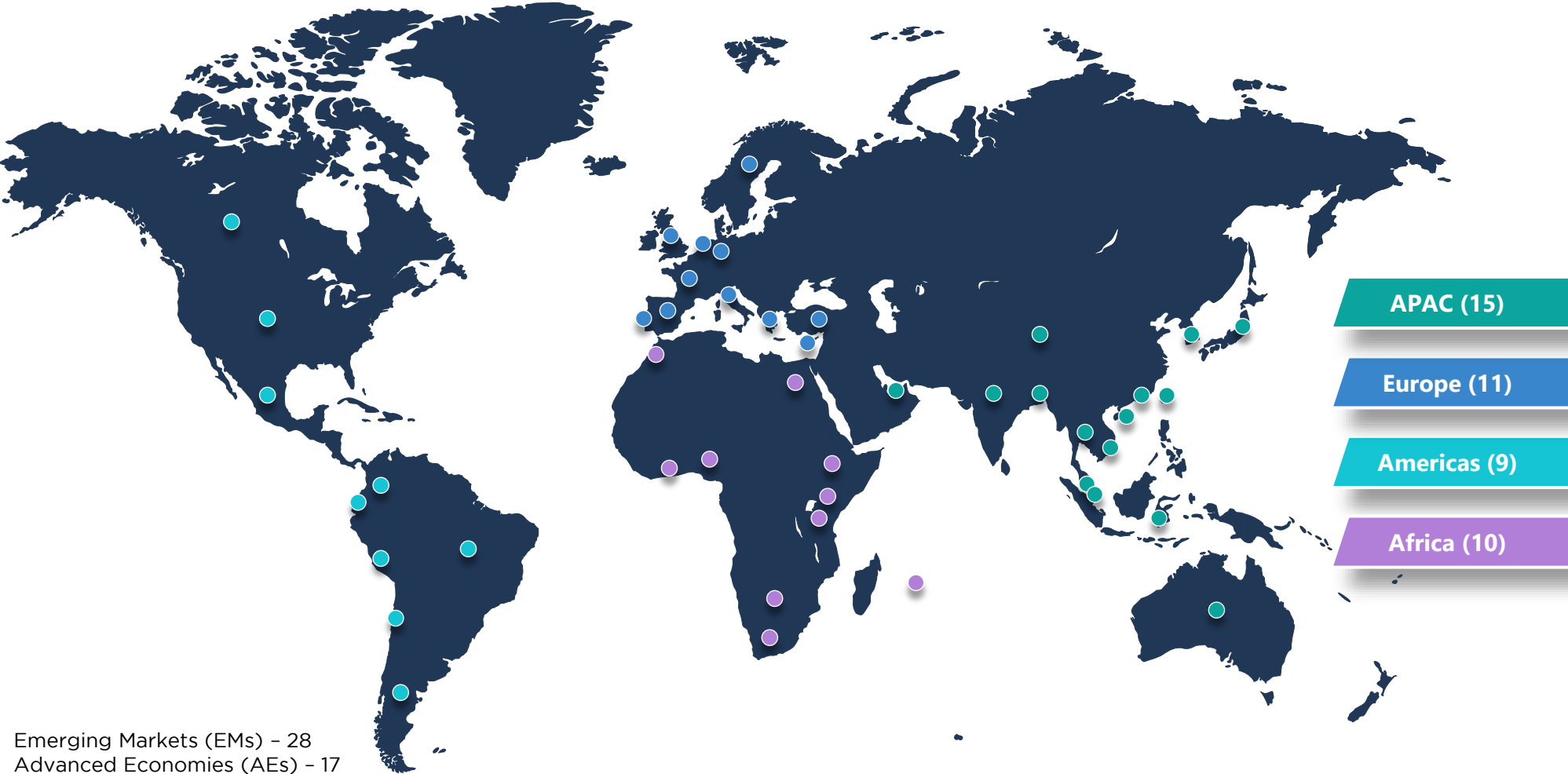
# First global credit rating agency from India and GFT City



^ Excluding China \*SBI and NSE announced to take 9.99% stake each in CGIL

Wide coverage: 45 countries, 85% of the global economy

Expanding this footprint even further



# Fourth-largest global rating agency by coverage of sovereigns

Feat achieved within second year of inception

Sr no.	Credit rating agency (country)	# Years in sovereign ratings	# Sovereign coverage
1	Moody's (USA)	100+	143
2	S&P Global Ratings (USA)	85	143
3	Fitch Ratings (USA)	100+	126
<b>4</b>	<b>CareEdge Global (India)</b>	<b>Less than 2 years</b>	<b>45</b>
5	DBRS Morningstar (Canada)	19	44
5	R&I (Japan)	27	44
7	Scope Ratings (Germany)	8	38
8	Japan Credit Rating (Japan)	40	37
9	Creditreform (Germany)	25	23
10	Capital Intelligence (Cyprus)	7	10

Note: Excluding rating agencies based in China

# CGIL's portfolio of 45 countries is well-spread across the ratings

## Long-Term Foreign Currency Ratings\*

<p><b>AAA</b></p> <ul style="list-style-type: none"> <li>Germany (S)</li> <li>Netherlands (S)</li> <li>Singapore (S)</li> <li>Sweden (S)</li> </ul>	<p><b>AA+</b></p> <ul style="list-style-type: none"> <li>Australia (S)</li> <li>Canada (S)</li> <li>USA (N)</li> </ul>	<p><b>AA</b></p> <ul style="list-style-type: none"> <li>Hong Kong (S)</li> <li>Taiwan (S)</li> </ul>	<p><b>AA-</b></p> <ul style="list-style-type: none"> <li>Japan (S)</li> <li>S. Korea (S)</li> <li>UAE (S)</li> <li>UK (S)</li> </ul>	<p><b>A+</b></p> <ul style="list-style-type: none"> <li>France (S)</li> <li>Portugal (S)</li> </ul>	<p><b>A</b></p> <ul style="list-style-type: none"> <li>China (S)</li> <li>Spain (S)</li> </ul>
<p><b>A-</b></p> <ul style="list-style-type: none"> <li>Chile (S)</li> <li>Malaysia (S)</li> <li>Thailand (N)</li> </ul>	<p><b>BBB+</b></p> <ul style="list-style-type: none"> <li>Botswana (N)</li> <li>Cyprus (S)</li> <li>India (S)</li> <li>Philippines (S)</li> </ul>	<p><b>BBB</b></p> <ul style="list-style-type: none"> <li>Indonesia (S)</li> <li>Italy (S)</li> <li>Mauritius (S)</li> </ul>	<p><b>BBB-</b></p> <ul style="list-style-type: none"> <li>Mexico (S)</li> <li>Morocco (S)</li> <li>Peru (S)</li> </ul>	<p><b>BB+</b></p> <ul style="list-style-type: none"> <li>Brazil (S)</li> <li>Colombia (N)</li> <li>Greece (P)</li> <li>Vietnam (S)</li> </ul>	<p><b>BB</b></p> <ul style="list-style-type: none"> <li>South Africa (P)</li> </ul>
<p><b>BB-</b></p> <ul style="list-style-type: none"> <li>Türkiye (S)</li> </ul>	<p><b>B+</b></p> <ul style="list-style-type: none"> <li>Nigeria (S)</li> <li>Tanzania (S)</li> </ul>	<p><b>B</b></p> <ul style="list-style-type: none"> <li>Egypt (S)</li> <li>Kenya (S)</li> </ul>	<p><b>B-</b></p> <ul style="list-style-type: none"> <li>Ghana (P)</li> </ul>	<p><b>CCC+</b></p> <ul style="list-style-type: none"> <li>Argentina</li> <li>Bangladesh</li> <li>Ecuador</li> </ul>	<p><b>D</b></p> <ul style="list-style-type: none"> <li>Ethiopia</li> </ul>

\*Note: As on Apr 30, 2026; Unsolicited Ratings  
 Rating Outlook: P - Positive | S - Stable | N - Negative. Outlook not applicable for CCC Category and D

## Eminent rating committee – global expertise

### Complements team's capabilities



**Mr. Paul Coughlin**

Former Executive MD and Global  
Head of Credit Ratings,  
S&P Global  
(Australia)



**Mr Ping Chew**

Former CEO & Head of  
Greater China,  
S&P Global  
(Singapore)



**Dr. Souendra Dash**

Vice President -  
Risk Management,  
Africa Finance Corporation  
(Nigeria)



**Mr. Pawan Agrawal**

Former Chief Risk Officer,  
CRISIL, An S&P Global Co.  
(India)



**Mr. Luc Marchand**

Senior Economist & Sovereign  
Risk Specialist,  
CEO & Founder, Country Risk Co.  
(UK)



**Dr. Ashima Goyal**

Renowned Economist, Emirates  
Professor of Economics, IGIDR  
(India)

# Deepening engagement with sovereign stakeholders

## Strengthening sovereign engagement

Solicited

Engagement with sovereigns even for unsolicited ratings - meetings, information exchange, and mention of such co-operation in rating rationales



Unsolicited; based on public information

## Brazil MoF features CGIL's rating on its official website

→ ↻ 🏠 <https://www.gov.br/tesouronacional/en/federal-public-debt/about-federal-public-debt/sovereign-rating> 🌐 ⭐ 🔄 ⚙️

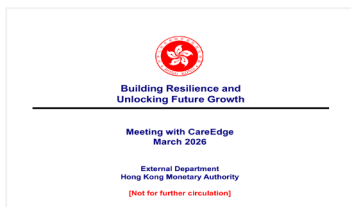
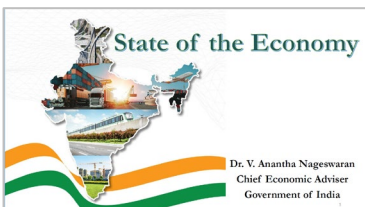
Tesouro Nacional

Brazil's Credit Rating

10 resultados por página

Agency	Foreign Currency	Local Currency	Outlook	Last Change
CareEdge Global	BB+	BB+	Stable	JUN-27-2025
Fitch	BB	BB	Stable	JUN-25-2025
Moody's	Ba1	Ba1	Stable	MAY-30-2025
JCR	BBB-	BBB	Stable	MAY-16-2025
R&I	BBB-	BBB-	Stable	JUL-09-2024
Standard & Poor's	BB	BB	Stable	DEC-19-2023

## Sovereign presentations to CareEdge Global validate growing stakeholder acceptance





# About ORF

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# Observer Research Foundation

Est. 1990 · New Delhi, India

India's premier independent  
policy research institution

**35+** | Years of research

**100+** | Experts & fellows

## About ORF

The Observer Research Foundation (ORF) is India's largest independent, non-profit, public policy think tank set up with the objective of aiding and informing policies for a sustainable and strong India in a prosperous and equitable world. ORF pursues these goals by providing informed and varied perspectives, conducting in-depth research and curating stimulating discussions.

