

## AFRICA RISK CONSULTING

### Gabon Monthly Briefing August 2015

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#### Gabon Summary 24 August 2015

*French authorities open a corruption investigation that involves President Ali Bongo Ondimba's (2009- present) controversial chief of staff, Maixent Accrombessi. The investigation renews tensions between French and Gabonese authorities. Bongo pledges to give his inheritance to youth charities as ill-gotten gains investigations into the Bongo family assets continue. Ratings agency Standard & Poor's (S&P) revises its sovereign outlook rating for Gabon to 'negative' from 'stable'. Bongo plays an increasing role in regional security, as Central African regional heads of the intelligence agencies meet in Libreville to combat terrorism.*

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#### French corruption probe involves Bongo ally Maixent Accrombessi...

French government authorities have opened a corruption investigation that involves President **Ali Bongo Ondimba's** (2009- present) controversial chief of staff, **Maixent Accrombessi**.<sup>1</sup> French authorities temporarily detained Accrombessi at **Charles de Gaulle Airport in Paris** (France) on 3 August, on suspicion of corrupting a foreign public official and money laundering.<sup>2</sup> French authorities released Accrombessi after they received a hostile letter from the Gabonese presidency stating that Accrombessi was on an official "*special mission*" and that the letter gave him diplomatic immunity.<sup>3</sup> Accrombessi returned to Gabon, but French authorities announced the opening of the corruption investigation on 7 August.<sup>4</sup>

The investigation involves allegations that **Philippe Belin**, chairman of France-based military uniforms manufacturer **Marck**, paid a bribe to Accrombessi to win a €7m (\$7.7m) contract in 2005.<sup>5</sup> French authorities have placed Belin under formal investigation on three counts: bribery of foreign public officials; money laundering through organised gangs; and use of forgery.<sup>6</sup> The French **Office Central de Lutte Contre la Corruption et les Infractions Financières et Fiscales**, which leads the investigation, allegedly has several documents involving suspicious transfers involving bank accounts in **Monaco**.<sup>7</sup> The transfers are allegedly from Marck to companies that Accrombessi or his associates own.<sup>8</sup> Gabonese company **CITP**, linked to a business associate of Accrombessi, allegedly received a €300,000 (\$328,000) payment in relation to the contract.<sup>9</sup> Another Gabonese company **AKIM**, which lists Accrombessi as a director, also received suspicious payments totaling €2m (\$2.2m).<sup>10</sup> Accrombessi said he would cooperate with French authorities if they "*respect Gabon's sovereignty and (his) personal rights*".<sup>11</sup> Belin has a longstanding personal relationship with Bongo.<sup>12</sup> French authorities have also indicted Belin on similar charges in connection with contracts in **Mali** and **Cameroon**.<sup>13</sup>

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<sup>1</sup> RFI, 7 Aug 2015.

<sup>2</sup> Jeune Afrique, 3 Aug 2015.

<sup>3</sup> Reuters, 4 Aug 2015.

<sup>4</sup> RFI, 7 Aug 2015.

<sup>5</sup> Reuters, 8 Aug 2015.

<sup>6</sup> RFI, 8 Aug 2015.

<sup>7</sup> Le Monde, 7 Aug 2015.

<sup>8</sup> Le Monde, 7 Aug 2015.

<sup>9</sup> RFI, 4 Aug 2015.

<sup>10</sup> RFI, 4 Aug 2015.

<sup>11</sup> Reuters, 8 Aug 2015.

<sup>12</sup> Le Monde, 7 Aug 2015.

<sup>13</sup> Le Monde, 7 Aug 2015.

The Gabonese presidency is reportedly “*furious*” over the investigation.<sup>14</sup> Following the 3 August arrest of Accrombessi, a Gabonese presidency statement read:

*“This measure is all the more deplorable because it is linked to an affair that has nothing to do with (his) capacities as chief of staff and also because it was set up to humiliate (him) and his public function, thereby damaging the Republic of Gabon.”<sup>15</sup>*

The opposition has used the scandal to criticise Accrombessi, a controversial figure associated with several corruption scandals.<sup>16</sup> Several figures, including **Jean Eyeghe Ndong**, vice president of the **Union Nationale**, called for Accrombessi to resign.<sup>17</sup>

Accrombessi is an influential and controversial figure. Originally from **Benin**, he is Bongo’s key adviser. The Gabonese opposition have repeatedly criticised Accrombessi for corruption and voodoo.<sup>18</sup> In April protesters set fire to the Benin embassy following the death of opposition leader **André Mba Obame**.<sup>19</sup>

*“Maxient Accrombessi has the confidence of Bongo. The main office of the treasury was transferred to the presidency in 2010 and is under the control of Accrombessi.”<sup>20</sup>*

Accrombessi’s arrest has renewed tensions between French and Gabonese officials.<sup>21</sup> Bongo’s father, former president **Omar Bongo Ondimba** (1967-2009), had close relations with France under the ‘*Francafrique*’ system, in which France ensured political and military support for long-standing autocratic leaders in Francophone Africa in exchange for commercial favours.<sup>22</sup> However, relations have deteriorated since the French judicial authorities launched a continuing ill-gotten gains investigation into the Bongo family assets (see below).

