

AFRICA RISK CONSULTING

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Prime minister Julien Nkoghe Bekale reshuffles the agriculture, defence and energy ministries. The Gabonese government and France-based Veolia reach an agreement in terms of which Gabon will purchase Veolia's 51% share in Société d'Énergie et d'Eau du Gabon (SEEG). Gabon's score in Transparency International's 2018 Corruption Perceptions Index (CPI) falls from 32/100 in 2017 to 31/100 in 2018, ranking 124th out of 180 countries surveyed.

New ministers for agriculture, defence and energy ...

Gabon's newly appointed prime minister, **Julien Nkoghe Bekale**, carried out a cabinet reshuffle on 28 January which saw the replacement of ministers in the agriculture, defence and energy departments.¹ This is the second cabinet shuffle since President **Ali Bongo Ondimba** (2009-present) named a new government on 12 January.² **Bitam** member of parliament (MP) **Tony Mba Ondo** replaces **Christian Magnagna** as energy minister while **Biendi Moussavou** replaces **Ali Akkbar Onango Y Obegue** as agriculture minister.³ Onango Y Obegue, who has also served as Gabon's ambassador to **Saudi Arabia**, had only been agriculture minister since the 12 January cabinet shuffle.⁴ His dismissal reportedly came in response to a request by agriculture industry stakeholders to have Moussavou at the helm of the agriculture ministry.⁵

The most surprising change was the replacement of **Etienne Massard Kabinga Makage** as defence minister.⁶ Kabinga Makage is a member of President Bongo's inner circle and had held the position of defence minister since 2016.⁷ **Rose Christiane Ossouka Raponda** replaces Kabinga Makage.⁸ Ossouka Raponda was mayor of **Libreville** from 2014 until her latest appointment as defence minister.⁹ She also held the position of budget minister from 2012-2014 and was rumoured to be a possible candidate to replace former prime minister **Emmanuel Issoze Ngondet** in the lead up to the 12 January cabinet shuffle.¹⁰ She is reported to have a close relationship with President Bongo's mother, **Patience Dabany**,¹¹ and **Cour Constitutionnelle** (constitutional court) president **Marie-Madeleine Mborantsuo**, who has two children with former president **Omar Bongo** (1967-2009).¹²

There is wide speculation that Kabinga Makage's dismissal was a result of the army mutiny that took place on 7 January.¹³ Despite a reputation for being strict, Kabinga Makage's ability to handle the position of defence minister was called into question in the aftermath of the army mutiny.¹⁴ Sources at

¹ RFI, 31 Jan 2019

² RFI, 31 Jan 2019

³ Jeune Afrique, 30 Jan 2019

⁴ Jeune Afrique, 4 Feb 2019

⁵ Jeune Afrique, 30 Jan 2019

⁶ Jeune Afrique, 30 Jan 2019

⁷ Jeune Afrique, 4 Feb 2019

⁸ RFI, 31 Jan 2019

⁹ Jeune Afrique, 2 Feb 2019

¹⁰ Jeune Afrique, 2 Feb 2019

¹¹ RFI, 31 Jan 2019

¹² Jeune Afrique, 2 Feb 2019

¹³ RFI, 31 Jan 2019

¹⁴ Jeune Afrique, 30 Jan 2019

the presidency indicate that Kabinga Makage was accused of failing to resolve the problems that were raised by the army; the mutiny made his removal just a matter of time.¹⁵

Kabinga Makage's dismissal also appears to stem from the ongoing infighting within the ruling establishment resulting from President Bongo's absence from Gabon while he recuperates in **Morocco** from the stroke he suffered in October (see *ARC Briefing Gabon Oct 2018-Jan 2019*).¹⁶ Kabinga Makage reportedly belongs to a moderate faction consisting of former prime minister **Emmanuel Isoze Ngondet** and interior minister **Lambert Noel Mbatha**.¹⁷ These leaders appear determined to respect the rules and institutions prescribed by the constitution in taking decisions, and will act in the interests of the country rather than for group interests.¹⁸ Kabinga Makage has been at loggerheads with President Bongo's powerful chief of cabinet, **Brice Laccruche Alihanga**.¹⁹ Alihanga belongs to a faction that includes presidential spokesperson **Ike Ngouoni** and first lady **Sylvia Bongo**.²⁰ Kabinga Makage, in tandem with the director general of the **Services special de la garde présidentielle** (presidential guard special services) (intelligence branch), **Frederic Bongo** (President Bongo's half brother), initially prevented Alihanga from seeing President Bongo in **Saudi Arabia** on three occasions following his stroke.²¹ This was despite the fact that the first lady invited Alihanga to visit the president.²² These incidents took place at the **Libreville** airport, where Alihanga was also threatened with arrest.²³ Currently Alihanga has unlimited access to President Bongo.²⁴

