Media Contact:

Deidre Beylis

Teresa Settas Communications

+27 11 894 2767

Deidre@tscommunications.co.za

**Falling oil prices have global implications: Aon Political Risk Map 2015**

* *Oil producers Iran, Iraq, Libya, Nigeria, Sudan and Turkmenistan rated Very High or High for political risk*
* Sub-Sahara Africa continued to record the largest number of downgrades in 2015, as economic and political risks increased.
* *Sanctions, oil prices and war continue to weaken investment environment in Russia and increase corporate default risk in Ukraine.*
* *Oil producing states outside the Gulf Cooperation Council (GCC) likely to face political & economic uncertainty*

**[4 Mar 2015]** [Aon Risk Solutions](http://www.aon.com/unitedkingdom/default.jsp), the global [risk management](http://www.aon.com/empower/aon-risk-solutions.html) business of [Aon](http://www.aon.com) plc (NYSE: AON), today unveiled its’ 2015 Political Risk Map which portrays political risks in 163 emerging markets.

Topping the list of political risks facing emerging market investors is the increasing instability in already-fragile oil producing countries such as Iran, Iraq, Libya, Russia and Venezuela as a consequence of the low oil price. Closer to home, sub-Saharan Africa continued to record the largest number of downgrades in 2015.

Darlington Munhuwani, Regional Controller for Aon Sub Sahara Africa says, “By using the latest data and analytics, the political risk map helps organisations assess the risks and factor them into their emerging markets investment strategies. Knowledge is power and the political risk map is a crucial and indispensable tool that gives organisations important information on the political landscape of more than 160 countries worldwide. The map consolidates information on exchange transfer, legal & regulatory, political violence, political interference, supply chain disruption, banking sector vulnerability and, sovereign non-payment risks. Businesses need to constantly monitor their exposure to these risks and the interplay of economic uncertainty and socio-political instability. The Aon Political Risk Map allows our clients to do exactly that.”

“Sub-Saharan Africa continued to record the largest number of downgrades in 2015, as economic and political risks increased,” says Darlington. “However, the picture is mixed across the region with improvements in Southern African countries offset by other weaknesses in parts of West Africa,” he adds.

The Ebola outbreak exacerbated an already challenging business environment in afflicted countries such as Guinea, Liberia and Sierra-Leone. “Institutional quality and the risk of supply chain disruption was already high in these countries and the epidemic has worsened these vulnerabilities and put extreme pressure on local health systems and tested the national governments’ ability to mobilise resources in response to these challenges. Although the epidemic seems to have peaked and been contained to these countries, the damage on institutions will be long-lasting,” says Darlington.

Islamic extremism, largely represented through groups such as Boko Haram and al-Shabaab, will continue to increase political risk in Nigeria and Somalia respectively as well as their neighbours Cameroon, Kenya and Uganda. “As a result political violence risk will remain high throughout 2015 in these countries, even if these attacks are not prevalent throughout each of these countries. Investors in the regions will need to assess their risks directly,” explains Darlington. “In Nigeria, the threat of Boko Haram has already forced the government to invest more in military and security efforts rather than public investment. This will not help with the government’s poverty alleviation agenda.”

In general, lower commodity prices will see political risks remain high and economic risks increase in regional commodity producing nations. “In particular Angola, Cameroon, Democratic Republic of Congo and Nigeria will have to adjust to much weaker revenue outlooks, which imply cuts to spending, especially public investment. Nigeria’s government will face a very difficult fiscal position, and the new administration will have little space to stimulate growth once elections finally take place,” Darlington says.

Ghana’s broad-based deterioration in first economic and now political institutions stands out, particularly its higher sovereign non-payment risk. Ghana’s negotiations with the IMF will be difficult, given the government’s reluctance to conduct fiscal or structural reforms and its perceived lack of transparency on policy priorities.

The map also reveals that 2015 will be a particularly challenging year for oil producers in the Middle East and Africa several of which already have High or Very High country risk ratings. Egypt, Tunisia and Morocco, which should otherwise stand to benefit from cheaper oil imports, face increased security risks because of the power vacuums in Iraq, Libya and Syria.

Paul Domjan, Managing Director, Roubini Country Insights, said "Roubini Global Economics is proud to continue its partnership with Aon for its clients. During 2014 political risks in the emerging markets rose, particularly in oil exporting regions. The quarterly updates to the risk icon scores and the country ratings highlight developing risk-trends, allowing investors to respond quickly to deterioration and to better hedge their exposure or take advantage of new opportunities. Once again, the map demonstrates the power of combining RGE's country analysis and benchmarking with Aon's expertise in country risk.”

More information about Aon’s political risk map can be accessed at [www.aon.com/2015politicalriskmap](http://www.aon.com/2015politicalriskmap)

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**About the 2015 Aon political risk map**

Aon measures political risk in 163 countries and territories to assess the risks associated with exchange transfer, sovereign non-payment, political interference, supply chain disruption, legal and regulatory regimes, political violence, ease of doing business, banking sector vulnerability and governments’ capability to provide fiscal stimulus. In each specific risk category, as well as the overall rating, each country is rated as Low, Medium-Low, Medium, Medium-High, High or Very High. Member countries of the European Union and the Organisation for Economic Co-operation and Development are not rated in the 2015 map.

Country ratings reflect a combination of analysis by Aon Risk Solutions, Roubini Global Economics – a global analysis and advisory firm – and the opinions of over 20 Lloyd’s syndicates and corporate insurers actively writing political risk insurance.

The online interactive map has data going back over 18 years and also measures banking sector vulnerability, risk to fiscal stimulus and risk of doing business. By accessing Aon’s Interactive Map, institutions can track their specific political risk exposures in emerging markets, both on a current and historical basis.

**Country ratings:**

The political risk map upgrades and downgrades countries and territories based on events which have taken place in the previous year. As a result the following 7 countries have been upgraded (where the overall country or territory risk is rated lower than the previous year): Dominican Republic, Ecuador, Georgia, Lao PDR, Panama, Swaziland and Zimbabwe. 12 countries have been downgraded (experiencing an increasing in political risk): Angola, Central African Republic, Burkina Faso, Ghana, Guinea Conakry, Haiti, Libya, Mozambique, Oman, Pakistan, Sierra Leone and Uganda.

There were 19 country rating changes since the 2014 risk map was released compared to 15 in 2013 and 25 in 2012. RGE’s Country Insight scores capture a series of small changes on a quarterly basis, which can give an early warning of changes. Any changes in grade are delivered quarterly and allow the Political Risk Map to highlight deterioration in countries, such as with the Ukraine several quarters in advance.

**About Aon South Africa**

Aon  South  Africa  is  a  leading  provider  of  risk management services, insurance   and   reinsurance   brokerage,  human  capital  and  management consulting, and speciality insurance underwriting. The company employs more than 1300 professionals in its 16 offices in South Africa with its head office in Sandton Johannesburg. Aon employs over 1800 people on the African continent.

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