

## AFRICA RISK CONSULTING

### Gabon Monthly Briefing January 2018

#### Gabon Summary 10 January 2018

*The International Monetary Fund (IMF) executive board completes its first review under the three-year \$642m extended fund facility (EFF) agreement signed in June. The IMF approves a disbursement of \$101.1m under the EFF. The senate, Gabon's upper parliamentary chamber, approves the constitutional reform proposal. Francophone press report that Bongo's former chief of staff, Maixent Accrombessi, was indicted in Paris (France) in November on several charges of corruption.*

#### IMF completes first review under EFF and approves \$101.1m disbursement

The **International Monetary Fund (IMF)** executive board completed its first review under the three-year \$642m extended fund facility (EFF) agreement signed in June, on 21 December.<sup>1</sup> Following the visit, the IMF approved a disbursement of \$101.1m under the EFF.<sup>2</sup> The IMF reiterated that the economic context remains difficult for **Gabon**, even if there is some evidence of an economic resurgence.<sup>3</sup> The most recent disbursement brings total disbursements to \$202.3m, or 31.5% of the total programme value.<sup>4</sup> The IMF executive also approved a waiver, which the government had requested, for exemption of the continuous performance criteria in relation to the current ceiling on new external payment arrears.<sup>5</sup> Although the IMF executive board did not specify the exact ceiling that it imposed, the measure is likely to support the maintenance of the government's expenses in the medium term, until it can improve its debt situation.<sup>6</sup> **Tao Zhang**, deputy managing director and acting chair of the IMF executive board, said,

*"Gabon's performance under the program has been broadly satisfactory. While the economic situation continues to be difficult, there are signs that the country is coming out of the trough of the downturn. In 2017, oil output is likely to underperform, leading to a small markdown of overall growth from 1% to 0.8%. However, activity across the rest of the economy is stabilising. A rebound in growth is expected in 2018 thanks to the recovery in oil prices, the strength of other commodity sectors, and improving private sector confidence."*<sup>7</sup>

Zhang called for an improvement in the fiscal deficit, as government debt ratios have increased significantly in the past few years, due to the downturn in oil prices (see *Figure 1*). Zhang said that the government must begin saving a part of the country's oil revenues to improve its resilience to

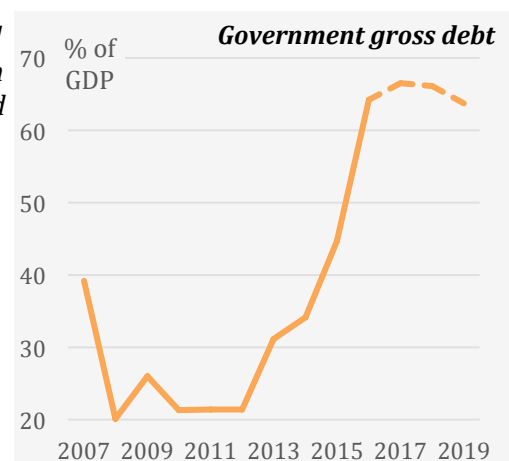


Figure 1: [www.imf.org](http://www.imf.org)

<sup>1</sup> IMF Press Release, 21 Dec 2017.

<sup>2</sup> IMF Press Release, 21 Dec 2017.

<sup>3</sup> IMF Press Release, 21 Dec 2017.

<sup>4</sup> IMF Press Release, 21 Dec 2017.

<sup>5</sup> IMF Press Release, 21 Dec 2017.

<sup>6</sup> IMF Press Release, 21 Dec 2017.

<sup>7</sup> IMF Press Release, 21 Dec 2017.

international market shocks.<sup>8</sup> Zhang said that non-oil revenues have dropped to “historically low levels”<sup>9</sup>, and that this plays a significant part in the current economic contraction.<sup>10</sup> Zhang also called on the government to accelerate the rate of tax reform and to reduce the excessive use of ad hoc tax exemptions, while addressing what the IMF deems to be weaknesses in the tax and customs administration.<sup>11</sup> Zhang called for the government to strengthen its financial management and focus on economic diversification,

*“The focus should be to strengthen short-term cash flow management and liquidity forecasting, particularly to avoid any new accumulation of arrears that could undermine confidence in the economic recovery... The authorities should also clearly communicate the government’s plans to gradually clear domestic arrears, which would help to reverse the rise of non-performing loans and support private sector credit growth.”<sup>12</sup>*

The IMF, although happy with some of the government’s progress in completion of the EFF programme, projects a slower recovery for 2018 than expected. Government debt levels should drop post-2018, according to the IMF, but the oil price downturn in the past few years has rapidly reversed any advances the government had made to contain debt.

