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# Global Economic Sovereignty Composite Index (ECO-SOV) 2024 Edition Third Research Report -Final Version

Riadh Ben Jelili

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The background features a stylized illustration of a globe with a grid of latitude and longitude lines. Two hands are shown: one at the top holding a pair of scissors, and another at the bottom left holding the handles of the same scissors. White strings are attached to the globe and extend upwards towards the scissors. A large, white-outlined arrow points from the left towards the right, partially overlapping the globe and the strings.

# Global Economic Sovereignty Composite Index (ECO-SOV)

**2024 Edition**

Third Research Report – Final Version

Riadh Ben Jelili

January 2025

**GI4T**  
GLOBAL INSTITUTE  
4 TRANSITIONS

## Acknowledgments

GI4T is pleased to present the 2024 edition of the *Economic Sovereignty Composite Index* (ECO-SOV), which aims to provide a deeper understanding of the specific policies that support nations in achieving their economic objectives. By evaluating various dimensions of economic resilience and independence, the ECO-SOV index offers valuable insights into how countries can enhance their governance effectiveness and optimize their economic structures.

This report is authored by Riadh Ben Jelili, who holds a Ph.D. in Economics and Econometrics from the University of Burgundy and CREST-INSEE, along with a Habilitation Thesis in Economics and Econometrics. His extensive expertise includes serving as an advisor at the Arab Planning Institute in Kuwait from 2005 to 2012, and as the Director of Research and the Country Risk Department at the Arab Investment and Export Guarantee Corporation in Kuwait from 2012 to 2021. Additionally, Ben Jelili has been an associate professor at Université de Bretagne Sud since 1995. His contributions have been instrumental in the development of the composite ECO-SOV index, the compilation of the associated database, and the analysis of the results.

The GI4T team played a significant role in shaping this report by offering valuable insights during the initial discussions. Special gratitude is extended to Professor Hakim Ben Hammouda for his critical contributions and to the GI4T team for their indispensable efforts in enhancing and finalizing this document.

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# Foreword

## Economic Sovereignty Amid Global Capital Mobility

States are limited in their freedom to steer their own economic policies as their domestic policies are subject to international regulation. They face a trade-off between international economic interdependence and maintaining control over their domestic affairs, or in less narrow terms, between globalization and domestic policy autonomy. Globalization has increased tremendously in recent decades and has gained particular attention due to its strongly accelerating impact on economic development. The freedom of domestic policy-making on economic matters and the power of international capital institutions are the most contentious aspects in the ongoing debate on global economic governance. While the relevant literature typically focuses on international economic institutions, global governance, or specific policy areas, attention can be shifted to state economic power in the global political economy. It is, in the first place, a question of state economic power under global conditions regarding sovereignty risks, i.e., the relative loss of

international influence and domestic authority in economic policies being addressed.

This international constraint of state sovereignty in the economic sphere, and the corresponding quest for economic autonomy by economic policy-makers at domestic and supranational levels, can be investigated in various dimensions and from various theoretical standpoints. While the

term economic sovereignty has a long tradition, it is somehow insufficient to reliably grasp the effects from the reduced degree of economic sovereignty. Sovereignty as such entails the ultimate legal and political authority in decision-making on a publicly sensitive issue. Therefore, both areas, i.e., legal

competence as well as political autonomy, are far from assuming de facto conditions in times of global economic interrelation, characterized particularly by exchange rate volatility and private capital mobility. The significant question is to identify or delimit specific issues of economic policy-making that might jeopardize economic sovereignty or have negative welfare effects on the institutional structure. In other words, what is the quality of national economic institutions?

**“The freedom of domestic policy-making on economic matters and the power of international capital institutions are the most contentious aspects in the ongoing debate on global economic governance.”**



## Pioneering the Sovereignty Dialogue: GI4T's Significant Contributions

The sweeping changes shaping a new global order and the crises stemming from globalization extend beyond developed nations, sparking debates on strategic pathways for development and societal transformation in developing countries. Although these discussions are less intense in these regions than in developed nations, they have nonetheless motivated numerous international institutions and think tanks, such as GI4T, to explore future directions for growth and progress. Global transformations emphasize the need for strategic frameworks to bolster state resilience and security while reducing dependency on global systems. However, rebuilding national dynamics in developing countries presents unique challenges due to their deep economic integration and reliance on globalization.

The GI4T think tank, notably through Ben Hammouda (2022, 2023)<sup>(\*)</sup>, proposes **the concept of “open sovereignties” as a groundbreaking strategic vision for development.** This approach aims to reduce foreign dependency by promoting self-sufficiency in critical sectors, without advocating for

**“Open sovereignties concept balance self-sufficiency with global integration, offering a resilient framework for sustainable development.”**

closed borders or a return to the mid-20th-century nation-state model. Instead, it envisions policies that balance strategic production autonomy with continued openness to global trade and supply chains, offering a dynamic alternative to isolationism.

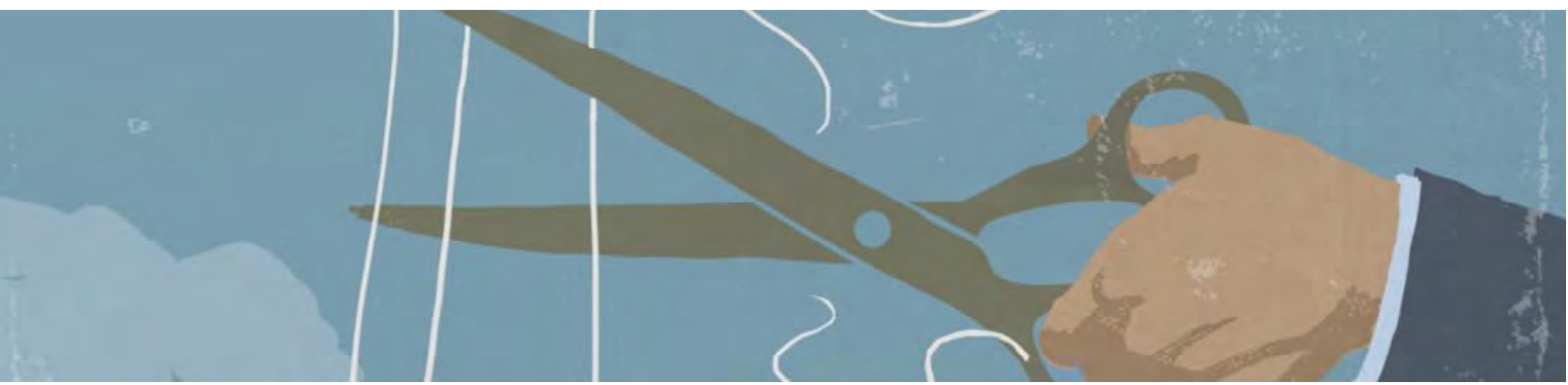
This framework is based on three core principles: addressing the vulnerabilities of unrestrained globalization, maintaining economic openness as a growth driver, and redefining the state’s role to foster innovation while ensuring fair competition. It underscores the importance of long-term strategic planning, social

cohesion, sustainability, and renewed relationships between the state and the private sector to enable inclusive growth.

The key priorities include strengthening political and security frameworks, ensuring macroeconomic stability, advancing social inclusion, modernizing education and technology, and promoting cultural industries to reshape national narratives. These objectives aim to build resilience, reduce dependency, and support balanced and sustainable development. By assessing strengths and weaknesses through relevant indicators, the concept of “open sovereignties” offers a comprehensive framework to enhance resilience and drive sustainable development in an interconnected global landscape., particularly in Arab and African countries.

Ben Hammouda, H. (2023), « Les souverainetés ouvertes - Vers une nouvelle perspective stratégique pour le développement », Research Report No.3, GI4T.

Ben Hammouda, H. (2022), « Des souverainetés ouvertes pour résister au désordre du monde », communication au forum d'Assilah au Maroc du 22 au 26 octobre 2022 .



