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FEATURED Q&A

What Can Paraguay Expect of its Next President?



Ruling party candidate Mario Abdo Benítez won Paraguay's presidential race on Sunday. He is pictured after casting his ballot. // Photo: Abdo Campaign.

Quadro, a former senator from Paraguay's ruling Colorado Party, on Sunday won the country's presidential election, defeating Efraín Alegre, a former public works minister. Before the election, some polls had shown Abdo, known as "Marito," with a 20-point lead, but he ultimately won with a much slimmer margin. To what can Abdo attribute his win? What does his narrow margin of victory say about Paraguay and about his ability to govern and advance his agenda? What are the biggest challenges facing Abdo after he takes power in August?

AR. Andrew Nickson, honorary reader in public management and Latin American studies at the University of Birmingham in England: "A combination of factors explains Abdo's victory. Among these are: the historic strength of the Colorado Party, which operates a truly national network of party branches with deep roots in civil society, often functioning as a 'safety net' social program thanks to its illicit access to state funds (and, increasingly, narcotics-related wealth) developed through ties of clientelism that it has crafted over decades; the wealth of outgoing President Horacio Cartes, who helped to bankroll Abdo's campaign from his own pocket; the nostalgia felt by many older Paraguayans for the country's authoritarian past, closely personified by Abdo, who inherited the illicit fortune of his father who was the private secretary of former dictator Alfredo Stroessner; and Abdo's identification with a very conservative moral culture in this deeply Catholic country. Despite the above factors, the margin of Abdo's victory (3.7 percentage points) turned out to be much smaller than the 20-30

Continued on page 3

TODAY'S NEWS

POLITICAL

Thousands Protest in Nicaragua After Crackdowns

Thousands of demonstrators filled the streets of Managua and other cities in Nicaragua following violent crackdowns by authorities on protesters in recent days.

Page 2

ECONOMIC

Argentina to Reveal Bidders for \$8 Billion in Road Projects

The projects are the first wave of \$26.5 billion in public-private partnerships to be auctioned off by 2022.

Page 2

POLITICAL

Maduro, Falcón Launch Campaigns in Venezuela

Venezuelan President Nicolás Maduro and challenger Henri Falcón formally launched their campaigns ahead of the country's May presidential election.

Page 2



Falcón // File Photo: Falcón Campaign.

POLITICAL NEWS

Thousands Protest in Nicaragua Following Violent Crackdowns

Thousands of protesters took to the streets in Managua and other cities in Nicaragua following violent crackdowns by police on demonstrators in recent days and called for the resignation of President Daniel Ortega. "We want security for our protests," one student protester told Nicaraguan daily newspaper *El Nuevo Diario*. "We don't want more repression from the National Police." Some two dozen people have been killed in protests sparked by planned changes to the country's pension system, NPR reported. Ortega's plan would have increased pension contributions and reduced benefits. Ortega scrapped the planned changes on Sunday, but massive protests erupted again on Monday afternoon. "The people have risen against" Ortega, student protester Alberto Antonio Fonseca told the Los Angeles Times in the city of Masaya. "We don't want him as president any longer. There is too much repression." Protesters blamed police and security forces allied with Ortega's government for the violence. Amid the protests on Saturday, Ortega said "criminals" and gang members had infiltrated the demonstrations as part of a "conspiracy" to destabilize his government. Ortega's wife, Rosario Murillo, who is also Nicaragua's vice president, called protesters "minuscule groups" that are "filled with hate," comments that only appeared to enrage the demonstrators more. On Monday, the U.S. State Department announced that it was reducing its operations at its embassy in Managua, pulling out some employees and family members. The State Department also issued an advisory urging would-be visitors to "reconsider travel" to the Central American country. "Political rallies and demonstrations are occurring daily, often with little notice or predictability. Some protests result in injuries and deaths," the State Department said in the advisory. "Demonstrations typically elicit a strong response that has in the past included includes the use of

tear gas, pepper spray, rubber bullets and live ammunition against participants and occasionally have devolved into looting, vandalism, and acts of arson."

ECONOMIC NEWS

Argentina to Reveal Bidders for \$8 Billion in Road Projects

Argentina's government on Tuesday will reveal bidders for \$8 billion worth of road projects in the country, in the first wave of \$26.5 billion in public-private partnerships, or PPPs, set to be auctioned off by 2022, Reuters reported. The announcement will gauge private interest in infrastructure investment in Argentina, a central part of center-right President Mauricio Macri's campaign platform in his 2015 election. But, due to high budget deficits, the country has turned to PPP financing to bring in needed cash. "Argentina and many others are facing both budget constraints and financing constraints," Luis Caputo, Argentina's finance minister, said last week. "It's not a surprise then that PPP programs have taken the lead now in many countries." Argentina will announce the winning bids in mid-May, according to a spokeswoman for the finance ministry.

