



Geopolitical Risk Index | Data | 2024

Conflict and Unrest

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Importance of Measuring Conflict and Unrest for Geopolitical Risk

1 **Economic and Structural Impact**
Conflicts and unrest can significantly disrupt a nation's economy, infrastructure, and stability.

2 **Escalation potential**
Even minor unrest may escalate, causing wider regional instability and affecting neighbouring nations.

3 **Safety and Operational Concerns**
Geopolitical risk assessments consider the safety of operations amidst potential violence.



Application and insight

- Provides a nuanced understanding of geopolitical risk for conflict and unrest businesses operating globally or looking to expand into new geographical areas
- When used alongside the other sub-indexes it can offer a comprehensive picture of potential challenges and risks

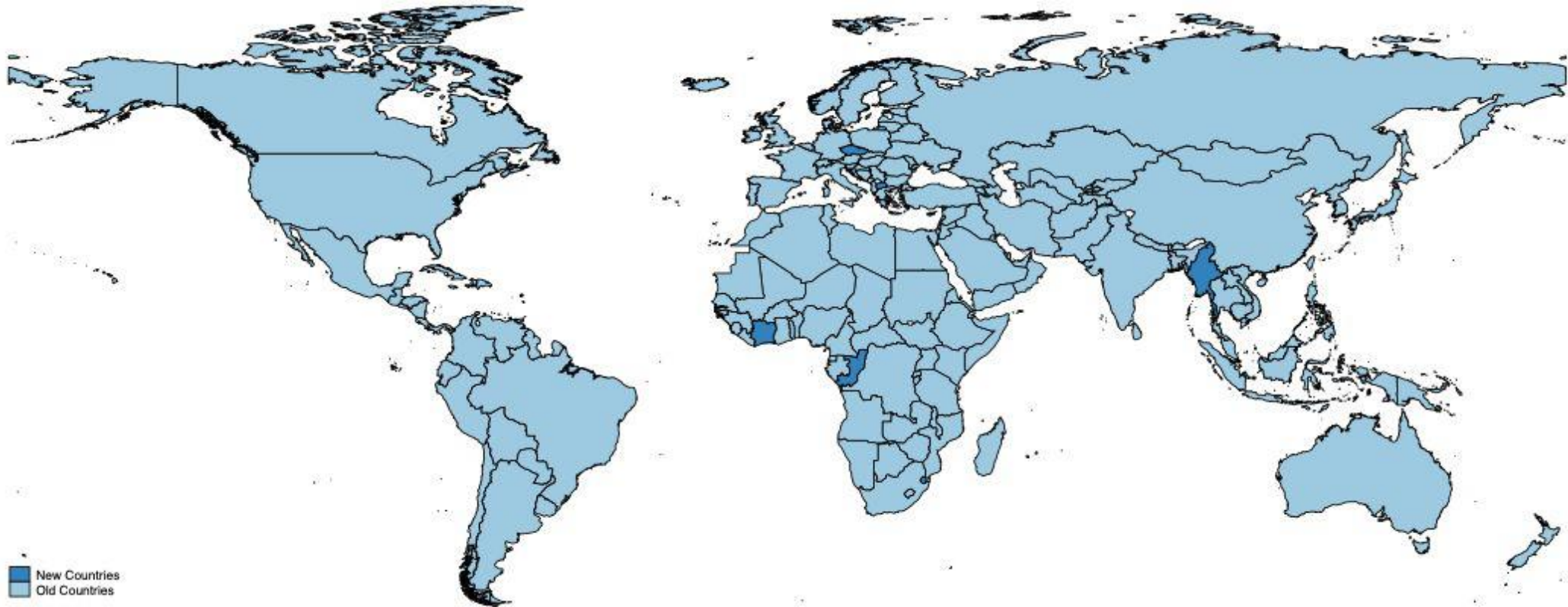


Updates 1/2 – Expanded State Inclusion

Now encompassing **160 Nations**.

Newly added countries include:

Côte d'Ivoire, Czech Republic, Cyprus, Eswatini, Myanmar, North Macedonia, Republic of the Congo, and Gambia.





Updates 2/2

2

Expanded Timespan

Inclusion of the data **from 2008 to 2015** to have a more precise historical view and **2022** and **2023** for up-to-date analysis.

3

Removed Variable

Increase from 6 to **7 sub-sub-indeces**. **Removal** of the sub-sub-index **“Protest Tracker”** and **addition** of the sub-sub-indeces **“Militarization”** and **“Safety and Security”**.

