

AFRICA RISK CONSULTING

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Prime minister Rose Christiane Ossouka Raponda presents the government's economic agenda to the Assemblée Nationale (national assembly), noting the challenges that Gabon has faced as a result of the Covid-19 pandemic. Ossouka Raponda forecasts Gabon's economy to contract by 4.9% in 2020, underlining the need to improve Gabon's business environment and accelerate public investment projects. The International Monetary Fund (IMF) predicts Gabon's public debt will exceed the high-risk benchmark of 70% for Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC) (economic and monetary community of Central Africa) member states and reach 74.7% of GDP during the 2020/21 financial year. Libreville mayor Léandre Nzué is arrested on corruption charges and imprisoned in the Libreville Central Prison as the government recommences its Operation Scorpion anti-corruption campaign.

Prime minister outlines government's economic agenda ...

Prime minister **Rose Christiane Ossouka Raponda** presented the government's political, social and economic agenda to the **Assemblée Nationale** (national assembly) on 4 September. It was Ossouka Raponda's first major policy pronouncement since her appointment in July as Gabon's first female prime minister.¹ Ossouka Raponda noted that the economic and health crisis resulting from the **Covid-19** pandemic was the most difficult scenario **Gabon** has faced in its disruption of social and economic activities across the country. The prime minister thanked President **Ali Bongo Ondimba** (2009-present) for the measures he and his government have taken to deal with the pandemic, noting the increasing rate of recoveries and lifting of restrictions as positive signs.² Ossouka Raponda said the government would implement a special investment programme for the healthcare sector from 2020-2022, which would entail the establishment of new health centres, training more health personnel, directing more attention towards HIV/AIDS, malaria and tuberculosis treatment, and increasing access to affordable drugs.

Ossouka Raponda acknowledged the pandemic had led to a significant slowdown in economic activities, which will see a major drop in government revenue in the short term.³ Real gross domestic product (GDP) is set to fall by 1.9%, with economic contraction of 4.9% expected, compared to the pre-Covid-19 estimate of 3.8% growth.⁴ Ossouka Raponda said economic revival, good governance, improving the quality of life for Gabonese and controlling health risks related to Covid-19 would be the main pillars guiding government action in the current economic downturn.⁵

The prime minister also stated the need to improve Gabon's business environment. This echoes appeals by Gabon's largest business lobby, the **Confédération Patronale du Gabon (CPG)** (Gabonese entrepreneurs' confederation) for the government to improve the business environment in order to stimulate economic activity (see *ARC Briefing Gabon June 2020*). Gabon's ranking in the annual **World Bank Doing Business** rankings has seen a gradual fall in Gabon's position over the past few years

¹ Gabon Media Time, 4 Sep 2020

² Gabon Media Time, 4 Sep 2020

³ Gabon Media Time, 4 Sep 2020

⁴ Gabon Media Time, 4 Sep 2020

⁵ Gabon Media Time, 4 Sep 2020

(see *ARC Briefing Gabon November 2019*).⁶ Gabon ranked 169th out of 190 countries in the 2020 rankings, unchanged from its 2019 position, but five places lower than its 2017 ranking of 164.⁷

Ossouka Raponda noted the need to accelerate the completion of public investment projects and to adopt innovative financing mechanisms such as Public-Private Partnerships (PPPs) to build infrastructure that will stimulate economic development. The prime minister cited the example of the 748-km **Transgabonaise** highway, which runs from **Libreville** to **Franceville** and will connect the eastern and western regions of Gabon.⁸ The **Société Autoroutière Gabonaise (SAG)**, owned by **France**-based investment firm **Meridiam** and **Arise IPP**, a branch of **Singapore**-based agro-industrial giant **Olam**, will manage the highway project. The SAG has selected **India**-based **AFCONS** to undertake the three-year project.⁹ **Meridiam Afrique** CEO **Mathieu Peller** noted that the initiative will generate opportunities for Gabon's small and medium-sized enterprises (SMEs).¹⁰ The project will create 2,000 jobs, with work set to begin by the end of 2020.

