

Statement at the License Awarding Ceremony for Credit Analysis and Research Ltd., (CARE Ratings)

by

The Minister of Economic Development Hon. Mahmood Razee

*Capital Market Development Authority*

Maldives

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The government's policy agenda is grounded on diversification of the economy and in increase the role of the private sector with the aim of achieving sustainable economic growth. The Maldives is a Developing Country and therefore we need to call upon the private sector even more to ensure we become a middle income country that is capable of progress by most of the time.

Private sector engagement in our economy is dependent on their ability to raise credit. Whilst bank and financial institutions do most of the lending, funds can and will come from other sources. However for these avenues to be effective a reliable Credit Rating is essential.

The government therefore welcomes the efforts of CMDA to get the ball rolling. With our graduation it is expected that the capital inflow will further increase from 260 Million USD for 2011. The establishment of a Rating Agency will ensure that this expectation becomes a reality.

It is clear from the due diligence of CMDA that Credit Analysis & Research Ltd is a credible organization. Their experience is ample proof of this, having undertaken over seven thousand ratings by the first quarter of 2010.

When we embark of this kind of exercise it must be borne in mind that it might get worse before it gets better. This is rather strange statement at the face of it. However we must be clear, when there is a systematic, institutionalized process of obtaining data and disseminating it, many issues become much more succinct. That could mean that a perception earlier which may have been formed under a shroud of secrecy and poor information may now shed light with greater focus. Nonetheless I would contend that even if this were to be the case, it would be short lived and the longer term interest will be served.

As Alan Greenspan said, " Any informed borrower Is simply less vulnerable to fraud and abuse". I would also say that the corollary of this may be equally true!

Ladies and Gentlemen

It must be emphasized that the establishment of Credit Agencies is but one important element of the chain. The other essential element such as the development of the requisite capacity, process to disseminate information, legal and judicial support necessary to uphold these processes are all fundamental to enable the whole process to work efficiently and effectively.

This is a step in the right direction and we need to move forward, but in doing so we need to clear the road ahead so that as we gather the momentum as we accelerate and reach our destinations without accident or mishap.

It has been my pleasure to participate in this event and I would like to thank The CEO of the Capital Market Authority, Ms Fathimath Shafeega and her colleagues for this effort. There is a brighter tomorrow for all Maldivians, but we have to work at it, and work together.

THANK YOU

*Footnote:*

*1 – Hon. Mahmood Razeem is also in charge of Ministry of Finance & Treasury in the absence of the Minister of Finance & Treasury.*