

Political Risk Update: February 17, 2021

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Algeria: President Tebboune moves forward with elections amid rising discontent

Event

President Abdelmadjid Tebboune moved quickly to hold meetings with leaders of six political parties following his return on February 13 from Germany, where he had been recovering from COVID-19 and undergone surgery on his right foot.

Outlook

New legislative elections were supposed to follow on from the referendum that approved constitutional amendments last November but they were delayed because of Tebboune's two-month hospitalisation after contracting COVID-19. His quick action following his return is likely a sign that he is concerned about a deteriorating mood in the country due the continuing lockdowns and their impact on a moribund economy, and disquiet at his own prolonged absence from the country.

Analysis

One of those meeting with Tebboune, Soufiane Djilali who leads the Jil Jadid party, said that the president assured him that no more medical absences were expected. The president also told him that legislative elections will take place in June, with local elections to be held by the end of the year. Djilali emerged as a leader of the Hirak anti-establishment protests of 2019 and has engaged with Tebboune since he assumed the presidency in December 2019.

Nigeria: Buhari unconvincing as ethnic tensions grow in the southwest of the country

Event

Following recent clashes in Ibadan, capital of Oyo State, between ethnic Hausa and Yoruba communities, President Muhammadu Buhari tweeted on February 14 that his government "will

protect all religious and ethnic groups, whether majority or minority in line with its responsibility under the constitution".

Outlook

Despite appeals for calm, many southerners will likely blame rising tensions on perceived 'outsiders' (Hausa, Fulani). Buhari is finding it hard to convince those in the region that he has a strategy to ease intercommunal tensions and tackle the pastoralist conflicts amid deepening partisan divisions.

Analysis

The clashes that triggered Buhari's comments resulted in the deaths of at least eleven Hausa, according to local reports. Oyo State Governor Seyi Makinde has ordered the indefinite closure of the market where the violence reportedly originated and imposed a dusk-to-dawn curfew in the surrounding area. The clashes come amid rising intercommunal tensions in the south-west, notably between predominantly Fulani (Muslim) pastoralists and settled non-Fulani Christian farming communities; Ondo State Governor Rotimi Akeredolu last month controversially issued a "quit notice" banning open cattle grazing in his state, giving herders (meaning primarily Fulani pastoralists) seven days to leave state forest reserves.

Russia: Nickel giant Norilsk Nickel faces greater political peril

Event

On February 10, the Fitch ratings agency said the USD 2 billion fine imposed on a subsidiary of Norilsk Nickel (Nornickel) for environmental damage caused by the May 2020 spillage of diesel oil would have a neutral effect on its rating.

Outlook

The government is supposed to spend the funds from the fine on an environmental clean-up operation, but the case looks as though it is way for Nornickel president Vladimir Potanin's enemies in Moscow to punish him. While Nornickel can afford the penalty, it suggests that the political pressure on the company is growing stronger.

Analysis

Nornickel set aside USD2.1bn for potential damage claims by reducing its 2020 dividend and this, together with strong international metals prices, should offset the impact the cost of penalty. The fine was imposed by a court in Krasnoyarsk, where last May some 20,000 tonnes of diesel oil from a power plant owned by the company spilled into local rivers and subsoil. However, the region's governor has warned of further legal claims to pay for the local clean-up as 99.5% of the amount that the company is paying will go straight to the Russian central government budget. Krasnoyarsk is likely to end up losing substantial revenues because the fine will increase Nornickel's costs and so reduce its regional tax payments.

Central African Republic: Poll re-runs will create new flashpoints

Event

President Faustin-Archange Touadera announced on February 13 that second-round races for legislative seats, as well as first-round contests that were disrupted due to insecurity during the controversial December 27 elections, will now be held on March 14.

Outlook

Although a new rebellion launched by the Coalition of Patriots for Change (CPC) has suffered recent setbacks, the security situation remains extremely volatile and the risk of further disruptions to the March 14 polls is high. Moreover, the prospect of widespread victories for pro-Touadera candidates while opposition parties boycott the elections will further undermine the tenuous legitimacy of his new administration.

Analysis

Over a third of the legislative contests planned for December 27 could not be held due to the level of insecurity, which was mostly due to the CPC rebellion. Moreover, of the races that were held, many were inconclusive in the first round and so require a run-off election, while several were annulled due to irregularities. As a result, only 22 of parliament's 140 seats have so far been decided, with the remainder now to be contested on March 14. However, many opposition parties have accused the presidency of manipulating the elector process in December and have warned they will boycott the legislative re-runs.

Turkmenistan: President advances son in dynastic succession move

Event

On February 11, President Gurbanguly Berdimuhamedov made his son Serdar deputy prime minister, a member of the Security Council and chairman of the government's audit chamber.

Outlook

Although talk of dynastic succession failed to materialise in Uzbekistan and Kazakhstan, the president's promotion of his son to these posts looks like a succession plan by a president who, although only in his mid-60s, is known to suffer from ill-health. The constitution specifies that the speaker of parliament should take over if the president should become incapacitated, but this mechanism was ignored when Berdimuhamedov himself came to power in 2006.

Analysis

Serdar Berdimuhamedov, 39, became trade and industry minister last year and before that spent six-month terms as governor of Ahal region, home to the politically dominant Teke tribe, and deputy foreign minister. His post as deputy prime minister makes him second in the cabinet to his father, who is ex officio prime minister. He is tasked with introducing digital and other new technologies into the country's government, financial and economic systems. He studied at Moscow's Diplomatic Academy and the Geneva Centre for Security Policy, suggesting he may

perhaps be better placed than his father to open the country to greater foreign investment beyond the energy sector.

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