Still in the domain of PPP's, Ossouka Raponda mentioned the construction of hydroelectric dams across the country. These include **Kinguele Aval**, which has also received financing from Meridiam and will be constructed by **China**-based **Sinohydro**. Together with the construction of the **Ngoulmendjim** and **Dibwangui** dams, the project will create 2,350 jobs and increase access to energy supply.¹¹

The **Gabon Special Economic Zone (GSEZ)** at **Nkok**, which is operated by **Olam Gabon**, will be relied upon significantly to expand PPPs.¹² The government will approach the GSEZ to develop two wood processing units at Franceville and **Lambaréné**, in a bid to replicate the highly successful wood transformation facility at Nkok.¹³ Forestry minister **Lee White** estimates that the timber sector could create 200,000 jobs in Gabon by 2030.¹⁴ In the domain of agriculture, the state has reserved 50,000 hectares of land registered in agricultural areas with high productivity (ZAP), in **Andem, Kango, Bifoun, Idemba** and **Mboukou**.¹⁵ Five landing centres for fishery products are under construction in **Cocobeach, Franceville, Mouila, Makokou** and **Mayumba**.¹⁶

The government's objective to diversify the economy, pursue job creation and improve livelihoods is ambitious in the context of Gabon's second economic recession in less than a decade.¹⁷ The **United Nations Development Programme (UNDP)** indicates that over the last six months, Gabon lost 104,000 jobs.¹⁸ The **Office National de l'Emploi (ONE)** (national employment office) reported in August that the unemployment rate hit 19.6%, the highest amongst member states of the **Economic Community of Central African States (ECCAS)** (see *ARC Briefing Gabon August 2020*).¹⁹

Along with growing unemployment, increasing poverty is a serious concern in Gabon. In its poverty assessment of Gabon, the World Bank reported on 31 August that in 2017, 749,000 individuals or 33% of Gabon's population of 2 million people were living in a state poverty, including 220,000 in extreme poverty.²⁰ The highest poverty levels were registered in the economic capital **Port Gentil**, with 157,000 individuals (78%) and Libreville with 44,000 individuals (26%).²¹ Overall poverty

⁶ Gabon Media Time, 4 Sep 2020

⁷ World Bank, 24 Oct 2019

⁸ Direct Infos Gabon, 7 Sep 2020

⁹ Direct Infos Gabon, 11 Sep 2020

¹⁰ Direct Infos Gabon, 11 Sep 2020

¹¹ Gabon Media Time, 4 Sep 2020

¹² Gabon Media Time, 4 Sep 2020

¹³ Gabon Media Time, 4 Sep 2020

¹⁴ Gabon Review, 27 Aug 2020

¹⁵ Gabon Media Time, 4 Sep 2020

¹⁶ Gabon Media Time, 4 Sep 2020

¹⁷ ARC Gabon Analyst

¹⁸ Gabon Media Time, 16 Sep 2020

¹⁹ Gabon Review, 12 Aug 2020

²⁰ Gabon Media Time, 1 Sep 2020

²¹ Direct Infos Gabon, 4 Sep 2020

increased from 541,000 in 2005, when the previous assessment was undertaken.²² The World Bank suggests that despite its status as a middle-income nation, Gabon has not put in place the infrastructural and institutional foundations necessary for inclusive development and overall improvement of living conditions.²³

Economy and recovery minister **Jean-Marie Ogandaga** has promised to develop a Covid-19 economic recovery plan. The plan entails structural economic reforms and sectoral investments to accelerate economic diversification, strengthen health infrastructure, protect the most vulnerable households and support the private sector. Ogandaga noted that he would take into consideration suggestions of the **International Monetary Fund (IMF)** and UNDP to improve Gabon's current economic situation. Despite the gloomy prospects, the IMF predicts Gabon will see 2.1% economic growth in 2021.²⁴

