

## AFRICA RISK CONSULTING

### Gabon Monthly Briefing August 2021

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#### Gabon Summary 13 August 2021

*The International Monetary Fund (IMF) executive board approves a 36-month arrangement under the Extended Fund Facility (EFF) for Gabon, which will enable it to access the equivalent of \$553.2m, amid concerns over Gabon's increasing public debt. The government launches the Zone d'Investissement Spécial (ZIS) d'Ikolo (Ikolo Special Investment Zone) in Lambaréné, capital of the Moyen-Ogooué. The SIZ is a multi-sectoral industrial zone that will focus on wood processing and will be coordinated by Gabon Special Economic Zone (GSEZ), Singapore-based agro-industrial giant Olam International, and India-headquartered Greenply Middle East. Despite low numbers of Covid-19 cases, President Ali Bongo Ondimba (2009-present) has extended the national health state of emergency by an additional 45 days, while health minister Guy Patrick Ndong suggests Gabon may experience a third wave of Covid-19 infections towards the end of August and beginning of September.*

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#### IMF approves three-year \$553.2m assistance programme for Gabon

The executive board of the **International Monetary Fund (IMF)** has approved a 36-month arrangement under the **Extended Fund Facility (EFF)** for Gabon, which will enable the country to access the equivalent of \$553.2m.<sup>1</sup> The funding aims to provide short-term support for the government's **Covid-19** pandemic response and implementation of its 2021-2023 national economic agenda, the **Plan d'Accélération de la Transformation (PAT)**. The IMF on 28 July authorised the immediate disbursement of \$115.25m, which will support Gabon's budget.

The IMF said the government's proactive response to the pandemic had saved lives and livelihoods but acknowledged that Covid-19, the fall in global oil prices and the resultant economic recession have led to an increase in macroeconomic imbalances, poverty and unemployment.<sup>2</sup> The IMF notes that Gabon is showing initial signs of economic recovery, but admits the outlook is uncertain and full recovery will be contingent on the evolution of the pandemic, vaccine rollout and the implementation of structural reforms. The EFF aims to bolster the government's pandemic response, reduce fiscal and public debt vulnerabilities, and lay the foundation for green and inclusive private sector-led growth and sustainable economic recovery that benefits all Gabonese.

The EFF also aims to help with the implementation of structural economic reforms.<sup>3</sup> This entails promoting efficient expenditure in order to create fiscal space for priority social spending and public investment, and strengthening transparency and governance in order to enhance domestic revenue, including from the oil and mining sectors. Boosting financial inclusion is another stated objective of the EFF.

IMF deputy managing director **Mitsuhiro Furusawa** noted that a slow Covid-19 vaccine roll out and subsequent waves of Covid-19 infections could delay the economic recovery trajectory to 2022 or beyond.<sup>4</sup> Nevertheless, Furusawa believes the EFF will assist Gabon's attempts to carry out its Covid-19 economic recovery and pursue structural reforms:

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<sup>1</sup> IMF, 28 Jul 2021

<sup>2</sup> IMF, 28 Jul 2021

<sup>3</sup> IMF, 28 Jul 2021

<sup>4</sup> IMF, 28 Jul 2021

*“Fiscal consolidation should be aligned with recovery needs, stating that, once recovery is strong enough more ambitious steps will need to be pursued in order to reduce public debt levels, as well as secure high and inclusive growth.”<sup>5</sup>*

Furusawa encouraged Gabonese authorities to undertake structural reforms such as improving the business environment and banking sector, promoting financial inclusion, and strengthening anti-corruption initiatives. Furusawa said the implementation of these reforms would equally support the **Communauté Economique et Monétaire de l’Afrique Centrale (CEMAC)** (Central African Economic and Monetary Community) regional recovery strategy.<sup>6</sup>

Prime minister **Rose Christiane Ossouka Raponda** noted on social media that the IMF programme approval confirmed the *“long and meritorious work of President Ali Bongo Ondimba (2009-present)”*.<sup>7</sup> Ossouka Raponda suggested the IMF’s approval is a demonstration of confidence in Gabon’s ability to reform and transform its economy in order to make it more competitive and able to create more jobs.<sup>8</sup> During a meeting between Bongo and IMF resident representative **Marcos Poplawski Ribeiro** on 2 August, Ribeiro said the EFF will have three main objectives: continuing the work of the health, economic and social response against Covid; revival of the Gabonese economy through diversification; and reducing poverty and public debt.<sup>9</sup> Ribeiro said the EFF will facilitate the implementation of the PAT, which he described as *“a sound economic development framework”*.

