

## AFRICA RISK CONSULTING Gabon Monthly Briefing October 2015

---

### Gabon Summary 8 October 2015

*The opposition is further divided following President Ali Bongo Ondimba's (2009- present) cabinet reshuffle on 12 September. However, Jean Ping, the former African Union Commission chairman, gains some momentum during early campaigning for the August 2016 presidential election. In addition, Bongo's ruling Parti Démocratique Gabonais (PDG) faces resignations and divisions after the cabinet reshuffle. The government forecasts oil production will decrease nearly 9% year-on-year in 2015, due to ageing oil fields and labour action. Gabon makes little improvement in the World Economic Forum's (WEF) 2015-2016 Global Competitiveness Index (GCI).*

---

### Political scene fractures following government reshuffle

The opposition is further divided following President **Ali Bongo Ondimba's** (2009- present) cabinet reshuffle on 12 September. New tensions surround **Jean de Dieu Moukagni Iwangou**, the president of main opposition grouping **Le Front**, who was invited to join Bongo's new cabinet as minister of state for agriculture. Iwangou said he "*flatly refused*"<sup>1</sup> the appointment<sup>2</sup> and "*did not negotiate with the enemy*"<sup>3</sup>. However, a presidential adviser source told the press that Iwangou had agreed the appointment but declined after receiving "*threats*"<sup>4</sup> (see *ARC Briefing Gabon September 2015*). **Le Front** called a meeting to clarify events but Iwangou failed to attend, creating further grievance and suspicion among the grouping's members.<sup>5</sup> Rivalry continues between **Le Front's** acting secretary general **Gérard Ella Nguema** and **Zacharie Myboto**, president of **Le Front** member **Union Nationale (UN)**.<sup>6</sup> **Le Front** is "*far from ready*" to announce its candidate to challenge Bongo in the presidential election scheduled for August 2016.<sup>7</sup>

Former **African Union Commission** chairman **Jean Ping** maintains his ambition to run as the sole opposition candidate on a **Le Front** ticket in the August 2016 election.<sup>8</sup> He has secured support with the **UN**.<sup>9</sup> Ping remains "*hard at work*" campaigning.<sup>10</sup> He started his fourth regional tour on 18 September in **Nyanga Province** in the southwest, having recently toured **Woleu-Ntem**, **Ngounié** and **Ogooué-Ivindo** provinces.<sup>11</sup> Ping is favouring smaller gatherings rather than large rallies.<sup>12</sup> He also launched his campaign website in June with several media appearances.<sup>13</sup> His campaign team has not been finalised, but **Jean Eyeghe Ndong**, another former longstanding official of the ruling **Parti Démocratique Gabonais (PDG)**, remains his key ally and policy adviser.<sup>14</sup> Ping's supporters continue to lobby for him to secure **Le Front's** candidacy.<sup>15</sup>

---

<sup>1</sup> RFI, 17 Sept 2015.

<sup>2</sup> Jeune Afrique, 17 Sept 2015.

<sup>3</sup> RFI, 17 Sept 2015.

<sup>4</sup> Jeune Afrique, 14 Sept 2015.

<sup>5</sup> RFI, 17 Sept 2015.

<sup>6</sup> Jeune Afrique, 17 Sept 2015.

<sup>7</sup> Jeune Afrique, 17 Sept 2015.

<sup>8</sup> Jeune Afrique, 17 Sept 2015.

<sup>9</sup> Source, journalist, Gabon

<sup>10</sup> Jeune Afrique, 17 Sept 2015.

<sup>11</sup> Jeune Afrique, 17 Sept 2015.

<sup>12</sup> Jeune Afrique, 17 Sept 2015.

<sup>13</sup> [www.jeanping2016.com](http://www.jeanping2016.com)

<sup>14</sup> Jeune Afrique, 17 Sept 2015.

<sup>15</sup> Jeune Afrique, 17 Sept 2015.

*“Unless [there is] last-minute change, Jean Ping will be the opposition candidate for the 2016 presidential election. His campaign began throughout the country over a year ago. His strategy is based on public lectures and direct exchanges with the public. This is also the strategy of the UN which is supporting Ping.”<sup>16</sup>*

Bongo’s PDG has fractured following the cabinet reshuffle. Former prime minister **Jean-François Ntoutoume Emame** resigned from the PDG on 2 October.<sup>17</sup> Emame follows Ping, Ndong and several other influential figures under the administration of Bongo’s father **Omar Bongo Ondimba** (1967-2009) who have left the PDG over the past year.<sup>18</sup> Omar Bongo appointed Emame his campaign manager in 1998 and later appointed him prime minister, as well as to several other influential positions.<sup>19</sup> In the 2009 election after Omar Bongo’s death, Emame supported Bongo, but now questions Bongo’s “*ability to properly run the country*” and accuses Bongo’s staff of incompetence.<sup>20</sup> Emame has pledged to create his own political party, **Mouvement Patriotique et Démocratique pour la Refondation de la République**.<sup>21</sup>