### Senate approves constitutional vote proposal

The senate, Gabon’s upper parliamentary chamber, on 10 January approved the government’s constitutional reform proposal.<sup>13</sup> It was widely expected that the senate would approve the proposal due to the ruling **Parti Démocratique Gabonais (PDG)** majority in the senate.<sup>14</sup> The national assembly, the lower parliamentary chamber, passed the constitutional reform proposal by a 96% majority on 14 December.<sup>15</sup> The PDG holds 114 of 120 seats in the national assembly, and 81 of 100 seats in the senate. Earlier in January, the senate approved several amendments to the document.<sup>16</sup> The full document is not yet publicly available but reportedly introduces:

- A two-round presidential ballot system;
- No limits on the number of presidential terms;
- A principle of ‘cohabitation’, meaning that the ruling government controls national policy together with the president;
- A new swearing-in process for ministers in which they agree to “obligations of loyalty and fidelity to the president”;
- The creation of a court of justice.<sup>17</sup>

Despite the PDG’s majority in the senate, there had been some opposition to the proposed constitutional changes leading up to the vote. Senate vice-president and senator for **Oyem Province, Jean Christophe Owono Nguéma**, had in October criticised the proposal as the wrong means to achieve political consensus (see *ARC Briefing Gabon October 2017*). Nguéma reaffirmed his opposition on 29 December,

*“We don’t need this at the moment. Gabon has other urgent, serious and important problems. And as the government deemed it useful to launch such a review project, there is only the alternative that I am putting forward that remains.”<sup>18</sup>*

<sup>8</sup> IMF Press Release, 21 Dec 2017.

<sup>9</sup> IMF Press Release, 21 Dec 2017.

<sup>10</sup> IMF Press Release, 21 Dec 2017.

<sup>11</sup> IMF Press Release, 21 Dec 2017.

<sup>12</sup> IMF Press Release, 21 Dec 2017.

<sup>13</sup> Jeune Afrique, 11 Jan 2018.

<sup>14</sup> Jeune Afrique, 8 Jan 2018.

<sup>15</sup> Gabon Review, 14 Dec 2017.

<sup>16</sup> Jeune Afrique, 8 Jan 2018.

<sup>17</sup> Le Monde, 10 Jan 2018.

<sup>18</sup> Gabon Review, 28 Dec 2017.

Other political commentators believe that the proposed constitutional reform will compromise democracy:

*“The constitution reform represents a danger for democracy and the entirety of our institutions. This is because in the new constitution, the prime minister is no longer answerable to the national assembly. It is rather the government that is answerable solely to the president.”*<sup>19</sup>

Opposition leader **Jean Ping** had vowed to “make sure that this constitutional reform fails”.<sup>20</sup> The opposition had initially suggested that the government consider a referendum as a means for passing the new constitution, instead of a vote in parliament.<sup>21</sup> Ping claimed that the proposal would negatively redefine the relationship between the president and the government, strengthen parliament’s powers (which the PDG dominates), and create a court of justice, violating the **Dialogue Politique National** (national political dialogue) between the PDG and opposition that ended in May 2017.<sup>22</sup> The national political dialogue recommended the introduction of a double ballot system, a vice president, and imposing a ceiling on funding for political campaigns.<sup>23</sup> The reform passed in parliament appears to do only the first of these, however, until the full document is available, this is unclear. However, **Francis Nkéa Ndzigue**, former lawyer of President **Ali Ben Bongo Ondimba** (2009-present), said that the constitutional reform proposal meets the requirements of the national political dialogue:

*“The set of modifications consolidates our social and cultural model, on one hand, and introduces major changes in the role and operation of institutions, including the way in which political elections are held and the responsibility of the head of state, ministers, and other high serving officials, on the other.”*<sup>24</sup>

The manner in which the constitutional reform proposal was passed highlights the deterioration of political relations in Gabon. With a large absolute majority in both the national assembly and the senate, Bongo can pass legislation without opposition. However, this approach is creating significant tension with the opposition, after the PDG had promised to adopt several changes to the operation of government in the Accords d’Angondjé. The principle of cohabitation is likely to protect the Bongo government, regardless of whether the opposition succeeds in outperforming the PDG in the legislative elections. The tension between the opposition and the PDG appears likely to continue for the foreseeable future, and will heighten during legislative elections in April.

### **Bongo’s former chief of staff indicted in Paris on three counts of corruption**

Francophone press reported on 22 December that Bongo’s former chief of staff, **Maixent Accrombessi**, was indicted in **Paris (France)** in November on several charges of corruption.<sup>25</sup> The reports are not official, however, and rely on anonymous legal sources.<sup>26</sup> The indictment, if confirmed, would have serious implications for Bongo’s reputation, even though he may not be directly implicated.<sup>27</sup> Accrombessi was detained in August 2015, but French authorities released him due to his diplomatic immunity at the time.<sup>28</sup> According to press reports, French authorities indicted Accrombessi on 17 November on charges of “*passive bribery of a foreign public official*”, “*organised money laundering*” and “*forgery*”.<sup>29</sup> The charges appear to be directly related to Accrombessi’s

<sup>19</sup> Source, journalist, Libreville

<sup>20</sup> AFP, 4 Nov 2017.

<sup>21</sup> L’Union, 8 Jan 2018.