## Defining Economic Sovereignty

An analysis of the prefix "economic" suggests that an economically sovereign nation's deference to economic matters in the global and domestic arena is incredible. Additionally, with the noun "sovereignty"—as used within the context of nation-states—individual nation-states are the ultimate and final authority in that any decision, ruling, or mandate enforced has an origination and rationale with that authority. As such, these individual nation-states that are the ultimate collective authority can and do claim full legal, moral, and political status as sovereign entities. Furthermore, sovereign nations—by history, culture, or conquest—won the sum of all the people, political institutions, and organizations within a defined territory or domain. Further, using the specific notion of an institution, an institution is specified and in some cases legally sanctioned; they are authoritative and legitimate representatives for the collective of people with specialized expertise on specific matters.

With this foundational logic, economic sovereignty is the full legal, moral, and political authority of individuals, institutions, and governments to determine their own economic destiny. Importantly, the cooperative principle of economic sovereignty is that each decision-making entity is best suited to determine the economic destiny of its intended constituency, and therefore, greater ownership, control, and self-determination in determining their collective economic destiny will give

them the necessary self-sufficiency, resilience, and agency to manage and ultimately improve the socioeconomic situation of their community as is fitting and desirable.

## The ECO-SOV Index © : Charting the Course for Economic Resilience

The financial crisis that erupted in 2007 has had a considerable impact on a number of countries and posed a significant challenge to the world economy as a whole.

More recent events, such as the COVID-19 pandemic, have also challenged the economic sovereignty of nations. This has given rise to debates over whether surveillance methods and operational mechanisms used by either multilateral organizations or national governments are adequate. In response to

**“Economic sovereignty is the full legal, moral, and political authority of individuals, institutions, and governments to determine their own economic destiny.”**

this potential risk of economic crises, a new concept "economic sovereignty" has gained importance in the decision-making process. The general consensus is that economic sovereignty is an index that reflects the economic resilience of a country. The degree of autonomy, or sovereignty in economic decision-making that a country enjoys, is known as economic sovereignty. In this respect, it could be interpreted as a tool to protect economic policies against international pressures and to foster the growth of the economy. If a country is strong enough in economic sovereignty, it could resist economic impositions from other countries. A high degree of economic freedom could help a country resist financial sanctions and obtain foreign judgments



dictating unfavorable economic policies. The existence of sanctions is a key characteristic of a sanction-based economy.

Currently, many developing countries struggle with the degree of economic control and autonomy they are able to exercise. The only approach that accurately mirrors current economic power relations is one based on classified country characteristics, since GDP has shown its limitations. In addition to the quality of life displayed by inhabitants, the real progress has to be that the increased wealth and power are reflected by the same country, and as far as they maintain sustainable growth, living standards, and international influence. An index to measure national “economic sovereignty” is proposed by defining it from a single perspective. This report offers a different index based on a multi-dimensional approach. The composite index, hereinafter referred to as Economic SOVereignty Composite index (ECO-SOV), can be applied not only as a tool capable of providing prescient and independent knowledge of the relative merits of types of economies by intelligently taking into account diverse information, but it will also allow the calibration of alternative theoretical models more rigorously, all together possibly avoiding the harmful economic consequences policymakers periodically generate.

Given the absence of a comprehensive measure for assessing national confidence in future economic performance, an index that fills this gap can be both informative and beneficial. It can help guide economic agents and policymakers in making more informed decisions.

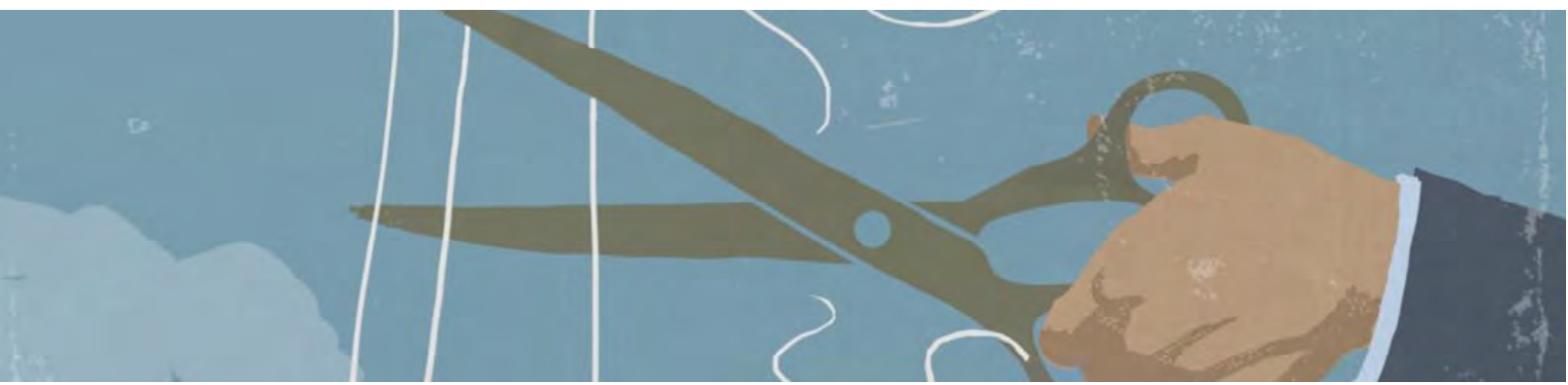
The purpose of an Economic Sovereignty Composite Index is to gain a greater understanding of the specific policies that are supportive of a particular nation fulfilling its economic goals. Some nations may be committed to ensuring that they maintain successful control over the distribution of wealth within their nation in such a way that permits persons within the nation to live lives of dignity. They may be willing to analyze the potential impact on their unique economic situation of each of the policies and to adopt the unique set of policies that will ensure that their physical pres-

ence is enhanced.

They may have ethical, as well as strategic or economic

recognition of the many potential impacts on their citizens of some level of participation in the decisions of the large number of transnational organizations. Some nations may conclude that the sum of their activity within all of the potentially complex systems, such as planned and actual participation in transnational treaties, appears to be leading to a convergence of many other nations adopting a very similar set of economic policies and very similar shared outcomes. Such economic convergence may not be their first choice. They may wish to maintain a successful, unique blend of policies to maintain a unique, entrepreneurial position in the world.

**“The purpose of an Economic Sovereignty Composite Index is to gain a greater understanding of the specific policies that are supportive of a particular nation fulfilling its economic goals.”**





## Economic Sovereignty and Industrial Resilience: Navigating Tunisia's Development Challenges

This report adopts a broad definition of economic sovereignty, encompassing a country's ability to independently control its natural resources, essential supplies, technologies, economic policies, and trade and industrial decisions. This capacity reflects the nation's economic strength and its ability to advance its national interests. Economic sovereignty is pivotal in ensuring economic stability, fostering sustainable growth, and improving integration within global value chains. At its core, it is rooted in a shared commitment to the nation's overall security, including the welfare of its population, social cohesion, justice, and the continuity of essential services.

This conceptual framework identifies three key dimensions of economic sovereignty:

- **Proactive Component:** This forward-looking dimension views economic sovereignty as a dynamic and resilient aspiration rather than a defensive stance. It emphasizes a nation's capacity to withstand external shocks, adapt to changes, seize opportunities, and innovate. Economic sovereignty is linked to economic power, measured through innovation potential, diversified and sophisticated exports, and robust productive capacities. These attributes highlight the policies and tools a state can leverage to remain globally competitive and achieve its objectives.
- **Defensive Component:** Often associated with na-

tional independence, this dimension focuses on protecting a country's ability to freely pursue its development goals. It includes monetary sovereignty (autonomy in managing monetary policy), fiscal sovereignty (control over finances despite external pressures or debt), and food sovereignty (ensuring access to sufficient, culturally appropriate nutrition). Together, these elements are crucial for safeguarding a nation's autonomy and mitigating external vulnerabilities.