... as Gabon's debt situation continues to deteriorate

The government's economic agenda is set against the backdrop of rapidly increasing debt. The IMF forecasts Gabon's public debt will exceed the high risk benchmark of 70% for **Communauté Economique et Monétaire de l'Afrique Centrale (CEMAC)** (economic and monetary community of **Central Africa**) member states and reach 74.7% of GDP in the 2020/21 financial year.²⁵ This is due to the accumulation of past domestic arrears that were validated as outstanding debt in 2019, a widening budget deficit, and slow growth. In July, economy and recovery minister Jean-Marie Ogandaga attempted to dispel concerns about public debt, stating that at the end of March, Gabon's debt stood at 5,400 billion FCFA (\$9.7 billion), putting its debt-to-GDP ratio at 54% (see *ARC Briefing Gabon August 2020*).²⁶ While the IMF projects that the debt ratio will decrease to 60.2% by 2025, it suggests that Gabon needs to develop a more coherent strategy for managing its debt and prudent fiscal policy.²⁷ The IMF expressed doubt about Gabon's oil revenue estimates in the supplementary finance law, which parliament adopted in June.²⁸ According to the IMF, the new legal framework does not take into account the 21% reduction in oil production imposed by the **Organisation of Petroleum Exporting Countries (OPEC)** on its member states in March²⁹ in the wake of the ongoing global oil price shocks.³⁰ Although oil prices are hovering around \$41 per barrel, higher than the \$30 per barrel stated in the finance bill, oil revenue is set to fall by 68 billion FCFA (\$122.8m), or 0.7% of GDP.³¹ According to the World Bank, Gabon's oil sector has accounted for 80% of exports, 45% of GDP and 60% of fiscal revenue on average over the past five years.³²

Further underlining Gabon's unfavourable current financial status, the **Direction Générale de la Comptabilité Publique et du Trésor (DGCPT)** (general directorate of public accounts and the treasury) projected on 14 September that budget revenues will reach 1,565 billion FCFA (\$2.835 billion) in 2020, compared to 2,030.6 billion FCFA (\$3.679 billion) collected in 2019, indicating a 22.9% decrease.³³ The DGCPT reported that tax revenue collected in the first quarter dropped to 102.1 billion FCFA (\$183.8m) compared to 119.2 billion FCFA (\$214.6m) during the first quarter of 2019, a 14.3% decrease. The DGCPT attributed the fall in revenue to the decision by the **Direction Générale des Impôts (DGI)** (general tax directorate) to rearrange the tax collection schedule to enable individuals and legal entities to deal with the economic fallout of Covid-19.³⁴

²² Direct Infos Gabon, 4 Sep 2020

²³ Gabon Media Time, 31 Aug 2020

²⁴ Direct Infos Gabon, 7 Sep 2020

²⁵ Gabon Review, 31 Aug 2020

²⁶ Direct Infos Gabon, 28 Jul 2020

²⁷ Gabon Review, 31 Aug 2020

²⁸ Gabon Review, 31 Aug 2020

²⁹ CNBC, 6 Mar 2020

³⁰ Gabon Review, 31 Aug 2020

³¹ Gabon Review, 31 Aug 2020

³² World Bank, 4 Oct 2019

³³ Direct Infos Gabon, 14 Sep 2020

³⁴ Gabon Review, 1 Sep 2020

Gabon-based economist **Mays Mouissi** has publicly criticised Gabon's increasing public debt. However, during an interview with France-based **TV5**, prime minister Ossouka Raponda defended Gabon's rising debt, stating that all countries need to contract debt in order to foster development.³⁵ **United States**-based credit rating agencies **Moody's** and **Fitch Ratings** have both noted the risks facing Gabon in relation to its increasing public debt (see *ARC Briefing Gabon April and July 2020*).

Libreville mayor arrested as anti-corruption campaign recommences

Libreville mayor **Léandre Nzué** is facing charges related to mismanagement in his capacity as mayor.³⁶ Nzué's arrest marks the recommencement of arrests related to Gabon's anti-corruption drive, dubbed **Operation Scorpion**. The anti-corruption drive saw the arrest of more than 20 high-ranking Gabonese officials from November to January (see *ARC Briefing Gabon November-December 2019 and January 2020*).

The **Direction Générale de la Contre-Ingérence et de la Sécurité Militaire (DGCISM)** (general directorate of counter-interference and military security), popularly known as **B2**, summoned Nzué for questioning on 4 September and held him in custody for four days. The DGCISM summoned him for further questioning on 11 September.³⁷ Nzué was set to appear before the public prosecutor at the **Cour Criminelle Spéciale** (special criminal court) on 14 September, but suffered a heart attack before the hearing and was taken to the **Hôpital d'Instruction des Armées** (military hospital).³⁸

State prosecutor **André Patrick Ropon** declared on 16 September that Nzué would face eight charges, including money laundering, extortion of funds, corruption, misappropriation of public funds, criminal association, blackmail, forgery, use of forgery and complicity in forgery and concussion.³⁹ Two of Nzué's alleged collaborators, Libreville inspector general **Christian Enghot** and **Ramses Ekoni**, who served as Nzué's political adviser, were also arrested on charges related to corruption and mismanagement at the municipality.⁴⁰ Nzué is currently imprisoned at the **Libreville Central Prison**. **Estuaire** province governor **Rigobert Ikambouyat Nkeda** issued a decree on 17 September appointing **Serge William Akassaga** as interim mayor for three months until a municipal council is organised to select someone permanently.⁴¹