BUSINESS NEWS

Enel Eyes Higher Bid for Brazil's Eletropaulo

Italian energy firm Enel said it is prepared to raise its bid for a multi-billion-dollar takeover of Brazilian power distributor Eletropaulo Metropolitana, Valor Econômico reported on Monday citing Enel officials. The news came after Neoenergia, which is controlled by Spain's Iberdrola and Brazilian pension funds, on April 20 raised its offer to 29.40 reais from 25.51

NEWS BRIEFS

Maduro, Falcón Launch Presidential Campaigns in Venezuela

Formal campaigning for Venezuela's May 20 presidential election got underway Sunday, Reuters reported. Incumbent President Nicolás Maduro kicked off his campaign by giving away trucks and tractors, according to the report, while challenger Henri Falcón laid out plans to reform state oil company PDVSA and dollarize Venezuela's inflation-wrecked economy, which suffers from the highest inflation in the world. Falcón decided to face Maduro despite calls from the opposition to boycott the election.

Migrant Caravan Arrives in Mexican City of Hermosillo

The remnants of a "caravan" of Central American migrants is getting closer to the U.S. border, Reuters reported on Monday. Approximately 600 migrants had reached Hermosillo in the northwestern Mexican state of Sonora, where they waited on trains and buses that would complete the journey. The group, down from more than 1,000 members originally, has been the subject of anger from U.S. President Donald Trump.

Odebrecht Mexico Vows to Fight Mexican Gov't Ban

Odebrecht Mexico, a subsidiary of the embattled Brazilian construction firm, said on Monday that it would contest sanctions imposed last week by the Mexican government over allegations of corruption, the company said in an open letter to Mexican newspaper Excélsior. The announcement came after the Mexican government on April 17 fined the corporation and its subsidiary more than \$60 million and banned all federal and state-level entities from entering into contracts with Odebrecht for two and a half years over allegations of graft.

reais per share. Enel had originally offered 28 reais per share, provided that the Brazilian firm would cancel a planned stock issuance. However, Eletropaulo announced Monday that it will continue with plans for a \$434 million capital increase. Brazilian firm Energisa has also made a bid. Separately, Brazilian securities regulator CVM on Monday said that firms that want to acquire Eletropaulo must deliver their bids in a live auction on May 18 at Brazil's stock exchange in São Paulo. Eletropaulo distributes power in the city of São Paulo, which is Brazil's largest metropolitan area. The company is just one of many electric power distributors that Brazilian government has said it plans to privatize by the end of the year. Business-friendly president Michel Temer has also said he hopes to privatize state-run power company Eletrobras by the end of the year, though any such deal would require approval in Brazil's Congress.

Iberdrola Gets \$400 Mn Green Loan for Mexico Projects

Spain's BBVA and nine other banks approved a \$400 million green loan for Iberdrola in Mexico, marking the first green corporate loan in Latin America, *El País* reported on April 20. The names of the other nine banks involved in the deal have not been released, according to a Reuters report. The funds will reportedly go toward the building of three new wind power facilities in the country. The move further solidifies Iberdrola's place in Mexico, where the company is expected to produce more than 20 percent of all energy consumed in the country by 2022. The Spanish energy giant in 2014 became the first to execute a corporate green loan, a type of lending that is conditional on the fulfillment of certain sustainability criteria. The deal was certified by independent agency Vigeo Eiris, which ensures that green loans are being properly allocated. Iberdrola, a Spanish energy firm, was the largest issuer of green bonds in 2016 and 2017 and has integrated the United Nations' Sustainable Development Goals into its corporate strategy.

FEATURED Q & A / Continued from page 1

percent predicted by virtually all pollsters. The likely reasons are that many Colorados stayed at home because they expected a landslide and that many voters were swayed by Alegre's populist promise to reduce residential electricity tariffs. Indeed, the turnout fell dramatically from 68 percent in the last election to 61 percent this time, which was also partly attributable to growing voter disillusionment due to corruption in the political class in collusion with the highest levels of the judiciary. Abdo's ability to govern and advance his agenda is limited by the almost certainty that his administration will not have an absolute majority in the Senate. Like all previous presidents in the post-1989 'democratic' era, he will be forced to make under-the-table deals with opposition parties in order to get his legislation passed through a hostile Congress. In addition, he faces the prospect of opposition from the Colorado Party faction that bears allegiance to outgoing President Cartes, who has plans to push for a constitutional amendment in 2019 that would enable him to stand for re-election in 2023, something that Abdo is understood to oppose."