Due to President Bongo's recuperation in Morocco, the presidency issued a communiqué on 11 February that Oussouka Raponda would be sworn-in as defence minister at the Gabonese embassy in **Rabat** (Morocco).²⁵ The communiqué also indicated the new minister would be accompanied by members of the constitutional court who, according to Article 15 of the constitution, must be present at the swearing in ceremony.²⁶ Opposition **Coalition pour la Nouvelle République (CNR)** spokesperson **Jean Ntoutoume Ayi** criticised the move as a further indication of President Bongo's inability to carry out his presidential duties:

"In which country has the constitutional court been moved to carry out its functions in a foreign country?"²⁷

Gabon's political scene continues to be affected by the ill health and absence of President Bongo and the infighting between members of his inner circle. The 28 January cabinet shuffle also reflects the impact of the failed 7 January coup on political events. The infighting will continue to impact governance as well as major decision-making exercises in Gabon until there is more clarity about the state of President Bongo's health.

Gabon purchases Veolia's 51% stake in SEEG

The Gabonese government and **France**-based **Veolia** have reached an agreement in terms of which Gabon will purchase Veolia's 51% share in **Société d'Énergie et d'Eau du Gabon (SEEG)**.²⁸ The agreement brings to an end the dispute between the parties that started in February 2018 when the Gabonese government terminated SEEG's contract for the production, distribution and commercial

¹⁵ Jeune Afrique, 4 Feb 2019

¹⁶ RFI, 31 Jan 2019

¹⁷ Jeune Afrique, 14 Jan 2019

¹⁸ Source, Gabon analyst

¹⁹ Jeune Afrique, 2 Feb 2019

²⁰ Jeune Afrique, 13 Jan 2019

²¹ Jeune Afrique, 2 Feb 2019

²² Jeune Afrique, 2 Feb 2019

²³ Jeune Afrique, 2 Feb 2019

²⁴ Jeune Afrique, 2 Feb 2019

²⁵ Jeune Afrique, 11 Feb 2019

²⁶ Jeune Afrique, 11 Feb 2019

²⁷ RFI, 13 Feb 2019

²⁸ La Tribune Afrique, 19 Feb 2019

sale of electricity and water (see *ARC Briefing Gabon March 2018*).²⁹ Former water and energy minister **Patrick Eyogo Edzang** announced on 16 February 2018 that Veolia's Gabonese subsidiary SEEG would have their concession contract ended with immediate effect.³⁰ Eyogo Edzang accused SEEG of causing environmental pollution and providing poor quality service.³¹ The termination of the contract led to the requisition of Veolia's 51% share in the SEEG joint venture with the government.³² Eyogo Edzang appointed an interim management team on 19 February to establish a one-year roadmap for SEEG.³³

Veolia countered the government's allegations stating that the Gabonese government owed them over 44 billion FCFA (\$82m).³⁴ Gabonese authorities refuted this allegation, stating that Veolia owed them 27 billion FCFA (\$50.8m).³⁵ Veolia sought legal recourse on 8 March 2018 via the **International Centre for Settlement of Investment Disputes (ICSID)** at the **World Bank** to settle the matter.³⁶ However, the new agreement stipulates that all court proceedings with respect to this case be stopped.³⁷

