

AFRICA RISK CONSULTING

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Authorities continue to execute the second phase of Gabon's anti-corruption campaign, "Operation Scorpion", which has seen the arrest of 30 high-ranking individuals and the imprisonment of 20. The International Monetary Fund (IMF) board of directors approves the disbursement of 76.6 billion FCFA (\$123.5m) to the Gabonese government under the Extended Facility Fund (EFF) economic reform package. The economy and finance ministry reports Gabon attained 3.4% economic growth in 2019. The government signs a production and sharing contract for exploitation of the Okondja manganese deposit with Nouvelle Gabon Mining (NGM), a subsidiary of India-based Coalsale Group. This is the government's first mining contract under the new mining code. A pirate attack in Libreville harbour renews fears of maritime insecurity.

Operation Scorpion nets high-ranking officials

Confirming the government's desire to root out grand corruption, **Gabonese** authorities continue to carry out the second phase of its anti-corruption campaign, "**Operation Scorpion**".¹ The state prosecutor and intelligence services (**Direction Générale des Recherches**) (**DGR**) have coordinated the implementation of Operation Scorpion since November (see *ARC Briefing Gabon November-December 2019*). To date, 30 high-ranking officials have been arrested, with six people exonerated of charges, four released on bail and 20 imprisoned.² Some of those facing prison sentences include former ministers **Brice Laccruche Alihanga** (monitoring human investment strategy and sustainable development goals and presidential chief of cabinet), **Roger Owono Mba** (economy and finance), **Noel Mboumba** (mines, petroleum, hydrocarbons and gas) and **Tony Ondo Mba** (water and energy) (see *ARC Briefing Gabon December 2019*).

The DGR arrested former transport minister **Justin Ndoudangoye** on 26 December on charges of corruption.³ Ndoudangoye, a member of the **Assemblée Nationale** (national assembly) for the **Franceville** constituency with the ruling **Parti Democratique Gabonaise** (**PDG**), reportedly tried to flee Gabon in December (see *ARC Briefing Gabon December 2019*). He was summoned on 23 December to appear before a commission at the national assembly to assess whether to withdraw his parliamentary immunity.⁴ On 26 December, 107 members of the national assembly voted to revoke his immunity while seven voted against.⁵ Ndoudangoye promised to make himself available to the justice system but maintained that there was no evidence to back the accusations made against him and called for the presumption of innocence to be exercised.⁶ DGR officers arrested Ndoudangoye after his statement.⁷ Following his imprisonment in **Libreville Central Prison** on 9 January, Ndoudangoye's lawyers, **Calvin Job** and **Cedric Maguissot**, said they would seek assistance from the **United Nations Working Group on Arbitrary Detention** and the **African Commission on Human and People's Rights**, to secure their client's release.⁸

¹ Jeune Afrique, 6 Jan 2020

² Jeune Afrique, 6 Jan 2020

³ Gabon Review, 26 Dec 2020

⁴ Gabon Review, 26 Dec 2019

⁵ Gabon Review, 26 Dec 2019

⁶ Gabon Review, 26 Dec 2019

⁷ Gabon Review, 26 Dec 2019

⁸ Gabon Review, 16 Jan 2020

Like the majority of recently arrested and imprisoned individuals in relation to Operation Scorpion, Ndoudangoye was an ally of former minister and presidential chief of staff Laccruche Alihanga. Ndoudangoye was the secretary general of Laccruche Alihanga's organisation, the **Association des Jeune et Emergents Volontaires (AJEV)** (association of young and emerging volunteers).⁹