## Research pillars



### Geopolitics & security

Indo-Pacific strategy, nuclear policy, strategic affairs, defence



### Economy & development

Trade, digital economy, MSME, financial architecture



### Climate & governance

Energy transition, urban policy, multilateral institutions

## Key themes

1

**Economic  
diplomacy**

2

**Security &  
geopolitics**

3

**Energy &  
climate change**

4

**Digital  
governance**

5

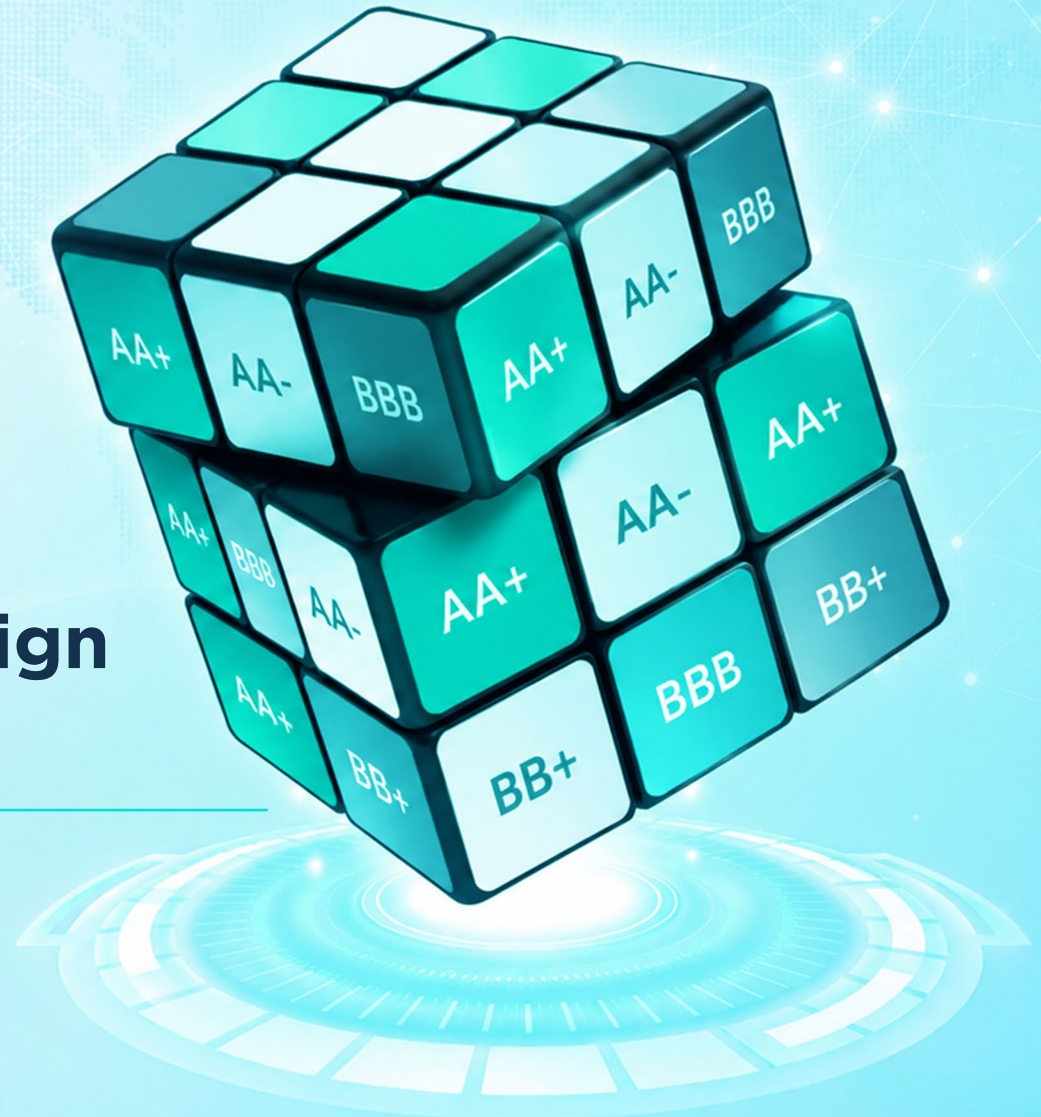
**International  
affairs**

6

**South  
Asia**

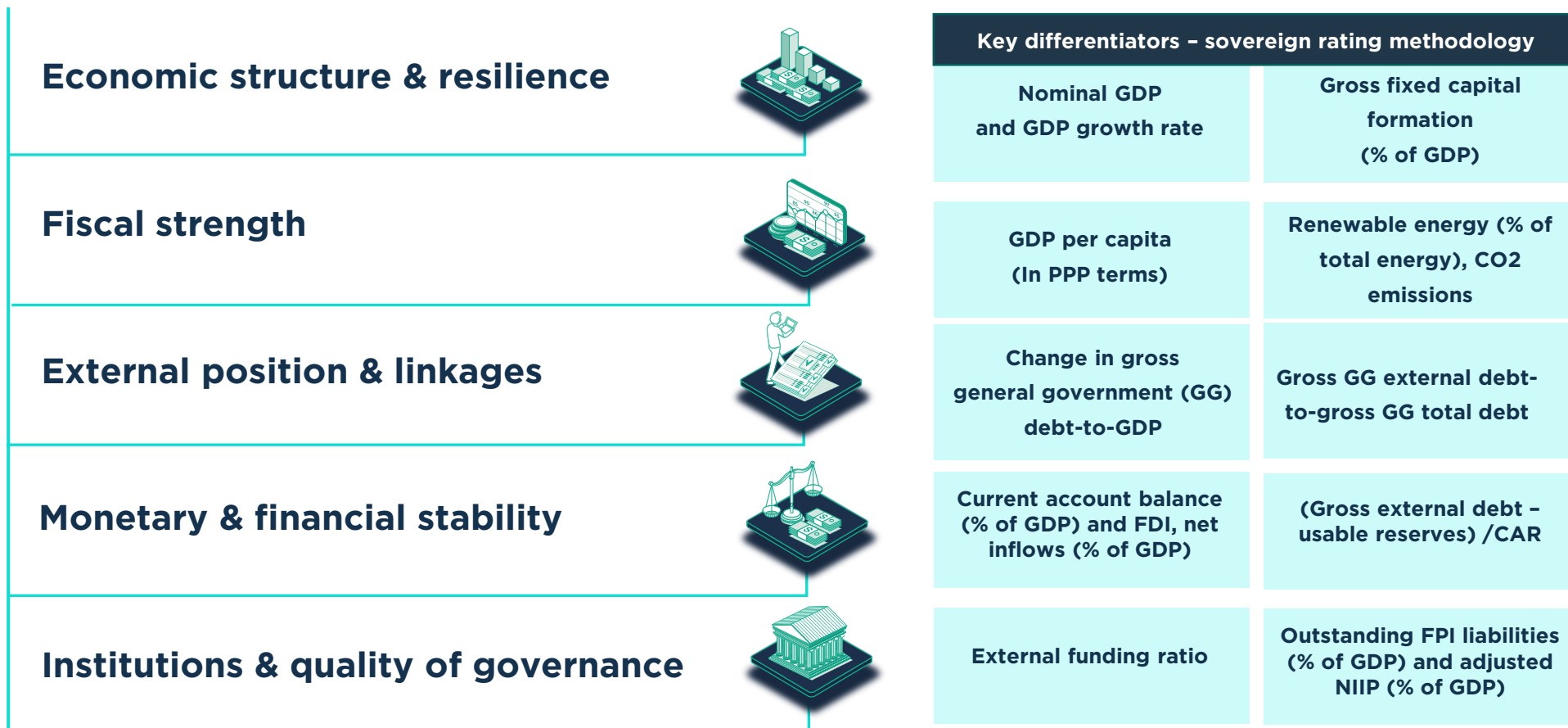
## **CGIL's rating edge: Differentiated sovereign rating approach**

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# Transparent, objective, and relevant rating framework

## Sovereign rating – key pillars



## Deeper dive into our key differentiators (1/5)



**Nominal  
GDP**

- A large economy can better absorb shocks due to its diversity, economic influence, and capacity to generate a stable revenue stream. The economy's size also has a bearing on its global stature and growth potential.
- To capture an economy's size, we look at the latest nominal GDP and the average for the next five years.



**GDP  
growth rate**

- Healthy GDP growth expands the economy, strengthens fiscal capacity through higher tax revenues, and boosts consumption.
- To assess a sovereign's growth trajectory, we examine average real GDP growth over the past five years and projected growth for the next five years.



**Gross fixed capital  
formation**

- Fixed capital investment is an indicator of future supply-side capacity.
- It plays a key role in propelling the economic growth cycle through enhancing productivity over the medium-to-long term. Hence, for sustained high economic growth, asset creation is important.
- We look at the latest gross fixed capital formation (GFCF) as a percentage of GDP.

## Deeper dive into our key differentiators (2/5)



### GDP per capita (In PPP terms)

- Per capita GDP reflects income levels and a sovereign's tax potential, while also indicating the government's welfare spending needs.
- We use the latest per capita income in PPP (purchasing power parity) terms for a more accurate comparison across economies, adjusting for price differences and equalising purchasing power across currencies.



### Renewable energy and CO2 emissions

- Environmental sustainability is becoming critical in determining a sovereign's future economic prospects.
- Countries with strong environment-friendly policies are better equipped to manage climate risks and mitigate economic and fiscal impacts, while also attracting green investments.
- To capture this aspect, we assess the share of renewable energy in total consumption, CO2 emissions per capita, and CO2 emissions per million dollars of GDP in our sovereign credit analysis.



### Change in gross general government (GG) debt-to-GDP

- Assessing the debt trajectory is crucial to evaluate the government's commitment to medium-to-long-term fiscal consolidation and the sustainability of its debt levels.
- It also reflects the government's fiscal effectiveness, indicated by stable or declining debt levels over time.
- We assess the historical change in gross GG debt as a percentage of GDP over the latest five-year period and the projected change for the next five years to capture this aspect.

## Deeper dive into our key differentiators (3/5)



**Gross GG external debt**  
(% of gross GG total debt)

- The composition of GG debt should be an important consideration in the fiscal strength assessment.
- Debt held by domestic creditors carries lower servicing risk; external debt is more exposed to global shocks.
- A lower share of GG external debt is, therefore, more favourable.
- We look at the latest share of gross GG external debt (by creditors) in total gross GG debt as one of the primary factors in our assessment.



**Current account balance (% of GDP)**  
and  
**FDI, net inflows (% of GDP)**

- A key metric for assessing a sovereign’s external risk is the current account balance (CAB), which records all transactions between residents and non-residents—covering trade in goods and services, income payments, and current transfers.
- A current account surplus provides a buffer against external shocks, while a large deficit can create external stress.
- Deficits can be financed through debt or capital inflows such as foreign direct investment (FDI) and foreign institutional investment (FII). Stable FDI inflows are a key indicator of external strength. Strong FDI inflows signal global confidence in a country’s competitiveness, economic prospects, and policies.
- The CAB-FDI matrix assesses whether stable capital flows adequately support CAB. We use the past five-year averages of CAB and FDI inflows, both as a percentage of GDP.

## Deeper dive into our key differentiators (4/5)



**(Gross external debt - usable reserves) / CAR**

- It measures the availability of current account receipts (CAR) to service the outstanding gross external debt.
- Adjustments are made for economies with reserve or actively traded currencies and those with significant forex reserves, reflecting stronger debt servicing and refinancing capability.
- Gross external debt is adjusted for usable reserves—external assets readily available to and controlled by monetary authorities to meet balance of payments needs and support exchange market intervention.

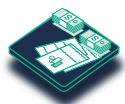


**External funding ratio (EFR)**

- EFR measures whether current account (CA) receipts and net FDI are sufficient to meet near-term obligations—namely CA payments and external funding needs for the year.
- CA receipts record inflows from exports of goods and services, transfers, and income, while CA payments record outflows for imports, transfers, and income payments.
- A low EFR indicates a well-funded economy from an external perspective, while a high EFR signals external vulnerability.

$$EFR = \frac{(CA\ payments + short\ term\ debt\ by\ residual\ maturity)}{CA\ receipts + FDI\ net\ inflows}$$

## Deeper dive into our key differentiators (5/5)

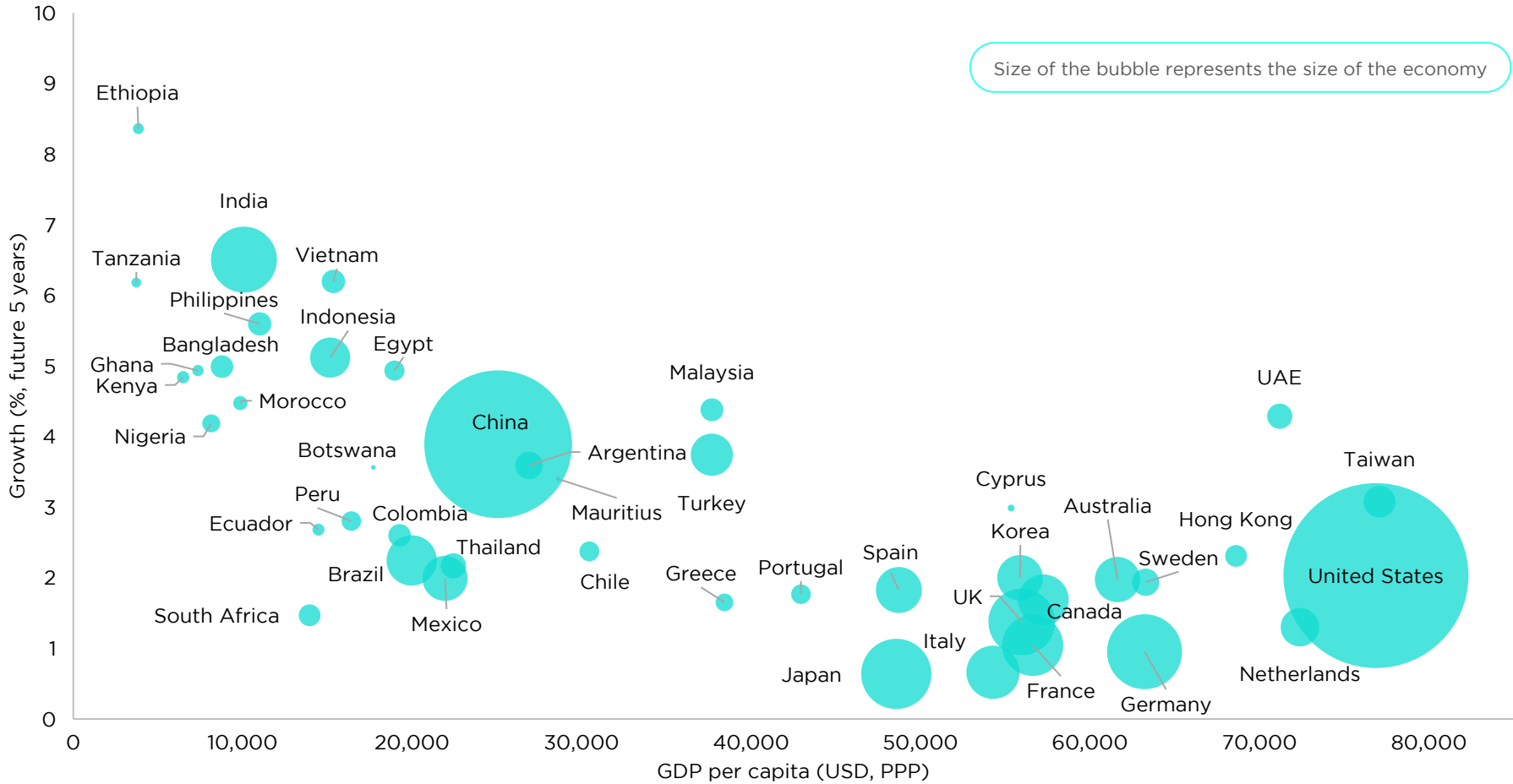


### **Outstanding FPI liabilities (% of GDP) and adjusted NIIP (% of GDP)**

- This indicator gauges an economy's vulnerability to sudden capital flight.
- While foreign capital inflows improve access to investment funds and global integration, high reliance on volatile flows can threaten financial stability and long-term growth. Adverse global or domestic shocks may trigger capital outflows, straining liquidity, and risking a financial crisis.
- The outstanding Foreign Portfolio Investment (FPI) liabilities-adjusted NIIP matrix assesses an economy's resilience to sudden capital flight by measuring the adequacy of its financial assets against outstanding volatile capital flows.
- Net international investment position (NIIP) is the difference between an economy's financial assets held abroad, including claims on non-residents and reserve gold, and its liabilities to non-residents, reflecting a net claim on or a net liability to the rest of the world.

