

Lebanon

6.3

AKE raised the political risk rating for Lebanon - again - due to the devastating 4 August Beirut port blast, the lack of and inability to form a government and the continued deterioration of the economy. Anti-government protests will restart in earnest from 17 October – one year after they first began - after a lull amid COVID-19 and the state of emergency following the blast. Given the critical multi-lateral deterioration in Lebanon since protests began, AKE expects will become increasingly violent. Despite oversight from Paris, stagnation will protract and further significant economic, political and social decline is expected.

Ecuador

4.8

AKE has lowered the political risk rating for Ecuador in Q3 after the country managed to secure some financial breathing space at least for 2020 following the restructuring of US\$17.4bn of sovereign debt agreed with private creditors after the IMF granted the government a US\$6.5bn 27-month Extended Fund Facility that replaced a previous one approved in March 2019 and cancelled in May 2020 amid financial difficulties compounded by the COVID-19-induced crisis and falling oil prices. Nevertheless, financial challenges will persist in 2021 and political stability and unrest-related risks will remain heightened ahead of general elections scheduled for 7 February.

Uganda

5.1

AKE has raised the political risk rating for Uganda in Q3 amid rising uncertainty ahead of the 2021 presidential vote and a further deterioration of the economic outlook. Uganda, like many sub-Saharan African countries, is vulnerable to the COVID-19 pandemic's global economic fallout. Although Uganda is not among the worst-affected countries and benefits from a relatively benign debt profile, AKE believes the economic downturn moderately increases sovereign risks. This is aggravated by rising political tensions between the camps of President Yoweri Museveni and his main rival Bobi Wine ahead of the 2021 election, with a growing risk of violence.

AKE Political Risk Outlook Q3 2020 - Ones to Watch



Belarus

4.9

AKE has raised the political risk rating for Belarus in Q3 2020 following mass protest against the rule of President Alexander Lukashenko after his victory in an election widely considered to be fraudulent. Significant clashes between riot police and protestors has also seen reports of the use of torture against detained demonstrators. Although the political elite will likely face further sanctions from the EU and the US, these are unlikely to target Minsk economically. President Alexander Lukashenko secured a US\$1.5bn loan in aid from Moscow to stabilise the regime, though the search for a successor to Lukashenko is likely underway.

Laos

3.9

AKE has raised the political risk rating for Laos in Q3 2020 as Vientiane faces short-term external financial constraints due to large external debt maturing in the next five years coupled with low foreign exchange reserves. About US\$500m are due over the remainder of 2020, followed by an additional US\$1bn due annually from 2021 to 2024, all under the circumstance that forex reserves are estimated at around US\$1bn. Additionally, public finances are expected to deteriorate from a combination of lower GDP growth, COVID-19-related fiscal stimulus measures, and travel restrictions to contain the pandemic. Debt relief and restructuring could be forthcoming.

AKE POLITICAL RISK RATING SCALE

0.0 - 2.5

2.6 - 3.5

3.6 - 4.2

4.3 - 5.2

5.3 - 6.9

7.0 - 10.0