

AFRICA RISK CONSULTING

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Gabon Summary 16 December 2018

President Ali Bongo Ondimba (2009-present) is discharged from a Saudi Arabian hospital after suffering a heart attack and is recuperating in Morocco. The presidential vacuum creates political uncertainty and threatens pending legislation and government administration. The International Monetary Fund (IMF) completes a ten-day review mission to assess whether Gabon is following its directives. Gabon's economic fortunes should improve in 2019 but uncertainty surrounding President Bongo's health is likely to cause political instability.

President Bongo recovers from heart attack in Morocco ...

President **Ali Bongo Ondimba** (2009-present) was discharged from the **King Faisal Hospital in Riyadh (Saudi Arabia)** on 28 November to continue his recovery in **Rabat (Morocco)**.¹ Despite his departure from Saudi Arabia, there is still great uncertainty in **Gabon** regarding his ability to carry out presidential duties because of his health situation. Bongo was hospitalised in Riyadh on 24 October after falling ill upon his arrival to attend the **Future Investment Initiative**.²

There has been much speculation in Gabon and elsewhere about Bongo's health. Presidential spokesperson **Ike Nguoni** initially stated on 28 October that President Bongo was suffering from severe fatigue, which had necessitated his hospital admission (see *ARC Briefing Gabon November 2018*).³ Government spokesperson **Guy Bertand Mapangou** also announced on 28 October that President Bongo was recuperating from severe fatigue.⁴ However, **United Kingdom (UK)**-based news agency **Reuters** reported on 29 October that Bongo had experienced a heart attack.⁵ More recently, on 9 December, vice-president, **Pierre Claver Maganga Moussavou**, confirmed that President Bongo had had a stroke in October.⁶

Despite occasional government assurances, it has been difficult to obtain information about Bongo's health.⁷ First lady **Sylvie Bongo Ondimba** closely guarded the release of any information concerning President Bongo throughout his hospitalisation in Saudi Arabia.⁸ On 28 November, she confirmed on her social media accounts that President Bongo would continue his recovery process in Rabat.⁹ Morocco's **King Mohamed VI** (1999-present), a childhood friend of President Bongo, invited him to recuperate in the **Mohammed V Military Hospital** in Rabat.¹⁰ A photo and short video of the two leaders were published after the king

¹ Jeune Afrique, 29 Nov 2018

² RFI, 27 Oct 2018

³ Jeune Afrique, 29 Oct 2018

⁴ RFI, 3 Nov 2018

⁵ Reuters, 29 Oct 2018

⁶ Jeune Afrique, 9 Nov 2018

⁷ Jeune Afrique, 8 Nov 2018

⁸ Jeune Afrique, 8 Nov 2018

⁹ RFI, 28 Nov 2018

¹⁰ Jeune Afrique, 29 Nov 2018

visited Bongo on 3 December at the hospital.¹¹ These appear to have been taken to dispel rumours about whether Bongo was still alive.¹²

... as political uncertainty persists in Bongo's absence

In an attempt to ensure continuity of presidential duties and stability of the state, President Bongo received **Cour Constitutionnelle** (constitutional court) president **Marie-Madeleine Mborantsuo**, vice president Pierre Claver Maganga Moussavou and prime minister **Emmanuel Issoze-Ngondet** in Morocco on 4 December.¹³ The meeting lasted only a few minutes on orders from Bongo's medical team.¹⁴ In a public statement following the meeting, Issoze-Ngondet acknowledged the improving state of Bongo's health but did not indicate when the president would be returning to Gabon.¹⁵

President Bongo was authorised on 5 December to continue his recovery at a private residence in Morocco.¹⁶ This appears to show that the worst is behind him in relation to his health. However, Maganga Moussavou admitted at a rally on 7 December in President Bongo's stronghold of **Franceville** that the president had suffered a heart attack while in Saudi Arabia.¹⁷ The declaration was the first admission by Gabonese authorities of what was truly afflicting President Bongo.¹⁸ Maganga Moussavou's declaration justifies the criticism against Gabonese authorities regarding the lack of information about Bongo's health. Senator **Jean Eyeghe Ndong** of the opposition **Coalition pour la Nouvelle République (CNR)** called for the truth to be told about the president's health.¹⁹

