

## AFRICA RISK CONSULTING

### Gabon Monthly Briefing July 2018

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#### Gabon Summary 19 July 2018

*The Centre Gabonais des Élections (CGE) begins its electoral list revision ahead of legislative elections scheduled for September. The United Nations Working Group on Arbitrary Detention (UNWGAD) calls for the release of former petroleum minister Etienne Dieudonne Ngoubou. Prime minister Emmanuel Issoze Ngondet outlines 14 austerity measures intended to facilitate Gabon's economic recovery. International Monetary Fund (IMF) mission chief Alex Segura-Ubierno completes a second review of Gabon's extended arrangement under the Extended Fund Facility (EFF). The IMF projects 2% GDP growth rate in 2018 but criticises the government's failure to implement economic reforms.*

#### Gabon commences electoral list revision exercise

The **Centre Gabonais des Élections (CGE)** began its electoral list revision on 15 June, as announced by interior minister **Lambert Mbatha** earlier in June (see *ARC Briefing Gabon June 2018*).<sup>1</sup> While the exercise started on the stipulated date, there were complaints about a shortage of voter registration kits.<sup>2</sup> The non-availability of voting kits would make it difficult to reach the interior ministry's target of 20,000-25,000 new voters.<sup>3</sup> There were also allegations that various political actors paid potential voters to enroll on voting lists.<sup>4</sup> Local media reports allege that petroleum and hydrocarbons minister **Pascal Ambourou** paid residents of **Port Gentil** to do so, but Ambourou has denied the allegations.<sup>5</sup>

Although the opposition **Rassemblement Heritage et Modernité (RHM)** earlier called for an election boycott, its president, **Alex Borro Chambrier**, has called on his party members to register as voters.<sup>6</sup> Chambrier said that his members should not allow the ruling **Parti Democratique Gabonais (PDG)** to win all the seats in the legislature.<sup>7</sup> The opposition **Union Nationale (UN)** also encouraged its supporters to register and called for two extra days for voter registration.<sup>8</sup> The CGE has appointed 99 local electoral commission heads and is likely to publish the list by the end of July.<sup>9</sup>

The electoral list revision is an important step towards holding the legislative elections, which have been cancelled three times since 2016 (see *ARC Briefing Gabon June 2018*). Legislative elections were set to take place on 4 December 2016, 29 July 2017 and 30 April 2018.<sup>10</sup> Legislative elections may help to foster reconciliation and end the political impasse

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<sup>1</sup> Gabon Review, 17 Jun 2018

<sup>2</sup> Gabon Review, 19 Jun 2018

<sup>3</sup> Gabon Review, 19 Jun 2018

<sup>4</sup> Gabon Review, 22 Jun 2018

<sup>5</sup> Gabon Review, 22 Jun 2018

<sup>6</sup> Gabon Review, 21 Jun 2018

<sup>7</sup> Gabon Review, 21 Jun 2018

<sup>8</sup> Gabon Review, 27 Jun 2018

<sup>9</sup> Gabon Review, 27 Jun 2018

<sup>10</sup> Gabon Review, 25 May 2018

that followed the August 2016 presidential elections (see *ARC Briefing Gabon August 2016-June 2018*). According to the **European Union (EU)**, the elections will also help to improve democracy and promote human rights in Gabon.<sup>11</sup>

The CGE will have to work in tandem with the interior ministry to ensure all the material and financial resources are available for the smooth running of elections. It also needs to train observers to detect possible incidents of fraud in the lead up to and during the elections. Failure to carry out these responsibilities is likely to cast doubt on the CGE's legitimacy and the credibility of the elections, which may in turn to give rise to further socio-political unrest in Gabon.

### UN Working Group on Arbitrary Detention calls for Ngoubou's release

The **United Nations Working Group on Arbitrary Detention (UNWGAD)** called for the immediate release of imprisoned former petroleum minister **Etienne Dieudonne Ngoubou** on 21 June.<sup>12</sup> Ngoubou was arrested on 12 January 2017 on suspicion of corruption charges and has been held in detention without trial until now.<sup>13</sup> His arrest came as part of President **Ali Bongo Ondimba's** (2009-present) anti-corruption campaign, dubbed "*Operation Mamba*", which has seen several highly placed government officials arrested.