- **Prosperity Component:** The ultimate goal of economic sovereignty is to secure national prosperity by fostering growth, competitiveness, and resilience while protecting domestic industries and jobs. This multidimensional aspect prioritizes effective governance, free enterprise, and improved quality of life as critical measures of economic, social, and political well-being.

This comprehensive approach highlights the interplay between resilience, autonomy, and prosperity as essential pillars of economic sovereignty.



# Executive summary

The Economic Sovereignty Index (ECO-SOV) serves as a comprehensive measure designed to evaluate the economic independence and resilience of countries. It assesses the effectiveness of governance, the stability of economic structures, and nations' ability to manage their resources autonomously. The ECO-SOV index consists of three main components: Proactive, Defensive, and Prosperity. The Proactive Component gauges a country's ability to anticipate and manage economic challenges proactively. The Defensive Component measures the effectiveness of policies aimed at protecting economic interests and responding to external shocks. Lastly, the Prosperity Component reflects overall economic well-being and quality of life within a nation.

One of the key advantages of the ECO-SOV index is its multidimensional approach, providing a nuanced understanding of economic sovereignty beyond mere GDP figures. By encompassing various factors, the index offers valuable insights for policymakers to enhance governance frameworks, improve economic policies, and foster sustainable development.

## Regional Overview

The ECO-SOV assessment reveals distinct performance patterns across different regions:

- Europe demonstrates exceptionally high scores across all components, with Sweden leading with a score of 87.58 (Proactive: 80.05, Defensive: 92.32, Prosperity: 90.48). Other notable performers include Switzerland and Germany, highlighting robust governance and economic stability.
- North America also shows strong performance, particularly with the United States scoring 85.02 (Proactive: 84.87, Defensive: 92.32, Prosperity: 78.30) and Canada at 83.97. High scores in the defensive and prosperity components reflect stable

economic environments and effective governance structures.

- In Asia, South Korea excels with a proactive score of 82.53 and a defensive score of 93.58 (composite score: 83.04), while Pakistan ranks as the worst performer with a score of 35.47 (Proactive: 27.30, Defensive: 58.33, Prosperity: 27.47), indicating severe challenges in governance, innovation, and human capital.
- South America shows moderate performance, with Chile leading defensively at 86.86 but scoring only 67.45 overall. Paraguay ranks poorly across all metrics, illustrating disparities in governance effectiveness.
- Arab and African countries exhibit significant disparities in economic resilience and governance. In the Arab region, the UAE stands out as a leader, demonstrating strong governance, a commitment to innovation, and effective resource management. Oman follows closely, benefiting from sound monetary policies and notable improvements in quality of life. On the other hand, countries such as Mauritania and Algeria lag behind, particularly in proactive areas such as innovation and market sophistication, which significantly impact their overall economic performance.
- In Africa, Mauritius emerges as the best performer with a score of 62.85, while Mali scores only 23.06, reflecting substantial governance and economic challenges.
- Oceania, represented by Australia and New Zealand, demonstrates high scores, indicating stable governance and economic resilience.

## Best and Worst Performers

The analysis identifies notable variations in performance:

- **Europe:** Sweden ranks first (87.58) due to its high scores in all components. In contrast, Albania, at 62nd, scores 51.13, facing significant challenges in market sophistication and human capital.
- **Asia:** South Korea ranks 11th with 83.04, while Pakistan is the worst at 88th, with a score of 35.5, highlighting severe governance and economic issues.
- **Americas:** The United States ranks 4th (85.02) with strong proactive policies, while Nicaragua is 79th (42.52), struggling with instability and governance issues.
- **Africa:** Mauritius stands out at 40th (62.85) for its effective governance, while Mali ranks 101st (23.06), reflecting dire challenges in governance and economic development.
- **MENA Region:** The UAE leads with 71.68 (28th), while Mauritania scores 28.77 (96th), indicating significant governance and economic challenges.

## Key Insights and Recommendations

The findings from the Economic Sovereignty Index (ECO-SOV) analysis underscore the critical need for targeted interventions in governance, human capital development, innovation, and food sovereignty across both Arab and African nations. Each region faces unique challenges that require tailored strategies to enhance economic resilience and sovereignty.

### Strengthening Governance

Governance remains a cornerstone for improving economic sovereignty. Countries like Mauritania and Algeria, which rank low in the ECO-SOV index, must prioritize enhancing transparency and accountability within their institutions. Implementing comprehensive anti-corruption measures is essential for building public trust and improving institutional effectiveness. Es-

tablishing independent oversight bodies will foster accountability and ensure that governmental actions align with public interest.

Additionally, promoting the rule of law is crucial. Ensuring the enforcement of contracts, protecting property rights, and providing a fair legal framework can create an environment conducive to investment and economic growth. Countries can enhance legal frameworks by revising laws to better reflect the needs of the economy and promote fair competition, ultimately fostering a more favorable business environment.

### Investing in Human Capital

Human capital development is vital for sustainable economic growth. Countries should increase their investments in education systems to improve literacy rates, technical skills, and overall workforce capabilities. For nations facing challenges in education quality, such as Egypt and Algeria, it is critical to tailor educational programs to align with labor market demands. Engaging with local industries to identify skill gaps can lead to more relevant training programs, ensuring that graduates meet the needs of employers.

Moreover, enhancing access to quality healthcare is essential for economic productivity and food security. Healthier populations contribute more effectively to agricultural productivity and local economies. Investing in public health initiatives, improving healthcare infrastructure, and providing universal access to healthcare services will enhance overall well-being and productivity.

### Fostering Innovation and Technology

Fostering innovation is crucial for driving economic development and enhancing food sovereignty. Governments should support research and development initiatives in agriculture and other key sectors by increasing funding and providing incentives for private

sector innovation. Countries like Ethiopia, which struggle with low agricultural productivity, should focus on agricultural research that enhances crop resilience and promotes sustainable farming practices.

Encouraging partnerships between businesses and agricultural institutions can facilitate knowledge

transfer and drive technological advancements in food production. Additionally, promoting digital transformation in agriculture, such as using data analytics for better crop management, can help improve food production and distribution. Governments could support tech incubators and innovation hubs to stimulate entrepreneurial activities and foster a culture of creativity.

### **Addressing Food Sovereignty**

Addressing food sovereignty directly is paramount, particularly for countries with low scores in this domain. Policymakers should prioritize initiatives that support local agricultural production and promote self-sufficiency. For example, Mauritania and Ethiopia should develop policies that incentivize investments in local farming, focusing on sustainable agricultural practices that enhance food security and reduce reliance on imports.

Promoting agroecological practices, such as crop rotation and organic farming, can improve soil health and biodiversity while increasing local food production. Education and training programs for farmers on sustainable practices can also lead to higher yields and better economic outcomes.

### **Enhancing Regional Integration and Trade**

Enhancing regional integration and trade is vital for improving food sovereignty and economic stability. Strengthening regional trade agreements among Arab and African nations can facilitate collaboration and integration in agricultural markets. Lowering trade

barriers and improving customs procedures will enhance cross-border trade, making food supplies more resilient to external shocks.

Investing in infrastructure, such as transportation and storage facilities, is critical to improving the distribution of food and reducing post-harvest losses, which is essential for countries facing high food insecurity rates. Enhanced infrastructure will enable farmers to access markets more efficiently, increasing their income and reducing food waste.

### **Improving Economic Stability and Resilience**

For countries with low scores in monetary sovereignty, such as Sudan, implementing sound monetary policies is crucial for stabilizing currencies and managing inflation effectively. These measures contribute to economic predictability and instill investor confidence. Furthermore, promoting financial inclusion by expanding access to financial services for underserved populations, particularly smallholder farmers, will stimulate entrepreneurship and economic participation. Initiatives like microfinance and cooperative banks can empower individuals and small businesses, driving economic growth from the grassroots level.

### **Leveraging International Partnerships**

Finally, engaging with international organizations and development partners can enhance economic sovereignty and food security. These partnerships can secure funding and technical assistance for projects aimed at improving local food production and agricultural sustainability. Facilitating knowledge sharing and capacity-building initiatives through partnerships with more developed nations can enhance local expertise and capabilities, particularly in sustainable agriculture and food distribution systems.