Maganga Moussavou's statement raises questions again about Bongo's ability to perform presidential duties. In November, the constitutional court acknowledged his temporary unavailability but noted that Article 13 of the constitution does not expressly mention temporary unavailability.²⁰ As a result, the constitutional court added a paragraph to Article 13 of the constitution to allow the prime minister or vice president to carry out certain presidential functions upon authorisation of the constitutional court.²¹ In President Bongo's absence, many important responsibilities risk not being carried out. Issoze-Ngondet has indicated that there will be a new cabinet in January, after the confirmation of legislative elections.²² The swearing in of cabinet is supposed to be done in the presence of the head of state.²³ Maganga Moussavou has suggested that the ceremony might take place at the Gabonese embassy in Morocco.²⁴ Foreign affairs minister **Regis Immongault** stated that this scenario is permissible, although it is not stipulated in the constitution.²⁵

There are several other events over which uncertainty hangs in the presidential vacuum. It is not known whether President Bongo will be able to deliver the annual 31 December end-of-

¹¹ Jeune Afrique, 3 Dec 2018

¹² RFI, 3 Dec 2018

¹³ Jeune Afrique, 10 Dec 2018

¹⁴ Jeune Afrique, 10 Dec 2018

¹⁵ Jeune Afrique, 5 Dec 2018

¹⁶ Jeune Afrique, 5 Dec 2018

¹⁷ RFI, 9 Dec 2018

¹⁸ RFI, 9 Dec 2018

¹⁹ Gabon Review, 23 Nov 2018

²⁰ RFI, 15 Nov 2018

²¹ RFI, 15 Nov 2018

²² Gabon Review, 6 Dec 2018

²³ Gabon Review, 13 Dec 2018

²⁴ Gabon Review, 13 Dec 2018

²⁵ Gabon Review, 14 Dec 2018

year speech in which he outlines the socio-economic and political agenda for the coming year; civil servants will not receive their salaries from January 2019 if Bongo does not promulgate the 2019 finance bill;²⁶ The new petroleum code has also not yet been signed.²⁷

Frans Conradie, head of research at **South Africa**-based consulting firm **NKC African Economics**, has raised the possibility of a presidential election taking place if Bongo's health does not improve and if Article 13 of the constitution has to be applied.²⁸ Article 13 provides that in the event the head of state cannot carry out his or her presidential duties, a vacancy of office will be declared and the president of the **Senate** will perform these duties.²⁹ The Senate president will pursue these functions for 60 days until elections are organised.³⁰ **African Union (AU) Commission** president **Moussa Faki** announced in November that the AU would deploy a fact-finding mission to Gabon in the shortest timeframe possible to fully understand the situation (see *ARC Briefing Gabon November 2018*).³¹ Foreign affairs minister Immongault assured the AU that such a mission was unnecessary and that state institutions were functioning properly.³² President Bongo's health is likely to continue to dominate Gabonese headlines in the coming weeks, if not months.

IMF completes 10-day mission review

An **International Monetary Fund (IMF)** review mission to Gabon, completed on 16 November, gave a positive report on the economic reforms Gabon is undertaking under the current IMF economic assistance package.³³ This favorable outlook is significant for Gabon to access further financial support from the IMF and other financial institutions.³⁴ Budget minister **Jean Marie Otandault** said the government would have meetings with IMF officials to evaluate the state of Gabon's economy and see how stakeholders could better assist Gabon during its current period of economic slowdown.³⁵

IMF mission head **Boileau Yeyirou Loko** said the institution would take stock of the country's recent economic developments.³⁶ This would include assessing whether the 2019 forecast budget will enable Gabon to attain high growth.³⁷ This objective is in line with the IMF reform package, which aims to ensure macroeconomic stability and create a foundation for sustainable economic growth.³⁸ Yeyirou Loko states that Gabon has made good progress since the previous IMF mission visited in August.³⁹ Yeyirou Loko noted that Gabonese authorities were committed to improving fiscal consolidation as demonstrated by the 2018 amended budget.⁴⁰

²⁶ Direct Infos Gabon, 27 Nov 2018

²⁷ Gabon Review, 26 Nov 2018

²⁸ CNBC Africa, 30 Nov 2018

²⁹ RFI, 11 Nov 2018

³⁰ RFI, 12 Nov 2018

³¹ Jeune Afrique, 18 Nov 2018

³² RFI, 21 Nov 2018

³³ Gabon Review, 8 Nov 2018

³⁴ Gabon Review, 16 Nov 2018

³⁵ Gabon Review, 8 Nov 2018

³⁶ Gabon Review, 8 Nov 2018

³⁷ Gabon Review, 8 Nov 2018

³⁸ Gabon Review, 8 Nov 2018

³⁹ Gabon Review, 16 Nov 2018

⁴⁰ Direct Infos Gabon, 19 Nov 2018

Yeyirou Loko projects a positive economic outlook for Gabon and stated the need to pursue strong and inclusive economic growth.⁴¹ According to the IMF, Gabon is set to generate 3.1% gross domestic product (GDP) economic growth in 2019 and 5% GDP growth in the medium term.⁴² This is a significant improvement compared to the 0.5% GDP growth rate registered in 2017.⁴³ The IMF states that developing non-petroleum sectors and improving the business climate will attract more investors, increase employment and foster higher growth.⁴⁴ Improving non-oil revenue collection and containing the civil servant wage bill will also be crucial towards improving the composition of public spending.⁴⁵