*“The PDG has been weakened by several departures of its activists. Ntoutoume Emame’s departure is equivalent to an amputation for the party. Ntoutoume Emame has long been an influential and unifying figure in **Estuaire Province (Libreville and surrounds)** where more than half the population of Gabon lives. His last position was managing local administration in Libreville.”<sup>22</sup>*

The arrest and imprisonment of **Serge Maurice Mabiala**, Bongo’s former cabinet director, has also created fractures within the PDG. The gendarmerie research arm **Direction Générale des Recherches (DGR)** arrested Mabiala on 17 September and he remains in Libreville central prison.<sup>23</sup> Security forces fired tear gas to disperse a crowd protesting against his arrest.<sup>24</sup> On 25 September a judge in Libreville charged Mabiala with embezzlement of CFA 2 billion (\$3.4m) public funds in 2007.<sup>25</sup> The charges relate to his time as the director in charge of taxes for large enterprises at the tax authority, **Direction Générale des Impôts**, in 2007.<sup>26</sup> However, Mabiala’s supporters said the charges were “*political*” citing the length of time since the alleged offence.<sup>27</sup> They claim that Bongo targeted Mabiala due to his influential role within the anti-Bongo **Héritage et Modernité (HeM)**, a movement within the ruling PDG that **Alexandre Barro-Chambrier** leads and that includes several other old guard party figures.<sup>28</sup> Bongo removed several HeM figures from government in the 12 September cabinet reshuffle.<sup>29</sup>

### Oil production fall triggers government ‘crisis’

A finance ministry report claims that oil production will decrease nearly 9% year-on-year in 2015, due to ageing oil fields and labour action.<sup>30</sup> According to the report submitted to parliament on 18 September, production is forecast to decrease to 10.01m tonnes in 2015, from 10.91m tonnes in 2014.<sup>31</sup> The same document forecasts that manganese production will increase to 4.2m tonnes in 2015, from 3.4m tonnes in 2014.<sup>32</sup>

<sup>16</sup> Source, journalist, Gabon

<sup>17</sup> Infos Gabon, 4 Oct 2015.

<sup>18</sup> RFI, 3 Oct 2015.

<sup>19</sup> Infos Gabon, 4 Oct 2015.

<sup>20</sup> RFI, 3 Oct 2015.

<sup>21</sup> Infos Gabon, 4 Oct 2015.

<sup>22</sup> Source, journalist, Gabon

<sup>23</sup> RFI, 18 Sept 2015.

<sup>24</sup> RFI, 18 Sept 2015.

<sup>25</sup> RFI, 26 Sept 2015.

<sup>26</sup> RFI, 26 Sept 2015.

<sup>27</sup> RFI, 26 Sept 2015.

<sup>28</sup> RFI, 26 Sept 2015.

<sup>29</sup> Africa Intelligence, 16 Sept 2015.

<sup>30</sup> Reuters, 18 Sept 2015.

<sup>31</sup> Reuters, 18 Sept 2015.

<sup>32</sup> Reuters, 18 Sept 2015.

The fall in oil production as well as low international oil prices will significantly reduce government revenue. The average price of Gabonese crude oil on the international market has reduced by 50% from \$80 in 2014 to \$40 currently.<sup>33</sup> Oil revenues still account for nearly 80% of the government's export earnings,<sup>34</sup> despite the focus in Bongo's **Plan Stratégique Gabon Emergent** on diversifying the economy away from oil.<sup>35</sup>

Bongo's inner circle is reportedly "*shaken about the crisis situation... the money is not there to stabilise the security sector*"<sup>36</sup> leading up to the August 2016 election.

*"The oil crisis is worsening and the outlook is poor. The absence of the activity and decline in revenues means that the government cannot support (expenditure) measures in the budget. Gabon risks heading into a recession in 2016."*<sup>37</sup>

The government amended the 2015 budget in May, reducing expenditure to CFA 2,651 billion (\$4.4 billion) from CFA 3,037 billion (\$5.1 billion).<sup>38</sup> The government implemented other "*stabilisation measures*"<sup>39</sup> to manage the low oil price environment, including basing the revised 2015 budget on a lower \$45 per barrel and creating an oil stabilisation fund.<sup>40</sup> However, since the oil price fall, Gabon has experienced several credit downgrades. **Standard & Poor's** revised Gabon's sovereign credit outlook to negative from stable in July and **Fitch Ratings** downgraded Gabon in May.<sup>41</sup>