# 01 Mapping Economic Sovereignty: A Regional Analysis of the ECO-SOV Index



The Economic Sovereignty Index (ECO-SOV) is a comprehensive measure designed to evaluate the economic independence and resilience of countries. It assesses the effectiveness of governance, the stability of economic structures, and the ability of nations to manage their resources autonomously. The ECO-SOV index comprises three main components: Proactive, Defensive, and Prosperity.

The Proactive Component gauges a country's ability to anticipate and manage economic challenges proactively. The Defensive Component measures the effectiveness of a country's policies in protecting its economic interests and responding to external shocks. Lastly, the Prosperity Component reflects the overall economic well-being and quality of life within a nation.

One of the primary advantages of the ECO-SOV index is its multidimensional approach, allowing for a nuanced understanding of economic sovereignty beyond mere GDP figures. By encompassing various factors, the ECO-SOV index offers policymakers valuable insights for enhancing governance frameworks, improving economic policies, and fostering sustainable development.

## Decoding Economic Sovereignty: A Regional Exploration of the ECO-SOV Framework

Europe stands out with exceptionally high scores across all ECO-SOV components, showcasing a robust economic sovereignty. Leading the pack is Sweden, which scores 80.05 in the proactive component, 92.32 in the defensive component, and 90.48 for prosperity, resulting in a composite index of 87.58. Following closely, Switzerland scores 78.41, 93.47, and 90.32, achieving a composite score of 87.32. Other European countries like Denmark (77.70, 90.63, 90.85; composite 86.31) and Germany (79.90, 92.14, 82.98; composite 84.97) also exhibit strong

performance. This trend indicates a solid framework for governance and economic stability across the region.

In North America, the performance remains strong, particularly with the United States scoring 84.87 in the proactive component, 92.32 defensively, and 78.30 in prosperity, culminating in a composite score of 85.02. Canada is slightly behind, with scores of 73.44 (proactive), 92.27 (defensive), and 86.74 (prosperity), leading to an overall score of 83.97. The high scores in defensive and prosperity components reflect the countries' stable economic environments and effective governance structures.

Turning to Asia, the region displays a mixed performance. South Korea excels with a proactive score of 82.53 and a defensive score of 93.58, although its prosperity score is lower at 73.97, resulting in a composite score of 83.04. In contrast, countries like Pakistan show much lower scores, with a proactive component of 27.30, a defensive score of 58.33, and a prosperity score of 27.47, leading to a dismal composite index of 35.47. This disparity highlights significant regional variations in economic sovereignty and governance.

South America presents a moderate performance overall. Countries like Chile lead with a defensive score of 86.86 and a prosperity score of 73.17, while their proactive component is lower at 47.37, resulting in a composite score of 67.45. In contrast, Paraguay scores poorly across all metrics, achieving only 35.21 in the proactive component, 78.07 in defensive, and 49.47 in prosperity, culminating in a composite score of 51.83. The variations within South America indicate differing levels of governance effectiveness and economic structure.

In Africa, scores are generally lower compared to other regions. For instance, Mauritius stands out with a proactive score of 49.03, a defensive score of 70.60, and a prosperity score of 70.86, yielding a composite index of 62.85. On the other hand,

countries like Mali score significantly lower, with a proactive score of 11.45, a defensive score of 53.34, and a prosperity score of 19.21, leading to an overall score of 23.06. This stark contrast indicates substantial challenges in governance and economic structures in many African nations.

Finally, in Oceania, Australia and New Zealand demonstrate high scores, with Australia achieving 63.20 in the proactive component, 93.22 defensively, and 92.84 in prosperity for a composite score of 82.14. New Zealand also scores well, particularly in the prosperity component (92.96), resulting in an overall score of 82.37. The high performance in these countries reflects stable governance and economic resilience.

## Successes and Struggles in the ECO-SOV Index

In the recent ECO-SOV assessment, several regions demonstrated notable variations in their performance. The following summary highlights the best and worst performers in each region, shedding light on the underlying factors contributing to their rankings.

### Europe

Sweden achieved an outstanding ECO-SOV composite index score of 87.58. Its success is attributed to high scores across all components, particularly in the Proactive Component (80.05) and the Defensive Component (92.32). Sweden's robust infrastructure, well-developed human capital, and innovative market sophistication contribute to its leading position in the region.

Albania, on the other hand, is positioned at 62nd place with an ECO-SOV score of 51.13. The country faces challenges related to market sophistication and human capital, reflected in its lower scores in the Proactive Component (38.77) and Prosperity Component (57.03). Structural issues within the economy

hinder its progress, emphasizing the need for strategic reforms.

### Asia

South Korea ranked 11th with a composite index score of 83.04. The country excels in the Defensive Component (93.58) and demonstrates considerable strength in market sophistication, which drives its economic growth and stability.

Pakistan ranks 88th in the ECO-SOV Index with a score of 35.5, making it the worst performer in Asia. Its proactive component score of 27.3 (rank 93) reveals significant challenges in innovation, human capital, and infrastructure. The defensive component score of 58.3 (rank 86) indicates vulnerabilities in monetary and food sovereignty, with food imports constituting 63.9% of total exports (rank 88). Additionally, its prosperity component score of 27.5 (rank 93) highlights severe governance issues.

### Americas

The United States secured the 4th position, achieving a score of 85.02. Its proactive policies and strong economic framework contribute to its high rank, with significant strengths in human capital and innovation.

Nicaragua ranks 79th with a score of 42.52, struggling with economic instability and governance issues that adversely affect its performance across the ECO-SOV components.

### Africa

Mauritius stands out as the best performer in Africa, ranked 40th with a score of 62.85. The country's strong governance, economic diversification, and infrastructure development have contributed to its relative success.

In contrast, Mali ranks 101st with a score of 23.06, reflecting significant challenges in governance, economic development, and human capital.

## MENA region

In the MENA region, the best performer is the United Arab Emirates (UAE), which ranks 28 with an ECO-SOV composite index score of 71.68. The UAE demonstrates strong results across its proactive (65.95) and defensive (92.97) components, though its prosperity component (59.59) indicates areas for improvement.

Conversely, the worst performer in the MENA region is Mauritania, ranked 96 with a score of 28.77. Mauritania's scores reveal significant challenges, particularly in its defensive component (57.41) and a low prosperity component (24.96).

### Tunisia: Economic Sovereignty Overview

Tunisia ranks 64th in the ECO-SOV Index with a score of 50.6, placing it within the Middle East and North Africa region. Classified as a lower middle-income country, Tunisia has a GDP per capita of \$13,270 and a population of approximately 12.2 million. The country faces notable challenges, with a government debt that constitutes 80% of its GDP and a current account balance reflecting a -7.1% ratio to GDP.

- Proactive Component:** Tunisia's proactive component score stands at 46.4, ranked 63rd globally. This reflects moderate innovation potential (rank 58 with a score of 42.7) and relatively strong human capital (rank 34 with a score of 54.5). However, infrastructure and technological innovation capacity are weaker, scoring 38.9 (rank 69). The country has a high export concentration index of 90.0 (rank 74), indicating potential vulnerabilities in its trade dynamics.
- Defensive Component:** The defensive component score is 59.2, ranking 85th. Tunisia struggles with monetary and budgetary sovereignty, scoring 10.9 (rank 84) and 11.8 (rank 96) respectively. However, it has a reasonable score in food sovereignty at 45.1 (rank 51), indicating some capacity to manage food resources, even though 84.3% of food imports represent its total exports of goods (rank 62). The prevalence of undernutrition is significantly high, with a score of 98.7 (rank 41).
- Prosperity Component:** Tunisia scores 46.9 in the prosperity component, ranked 63rd. Governance is a critical area, with good governance scoring 41.0 (rank 52). The control of corruption is a concern with a score of 33.2 (rank 53). Although the political stability score is 41.2 (rank 42), the rule of law remains an issue, scoring 41.5 (rank 53). On the positive side, Tunisia performs relatively well in terms of personal autonomy and individual rights (rank 30 with a score of 57.1).