A

Juan Francisco Facetti, professor and researcher at the Universidad Nacional de Asunción and consultant on governance:

"The most recent polls were conducted 21 days before the election. At that time, Cartes and his supporters occupied the electoral scene, which cost the ruling party's candidate. The closing of the gap between Abdo and Alegre was due to Cartes' high disapproval rate among the electorate. Also, Paraguayan society is conservative and still thinks about the genocide caused by the War of the Triple Alliance and Brazil's occupation of Paraguay for seven years. Paraguayans abhor foreign interference in their internal affairs, which President Lugo's government allowed. However, Paraguay recovered from genocide due to the matriarchal model of the family, which lasted for several gen-

erations. Marito's proposals in favor of strengthening families were pillars of his campaign. In addition, he presented a very robust government agenda. Polls leading up to the election hurt Abdo as they showed him winning by a wide margin, dissuading his voters from mobilizing. As an ex-senator,



The closing of the gap between Abdo and Alegre was due to Cartes' high disapproval rate among the electorate."

— Juan Francisco Facetti

Marito, along with his presumptive foreign affairs minister, Luis Castiglioni, must resort to their negotiation skills to form coalitions in Congress, particularly in the Senate, as their party already has a majority in the lower house. Justice reform in an effort to reduce impunity and also strengthening foreign direct investment are major challenges. Other challenges include structural reforms for greater efficiency in public management, fighting the EPP criminal group and negotiations with Brazil for a new Treaty of Itaipú in order to achieve energy sovereignty."

A

Brian Turner, professor and chair of the Department of Political Science at Randolph-Macon College in Ashland, Va.:

"The results of the presidential election are only surprising because some polls showed Abdo with a strong lead. Still, the Colorado candidate won by 3.7 percentage points and outperformed the percentage of the vote earned by the previous three Colorado presidential candidates. The near disappearance of third-party candidates with any electoral weight seems to have benefited the GANAR opposition coalition, but not by enough for

Continued on page 4

FEATURED Q&A / Continued from page 3

a victory. The Colorados won 13 out of 17 departmental governorships, including winning for the first time in the most populous Central department around Asunción. Turnout at 61.4 percent is the lowest for general elections in the democratic period. Early reporting has the Colorados doing better than expected in Senate elections, which could give the government enough weight in the Congress to form coalitions to support its agenda. It also means that the presence of candidates on the Colorado Senate list who were declared 'unpresentable' by the media did not dissuade voters. Low turnout and the return to office of certain candidates, protected by the closed-list system, indicate that the perceived 'crisis of representation' will continue. Abdo Benítez can address that crisis with able and inclusive leadership, but that will contradict the demands of the grassroots Colorado Party leadership, the seccionaleros, for state jobs exclusively for the party faithful. Other challenges include maintaining macroeconomic stability while also promoting a more inclusive economic model, reducing corruption, and improving public safety, especially in confronting the state's impressive failure in eliminating the small guerrilla group in the north."

A **Gerardo Ramón Ruiz Godoy, partner at PCG Auditores – Consultores in Asunción:** "Marito has been able to unify all the factions of the Colorado Party, keeping voters from defecting. However, many young people who voted for the first time favored Abdo's agenda because throughout his tenure as senator and also in his political campaign, he was consistent, with conciliatory messages. He also demonstrated firmness in delicate circumstances, such as last year's attempt to modify the Constitution.

Abdo's victory is a significant achievement for the Colorado Party. The new government will not have a parliamentary majority, and it will have to build agreements with some sectors of the opposition that are closer to the Colorado Party. But this situation is not new for the Colorado governments, since practically all the Colorado governments

 **Many young people who voted for the first time favored Abdo's agenda."**

— Gerardo Ramón Ruiz Godoy

after General Andrés Rodríguez have had to negotiate with the opposition, which is also considered healthy for the country. Health and education are the sectors of greatest urgency. In the area of health, there are serious difficulties, with hospitals that lack medicines, instruments and available capacity for hospitalizations. In education, there is a large deficit in infrastructure with many schools that are very deteriorated, diminishing the quality of education. The next government should continue with greater investment in infrastructure to reduce poverty rates that are still significant and also strengthen internal security to reduce crime and drug trafficking. The conditions are right, as Paraguay is experiencing a healthy economy, with sustained economic growth and excellent macroeconomic indicators."

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