

## AFRICA RISK CONSULTING

### Gabon Monthly Briefing March 2024

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#### Gabon Summary 13 March 2024

*National oil company, Gabon Oil Company (GOC), on 15 February signs a purchase agreement with United States-headquartered private equity firm Carlyle to buy the firm's Assala Energy assets, worth \$1.3 billion. The Economic Community of Central African States (ECCAS) announces on 10 March it will reinstate Gabon to the sub-regional organisation. The International Monetary Fund (IMF) completes an Article IV Mission to Gabon between 23 January and 6 February, releasing its mission statement on 15 February to highlight its findings and outcome of discussions focused on reviving economic growth and raising living standards.*

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#### Gabon acquires Assala ...

National oil company, **Gabon Oil Company (GOC)**, on 15 February signed a purchase agreement with **United States**-headquartered private equity firm **Carlyle** to buy the firm's **Assala Energy** assets worth \$1.3 billion. Transitional president **Brice Oligui Nguema** (2023-present) announced in his 31 December New Year's address to the nation that the government had decided to purchase the **United Kingdom (UK)**-headquartered Assala Energy by exercising its right to increase its stakes in the company as an existing shareholder through GOC.<sup>1</sup> It was previously announced in mid-August, two weeks before the coup d'état that saw Nguema seize power, that **French** firm **Maurel & Prom** would purchase Assala Energy and its Gabon-focused subsidiaries and assets for \$1.3 billion (\$730m to Carlyle and the renewal of a \$600m credit facility).

Maurel & Prom on 15 February acknowledged that the agreement between GOC and Carlyle "superseded" the agreement signed between it and Carlyle, confirming the firm would not try to dispute the sale.<sup>2</sup> However, questions remain over the financing of the deal, as GOC is not believed to have such funds on hand and will have to borrow, but it has not been disclosed from where.

Another concern is the maintenance of Assala Energy's operations in Gabon. Gabon produces approximately 200,000 barrels per day (bpd), of which Assala Energy contributes 45,000, making it the second largest producer behind fellow UK- and France-headquartered producer **Perenco**.<sup>3</sup> While not significant numbers, maintaining production will require good management from GOC, which has never had to manage another major project. GOC is a small operation, producing approximately 1,000 bpd, raising further concerns over how it will scale its skills and operatorship to deal with Assala Energy.<sup>4</sup> Assala Energy increased its production by a third since Carlyle acquired it in 2017, and significant investment will be required to keep this production up and even more to increase it. Under Assala Energy's assets is also the **Gamba** export terminal, which other producers in Gabon make use of, adding another aspect of management and responsibility to the acquisition.

While Nguema touted the move as key to helping Gabon raise its gross domestic product (GDP), and revenues and "mark its sovereignty", it is a substantial undertaking that has the potential to fail if mismanaged. Gabon's history of mismanagement of SOEs and high levels of corruption does not bolster confidence in the deal.

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<sup>1</sup> Bloomberg, 2 Jan 2024

<sup>2</sup> S&P Global, 16 Feb 2024

<sup>3</sup> Reuters, 16 Feb 2024

<sup>4</sup> S&P Global, 16 Feb 2024

### ... and rejoins ECCAS

The **Economic Community of Central African States (ECCAS)** announced on 10 March that it would reinstate Gabon to the sub-regional organisation. Gabon was suspended from ECCAS on 1 September 2023 following the 30 August coup d'état. During November and December, Nguema sent delegations to the **Central African Economy and Monetary Community (CEMAC)** and ECCAS member states as well as the **United Nations** in a bid to get sanctions lifted, with Nguema portraying that the coup was essential to prevent any post-election violence by the opposition.

ECCAS originally said it would keep Gabon's suspension until a return to constitutional order, and confirmed again in December that it would maintain sanctions. However, in a press release, it said the decision to lift the suspension is reflective of *"the significant progress in the process of return to constitutional order"* including the establishment of a 24-month transition in November.<sup>5</sup> The reinstatement is a victory for the military junta and has given some credibility to the junta.

### IMF presents Article IV mission findings

The **International Monetary Fund (IMF)** completed an **Article IV Mission** to Gabon between 23 January and 6 February. The IMF released its mission statement on 15 February to highlight its findings and outcome of discussions focused on reviving economic growth and raising living standards. This was the first Article IV mission in Gabon since December 2019. Mission head **Aliona Cebotari** noted that several challenges face Gabon including declining oil production, stagnating income per capita, high unemployment, weak governance and an uncertain fiscal situation.<sup>6</sup> Economic growth is expected to average 3% in 2024 and 2025; however, this is too low to create a meaningful impact on per capita incomes. This growth will be driven by the non-oil sector, emphasising the need for Gabon to continue efforts in diversifying its economy, which could trigger greater economic growth.