Gabonese economist **Mays Mouissi** disagrees, suggesting the IMF assistance programme alongside the implementation of the PAT is further confirmation of the failure of past government economic development plans.<sup>10</sup> Mouissi highlighted that **the Plan Stratégique Gabon Émergent (PSGE) (2010-2025)**, **the Plan de Relance de l’Économie (PRE) (2017-2019)**, **Programme pour l’Égalité des Chances (PEC)** and **the Pacte des Responsabilité** all contained the objectives outlined in the PAT yet failed to achieve them.<sup>11</sup> Mouissi claims the EFF and PAT do not address structural issues such as corruption, lack of transparency, broadening the tax base and debt monitoring, amongst others.<sup>12</sup> Confirmation of IMF support is nevertheless a positive development for the government and will provide much needed financial support. The IMF support provides a concessional loan with zero interest, which will be disbursed over three years if the government meets reforms and macroeconomic performance targets.<sup>13</sup>

However, the IMF assistance will further increase Gabon’s public debt, which has experienced a noteworthy rise over the past few years.<sup>14</sup> According to the IMF, Gabon’s debt to gross domestic product (GDP) ratio increased from 59.8% in 2019 to 77.4% in 2020.<sup>15</sup> It is expected to fall to 74.7% in 2021 and projected to reach 72.2% and 70.1% in 2022 and 2023 respectively.<sup>16</sup> According to the **Direction Générale de l’Économie et de la Politique Fiscale (DGEPF)** (general directorate for the economy and fiscal policy), public debt amounted to 6,426.2 billion FCFA (\$11.5 billion) at the end of March, and 74.2% of GDP.<sup>17</sup> New loans contracted in July were expected to increase this figure to 6,993.2 billion FCFA (\$12.58 billion).<sup>18</sup> This includes 60 billion FCFA (\$107.6m) and 182 billion FCFA (\$326.5m) obtained from regional bond issues, a 100 billion FCFA (\$179.8m) loan from the **African**

<sup>5</sup> IMF, 28 Jul 2021

<sup>6</sup> IMF, 28 Jul 2021

<sup>7</sup> Direct Infos Gabon, 1 Aug 2021

<sup>8</sup> Direct Infos Gabon, 1 Aug 2021

<sup>9</sup> Gabon Review, 3 Aug 2021

<sup>10</sup> Gabon Review, 6 Aug 2021

<sup>11</sup> Gabon Review, 6 Aug 2021

<sup>12</sup> Gabon Review, 6 Aug 2021

<sup>13</sup> Nouveau Gabon, 29 Jul 2021

<sup>14</sup> ARC Gabon analyst

<sup>15</sup> IMF, 28 Jul 2021

<sup>16</sup> IMF, 28 Jul 2021

<sup>17</sup> Gabon Media Time, 2 Aug 2021

<sup>18</sup> Gabon Media Time, 2 Aug 2021

**Development Bank (AfDB)** for partial funding of phase I of the **Programme d'Appui des Infrastructures au Gabon (PASIG)**, and the 307 billion FCFA (\$553.2m) IMF loan.<sup>19</sup>

However, there is some positive economic news for Gabon. Economy and recovery minister **Nicole Janine Roboty Mbou** announced during the second session of the **Comité National Économique et Financier** (economic and financial committee) on 26 July that the economy had expanded by 1.5% during the first seven months of 2021, a noteworthy improvement on the 1.8% contraction experienced in 2020.<sup>20</sup> The improved growth trajectory is attributed to positive performances by non-oil activities, with manganese production seeing a 9.8% increase and the forestry sector a 2.5% improvement, while oil palm output rose by 20%.<sup>21</sup> The economy and recovery ministry predicts an average of 3.4% economic growth for Gabon from 2022-2024.<sup>22</sup>