### **...as Bongo pledges inheritance to youth amid ill-gotten gains investigations**

In a state broadcast on 17 August to mark the 55<sup>th</sup> anniversary of independence from France, Bongo pledged to give his share of his inheritance from his father to a youth charity.<sup>23</sup> He also pledged to hand over a villa in the capital, **Libreville**, and two residences in central Paris to the state for “*cultural and diplomatic use*”.<sup>24</sup>

The Bongo family’s wealth reportedly includes significant funds in several foreign bank accounts, real estate, and interests in several Gabonese companies.<sup>25</sup> However, Bongo’s father’s will is yet to be settled.<sup>26</sup> Moreover, some of the assets are the subject of continuing ill-gotten gains investigations in France and the **United States (US)**. Transparency campaigners filed a complaint in 2007 that resulted in the start of the investigation in November 2010 involving the presidential family’s assets in Gabon, **Equatorial Guinea** and **Republic of the Congo (RoC)**.<sup>27</sup> The French investigation is in the initial stage, focused on recording an inventory of assets owned by the presidential family.<sup>28</sup> In February 2014 US department of homeland security and justice department officials confirmed that investigations are continuing into assets linked to Bongo, his family and Accrombessi.<sup>29</sup> The investigations seek to determine if the assets were acquired by corrupt means, that is, with embezzled state, or other ‘ill-gotten,’ funds.

<sup>14</sup> Le Monde, 7 Aug 2015.

<sup>15</sup> Gabonese presidency statement, 3 Aug 2015.

<sup>16</sup> RFI, 8 Aug 2015.

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

<sup>18</sup> Reuters, 4 Aug 2015.

<sup>19</sup> Reuters, 4 Aug 2015.

<sup>20</sup> Source, journalist, Gabon

<sup>21</sup> Reuters, 4 Aug 2015.

<sup>22</sup> Reuters, 4 Aug 2015.

<sup>23</sup> Reuters, 18 Aug 2015.

<sup>24</sup> Reuters, 18 Aug 2015.

<sup>25</sup> Reuters, 18 Aug 2015.

<sup>26</sup> BBC, 18 Aug 2015.

<sup>27</sup> Wall Street Journal, 25 Feb 2014.

<sup>28</sup> Source, francophone journalist

<sup>29</sup> Wall Street Journal, 25 Feb 2014.

Investigations have not yet personally implicated Bongo. He has sought to distance himself from the investigations and has denied that he personally owned assets in France.<sup>30</sup> However, according to France-based lawyer **William Bourdon**, the two Paris properties that Bongo pledged to hand over to the state are part of the French 'ill-gotten' gains investigation.<sup>31</sup>

### Standard & Poor's downgrades Gabon

Ratings agency **Standard & Poor's (S&P)** revised its sovereign outlook rating for Gabon to 'negative' from 'stable' on 31 July.<sup>32</sup> S&P stated the revision was due to delays in servicing debt.<sup>33</sup> S&P said:

*"We understand that the government was late on some of its external commercial and bilateral debt service during the first half of 2015. According to the information we received from the authorities, the arrears amounted to CFA 18 billion (\$29m, or less than 1% of Gabon's total debt), of which 83% were to commercial creditors, and 17% were to bilateral lenders."*<sup>34</sup>

However, S&P noted the government has cleared the arrears:

*"We also understand that all arrears were cleared within 30 days, and that they occurred due to weaknesses in debt management, related to coordination issues between the debt management office and the treasury department, rather than to the government's financial ability or willingness to pay its debt. Yet, in our view, the underlying weaknesses, if not successfully remedied, could increase the likelihood that Gabon might default on future debt service payments."*<sup>35</sup>

S&P also noted that the government had taken some measures to improve procedures to avoid new arrears accumulating.<sup>36</sup> However, it failed to provide details of these measures.

S&P forecast slower growth in 2015 due primarily to the 50% reduction in crude oil prices since 2014.<sup>37</sup> S&P noted the economy was more resilient than in 2008 when an oil price drop led to recession.<sup>38</sup> It forecasts growth to remain above 4% during 2015 to 2018 and noted some economic diversification gains under the economic roadmap **Plan Stratégique Gabon Emergent**.<sup>39</sup> It also noted the government's "*stabilisation measures*" to manage the low oil price environment, including basing the revised 2015 budget on a lower \$45 per barrel, reducing expenditure and subsidies, and creating an oil stabilisation fund and a \$600m sovereign wealth fund, **Fonds Souverain de la République Gabonaise**.<sup>40</sup> However, S&P forecasts a deterioration of Gabon's fiscal and current account balances, as well as a significant increase in public debt in 2015.<sup>41</sup> Debt is expected to rise to 38% of GDP in 2015, against 29% in 2014.<sup>42</sup> The fiscal deficit is expected to reach 2% of GDP in 2015 and 1.5% in 2016, against 0.6% in 2014.<sup>43</sup>

Ratings agencies have repeatedly downgraded Gabon in 2015. In February S&P downgraded Gabon to 'B+' from 'BB-'.<sup>44</sup> In May **Fitch Ratings** downgraded Gabon to 'B+' from 'BB-'.<sup>45</sup> On 20 March **Moody's Investors Service** reduced Ghana's foreign currency rating one step to B3, six levels below investment grade, and kept a negative outlook.<sup>46</sup>

<sup>30</sup> Source, francophone journalist

<sup>31</sup> New York Times, 18 Aug 2015.