Rank	Country	ECO-SOV index	Rank	Country	ECO-SOV index
1	Sweden	87,6	51	Russian Federation	56,1
2	Switzerland	87,3	52	Indonesia	56,0
3	Denmark	86,3	53	South Africa	55,9
4	United States of America	85,0	54	Philippines	55,9
5	Germany	85,0	55	Argentina	54,9
6	United Kingdom	84,8	56	Mongolia	53,7
7	Finland	84,7	57	India	53,5
8	Canada	84,0	58	Republic Dominican Republ	53,3
9	Japan	83,3	59	Kazakhstan	53,2
10	Austria	83,2	60	Belarus	51,9
11	Republic of Korea	83,0	61	Paraguay	51,8
12	New Zealand	82,4	62	Albania	51,1
13	Australia	82,1	63	Armenia	51,1
14	Norway	82,1	64	Tunisia	50,6
15	Ireland	81,7	65	Bosnia and Herzegovina	50,3
16	France	81,4	66	Ukraine	50,0
17	Belgium	81,2	67	Morocco	49,7
18	Spain	79,1	68	Botswana	48,2
19	Estonia	78,1	69	Ecuador	47,8
20	Israel	76,6	70	Namibia	47,5
21	Portugal	76,4	71	Azerbaijan	47,4
22	Italy	75,9	72	Sri Lanka	47,1
23	Hungary	73,8	73	Guatemala	46,2
24	Latvia	73,4	74	Egypt	45,1
25	Slovenia	73,3	75	Uzbekistan	45,0
26	Lithuania	72,8	76	Cambodia	44,4
27	Poland	72,5	77	Jordan	43,2
28	United Arab Emirates	71,7	78	Ghana	42,6
29	Cyprus	69,3	79	Nicaragua	42,5
30	Greece	69,1	80	Jamaica	42,0
31	Chile	67,5	81	Honduras	42,0
32	Malaysia	67,4	82	Algeria	41,7
33	Uruguay	65,2	83	Iran	41,7
34	Panama	64,4	84	Côte d'Ivoire	39,4
35	Thailand	64,3	85	Senegal	37,7
36	Bulgaria	64,2	86	Kenya	37,3
37	Costa Rica	64,2	87	Zambia	37,2
38	China	63,4	88	Pakistan	35,5
39	Mexico	63,1	89	Togo	34,3
40	Mauritius	62,9	90	Tanzania	34,0
41	Turkey	61,9	91	Tajikistan	32,3
42	Oman	61,6	92	Uganda	31,2
43	Kuwait	59,9	93	Nigeria	29,8
44	Peru	58,9	94	Angola	29,2
45	Saudi Arabia	58,1	95	Cameroon	29,0
46	Trinidad and Tobago	57,9	96	Mauritania	28,8
47	Viet Nam	57,8	97	Burkina Faso	27,7
48	Brazil	57,4	98	Mozambique	27,0
49	Georgia	57,2	99	Madagascar	24,9
50	Colombia	56,2	100	Ethiopia	24,0
			101	Mali	23,1

# Global Benchmarking of Key Components





# 02 Economic Sovereignty in Focus: Evaluating African and Arab Nations through the ECO-SOV Lens



The Economic Sovereignty Index (ECO-SOV) serves as a comprehensive measure of a nation's ability to maintain autonomous control over its economic resources, policies, and decision-making processes. The index reflects a country's economic power and its capacity to safeguard national interests in a rapidly globalizing world. It comprises three main components: the Proactive Component, which assesses innovation potential and market engagement; the Defensive Component, focusing on monetary, budgetary, and food sovereignty; and the Prosperity Component, evaluating governance, quality of life, and economic freedom.

## Key Findings for African Countries

In the African context, Mauritius emerges as the highest performer in the ECO-SOV index, with a score of 62.9, indicating effective governance and strong economic policies. Conversely, Ethiopia and Mali rank at the bottom of the index, with scores of 24.0 and 23.1, respectively, highlighting significant challenges in achieving economic sovereignty. A common trend across many African nations is a weakness in proactive components, particularly regarding innovation potential and market sophistication. Countries in Sub-Saharan Africa, such as Burkina Faso and Cameroon, exhibit particularly low scores, emphasizing the need for targeted interventions in governance and infrastructure.

Food sovereignty poses a significant concern across the continent, as many countries demonstrate high ratios of food imports to total exports, indicating reliance on external food sources. Governance and quality of life metrics are generally low, affecting political stability and overall prosperity. For instance, countries like South Africa and Nigeria encounter considerable governance challenges, which hinder their economic performance. Compared to other regions such as Latin America and the Caribbean, where the average ECO-SOV score is 55.0, African countries generally struggle more with governance

and innovation metrics.

## Key Findings for Arab Countries

The analysis of the Economic Sovereignty Index (ECO-SOV) reveals that the United Arab Emirates and Oman are the top performers among Arab countries, scoring 71.7 and 61.6, respectively. These nations exhibit strong economic sovereignty and robust governance structures, reflecting effective management of resources. Other countries like Kuwait and Saudi Arabia also demonstrate significant scores, indicating better governance and resource allocation. However, challenges persist for countries such as Mauritania and Algeria, which struggle with lower scores, particularly in proactive components like innovation and market sophistication. Furthermore, Egypt faces notable issues related to monetary sovereignty, adversely impacting its economic stability.

Governance challenges are prevalent in many Arab countries, with nations like Jordan and Egypt showing low scores in governance and control of corruption, adversely affecting overall prosperity. The variability in scores for human capital and infrastructure suggests a pressing need for investments in education and physical capital to enhance economic sovereignty. In comparison to other regions such as Europe and Central Asia, which scored an average of 68.9, Arab countries generally perform lower, particularly in innovation and governance metrics.

Overall, the findings from both regions highlight the necessity for strategic investments in infrastructure, innovation, and human capital to enhance economic sovereignty. Improving governance and reducing corruption are critical for increasing scores and achieving greater economic stability. Significant disparities exist within and between regions, with some countries achieving high scores while others continue to face persistent challenges. The multifaceted nature of economic sovereignty illustrates the interconnectedness of governance, human capital, and



market dynamics in shaping economic outcomes across different regions.

## Best and Worst Performers in African and Arab Countries

In the Arab region, the United Arab Emirates (UAE) emerges as the best performer, scoring 71.7. The UAE is characterized by strong governance, high innovation potential, and a robust economic environment. The country's excellence in the diversification of exports and quality of life metrics reflects effective policies and substantial infrastructure development. Oman follows closely with a score of 61.6, demonstrating solid economic sovereignty, particularly in monetary aspects and quality of life. The nation's significant oil revenues bolster its economic framework and enable infrastructure investments. Oman and Tunisia also rank well, showcasing commendable scores due to effective resource management and governance structures, excelling in productive capacity and human capital.

In contrast, Mauritania ranks as the worst performer among Arab countries with a score of only 28.8. The nation faces significant challenges in governance, innovation potential, and quality of life, which hinder its economic progress. Its heavy reliance on external assistance and inadequate infrastructure development exacerbate these issues. Algeria, with a score of 41.7, also struggles, particularly due to its lack of economic diversification and governance challenges. Egypt, scoring 45.1, faces monetary sovereignty issues and governance concerns, with corruption and political instability negatively impacting its economic performance.

Turning to Africa, Mauritius stands out as the top performer with a score of 62.9. Known for stable governance, sound economic policies, and a strong invest-

ment climate, Mauritius excels in human capital and quality of life, positioning itself as a model for sustainable development. Botswana follows with a score of 48.2, recognized for its good governance and economic management that contribute to steady growth, while South Africa, scoring 55.9, showcases established infrastructure and a diversified economy, although it faces significant challenges.