# Integrating size, per capita income, and growth (1/2)

## Better assessment of economic structure



Source: IMF, World Bank, National Sources, CGIL; Data as of Apr 2026

## Integrating size, per capita income, and growth (2/2)

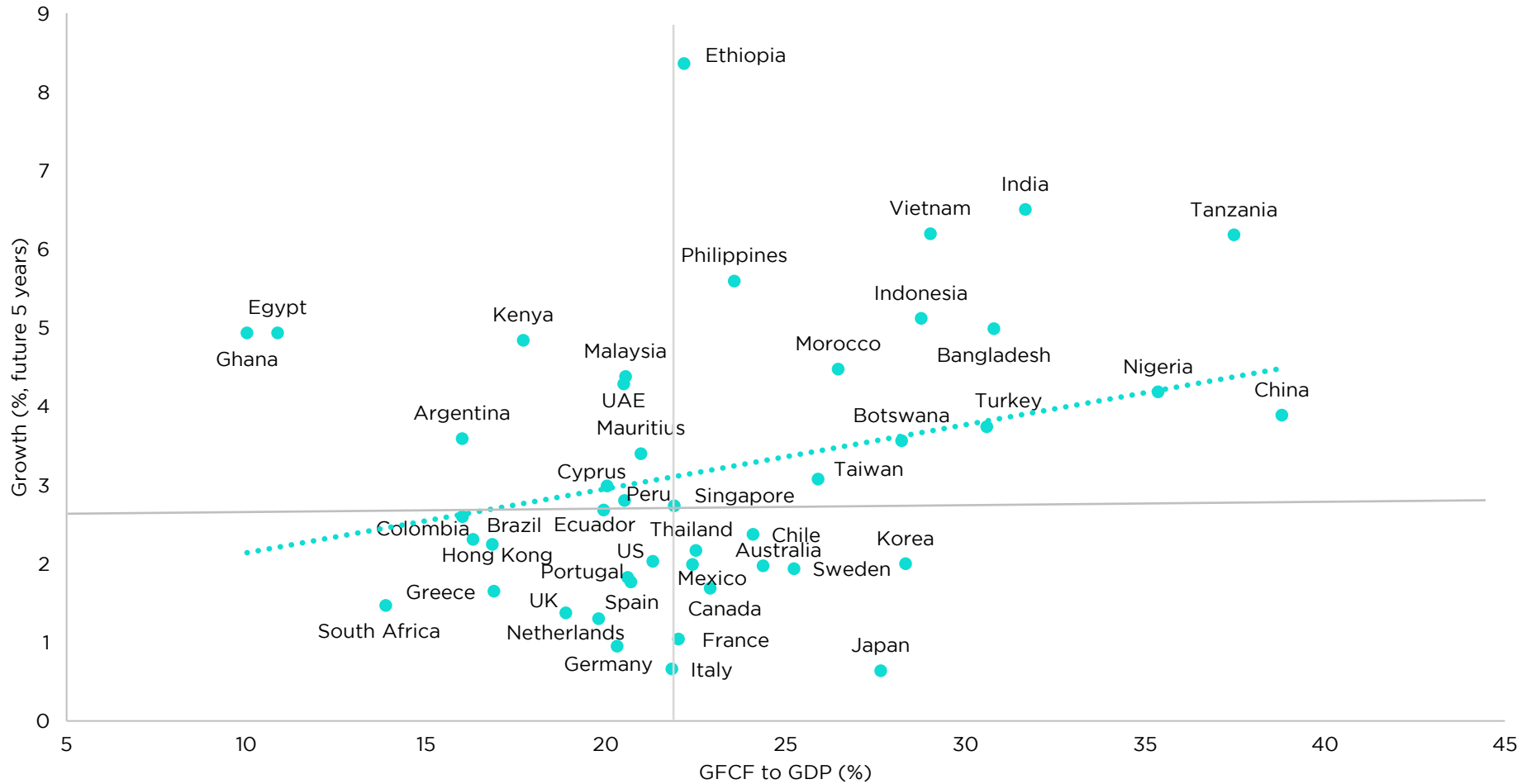
### Better assessment of economic structure

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- In our assessment of the economic pillar, we analyse the economic size, per capita income (in PPP terms), and GDP growth together. This approach ensures no single factor dominates the assessment, allowing for a more balanced perspective.
- As can be seen in the chart, developed economies generally experience slower growth rates, though this is balanced by their substantial size.
- Emerging economies tend to have low per capita income due to their developing status, but they typically benefit from higher growth rates.
- Some countries standout:
  - The US, despite its size and developed country status, continues to grow at a healthy rate.
  - Emerging economies such as Brazil, Mexico and South Africa are growing below their potential due to structural issues. However, India is growing at a healthy rate despite its significant economic size.

# Investment is a key indicator of future economic potential (1/2)

Economies with high investment rate expected to see stronger growth



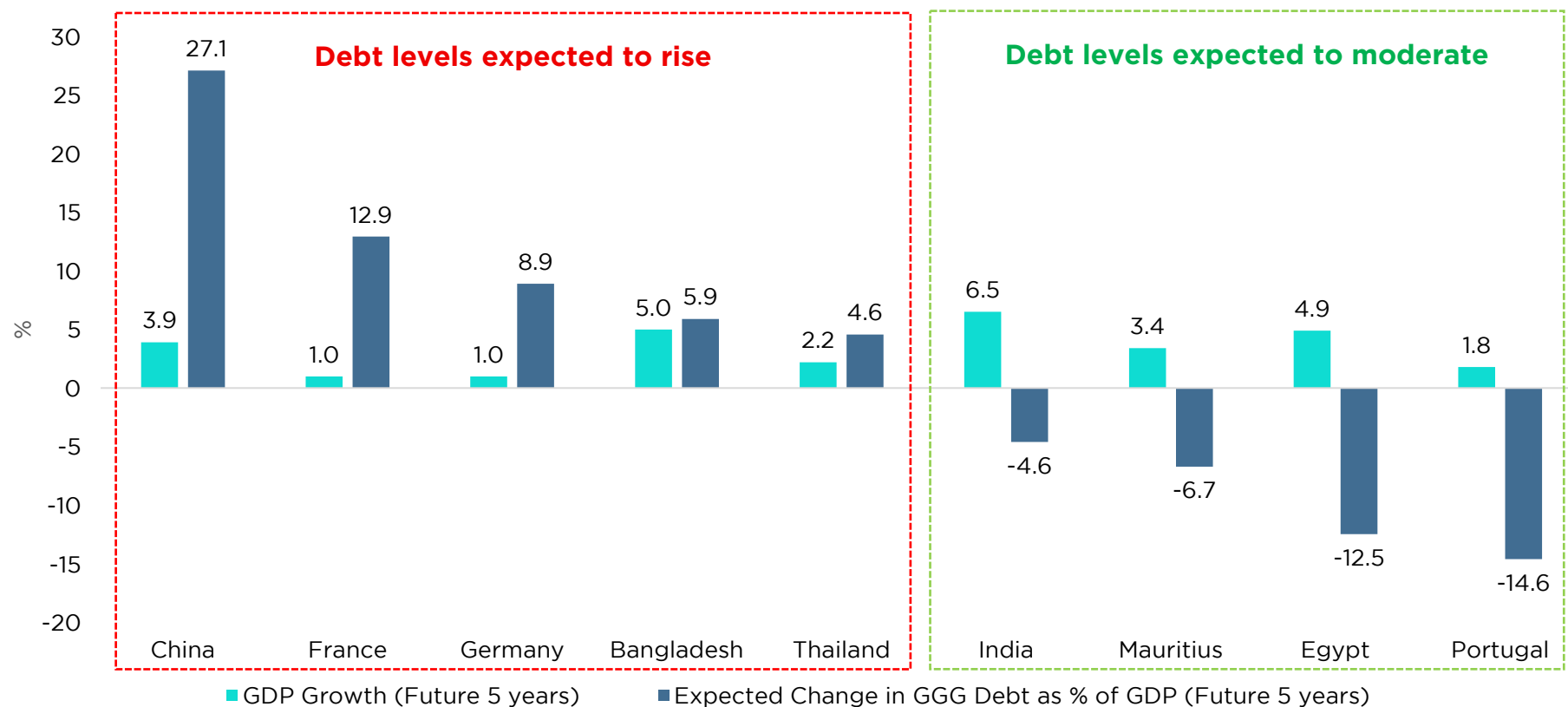
Source: IMF, World Bank, National Sources, CGIL; Data as of Apr 2026

## Investment is a key indicator of future economic potential (2/2)

### Economies with high investment rate expected to see stronger growth

- GFCF is a key factor in our analysis as it drives economic productivity and competitiveness.
- Our analysis shows a positive correlation between GFCF and future GDP growth.
- The top-right quadrant features economies with high GFCF and strong growth prospects.
- Conversely, while top-left economies may achieve decent growth rates despite moderate GFCF, their growth is projected to lag higher investing nations. For instance, Egypt and Malaysia are expected to grow at lower rates than Vietnam and India.
- We recognise that very high levels of GFCF can lead to unsustainable growth. For instance, in China, where GFCF is notably high, we have applied specific modifiers to account for overinvestment issues, which have resulted in excess capacity in some sectors.
- We also consider that advanced economies generally have lower GFCF due to their well-established infrastructure, resulting in reduced demand for new investments. Therefore, we apply appropriate modifiers to reflect their high level of competitiveness.

## Accumulation of fiscal debt to be seen in context of growth



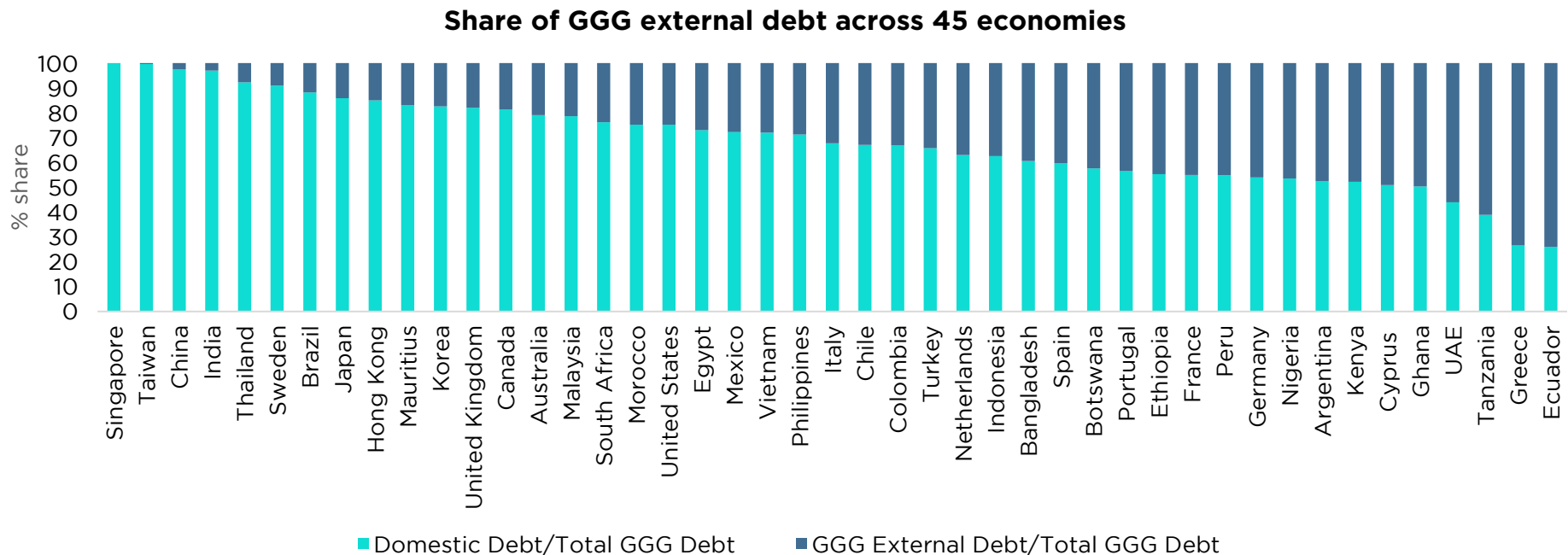
Source: IMF, CGIL

Note: GGG = Gross General Government; Data for China includes off-budget borrowings

- Debt is not viewed as negative in itself, as long as the rate of change in debt is in proportion to the rate of change in GDP.
- The emphasis is on the pace of debt accumulation relative to economic growth; faster debt build-up compared to GDP growth weakens debt sustainability, adversely impacting fiscal strength.

