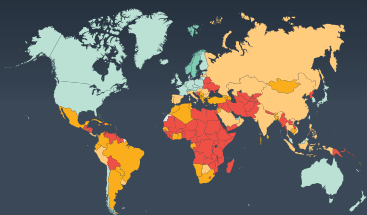


# Key Increases and Decreases in Political Risk Since Early 2017



## POLITICAL RISK MAP 2017 UPDATE

### EMERGING COUNTRIES DOMINATE IMPROVEMENTS AND DECLINES

BMI Research's risk index scores from the past six months indicate that some of the largest improvements and deteriorations occurred in developing and least developed nations.

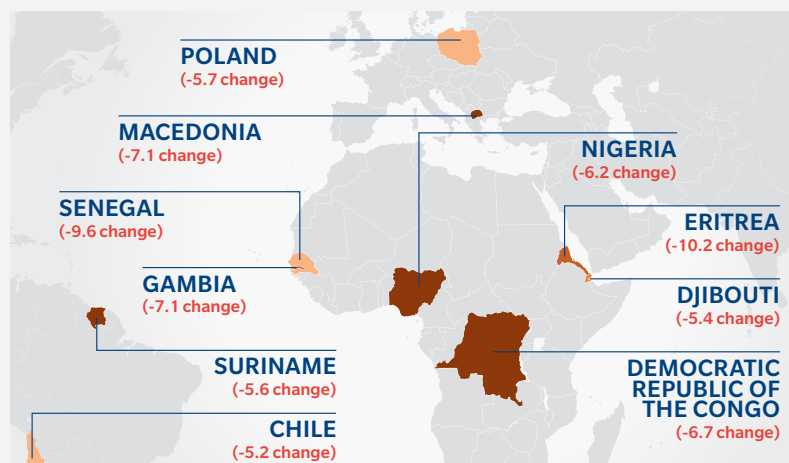
To help multinational organizations be aware of political and economic risks worldwide, Marsh annually shares the independent analysis of BMI Research, a leader in providing multinationals, governments, and financial institutions with impartial forecasts, data, and analysis to guide critical strategic,

tactical, and investment decisions. The updated Marsh *Political Risk Map 2017* is based on BMI Research's Country Risk Index (CRI), which assesses each country's economic, political, and operational environment. Considering both short- and long-term risks to stability — economic and political — as well as operational risks to the business environment, the index provides cross-country comparisons on a global basis. Under BMI Research's method, the maximum CRI number for a country is 100 — the higher the index,

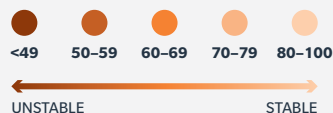
the less political risk. More information about BMI Research can be found [here](#).

In the six months since the *Political Risk Map 2017* was released, BMI Research assigned increases or decreases of greater than five points in 18 countries on its short-term political risk index (STPRI), a measure that takes into account a government's ability to propose and implement policy, social stability, immediate threats to the Government's ability to rule, the risks of a coup, and more.

**FIGURE 1** Top-10 Decreases in Short-term Political Risk Score by Country  
Scores and observations from BMI Research



#### INDEX SCORE



In six countries STPRI improved by more than five points, while STPRI deteriorated by more than five points in 12 countries. Within the countries that improved significantly, three are classified as developing or least developed countries; nine of those with the greatest decreases are classified as developing or least developed countries.

For multinational companies, and local ones that do business with them, it is vital to understand where political risks are occurring and how they will impact business operations. With such insights, companies can plan for a range of possible scenarios as they develop risk management strategies to support investment decisions.

## INCREASING RISK

For multinational organizations, being prepared for political risk events in a country where they have operations or do business is essential in order to avoid business interruption and other losses. Below, we focus on the 10 countries with the greatest decrease in STPRI. This includes six countries in Africa, two in Europe, and two in Latin America.

