



AFRICA'S TOP 10 FISCAL CHAMPIONS

2025 Top 10 African Sovereign Credit Health
Rankings



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INTRODUCTION

A nation's creditworthiness is a measure of its fiscal integrity, built over time through consistent and prudent fiscal and debt management. Sovereign Africa Ratings (SAR) is dedicated to evaluating this critical character across the African continent and emerging markets at large.

The 2025 Top 10 African Sovereign Credit Health Rankings are the product of a comprehensive analysis of all 54 African economies, rigorously narrowed down to 10 based on their fundamental financial health.

A key insight from our evaluation is that creditworthiness is fundamentally distinct from economic size. While a large GDP may signal economic heft, it does not inherently confer financial stability or governance quality. In practice, the highest-rated nations are those that

demonstrate institutional resilience, policy prudence, and structural safeguards, traits that often elude larger but more vulnerable economies.

To advance clarity and comparability, SAR has introduced a transformative numeric scale (0–100), comparable to the conventional alphanumeric ratings.¹ This innovation enables granular, decimal-level differentiation between sovereigns, enhancing the precision of macro-financial analysis and equipping investors with a transparent, data-driven framework for decision-making.

Ultimately, this report aims to channel capital towards Africa's most stable and forward-looking economies, deepening market understanding of the true drivers of sustainable growth and investment resilience across the continent.

¹ See SAR's conversion table in [Sovereign Rating Methodology](#).

SAR Numeric Credit Rating Scale

Sovereign Africa Ratings (SAR) introduces a numeric scale (0-100) to replace traditional alphanumeric ratings, fundamentally rethinking how creditworthiness is communicated.

This shift is driven by the need for greater precision and clarity; the decimal-based system allows for fine distinctions between countries that would be grouped under the same broad letter alphanumeric grade, while the linear 0-100 progression is more intuitive for global investors.

The primary objective is to enhance transparency and enable more sophisticated, data-driven quantitative analysis by creating ratings that integrate seamlessly into financial models and risk management frameworks.

Ultimately, this innovation is designed to bolster the credibility of African sovereign debt, reduce investment ambiguity, and foster a more robust and efficient credit market across the continent by providing an unambiguous gradient of risk and opportunity.

The Sovereign Africa Ratings (SAR) model synthesises 48 variables across the six core pillars into a single Numerical Credit Rating Score through a proprietary rating system.



While the exact weighting is a calibrated proprietary element, our methodology is grounded in the principle that not all indicators are created equal.

Variables are dynamically weighted based on their statistical predictive power for fiscal stress and their economic significance within an emerging markets context. For instance, debt affordability (interest/revenue) and the quality of institutions carry significantly more weight than GDP size.

This approach ensures our model prioritises real-world fiscal sustainability over sheer economic scale, providing a nuanced and resilient assessment of creditworthiness.

THE KEY VARIABLES

To provide a transparent view into our analysis, the following section details the key variables of interest that are critically weighed within SAR's sovereign rating model, each serving as a vital indicator of a nation's economic stability and fiscal resilience.

NATURAL RESOURCE DEPENDENCE AND BENEFICIATION

A high reliance on raw material exports is a significant credit risk, creating vulnerability to commodity price swings. Many top African performers, like Algeria, remain highly dependent, which is a systemic weakness. Conversely, the ability to add value to resources through manufacturing (beneficiation) is a major credit strength. Most African countries score poorly in this regard, although Morocco stands out for its successful diversification into advanced manufacturing, building a more complex and resilient economy.

INFLATION RATE

Inflation is a key measure of macroeconomic stability. High or volatile inflation erodes purchasing power and investment returns and can trigger social unrest, signalling potential monetary policy weaknesses. While many African nations recently faced inflationary spikes, a key credit strength is demonstrated by those, like Rwanda and Algeria, whose central banks have successfully tightened monetary policy to bring inflation under control, showcasing credible institutions and a commitment to price stability.

LOCAL CURRENCY DENOMINATED DEBT

A high share of debt in local currency is a major credit strength, as it protects the government from exchange rate shocks that can dramatically increase debt burdens. Heavy reliance on foreign currency debt is a significant vulnerability, exposing public finances to global market volatility.

GDP GROWTH RATE

A high growth rate signals a dynamic, expanding economy that can generate the tax revenues needed to service debt and fund public services, making it a key credit positive. Conversely, low growth constrains government revenue and increases fiscal pressure. Top-ranked African nations often exhibit robust growth, like Rwanda, while low growth is a major constraint for others.

GDP PER CAPITA

This measures average economic output per person and indicates a country's standard of living and revenue-generating capacity. A high or rising figure is a credit strength, reflecting a stronger economy. Stagnation or decline, however, points to challenges like population growth outpacing the economy or currency weakness, which can hinder creditworthiness.

CURRENT ACCOUNT BALANCE

A persistent deficit is a credit negative, indicating a reliance on foreign capital to fund imports and making the country vulnerable to external financial shifts. Many African nations run deficits, which is a key vulnerability. Surpluses, often driven by commodity exports, provide a positive buffer but can be temporary.