# Large share of domestic debt reduces vulnerability...

## ... And refinancing risks

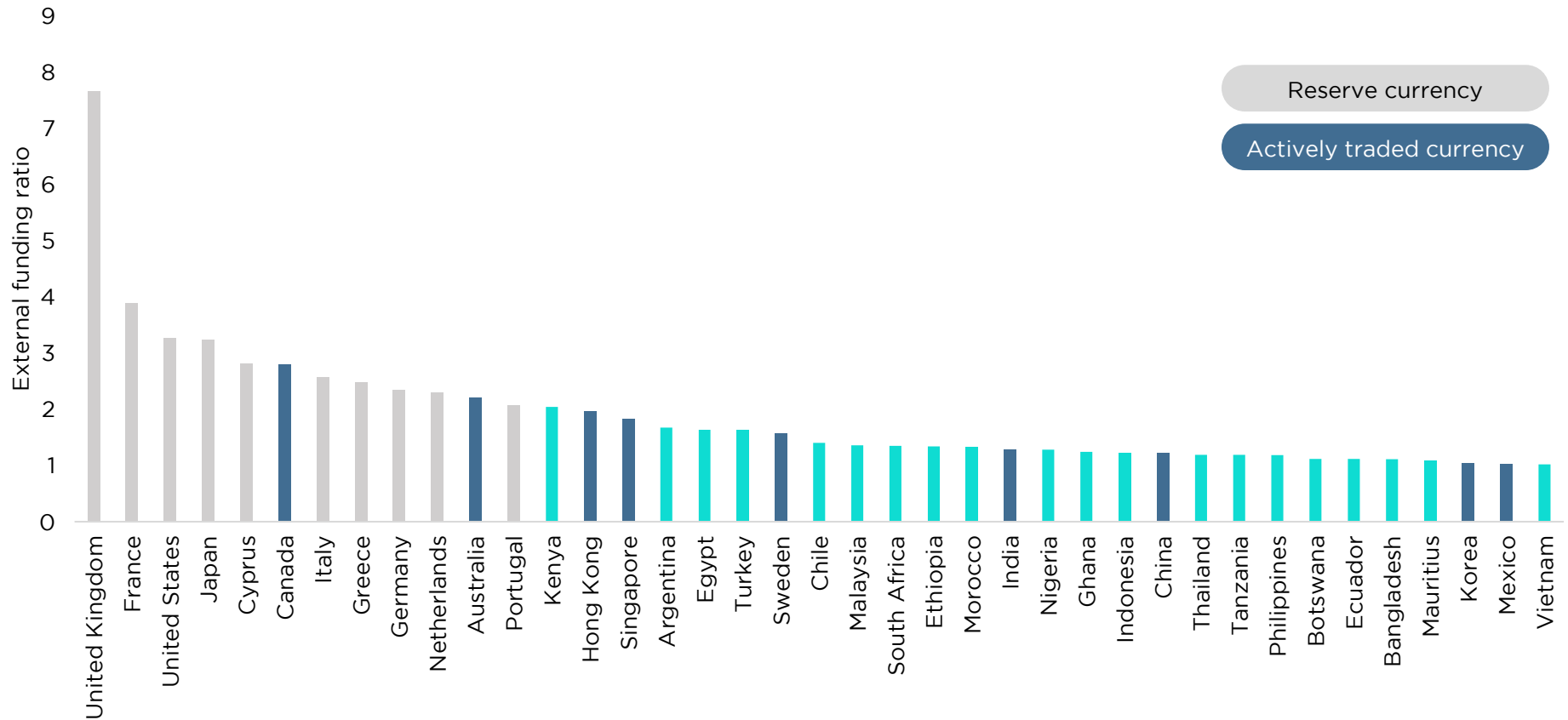


Source: IMF, CGIL

Note: GGG = Gross General Government; Above data covers external debt by creditors

- When assessing sovereign risk, the composition of debt – particularly the domestic vs external split – offers insights into vulnerabilities.
- A big share of external debt is typically credit negative due to exposure to exchange rate movements and debt servicing risks.
- In contrast, a large share of debt financed by domestic creditors presents relatively lower risk. For instance, Japan has the highest debt level, but this is relatively less worrisome as 86% of its debt is domestic.

## Low external funding ratio provides comfort (1/2)



Source: IMF, CGIL

## Low external funding ratio provides comfort (2/2)

- The external funding ratio measures a sovereign's ability to meet near-term external payments. A value below one is preferable, as it indicates that a country's current account inflows and FDI net inflows are sufficient to cover current account payments and short-term external debt (by residual maturity).
- In the chart, countries on the left have high external funding ratios, which is not ideal. Some of these are global financial centres which tend to have high external liabilities. However, these countries benefit from having a reserve currency/actively traded currency, providing easier access to foreign currency markets and reducing their vulnerability to external shocks.
- In contrast, countries on the right have better external funding ratios, close to or below one. This is likely due to low external debt, as seen in India, China, and the Philippines.

**Rating convergence by  
peers substantiates our  
differentiated approach**

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# Convergence of ratings of 22 countries towards CGIL ratings

## Validating the strength and credibility of CGIL's analytical framework

CGIL vs. other global CRAs (Oct 3, 2024)	GCRA 1	GCRA 2	GCRA 3
CGIL and other GCRA's ratings were at same level	18	10	16
CGIL Ratings were Higher vs. other GCRA's	8	13	12
CGIL Ratings were Lower vs. other GCRA's	12	16	9
Not Rated	1	-	2

Note: GCRA refers to Global Credit Rating Agency

Sr No	Sovereign	CGIL (Oct'24)	Subsequent rating action by big-3 global CRA		
			CRA Name	As of Oct'24	Upgraded to
1	Brazil	BB+	GCRA 2	BB/Positive	BB+/Stable
2	India	BBB+	GCRA 1	BBB-/Positive	BBB/Stable
3	South Africa	BB	GCRA 1	BB-/Stable	BB/Positive
4	Spain	A	GCRA 3	A-/Stable	A-/Positive
			GCRA 2	BBB+/Positive	A-/Stable
5	Portugal	A+	GCRA 1	A-/Positive	A+/Positive
			GCRA 3	A-/Positive	A/Positive
6	Nigeria	B	GCRA 2	CCC+/Positive	B-/Stable
			GCRA 3	B-/Positive	B/Stable
			GCRA 1	B-/Stable	B-/Positive
7	Italy	BBB	GCRA 2	BBB-/Stable	BBB-/Positive
8	Morocco	BBB-	GCRA 1	BB+/Positive	BBB-/Stable
9	Argentina	CCC	GCRA 2	CC/Stable	CCC+/Stable
10	Kenya	B	GCRA 2	CCC+/Positive	B-/Stable
11	Ghana	B-	GCRA 2	CCC+/Stable	CCC+/Positive
12	Thailand	A-	GCRA 2	BBB+/Negative	BBB+/Stable
13	Vietnam	BB+	GCRA 2	BB/Stable	BB/Positive

Sr No	Sovereign	CGIL (Oct'24)	Subsequent rating action by big-3 global CRA		
			CRA Name	As of Oct'24	Downgraded to
14	Bangladesh	CCC+	GCRA 2	B+/Stable	B/Negative
			GCRA 1	AA-/Stable	A+/Stable
15	France	AA-	GCRA 3	AA-/Stable	A+/Stable
			GCRA 2	AA/Stable	AA-/Negative
16	Botswana	BBB+	GCRA 2	A-/Stable	BBB+/Negative
17	China	A	GCRA 3	A+/Negative	A/Stable
18	USA	AA+	GCRA 2	AAA/Negative	AA+/Stable
19	Colombia	BB+	GCRA 2	BBB/Negative	BBB-/Stable
20	Mexico	BBB-	GCRA 2	BBB/Stable	BBB/Negative
21	Turkiye	BB*	GCRA 3	BB-/Positive	BB-/Stable
22	Philippines	BBB+	GCRA 1	BBB+/Positive	BBB+/Stable

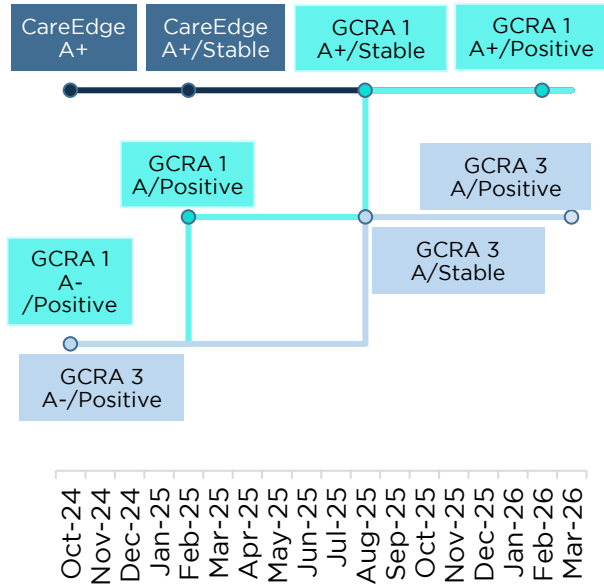
Source: Information publicly available on respective websites of GCRA's

\*Turkiye upgraded to BB-/Stable from B+/Stable in Jan'26 | Kenya, Ghana rating assigned in Dec'25 & Mar'26 respectively

# Example of CGIL assigning a higher rating ahead of other GCRA's

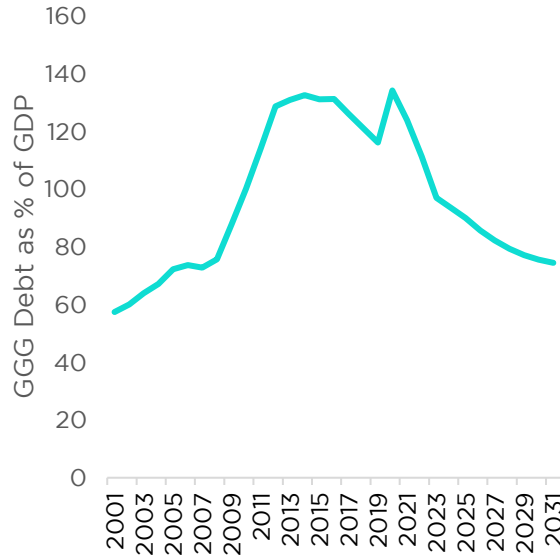
## Portugal: Fiscal consolidation and institutional reforms

Rating timeline



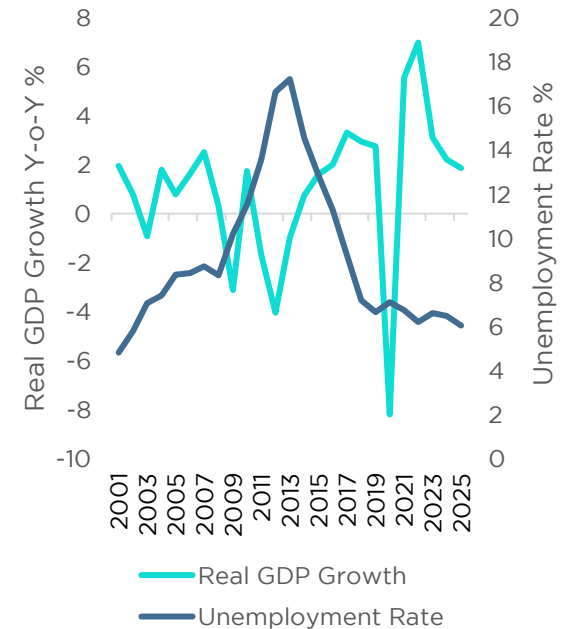
Source: Information available on respective websites of GCRA's, CGIL

Strong commitment to fiscal consolidation



Source: IMF, CGIL  
Note: GGG = Gross General Government

Unemployment declined due to structural labour market reforms



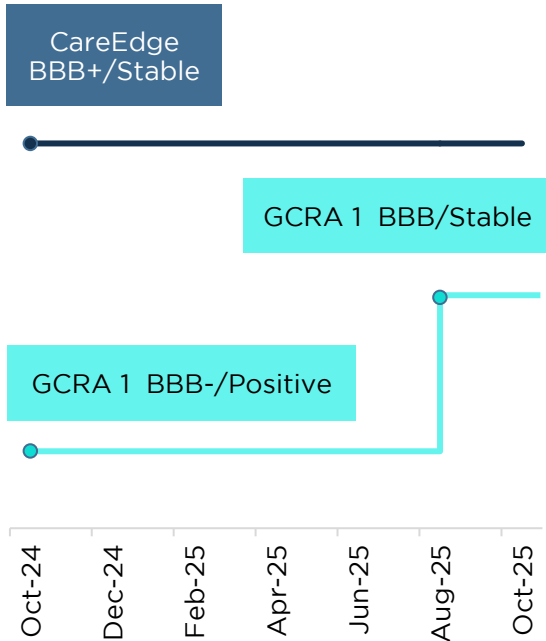
Source: IMF, National sources, CGIL

- CGIL assigned a rating two notches higher than peers on account of sustained fiscal consolidation over the years.
- This consolidation was driven by key structural reforms, including tax increases, public wage freezes, SOE privatisation, and bank capital clean-up.

