

AFRICA RISK CONSULTING

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Gabon Summary 23 October 2019

President Ali Bongo Ondimba (2009-present) makes several public appearances in September and October. Bongo carries out a cabinet shuffle and dismisses his half-brother, Colonel Frederic Bongo Ondimba, from his presidential security team. The International Monetary Fund (IMF) praises Gabon's economic reforms, and projects growth in 2019 to reach 3.4%. Economy, finance and national solidarity minister Roger Mba Owono says Gabon received 126.3 billion FCFA (\$214m) for the public bond issue it carried out from 20 September to 2 October. The petroleum, gas and hydrocarbons ministry extends the deadline for bids for the 12th licensing round for offshore and onshore oil and gas concessions to 10 January 2020. Norway-based Panoro Energy and United States-based hydrocarbons exploration company Vaalco make significant oil discoveries. France-based hydrocarbons exploration company Manuel & Prom signs a joint exploration agreement in the hydrocarbons sector.

Bongo's public appearances allay speculation over his health

President **Ali Bongo Ondimba** (2009-present) made several public appearances in September and October and carried out a number of presidential duties, reducing speculation about the state of his health. Bongo's medical evaluation in **London (United Kingdom)** in August had renewed opposition claims that he was unfit to carry out his presidential duties (see *ARC Briefing Gabon September 2019*). Bongo presided over the swearing-in of **Cour Constitutionnelle** (constitutional court) judges on 24 September, showing improvement in his speech since his televised outing in August.¹ He also made a public appearance on 26 September to receive **Saudi Arabia's** ambassador to Gabon, **Abdulrahman Salam Aldahas**.² Bongo made a symbolic official visit to **Franceville**, the capital of his home province, **Haut Ogooué**, on 27 September, his first official domestic trip since he suffered a stroke in Saudi Arabia in October 2018.³

Bongo's public appearances coincided with a nationwide tour by his chief of cabinet, **Brice Laccruche Alihanga**, with the aim of reassuring the general population about the president's health.⁴ Alihanga reiterated on 4 October at the port city of **Owendo** that Bongo had recovered and no longer required the use of a cane to walk.⁵ Alihanga said Bongo acknowledged that there are too many intermediaries between him and the population and that henceforth he would be in closer contact with the people.⁶ Bongo made a surprise appearance at an event at **Stade Nzeng Yong (Libreville)** on 5 October to mark the end of Alihanga's national tour.⁷ This was Bongo's first such appearance since September 2018.⁸

Bongo has also been attending to his presidential duties. On 2 October he met with an **International Monetary Fund (IMF)** delegation at the presidential palace and presided over a cabinet meeting, after which he announced that he had removed his half-sister, **Pascaline Bongo Ondimba**, from her position as higher representative of the president. Bongo also carried out a mini-cabinet shuffle on 4

¹ Jeune Afrique, 24 Sep 2019

² Gabon Review, 26 Sep 2019

³ Gabon Media Time, 27 Sep 2019

⁴ Jeune Afrique, 4 Oct 2019

⁵ Gabon Review, 5 Oct 2019

⁶ Gabon Review, 5 Oct 2019

⁷ Jeune Afrique, 6 Oct 2019

⁸ Jeune Afrique, 6 Oct 2019

October.⁹ Prime minister **Julien Nkoghe Bekale** announced that **Arnaud Engandji Alandji** would replace **Lambert Mbatha** as minister of decentralisation, cohesion and territorial development.¹⁰ However, Alandji's term was short-lived – he was removed from this position on 6 October and replaced with **Mathias Otounga Ossibadjou**.¹¹ **Prisca Koho** was appointed to the newly established ministry of women and was also named government spokesperson.¹² **Justin Ndoundangoye**, an ally of Alihanga, becomes minister of transport, infrastructure and public works, while **Justine Lekogo** becomes minister delegate of economy in charge of relations with financial institutions.¹³