The IMF has warned that Gabonese authorities need to increase certain areas of public finance management including increasing transparency, budget tracking and cash management.⁴⁶ Yeyirou Loko cited shortcomings in the area of budget execution and the financial state of certain state-owned enterprises.⁴⁷ He expressed the need to liquidate three embattled banks in order to reduce the possibility of non-performing loans and thus strengthen the role of the banking sector in the economy.⁴⁸ Yeyirou Loko said the IMF board of administration would review its findings in December 2019.⁴⁹

Gabon and the IMF have had increased interaction since Gabon signed an extended arrangement under the Extended Fund Facility (EFF) with the IMF in June 2017.⁵⁰ The agreement with the IMF contains a \$642m loan package, which aims to help Gabon restore macroeconomic stability.⁵¹ It also intends to establish a foundation upon which Gabon can pursue inclusive and sustainable growth.⁵²

The IMF has expressed satisfaction with the application of wide-ranging economic reforms by Gabonese authorities, in line with the economic reform process. This is reflected in the 2019 finance law and budget, which correspond with the 14 austerity measures the government adopted in June, at the same time as the revised budget (see *ARC Briefing Gabon November 2018*).⁵³ Some of these resolutions included reducing the number of personnel at the presidency and prime minister's office, freezing public sector recruitment for three years, and reducing civil servant salaries amongst others (see *ARC Gabon Briefing July 2018*).⁵⁴

As a result of Gabon following the IMF directives, Gabon will continue to be a beneficiary of IMF financial and technical assistance. Gabon will also be able to obtain budgetary support from other multilateral financial institutions. The **African Development Bank** approved a €100m (\$\$113m) loan on 22 November to the Gabonese government.⁵⁵ The loan will assist in restoring macroeconomic stability and is in harmony with the third phase of the **Programme d'Appui aux Reformes Economiques et Financières (PAREF III)** (economic and financial

⁴¹ Direct Infos Gabon, 19 Nov 2018

⁴² Direct Infos Gabon, 19 Nov 2018

⁴³ Direct Infos Gabon, 19 Nov 2018

⁴⁴ Gabon Review, 16 Nov 2018

⁴⁵ Direct Infos Gabon, 19 Nov 2018

⁴⁶ Direct Infos Gabon, 19 Nov 2018

⁴⁷ Direct Infos Gabon, 19 Nov 2018

⁴⁸ Direct Infos Gabon, 19 Nov 2018

⁴⁹ Gabon Review, 16 Nov 2018

⁵⁰ IMF, 25 Jun 2018

⁵¹ IMF, 25 Jun 2018

⁵² IMF, 25 Jun 2018

⁵³ Jeune Afrique, 19 Oct 2018

⁵⁴ Gabon Review, 24 June 2018

⁵⁵ Agence Ecofin, 27 Nov 2018

reform support programme).⁵⁶ These measures are expected to help Gabon stabilise its economic situation and attract more domestic and international investors.

Gabon: 2019 in focus

Gabon is set to experience marginal economic improvement in 2019 as a result of a wide range of structural economic reforms being implemented by the government. The IMF projects Gabon will register 3.1% gross domestic product economic growth in 2019 (see above).⁵⁷ Gabon experienced an economic downturn in 2015, due in large part to the drastic fall in global oil prices that began in November 2014.⁵⁸ Gabon is the fifth largest oil producer in **sub-Saharan Africa** with the oil sector accounting for 80% of exports.⁵⁹ Gabon derives 40% of its GDP and 68% of fiscal revenue from this sector.⁶⁰ In response to the economic slowdown, Gabon adopted the **Plan de Rélanche Economique** (economic recovery plan) in January 2017 and an IMF reform package in June 2017.⁶¹ Its economic improvement has been attributed to increased activity in the agro-industrial, manganese, timber, and service sectors, as well a rebound in the price of oil.⁶² However, for Gabon to maintain these positive results, it needs to improve its business climate and continue the diversification of its economy.⁶³ Gabon dropped two places, from 167 to 169 out of 190 countries, in the **World Bank's 2019 Doing Business** report, published on 31 October.⁶⁴ Earlier in October, **United States**-based ratings agency **Fitch Ratings** highlighted that an unfavourable business climate is an obstacle to fostering economic development in Gabon.⁶⁵ If Gabon adopts the right business reforms, it is more likely to attract investment that will enable it to diversify its economy and generate sustainable economic growth.