# Example of CGIL assigning a higher rating ahead of other GCRA's

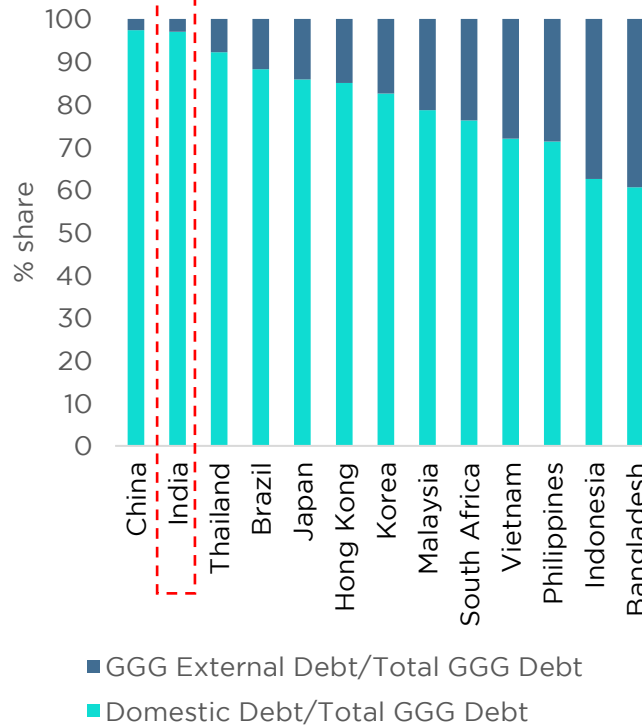
## India: High investment, low external debt, and fiscal consolidation

Rating timeline



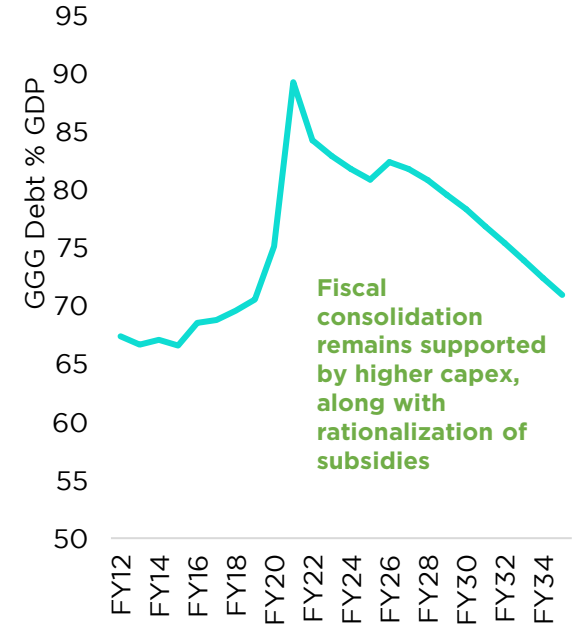
Source: Information available on respective websites of GCRA's, CGIL

Low share of externally held debt



Source: IMF, CGIL  
Note: GGG = Gross General Government

Continued fiscal discipline by the central government



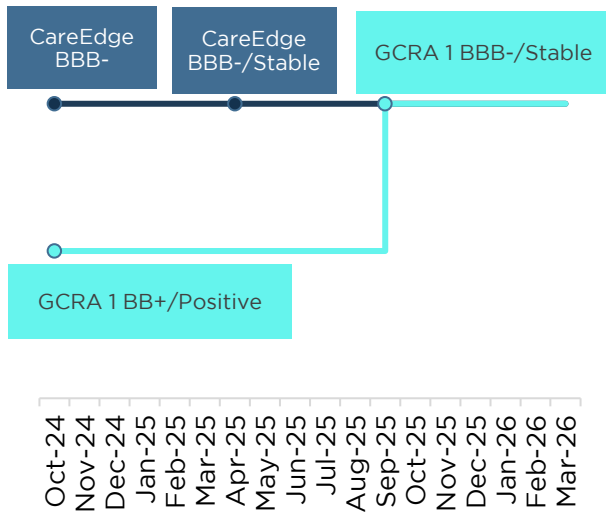
Source: RBI & CareEdge Projections  
Note: 2026 onwards denominator includes revised GDP data

- CGIL assigned a rating two notches higher due to predominantly domestically held public debt, which mitigates exposure to external refinancing and currency risk. Additionally, India's sustained reform momentum has supported fiscal consolidation, reducing its deficit.

# Example of CGIL assigning a higher rating ahead of other GCRA's

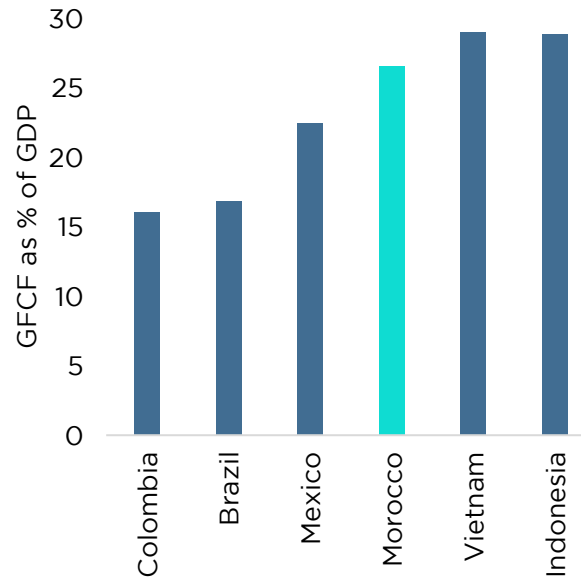
## Morocco: Investment momentum and external buffers

**Rating timeline**



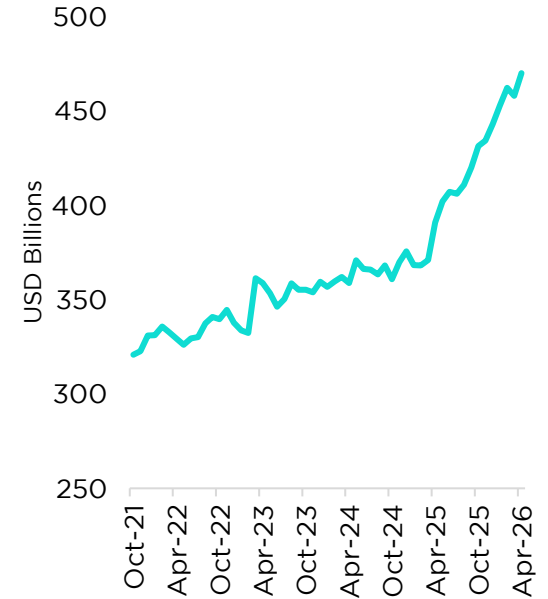
Source: Information available on respective websites of GCRA's, CGIL

**Investment, diversification support growth**



Source: World Bank, CGIL  
Data as of 2025

**International reserves improving**



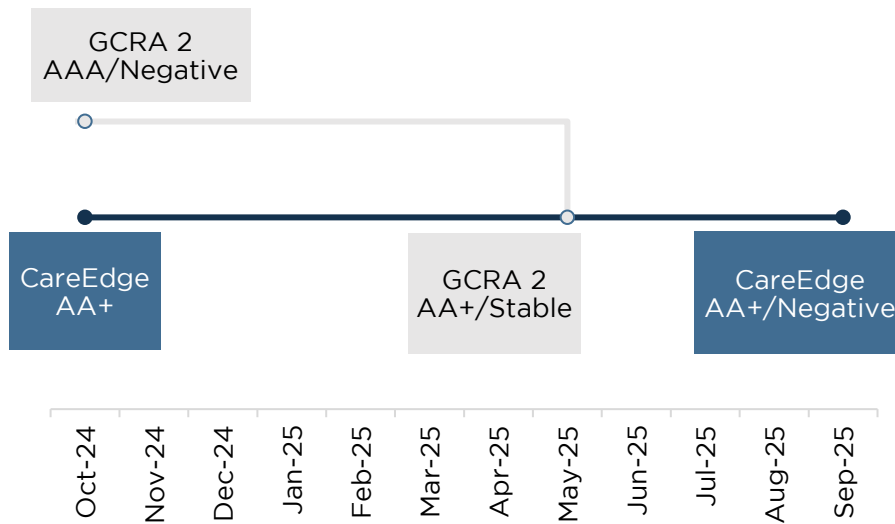
Source: IMF, CGIL

- CGIL assigned investment grade (IG) vs peers' sub-IG, supported by investment momentum and strong external buffers.
- This is driven by the country's investment charter under its new development plan, alongside rising services exports (particularly tourism), remittances, and FDI inflows, leading to the accumulation of stronger external buffers.

# Example of CGIL assigning a lower rating ahead of other GCRAs

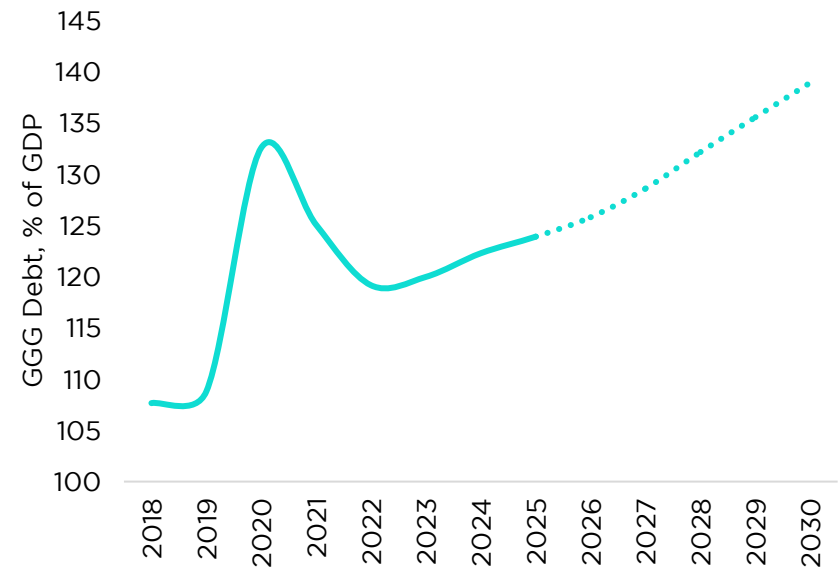
## US: Fiscal and institutional concerns

Rating timeline



Source: Information available on respective websites of GCRAs, CGIL

Elevated and rising US government debt concerns

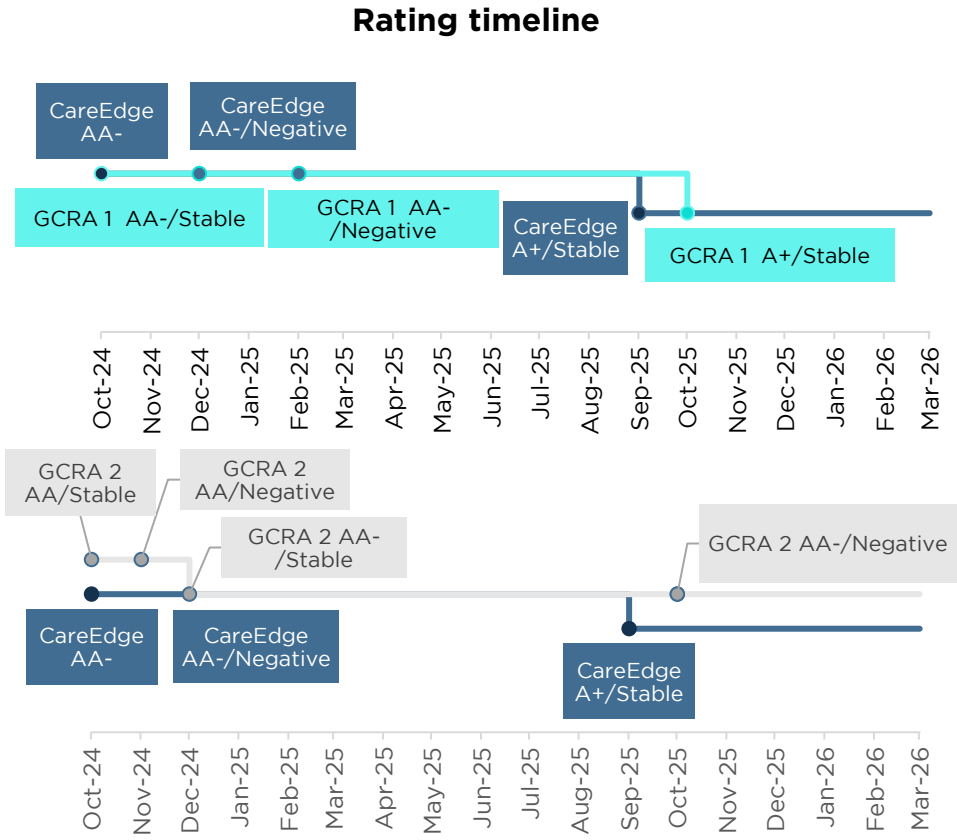


Source: IMF, CGIL  
Note: a) GGG = Gross General Government b) Projections start from 2026

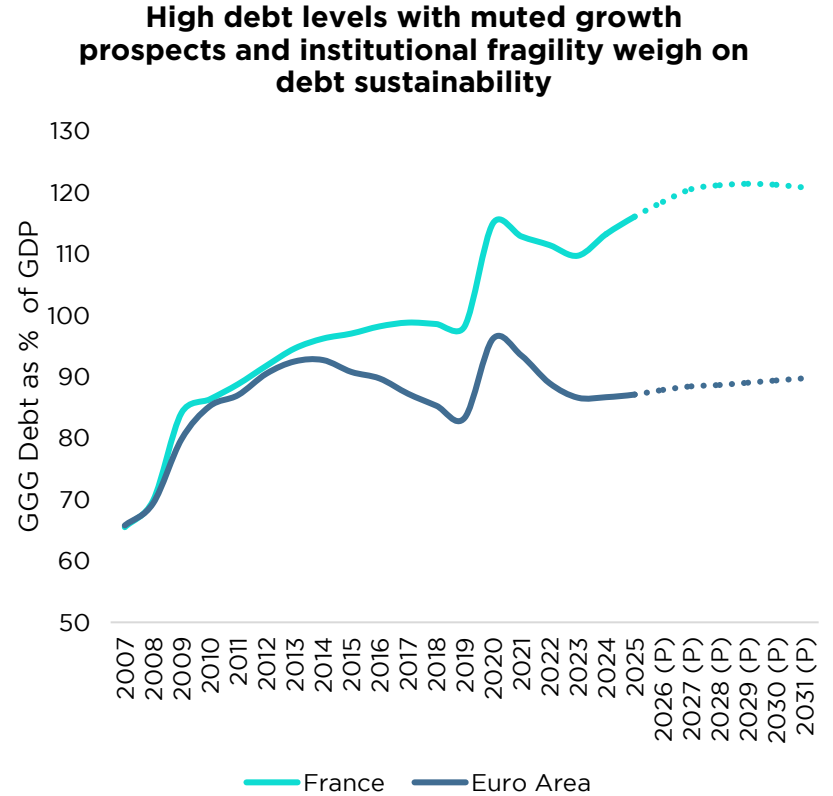
- CGIL assigned a lower rating and a negative outlook on the US amidst fiscal and institutional concerns.
- Government debt and interest-servicing burdens are expected to remain elevated over the medium term, while ongoing policy uncertainty may undermine government effectiveness.