Nzué is a prominent and well-connected figure in Gabon's political spectrum. He served as public service minister from 1992-1997 and was a presidential adviser to President Bongo from 2014 to 2016. Nzué was a protégé of President Bongo Ondimba's now imprisoned former cabinet director, **Brice Laccruche Alihanga**, who has seen many of his closest collaborators imprisoned under the anti-corruption campaign.⁴² Nzué is a nephew of Gabon's founding president, **Léon Mba** (1961-1967).

Nzué became mayor of Libreville in February 2019⁴³ after his predecessor, current prime minister Rose Christiane Ossouka Raponda, was appointed as defence minister in January 2019.⁴⁴ On becoming mayor, Nzué declared that his mandate would prioritise good governance and transparency. However, **Gregory Laccruche Alihanga**, the now imprisoned mayor of Greater Libreville commune **Akanda**, seemingly implicated Nzué in acts of corruption in his capacity as mayor. Gregory Laccruche Alihanga was arrested in November under Operation Scorpion.

Operation Scorpion has caught other high-ranking officials in its net and further arrests are likely. **Marine Marchande** (merchant navy) director general **Martin Ndong Ntoutoume** and former

³⁵ TV5, 9 Sep 2020

³⁶ Direct Infos Gabon, 16 Sep 2020

³⁷ Direct Infos Gabon, 12 Sep 2020

³⁸ Jeune Afrique, 15 Sep 2020

³⁹ Direct Infos Gabon, 16 Sep 2020

⁴⁰ Direct Infos Gabon, 14 Sep 2020

⁴¹ Gabon Media Time, 18 Sep 2020

⁴² Direct Infos Gabon, 16 Sep 2020

⁴³ Jeune Afrique, 13 Sep 2019

⁴⁴ Jeune Afrique, 15 Sep 2020

merchant navy director general **Ruben Nzibe** were arrested on 11 and 17 September respectively, on charges of embezzling 2 billion FCFA (\$3.6m) from the institution.⁴⁵

Planner

2020 **(Gabon)** Legislative by-elections, scheduled for April, new date TBA

2020 **(Gabon)** Deadline for tender submissions for 12th round of petroleum licences, scheduled for April, new date TBA

Late 2020/early 2021 **(Gabon)** Senate elections

2023 **(Gabon)** Local and national assembly elections

Chronology

18 Sep 2020 **Libreville (Gabon)** *Gabon Media Time*. **Serge William Akassaga** has been appointed as interim mayor of Libreville;

16 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. State prosecutor **André Patrick Ropon** declares **Léandre Nzué** is accused of eight different charges in relation to his functions as mayor of Libreville;

15 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The **United Nations Development Programme (UNDP)** reports that Gabon spends 450 billion FCFA (\$813m) on food imports annually;

14 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The **Direction Générale de la Comptabilité Publique et du Trésor** (general directorate of public accounts and the treasury) projects budget revenues of 1,565 billion FCFA (\$2.835 billion) in 2020 compared to 2,030.6 billion FCFA (\$3.679 billion) collected in 2019, a 22.9% decrease;

13 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The economy and recovery ministry projects that national manganese production will be 7.2m tonnes in 2020, down 1.8% compared to 2019;

12 Sep 2020 **Libreville (Gabon)** *Gabon Review*. The **Direction Générale de la Contre-Ingérence et de la Sécurité Militaire (DGCISM)** (general directorate of counter-interference and military security) places **Libreville** mayor **Léandre Nzue** in custody on corruption-related charges;

11 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. **Société Autoroutière Gabonaise (SAG)** signs an agreement with **India**-based infrastructure company **AFCONS** to construct the 748-km **Transgabonaise** highway linking **Libreville** and **Franceville**;

10 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The **European Investment Bank (EIB)** intends to finance coastal protection and waste management projects in Gabon;

10 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. Prime minister **Rose Christiane Ossouka Raponda** announces that by the end of 2020, water production will reach 36,000 m³ of water per day and will reduce the water deficit in **Greater Libreville** by 50%;