4

Accuracy Enhancements

Correction of previously identified **computational errors**.



Research Sources



- Independent non-profit organization based in Washington D.C.
- Produces the **Fragile State Index**, assessing State fragility across various indicators.

Security Apparatus

Fractionalized Elites (Leadership Cohesion)

Refugees and Internal Displacement



- **Vision of Humanity** was founded in 2008, focusing on global peace, security, and development.
- Non-partisan coverage of significant global issues.
- Primary research provided by the Institute for Economics and Peace (IEP), Sydney.
- Indices Used: **Global Peace Index and Global Terrorism Index.**

Ongoing Conflict

Terrorism

Militarization

Safety and security



Security Apparatus (Fragile State Index)

Indicator Overview

- Evaluates a State's capacity to manage internal threats and maintain public order.
- Critical for assessing the effectiveness of law enforcement and military forces.

Key aspects analyzed

1

Oversight and Integrity:

Scrutinizes how security and military forces are monitored and managed.

2

Relationship with Population:

Assesses the interaction between security forces and the public, crucial for maintaining trust and stability.

3

Response to Security Crises:

Examines state reactions to internal crises, a measure of governmental effectiveness and readiness.



Fractionalised Elites - Leadership Cohesion (Fragile State Index)

Indicator Overview

- Assesses divisions within a nation's governing elites and potential discord stemming from ethnic, class, or religious fragmentation.
- Critical for understanding the dynamics that may lead to conflict and instability.

Key aspects analyzed

1

Nationalistic Rhetoric:

Evaluates the use of divisive political language, such as nationalism and xenophobia, which may undermine inclusive leadership.

2

Political Dynamics:

Monitors power struggles, competitiveness in the political landscape, and shifts in political authority.

3

Electoral Credibility:

Assesses the integrity of electoral processes to gauge democratic governance standards.

Implications for stability

- Provides insights into the risks of political instability triggered by fragmented leadership.
- Helps identify the degree of leadership cohesion or division, impacting policy making and national unity.



Refugees and Internal Displacement (Fragile State Index)

Indicator Overview

- Assesses the stress on nations caused by significant displacement due to conflict, environmental disasters, or health emergencies.
- Includes both internally displaced persons (IDPs) and refugees crossing international borders.

Key aspects analyzed

1

Displacement Numbers:

Tracks the count of individuals displaced, both as IDPs and as refugees.

2

Impact on Receiving Countries:

Examines the strain on public services and potential rise in security and humanitarian issues in host countries.

Adjustments and Considerations

- Displacement figures are adjusted for population size and development stage to accurately reflect the impact relative to national capacity.
- Monitors year-on-year changes to acknowledge the prolonged nature of displacement situations.



Ongoing Conflict (Global Peace Index)

Indicator Overview

- Provides an in-depth assessment of violence levels through analysis of internal and external conflicts.

Key aspects analyzed

1

Internal Conflicts:

Number and duration to gauge National stability.

2

Conflict Casualties:

Measures death from both internal and external conflicts.

3

External Conflict Involvement:

Assesses the number, duration, and extent of a country's involvement in external conflicts.

Adjustments and Considerations

- We used a new formula to ensure uniformity across the Index for comparative analysis (scale 0-10):

$$10 * \frac{X - \text{Min Value}}{\text{Max Value} - \text{Min Value}}$$

- Provides crucial insights into the severity and impacts of conflicts, aiding in understanding how such conflicts influence national and international peace and stability.



Terrorism (Global Terrorism Index)

Indicator Overview

- Evaluates the scope and impact of terrorism in each country.
- It serves as an analytical tool to rank countries based on the extent to which terrorism affects them, utilizing a complex scoring system that captures the complex nature of terrorist activities.

Key aspects analyzed

1

Number of terrorist incidents.

2

Number of fatalities resulting from the terrorist incidents.

3

Number of injuries resulting from the terrorist incidents.

4

Number of hostages taken each year.



Militarization (Global Peace Index) – Added Variable

Indicator Overview

- Examines various aspects of a nation's military characteristics and capabilities.
- Key components of this variable include the level of military spending relative to GDP.
- The size and composition of a country's armed forces are critical factors. Large and diverse military forces equipped for various types of warfare can indicate a state's readiness or inclination towards conflict

Key aspects analyzed

1

Military spending:

Proportion of GDP allocated to military expenditures.