Ngoubou took the matter to the UNWGAD claiming the government was violating his rights.<sup>14</sup> Ngoubou said he suffers from diabetes and hypertension and his poor health does not allow him to remain in prison.<sup>15</sup> Ngoubou also claimed that only the **Haute Cour de Justice (HCJ)** (high court of justice) can try him in terms of Article 78 of the constitution, which provides that the HCJ is the judicial institution that can prosecute ministers.<sup>16</sup> The UNWGAD acknowledged the violation of Ngoubou's rights, such as the denial of visits from his family and legal team while in detention.<sup>17</sup> It also concluded that his imprisonment is against Articles 8,9,10 and 11 of the **Universal Declaration of Human Rights (UDHR)**.<sup>18</sup> The UNWGAD said Gabonese judicial authorities did not follow due process in notifying him of charges levied against him.<sup>19</sup> The UNWGAD has called on the Gabonese judiciary to release Ngoubou, pay him damages for any harm done to his person, and provide adequate and necessary healthcare.<sup>20</sup> The UNWGAD has also called for the government to establish an independent investigation regarding the circumstances surrounding Ngoubou's arrest.<sup>21</sup>

The Gabonese government has refuted the allegations levelled by Ngoubou and the UNWGAD. It referred to a March 2017 of the **Cour Constitutionnelle** (Constitutional Court) that ruled that the HCJ could not try Ngoubou as he lost all his privileges after he was removed as a minister.<sup>22</sup> The government also claimed it provided treatment for Ngoubou at a military hospital for 20 days in 2017.<sup>23</sup>

<sup>11</sup> Gabon Review, 20 Jun 2018

<sup>12</sup> Jeune Afrique, 26 Jun 2018

<sup>13</sup> Jeune Afrique, 26 Jun 2018

<sup>14</sup> Jeune Afrique, 26 Jun 2018

<sup>15</sup> Jeune Afrique, 26 Jun 2018

<sup>16</sup> Jeune Afrique, 26 Jun 2018

<sup>17</sup> RFI, 28 Jun 2018

<sup>18</sup> Gabon Review, 21 Jun 2018

<sup>19</sup> Jeune Afrique, 26 Jun 2018

<sup>20</sup> Gabon Review, 21 Jun 2018

<sup>21</sup> Gabon Review, 21 Jun 2018

<sup>22</sup> Jeune Afrique, 26 Jun 2018

<sup>23</sup> RFI, 28 Jun 2018

The **Cour Criminelle Speciale (CCS)** (special criminal court) announced on 22 June that Ngoubou and nine others would appear before a judge at the **Palais de Justice** in **Libreville** on 7 August.<sup>24</sup> Ngoubou will appear alongside former economics minister and presidential adviser **Magloire Ngambia**, who was also arrested in 2017.<sup>25</sup> Ngambia is accused of misappropriating €762m (\$884m) in a case involving **Franco-Italian** businessman **Guido Santullo** (see *ARC Briefing Gabon April 2018*).<sup>26</sup>

Gabon has good reason to tackle corruption. In the 2017 **Transparency International Corruption Perceptions Index** Gabon ranked 117 out of 180 countries.<sup>27</sup> Pursuing the anti-corruption campaign is therefore imperative towards improving this ranking. However, the anti-corruption drive will lack credibility if it appears politicised, or if there is undue influence or pressure exerted on the judiciary. The fact that Ngoubou has a court date set after the findings of the UNWGAD is a cause for concern, particularly with respect to his high political profile. The government will need to handle the case carefully to avoid tarnishing the credibility of the anti-corruption fight in Gabon.

