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A presidential task team uncovers 240 billion FCFA (\$432.8m) of unjustified claims against the government by small and medium-sized enterprises (SMEs). The Direction Générale de l'Economie et Politique Fiscale (directorate general of economic and tax policy) reports that manganese production increased by 43% to 3.98 million tonnes during the first half of 2020, while exports and external sales rose by 51.8% and 48.9% during the same period. The Cour Criminelle Spéciale de Libreville (Libreville special criminal court) orders the release of former minister Magloire Ngambia from prison after finding him guilty of passive corruption and embezzlement of public funds.

Government debt audit uncovers private sector corruption

A presidential audit team has uncovered 240 billion FCFA (\$432.8m) in unjustified claims against the government by small and medium-sized enterprises (SMEs), spotlighting private sector involvement in corruption.¹ President **Ali Bongo Ondimba** (2009-present) appointed a team in June to carry out an audit of Gabon's domestic debt, following complaints by SMEs that the government had not paid their invoices for services rendered.² Bongo appointed his son, **Nourredin Valentin Bongo**, who is coordinator of presidential affairs, to lead the team.³ The presidency issued a statement on 7 October that the audit team had identified 240 billion FCFA (\$432.8m) of falsely claimed money, following an audit of 370 billion FCFA (\$667.3m) owed to SMEs for services carried out for the state.⁴ Although details of the audit have yet to be made public, the statement from the presidency indicated that over-billing was one of the methods used by transgressing companies.⁵ Presidential special adviser **Marc Tchango** said the work of the task force had helped to prevent a large-scale financial scandal and showed the government's commitment to fight financial mismanagement, especially in the wake of **Covid-19** and **Gabon's** economic recession.⁶

Gabon-based economist **Mays Mouissi** similarly welcomed the efforts of the task force, but suggested the government should publish the names of businesses involved to send a clear message that corruption is not tolerated.⁷ The president of Gabon's largest business lobby, **Confédération Patronale du Gabon (CPG)**, **Alain Bâ Oumar**, echoed the call for making public the names of firms implicated in the unverified debt scandal.⁸ Oumar condemned the "systematic fraud mechanism" that goes against the CPG's code of ethics.⁹ **Conseil Gabonais du Patronat (CGP)** (Gabonese entrepreneurs council) president **Francis Evouna** questioned how the state had not picked up the anomalies, since it controls the entire contract award process.¹⁰

¹ Gabon Review, 7 Oct 2020

² Jeune Afrique, 21 Oct 2020

³ Jeune Afrique, 21 Oct 2020

⁴ Gabon Review, 7 Oct 2020

⁵ Gabon Review, 7 Oct 2020

⁶ Gabon Media Time, 12 Oct 2020

⁷ Jeune Afrique, 21 Oct 2020

⁸ La Libreville, 14 Oct 2020

⁹ La Libreville, 14 Oct 2020

¹⁰ Jeune Afrique, 21 Oct 2020

Following the announcement of the audit results, the budget ministry announced on 12 October that it would make payments to companies that have less than 70m FCFA (\$126,266) owing to them, as of 15 October.¹¹ However, the ministry indicated that only businesses whose debts had been validated by the task force would be eligible to receive payment. The presidency reiterated on 14 October that only validated claims would be settled.¹²

The presidential audit has placed corruption in the spotlight. Local media reports suggest most of the contracts in question were concluded by mutual agreement or what is none locally as “gré à gré”, in contravention of the **Code des Marchés** (public procurement framework). By investigating various forms of graft, the government is sending a positive signal about its efforts to fight corruption.

Germany-based NGO Transparency International ranked Gabon 123 out of 180 countries in its 2019 **Corruption Perceptions Index**. Gabon’s ranking has fallen since its best performance in 2014, when it ranked 94 out of 175 countries (see *ARC Briefing Gabon February 2020*).¹³

The government’s focus on debt payment will help businesses, particularly those that have been negatively affected by Covid-19. At the end of June, Gabon’s public debt stock stood at 5,700 billion FCFA (\$10.2 billion) of which 1600 billion FCFA (\$2.8 billion) constituted internal debt.¹⁴ Gabon settled 197.3 billion FCFA (\$355.7m) in domestic debt during the first half of 2020, a 67.2% increase compared to 2019.¹⁵

Manganese production surges

The **Direction Générale de l’Economie et Politique Fiscale (DGEPF)** (directorate general of economic and tax policy) reported on 25 September that manganese production had increased by 43% to 3.98 million tonnes during the first half of 2020, compared to the same period in 2019.¹⁶ This is the second straight quarter in which Gabon has experienced a year-on-year increase in manganese output, producing 2.2 million tonnes during the first quarter (Q1) of activities (see *ARC Briefing Gabon July 2020*).¹⁷ This was a 57.2% increase compared to the same period in 2019 despite the ongoing Covid-19 pandemic.¹⁸