10 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. A **United Nations Development Program (UNDP)** report on the socio-economic impact of **Covid-19** on Gabon says the Gabonese government reacted positively by taking a number of measures, in addition to those relating to health, to respond to the difficult economic and social situation;

9 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. **Total Gabon**, a branch of **France**-based **Total**, will distribute 120 billion FCFA (\$217.3m) to its shareholders;

7 Sep 2020 **Libreville (Gabon)** *Agence Ecofin*. Prime minister **Rose Christiane Ossouka Raponda** announces the rehabilitation and construction of 750 km of power lines and the installation of three dams with a total capacity of 146 MW as well as the electrification of 150 villages;

⁴⁵ Direct Infos Gabon, 17 Sep 2020

7 Sep 2020 **Libreville (Gabon)** *CNBC Africa*. **Canadian-American** joint venture **Kariya Energy** plans to start acquiring liquefied natural gas (LNG) exploration and development areas in Gabon;

7 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The **International Monetary Fund (IMF)** projects Gabon will return to positive growth of 2.1% in 2021 compared to 2.7% economic contraction in 2020;

4 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. **Morocco-based Ciments d'Afrique**, through its branch **Cimaf-Gabon**, has commissioned a second cement production line in **Owendo** with an annual capacity of 350,000 tonnes and an investment of 9 billion FCFA (\$16.2m);

4 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. State-owned utility company **Société d'Énergie et d'Eau du Gabon (SEEG)** reports it will invest 11 billion FCFA (\$19.8m) in upgrading its operating equipment;

1 Sep 2020 **Libreville (Gabon)** *Gabon Review*. The **Direction Générale de la Comptabilité Publique et du Trésor (DGCPT)** (general directorate of public accounting and treasury) reports at the end of March, revenue of 102.1 billion FCFA (\$183.8m) raised, compared to 119.2 billion FCFA (\$214.6m) during the first quarter of 2019, a 14.3% decrease;

1 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. **World Bank** report on the assessment of poverty in Gabon notes Gabon has the highest urbanisation rate in **Africa**, at 89%;

1 Sep 2020 **Libreville (Gabon)** *Gabon Review*. **BW Energy** posted a production of 1.455 million barrels of oil during the second quarter compared to 1.045 million barrels in the first quarter, which led to an increase in gross operating surplus to \$ 21.8m against \$ 14.8m in the first quarter;

31 Aug 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The **World Bank** reports that 700,000 of Gabon's population of just over 2 million people are living in a state of poverty;

31 Aug 2020 **Libreville (Gabon)** *Gabon Review*. The **International Monetary Fund (IMF)** projects Gabon's public debt will rise to 74.7% of its GDP in 2020 and 2021;

27 Aug 2020 **Libreville (Gabon)** *Gabon Review*. Forestry minister **Lee White** says Gabon intends to create 200,000 jobs in the timber sector by 2030;

27 Aug 2020 **Libreville (Gabon)** *Gabon Review*. Gabon-based **La Santé Pharmaceutique SA** is set to commence operations for a 20 billion FCFA (\$36.2m) pharmaceutical factory located in the **Nkok Special Economic Zone (SEZ)**;

26 Aug 2020 **Libreville (Gabon)** *Direct Infos Gabon*. Tourism sector lobby group **Club Tourisme de Libreville** says up to 120 tourism sector establishments risk closure due to the application of ongoing **Covid-19** related restrictions;

25 Aug 2020 **Libreville (Gabon)** *Gabon Review*. The **International Finance Corporation (IFC)** is studying the possibility of granting a \$51.5m loan to **Asonha Energie** for the construction of the hydroelectric dam of **Kinguélé Downstream**, on the **Mbéi River**;

24 Aug 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The **United Nations Conference on Trade and Development (UNCTAD)** reports Gabon attracted \$1.5 billion in foreign direct investment (FDI) in 2019;

21 Aug 2020 **Libreville (Gabon)** *Gabon Review*. Tourism minister **Pascal Houangni Ambouroue** estimates the tourism sector has lost 20,000 jobs as a result of **Covid-19**;

20 Aug 2020 **Libreville (Gabon)** *Gabon Review*. **United States**-based oil producer **Vaalco Energy** reports it will increase its daily production by 35% compared to 2019, when it produced 3,476 barrels per day;

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