2

Armed forces:

Size and composition, reflecting readiness or inclination towards conflict.

3

Arms trade:

Imports and exports of arms, indicating a country's capability and influence in the global arms market.

4

International peacekeeping:

Contributions to peacekeeping missions as indicators of a nation's role in global stability.

5

Management of weaponry:

- heavy weaponry and small arms.
- impact of management practices on domestic and international violence and stability.



Safety and Security (Global Peace Index) – Added Variable

Indicator Overview

We added this variable which well captures the “unrest” component of the sub-index.

- Evaluates public perceptions of crime and personal safety.
- Assesses political stability and its impact on societal safety.
- Analyzes the prevalence of violence and homicide rates within societies.

Key aspects analyzed

1

Social impact of terrorism:

Examines how terrorism affects the social fabric of Countries.

2

Protests and Violent Demonstrations:

Monitors the frequency and scale of societal unrest.

Adjustments and Considerations

- The tracking of protests and violent demonstrations makes the variable suitable for substituting the variable “Protest Tracker” (see next slide).



Removal Of The Variable “Protest Tracker”

Indicator Overview

- An analytical tool designed to analyze significant anti-government protests worldwide.
- Captures protest characteristics such as size, duration, and outcomes to understand their influence on global politics.

Reasons for removal

- **Limited Source Diversity:** relies solely on English-language sources, potentially omitting events not covered by the international media.
- **Political Environment Bias:** fails to account for the unique political contexts in non-democratic countries where protests are restricted.
- **Narrow Focus:** concentrates only on anti-government protests, excluding other types of demonstrations like labor or environmental protests.

Replacement with Global Peace Index Variables

Safety and security

Militarization

➔ **Comprehensive Coverage:** includes analysis of internal conflicts, public order management, and the role of military forces.

Expected outcomes

Enhanced understanding of **State stability and resilience.**

More nuanced view of the **sociopolitical landscape** across different regime types and cultural contexts.



Index Construction

Sub-Index Development

- Normalized variable scale from 0 to 10 across 7 sub-sub-indexes
- Weighted average of variables provides a geopolitical risk rating per country.

Sub-index	Weights
<i>Ongoing Conflict</i>	30%
<i>Global Terrorism Index</i>	13,75%
<i>Safety and Security</i>	7,5%
<i>Militarisation</i>	7,5%
<i>Security Apparatus</i>	13,75%
<i>Fractionalized Elites (leadership cohesion)</i>	13,75%
<i>Refugees and IDPs</i>	13,75%

Color-coded Ratings Indicating Geopolitical Risk Levels

- Red shades represent higher geopolitical risk for conflict and unrest
- Green shades indicate lower geopolitical risk for conflict and unrest.

Country	2016	2017	2018	2019	2020	2021	2022	2023
Afghanistan	8,62	8,87	9,03	9,17	9,20	9,09	9,30	8,93
Albania	2,64	2,74	2,68	2,63	2,80	2,70	2,69	2,68
Algeria	5,26	5,22	5,24	5,24	5,14	4,82	4,93	4,38
Angola	3,87	3,86	4,09	4,01	3,79	3,98	3,91	4,66
Argentina	2,28	2,52	2,41	2,41	2,34	2,32	2,34	2,31
Armenia	4,24	4,50	4,35	4,22	3,76	4,04	3,93	3,82
Australia	1,27	1,43	1,45	1,43	1,57	1,45	1,82	1,84
Austria	1,81	1,78	1,72	1,65	1,95	1,78	1,77	1,94