# Example of CGIL assigning a lower rating ahead of other GCRAs

## France: Constrained fiscal space and institutional fragility



Source: Information available on respective websites of GCRAs, CGIL



Source: IMF, CGIL; (P):Projections

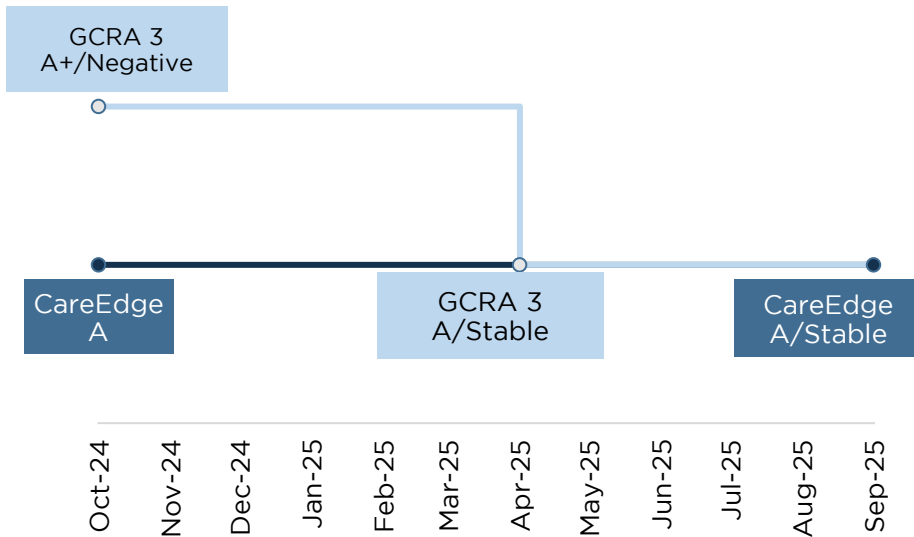
Note: a) GGG = Gross General Government b) The data covers entire Euro Area as considered by IMF

- CGIL assigned a negative outlook ahead of peers, later downgrading due to constrained fiscal space and institutional fragility.
- The government's inability to implement pension reforms in a time-bound manner is significantly contributing to higher spending and government debt, which is already higher than Euro Area average.

# Example of CGIL assigning a lower rating ahead of other GCRAs

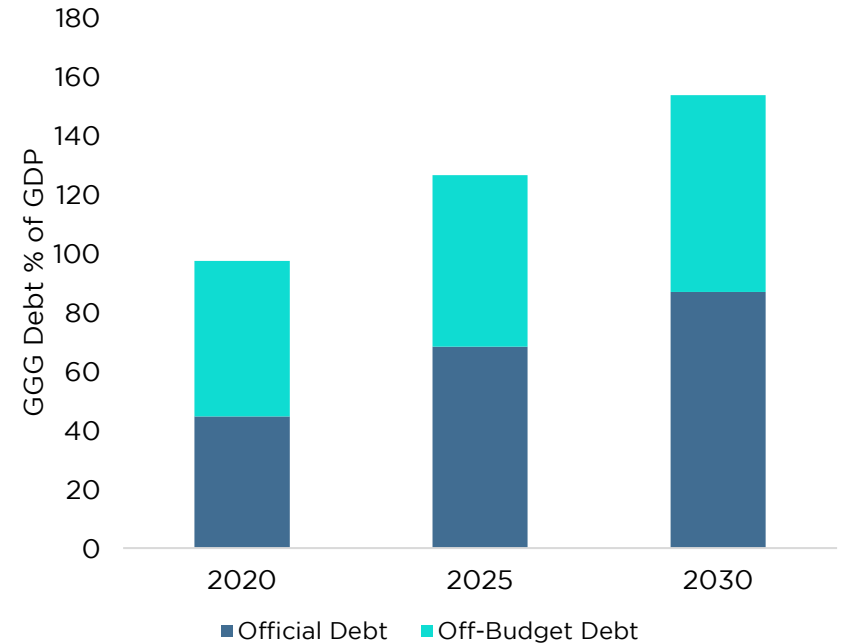
## China: High off-budget local government borrowing

**Rating timeline**



Source: Information available on respective websites of GCRAs, CGIL

**High off-budget borrowings**



Source: IMF, CGIL

Note: a) GGG = Gross General Government b) 2030 data is projection

- CGIL assigned a lower rating than peers, reflecting China's fiscal constraints, with total debt (including off-budget government borrowings) nearly double the official debt levels and expected to rise further.

# Market risk sentiment corroborates CGIL's credit risk assessment

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## Cohort A: Convergence cases where CGIL assigned higher ratings first

Sovereign	CGIL rating as of Oct'24	Subsequent rating actions by other GCRA's		
		CRA name	Ratings as of Oct'24	Upgraded to
Portugal	A+	GCRA 1	A-/Positive	A+/Positive
		GCRA 3	A-/Positive	A/Positive
Spain	A	GCRA 2	BBB+/Positive	A-/Stable
		GCRA 3	A-/Stable	A-/Positive
India	BBB+	GCRA 1	BBB-/Positive	BBB/Stable
Italy	BBB	GCRA 2	BBB-/Stable	BBB-/Positive
Morocco	BBB-	GCRA 1	BB+/Positive	BBB-/Stable
Brazil	BB+	GCRA 2	BB/Positive	BB+/Stable
Vietnam	BB+	GCRA 2	BB/Stable	BB/Positive
South Africa	BB	GCRA 1	BB-/Stable	BB/Positive
Nigeria	B	GCRA 1	B-/Stable	B-/Positive
		GCRA 2	CCC+/Positive	B-/Stable
		GCRA 3	B-/Positive	B/Stable
Argentina	CCC	GCRA 2	CC/Stable	CCC+/Stable

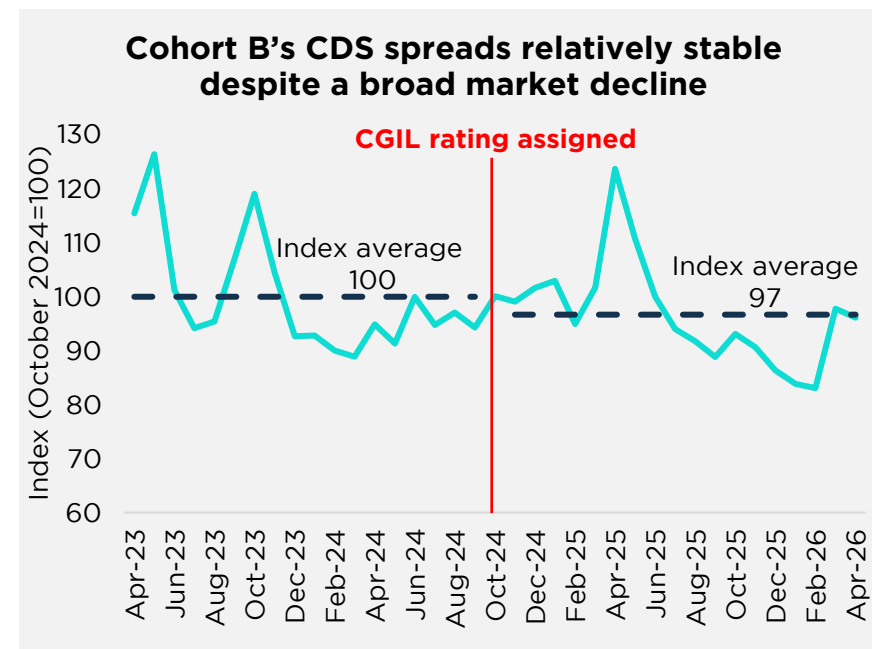
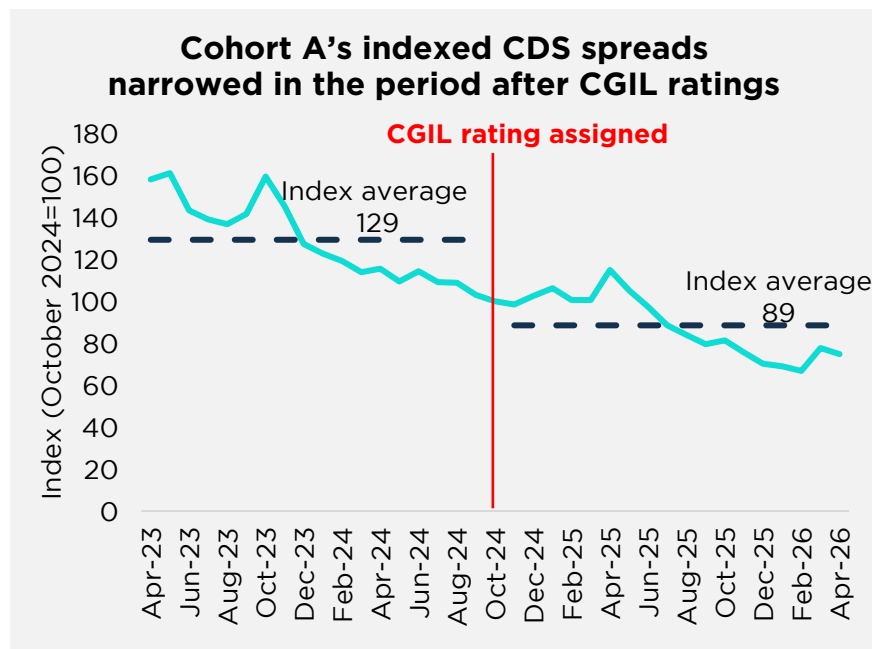
Note: Excludes sovereigns rated after October 2024 and those subsequently revised to Negative outlook.

## Cohort B: Convergence cases where CGIL assigned lower ratings first

Sovereign	CGIL rating as of Oct'24	Subsequent rating actions by other GCRA's		
		CRA name	Ratings as of Oct'24	Downgraded to
<b>US</b>	<b>AA+</b>	GCRA 2	AAA/Negative	AA+/Stable
<b>France</b>	<b>AA-</b>	GCRA 1	AA-/Stable	A+/Stable
		GCRA 2	AA/Stable	AA-/Negative
		GCRA 3	AA-/Stable	A+/Stable
<b>China</b>	<b>A</b>	GCRA 3	A+/Negative	A/Stable
<b>Botswana</b>	<b>BBB+</b>	GCRA 2	A-/Stable	BBB+/Negative
<b>Philippines</b>	<b>BBB+</b>	GCRA 1	BBB+/Positive	BBB+/Stable
<b>Mexico</b>	<b>BBB-</b>	GCRA 2	BBB/Stable	BBB/Negative
<b>Colombia</b>	<b>BB+</b>	GCRA 2	BBB/Negative	BBB-/Stable
<b>Bangladesh</b>	<b>CCC+</b>	GCRA 2	B+/Stable	B/Negative

Note: Excludes sovereigns subsequently upgraded after October 2024.

# CDS market corroborates CGIL's forward-looking assessments

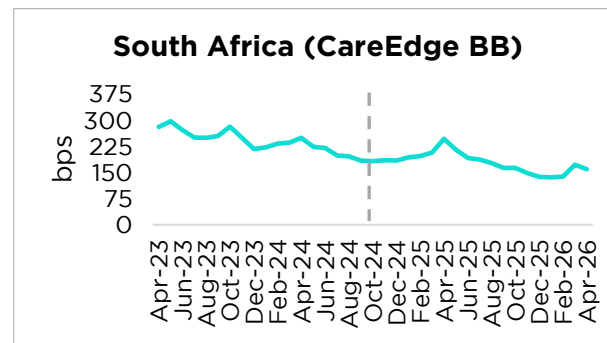
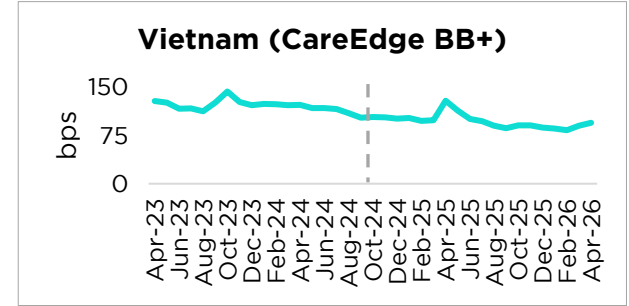
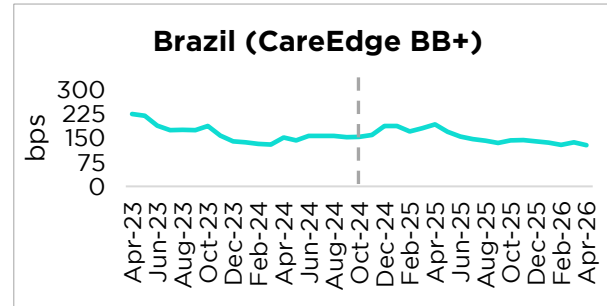
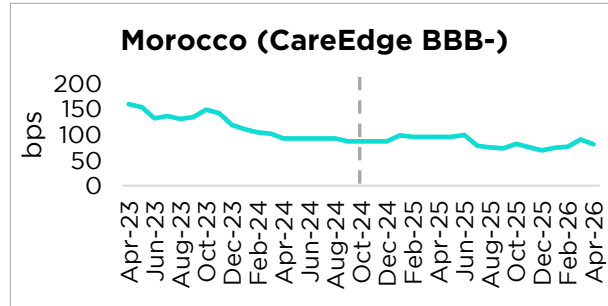
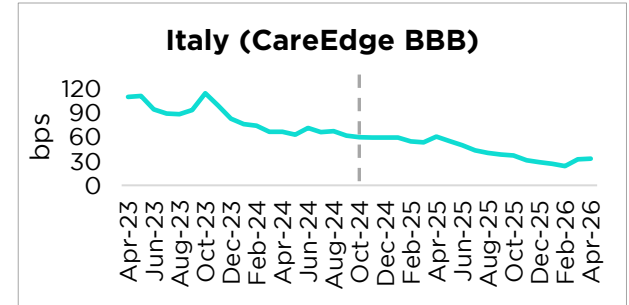
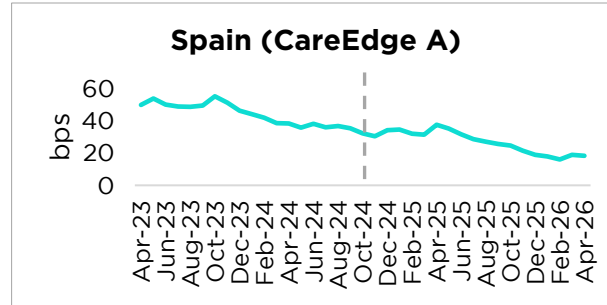
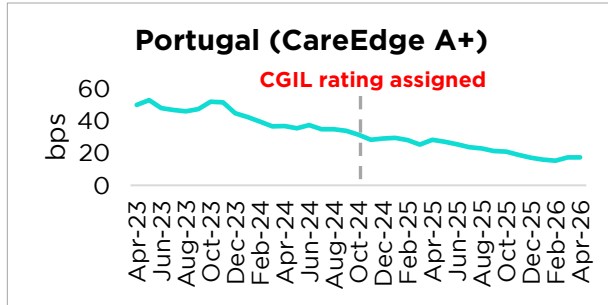


Source: LSEG Workspace, CGIL

Note: The underlying data consists of monthly average of 5-year CDS spreads for countries in the cohort where data are available. For each sovereign, the CDS level in October 2024 (when CGIL assigned its rating) is normalised to an index value of 100. All other monthly values are scaled relative to this base and then averaged across countries to derive a composite index.