<sup>22</sup> AFP, 4 Nov 2017.

<sup>23</sup> Source, Gabon analyst, United Kingdom

<sup>24</sup> Inter-Parliamentary Union, 18 Dec 2017.

<sup>25</sup> Jeune Afrique, 22 Dec 2017.

<sup>26</sup> Jeune Afrique, 22 Dec 2017.

<sup>27</sup> Jeune Afrique, 22 Dec 2017.

<sup>28</sup> Jeune Afrique, 22 Dec 2017.

<sup>29</sup> Jeune Afrique, 22 Dec 2017.

detention in August 2015.<sup>30</sup> According to the press reports, the French **Office Central de Lutte Contre la Corruption et les Infractions Financières et Fiscales (OCLCIFI)** (anti-corruption, financial and tax infractions agency) is investigating the award of a €7m (\$8.35m) contract to France-based military uniform manufacturer **Groupe Marck Holding SAS** in 2005.<sup>31</sup> Marck had allegedly made one payment of €300,000 (\$358,000) and six other payments totalling €2m (\$2.39m) to companies that Accrombessi or his associate **Seydou Kane** owned.<sup>32</sup> French investigators had in 2015 indicted Kane on charges of active and passive corruption of a foreign public official, abuse of public office, organised money laundering, concealment and forgery.<sup>33</sup> French authorities also indicted Groupe Marck chair **Phillipe Belin** in relation to an investigation into **Corsican** businessman **Michel Tomi**.<sup>34</sup>

Bongo's reputation has already suffered significantly after French authorities seized several of his properties as part of the ongoing *"biens mal acquis"*<sup>35</sup> investigation. As a result, Bongo is still under investigation for his ownership of high-end real estate in France – his family reportedly owns 40 luxury mansions and apartments in Paris alone (see *ARC Briefing Gabon July 2017*). Although the two cases are not directly related, the accumulation of allegations and indictments against the Bongo administration and its former members contribute to a perception that corruption is pervasive in Gabon's government.

One political commentator summarises the national sentiment towards Accrombessi and the bribery allegations,

*"For the Gabonese, Accrombessi's name is associated with the mismanagement and crazy expenses of Bongo, namely the travels, real estate purchases and plane acquisitions that have led the treasury to take out huge sums of money to the detriment of the taxpayer and several government administrative divisions, where repeated strikes have led some investors to leave the country. Accrombessi had also been the privileged interlocutor of [former government managing director for oil] Alilat Oyima Antseleve. This means that since 2009, with the arrival of Bongo in power, all the oil revenues were controlled by the chief of staff at the presidency... Since December 2016, Accrombessi is paying the price for his closeness and loyalty to Bongo."*<sup>36</sup>

The reputation of Bongo and his inner circle is suffering from major legal attacks abroad. The relationship with Gabon's historical partner, France, has also suffered as a result. Furthermore, the negative repercussions for Bongo's administration domestically are significant. The charges lend credence to the opposition's and critics' view that corruption is endemic within Bongo's government.

## Planner

Apr 2018 **(Gabon)** *RFI*. Legislative elections;

Mar 2018 **(Gabon)** *Pouvoirs Afrique*. Agreed reduction with the **Organization of Petroleum Exporting Countries** of 9,000 barrels of oil production ends;

## Chronology

4 Jan 2018 **Ebibeyin (Equatorial Guinea)** *AFP*. Government security sources claim to have killed a 'mercenary' during fighting near the **Cameroon** and **Gabon** borders;

22 Dec 2017 **(Gabon)** *AFP*. French legal sources quoted in the press claim that President **Ali Bongo**

<sup>30</sup> Jeune Afrique, 22 Dec 2017.

<sup>31</sup> Jeune Afrique, 22 Dec 2017.

<sup>32</sup> Jeune Afrique, 22 Dec 2017.

<sup>33</sup> Jeune Afrique, 22 Dec 2017.

<sup>34</sup> Jeune Afrique, 22 Dec 2017.

<sup>35</sup> Translated as "ill-gotten gains."

<sup>36</sup> Source, journalist, Libreville

**Ondimba's** former chief of staff, **Maixent Accrombessi**, was indicted on 17 November for “passive bribery of a foreign public official”, “organised money laundering” and “forgery”;

21 Dec 2017 **Libreville (Gabon)** *Press Release*. The **International Monetary Fund** completes its first review under its three-year \$642m extended fund facility, approving a \$101.1m disbursement;

16 Dec 2017 **Libreville (Gabon)** *Gabon Review*. The defence minister, **Etienne Massard Kabinda Makaga**, announces on state-owned **Gabon Télévision** that a man attacked two **Danish** journalists with a knife;

14 Dec 2017 **Libreville (Gabon)** *Gabon Review*. The **Assemblée Nationale** (lower chamber of parliament) passes a constitutional reform proposal, by a 96% majority;

8 Dec 2017 **Libreville (Gabon)** *Médiapart*. The ruling **Parti Démocratique Gabonais** party holds its 11th ordinary congress;

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