State prosecutor **Andre Patrick Roponat** issued two international arrest warrants on 9 January against Laccruche Alihanga protégés **Raphael Nze Minko** (Laccruche Alihanga's brother-in-law) and **Martial Houllpaye**, a computer engineer.¹⁰ Roponat said the warrants were in relation to 350m FCFA (\$588,383) discovered at Minko's residence during a search on 6 December.¹¹ Minko later confirmed that the money belonged to Laccruche Alihanga.¹² **France**-based publication **La Lettre du Continent** alleges that Laccruche Alihanga, who has been in solitary confinement at Libreville Central Prison since 13 December,¹³ seeks to blackmail the presidential family to win his freedom.¹⁴ Two civil society organisations, **Dynamique Unitaire** and **Reseau d'Organisations Libres de Société Civile pour la bonne Gouvernance au Gabon**, accuse President **Ali Bongo Ondimba's** (2009-present) son, **Nourredin Valentin Bongo**, of various acts of corruption.¹⁵ They allege Nourredin Bongo is guilty of corruption, money laundering and financial crimes in relation to an undisclosed amount of money discovered on 6 January in a car driven by **Garde Republicaine** (republican guard) members.¹⁶ The two organisations claim the money belonged to Nourredin Bongo and accuse him of owning shell companies in **Dubai (United Arab Emirates)** and other tax havens.¹⁷ Presidential spokesperson **Jessy Ella Ekoghe** dismissed the allegations as a publicity stunt and "*fake news that was created on social media with no legal evidence*".¹⁸ Nourredin Bongo's lawyer, **Claude Dumont-Baghi**, called the complaints "*slanderous*" and without evidence, threatening legal action against those who accused Bongo.¹⁹

Despite claims that Operation Scorpion is a political witch-hunt, which the presidency has denied,²⁰ the number and profile of persons arrested for alleged acts of corruption show that the anti-corruption drive is gaining traction. In May, Gabon was rocked by the **Kezavingogate** saga, which led to the dismissal of vice-president **Pierre Claver Moussavou** in relation to the disappearance of 335 containers of precious hardwood worth \$250m (see *ARC Gabon Briefing May 2019*). During his annual state of the nation address on 31 December, President Bongo emphasised that he intends to make Gabon a country where justice and the rule of law form the cornerstones of society, underlining his determination to tackle large-scale corruption.

IMF approves \$123.5m loan

The **International Monetary Fund (IMF)** board of directors on 16 December approved the disbursement of \$123.5m to the Gabonese government under the **Extended Facility Fund (EFF)** economic reform package.²¹ This raises to \$518.3m the amount the IMF has granted Gabon since it adopted the programme in 2017 and indicates the IMF's satisfaction with the steps the government is taking to pursue economic recovery.²² Gabon has been under the three-year credit arrangement worth \$642m since 16 June 2017.²³ The EFF is implemented in countries that are struggling with

⁹ Gabon Review, 10 Jan 2020

¹⁰ Jeune Afrique, 6 Jan 2020

¹¹ Jeune Afrique, 6 Jan 2020

¹² Jeune Afrique, 6 Jan 2020

¹³ Jeune Afrique, 6 Jan 2020

¹⁴ Gabon Review, 8 Jan 2020

¹⁵ Info 241, 15 Jan 2020

¹⁶ Info 241, 15 Jan 2020

¹⁷ Gabon Actu, 14 Jan 2020

¹⁸ Gabon Review, 14 Jan 2020

¹⁹ Gabon Review, 14 Jan 2020

²⁰ Jeune Afrique, 1 Dec 2019

²¹ IMF, 16 Dec 2019

²² Gabon Review, 17 Dec 2019

²³ IMF, 16 Dec 2019

balance of payment (BOP) imbalances due to structural imbalances as well as in countries that are experiencing low economic growth and an inherently fragile balance of payment position.²⁴ The programme aims to restore macroeconomic stability and lay the foundation to foster inclusive growth.²⁵ The EFF also seeks to attain debt sustainability at the national level and contribute to the external stability of the **Communauté économique et monétaire de l'Afrique central (CEMAC) (Economic and Monetary Community of Central African States)**. Following the IMF board's fourth and fifth reviews of Gabon's EFF, IMF deputy managing director **Mitsuhiro Furusawa** said:

*"Gabon's economic performance under the EFF has been broadly satisfactory. Macroeconomic conditions have continued to improve, with growth slowly picking up, fiscal and external position improving and public debt declining. Going forward, bold and ambitious reforms are needed to generate higher, more inclusive and resilient growth."*²⁶