- Sovereign CDS (Credit Default Swap) spreads reflect the cost of insuring against a sovereign's default; higher spreads indicate higher perceived risk, and lower spreads signal lower risk and greater confidence in repayment.
- For sovereigns rated higher by CGIL ahead of peers (Cohort A), indexed CDS spreads declined post-rating assignment, indicating easing risk perception. In contrast, for those rated lower (Cohort B), spreads remained broadly stable even as the broader market experienced compression, reinforcing CGIL's early risk differentiation.

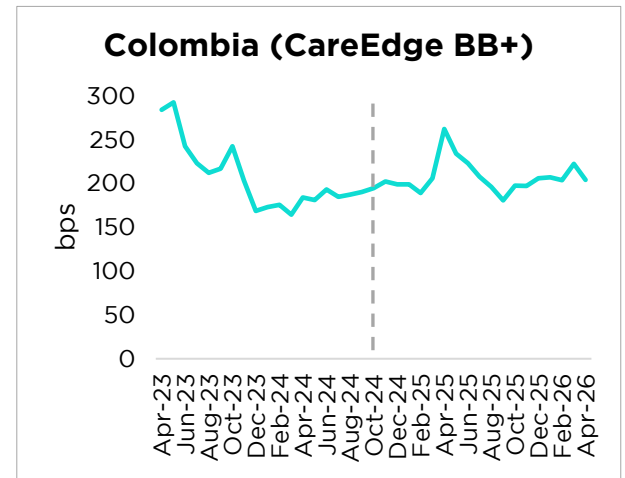
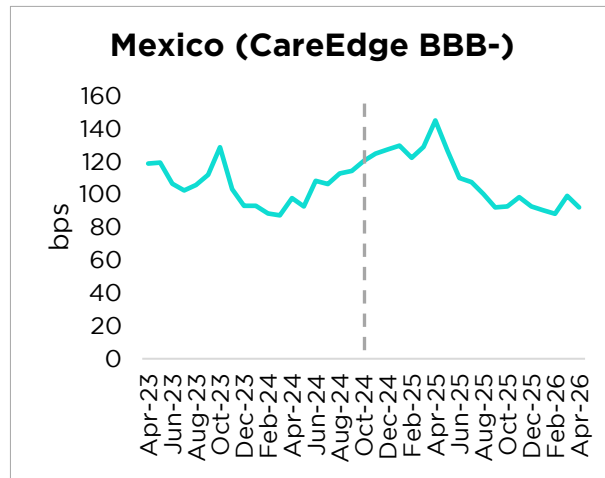
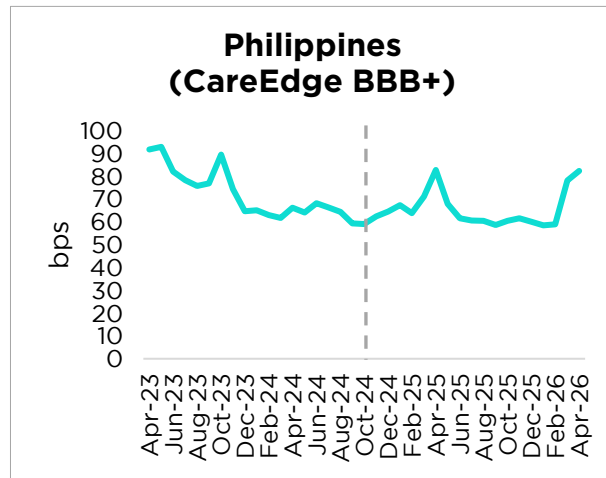
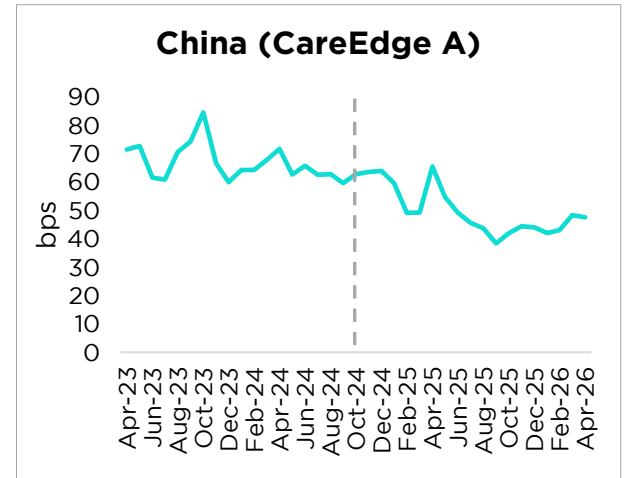
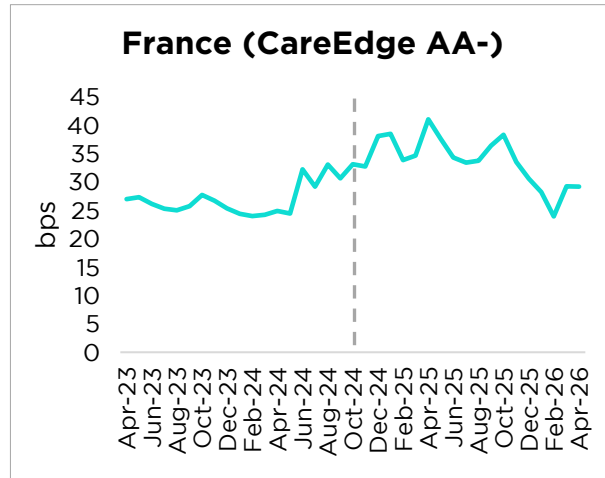
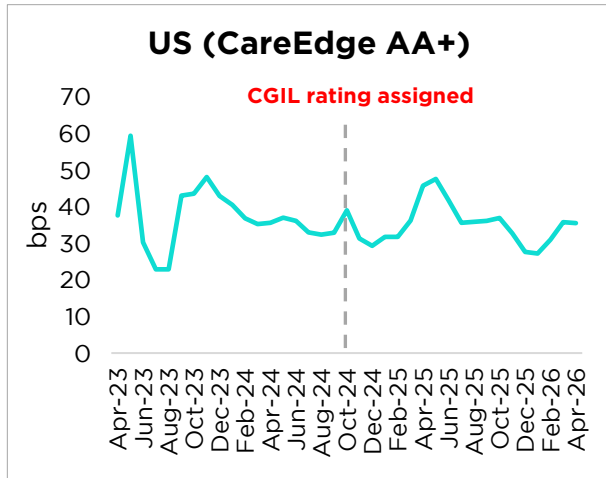
# Cohort A's underlying 5Y CDS data reflects sustained improvement



Source: LSEG Workspace, CGIL.

Note: (a) Cohort A refers to convergence cases where CGIL assigned higher ratings first (b) All ratings above are those initially assigned by CGIL in October 2024

# Cohort B's 5Y CDS data broadly reflects evolving risk perceptions



Source: LSEG Workspace, CGIL.

Note: (a) Cohort B refers to convergence cases where CGIL assigned lower ratings first (b) All ratings above are those initially assigned by CGIL in October 2024

# While CDS spreads provide clear validation, other indicators also support CGIL’s forward-looking assessment

Indicator	Cohort A	Cohort B
External government debt (% of total government debt)	Rising	Relatively steady
Domestic confidence index	Strengthening	Muted

Note: (a) Cohort A refers to convergence cases where CGIL assigned higher ratings first (b) Cohort B refers to convergence cases where CGIL assigned lower ratings first

- For Cohort A, in the post-CGIL rating assignment period, the share of external government debt in total government debt increased, signalling improved market access, and domestic confidence indicators strengthened.
- In contrast, for Cohort B, the share of external government debt remained relatively steady, and domestic confidence indicators were muted.

## Cohort A's rising external public debt signals better market access

**GGG external debt % of total GGG debt**



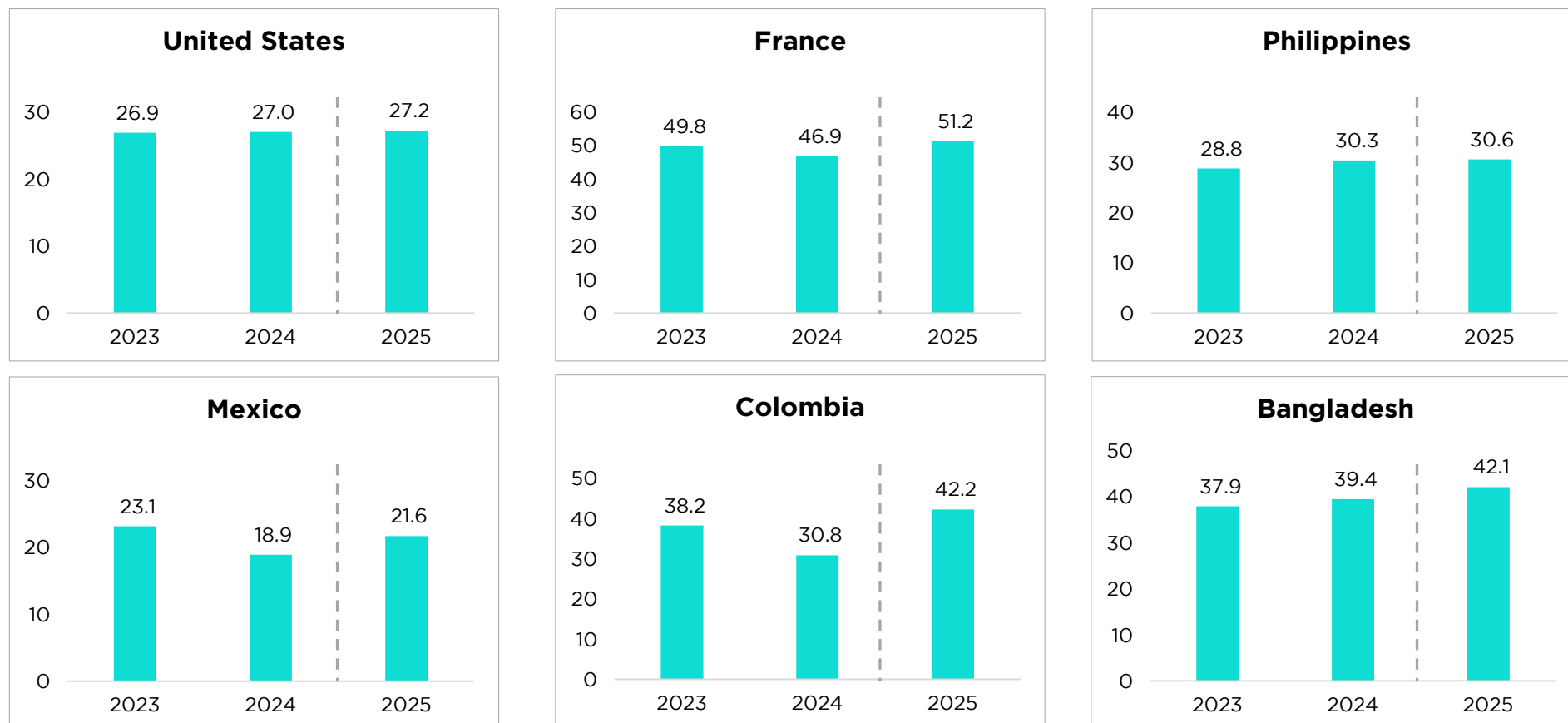
Source: World Bank QEDS, IMF, CGIL. Note: GGG= Gross General Government

Note: (a) Cohort A refers to convergence cases where CGIL assigned higher ratings first (b) 2025 data is latest as available (Q3 or Q4)

- On average, the share of external government debt in total general government debt for Cohort A rose by 5.0 percentage points in 2025 vs. 2023, reflecting improved creditor access.