The cabinet changes did not generate as much attention as Bongo's removal of his half brother, Colonel **Frederic Ondimba Bongo**, as the director general of the **Services speciales de la garde republicaine** (special services of the republican guard).¹⁴ Frederic Ondimba Bongo was in charge of intelligence at the presidency and essentially the eyes and ears of the president.¹⁵ He was replaced by Colonel **Brice Clotaire Oligui Nguema**, the former aide-de-camp of Bongo's father, the late former president **El Hadj Omar Bongo Ondimba** (1968-2009).¹⁶ This was the fourth change in the president's security entourage, as **Park Sang-Chul** (head of security), Bongo's cousin **Steed Rey** (presidential logistics) and **Arsene Emvahou** (aide-de-camp) have all lost their positions in 2019.¹⁷ All these individuals are believed to have clashed with Bongo's increasingly powerful chief of cabinet, Alihanga, during the rehabilitation and recovery period following Bongo's stroke.¹⁸

Bongo's return to Gabon and his increasingly active public presence and involvement in day-to-day presidential activities will reassure the Gabonese population, ruling establishment and international stakeholders. Until September, it was rumoured that Bongo was in a coma. He survived a court bid by the **Appel à Agir** (call to action) pressure group for him to undertake a medical examination to determine if he is fit to hold office (see *ARC Briefing Gabon July-September 2019*). Bongo's former prime minister, **Raymond Ndong Sima**, suggested that continued speculation about the president's health is bad for internal dynamics and is also discouraging investors from making commitments because they do not know who is actually running the country.¹⁹ Bongo's seemingly improving health will be a positive development for Gabon.

IMF praises Gabon's economic reforms and projects 3.4% growth in 2019

The **International Monetary Fund (IMF)** has praised the Gabonese government for enacting economic reforms that have led to a slight economic recovery, and projects economic growth of 3.4% in 2019, compared to 0.8% in 2018.²⁰ An IMF delegation to Gabon from 27 September to 9 October concluded that Gabon has made progress since its economic slowdown started in 2014. However, it suggested that in order to maintain this positive trajectory, the government must fully implement IMF-instructed reforms.²¹

The purpose of the IMF visit, led by **Boileau Loko**, was to carry out the fourth and fifth review of Gabon's Extended Fund Facility (EFF), an economic reform package that Gabon adopted in June 2017.²² According to the IMF, Gabon's economy is recovering slowly, but significant challenges still need to be addressed to generate stronger and more inclusive growth.²³ The IMF reported agreement

⁹ Jeune Afrique, 3 Oct 2019

¹⁰ Gabon Review, 6 Oct 2019

¹¹ Gabon Review, 6 Oct 2019

¹² Gabon Review, 6 Oct 2019

¹³ Gabon Review, 6 Oct 2019

¹⁴ Gabon Review, 16 Oct 2019

¹⁵ Jeune Afrique, 23 Oct 2019

¹⁶ Jeune Afrique, 23 Oct 2019

¹⁷ Jeune Afrique, 23 Oct 2019

¹⁸ Jeune Afrique, 23 Oct 2019

¹⁹ Bloomberg, 5 Sep 2019

²⁰ IMF, 11 Oct 2019

²¹ IMF, 11 Oct 2019

²² IMF, 11 Oct 2019

²³ IMF, 11 Oct 2019

that generating stronger and more inclusive growth requires robust measures and far-reaching reforms to improve governance, increase domestic revenue mobilisation, enhance the management and effectiveness of public finances, and promote a more attractive business environment.²⁴ Loko said Gabonese authorities need to increase social spending and make it more effective to ensure it benefits education and healthcare.²⁵ The IMF predicts that economic growth will reach 4% in the medium-term.²⁶

The IMF review indicates that Gabon's economy is improving, at least in terms of growth and with respect to carrying out structural reforms. However, President Bongo noted in an interview with the state newspaper, **L'Union**, on 15 October that, while growth is good, it is not enough.²⁷ Bongo said the government needs to undertake reforms to improve the lives of Gabonese and that he intends to achieve full employment and develop the agriculture sector.²⁸

