



GEOPOLITICAL RISK – FINAL INDEX



INDEX COMPONENTS

We capture six different dimensions of geopolitical risk:

1. Political risk
2. Government interference
3. Globalization
4. Conflict and unrest
5. Geographical risk
6. Geoeconomic dependency



METHODOLOGY



To consolidate the six subindexes and create the final geopolitical index we had to (i) standardize the names of the countries, (ii) create a list of countries that were present in every subindex, (iii) use the Excel index match formula to fetch the data from the subindexes and (iv) weight the subindexes according to the percentages below.

We assigned the following weights to the six subindexes: 25% to political risk (-5% vs last year), 15% to government interference (+5% vs last year), 10% to globalization, 30% to conflict and unrest, 10% to geographical risk and 15% to geoeconomic dependency.



ACHIEVEMENT

We were able to expand our final geopolitical risk index both geographically and temporally. Indeed, the final index spans **from 2011 to 2022** and includes **147 Countries**. Overall, compared to last year's index which included only 2020 and 2021 data for 33 countries, **the explanatory power of the index has increased significantly.**



GEOPOLITICAL RISK - RESULTS

MAIN FINDINGS

We highlight the results for the top 5 countries (with the lowest geopolitical risk) and the worst 5 (with the highest geopolitical risk).

Only the countries for which all the 6 sub-Indexes were available compose the final set of countries, which includes 147 states from 4 different continents (Europe, America, Asia, and Africa). We have ranked the countries from the lowest to the highest Final Geopolitical Risk Index value. The scale goes from 0 to 10, the lowest score being the safest country and the highest score being the riskiest country.

Ireland emerges as the safest country of our set, over the last 3 years, with a score slightly above 2. Yemen instead is the riskiest, with a score of 7.74, followed by Syria and Central African Republic. Those countries are torn by wars, especially in Yemen there is a civil war that started more than 10 years ago.

| Country | Final Geopolitical Risk Index 2022 | 2020 | 2021 | 2022 |
|---------|------------------------------------|------|------|------|
|---------|------------------------------------|------|------|------|

| Top 5 | | | | |
|-------------|------|----|----|---|
| Ireland | 2.35 | 1 | 1 | 1 |
| Singapore | 2.83 | 2 | 2 | 2 |
| New Zealand | 3.01 | 6 | 4 | 3 |
| South Korea | 3.13 | 14 | 17 | 4 |
| Finland | 3.14 | 3 | 5 | 5 |

| Worst 5 | | | | |
|--------------------------|------|-----|-----|-----|
| Mali | 7.01 | 141 | 140 | 143 |
| Mauritania | 7.02 | 140 | 136 | 144 |
| Central African Republic | 7.34 | 145 | 145 | 145 |
| Syrian Arab Republic | 7.50 | 146 | 147 | 146 |
| Yemen | 7.74 | 147 | 146 | 147 |