On the other hand, Ethiopia ranks as the worst performer in Africa, with a score of 24.0. The country grapples with substantial governance issues, low innovation potential, and inadequate infrastructure, severely limiting its economic development. Mali follows closely with a score of 23.1, facing dire challenges related to governance and quality of life, further exacerbated by political instability. Burkina Faso, scoring 27.7, also struggles with low proactive component scores, indicating a lack of innovation and economic diversification.

Overall, the best performers in both regions exhibit strong governance, effective resource management, and a commitment to innovation and human capital development. In contrast, the worst performers confront significant challenges, including governance issues, economic dependency, and limited infrastructure development. Addressing these challenges will require targeted interventions aimed at enhancing governance, stimulating innovation, and improving the overall economic environment.

## Recommendations for Improvement

For the best-performing Arab countries, such as the United Arab Emirates and Kuwait, a primary focus should be on sustaining innovation and diversification. Continued investment in research and development is essential to foster a culture of innovation that

## ECO-SOV Results for Arab Countries

### Arab Countries



#### United Arab Emirates

71,7

	Score	Rank
<b>Economic Sovereignty Index</b>	<b>54,5</b>	<b>57</b>
Proactive Component	47,5	50
Innovation potential	46,6	51
Diversification/sophistication of exports	42,3	54
Productive capacity	53,3	45
Defensive component	74,8	53
Monetary sovereignty	45,6	50
Budgetary sovereignty	25,1	39
Food sovereignty	40,3	55
Prosperity component	46,6	60
Good governance	38,2	59
Free initiative	49,0	62
Quality of life	52,8	60

Figure: Key components compared to the World



## ECO-SOV Results for African Countries

### Sub-Saharan Africa



**Mauritius**

**62,9**

	Score	Rank
Economic Sovereignty Index	35,8	85
Proactive Component	24,5	87
Innovation potential	24,4	86
Diversification/sophistication of exports	23,3	83
Productive capacity	25,8	86
Defensive component	56,8	83
Monetary sovereignty	25,8	72
Budgetary sovereignty	18,1	77
Food sovereignty	33,3	83
Prosperity component	34,1	81
Good governance	30,3	72
Free initiative	40,3	78
Quality of life	31,7	87

Figure: Key components compared to the World



drives economic growth and reduces reliance on oil and gas revenues. Initiatives aimed at supporting startups and establishing technology hubs can facilitate this process. Additionally, enhancing human capital remains crucial. Although these countries already perform well in quality of life metrics, ongoing improvements in education and vocational training are necessary to align educational outcomes with labor market needs, ensuring a skilled workforce ready to meet future challenges. Strengthening governance and transparency is also vital. By prioritizing transparency and implementing anti-corruption measures, these nations can maintain public trust and improve governance. The adoption of e-governance solutions can further enhance service delivery and accountability.

In the context of the best-performing African countries, like Mauritius and South Africa, promoting sustainable economic practices is essential. These nations should lead by example in implementing sustainable practices that address climate change and foster long-term stability. Investing in green technologies and sustainable agriculture can enhance resilience. Encouraging regional integration is another important strategy. By fostering stronger trade agreements and infrastructure links, these countries can enhance economic ties and create new markets for goods and services. Furthermore, focusing on governance and institutions is critical. Strengthening institutions and governance frameworks will enhance the rule of law, promote civic engagement, and implement anti-corruption measures to ensure that economic growth translates into broader social benefits.

For the worst-performing Arab countries, such as Mauritania and Algeria, addressing governance challenges should be a top priority. Political stability and public trust can be improved by prioritizing governance reforms. Implementing transparent governance

structures and anti-corruption measures will create a more conducive environment for economic growth. Investing in infrastructure and human capital is also essential for these nations. Targeted investments in infrastructure development and education will help improve living standards and economic prospects. Establishing partnerships with international organizations for funding and expertise can accelerate progress in these areas. Additionally, diversifying the economy is crucial to reducing dependence on oil and gas exports. Governments should encourage investments in sectors such as tourism, agriculture, and technology to create a more resilient economy.

In Sub-Saharan Africa, countries like Ethiopia and Mali must strengthen governance and stability. Establishing stable governance structures is fundamental to promoting dialogue, conflict resolution, and inclusive political processes, which can help mitigate instability and foster development. Enhancing agricultural productivity is also vital, particularly in addressing food sovereignty issues. Investments in agricultural technology, infrastructure, and training can improve productivity, reduce dependency on food imports, and enhance food security. Finally, fostering regional cooperation among Sub-Saharan African nations can lead to shared solutions for common challenges. Initiatives that promote trade, infrastructure development, and resource sharing will enhance overall economic resilience.

In summary, both groups of countries have distinct strengths and weaknesses. The best performers should continue to innovate and lead in governance, while the worst performers must concentrate on structural reforms, diversification, and regional cooperation to unlock their economic potential.



# 03 Fostering Self-Reliance: Policy Strategies to Elevate Economic Sovereignty in Arab and African Nations



## Insights from the Literature

The literature surrounding the economic sovereignty of Arab and African nations highlights a complex interplay of policy strategies and their implications for fostering self-reliance. In examining the evolution of these strategies, a critical evaluation of various articles sheds light on the multifaceted challenges and opportunities within this context.

Siwale (2013) provides an insightful critique of the Structural Adjustment Programmes (SAPs) implemented in sub-Saharan Africa, which were largely influenced by the Washington Consensus. The article underscores that while these reforms aimed to stimulate economic growth through trade liberalization and deregulation, they inadvertently led to increased participation in the informal economy and heightened urban poverty due to agricultural deregulation and reduced public expenditure. The negative outcomes, including stagnation and environmental degradation, reveal the inadequacies of a top-down approach that lacked local involvement, ultimately resulting in a cycle of debt and dependency rather than sustainable development.

Building upon this foundation, Michael Mitchell Omoruyi et al. (2016) challenge the prevailing narratives surrounding foreign aid and its effectiveness in promoting economic growth in Sub-Saharan Africa. The authors argue that a mere focus on macroeconomic indicators, such as GDP per capita, obscures the persistent grassroots poverty that often accompanies perceived economic improvements. They advocate for a paradigm shift that incorporates socio-cultural factors into the discourse on aid effectiveness, emphasizing the need for localized approaches that foster self-sufficiency and build local capacities. By proposing a new business model that engages local partners and enhances the management capacities of foreign aid agencies, this article presents a compelling argument for reimagining the role of aid in achieving genuine development.

Adebayo et al. (2019) further contextualize these discussions within the framework of global economic integration. The authors highlight the necessity for African nations to transcend mere electoral democracy and forge a sustainable social contract that aligns with citizens' political and economic aspirations. They critically assess the impact of economic liberalization measures, cautioning that while the withdrawal of the state from economic activities has been profound, it has not necessarily translated into equitable growth. The article emphasizes that market conditions alone do not guarantee broad-based benefits, pointing to the risk of economic gains being concentrated within a small elite. This recognition of the limitations of trade liberalization underscores the importance of a new partnership model between African nations and their development partners, which must prioritize social sustainability alongside economic rationality.

In summary, the analysis of these articles reveals a consensus on the need for policy strategies that prioritize local engagement and socio-cultural considerations in the pursuit of economic sovereignty. The critiques of past approaches highlight the importance of fostering self-reliance through inclusive and sustainable development practices that genuinely reflect the aspirations of the people in Arab and African nations.

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Siwale, J. (2013). A critical evaluation of international development and poverty: the case of microfinance and the Swedish International Development Cooperation Agency in Zambia.

Omoruyi, E. M. M., Zhibin, S., Jun, G., Sidi, S. Y., & Pianran, Y. (2016). Foreign aid and economic growth: Does it play any significant role in Sub-Saharan Africa. *International Journal of Asian and African Studies*, 23, 129-140.

F. Adebayo, P., G. N. Onyekpe, J., & S. Afolabi, A. (2019). The Impact of Global Economic Integration on Africa in the 21st Century.

