

# Political Risk Update: August 30, 2022

- Pakistan: Relief at IMF decision will be tempered by flood impact
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## Pakistan: Relief at IMF decision will be tempered by flood impact

### Event

The IMF announced on August 29 that its Executive Board has completed the combined seventh and eighth reviews of the 2019 Extended Fund Facility (EFF) programme for Pakistan.

### Outlook

Islamabad's relief at the revival of the EFF programme will be tempered by realisation that it faces a huge rebuilding task as the full scale of the recent flooding becomes clearer. The estimate regarding damage done will likely be revised upwards. Pakistan's immediate priority will be to get aid to the worst-hit areas. Over the medium term, it will rely on sizeable financial support from external players, perhaps including further IMF assistance.

### Analysis

This IMF announcement revives the long-stalled bailout and allows disbursement of a desperately needed tranche of close to USD1.2bn. The Board has agreed to extend the programme to June 2023 and to increase its overall size by more than USD900mn. Separately, Pakistan's flood crisis is intensifying. Estimates suggest at least one-third of the country is under water. The climate change minister said last week that 33 million people are affected. Over 1,100 flood-related deaths have been confirmed and the planning minister suggests the financial cost of the disaster will be more than USD10bn. The UN launched a flash appeal on August 30 for USD160mn to help Pakistan manage the situation.

## Montenegro: Cyberattack underlines geostrategic trend

### Event

Montenegro's Minister of Public Administration Marash Dukaj said on August 29 that the damage caused by the August 26-27 cyberattack against state IT networks and some critical infrastructure is still being evaluated.

### Outlook

Recent cyberattacks continue to underline the vulnerability of state and critical infrastructure as well as the growing use of cyberattacks as part of geostrategic activity. Hostile state-linked

cyber actors benefit from the lack of international consensus on the threshold at which a cyberattack constitutes an act of war.

### **Analysis**

Montenegro's finance ministry, government-run transportation services, and water and electricity infrastructure are some of the key entities to have been affected, although the government maintains that its IT infrastructure has suffered no permanent damage and that there has been no theft of data. The authorities have blamed the attack on Russian state-linked hackers. This cyberattack is the second against Montenegrin state infrastructure in recent weeks, and follows similar ones against other European countries including Romania, Italy, Lithuania, Norway, Poland, Finland, Latvia, Slovenia and Moldova. Cyberattacks are difficult to attribute, and public officials may opt not to disclose technical details that may embarrass the victim government or hold some strategic value.

## **Libya: Violence likely to become more frequent**

### **Event**

At least 32 people were killed and 159 wounded during fighting in Tripoli on August 28-29, according to the Ministry of Health.

### **Outlook**

Deals involving the country's parallel governments and other political actors in recent months have caused militia groups in Tripoli and the wider west of Libya to rethink their allegiances. As the composition of political camps shifts, it is destabilising a status quo that has seen relative peace in Libya over the last two years. That era has now ended and new bouts of violence are likely.

### **Analysis**

The latest clashes have once again revolved around divisions between the Tripoli-based caretaker government led by Prime Minister Abdulhamid Dbeiba and the parallel government led by Fathi Bashagha which was voted in by Libya's parliament, the House of Representatives (HoR). Militias aligned with Bashagha tried to take control of Tripoli, but forces loyal to Dbeiba appear to have gained the upper hand. One Bashagha-aligned militia, the Revolutionary Brigade of Tripoli led by Haythem Tajouri -- at its peak, one of the most powerful in the capital -- appears to have been disbanded, its vehicles and weapons seized and its fighters arrested or on the run.

## Chile: Ministerial departure increases pressure on president

### Event

On August 25, President Gabriel Boric announced the resignation of Social Development Minister Jeannette Vega, marking the first cabinet change since he took office in March.

### Outlook

While Boric stressed that Vega's resignation reflected her "political responsibility", the move comes at a difficult time for the government with the plebiscite on the draft new constitution taking place on September 4. It looks likely to be rejected. A rejection, and doubts about the government's ability to address rising violence, will damage Boric's already declining approval ratings.

### Analysis

Vega's departure followed reports that she had attempted to make contact with Hector Llaitul, leader of a radical Mapuche group who was arrested earlier in August under the state security law. Llaitul has been blamed for numerous violent attacks in Araucania Region since 1997. The reported contact, via one of Vega's advisers, took place in May, the same day a website published an interview with Llaitul in which he made a call to "organise armed resistance" after the Boric government imposed a 'limited' state of exception in Araucania in response to the conflict there. Interior Minister Izkia Siches visited the region shortly after taking office and was met with roadblocks and gunshots.

## Mali: Signing deals with Iran highlights Mali's 'pariah' status

### Event

Iranian Foreign Minister Hossein Amir-Abdollahian said on August 24 that Iran and Mali had agreed "the transfer of technology and defence cooperation" among a range of deals in areas including trade and agriculture.

### Outlook

It is unlikely that much will come out of the cooperation agreements, beyond publicity. Mali is looking for allies, but there are few who are willing to engage with it. In contrast, Iran is actively rebuilding its strained regional relations.

### Analysis

Since Colonel Assimi Goita took control of the government in a coup in 2020, Mali's relations with France – and by extension the West – have progressively deteriorated. Mali's decision to invite Russian Wagner mercenaries to aid in its fight against jihadists saw relations reach their lowest point. The Malian junta proceeded to oust French counter-terrorism forces from Mali and faced sanctions for trying to prolong its stay in power. According to an Iranian press release, Goita praised Iran for fighting "oppressive sanctions" and suggested Iran could serve "as a model for the Malian nation to stand against some foreign governments' excessive demands". Iran also said it would donate a million doses of its Coviran Barekat COVID-19 vaccine to Mali.

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