

Business environment rankings

Climate risk weighs on high-performing economies



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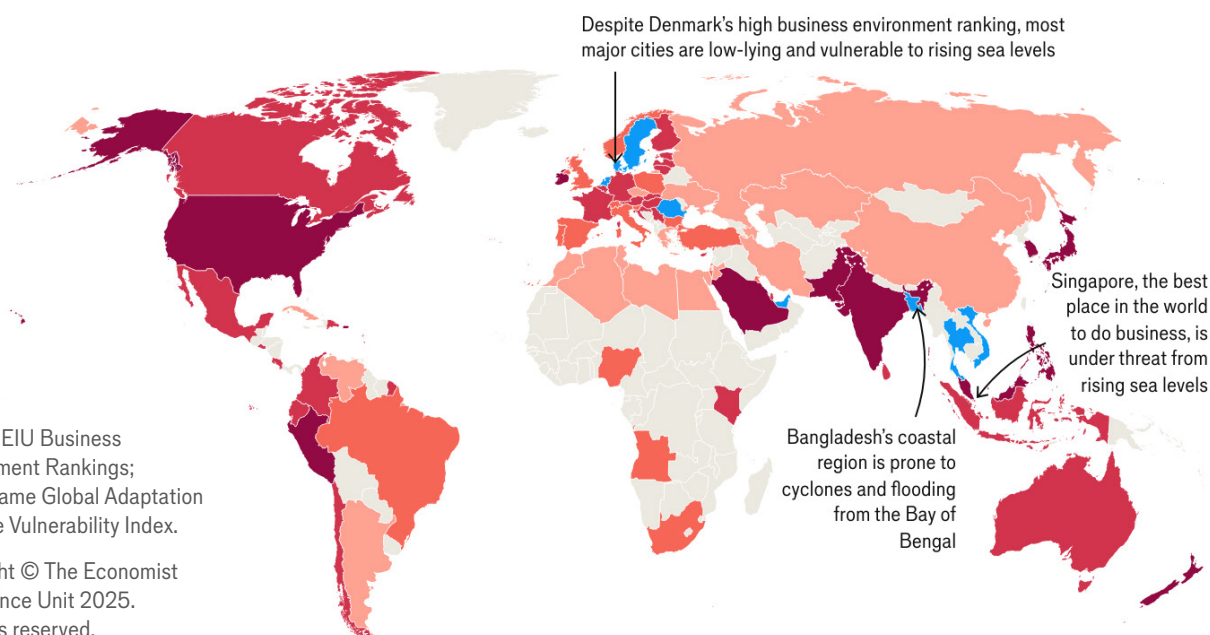
Overview

- Countries with poor business environments tend to be more vulnerable to climate change, often for geographical reasons. However, some outliers face significantly higher climate risks than those of peer economies with similar business environments.
- To assess this, we have analysed the correlation between climate-change risk, as measured by the University of Notre Dame Global Adaptation Index (ND-GAIN), and EIU's own proprietary Business Environment Rankings (BER).
- According to our analysis, Singapore, Bangladesh and Denmark are the countries where climate change has the greatest potential to undermine the business environment. State capacity to address this varies between them, but in all these cases the cost of resilience efforts will be huge.
- Some countries that have successfully invested in improving their business environments now face disproportionate climate change risks that could make them less attractive to investors. Developing capacity to manage climate risks will increasingly be crucial to maintain a competitive business environment.

Climate change is a greater risk to the business environment in some countries than others

Difference between BER and ND-GAIN Scores (normalised): the climate risk gap




























■ <-1 ■ -1-0 ■ 0-1 ■ >1 ■ Top 10 countries



Source: EIU Business Environment Rankings; Notre Dame Global Adaptation Initiative Vulnerability Index.