Gabon's public bond issue oversubscribed

Economy, finance and national solidarity minister **Roger Mba Owono** announced on 13 October that Gabon had received 126.3 billion FCFA (\$214m) for the public bond issue it carried out from 20 September to 2 October.²⁹ The government had set a target to raise 100 billion FCFA (\$169m).³⁰ The oversubscription for the bond issue is a sign of increasing confidence in the economy following years of economic slump. Prime minister Julien Nkoghe Bekale announced in June the intention to carry out a public bond issue in the second semester of the year (see *ARC Briefing Gabon July 2019*).³¹

Cameroon-based financial asset management company **Attijari Securities Central Africa (ASCA)**, a subsidiary of **Morocco**-based **Attijariwafa Bank**, was appointed to coordinate the operation³² with a mandate to structure, centralise and invest the public securities to be issued.³³ The investment syndicate comprised Gabon-based **BGFI**, **BGFI Bourse**, **BICIG** and **Union Gabonaise de Banques**; Cameroon-based **SCB Cameroun** and **UBA Cameroun**; and **Republic of Congo**-based **Credit du Congo**.³⁴ The maturity period of the bond issue was set at five years with an interest rate of 6.25%.³⁵ The bond issue received interest from banks, insurance companies, pension funds as well as civil servants and private sector workers in Cameroon, **Central African Republic**, **Chad**, Gabon and the Republic of Congo.³⁶ Mba Owono said:

*"The mobilisation illustrates both the interest in Gabon's debt market and the confidence investors in the sub-region place in our economy and in the actions of the state."*³⁷

Director general of debt **Emmanuel Berre** said 41% of funds would go towards equipment and infrastructure, and 18% towards construction of housing and community facilities.³⁸ Road asset management is set to benefit from 16.1% of the money raised, while education and healthcare are set to receive 14.6% and 14% respectively from these funds.³⁹

²⁴ IMF, 11 Oct 2019

²⁵ IMF, 11 Oct 2019

²⁶ IMF, 11 Oct 2019

²⁷ Gabon Review, 16 Oct 2019

²⁸ Gabon Review, 16 Oct 2019

²⁹ Direct Infos Gabon, 14 Oct 2019

³⁰ Direct Infos Gabon, 27 Sep 2019

³¹ Gabon Actu, 26 Jun 2019

³² Gabon Actu, 25 Jun 2019

³³ Direct Infos Gabon, 26 Jun 2019

³⁴ Direct Infos Gabon, 27 Sep 2019

³⁵ Direct Infos Gabon, 27 Sep 2019

³⁶ Direct Infos Gabon, 14 Oct 2019

³⁷ Direct Infos Gabon, 14 Oct 2019

³⁸ Direct Infos Gabon, 1 Oct 2019

³⁹ Direct Infos Gabon, 1 Oct 2019

Since 2018, Gabon has adopted a strategy of contracting domestic and external loans to support investment and refinancing of public debt.⁴⁰ The successful bond issue is a clear indication that the Gabonese government is committed to applying this directive. The bond issue took place as the three-year budget support provided by the IMF is set to conclude in 2020.⁴¹ The IMF support has created conditions that have improved Gabon's macroeconomic state and overall economic prospects, prompting the decision to carry out the bond issue (see above).⁴² These include the implementation of structural reforms that have led to a reduction of the budget deficit, facilitated economic diversification, and fostered greater inclusive growth.⁴³

Important oil discoveries ahead of January 2020 licensing round deadline

Foreign stakeholders in Gabon's hydrocarbons sector made significant discoveries and signed agreements in the course of September and October, demonstrating increased interest in the industry ahead of the 12th licensing round for offshore and onshore oil and gas concessions. **Norway**-based **Panoro Energy** announced on 4 October that it had discovered 40-50m barrels of recoverable oil resources in **Dussafu** offshore permit.⁴⁴ **United States (US)**-based **Vaalco Energy** reported on 18 October that it had found 2.5m-10.5m barrels of oil in **Gamba** reserve.⁴⁵ **France**-based **Manuel & Prom** signed a joint operations agreement worth 53.5 billion FCFA (\$91.2m) with state-owned **Gabon Oil Company (GOC)** and **United Kingdom (UK)**-based **Tullow Oil** on 13 October in relation to exploitation of the **Ezanga** oil block, which produces an estimated 25,000 barrels of oil per day.⁴⁶