Although the case had been at ICSID since March 2018, there had been rumours over the last few months about the possibility of an out of court settlement.³⁸ In November, Veolia vice president for the Middle East and Africa **Patrice Fonlladosa**, president Bongo's chief of staff Brice Laccruche Alihanga and deputy chief of staff **Roger Owono Mba**, agreed that the SEEG case should be withdrawn from court.³⁹ A memorandum of understanding (MOU) was to be drawn up by the legal counsels of the respective parties, **Olivier Cren** of France-based **Poulain & Associés** for the Gabonese government, and **Dany Khayat** of **United States (US)**-based **Mayer Brown**, representing Veolia.⁴⁰ The MOU stipulated the Gabonese government would purchase 51% of Veolia's stake in SEEG for €45m (\$51m).⁴¹ The agreement was finalised in **Paris** (France) on 18 February.⁴²

The decision to pursue an out of court settlement appeared improbable until August. The parties failed to reach an amicable settlement during conciliation on 7 May.⁴³ Arbitration proceedings began in September after the appointment of judges and a president of the court.⁴⁴ The possibility of the court case lasting up to three years appears to have made the option of an out of court settlement more attractive.⁴⁵ For the Gabonese authorities, an extended court case would have been detrimental, as the requisition period initiated by the government over SEEG was set to expire on 16 February.⁴⁶

Despite the end to the dispute, many questions remain unanswered with respect to the legal status and functioning of SEEG. The requisition period ended on 16 February, meaning that there is currently no legal service provider in control of SEEG.⁴⁷ Newly appointed water and energy minister Tony Mba Ondo said:

"The management of the company during this transitional phase is contained in the transaction protocol and is therefore confidential. The public service will continue normally in accordance

²⁹ Jeune Afrique, 16 Feb 2018

³⁰ Jeune Afrique, 16 Feb 2018

³¹ Jeune Afrique, 20 Feb 2019

³² Jeune Afrique, 16 Feb 2018

³³ Jeune Afrique, 20 Feb 2019

³⁴ Jeune Afrique, 8 Mar 2018

³⁵ Jeune Afrique, 8 Mar 2018

³⁶ News24, 9 Mar 2018.

³⁷ La Tribune Afrique, 19 Feb 2019

³⁸ Gabon Review, 19 Feb 2019

³⁹ Jeune Afrique, 14 Jan 2019

⁴⁰ Jeune Afrique, 14 Jan 2019

⁴¹ Jeune Afrique, 14 Jan 2019

⁴² La Tribune Afrique, 19 Feb 2019

⁴³ Jeune Afrique, 14 Jan 2019

⁴⁴ Jeune Afrique, 14 Jan 2019

⁴⁵ Jeune Afrique, 14 Jan 2019

⁴⁶ La Tribune Afrique, 19 Feb 2019

⁴⁷ Jeune Afrique, 20 Feb 2019

*with the provisions in force. In the coming days, a board of directors and a general meeting will be held in order to finalise the share buyback process and to take action."*⁴⁸

It is unknown whether an international call for tenders will be launched or whether the Gabonese government intends to maintain the monopoly that Veolia exercised in the domain of electricity and water production, distribution and commercialisation from 1997 until 2018.⁴⁹ During the negotiations to renew Veolia's concession in 2017, there were suggestions that SEEG should have separate water and electricity entities.⁵⁰ A source at the water and energy ministry notes there has been significant underinvestment by SEEG, as the infrastructure network for water and electricity production has not kept pace with population.⁵¹ However, in the event that the government intends to sell its shares in SEEG, this could be an attractive area of investment for potential investors.⁵²

Is Gabon becoming more corrupt?

Gabon has regressed for the second consecutive year in **Transparency International's Corruptions Perception Index (CPI)**. The fall in Gabon's CPI ranking is bad news for the government if it hopes to attract foreign investors. The CPI is designed to give a sense of public sector corruption and rates countries on a scale of zero (highly corrupt) to 100 (very clean).⁵³ In TI's 2018 CPI Gabon received a score of 31 out of 100, and was ranked 124th out of 180 countries.⁵⁴ Gabon fell from its ranking of 117th place (32 points) in 2017.