Furusawa encouraged Gabonese authorities to boost domestic revenue and prioritise spending, while ensuring the protection of investments and enhancement of social protection mechanisms.²⁷ He noted the importance of applying structural economic reforms to close infrastructure gaps, improve human capital, deepen financial intermediation, clear domestic arrears, enhance governance and anti-corruption measure.²⁸ In relation to governance, Furusawa acknowledged that improving public finance management methods and ensuring public investment efficiency would boost growth.²⁹

The IMF's satisfaction with Gabon's implementation of various structural economic reforms is in line with Gabon's improving economic fortunes, after an economic downturn caused by the global oil price shocks from 2014. The economy and finance ministry released a report that Gabon attained an economic growth of 3.4% in 2019, a significant improvement on the 0.5% and 0.8% growth rates attained in 2017 and 2018 respectively.³⁰ The ministry's declaration corresponds with IMF projections in October that growth would reach 3.4% due to positive results from the petroleum and timber sectors.³¹ The implementation of the **Plan de Rélançe Economique (PRE)** (economic recovery plan) has contributed to Gabon's positive economic performance including a budgetary surplus of 2%³² and an inflation rate of 1%³³, while its growth is above the CEMAC regional average of 2.5%.³⁴ The IMF projects that Gabon will attain 4% growth in the medium term.³⁵

Despite these positive numbers, **Henri Claude Oyima**, former president of Gabon's largest business cartel, the **Confédération Patronale Gabonaise (CPG)** (Gabonese entrepreneurs confederation), has called on the government to improve the business climate and ensure greater involvement of the private sector to ensure Gabon maintains its positive economic trajectory.³⁶ Gabon placed 169th out of 190 countries for a second consecutive year in the 2020 **World Bank Doing Business** rankings (see *ARC Gabon Briefing November 2019*); unless it improves its business environment, it could face increasing challenges to attract credible local and foreign investors.

Gabon signs first mining contract under new mining code

The government signed a production and sharing contract (CEPP) on 3 January for the exploitation of the **Okondja** manganese deposit with **Nouvelle Gabon Mining (NGM)**, a subsidiary of **India**-based

²⁴ Gabon Review, 17 Dec 2019

²⁵ IMF, 16 Dec 2019

²⁶ IMF, 16 Dec 2019

²⁷ IMF, 16 Dec 2019

²⁸ IMF, 16 Dec 2019

²⁹ IMF, 16 Dec 2019

³⁰ Jeune Afrique, 19 Dec 2019

³¹ Financial Afrik, 14 Oct 2019

³² Direct Infos Gabon, 16 Jan 2020

³³ Financial Afrik, 14 Oct 2019

³⁴ Financial Afrik, 19 Dec 2019

³⁵ Financial Afrik, 14 Oct 2019

³⁶ Jeune Afrique, 19 Dec 2019

Coalsale Group.³⁷ The investment will boost production in a domain that has seen increasing interest from foreign investors over the past few months. Petroleum, gas, hydrocarbons and mines minister **Vincent de Paul Massassa** and economy and finance minister **Jean Marie Ogandaga** represented the government at the signing ceremony, while NGM CEO **Narenda Bajaj** represented Coalsale group.³⁸

The petroleum, gas, hydrocarbons and mines ministry noted that the CEPP is the first mining contract signed under the new mining code adopted in June 2019.³⁹ The terms of the new mining code reduce corporate tax from 35% to 30% of profits, and decrease the international exit tax from 3% to 1%.⁴⁰ The new legal framework also establishes a proportional mining royalty, which increases from a fixed figure of 5% to an evolving rate of 10%, enabling the government to generate more revenue.⁴¹ Massassa said the new mining code was created to address the following concerns:

- Increasing the contribution of mining revenue to public finance;
- Promoting local processing of mineral products;
- Participation on corporate social responsibility initiatives;
- Promoting local content through the creation of small and medium sized enterprises (SMEs).⁴²