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Countries with the biggest climate risk gap

Rank	Geography	Difference between BER and ND-GAIN scores (normalised): the climate risk gap	Top physical risks	EIU Business Environment Rank (Q4 2022)*	ND-GAIN Rank (2022)*
1	 Singapore	4.58	≈ 	1	56
2	 Bangladesh	3.16	≈  	65	80
3	 Denmark	3.01	≈ 	5	28
4	 UAE	2.74	 	14	54
5	 Netherlands	2.73	≈ 	11	33
6	 Vietnam	2.25	≈  	47	73
7	 Bahrain	2.19	≈ 	41	69
8	 Sweden	2.05	≈ 	10	21
9	 Romania	1.90	  	35	63
10	 Thailand	1.77	  	37	62

≈ Rising sea levels,  Rising temperatures,  Cyclones,  Flooding,  Droughts,  Air pollution

Source: EIU Business Environment Rankings; Notre Dame Global Adaptation Initiative Vulnerability Index.

*Rankings out of 80 countries for which both BER and ND-GAIN scores are available where 1=best-ranked country and 80=worst-ranked country. Copyright © The Economist Intelligence Unit 2025. All rights reserved.



Prianthi Roy

Europe senior analyst and
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The group of countries where the risk from climate change is disproportionately high includes both wealthy and middle-income countries.”

There are significant outliers whose vulnerability to climate change is disproportionately high relative to peer countries within their region and income group. These outliers

include both wealthy countries with business environments that are currently very good but are vulnerable to considerable climate risks.

To identify and better analyse these outliers, we have compared our proprietary business environment ranking (BER) score, which measures the attractiveness of the 82 countries' business environments across 11 categories, with a comprehensive index of climate physical risk vulnerability, the University of Notre Dame Global Adaptation Index (ND-GAIN) vulnerability score. The normalised difference between these two scores, which we are terming the "climate risk gap",

represents the degree to which our business environment score could be undermined by climate physical risk, relative to other factors. A large positive climate risk gap suggests that climate risk has a greater potential negative impact on the business environment than is reflected in our business environment ranking. Conversely, strongly negative scores imply that other factors are currently bringing down a country's score more severely than climate risk would.



Matthew Oxenford

Lead analyst, climate and sustainability



Some countries, such as Singapore, Denmark and the Netherlands, perform highly in our business environment index, but are low-lying, storm-prone or otherwise uniquely vulnerable to climate impacts.”

Other countries score lower on our business environment index but are exceptionally vulnerable (such as Bangladesh, Bahrain and Thailand). What these countries have in common is that they will

have to expend more fiscal and human resources in responding and adapting to the increased prevalence of natural disasters than their peer countries.

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Meet the EIU team



Prianthi Roy

Europe senior analyst and
country forecast manager

→ Find out more

Prianthi has led EIU's analysis of central and eastern Europe, the euro zone and Nordic economies since 2018. She is an expert in macroeconomic and political forecasting, with a focus on helping governments and global companies anticipate shifts in policy, politics and the business environment. Prianthi heads EIU's flagship business environment rankings and long-term outlooks, and regularly presents insights through webinars, white papers and briefings. She has received over ten awards for the accuracy of her forecasts. Before joining EIU, she worked in economic research and consulting roles in Asia.

★ **Specialist subjects**
Political and economic forecasting, democracy, business environments, medium- and long-term forecasting, sovereign and operational risk

🌐 **Languages**
English, Bengali, Hindi and French

📍 **Location**
Gurugram, India



Matthew Oxenford

Lead analyst, climate and
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→ Find out more

Matthew's expertise spans policy and politics, economics and environment. He joined EIU in July 2019 as lead UK analyst. Since February 2024, he has served as lead analyst for climate and sustainability, covering environmental risk, global governance and energy transitions. Before EIU, he was a researcher at Chatham House, focusing on global economic governance and geoeconomics. He has also worked at Deloitte UK and in various policy roles in Washington, DC.

★ **Specialist subjects**
Climate change, climate politics, energy transition

🌐 **Languages**
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