

Medium- to long-term political risk : Four countries upgraded, two countries downgraded | Credendo

In the framework of its review of medium- to long-term (MLT) political risk, Credendo has upgraded four countries and downgraded two countries.

Upgrades	From	To
Cabo Verde	5	4
Mauritania	6	5
Namibia	6	5
Türkiye	5	4
Downgrades	From	To
Botswana	3	4
Senegal	5	6

• Botswana

Botswana is an upper-middle income country with strong institutions and a diamond-producing economy. The country is currently facing an unprecedented crisis in the natural diamond industry due to intense competition from cheaper synthetic diamonds, which are also perceived to be more sustainable. The sharp decline in price and demand for natural diamonds has widened the current account and fiscal deficits, and put pressure on economic growth. Despite recent recovery, international reserves are under strain, while public and external debt are rising sharply. The country's financial and economic starting point is very favourable, which is the reason why the situation is not alarming and public and external debts remain at moderate levels. However, in light of the existential nature of the crisis in the natural diamond industry, the MLT political risk was downgraded to category 4/7, despite government efforts to stabilise the situation – notably the agreement signed with De Beers, which enables Botswana to secure a larger share of production – and initiatives to develop the diamond polishing industry. The government's strategy is currently more focused on promoting diamonds than on diversifying the country's economy.

• Cabo Verde

Following the upgrade of the MLT political risk to category 5/7 in 2024, Cabo Verde's economic and financial situation has continued to improve, mainly due to strong growth in tourism and private transfers, and increased foreign direct investment. Public finances, traditionally the country's weak point, have been improving since 2022 under an agreement with the IMF. Still, the public debt stock remains high, reaching 106% of GDP in 2025. As a large portion of this debt is concessional, the interest payment-to-public revenue ratio is moderate. Cabo Verde benefits from strong institutions and significant political stability but is vulnerable to climate change. In this context, the MLT political risk was upgraded to 4/7.

• Mauritania

Mauritania's MLT political risk was upgraded to category 5/7. Iron ore and gold production have helped reduce current account deficits. The situation is expected to further improve thanks to gas exports from major offshore gas project, Grand Tortue Ahmeyim, and the flexible exchange rate encourages reserve accumulation. Public finances have significantly improved in recent years with

public debt close to 40% of GDP and low interest payments. In short, the financial situation is solid with limited external debt. However, the country's economy is not very diversified and therefore remains vulnerable.

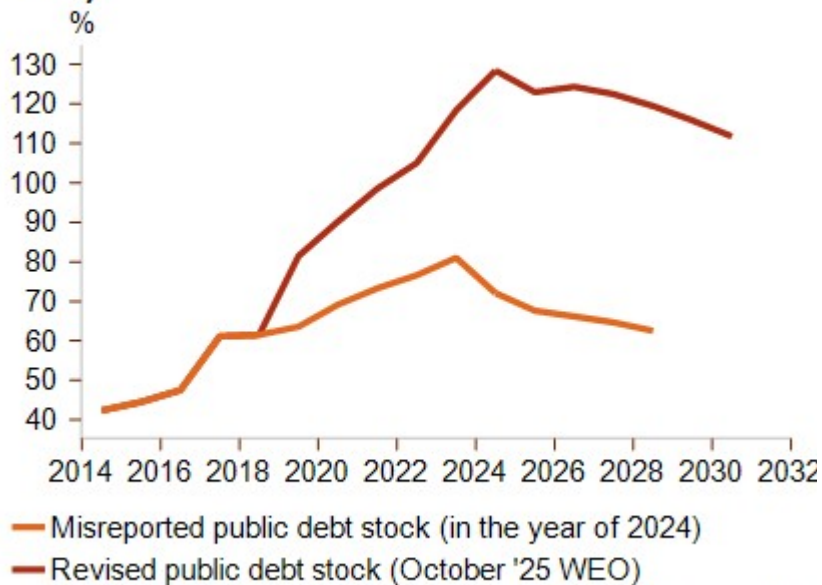
- **Namibia**

The political situation in Namibia is stable and its institutions are solid. Since 2023, the country has benefited from investments in critical minerals for the energy transition – mainly uranium and lithium. In addition, the tourism and manufacturing sectors are performing well, and offshore oil and gas discoveries are expected to further improve the balances as of 2030, even as the diamond sector suffers from competition with synthetic diamonds. Recent mining and hydrocarbon investments have widened the current account deficit, but external debt was kept at maintainable levels thanks to substantial foreign direct investment flows. Nevertheless, there are financial risks connected to the country's significant debt servicing burden. Since 2023, solid fiscal policies have improved public finances. In this context, and despite significant vulnerability to climate change, the MLT political risk rating was upgraded to 5/7.

- **Senegal**

The Senegalese Court of Auditors revealed in its audits that Senegal's public debt was much higher than the figures reported by the previous regime. The new figures show that public debt is close to 130% of GDP. As a result of the debt scandal, the country no longer has access to the financial markets and the IMF has suspended its programme. In this highly uncertain context, Credendo has downgraded the MLT political risk rating to 6/7.

Senegal general gross government debt (% of GDP)



Source: IMF

- **Türkiye**

Türkiye's economy is characterised by well-diversified current account receipts, resilient economic growth, a well-developed banking sector and a dynamic corporate sector. Türkiye's strong solvency position is further supported by moderate external debt and low debt service, and sound public finances – with a public debt below 25% of GDP in 2024. However, its institutions are relatively weak and its main vulnerabilities remain its poor, albeit improving, liquidity position.

Following his re-election in May 2023, President Erdoğan appointed a more orthodox economic team, led by Finance Minister Mehmet Şimşek. Despite several changes in central bank leadership, monetary policy has become more conventional. As a result, the liquidity position has gradually improved as highlighted by Credendo's [recent upgrade of the country's short-term political risk](#) – which represents the liquidity position of a country – to category 4/7. Along with the improvement of the liquidity, the MLT political risk of Türkiye – which represent the solvency of a country – was upgraded to category 4/7.