The DGEPF attributed the impressive production figures to the increased reliability of transport equipment.¹⁹ Despite a 21.9% fall in global manganese prices, exports and external sales rose by 51.8% and 48.9% respectively.²⁰ This led to turnover of 385.7 billion FCFA (\$695.6m) at the end of June, a 6.4% improvement over the same point in 2019.²¹ Permanent employment in the sector increased by 7.4% to 2,125 employees.²²

Manganese sector leaders include the **Compagnie Minière de l’Ogooué (Comilog)**, a branch of **France-based metallurgical firm Eramet**, **China-based Commerciale des Mines de Huazhou (CICMHZ)** and **Nouvelle Gabon Mining (NGM)**, a branch of **India-based miner Coalsale Group**.²³ Comilog, which has operated in Gabon since 1962, has the largest market share and produced 2.8 million tonnes during the first half of 2020, a 31% year-on-year improvement.²⁴ However, Comilog saw a drop in turnover during the same period from 344.1 billion FCFA (\$620.4m) (first semester

¹¹ Gabon Review, 12 Oct 2020

¹² Direct Infos Gabon, 14 Oct 2020

¹³ www.transparency.org

¹⁴ Gabon Media Time, 16 Oct 2020

¹⁵ Direct Infos Gabon, 14 Oct 2020

¹⁶ Direct Infos Gabon, 25 Sep 2020

¹⁷ Direct Infos Gabon, 25 Sep 2020

¹⁸ Direct Infos Gabon, 24 Jun 2020

¹⁹ Direct Infos Gabon, 25 Sep 2020

²⁰ Direct Infos Gabon, 25 Sep 2020

²¹ Direct Infos Gabon, 25 Sep 2020

²² Direct Infos Gabon, 25 Sep 2020

²³ La Libreville, 28 Sep 2020

²⁴ Direct Infos Gabon, 24 Sep 2020

2019) against 338.6 billion FCFA (\$610.6m) in the first semester of 2020.²⁵ Nonetheless, Comilog, whose core activities are at its **Moanda** manganese deposit in the **Haut-Ogooué** province in east Gabon, plans to build on its positive results. Eramet CEO **Christel Bories** met with prime minister **Rose Christiane Ossouka Raponda** on 30 September to assess the activities of Comilog and Eramet's Gabonese logistics firm, the **Société d'Exploitation du Transgabonais (Setrag)**.²⁶ Bories told the prime minister, as well as mines minister **Vincent de Paul Massassa** and economy and recovery minister **Jean Marie Ogandaga**, that Comilog hoped to expand the scope of its activities in Gabon.²⁷ Bories also met with President Bongo, and discussed the imminent launch of activities at the **Okouma** mine in south-east Gabon.²⁸ Bongo noted at the conclusion of the meeting that Gabon's legal, security and political stability makes it attractive to investors:

*"Gabon is open to any investor wishing to forge win-win partnerships. These must indeed give rise to more industrialisation and local transformation in order to create as many qualified jobs as possible for Gabonese."*²⁹

Comilog is on track to meet its target output of 5 million tonnes for 2020 and aims to increase this to 7 million tonnes by 2023 as part of the 419 billion FCFA (\$725m) five-year investment plan it launched in 2019 (see *ARC Briefing Gabon July 2019*).³⁰ Gabon is the second-largest global producer of manganese and provides an estimated 15% of global supply.³¹ However, the mining sector has yet to become a significant contributor to economic growth and development, as it currently contributes only 3% of Gabon's gross domestic product.³² During a visit to the Moanda metallurgical complex in September, presidential affairs coordinator Nouredin Valentin Bongo said he would like to see the manganese sector in particular and mining in general play a bigger role in the Gabonese economy.³³ Bongo suggested mineral exploitation will help Gabon pivot towards economic diversification and industrialisation.³⁴

Former minister Magloire Ngambia released from prison

The **Cour Criminelle Spéciale de Libreville** (Libreville special criminal court) ordered the release of former cabinet minister **Magloire Ngambia** on 24 September, after finding him guilty of passive corruption and embezzlement of public funds.³⁵ The charges were in relation to Ngambia's award of road construction contracts to late **Franco-Italian** businessman **Guido Santullo's** firm, **Sericom**, as a result of which Ngambia allegedly received 4.3 billion FCFA (\$7.7m).³⁶ Ngambia had been imprisoned at the **Prison Centrale de Libreville** (Libreville central prison) since his arrest in January 2017. The court sentenced him to 44 months and 13 days upon his admission of guilt, equivalent to the time he had spent in prison, and ordered him to pay a fine of 100m FCFA (\$180,339).³⁷