### **Prime Minister Emmanuel Issoze Ngondet announces economic austerity measures**

Prime minister **Emmanuel Issoze Ngondet** announced the application of 14 austerity measures after the conclusion of a cabinet meeting on 21 June.<sup>28</sup> The most notable measures include a 5-15% salary reduction for civil servants earning from 650,000 FCFA (\$1,150) to 2,000,000 FCFA (\$3,537) per month.<sup>29</sup> This will be the first time civil servants' salaries have been cut.<sup>30</sup> Ngondet announced a freeze on public sector recruitment for the next three years and an audit to uncover "ghost" civil servants in July.<sup>31</sup> The presidency will lay off 40% of its employees (200), while the prime minister's office will lay off 50% of its workers (120).<sup>32</sup> The 41-member cabinet will be reduced by 25% after the October legislative elections.<sup>33</sup> Ministers were requested to decrease their appointed staff from 40 to 16 employees per department.<sup>34</sup> The government is also eliminating the administrative posts of second and third assistants.<sup>35</sup> Senators and members of parliament (MPs) will also see a 15% drop in their remuneration.<sup>36</sup> Government vehicle purchases will be capped at €35,000 (\$40,000) and only ministers will be permitted to fly first class.<sup>37</sup> The cap on flying first class alone will save the government €14m (\$16m) annually.<sup>38</sup> The government hopes to save €106.7m (\$123m) annually from capping vehicle prices and limiting first-class travel.<sup>39</sup>

<sup>24</sup> Direct Infos Gabon, 28 Jun 2018

<sup>25</sup> Jeune Afrique, 13 Mar 2018

<sup>26</sup> Jeune Afrique, 13 Mar 2018

<sup>27</sup> Transparency International, Corruption Perceptions Index 2017, 21 Feb 2018.

<sup>28</sup> Jeune Afrique, 26 Jun 2018

<sup>29</sup> RFI, 26 Jun 2018

<sup>30</sup> RFI, 26 Jun 2018

<sup>31</sup> RFI, 26 Jun 2018

<sup>32</sup> Jeune Afrique, 18 Jul 2018

<sup>33</sup> Jeune Afrique, 18 Jul 2018

<sup>34</sup> RFI, 7 Jul 2018

<sup>35</sup> Gabon Review, 25 Jun 2018

<sup>36</sup> Direct Infos Gabon, 22 Jun 2018

<sup>37</sup> RFI, 7 Jul 2018

<sup>38</sup> RFI, 7 Jul 2018

<sup>39</sup> Jeune Afrique, 26 Jun 2018

The government hopes to reduce the civil servant payroll from 768 billion FCFA (\$1.2 billion) to 400 billion FCFA (\$700m) annually.<sup>40</sup> Budget minister **Jean Fidele Otandault** said Gabon currently has 105,640 civil servants, a ratio of 55/1,000, while the current government payroll is equivalent to 59% of Gabon's fiscal revenue.<sup>41</sup> Gabon has experienced a 35% decrease in fiscal revenue and 26% increase in overall expenditure over the last five years.<sup>42</sup>

Ngouoni says the measures were planned three years ago but repeatedly delayed.<sup>43</sup> The plan to suspend public sector recruitment for three years was tabled in 2015 but never implemented.<sup>44</sup> Government spokesperson **Guy Bertrand Mapagnou** said that allocating \$1.2 billion annually towards salaries has deprived the government of money for investment.<sup>45</sup>

The leading civil servants' trade union, **Dynamique Unitaire (DU)**, has been critical of the austerity measures. During its annual assembly of workers on 11 July, the DU expressed its dissatisfaction with the austerity measures in general and the 5-15% salary reductions in particular.<sup>46</sup> DU president **Jean Remy Yama** called the measures "*a declaration of war*".<sup>47</sup> DU secretary general **Patrick Mombo** criticised the lack of consultation with the public or union representatives before the announcement.<sup>48</sup> **Jean Gaspard Ntoutome Ayi**, budget commissioner for the opposition party **Union Nationale (UN)**, was particularly scathing of the measures.<sup>49</sup> He claimed no austerity programmes have ever been successful in **Africa**, drawing examples from the Structural Adjustment Plans of the 1990's.<sup>50</sup> Ntoutome Ayi also claimed that salary reductions alone will not resolve the current economic crisis. He called on the government to host a constructive debate to inform the public of the current state of Gabon's economic and financial situation.<sup>51</sup> **Coalition pour la Nouvelle République (CNR)** leader **Jean Ping** said the measures were symptomatic of a regime exemplified by bad governance. He also accused the government of lacking legitimacy.<sup>52</sup>

