

# Political Risk Update: August 18, 2021

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## Zambia: Surprisingly strong opposition victory in presidential election signals stability

### Event

Zambia's electoral commission announced on August 16 that opposition leader Hakainde Hichilema had defeated incumbent Edgar Lungu by more than a million votes in the presidential election held on August 12.

### Outlook

The margin of Hichilema's victory and the extent of his popular support gives uncontested legitimacy to his victory. This will substantially reduce levels of political violence in the short term. It will also improve the country's immediate macroeconomic prospects as the new government is likely to reach a swift agreement with the IMF for a badly needed bailout.

### Analysis

Lungu initially tried to contest the implications of early results by accusing opposition parties of instigating violence and looking to invalidate votes in opposition areas based on claims that electoral conditions there were not free and fair. This follows months of voter suppression and intimidation efforts by the ruling party as Lungu faced declining poll figures driven by economic stagnation, high debt levels, widespread corruption and increasing authoritarianism. However, as the scale of the opposition victory began to leak out, critical state functionaries and ruling party politicians began publicly acknowledging Hichilema's victory and called for a peaceful transfer of power. Lungu has yielded to this pressure and conceded.

## Haiti: Earthquake will compound the country's many challenges

### Event

A 7.2-magnitude earthquake struck south-eastern Haiti on August 14, leaving at least 1,200 people dead and more than 5,700 injured, with thousands of homes destroyed.

## Outlook

The heavy rain and high winds expected in the coming days are likely to hinder rescue efforts, while aftershocks may cause further damage. The crisis could see elections delayed, exacerbating political tensions.

## Analysis

Haiti has still not fully recovered from an earthquake of similar magnitude that struck in 2010, killing up to 300,000 people. Hurricane Matthew brought further devastation in 2016. Hospitals, already struggling to address the COVID-19 pandemic, are reportedly overwhelmed with casualties from the earthquake. Prime Minister Ariel Henry, who took charge of the country last month following the assassination of President Jovenel Moise, has declared a one-month state of national emergency. The international community has responded quickly to the disaster, with the United States and Mexico taking the lead in offering rescue and recovery assistance. The neighbouring Dominican Republic has dispatched food and medical supplies, while Cuba has sent more than 200 doctors.

## Malaysia: Political stability now depends on unity within one key party

### Event

The National Palace said on August 16 that the king had accepted the resignation of the cabinet and Prime Minister Muhyiddin Yassin, who will continue as caretaker premier until the king appoints his successor.

### Outlook

A secure transition of power is only likely if all lawmakers from the United Malays National Organisation (UMNO), whose withdrawal of support cost Muhyiddin his parliamentary majority, are prepared to get behind a single prime ministerial candidate. Ismail Sabri is the most obvious choice, but Tengku Razaleigh Hamzah, another UMNO stalwart, could also be an option.

### Analysis

The royal statement describes fresh elections as "not the best option", given the ongoing COVID-19 crisis. UMNO was never part of the political alliance led by Muhyiddin but it was the largest party in the government's parliamentary bloc until it withdrew its support on August 3. The individuals who abandoned Muhyiddin are close to UMNO President Ahmad Zahid Hamidi. A larger group of UMNO MPs aligned with party Vice-President Ismail Sabri Yaakob, whom Muhyiddin appointed deputy prime minister in July, wanted to remain in government.

## Venezuela: Norwegian-brokered talks begin between government and opposition

### Event

Delegations from the Venezuelan government and opposition began talks in Mexico City on August 13 with the aim of reaching agreement on the regional elections due in November.

### Outlook

Domestic and international interests appear more favourable to a breakthrough in the talks than in the recent past, but significant obstacles persist. November elections will provide an indication of progress on democratisation. An easing of sanctions could improve the humanitarian situation in Venezuela in the event of an agreement, but Juan Guaido will struggle to maintain unity on the opposition side during the talks.

### Analysis

The talks, brokered by Norway and previously suspended in 2019, will also involve representatives of Russia and the Netherlands, invited by the government and opposition respectively. President Nicolas Maduro called for the lifting of US sanctions ahead of any talks, while opposition leader Juan Guaido demanded free and fair early presidential and parliamentary elections and the freeing of jailed opposition leader Freddy Guevara and others. A US State Department spokesman said on August 12 that sanctions are unlikely to be relaxed until there is a "comprehensive negotiated solution to the Venezuelan crisis" that includes democracy and human rights. Maduro rejected the statement, saying that Venezuela would not give in to "blackmail or threats".

## Malawi: Anti-corruption efforts threaten ruling coalition

### Event

On August 11, President Lazarus Chakwera dismissed Newton Kambala, his energy minister, as well as special presidential adviser Chris Chaima Banda following their August 9 arrest by the Anti-Corruption Bureau (ACB) on charges related to fuel supply contracts.

### Outlook

The ability and willingness of the ACB to investigate individuals close to the presidency and within the ruling political coalition reflects well on its independence. However, Chakwera faces a dilemma between vigorous prosecution of corruption cases and his need to maintain support within the ruling Tonse Alliance, which could be undermined as key figures attract ACB investigations.

### Analysis

The dismissals came in response to civil society pressure, particularly from the National Anti-Corruption Alliance, which called for those indicted for corruption to be removed from government pending trial. Enock Chihana, a leading figure in the ruling coalition, was also

arrested. President Chakwera was elected in 2020 on a strong anti-corruption platform, but presides over a ruling coalition beset with internal tensions. Chakwera himself has resisted reforms which would reduce presidential power, and has protected favoured officials from corruption charges. However, Martha Chizuma, his pick to head the ACB, has widespread support from anti-corruption advocates and civil society organisations.

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