GROSS GOVERNMENT DEBT (% OF REVENUE)

This ratio measures debt against the government's actual income. A high or rising level is a clear sign of fiscal stress, showing debt is growing faster than revenue and limiting the state's ability to invest or service its obligations. While some countries maintain low levels, an increasing trend is a widespread concern.

GOVERNMENT INTEREST PAYMENTS (% OF REVENUE)

This measures the portion of government revenue consumed by interest payments. A high ratio is a severe credit weakness, as it diverts funds from essential services like infrastructure development, health, and education towards debt servicing, crowding out productive investment and straining public finances. This is a growing challenge for many African sovereigns.



Country Credit Risk Evaluations: Top 10 African Countries

Rank	Country	SAR Numerical Rating Index (%)
1	Mauritius	60.40
2	Botswana	60.30
3	Morocco	59.20
4	South Africa	59.00
5	Zanzibar	58.90
6	Seychelles	50.60
7	Côte d'Ivoire	49.70
8	Algeria	48.80
9	Egypt	48.30
10	Tanzania	48.10

COUNTRIES PER RANKING

1. REPUBLIC OF MAURITIUS ~GDP \$14.6 BILLION

Mauritius secures its top credit ranking through a reputation for fiscal prudence and a successfully diversified, services-led economy, notably in tourism and finance. This transition from agriculture provides stable revenue, insulating it from commodity swings. A key strength is its proactive debt strategy, which prioritises local currency borrowing to shield public finances from global market volatility. The nation demonstrates resilience, having managed pandemic-induced borrowing pressure and subsequently reined in inflation through effective monetary policy.

Current efforts focus on fiscal consolidation to ensure debt servicing remains manageable.

Key vulnerabilities demand sustained and proactive management. The economy's heavy reliance on tourism heightens exposure to external shocks, public debt levels remain elevated, and long-term fiscal risks are compounded by climate change.

Preserving the island's credit standing will require continued fiscal discipline, particularly in debt reduction efforts and the strategic pivot towards domestic borrowing, which offers greater insulation from global volatility and enhances financial sovereignty.

2. Republic of Botswana ~GDP \$20.1 billion

Botswana has built a leading credit reputation through a long history of fiscal discipline and the prudent management of its diamond wealth.

However, this strength is a double-edged sword, as the economy remains highly dependent on this single commodity, making it vulnerable to global price cycles and causing recent economic stagnation. This reliance is now pressuring its public finances, with government debt reaching historic highs and a shrinking revenue base. While its debt burden remains lower than many peers, the upward trend is a clear concern.

The path forward requires decisive action. Botswana must accelerate economic diversification beyond diamonds by investing in critical enablers like infrastructure and skills. Deepening its domestic financial markets and creating new revenue streams are essential to restoring fiscal resilience and securing its long-term credit standing.

3. Kingdom of Morocco ~GDP \$165.84 billion

Morocco has established itself as a stable and diversified economy, distinguished by its successful development of globally competitive sectors like automotive and aerospace. A major credit strength is its deep domestic financial market, which allows it to fund itself primarily in local currency, insulating it from external shocks.

However, its economic growth remains vulnerable to climate-related volatility in

agriculture, and fiscal flexibility is constrained by high spending on subsidies and public wages.

Key priorities for maintaining its standing include continued investment in climate-resilient agriculture and persistent fiscal consolidation to reduce public debt. By continuing to move up the value chain in its export sectors, Morocco can further solidify its resilient credit profile.

4. Republic of South Africa ~GDP \$399.0 billion

South Africa's credit profile is defined by a sharp contrast between its sophisticated, industrialised economy and severe structural challenges. While it benefits from deep capital markets and a diversified tax base, its rating is severely constrained by critically low growth, dangerously high unemployment, and a significant government debt burden.

The most immediate pressures are inefficiencies in logistics, energy, and labour markets that stifle economic output and debt service costs that crowd out essential public spending.

Improving its standing requires fundamental reforms. The government must urgently resolve the structural constraints, accelerate the beneficiation of its mineral resources to create jobs, and steadfastly implement its fiscal



consolidation plan to rebuild economic resilience.

5. Zanzibar ~GDP \$2.11 billion

Zanzibar presents a compelling case of island-based economic potential, with its creditworthiness underpinned by robust post-pandemic recovery in tourism and services, alongside a moderate and relatively stable public debt profile. The archipelago has benefited from targeted infrastructure investments and policy efforts to attract foreign direct investment, particularly in hospitality and transport.

However, this promising trajectory is constrained by structural vulnerabilities. The economy remains heavily reliant on tourism revenues, which are susceptible to external shocks, and commodity exports such as cloves, which are largely unprocessed and exposed to price volatility. Additionally, a significant share of public debt is denominated in foreign currency, heightening fiscal risk in the face of exchange rate fluctuations.

To enhance its credit standing, Zanzibar must prioritise governance and institutional reforms, particularly in public financial management and regulatory effectiveness. Accelerating economic diversification, especially through its Blue Economy strategy, offers a pathway to more resilient and inclusive growth.