Sakyi & Evans Osei Opoku (2014) explore regionalism and economic integration in Africa, highlighting the challenges and opportunities that arise from these processes. They emphasize that while regionalism encompasses a broader spectrum of political, social, and economic dimensions, economic integration is specifically focused on the economic aspects of regional collaboration. The authors critique the existing frameworks for regional integration in Africa, noting that the full potential of organizations such as the African Union and the African Economic Community remains unrealized. Their analysis underscores the need for strategic policymaking to navigate the complexities of regionalism and enhance economic collaboration among African nations.

Idachaba (2016) further contributes to this discourse by examining the implications of the New International Economic Order (NIEO) for Africa. He argues that globalization and liberalization have exacerbated issues of economic marginalization and dependency, resulting in increased violence and criminal behavior on the continent. The author contends that true economic self-reliance can only be achieved through industrialization and cooperative economic relationships among African nations. His exploration of the NIEO highlights the structural patterns of dependency that persist in the global economy, questioning whether African states have gained or lost international influence in the post-Cold War era.

Together, these articles provide a nuanced understanding of the challenges facing economic sovereignty in Arab and African countries, framing a critical discussion on the impacts of globalization, regional integration, and the quest for economic self-reliance. Each contribution adds depth to the ongoing dialogue about the future of state sovereignty in a rapidly changing global landscape.

## Policy Strategies to Elevate Economic Sovereignty in Arab and African Nations with a Focus on Food Sovereignty

To enhance economic sovereignty in Arab and African nations, particularly those struggling with low scores in food sovereignty, a comprehensive approach that integrates governance, human capital, innovation, diversification, regional integration, and food sovereignty is essential.

First and foremost, strengthening governance and institutional frameworks is critical. Countries such as Mauritania and Algeria, which have faced significant challenges in governance, must prioritize enhancing transparency and accountability within their institutions. Implementing robust anti-corruption measures and establishing independent oversight bodies will build public trust and improve institutional effectiveness. Additionally, promoting the rule of law by ensuring the enforcement of contracts and protecting property rights is vital for fostering an environment conducive to investment and economic growth.

Investing in human capital is another key strategy. Increasing investment in education systems to improve literacy rates and technical skills will enhance the workforce's capabilities. For countries like Egypt and Algeria, which have faced challenges in education quality, tailoring educational programs to align with labor market needs will not only improve employability but also boost overall productivity. Furthermore, enhancing access to quality healthcare will contribute to a healthier population, which is essential for economic productivity and food security. Healthier individuals can contribute more effectively to agricultural productivity and local economies.

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Sakyi, D. & Evans Osei Opoku, E. (2014). Regionalism and Economic Integration in Africa: A Conceptual and Theoretical Perspective.

U. Idachaba, E. (2016). Globalization and Africa: Issues and Prospects of the New International Economic Order.

Edelman, M., Weis, T., Baviskar, A., M., S., Borrás, J., Holt-Giménez, E., Kandiyoti, D., & Wolford, W. (2014). Introduction: critical perspectives on food sovereignty.

Fostering innovation and technology is crucial for economic development and food sovereignty. Governments should support research and development initiatives in agriculture by increasing funding and providing incentives for private sector innovation. Countries such as Ethiopia, which struggle with low agricultural productivity, should focus on agricultural research that enhances crop resilience and sustainable farming practices. Encouraging partnerships between businesses and agricultural institutions can facilitate knowledge transfer and drive technological advancements in food production. Additionally, promoting digital transformation in agriculture, such as using data analytics for better crop management, can help improve food production and distribution.

Addressing food sovereignty directly is essential, particularly for countries with low scores in this domain. Policymakers should prioritize initiatives that support local agricultural production and promote self-sufficiency. For example, Mauritania and Ethiopia should develop policies that incentivize investments in local farming, focusing on sustainable agricultural practices that enhance food security and reduce reliance on imports. Promoting agroecological practices, such as crop rotation and organic farming, can improve soil health and biodiversity while increasing local food production.

Enhancing regional integration and trade is also vital for improving food sovereignty. Strengthening regional trade agreements among Arab and African nations can facilitate collaboration and integration in agricultural markets. Lowering trade barriers and improving customs procedures will enhance cross-border trade, making food supplies more resilient to external shocks. Additionally, investing in infrastructure, such as transportation and storage facilities, will improve the distribution of food and reduce post-harvest losses, which is critical for countries with high food insecurity rates.

Improving economic stability and resilience is crucial for long-term sustainability. Countries with low scores

in monetary sovereignty, like Sudan, should implement sound monetary policies that stabilize currencies and manage inflation effectively. These measures contribute to economic predictability and instill investor confidence. Furthermore, promoting financial inclusion by expanding access to financial services for underserved populations, particularly smallholder farmers, will stimulate entrepreneurship and economic participation. Initiatives such as micro-finance and cooperative banks can empower individuals and small businesses, driving economic growth from the grassroots level.

Finally, leveraging international partnerships can enhance economic sovereignty and food security. Engaging with international organizations and development partners can secure funding and technical assistance for projects aimed at improving local food production and agricultural sustainability. Facilitating knowledge sharing and capacity-building initiatives through partnerships with more developed nations can enhance local expertise and capabilities, particularly in areas such as sustainable agriculture and food distribution systems.

Implementing these policy strategies with a specific focus on food sovereignty will significantly elevate economic sovereignty in Arab and African nations. By prioritizing governance reforms, human capital development, innovation in agriculture, economic diversification, regional integration, and international cooperation, these countries can create a more resilient economic landscape that fosters sustainable growth, food security, and stability in the long term.



# Methodology

## Navigating Economic Sovereignty: A Multi-Dimensional Approach for Growth and Stability

The elaboration of the composite index of economic sovereignty is grounded in a broad understanding of the concept, defined as a country's ability to exert autonomous control over its natural resources, essential supplies, technologies, economic policies, and commercial choices. This capacity reflects its economic power and ability to advance national interests. Economic sovereignty is essential for ensuring stability, sustainable growth, and favorable positioning within global value chains while safeguarding the well-being of the population, social peace, justice, and continuity of essential services.

From this definition, three key components of economic sovereignty emerge:

- **Proactive Component:** This aspect views economic sovereignty as a dynamic and positive force aimed at resilience and market engagement. It goes beyond passive protectionism, representing an active commitment to strengthen the country's economic power and adaptability. Indicators in this category include innovation potential, product diversification and sophistication, and productive capacity.
- **Defensive Component:** Independence is the cornerstone of economic sovereignty. A country achieves this when it can freely determine the means to pursue its development objectives. Key indicators include monetary sovereignty (the ability to manage monetary policy autonomously), budgetary sovereignty (control over financial decisions), and food sovereignty (ensuring access to adequate and culturally appropriate food). These elements can be

threatened by public debt, international pressures, and reliance on imports.

- **Prosperity Component:** Economic sovereignty serves to ensure national prosperity through autonomous decision-making that fosters growth, innovation, competitiveness, and local job protection. This component emphasizes indicators that reflect citizen welfare, focusing on good governance, entrepreneurial freedom, and quality of life.