In November 2019 the **United Nations Working Group on Arbitrary Detention** ruled that Ngambia's imprisonment violated the **Universal Declaration of Human Rights**.³⁸ The working group declared that his "*deprivation of liberty was arbitrary*" and requested his immediate release.³⁹

²⁵ Direct Infos Gabon, 24 Sep 2020

²⁶ Gabon Media Time, 1 Oct 2020

²⁷ Gabon Media Time, 1 Oct 2020

²⁸ Medias 241, 1 Oct 2020

²⁹ Medias 241, 1 Oct 2020

³⁰ Gabon Review, 24 Jun 2019

³¹ Agence Ecofin, 27 Sep 2020

³² La Tribune Afrique, 7 Jan 2020

³³ La Libreville, 19 Sep 2020

³⁴ La Libreville, 19 Sep 2020

³⁵ Jeune Afrique, 24 Sep 2020

³⁶ Jeune Afrique, 24 Sep 2020

³⁷ Jeune Afrique, 24 Sep 2020

³⁸ Jeune Afrique, 24 Sep 2020

³⁹ Jeune Afrique, 24 Sep 2020

Ngambia's lawyer, **Obame Sime**, expressed satisfaction with the Libreville court's verdict, but said it was regrettable that his client was asked to pay the highest possible fine.⁴⁰

Ngambia, a banker by profession, hails from Haut-Ogooué province like President Bongo, and served in cabinet from 2009-2017.⁴¹ Ngambia is close to President Bongo's mother, **Patience Dabany**, and is a member of the highly influential **Free Mason** branch, **Grand Loge de Gabon**, which President Bongo heads. Ngambia's good relations with the head of state manifested in his 2012 appointment to the super portfolio of investment promotion, transport, public works, housing, tourism and regional planning.⁴² It was during this period he met Santullo.

Despite the end of his time in prison, Ngambia's legal worries are not over. According to France-based publication **Africa Intelligence**, the **Swiss Federal Prosecutor's Office** is investigating allegations of passive corruption that Santullo laid with them against Ngambia in 2018.⁴³ The Gabonese judiciary has reportedly transmitted the case files to Swiss authorities.⁴⁴

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

23 Oct 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The **African Development Bank (AfDB)** grants Gabon a 41 billion FCFA (\$74m) loan which will go towards improving the business climate and fostering economic diversification;

21 Oct 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The interior ministry states that the hosting of church services could lead to a punishment of five years' imprisonment and a fine of 30m FCFA (\$54,172);

21 Oct 2020 **Libreville (Gabon)** *Direct Infos Gabon*. Employment minister **Madeleine Berre** estimates 10,000 jobs could be lost in the formal sector due to the ongoing **Covid-19** pandemic;

16 Oct 2020 **Libreville (Gabon)** *Gabon Review*. Commerce minister **Hugues Mbadanga Madiya** says President **Ali Bongo Ondimba** will provide financial assistance to owners of bars and nightclubs, which remain closed under **Covid-19**-related restrictions;

14 Oct 2020 **Libreville (Gabon)** *Gabon Review*. According to the draft Finance Law, Gabon expects to produce 10.5 million tonnes of oil, and export it at \$41 per barrel in 2021;

14 Oct 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The **Direction Générale de la Dette (DGD)** (director general for debt) reports it paid 197.3 billion FCFA (\$356.6m) in domestic debt by the end of June, an increase of 67.2% compared to the same period in 2019;

14 Oct 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The draft Finance Law for fiscal year 2021 sets the budget at 2,681.5 billion FCFA (\$4.8m), down by 365.6 billion FCFA (\$660.8m) compared to the 2020 budget which was set at 3,047.1 billion FCFA (\$5.5 billion)

14 Oct 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The council of ministers approves a law creating five agricultural zones that will specialise in the production of food crops;

⁴⁰ RFI, 25 Sep 2020

⁴¹ Jeune Afrique, 11 Apr 2018

⁴² Jeune Afrique, 11 Apr 2018

⁴³ Direct Infos Gabon. 7 Oct 2020

⁴⁴ Direct Infos Gabon 7 Oct 2020

13 Oct 2020 **Libreville (Gabon)** *Gabon Review*. **United Kingdom**-based **Assala Energy** will invest \$24m in order to upgrade the offshore export infrastructure of **Gamba** to ensure that Gabonese oil is exported safely and efficiently;

12 Oct 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The budget and public accounts ministry announces that companies that are owed below 70m FCFA (\$125,886) will receive their payments from 15 October;

9 Oct 2020 **Libreville (Gabon)** *Direct Infos Gabon*. **Baptiste Breton**, CEO of **Perenco Gabon**, a branch of **Anglo-French** hydrocarbons consortium **Perenco**, announces Perenco's decision to produce liquefied petroleum gas in Gabon;

