



PERMANENT MISSION OF PAKISTAN  
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The Permanent Mission of the Islamic Republic of Pakistan to the United Nations and other International Organizations in Geneva presents its compliments to the Office of the High Commissioner for Human Rights (OHCHR) and with reference to the letter dated 09 October 2020 by the Independent Expert on the Effects of Foreign Debt, has the honour to enclose the inputs by the Government of Pakistan for their appropriate reflection in the thematic report of the Independent Expert.

The Permanent Mission of the Islamic Republic of Pakistan avails itself of this opportunity to renew to the Office of the High Commissioner for Human Rights the assurances of its highest consideration.



Geneva, 25 January 2021

Office of the High Commissioner for Human Rights (OHCHR),  
Geneva

Attention:

Ms. Beatriz Balbin, Chief, Special Procedures Branch ([ieforeigndebt@ohchr.org](mailto:ieforeigndebt@ohchr.org))

**Call for Contributions for the HRC Report on the topic of “Debt Relief, debt crisis prevention and human rights: role of credit rating agencies”**

Credit Rating Agencies (CRAs) play an important role in financial markets by reducing informative asymmetry between lenders, investors and issuers about the creditworthiness of companies or countries. In making their ratings, CRAs analyze public and non-public financial and accounting data as well as information about economic and political factors that may affect the ability and willingness of a government or firms to meet their obligations in a timely manner. However, CRAs lack transparency and do not provide details of their methodologies.

Credit rating helps in enhancing access to private capital markets, lower debt issuance and interest costs. Other indirect benefits of credit rating for low-income countries include fostering FDI and promoting vibrant local capital markets with greater public sector financial transparency. On the contrary, a rating downgrade has negative effects for the borrowing countries and limits their access to credit and increases their cost of borrowings.

Piling up and existence of debt affects the overall position of the fiscal space available for investment in social sectors. In the long term, high cost of borrowing owing to negative rating leaves little fiscal space for developing countries. Low investments on human development lead to higher infant mortality, malnutrition, diseases and illiteracy etc. On the contrary, foreign assistance and debt relief can help in the protection of basic human rights and needs.

Therefore, the donors and development partners should rely on indicators other than those purely on economic considerations of CRAs, while extending support to developing and least developed countries, particularly during the Covid-19 situation. This will lead to providing of rights of health, education, food, social protection etc. to the most vulnerable in developing countries.

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