### Gabon launches new Special Economic Zone

The economy is expected to get a further boost following the launch of a new **Special Economic Zone (SEZ)**. Investment promotion and public-private partnerships minister **Carmen Ndaot** chaired the launching ceremony for activities at the **Zone d'Investissement Spécial (ZIS) d'Ikolo** (Ikolo Special Investment Zone) on 28 July.<sup>23</sup> The ZIS, located in the town of **Lambaréné**, capital of the **Moyen-Ogooué**, is an SEZ that will specialise in wood processing activities.<sup>24</sup> The project will be carried out in a partnership between the Gabonese state through **Gabon Special Economic Zone (GSEZ)**, **Singapore**-based agro-industrial giant **Olam International**, and **India**-headquartered **Greenply Middle East**, majority shareholder of **Greenply Gabon**.<sup>25</sup> Project partners including **Agence Nationale de la Promotion des Investissements du Gabon (ANPI-Gabon)** (investment promotion agency) director general **Ghislain Moandza Mboma**, **GSEZ Airport** and **Arise Integrated Industrial Platforms (IIP) & Infrastructure Services** director general **Igor Nyambie Simand**, and **Greenply Middle East** director general **Sudeep Jain** were present at the launching ceremony.<sup>26</sup>

The ZIS aims to attract five to six companies operating in the wood transformation industry and create 1,500-2,000 jobs by the end of the 2022.<sup>27</sup> It has already attracted **Greenply Gabon** as its first investor.<sup>28</sup> **Greenply** plans to transform 6,000-8,000 cubic metres of **Okoumé** wood into veneer sheets for export to **European** and other foreign markets.<sup>29</sup> The ZIS also aims to export 300 containers of processed wood monthly, of which **Greenply** will ship an estimated 150 containers, and employ 300-400 Gabonese by the end of 2022.<sup>30</sup> Combined with its activities at the Special Economic Zone at **Nkok**, located outside of **Libreville**, **Greenply** plans to export 17,000 m<sup>3</sup> per month, which would make it the largest exporter of the product in the world.<sup>31</sup>

**Ndaot** claims the ZIS will help to kick start Gabon's economic growth,<sup>32</sup> while **Mboma** noted that it reaffirms Gabon's status as an attractive investment destination with a business environment that will help to spur growth and development.<sup>33</sup> President **Bongo** approved the creation of the ZIS on 29 April during a cabinet meeting at which **Ndaot** presented the project,<sup>34</sup> which was institutionalised by

<sup>19</sup> Gabon Media Time, 2 Aug 2021

<sup>20</sup> Gabon Review, 27 Jul 2021

<sup>21</sup> Gabon Review, 27 Jul 2021

<sup>22</sup> Gabon Review, 27 Jul 2021

<sup>23</sup> Gabon Review, 28 Jul 2021

<sup>24</sup> Gabon Review, 28 Jul 2021

<sup>25</sup> Direct Infos Gabon, 30 Jul 2021

<sup>26</sup> Direct Infos Gabon, 30 Jul 2021

<sup>27</sup> Gabon Review, 28 Jul 2021

<sup>28</sup> Nouveau Gabon, 29 Jul 2021

<sup>29</sup> Nouveau Gabon, 29 Jul 2021

<sup>30</sup> Gabon Review, 28 Jul 2021

<sup>31</sup> Nouveau Gabon, 29 Jul 2021

<sup>32</sup> Direct Infos Gabon, 30 Jul 2021

<sup>33</sup> Gabon Review, 28 Jul 2021

<sup>34</sup> Gabon 24, 4 May 2021

Decree No. 00157 of 17 June.<sup>35</sup> Ndaot said the ZIS will attract companies wishing to carry out commercial, industrial, technological, research and service activities, notably in the domain of wood processing.<sup>36</sup>