Petroleum, gas and hydrocarbons minister **Noel Mboumba** participated in the **Business Council for International Understanding (BCIU) Forum in New York (US)** on 24 September.⁴⁷ The BCIU is a platform that enables senior company executives to interact with high-ranking government officials.⁴⁸ Mboumba presented investment opportunities in the Gabonese economy, particularly in the hydrocarbons sector.⁴⁹ He said that the newly drafted hydrocarbons code would help to improve Gabon's business climate, while the new investment code and investment charter will include provisions related to transferability of funds.⁵⁰ Mboumba met with representatives of US-based energy firms **Chevron**, **Carlyle**, **Kosmos Energy** and **APR Energy**.⁵¹ The interest shown by potential investors, as well as the recent discoveries and renewed commitments by actors already present in Gabon, is positive news for the government.

Gabon is the fifth largest oil producer in Africa with oil accounting for 80% of its exports, 60% of fiscal revenue, and 45% of its GDP.⁵² Gabon is also a member of the **Organization of Petroleum Exporting Countries (OPEC)**.⁵³ Oil production has fallen over the last few years; Gabon experienced peak production of 18 million barrels in 1997.⁵⁴ In 2017, production stood at 198,000 barrels per day but fell by 6% in 2018 to 187,000 barrels.⁵⁵ The drastic reduction has been due in large to the fall in global oil prices, which has negatively impacted the industry since 2014. However, in September, the

⁴⁰ Direct Infos Gabon, 1 Oct 2019

⁴¹ La Libreville, 25 Jun 2019

⁴² La Libreville, 25 Jun 2019

⁴³ La Libreville, 25 Jun 2019

⁴⁴ Agence Ecofin, 4 Oct 2019

⁴⁵ Agence Ecofin, 18 Oct 2019

⁴⁶ Direct Infos Gabon, 13 Oct 2019

⁴⁷ Gabon Media Time, 25 Sep 2019

⁴⁸ Gabon Review, 25 Sep 2019

⁴⁹ Gabon Review, 25 Sep 2019

⁵⁰ Gabon Review, 25 Sep 2019

⁵¹ Gabon Review, 25 Sep 2019

⁵² World Bank, Mar 2018

⁵³ World Oil, 4 Aug 2019

⁵⁴ World Bank, Mar 2018

⁵⁵ Gabon Eco, 5 Apr 2019

economy ministry reported an 11.4% increase in production during the first half of 2019, compared to 2018, with 2.6m tonnes of oil produced.

The signature of two exploration contracts by **Malaysia-based Petrolian Nasional Bhd (Petronas)** in August (see *ARC Briefing Gabon August 2019*)⁵⁶ may motivate potential investors while the sale of 35 oil and gas blocks are still up for sale. Interested parties can take advantage of the extension until 10 January 2020 for submission of bids for shallow and deep-water exploitation licences.⁵⁷ The call for tenders was launched in November 2018 and was originally set to conclude on 30 September.⁵⁸ The **Direction Générale des Hydrocarbures** (director general for hydrocarbons) has appointed UK-based **Spectrum Geo** as the government's technical partner in the promotion of this licensing cycle.⁵⁹

Planner

10 Jan 2020 **(Gabon)** Deadline for tender submissions for 12th round of petroleum licences
 Late 2020/early 2021 **(Gabon)** Senate elections
 2023 **(Gabon)** Local and national assembly elections

Chronology

18 Oct 2019 **Libreville (Gabon)** *Agence Ecofin*. **United States**-based petroleum company **Vaalco** announces discovery of oil in the **Etame** oil field after a month of exploration;

16 Oct 2019 **Libreville (Gabon)** *Direct Infos Gabon*. The 2020 national budget is set for 3,300 billion FCFA (\$5.6 billion);

13 Oct 2019 **Libreville (Gabon)** *Gabon Review*. Gabon raised 126.3 billion FCFA (\$212.3m) for a bond issue launched in the **Communauté Economique et Monétaire de l'Afrique Centrale** (economic and monetary community of central African states), surpassing its target of 100 billion FCFA (\$168.1m)