**FIGURE 2 Top-10 Decreases in Short-term Political Risk Score by Country**  
Scores and observations from BMI Research

COUNTRY	REGION	PREVIOUS SCORE	NEW SCORE	CHANGE	DRIVING FACTORS
1. Eritrea	Africa	67.3	57.1	-10.2	Possible internal revolt against President Isaias Afwerki, a high degree of poverty, rapid population growth, and considerable ethnic diversity.
2. Senegal	Africa	74.0	64.4	-9.6	High unemployment, particularly among the young.
3. Gambia	Africa	62.5	55.4	-7.1	The shock defeat of long-serving President Yahya Jammeh in December 2016 and subsequent policy uncertainty.
4. Macedonia	Europe	51.7	44.6	-7.1	Obstructive opposition and persistent ethnic tensions between the Slav majority and ethnic Albanian minority.
5. Democratic Republic of the Congo	Africa	32.7	26.0	-6.7	Overdue presidential elections, uncertainty surrounding policy direction, and the risk of unrest.
6. Nigeria	Africa	56.0	49.8	-6.2	President Muhammadu Buhari's health (raising the prospect of an early political transition) and increased clashes between Fulani herdsmen and settled Pastoralists in central Nigeria.
7. Poland	Europe	76.5	70.8	-5.7	Ongoing tensions with the European Commission due to legislative differences.
8. Suriname	Latin America	52.9	47.3	-5.6	Intensified public unrest in response to gas price increases, elevated inflation, and the country's deep economic contraction.
9. Djibouti	Africa	68.1	62.7	-5.4	Ethnic tensions between the Somali majority (60%) and Afar minority (35%), high exposure to terrorism due in part to proximity to Somalia and Yemen, and the presence of Western military bases.
10. Chile	Latin America	75.8	70.6	-5.2	Tensions over mining policies and a large student protest movement gaining momentum could cause social stability to deteriorate. The upcoming election could see a change of power to center-right coalition.

## DECREASING RISK

Identifying countries in which risks are predicted to decrease is important for multinationals as they seek potential opportunities for investment. Among the countries with improvements of greater than five points in their STPRI since the last update, three are in Africa and two are in Europe.

**FIGURE 3 Top Five Increases in Short-term Political Risk Score by Country**  
Scores and observations from BMI Research

COUNTRY	REGION	PREVIOUS SCORE	NEW SCORE	CHANGE	DRIVING FACTORS
1. Mozambique	Africa	38.5	47.5	+9.0	Repeated extensions of the ceasefire between the ruling FRELIMO party and the RENAMO opposition party and rebel movement.
2. Angola	Africa	59.4	67.5	+8.1	A smooth transition from former president José Eduardo dos Santos to his chosen successor, João Lourenço, following the August 2017 elections.
3. Greece	Europe	52.5	59.6	+7.1	A recent agreement among Greece's international creditors to accept the disbursements of additional bailout funds.
4. Serbia	Europe	50.8	57.5	+6.7	Aleksandar Vucic's victory in the May 2017 presidential election and the nomination of independent, Ana Brnabic, as prime minister signal that EU integration will remain Serbia's top priority.
5. Uganda	Africa	52.5	58.3	+5.8	Proposed constitutional changes to abolish presidential term limits, increasing the prospect for political continuity.

## POLITICAL RISK MAP 2017 UPDATE

Marsh's *Political Risk Map 2017* presents a global view of issues facing multinational organizations and investors, drawing on data and insight from BMI Research.

To view the updated interactive map visit [marsh.com](http://marsh.com)

For more information, please visit [marsh.com](http://marsh.com) or contact:

**EVAN FREELY**

Global Practice Leader  
Credit Specialties  
+1 212 345 3780  
[evan.freely@marsh.com](mailto:evan.freely@marsh.com)

**STEPHEN KAY**

US Leader  
Credit & Political Risk Practice  
+1 212 345 0923  
[stephen.kay@marsh.com](mailto:stephen.kay@marsh.com)

**JULIAN MACEY-DARE**

International Leader  
Credit & Political Risk Practice  
+44 (0)20 7357 2451  
[julian.macey-dare@marsh.com](mailto:julian.macey-dare@marsh.com)

Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer and Oliver Wyman. This document is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Marsh shall have no obligation to update this publication and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any statements concerning actuarial, tax, accounting or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, tax, accounting or legal advice, for which you should consult your own professional advisors. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. Marsh makes no representation or warranty concerning the application of policy wording or the financial condition or solvency of insurers or re-insurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage. Although Marsh may provide advice and recommendations, all decisions regarding the amount, type or terms of coverage are the ultimate responsibility of the insurance purchaser, who must decide on the specific coverage that is appropriate to its particular circumstances and financial position.

Copyright © 2017 Marsh LLC. All rights reserved.

GRAPHICS NO. 17-0680c