Notably, the IMF welcomed the transitional government's efforts in achieving greater transparency and better public financial management, but added that stronger reforms are needed to ensure that this translates into a sustainable fiscal position.<sup>7</sup> The IMF recommended that the transitional authorities focus on including an inventory of state flows, assets and liabilities, offer full reporting on the financial position of the government and state-owned entities (SOEs), publish previous audit reports on government financials and make public all mining and oil contracts.<sup>8</sup> Regarding public management of funds, the IMF acknowledged that several reforms have already been undertaken, including centralisation of funds and payment authority under the treasury single account, better management of public investment processes and the establishment of a regulatory framework for the operation and management of SOEs.

These reforms are necessary not only to help address the fiscal deficit, which grew in 2022 and 2023 thanks to election-related spending, but also to help improve the living conditions of the population. Economists **Mays Mouissi** and **Harold Lecka** released a report in 2023 taking stock of economic developments during the second term of ousted president **Ali Bongo Ondimba's** (2009-2023), which highlighted that the unemployment rate had risen from 28% to 32% and that 35% of the population lives below the poverty line.<sup>9</sup>

<sup>5</sup> Jeune Afrique, 10 Mar 2024

<sup>6</sup> IMF, 15 Feb 2024

<sup>7</sup> IMF, 15 Feb 2024

<sup>8</sup> IMF, 15 Feb 2024

<sup>9</sup> Africanews, 10 Jul 2023

## Planner

2024 **(Gabon)** General census

1-30 Apr 2024 **Libreville (Gabon)** National dialogue

Jun 2024 **(Gabon)** Transitional president General **Brice Clotaire Oligui Nguema** to visit **Paris (France)**

Jun 2024 **(Gabon)** New constitution expected to be submitted to parliament

Nov 2024 **(Gabon)** Expected referendum on new constitution

Mar 2025 **(Gabon)** Expected adoption of a new electoral code

Aug 2025 **(Gabon)** General elections

## Chronology

12 Mar 2024 **Libreville (Gabon)** *Jeune Afrique*. Transitional president General **Brice Clotaire Oligui Nguema** confirms national dialogue will be launched on 2 April, until 30 April, which will guide the new constitution;

8 Mar 2024 **Libreville (Gabon)** *Le Nouveau Gabon*. A published bond loan document reveals that government expects growth of 2.9% between 2024 and 2026, driven by the non-oil sector;

8 Mar 2024 **Libreville (Gabon)** *Gabon Review*. The former ruling party, **Parti démocratique gabonais (PDG)**, appoints **Paul Biyoghé Mba** as its new first vice president;

7 Mar 2024 **Libreville (Gabon)** *Direct Infos Gabon*. Transitional president General **Brice Clotaire Oligui Nguema** meets with France-headquartered **Africa Global Logistics (AGL)** president **Philippe Labonne**, who confirms that AGL will invest at least 25 billion FCFA (\$41.7m) in Gabon's port and logistics sector in 2024;

5 Mar 2024 **Libreville (Gabon)** *Mining Weekly*. **South Africa**-headquartered mining-focused private investment company **Menar** signs a memorandum of understanding (MoU) with Gabon ahead of engaging with the relevant authorities to pursue iron ore and manganese opportunities;

5 Mar 2024 **Libreville (Gabon)** *Le Nouveau Gabon*. **Extractive Industries Transparency Initiative (EITI)** announces Gabon's three-month monitoring period, following the August coup d'état, has ended and that Gabon will remain in the organisation;

1 Mar 2024 **Libreville (Gabon)** *Gabon Review*. The transitional senate opens its first ordinary session of the 2024 parliamentary session;

28 Mar 2024 **Libreville (Gabon)** *Gabon Review*. Transitional president General **Brice Clotaire Oligui Nguema** attends the **United Nations Environment Assembly (UNEA)** in **Kenya**;

23 Feb 2024 **Libreville (Gabon)** *Le Nouveau Gabon*. Authorities agree to relaunch the general population census that started on 10 July 2023 but was suspended for elections in August and subsequently stopped after the 31 August coup d'état;

21 Feb 2024 **Libreville (Gabon)** *VOA*. **United States** delegation meets with transitional president General **Brice Clotaire Oligui Nguema** to discuss sanctions and a return to constitutional order;

19 Feb 2024 **Libreville (Gabon)** *Sika Finance*. **France**-headquartered **TotalEnergies** reports its turnover fell 15% in 2023 compared to 2022 due to the drop in price of oil in the international market;

19 Feb 2024 **Libreville (Gabon)** *Direct Infos*. **International Monetary Fund (IMF)** says it expects Gabon's growth could reach 3% in 2024 driven by the non-oil sector;

18 Feb 2024 **Libreville (Gabon)** *Direct Infos*. **Gabon Oil Co.** officially acquires a 75% stake in **United States**-headquartered **Carlyle's Gabon**-focused oil and gas company **Assala Energy** for \$730m;

17 Feb 2024 **Libreville (Gabon)** *Sika Finance*. Government says it will release 91 billion FCFA (\$149.35m) to subsidise fuel prices, transport, bread and education;

16 Feb 2024 **Libreville (Gabon)** *Le Nouveau Gabon*. Gabon's rank on **Transparency International's Corruption Perceptions Index (CPI)** stagnates at 136<sup>th</sup> out of 180 countries, while its score drops from 29/100 in 2022 to 28/100 in 2023;

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