David Ossibadjou, CEO of state-owned mining firm **Société Equatoriale Minière (SEM)**, which has a 10% stake in the joint venture, estimates the mine's life expectancy is 20 years.⁴³ Ossibadjou predicts that annual production will reach 2m tonnes of manganese, making the joint venture the second-largest producer of manganese in Gabon, after **Comilog**, the branch of **France**-based miner **Eramet**.⁴⁴ Comilog produces 4m tonnes annually, but intends to raise that figure to 6-7m tonnes by 2023, following the announcement of an investment programme for its **Moanda** deposit (see *ARC Briefing Gabon July 2019*).⁴⁵

The signature of the CEPP under the new mining code is a positive development for Gabon's mining sector in particular and for the economy in general. Mining operations currently contribute only 3% of the gross domestic product (GDP) but the government aims to raise this figure to double digits by 2023.⁴⁶ Gabon has four manganese deposits at Moanda, **Franceville**, **Ndjole** and **Okondja**, and may attract further interest from local and foreign investors with the more favourable mining code now in place.⁴⁷

Overview of operational risks for Gabon in 2020

Gabon is a relatively politically stable country and has been able to avoid the emergence of internal armed conflicts, in contrast to its regional counterparts, **Cameroon**, **Chad** and the **Central African Republic (CAR)**. A group of soldiers led by Lt. Col. **Kelly Ondo**, a deputy commander at the **Garde Republicaine** (republican guard) attempted a coup d'état on 7 January 2019 (see *ARC Briefing Gabon January 2019*), but the coup was quickly repressed and attributed to the power vacuum that emerged following President Bongo's stroke in October 2018, which kept him out of the country and from carrying presidential duties for significant periods in 2018 and 2019. With Bongo's definitive return and apparent recovery from his illness, Gabon's political situation appears to have stabilised.

Pirate attacks may be a greater cause for concern. Gabon is located in the **Gulf of Guinea**, part of the **Atlantic Ocean** that covers a dozen African countries, and accounts for 82% of crew abductions

³⁷ Jeune Afrique, 7 Jan 2020

³⁸ Direct Info Gabon, 5 Jan 2020

³⁹ La Tribune Afrique, 7 Jan 2020

⁴⁰ La Tribune Afrique, 7 Jan 2020

⁴¹ La Tribune Afrique, 7 Jan 2020

⁴² Jeune Afrique, 7 Jan 2020

⁴³ Jeune Afrique, 7 Jan 2020

⁴⁴ Direct Infos Gabon, 5 Jan 2020

⁴⁵ Jeune Afrique, 27 June 2020

⁴⁶ La Tribune Afrique, 7 Jan 2020

⁴⁷ Jeune Afrique, 7 Jan 2020

worldwide, according to a study by the **International Maritime Bureau (IMB)**.⁴⁸ Unidentified individuals aboard fast boats attacked four ships in Libreville harbour on the night of 21-22 December, leading to the death of one Gabonese national and kidnapping of two **Chinese** sailors.⁴⁹ Past piracy-related attacks include the July 2013 attack on a boat flying the Maltese flag off **Cape Lopez**, a site near **Port-Gentil** and the largest oil terminal in Gabon.⁵⁰ The ship, with 24 sailors of **Indian** origin on board, was forced to sail to **Nigeria**. In August 2018, a 121-metre tanker with 17 sailors of **Georgian** origin on board suffered the same fate off the coast of Gabon. The ship, flying the **Panamanian** flag and belonging to **Greece-based Lotus Shipping**, was located between the waters of Gabon and **Sao Tome and Principe**.⁵¹

Gabonese authorities have taken action since 2013 against maritime piracy. In 2014 the government signed a partnership agreement with **Telespazio**, a **Franco-Italian** special services company.⁵² The company installed an "**Earthlab**", a satellite observation service centre in Libreville.⁵³ Military cooperation was strengthened with the **United States**, the **European Union (EU)** and **France** amongst others. As a result, the number of acts of maritime piracy fell by 18% overall from 2013 to 2014 in the Gulf of Guinea, especially in **Central Africa**. Increasing maritime activity, especially with the discovery of new oil and gas deposits, could, however, spark a new rise in offshore piracy. Firm and individuals with operations in Gabon should monitor these risks.