## Cohort B's external government debt remains relatively steady

**GGG external debt % of total GGG debt**

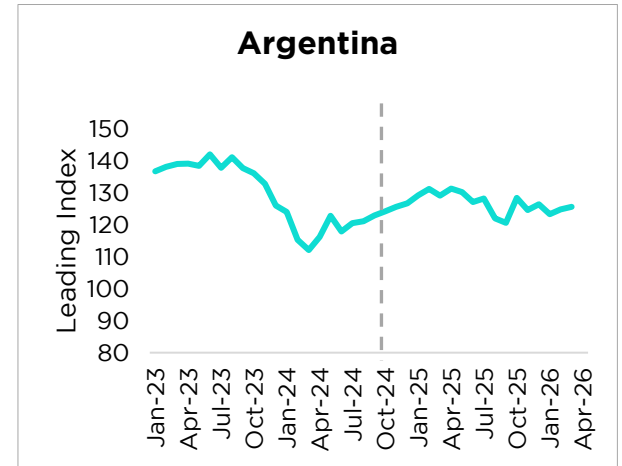
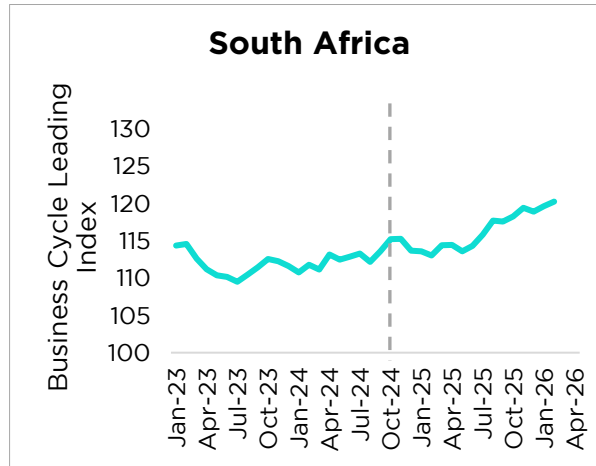
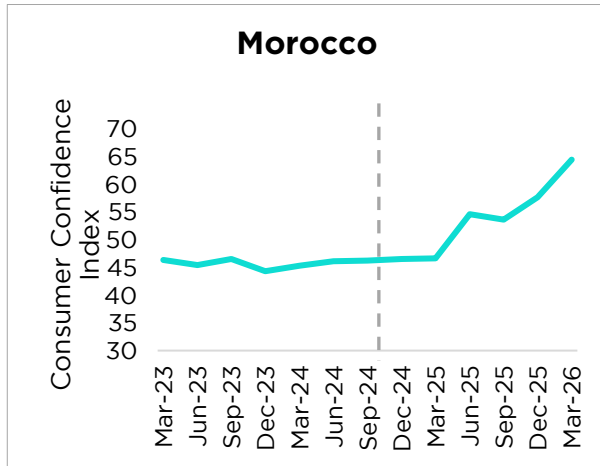
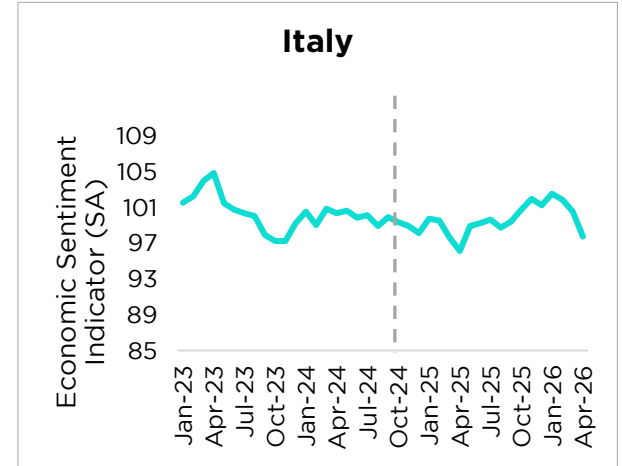
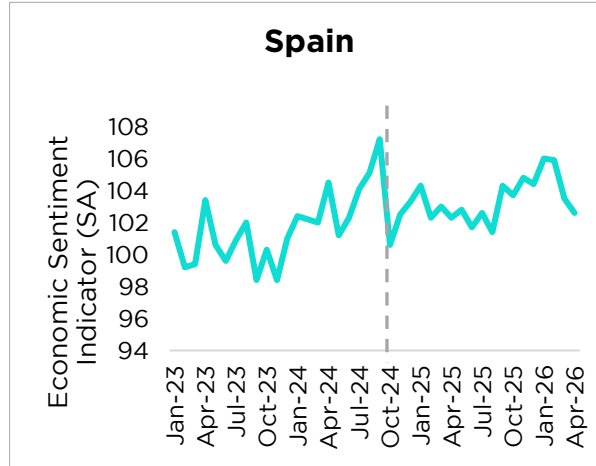
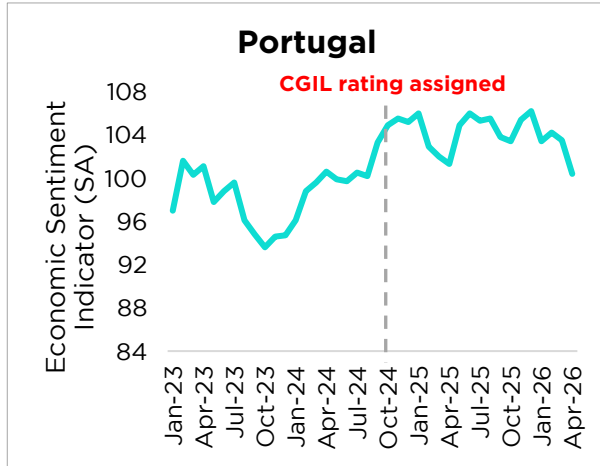


Source: World Bank QEDS, IMF, CGIL. Note: GGG= Gross General Government

Note: (a) Cohort B refers to convergence cases where CGIL assigned lower ratings first (b) 2025 data is as of Q4

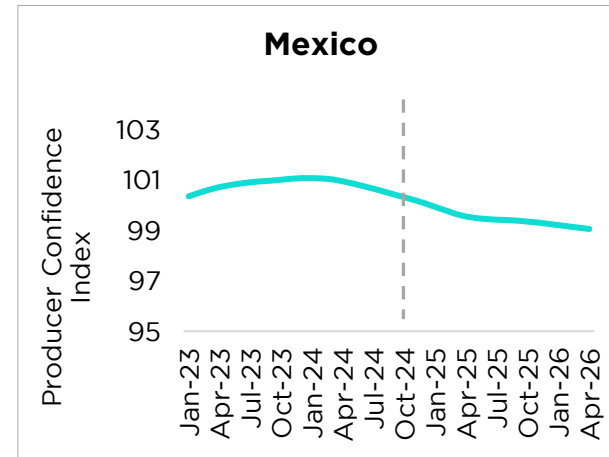
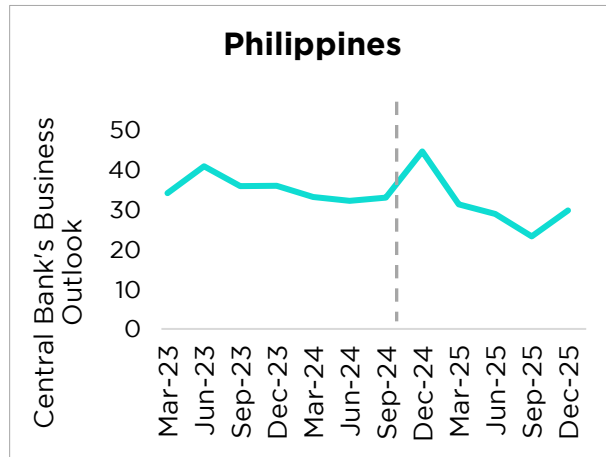
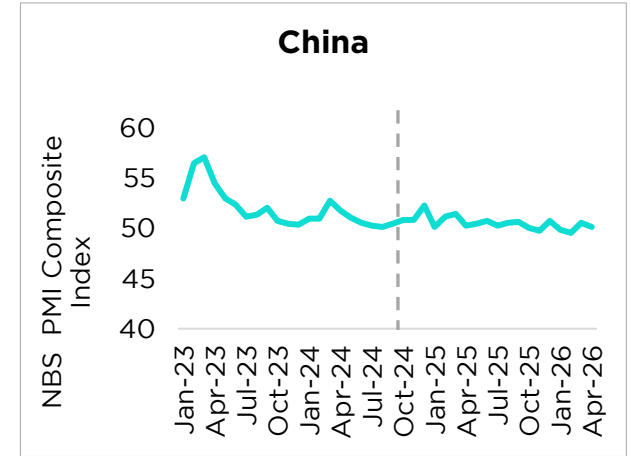
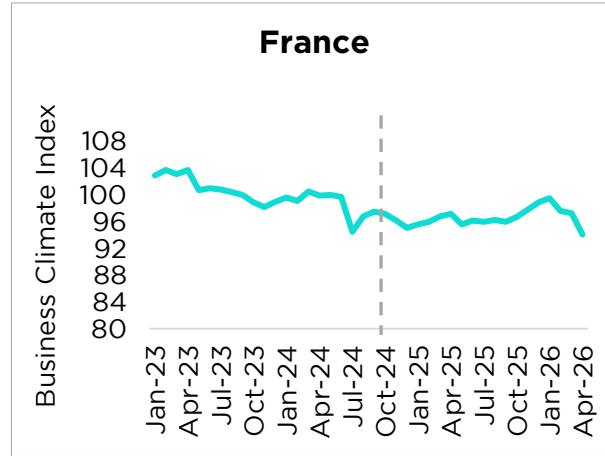
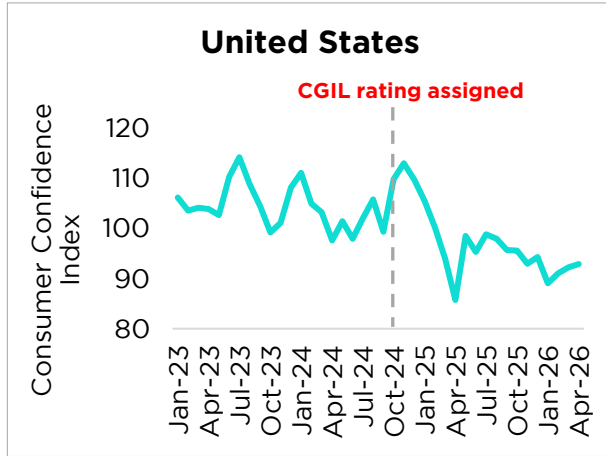
- On average, Cohort B's external government debt share in total general government debt rose by 1.7 percentage points only in 2025 vs. 2023, which is lower than cohort A.

# Cohort A's improving domestic confidence signals positive sentiment



Source: National sources, Haver Analytics, CGIL; SA= Seasonally Adjusted  
 Note: Cohort A refers to convergence cases where CGIL assigned higher ratings first

# Cohort B's muted domestic confidence indicates subdued sentiment

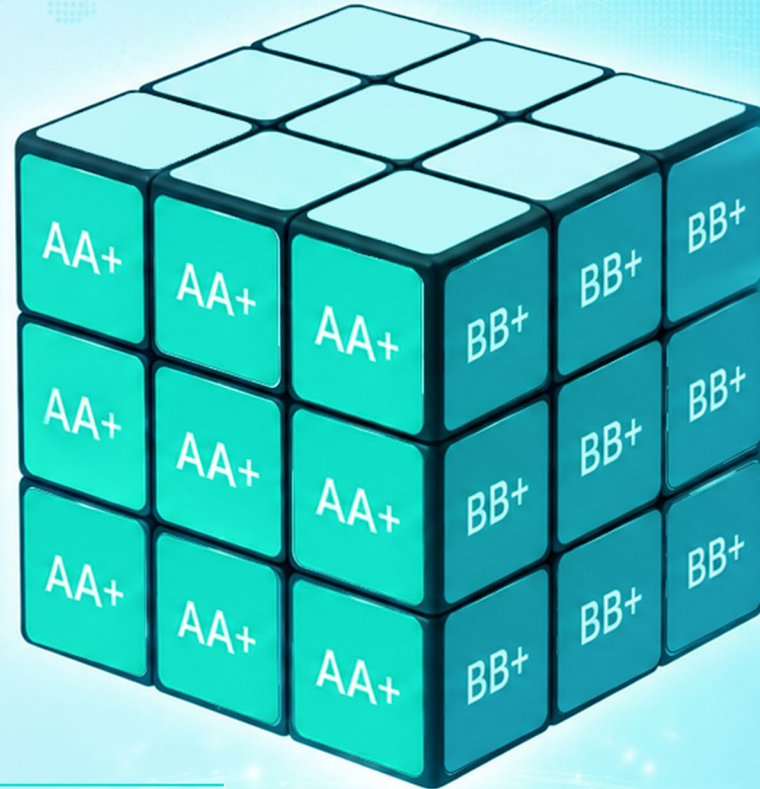


Source: National sources, Haver Analytics, CGIL

Note: Cohort B refers to convergence cases where CGIL assigned lower ratings first

# Way forward: Redefining global credit risk assessment

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# CGIL: Shifting the paradigm in sovereign ratings



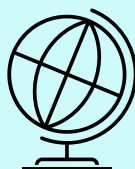
## A globally consistent and transparent approach

- A unified framework that applies the same standards across all sovereigns, making CGIL a more reliable and transparent partner for truly comparable global assessments



## Global insights from experts

- Our geographically diverse expert committee reduces proximity bias, ensuring sharper, faster, and more accurate assessments across regions



## Aligned with modern economic realities

- Our fresh perspective to ratings, for instance for external assessment, mirrors current economic realities, helping investors make more informed, forward-looking decisions



## Our assessments gain wider market acceptance in a short span

- Our approach positions us ahead of the curve, evidenced by the convergence of other ratings toward CGIL and corresponding movements in CDS spreads

## THANK YOU

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