In the absence of new finds, Gabon's will exhaust its oil reserves in 30 years.<sup>42</sup> The government is seeking to promote new developments in the sector despite the downturn. On 17 September **United States (US)**-based **VAALCO Energy** started production at the **North Tchibala** offshore field with initial production of 3,000 barrels per day.<sup>43</sup> In addition, following the announcement of the finance ministry report, on 19 September **France**-based **Maurel et Prom** resumed production at the onshore **Ezanga** field after a technical disruption.<sup>44</sup>

### Gabon maintains low competitiveness ranking

Gabon showed little improvement in the **World Economic Forum's (WEF)** recently released **Global Competitiveness Rankings**. Gabon placed 103<sup>rd</sup> out of 140 countries with a score of 3.8 on the 2015-2016 **Global Competitiveness Index (GCI)** released on 30 September.<sup>45</sup> Gabon improved slightly on its 2014-2015 ranking, having placed 106<sup>th</sup> out of 144 countries with a score of 3.7 in 2014.<sup>46</sup> The GCI is based on an analysis of 12 pillars of competitiveness.<sup>47</sup> Gabon's best scores were for macroeconomic environment (18<sup>th</sup> out of 140 countries); labour market efficiency (71<sup>st</sup>); and institutions (78<sup>th</sup>).<sup>48</sup> Gabon's worst scores were for business sophistication (129<sup>th</sup>); innovation (129<sup>th</sup>); higher education and training (125<sup>th</sup>); goods market efficiency (124<sup>th</sup>); and technology readiness (112<sup>th</sup>).<sup>49</sup> The report cites corruption, inadequately educated workforce and tax rates as the most problematic factors for doing business in Gabon.<sup>50</sup>

<sup>33</sup> Gabon Review, 17 Sept 2015.

<sup>34</sup> Reuters, 18 Sept 2015.

<sup>35</sup> See previous ARC Briefings for more information.

<sup>36</sup> Source, security researcher, former diplomat, Senegal

<sup>37</sup> Source, journalist, Gabon

<sup>38</sup> See ARC Briefing for Gabon, Jun 2015

<sup>39</sup> S&P, 31 Jul 2015.

<sup>40</sup> S&P, 31 Jul 2015.

<sup>41</sup> See previous ARC Briefings for more information.

<sup>42</sup> Reuters, 18 Sept 2015.

<sup>43</sup> VAALCO Energy, 17 Sept 2015.

<sup>44</sup> Gabon Eco, 22 Sept 2015.

<sup>45</sup> www3.weforum.org

<sup>46</sup> www3.weforum.org

<sup>47</sup> www3.weforum.org

<sup>48</sup> www3.weforum.org

<sup>49</sup> www3.weforum.org

<sup>50</sup> www3.weforum.org

Gabon placed above **Cameroon** (114<sup>th</sup>) and its other **Central African** neighbours in the 2015-2016 index. However, Gabon failed to make it into the top 10 African countries. **Mauritius** (46<sup>th</sup>), **South Africa** (49<sup>th</sup>) and **Rwanda** (58<sup>th</sup>) led the African countries in the GCI.<sup>51</sup>

### Implications

Bongo appears to have succeeded in the aim of his 12 September cabinet shuffle in further fracturing the opposition. In addition, the ruling PDG defectors will create further divisions within the opposition, and make the task of agreeing on a single candidate for the August 2016 first round presidential election more difficult. However, Bongo faces a continuing task of consolidating his own power base within the PDG after taking over from his father's over 30-year rule.

Reduced oil production and revenues weaken Bongo's hand leading to the elections. Low oil revenue may force the government to considerably reduce the 2016 budget, limiting expenditure on its economic programmes during election year. The lack of cash flow has alarmed Bongo's inner circle and will increase tensions between government departments and officials competing for funding.

Gabon's lack of significant improvement on the 2015-2016 GCI signals continuing lack of investor confidence in the country. Despite Bongo's economic diversification plan, the GCI makes clear several impediments to attracting significant investment in Gabon which is needed to improve the socio-economic situation.

---

<sup>51</sup> [www3.weforum.org](http://www3.weforum.org)

### About Africa Risk Consulting:

**Africa Risk Consulting (ARC)** is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

**ARC's** core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### About ARC Briefing:

**ARC Briefing** is ARC's essential online business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

**ARC Briefing** is an online information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

[www.briefing.africariskconsulting.com](http://www.briefing.africariskconsulting.com)

### Getting in touch

Please contact us by email [info@africariskconsulting.com](mailto:info@africariskconsulting.com) or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)