Planner

30 Apr 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

16 Jan 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The economy and finance ministry predicts 3.4% economic growth for Gabon in 2020;

14 Jan 2020 **Libreville (Gabon)** *Gabon Review*. Gabonese daily **L'Union** alleges that imprisoned former presidential cabinet director **Brice Laccruche Alihanga** orchestrated the embezzlement of 61 billion FCFA (\$102.7m) from the **Société Gabonaise de Raffinage** (national refining company) from 2018 to 2019;

10 Jan 2020 **Libreville (Gabon)** *Direct Infos Gabon*. Former transport minister **Justin Ndoundangoye** is imprisoned as part of **Operation Scorpion** anti-corruption campaign;

10 Jan 2020 **Libreville (Gabon)** *Gabon Review*. Gabon postpones to 30 April the closing of its 12th call for tenders for the allocation of 35 petroleum exploration permits in shallow and deep waters;

10 Jan 2020 **Libreville (Gabon)** *Gabon Review*. Foreign affairs minister **Alain Claude Ndzie** announces Gabon will reduce its foreign diplomatic missions due to budget constraints;

7 Jan 2020 **Libreville (Gabon)** *La Tribune Afrique*. **Nouvelle Mining Gabon**, a branch of **India-based Coalsale Group**, signs a joint venture agreement with the Gabonese government to exploit **Okandja** manganese mine;

⁴⁸ Gabon Eco, 23 Dec 2020

⁴⁹ Gabon Eco, 23 Dec 2020

⁵⁰ Gabon Eco, 23 Dec 2020

⁵¹ Gabon Eco, 23 Dec 2020

⁵² Gabon Eco, 23 Dec 2020

⁵³ Gabon Eco, 23 Dec 2020

6 Jan 2020 **Libreville (Gabon)** *Gabon Review*. The government will issue public securities (treasury bills and bonds) between January and December 2020 in order to raise 754 billion FCFA (\$1.2 billion) from investors in the **Economic and Monetary Community of Central Africa (CEMAC)**;

31 Dec 2019 **Libreville (Gabon)** *Direct Infos Gabon*. The **African Development Bank (AfDB)** approves 92 billion FCFA (\$154.6m) loan to Gabonese government which will go towards road construction;

31 Dec 2019 **Libreville (Gabon)** *Direct Infos Gabon*. **Direction Générale des Douanes et des Droits Indirects** (Directorate General of Customs and Indirect Rights) reports that **China** retained its position as Gabon's largest bilateral trading partner ahead of **France** during the first nine months of 2019;

31 Dec 2019 **Libreville (Gabon)** *Direct Infos Gabon*. **The Direction Générale de la Comptabilité Publique et du Trésor (DGCPT)** (general directorate of public accounts and treasury) says Gabon raised 938.8 billion FCFA (\$1.5 billion) in non-oil revenue during the first nine months of 2019 compared to an initially projection of 1381.9 billion FCFA (\$2.3 billion);

29 Dec 2019 **Libreville (Gabon)** *Direct Infos Gabon*. Prime minister **Julien Nkoghe Bekale** announces that 320 billion FCFA (\$539.2m) will be allocated to meeting the population's basic needs in the priority spending plan;

26 Dec 2019 **Libreville (Gabon)** *Direct Infos Gabon*. The **Direction Générale des Hydrocarbures** (directorate general for hydrocarbons) reports Gabon produced 60m barrels of oil during the first nine months of 2019;

23 Dec 2019 **Libreville (Gabon)** *Direct Infos Gabon*. **Chinese Sinohydro-Chongqing** consortium is awarded the contract to construct the 35 MW **Kinguele Aval** hydroelectric dam;

19 Dec 2019 **Libreville (Gabon)** *Direct Infos Gabon*. **United Kingdom-based Assala Energy** announces it intends to invest \$300m in Gabon in 2020;

16 Dec 2019 **Washington DC (United States)** *International Monetary Fund*. The **International Monetary Fund (IMF)** grants Gabon a \$123.5m loan under the **Extended Fund Facility**;

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