Results - 2023

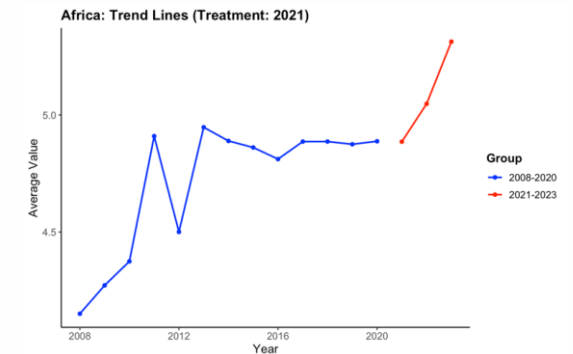
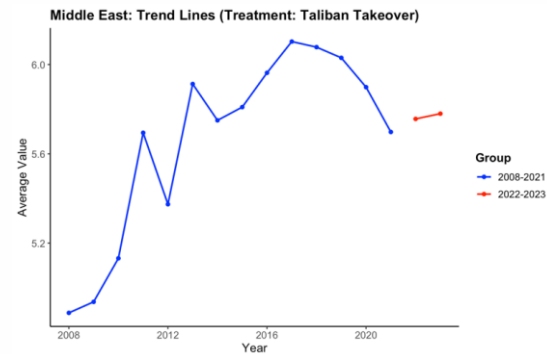
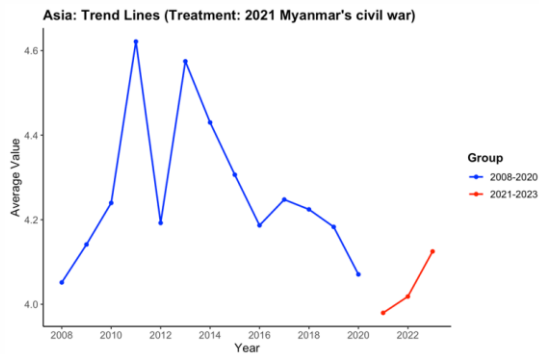
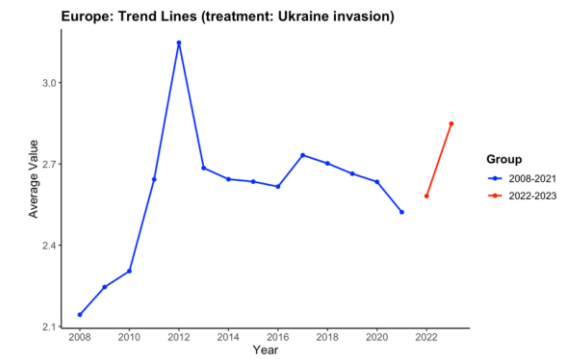
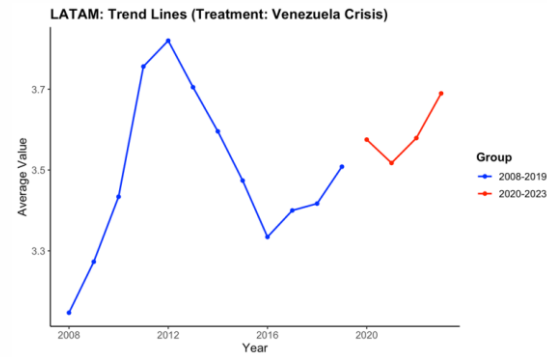
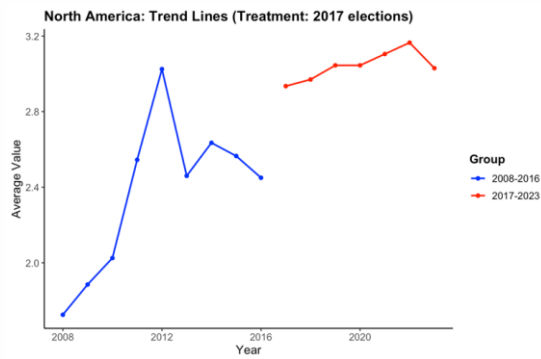
Mean	Min	First quartile	Median	Third quartile	Max
4.23	0.98	2.73	4.02	5.30	8.93

- Highest scores:
 - Afghanistan – 8.93
 - Democratic Republic of the Congo - 8.90
- 24 countries with a score higher than 6, up from 14 in 2021
 - 14 in Africa, 10 in Central Asia or Middle East
- Lowest scores:
 - Iceland – 0.98
 - Ireland – 1.21
 - Canada – 1.31



Regional Trends

Conflict and Unrest trends over time show steep increases after conflicts, unrest, and other political events.





Limitations

- Most sub-sub-indexes have **data only stretching back to 2008**; for Global Terrorist Index 2008-2011 calculated using data from the University of Maryland.
- Data for **South Sudan** not available 2008-2011 (South Sudan became a country in 2011).
- **Taiwan** and **Kosovo missing** as data not available for all sub-sub-indexes; the only important geopolitically territories missing.
- **Weights determined theoretically** not empirically; a potential improvement for the index is to use statistical methods to calculate the weights giving higher weights to the sub-sub-indexes with higher explanatory power.
- This sub-index **focuses only on conflict and unrest** and is therefore not sufficient for estimating the entire geopolitical risk of a country and should be used alongside the other geopolitical risk sub-indexes, and the overall index. .



Thank you!