TI CPI Rankings for Gabon ⁵⁵					
	2018	2017	2016	2015	2014
Ranking	124/180	117/180	101/176	98/168	94/175
Score (out of 100)	31	32	35	34	37

Gabon launched its "**Operation Mamba**" campaign to address corruption in 2017.⁵⁶ Through "Operation Mamba" the government has arrested high-ranking officials such as former petroleum minister **Etienne Ngoubou** and former minister of public works **Magloire Ngambia** on charges of committing corrupt acts.⁵⁷ The government also created the **Commission Nationale de Lutte Contre l'Enrichissement Illicite (CNLCEI)** (national commission against undue enrichment) to address corruption.⁵⁸ However, these efforts appear to have been insufficient to yield an improvement in Gabon's 2018 CPI rankings. Despite the disappointing result, Gabon remains the least corrupt nation in the **Communauté Economic et Monétaire de l'Afrique Centrale (CEMAC)** (economic and monetary union of **Central Africa**). Gabon has been the best performer in the CEMAC region in the CPI rankings since 2012.⁵⁹

⁴⁸ Jeune Afrique, 20 Feb 2019

⁴⁹ Jeune Afrique, 20 Feb 2019

⁵⁰ Jeune Afrique, 20 Feb 2019

⁵¹ Jeune Afrique, 20 Feb 2019

⁵² Jeune Afrique, 20 Feb 2019

⁵³ Corruption Perceptions Index, 29 Jan 2019

⁵⁴ Corruption Perceptions Index, 29 Jan 2019

⁵⁵ www.transparency.org

⁵⁶ Direct Infos Gabon, 30 Jan 2019

⁵⁷ Jeune Afrique, 19 Mar 2018

⁵⁸ Direct Infos Gabon, 30 Jan 2019

⁵⁹ Corruption Perceptions Index, 29 Jan 2019

TI CPI Rankings 2018: Regional comparison (CEMAC)

	Gabon	Cameroon	Central African Republic	Congo Republic	DRC
Ranking	105/180	152/180	149/180	165/180	161/180
Score	35	25	26	19	20

Planner

30 Sep 2019 **Libreville (Gabon)** *Direct Infos Gabon*. Deadline for tender submissions for the 12th round of petroleum licences

2019 **Libreville(Gabon)** Gabon set to adopt new hydrocarbons code

Chronology

19 Feb 2019 **Paris (France)** *La Tribune Afrique*. Gabonese government signs agreement to purchase 51% of France-based **Veolia's** share of its Gabonese subsidiary, **Société d'Énergie et d'Eau du Gabon (SEEG)**, for the sum of \$51m;

17 Feb 2019 **Libreville (Gabon)** *Gabon Review*. **Total Gabon**, the local subsidiary of France-based **Total**, registered turnover in 2018 of \$905m;

17 Feb 2019 **Libreville (Gabon)** *Direct Infos Gabon*. The **United Nations Conference on Commerce Trade and Development (UNCTAD)** reports that Gabon obtained \$1.5 billion in foreign direct investment (FDI) in 2018, an increase from the \$700m in FDI it obtained in 2017;

7 Feb 2019 **Libreville (Gabon)** *Direct Infos Gabon*. The **African Development Bank** grants Gabon a \$132.6m loan to rehabilitate and expands Libreville's water network;

Feb 2 2019 **Libreville (Gabon)** *Gabon Review*. **United States-based Forbes Magazine** ranks Gabon 37th out of 47 countries of best **African** countries in which to do business;

29 Jan 2019 Berlin **(Germany)** *Transparency International*. Gabon registers a score of 31/100 and ranks 124 out of 180 countries in **Transparency International's** 2018 **Corruption Perception Index**, dropping from its score of 32 and 117th place in 2017;

29 Jan 2019 **Libreville (Gabon)** *Direct Infos Gabon*. The **Direction Générale des Hydrocarbures du Gabon** pushes the deadline for tender submissions for the 12th round of petroleum licences from June to September 2019;

Jan 28 2019 **Libreville (Gabon)** *Jeune Afrique*. Prime minister **Julien Nkoghe Bekale** nominates new ministers of agriculture, defence and energy;

18 Jan 2019 **Abidjan (Cote d'Ivoire)** *Direct Infos Gabon*. The **African Development Bank (AFDB)** predicts Gabon will register 3.4% gross domestic product (GDP) economic growth in 2019;