Government authorities have tried to downplay the criticism of the cost cutting measures. Otandault refuses to refer to the actions as "*austerity measures*", preferring to call them "*adjustment plans*".<sup>53</sup> Otandault also claims the rationalisation of public expenditure will provide more money for investment as Gabon is plagued by low public investment rates, high public debt and bloated government payroll.<sup>54</sup> Prime minister Emmanuel Issoze Ngondet hosted a meeting with **G20** diplomats based in Gabon on 5 July and explained that the government was trying to attain a balanced budget.<sup>55</sup> Ngouoni denied allegations that the government was under pressure from the **International Monetary Fund (IMF)** to adopt the

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<sup>40</sup> Gabon Review, 5 Jul 2018

<sup>41</sup> Jeune Afrique, 18 Jul 2018

<sup>42</sup> Jeune Afrique, 18 Jul 2018

<sup>43</sup> RFI, 26 Jun 2018

<sup>44</sup> Gabon Review, 24 Jun 2018

<sup>45</sup> RFI, 6 Jul 2018

<sup>46</sup> RFI, 12 Jul 2018

<sup>47</sup> Jeune Afrique, 26 Jul 2018

<sup>48</sup> Direct Infos Gabon, 25 Jun 2018

<sup>49</sup> Gabon Review, 11 Jul 2018

<sup>50</sup> Gabon Review, 11 Jul 2018

<sup>51</sup> Gabon Review, 11 Jul 2018

<sup>52</sup> RFI, 11 Jul 2018

<sup>53</sup> Jeune Afrique, 18 Jul 2018

<sup>54</sup> RFI, 6 Jul 2018

<sup>55</sup> Gabon Review, 5 Jul 2018

cost-cutting measures.<sup>56</sup> The IMF was in Gabon undertaking a review mission (see below) when the plan was announced.<sup>57</sup>

The austerity measures introduced by the Gabonese government may have wide-ranging socio-economic and political ramifications. Despite the declaration that the cuts will not affect social spending, it will be interesting to see how they affect programmes such as the **Plan de Rélançe Economique (PRE)** (economic recovery plan) and **Fonds d'Investissement du Département (FID)** (departmental investment fund). These programmes are central to Gabon's economic recovery. Politically, the austerity measures may lead to the PDG losing the support of one of its core support bases, civil servants. They may also deprive the government and PDG of vital financial resources from these core constituents. There is also a risk that the measures may lead to strikes. The government may be reluctant to follow through with its reforms if it suspects austerity measures will hurt its political standing.

### IMF projects 2% GDP growth rate in 2018

IMF mission chief **Alex Segura-Ubierno** led a delegation to Libreville from 13-25 June.<sup>58</sup> The delegation's mandate was to conduct discussions relating to the second review of Gabon's extended arrangement under the Extended Fund Facility (EFF).<sup>59</sup> The EFF forms part of a \$642m loan package the IMF concluded with Gabon in June 2017.<sup>60</sup> The EFF aims to help restore macroeconomic stability and establish a foundation upon which Gabon can pursue inclusive and sustainable growth.<sup>61</sup>

The IMF noted Gabon's economy was "*stable*" and would experience 2% GDP growth in 2018, compared to 0.5% in 2017.<sup>62</sup> The 2% growth rate is higher than expected and is attributed to accelerated economic activity in the domains of mineral extraction, agriculture and timber exploitation.<sup>63</sup> These sectors have helped Gabon avoid an economic recession and show initial success of the government's economic diversification programme.<sup>64</sup> As a result, the IMF has predicted a positive medium-term outlook for Gabon's economy.<sup>65</sup> However, the IMF notes this will only be possible if Gabon devises favourable strategies and improves its business climate in a manner that facilitates private sector development.<sup>66</sup> Development of transport infrastructure, agriculture and timber sectors will enable spill-over effects across the economy.