<sup>32</sup> S&P, 31 Jul 2015.

<sup>33</sup> S&P, 31 Jul 2015.

<sup>34</sup> S&P, 31 Jul 2015.

<sup>35</sup> S&P, 31 Jul 2015.

<sup>36</sup> S&P, 31 Jul 2015.

<sup>37</sup> S&P, 31 Jul 2015.

<sup>38</sup> S&P, 31 Jul 2015.

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

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

<sup>41</sup> S&P, 31 Jul 2015.

<sup>42</sup> S&P, 31 Jul 2015.

<sup>43</sup> S&P, 31 Jul 2015.

<sup>44</sup> Jeune Afrique, 11 May 2015.

<sup>45</sup> Fitch Ratings, 8 May 2015.

<sup>46</sup> Bloomberg, 20 Mar 2015.

## Bongo plays an increasing regional security role

The heads of the intelligence agencies of the 11 member states of **Central Africa** regional bloc **Communauté Économique des États de l' Afrique Centrale (CEEAC)** met in Libreville from 28 to 30 July.<sup>47</sup> The Gabonese interior ministry released a statement confirming that the meeting was aimed at combating terrorism and organised crime.<sup>48</sup> The statement said Central Africa remained "*a sub region exposed to and surrounded by a multitude of security threats*".<sup>49</sup> Media reports claimed that the intelligence heads aimed to develop a common strategy and regional institutional platform to increase collaboration and cooperation, particularly in light of recent **Nigerian** militant group **Boko Haram** activity.<sup>50</sup> The meeting follows the special session of the **Conférence des Chefs d'Etat du Conseil de Paix et de Sécurité de l'Afrique Centrale (COPAX)** on 16 February in **Yaoundé** (Cameroon). The eleven CEEAC member states are **Angola, Burundi, Central African Republic (CAR), Cameroon, Chad, Gabon, Democratic Republic of the Congo (DRC), Equatorial Guinea, RoC, Rwanda, and Sao Tome and Principe.**

Bongo is an increasingly influential player in the sub region. CEEAC appointed him to its rotating presidency on 26 May at the CEEAC 16<sup>th</sup> heads of state and government summit in **N'Djamena** (Chad).<sup>51</sup> Bongo succeeded Chadian president **Idriss Deby** (1990- present), who served in the role for six years. Bongo pledged to focus on peace and security issues. On the sidelines of the conference CEEAC members inaugurated the headquarters of the **Force Mixte Multinationale (FMM)** to combat the threat from Boko Haram.<sup>52</sup>

## Implications

The confirmation of the French investigation into Bongo's key ally Accrombessi is politically damaging for the president as the mid-2016 presidential elections approach. The current administration has been involved in several corruption scandals in recent years that have galvanised the usually fractured opposition to joint action. Accrombessi is a powerful and influential figure who has been involved – as Bongo's representative – in opaque oil and other business sector dealings. He has now become the target of opposition anti-government protests – and therefore, a political liability for Bongo. The Accrombessi investigation also further harms relations between Gabon and French officials. These relations have come under increased strain in recent years due to the 'ill-gotten gains' investigations. Increased pressure from French investigators may have prompted Bongo to announce his intention to share his father's inheritance with the state and youth charities, to regain some political ground.

S&P's revised sovereign outlook rating for Gabon to 'negative' from 'stable' is further confirmation of Gabon's deteriorating economic position amid negative external factors. With the low oil price environment unlikely to change in the near-term – and the economy still reliant on oil revenue – further economic problems in 2015 are expected.

Bongo's increasing regional role on security issues will improve his standing among international actors in the lead up to the 2016 election. Gabon remains a relatively stable partner in a fragile region, and the US and France in particular rely on Bongo's administration to assist ant-terrorism and other security imperatives in the region. Bongo's regional role will also secure him support among other heads of state in the region as the election approaches.

<sup>47</sup> Gabon Actu, 28 Jul 2015.

<sup>48</sup> Gabon Actu, 28 Jul 2015.

<sup>49</sup> Gabon Actu, 28 Jul 2015.

<sup>50</sup> Xinhua, 28 Jul 2015.

<sup>51</sup> APA, 26 May 2015.

<sup>52</sup> Koaci, 26 May 2015.

### About Africa Risk Consulting:

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