The government also needs to take serious steps towards reducing poverty. The 2018 **Ibrahim Index for African Governance** ranked Gabon 51 out of 54 countries in the domain of poverty reduction efforts.⁶⁶ The government needs to develop poverty reduction measures and allocate more resources towards social spending in order to prevent a deterioration of the current situation, in which 32.7% of Gabonese live in poverty.⁶⁷ Fighting government corruption could help to tackle the problem. The 2018 **Transparency International Corruption Perceptions Index** ranked Gabon 117th out of 180 countries, with a drop in its score from 35 to 32.⁶⁸ Addressing poverty and reducing government corruption go hand in hand, and failure to pursue these initiatives may threaten social cohesion.

Gabon has experienced significant political instability since the 2016 presidential election. The opposition **Coalition pour la Nouvelle République (CNR)**, consisting of 41 political parties, continues to contest President Bongo's victory in the 2016 presidential elections. As a result, many of the opposition actors have been unwilling to participate in the government-initiated political dialogue as well as elections. The decision of the **Cour Constitutionnelle**

⁵⁶ Agence Ecofin, 27 Nov 2018

⁵⁷ Direct Infos Gabon, 19 Nov 2018

⁵⁸ Jeune Afrique, 19 Oct 2018

⁵⁹ World bank, 3 Dec 2018

⁶⁰ Jeune Afrique, 19 Oct 2018

⁶¹ African Economic Outlook, 2018

⁶² Jeune Afrique, 19 Oct 2018

⁶³ Direct Infos Gabon, 19 Nov 2018

⁶⁴ World Bank, 31 Oct 2018

⁶⁵ Jeune Afrique, 19 Oct 2018

⁶⁶ Mo Ibrahim Foundation, Ibrahim Index of African Governance, 2018

⁶⁷ African Economic Outlook, 2018

⁶⁸ Transparency International, Corruption Perception Index 2018

(constitutional court) in April to dissolve the **Assemblée Nationale** (national assembly) and cabinet also rocked the presidential coalition.⁶⁹ The court made its decision on the basis of the cabinet's failure to organise legislative and municipal elections after three previously announced dates.⁷⁰ The government overcame these challenges and organised the elections in October.⁷¹ The election results were largely in favour of the ruling **Parti Démocratique Gabonais (PDG)**, with the opposition winning only 13 of 143 available seats in parliament.⁷² This victory will enable the presidential ruling coalition to pass legislation with ease and gives it much needed political legitimacy in the eyes of its supporters, as well as the general public. However, President Bongo's current health situation is creating uncertainty about his ability to perform presidential duties in future. If he does not make a full recovery, a presidential election will have to be held. This is a developing story and will be closely watched throughout the course of 2019.

Planner

Jan 2019 (**Gabon**) New hydrocarbons code to be deliberated in parliament;

Chronology

!3 Dec 2018 **Libreville (Gabon)** *Gabon Review*. **L'Organisation nationale des employés du pétrole (ONEP)** (national oil workers organisation) cancels planned workers' strike;

29 Nov 2018 **Libreville (Gabon)** *Jeune Afrique*. President **Ali Bongo Ondimba** arrives in **Morocco** for recuperation and rehabilitation after suffering a heart attack in **Saudi Arabia** in October,

28 Nov 2018 **Libreville (Gabon)** *Gabon Review*. The **European Commission** suspends six Gabonese aviation companies from flying in European airspace;

27 Nov 2018 **Brussels (Belgium)** *Gabon Review*. Gabon officially becomes a member of the **Kimberley Process**,

22 Nov 2018 **Abidjan (Cote d'Ivoire)** *Agence Ecofin*. **African Development Bank** approves €100m (\$113m) loan in line with the third phase of the **Programme d'Appui aux Reformes Economiques et Financières (PAREF III)** (economic and financial reform support programme),

16 Nov 2018 **Libreville (Gabon)** *Gabon Review*. **The International Monetary Fund (IMF)** completes a 10-day review mission to Gabon;

⁶⁹ *Jeune Afrique*, 1 May 2018

⁷⁰ *Jeune Afrique*, 1 May 2018

⁷¹ RFI, 6 Oct 2018

⁷² RFI, 29 Oct 2018