8 Oct 2020 **Libreville (Gabon)** *Gabon Review*. **Luiz Renato Lombardo Torres**, CEO of logistics firm, **Société d'Exploitation du Transgabonais (Setrag)** a subsidiary of **France**-based metallurgical firm **Eramet**, resigns from his position, citing personal reasons;

7 Oct 2020 **Libreville (Gabon)** *Direct Infos Gabon*. During the first half of 2020, state utilities firm **Société d'Energie et d'Eau du Gabon (SEEG)** registered turnover of 101.86 billion FCFA (\$182.9m);

7 Oct 2020 **Libreville (Gabon)** *Direct Infos Gabon*. Former public works minister **Magloire Ngambia**, who spent 44 months in jail for embezzlement and was released in September, is reportedly wanted by the **Swiss Federal Prosecutor's Office** on charges of "passive corruption", which benefitted late **Italian** businessman **Guido Santullo**;

7 Oct 2020 **Libreville (Gabon)** *Gabon Review*. A state audit uncovers approximately 241 billion FCFA (\$432.9m) of "false debt" out of 370 billion FCFA (\$664.6m) audited from claims of money owed to small and medium-sized enterprises (SMEs);

6 Oct 2020 **Libreville (Gabon)** *Gabon Review*. Tourism minister **Pascal Houangni Ambououe** indicates that government is prepared to provide support to sectoral operators negatively affected by **Covid-19**;

4 Oct 2020 **Libreville (Gabon)** *Direct Infos Gabon*. Manganese producer **Compagnie Minière de l'Ogooué (Comilog)**, a branch of **France**-based **Eramet**, hands over to the government 4.6 billion FCFA (\$8.2m) worth of social infrastructure built in the locality of **Moanda**;

4 Oct 2020 **Libreville (Gabon)** *Gabon Review*. The senate approves the extension of the national state of emergency for an additional 45 days;

2 Oct 2020 **Libreville (Gabon)** *Gabon Review*. The government decides to dissolve the **Agence Nationale des Grands Travaux d'Infrastructures (ANGTI)** (national agency for large-scale projects) on the basis that the institution failed to attain its objectives;

30 Sep 2020 **Libreville (Gabon)** *Gabon Review*. According to the **Direction Générale de l'Economie et de la Politique Fiscale (DGEPF)** (general directorate for the economy and fiscal policy), the cumulative settlement of the public debt stood at 832.3 billion FCFA (\$1.4 billion) at the end of June;

30 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The **Commission Bancaire d'Afrique Centrale (Cobac)** (Central African Banking Commission) reports that loans granted to the state and public enterprises amounted to nearly 420 billion FCFA (\$749.5m), while loans to the private sector fell by 7.5% to 986.6 billion FCFA (\$1.76 billion);

29 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The **Direction Générale de l'Economie et de la Politique Fiscale (DGEPF)** (general directorate for the economy and fiscal policy) reports that oil revenues fell by 12.7% to 283.7 billion FCFA (\$506.1m) during the first half of 2020 compared to the same period in 2019 due to lower oil prices;

29 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. Sugar firm **Sucaf Gabon** experienced a 10.4% increase in production to 10,809 tonnes and a 5.3% increase in turnover to 11.2 billion FCFA (\$19.8m) during the first half of 2020, compared to the first half of 2019;

27 Sep 2020 **Libreville (Gabon)** *Gabon Review*. Prime minister **Rose Christiane Ossouka Raponda** launches the construction of the 780-km **Transgabonaise** highway and says the first phase of work will be completed in 18 months;

25 Sep 2020 **Libreville (Gabon)** *Gabon Review*. The **United Nations Development Program (UNDP)** predicts in its latest report on the impact of **Covid-19** in Gabon that poverty levels in Gabon will increase by 3.6% in 2020;

25 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. The **Direction Générale de l'Economie et de la Politique Fiscale (DGEPPF)** (general directorate for the economy and fiscal policy) reports that national production of manganese ores and agglomerates rose 43% to 3.98 million tonnes despite unfavourable economic conditions;

24 Sep 2020 **Libreville (Gabon)** *Jeune Afrique*. The **Cour Criminelle Spéciale de Libreville** (special Criminal Court of Libreville) has ordered the release of former economy and finance minister **Magloire Ngambia**, who was arrested in 2017 on allegations of embezzling public funds;

24 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. **Martial Rufin Moussavou**, chairman of manganese producer **Comilog**, a branch of **France**-based metallurgical firm **Eramet**, announces that Comilog's turnover was 338.6 billion FCFA (\$604.2m) between January and June 2020, against 344.1 billion FCFA (\$614m) at the same time in 2019;

21 Sep 2020 **Libreville (Gabon)** *Direct Infos Gabon*. From January to July, Gabon paid off 221 billion FCFA (\$394.4m) of its domestic debt;

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