

Political Risk Update: January 6, 2021

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Mozambique: Worsening security at major investment site pressures government

Event

On January 2, Total, the major French energy company, said that it had temporarily reduced the workforce at its liquid natural gas (LNG) site in the Afungi peninsula in northern Cabo Delgado in response to "challenges associated with COVID-19 and the security situation".

Outlook

The LNG operation is a landmark project for both Mozambique and the wider region, as well as for Total, so the company and its partners will be extremely reluctant to abandon it despite the worsening security situation. Pressure will grow on the government to produce and execute a more effective counterinsurgency strategy, including the acceptance of increased direct external involvement, although Maputo will try to avoid enlisting foreign security assistance for as long as possible.

Analysis

In recent weeks, attacks by apparent Islamist-inspired insurgents have come ever closer to the Total-led site in northern Cabo Delgado, which forms part of what is currently Sub-Saharan Africa's largest private-sector investment. In late December there was an attack in Monjane town, just under 10 kilometres from LNG infrastructure, while on January 1 insurgent attacks reportedly took place in the resettlement village of Quitanda, which is within the broader LNG site but outside the border fence. Although the government has claimed new military successes in recent weeks, the security forces and allied private military contractors have yet to regain control of the strategic port town of Mocimboa da Praia, which has been controlled by insurgents since August. Separately, Tropical Storm Chalane, which made landfall at Beira, central Sofala province, on December 30, proved to be less devastating than many had feared, with relatively little infrastructure damage.

Central African Republic: Country braces for more post-election violence

Event

Rebels from the newly formed Coalition of Patriots for Change (CPC) launched a major attack on Bangassou in the southeast of the country on January 3, with many accounts suggesting they have overrun the town.

Outlook

With provisional results from the presidential election due imminently and President Faustin-Archange Touadera almost certain to be named the winner, further violence is likely. The rebels comprise a powerful array of domestic forces but they are unlikely partners united primarily by anti-Touadera sentiment. Recent deployments of fresh international troops may prevent them from achieving their stated aim of seizing the capital, and the coalition's unity may fray over the longer term. However, there is little doubt that the election controversies will throw the country back into a downward spiral of insecurity.

Analysis

The day before the assault on Bangassou the rebels had attacked Damara, just 70 kilometres north of the capital Bangui, but were repelled. Leaders of some of the country's largest armed groups formed the CPC on December 19 and called for the suspension of the December 27 elections, which nevertheless went ahead despite serious disruptions due to insecurity. Government and UN sources accuse the rebels of working with former President Francois Bozize, who was barred from contesting the elections.

Venezuela: Incoming Assembly will adopt Maduro's new 'capitalist' measures

Event

On January 2, President Nicolas Maduro declared that "Venezuela is open to the world for investment" as he announced a new, so-called Anti-Blockade Law to boost foreign investment.

Outlook

The Maduro administration's moves, which will be approved by the new session of the National Assembly, in effect formalise the increasing dollarisation of the economy but will not boost efficiency. The incoming Biden administration is likely to consider a new focus for its Venezuela policy but has few tools to tackle the ongoing stalemate.

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Ivory Coast: Political dialogue points to delicate peace progress

Event

Opposition Ivorian Popular Front (FPI) leader Pascal Affi N'Guessan was provisionally released from detention on December 30, following the end of the government's political dialogue with opposition parties and civil society groups.

Outlook

Various tricky issues remain, not least over reform of the Independent Electoral Commission and the potential future return of political exiles such as former President Laurent Gbagbo. Nevertheless, the decision to free N'Guessan will boost confidence in the government's early outreach efforts, with further reconciliatory measures by President Ouattara likely to follow.

Analysis

The political dialogue initiated by President Ouattara finished without a formal agreement or an official opposition assent to its final report, although the date for forthcoming legislative polls has been set for March 6. N'Guessan was arrested in early November, soon after he and former President Henri Konan Bedie proclaimed the creation of a 'transitional government' in opposition to the announcement of President Alassane Ouattara's controversial re-election in the October 31 poll. On December 29, Ouattara said that he and Bedie would shortly resume bilateral talks, something the opposition reportedly recommended in the dialogue's report.

Brazil: Delays to vaccine campaign will be damaging for Bolsonaro administration

Event

On December 30, Brazil's health ministry failed to attract bids to supply 331 million syringes for a national COVID-19 vaccination campaign after setting a reference price that companies considered far too low; only 8 million syringes were purchased.

Outlook

With the government yet to announce a start date for its vaccination campaign, President Jair Bolsonaro's end-of-year decision to decree an increase of 5% in the minimum wage may not restore his political capital as criticism of his vaccine policy mounts. Sao Paulo Governor Joao Doria, who has reportedly secured some 100 million syringes and is advancing vaccination plans more rapidly than the federal government, may benefit politically.

Analysis

It was reported on December 30 that Anvisa, the country's health regulator, may consider authorising the Oxford/AstraZeneca vaccine for emergency use; January 20 appears to be the earliest potential roll-out date for the AstraZeneca vaccine. Anvisa is also in talks with Pfizer. Brazil has now had more than 196,000 COVID-19-related deaths, with over 7.6 million confirmed cases. Latin America as a whole now has over 15 million cases and 500,000 deaths.

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