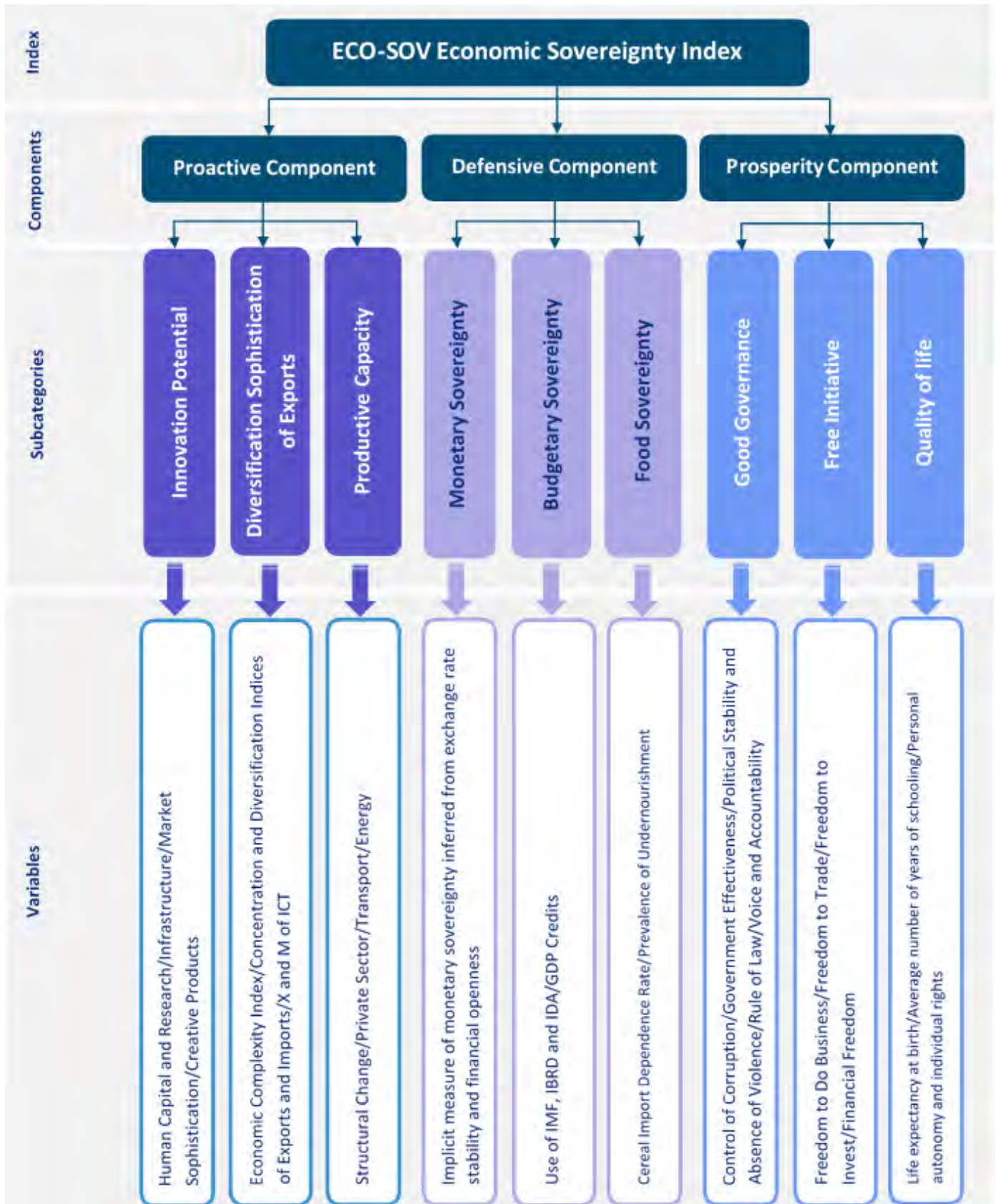
The selection of components and variables in developing a composite index is a crucial and often contentious step. At this stage, it is essential to determine the dimensions to include, along with the relevant subcategories and variables. For the Economic Sovereignty Index (ECO-SOV), the structure is organized according to the architecture illustrated in Figure 1. Three components are distinguished: the proactive component, the defensive component, and the prosperity component. These components are further subdivided into subcomponents, which are then divided into individual variables. It is important to note that the subcomponents and associated variables adhere to the criteria of validity, comparability, simplicity, and data availability. The total number of variables in the index is 28 .

Multiple reliable, publicly available, and regularly updated databases have been utilized to cover the variables related to the components and subcategories of economic sovereignty. The interpretation of economic sovereignty varies depending on the context and the position of a country within the global economic system. The issue of sovereignty is particularly crucial in low- and middle-income countries, as it encompasses the ability to make autonomous economic policy decisions and the recognition of limitations imposed by both external and internal factors. These countries pay special attention to this issue due to the necessity of overcoming the constraints and





## ECO-SOV Index © Structure



challenges inherent in their positions within the global economic hierarchy.

However, the phenomenon of "state overreach" and even its "dilution" in the context of increasingly pervasive economic and financial globalization illustrates the decline of state regulatory power, not only in economic, financial, and monetary spheres but also in traditionally sovereign functions such as security and defense. This phenomenon affects both low-income and high-income countries. To account for this heterogeneity, several groups of countries have been established based on data availability: lower-middle-income countries (35 countries), upper-middle-income countries (29 countries), and high-income countries (37 countries).

## Normalization, Consistency Analysis, Variable Weights, and Aggregation Procedure

Data normalization involves transforming data to ensure comparability and coherence, typically by adjusting it to a specific scale or common range. This process minimizes differences among variables, facilitating easier analysis and aggregation. For the Economic Sovereignty Index (ECO-SOV), the "Min-Max" normalization method is applied, scaling all data to a range between 0 and 100, where 100 indicates the best score and 0 the worst.

Cronbach's alpha is employed as a measure of internal consistency, assessing how closely related the variables in each subcategory are. A high alpha value (above 0.65) indicates strong coherence among the variables, reinforcing the reliability of the measurements. Additionally, the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's test are used to evaluate the data's appropriateness for factor analysis. A significant result from the Bartlett test, coupled with a KMO

value above 0.7, suggests that the data are suitable for this type of analysis.

The results of the consistency analysis are presented in Table 3. High values for Cronbach's alpha confirm strong internal consistency among the variables, while KMO results validate the data's suitability for factor analysis. These positive findings enhance confidence in the quality of the data, supporting the composite index's construction.

The assignment of weights to the variables in the composite index is based on a rigorous approach using principal component analysis (PCA), which identifies the relationships among the variables. Weights are assigned according to the significance of each variable's contribution to the overall variance. This methodology ensures that the most impactful variables are adequately represented in the composite index, providing an objective and empirically grounded framework that enhances the index's validity and relevance.

The choice of aggregation method for the components of the composite index depends on the specific context, the objectives of the index, and the characteristics of the data. For the Economic Sovereignty Index, we opted for the geometric mean aggregation method. This choice provides several advantages, particularly its lower sensitivity to extreme values compared to other aggregation techniques. By minimizing the impact of outliers, this method ensures a more balanced representation of the various components, helping to avoid undue dominance by any single component.

The aggregation formula used calculates the index score based on the normalized values of the components and their respective weights, which are derived from principal component analysis.

### The 101 countries selected

<b>Sub-Saharan Africa (20)</b>	Angola, Botswana, Burkina Faso, Cameroon, Côte d'Ivoire, Ethiopia, Ghana, Kenya, Madagascar, Mali, Mauritius, Mozambique, Namibia, Nigeria, Senegal, South Africa, Tanzania, Togo, Uganda, Zambia.
<b>Latin America, Caribbean and North America (19)</b>	Argentina, Brazil, Canada, Chile, Colombia, Costa Rica, Ecuador, United States, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Trinidad and Tobago, Uruguay.
<b>Asia and Pacific (17)</b>	Australia, Cambodia, China, India, Indonesia, Iran, Israel, Japan, Malaysia, Mongolia, New Zealand, Pakistan, Philippines, Republic of Korea, Sri Lanka, Thailand, Vietnam.
<b>Europe and Central Asia (35)</b>	Albania, Germany, Armenia, Austria, Azerbaijan, Belgium, Belarus, Bosnia and Herzegovina, Bulgaria, Cyprus, Denmark, Spain, Estonia, Russian Federation, Finland, France, Georgia, Greece, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Norway, Uzbekistan, Poland, Portugal, United Kingdom, Slovenia, Sweden, Switzerland, Tajikistan, Turkey, Ukraine.
<b>Arab countries (10)</b>	Algeria, Saudi Arabia, Egypt, United Arab Emirates, Jordan, Kuwait, Morocco, Mauritania, Oman, Tunisia.







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