

The African Union has launched a homegrown credit rating agency in a bid to strengthen the continent's financial markets and give investors an assessment of African economies based more closely on local data and conditions.

The Africa Credit Rating Agency, known as AfCRA, was launched in Port Louis, Mauritius, where it will be headquartered. African leaders first endorsed the creation of the agency in 2018, making its launch the culmination of a project that has been in development for nearly a decade.

The agency will rate sovereign borrowers, financial institutions and private companies, according to the AU. It will operate independently and be financed through shareholder capital and its own operations.

The AU said AfCRA is intended to complement existing international rating agencies by providing assessments based on African data, expertise and economic realities.

The launch comes as many African countries face growing debt-service costs and pressure to attract investment. AU data show that Africa's annual external debt-service bill rose to \$163 billion in 2024, from \$61 billion in 2010.

The bloc said interest payments in some countries have exceeded annual spending on sectors including health and education, highlighting the pressure high borrowing costs can place on public finances.

AfCRA is expected to help broaden access to capital markets by providing investors and financial institutions with additional assessments of credit risk and investment opportunities. The AU also expects the agency to improve market transparency and investor confidence.

African governments have for years criticised the three major global credit-rating agencies, arguing that their assessments do not always reflect the specific conditions of African economies and can contribute to higher borrowing costs.

The agencies have rejected claims of systemic bias, saying they apply their methodologies consistently across countries. A 2024 Reuters investigation into Africa's debt crisis found no evidence of systemic bias in sovereign ratings assigned to African countries by the three major agencies.

The AU says AfCRA is not intended to replace international rating firms, but to provide an additional Africa-focused perspective.

The agency is also expected to expand the number of African economies covered by credit ratings. The AU said 23 countries on the continent currently lack a rating from the three major global agencies.

AfCRA's mandate will also allow it to assess non-African entities where appropriate, extending its potential reach beyond the continent.