Crucially, managing external debt exposure and deepening domestic capital markets will be vital to safeguarding fiscal sustainability and reinforcing investor confidence.

6. Republic of Seychelles ~GDP \$1.2 billion

Seychelles' credit profile reflects a notable resilience, underpinned by successful economic reforms and prudent management that have stabilised its finances despite its small size. Its economy is heavily reliant on a robust tourism sector, but access to concessional financing has helped maintain a manageable debt burden.

However, the country remains highly vulnerable due to its concentrated economic model and significant public debt, with climate change posing a threat.

Key priorities for improvement include diversifying the economy beyond tourism and fisheries and deepening its domestic debt market to reduce reliance on external financing. Maintaining fiscal discipline is crucial to avoid a return to unsustainable debt levels.

7. Republic of Côte d'Ivoire ~GDP \$78.5 billion

Côte d'Ivoire has established itself as a rising star, with its credit profile strengthened by a period of exceptionally strong economic growth driven by political stability and major public infrastructure investment.

However, this positive momentum is tempered by a continued heavy reliance on unprocessed commodity exports like cocoa

and a persistent current account deficit, leaving the economy vulnerable to price shocks and dependent on external financing. The country should shift its growth model towards greater private investment and focus on adding value to its raw materials through agro-processing. Enhancing domestic revenue mobilisation is also crucial to ensure the sustainability of its development path.

8. Arab Republic of Egypt ~GDP \$470 billion

Egypt's credit profile is defined by a fundamental contrast between its large economic scale and severe fiscal vulnerabilities, including a significant public debt burden and persistent currency pressures.

The country faces critical constraints from a high current account deficit, soaring inflation that erodes stability, and a debt-servicing burden that consumes a substantial portion of government revenue.

Egypt needs to demonstrate sustained fiscal discipline, stabilise its exchange rate, and broaden its export base to reduce external vulnerability.

Attracting private investment and enhancing domestic revenue mobilisation are essential to ease its reliance on borrowing and navigate ongoing economic shocks.

9. People's Democratic Republic of Algeria ~GDP \$268.89 billion

Algeria's credit profile reflects a structural paradox, a large economic footprint paired

with acute vulnerability. The country's near-total dependence on hydrocarbon revenues exposes it to commodity price volatility, creating a systemic risk that undermines fiscal stability and stifles economic diversification.

This reliance has entrenched a boom-bust cycle in public finances, limiting Algeria's ability to build resilience and pursue inclusive growth. While the government's preference for local currency debt issuance offers some insulation from exchange rate risk, fiscal metrics are deteriorating amid pro-cyclical spending pressures.

Public debt is projected to rise significantly, driven by revenue volatility and limited non-oil fiscal buffers. To improve its credit standing, Algeria must undertake a fundamental economic transformation.

This includes accelerating diversification beyond oil and gas, implementing fiscal reforms to rationalise expenditure and expand the domestic revenue base, and enhancing transparency and institutional effectiveness to attract sustained foreign investment.

These shifts are essential to building a more balanced, resilient, and investment-ready economy.

10. United Republic of Tanzania ~GDP \$85.4 billion

Tanzania's credit profile is supported by a large, resilient economy with solid growth and a relatively low public debt burden, providing a stable foundation. Political stability and strong natural resource potential further underpin its long-term economic prospects. However, these strengths are offset by significant structural

vulnerabilities, including heavy reliance on gold exports and a high proportion of foreign currency-denominated debt used for infrastructure projects, which increases exposure to external shocks.

Tanzania can implement a deliberate industrial policy to scale up local value addition and strengthen its domestic debt market. Reducing dependence on commodity exports and no concessional external borrowing will be key to building a more resilient economy.

Conclusion

Sovereign Africa Ratings' inaugural Top 10 report marks a paradigm shift in the assessment and communication of African creditworthiness.

By introducing our proprietary numeric rating scale, we move decisively beyond the opaque confines of traditional alphanumeric systems to establish a new benchmark for precision, transparency, and analytical depth.

This framework enables a nuanced hierarchy of sovereign stability, demonstrating that fiscal prudence, institutional resilience, and governance quality are the true foundations of credit strength.

More than a ranking, this report serves as a strategic instrument, cutting through market noise to equip investors with the data-driven clarity needed to allocate capital confidently toward Africa's most reliable opportunities.

The urgency for such clarity has never been greater. The cost of perceived risk continues

to impose a disproportionate burden on African nations.

Those consigned to speculative-grade categories face an inflated "Africa premium," often paying interest rates double those of similarly positioned investment-grade peers.

This mispricing diverts billions from essential development priorities, such as infrastructure, healthcare, and education, into debt servicing, entrenching fiscal strain and slowing progress.

SAR is committed to challenging this status quo through dynamic, evidence-based surveillance. Our Top 10 is not a static list, but a living ranking that is continuously monitored and updated.

Strong African countries must uphold sound policies to safeguard their standing, while others are empowered with a transparent and credible pathway to rise, catalysing a continent-wide momentum toward stability, institutional trust, and sustainable development.





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