13 Oct 2019 **Libreville (Gabon)** *Direct Infos Gabon*. **International Monetary Fund (IMF)** review mission expresses satisfaction with progress made under three-year economic reform programme;

11 Oct 2019 **Libreville (Gabon)** *Direct Infos Gabon*. The three mobile phone operators in Gabon – **Gabon Telecom, Moov** and **Airtel Gabon** – generated 108 billion FCFA (\$181.5m) by 30 June 2019, an 11.5% increase compared to 2018;

11 Oct 2019 **Libreville (Gabon)** *Gabon Review*. The petroleum and hydrocarbons ministry extends to 10 January 2020 the deadline for submission of bids for the 12th call for tenders for allocation of oil exploration licences in shallow and deep waters;

5 Oct 2019 **Libreville (Gabon)** *RFI*. President **Ali Bongo Ondimba** makes his first public speech since suffering a stroke in October 2018 at a rally at the **Nzeng Ayong** stadium in Libreville;

5 Oct 2019 **Libreville (Gabon)** *Direct Infos Gabon*. **Norway-based Panoro Energy** discovers an oil well with an estimated 50m barrels of oil;

4 Oct 2019 **Libreville (Gabon)** *Gabon Review*. Prime minister **Julien Nkoghe Bekale** carries out a minor cabinet reshuffle in three ministerial departments;

3 Oct 2019 **Libreville (Gabon)** *Direct Infos Gabon*. The **International Monetary Fund (IMF)** says it will work with the Gabonese government to develop a new investment code;

⁵⁶ Jeune Afrique, 5 Aug 2019

⁵⁷ Gabon Review, 10 Oct 2019

⁵⁸ Gabon Review, 10 Oct 2019

⁵⁹ Gabon Review, 25 Sep 2019

3 Oct 2019 **Libreville (Gabon)** *Direct Infos Gabon*. The **Direction Générale de l'Economie et Politique Fiscale** (general directorate for the economy and fiscal policy) reports Gabon produced 3m tonnes of manganese during the first semester of activities, a 26% increase from 2018;

3 Oct 2019 **Libreville (Gabon)** *Direct Infos Gabon*. The **Direction Générale de la Dette** (general directorate for debt) says Gabon's public debt increased by 7% during the first quarter of 2019 compared to 2018 and currently stands at 5,102 billion FCFA (\$8.5 billion);

29 Sep 2019 **Libreville (Gabon)** *Jeune Afrique*. **France**-based **Groupe Suez** confirms it is only interested in taking over the water management activities of **Société d'Énergie et d'Eau du Gabon (SEEG)** and not the electricity management component;

28 Sep 2019 **Libreville (Gabon)** *Gabon Review*. Economy ministry reports that oil production rose by 11.4% during the first semester of activities;

26 Sep 2019 **Libreville (Gabon)** *Direct Infos Gabon*. **Comilog**, the local branch of **France**-based **Eramet**, announces it has invested 1,800 billion FCFA (\$3 billion) in Gabon during the period from 2012 to 2019;

26 Sep 2019 **Libreville (Gabon)** *Gabon Review*. **Australia**-based **Apollo Minerals** says it is set to commence exploitation activities at the **Kroussou** zinc project;

25 Sep 2019 **Libreville (Gabon)** *Gabon Review*. Gabon is set to launch a 100 billion FCFA (\$169m) bond loan on the **Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC)** (economic and monetary community of Central Africa) market;

24 Sep 2019 **Libreville (Gabon)** *Agence Ecofin*. The Gabonese government, **World Bank**, the **African Development Bank (AfDB)** and **China**-based **AVIC International Holding Corporation** have mobilised 156 billion FCFA (\$264.6m) to develop a new vocational training strategy;

24 Sep 2019 **Libreville (Gabon)** *Gabon Review*. President **Ali Bongo Ondimba** presides over the swearing-in ceremony of **Cour Constitutionnelle** (constitutional court) judges, marking his first public appearance since he went to **London (United Kingdom)** for medical treatment in August;

20 Sep 2019 **Libreville (Gabon)** *Gabon Review*. The economy ministry says oil production dropped by 8% from 76.6m in 2017 to 70.4m in 2018;

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