

2025 political and social risk: a record level, a new norm for businesses

Coface

The Coface index reveals an undisputed reality: at 41.1%, global political risk is reaching a historic milestone in 2025. Rooted armed conflicts, institutional fragility and persistent social tensions: these facts are becoming a lasting norm for companies.

Global political and social risk hits unprecedented levels

[After a historic election year in 2024](#) (70 countries involved, representing ~55% of global GDP) that brought political risk to the forefront of the global stage, 2025 offers no respite, but rather a momentum of instability and tension. This reality is reflected in Coface's global political risk index, which reaches a record high of 41.1% in 2025. It now exceeds the peak reached at the height of the Covid-19 pandemic (+2.8 pp).

This is one of the main insights provided by the annual update of Coface's political risk index, whose evolution is detailed in the latest [economic study October 2025 Risk Review](#), published by Coface. The global score for the 2025 edition shows a complex reality:

- 68 out of 166 countries analysed present a higher risk than last year;
- 106 countries are above their pre-pandemic average.

These observations reflect the convergence of several factors affecting both emerging economies and advanced democracies.

Higher than ever, the 2025 score of the Coface political risk index confirms a fundamental upward trend that has been alerting us for several years. We are observing a dual phenomenon: conflicts that are taking root, driving up overall risk, and a political and social climate that remains fragile, where frustration and instability continue to fuel tensions.

- **Anna Farrugia**, Coface economist.

Armed conflicts and violent social unrest: two drivers of the degradation of the security climate

The 'conflicts' component is the main factor in the deterioration of political risk. The number of conflicts recorded at the national level has increased again, a rise largely dominated by two major hotspots:

- the war Ukraine-Russia,
- the confrontations Israel-Gaza-West Bank.

These conflicts are taking root and crystallising geopolitical tensions, weighing on both regional stability and global supply chains.

At the same time, violent internal unrest is on the rise, undermining the existing governments, as illustrated by the protest movement in [Nepal](#) that led to the Prime Minister's resignation. In [Indonesia](#), social unrest has also turned violent. These events have direct implications for companies, such as:

- logistical disruptions;
- increased insurance costs;
- the risk of contract breaches and market volatility.

These findings strengthen a conclusion we reached when we first created our political risk indicator: security risk is not limited to armed conflicts or wars between states. Domestic tensions are a major factor.

- **Ruben Nizard**, Head of Political Risk Analysis and Sector Research at Coface.

When weakening institutions meet societies in turmoil

Widespread institutional fragility is the second pillar of increased political risk. The political and social landscape remains precarious, and certain recent events are echoing in the Coface index data. As a result, the overall political and social fragility score remains high. Far from being spared, advanced economies are facing a combination of several factors:

- the rise of populism, intensified by recent elections;
- the deterioration of scores relating to the institutional context and civil liberties (freedom of expression and belief, right of association and organisation, rule of law);
- persistent inflation, generating pressure for change.

The [United States](#) offers the most outstanding illustration of this: it not only has the highest level of political and social fragility risk among advanced economies, but also the largest increase since the pre-Covid period.

Other advanced economies, such as the [United Kingdom](#) and [France](#), are following similar trends, accentuated by governmental instability and fiscal uncertainty. In France, the current political crisis illustrates an institutional fragility that is difficult to resolve, weighing on household and companies confidence and limiting both consumption and investment.

In emerging economies, young people are playing a driving role, as seen in events in [Bangladesh](#) last year and [Kenya](#). Our data reveals that the risk of political and social fragility is increasing in countries where the Z generation mobilised in an unprecedented way in 2025, such as Indonesia, the [Philippines](#), [Madagascar](#), [Morocco](#) and [Peru](#).

These young populations are expressing their frustrations with:

- elites considered ineffective or corrupt;
- growing inequalities;
- the deterioration of public services and the security situation;
- the lack of economic prospects.

Furthermore, **Africa remains the region most exposed** to political and social risk, with particularly high scores in countries now led by military juntas following coups d'état, such as [Burkina Faso](#) and [Niger](#). Countries that have traditionally been more stable are also showing worrying signs.

In [Tunisia](#), Kaïs Saïed's concentration of power is increasing institutional tensions, while in

[Senegal](#), the implementation of an ambitious budget plan for 2026 could fuel social frustrations.

Successive crises and the erosion of institutional foundations, combined with strong social pressures, are fuelling widespread dissatisfaction. These tensions form a destabilising cocktail that is potentially explosive for the existing governments.

- **Anna Farrugia**, Coface economist.

TO WATCH OUT FOR IN 2026

A new paradigm for political and social risk, a new norm for companies

Political and social risk is no longer a one-off phenomenon: it is reaching record and sustainable levels. For companies, this is a key commercial risk factor that must be monitored and included in their:

- development strategies;
- hedging policies;
- investment decisions.

Political and social risk is entering a new era. What was once considered a temporary disruption has become a structural risk. The combination of geopolitical rivalries, polarisation, energy transition and technological challenges ensures that this higher level of risk will persist.

- **Ruben Nizard**, Head of Political Risk Analysis and Sector Research at Coface

No time to read the article? Anna sums it up for you