The IMF noted the weakness of the petroleum and services sectors.<sup>67</sup> It also cited the increasing vulnerability of the Gabonese financial sector.<sup>68</sup> This is characterised by increasing arrears owed to domestic suppliers and service providers.<sup>69</sup> The IMF suggests the

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<sup>56</sup> Gabon Review, 24 Jun 2018

<sup>57</sup> Jeune Afrique, 26 Jun 2018

<sup>58</sup> IMF, 25 Jun 2018

<sup>59</sup> IMF, 25 Jun 2018

<sup>60</sup> Jeune Afrique, 30 Jun 2018

<sup>61</sup> IMF, 25 Jun 2018

<sup>62</sup> IMF, 25 Jun 2018

<sup>63</sup> IMF, 25 Jun 2018

<sup>64</sup> IMF, 25 Jun 2018

<sup>65</sup> IMF, 25 Jun 2018

<sup>66</sup> IMF, 25 Jun 2018

<sup>67</sup> IMF, 25 Jun 2018

<sup>68</sup> IMF, 25 Jun 2018

<sup>69</sup> IMF, 25 Jun 2018

government should implement the **Libreville Club** initiative quickly.<sup>70</sup> This will enable quick repayment of creditors and support private sector growth.<sup>71</sup>

The IMF expressed disappointment at the Gabonese government's progress with respect to applying structural economic reforms.<sup>72</sup> While inflation stands at a low 2.7%, the IMF said the government has not taken sufficient steps to contain high public spending on wages, subsidies, transfers and special accounts.<sup>73</sup> It also criticised the government for failing to mobilise non-oil revenue.<sup>74</sup> The Gabonese government admitted it needs to rectify its slow progress in relation to economic reform.<sup>75</sup> The government stated its aim to adopt reforms in the areas of mobilising non-oil revenue, containing public spending, and improving transparency and efficiency in budget execution as well as the ability to pay arrears.<sup>76</sup>

The IMF's mission report is not all good news for President Bongo's government. In April, **Dominique Desruelle** deputy director of the IMF's **Africa** department, praised the government for steps taken to stabilise public finances (see *ARC Briefing Gabon May 2018*). However, the IMF's optimism has diminished and is reflected in lower credit ratings. Ratings agency **Moody's** downgraded the long-term issuer and senior unsecured debt ratings of the government of Gabon to Caa1 from B3 on 8 June but changed the outlook to stable from negative.<sup>77</sup> Moody's decision was based on the government's failure to repay creditors and service providers, both domestic and foreign.<sup>78</sup> Ratings agency **Fitch** had downgraded Gabon from B+ to B in October.<sup>79</sup> If the Gabonese government does not commit to radical steps towards stabilising its public finances, it will find it increasingly difficult to attract interest from domestic as well as foreign partners to participate in the country's economic recovery.

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<sup>70</sup> IMF, 25 Jun 2018

<sup>71</sup> IMF, 25 Jun 2018

<sup>72</sup> IMF, 25 Jun 2018

<sup>73</sup> IMF, 25 Jun 2018

<sup>74</sup> IMF, 25 Jun 2018

<sup>75</sup> IMF, 25 Jun 2018

<sup>76</sup> IMF, 25 Jun 2018

<sup>77</sup> Moodys, 8 Jun 2018

<sup>78</sup> Jeune Afrique, 15 Jun 2018

<sup>79</sup> Jeune Afrique, 14 Oct 2018

## Planner

December 2018 **(Gabon)** Municipal elections (to be confirmed);  
 September 2018 **(Gabon)** Legislative elections (to be confirmed);

## Chronology

13 Jun 2018 **Libreville (Gabon)** *Gabon Review*. President **Ali Bongo Ondimba** to arrive in Russia to meet with Russian president **Vladimir Putin**;

26 Jun 2018 **Libreville (Gabon)** *Jeune Afrique*. **United Nations Working Group on Arbitrary Detention** calls for release of former petroleum minister **Etienne Dieudonne Ngoubou**;

26 Jun 2018 **Libreville (Gabon)** *Jeune Afrique*. Gabonese government announces a series of austerity measures including salary reductions and recruitment freezes;

25 Jun 2018 **Washington D.C (United States)** *International Monetary Fund*. **International Monetary Fund** announces Gabon will experience 2% GDP growth in 2018 but criticises government for failure to implement economic reforms ;

17 Jun 2018 **Libreville (Gabon)** *Gabon Review*. Electoral list revision exercise commences;

15 Jun 2018 **Libreville (Gabon)** *Jeune Afrique*. **Moody's** downgrades Gabon's credit rating from B3-Caa1 (very high credit risk) ;