The creation of Special Economic Zones (SEZ) was earmarked in Gabon's long-term economic development agenda, the **Plan Stratégique Gabon Émergent (PSGE) (2010-2025)**, which identified them as mechanisms to help restore the balance of trade on a sustainable basis and create employment.<sup>37</sup> Gabonese authorities hope the ZIS will replicate the success of the Nkok SEZ, a 1,126 hectare multi-sectoral industrial park created in 2010 and operated as a joint venture by Olam, the Gabonese state and **Nigeria-based African Finance Corporation (AFC)**.<sup>38</sup> **FDI Intelligence of United Kingdom-based publication Financial Times**, identified the Nkok SEZ as the best free trade zone globally, in the domain of wood processing.<sup>39</sup> GSEZ CEO **Kumar Mohan** reported in June that Gabon had increased revenue generated in the timber industry from 165.3 billion FCFA (\$297.4m) in 2010 to 771.4 billion FCFA (\$1.3 billion) in 2020.<sup>40</sup>

In his year-end address to the nation on 31 December, President Bongo said the government planned to create 50,000 jobs from 2021-2025 (10,000 annually) in the timber industry (see *ARC Briefing Gabon January 2021*).<sup>41</sup> Gabon is **Africa's** largest timber producer and the government believes that the creation of SEZ's will help to build on this comparative advantage.<sup>42</sup> Bongo has also earmarked the creation of an SEZ at **Franceville** in the **Haut Ogooué** (see *ARC Briefing Gabon January 2021*).

Gabonese economist Mays Mouissi suggests the government needs to reinforce its cooperation with the private sector in order to realise these goals.<sup>43</sup> This will help to boost competitiveness and productivity in high-growth sectors and provide access to much needed finances in the wake of the drop in petroleum revenue available to the government.<sup>44</sup> In this regard, the **Haut Conseil pour l'Investissement (HCI)** (higher investment council) has been working with the ANPI to undertake reforms to improve the business environment.<sup>45</sup> In April, Ndaot established an investment taskforce with the aim of Gabon becoming a top-100 global investment destination (see *ARC Briefing Gabon May 2021*).<sup>46</sup>

### Covid-19 cases drop significantly

Gabon is experiencing a decline in new cases of Covid-19. As of 12 August, the country had registered 25,529 Covid-19 cases in its population of 2.28 million, with 25,309 recoveries and 165 Covid-19-related deaths.<sup>47</sup> On 12 August, **Estuaire** province, the Covid-19 epicentre of **Grande Libreville** (Greater Libreville), had only 34 active cases.<sup>48</sup>

Despite the improving situation, President Bongo on 11 August extended the national health state of emergency by 45 days upon the recommendation of health minister **Guy Patrick Ndong**.<sup>49</sup> This entails measures include compulsory wearing of face masks in public and limits of 30 people in gatherings.<sup>50</sup>

<sup>35</sup> Nouveau Gabon, 29 Jul 2021

<sup>36</sup> Gabon 24, 4 May 2021

<sup>37</sup> Gabon 24, 4 May 2021

<sup>38</sup> Gabon Special Economic Zone website

<sup>39</sup> FDI Intelligence, 15 Oct 2020

<sup>40</sup> Gabon Review, 22 Jun 2021

<sup>41</sup> Gabon Media Time, 1 Jan 2021

<sup>42</sup> ARC Gabon analyst

<sup>43</sup> Gabon Review, 20 Jan 2021

<sup>44</sup> Gabon Review, 20 Jan 2021

<sup>45</sup> Direct Infos Gabon, 26 Apr 2021

<sup>46</sup> Direct Infos Gabon, 26 Apr 2021

<sup>47</sup> Infocovid.ga, 12 Aug 2021

<sup>48</sup> Infocovid.ga, 12 Aug 2021

<sup>49</sup> Gabon Review, 11 Aug 2021

<sup>50</sup> Gabon Review, 11 Aug 2021

Gabon has to date registered a relatively low turnout for its Covid-19 vaccination programme despite the availability of 400,000 doses of the **Russian**-manufactured **Sputnik V** and **Chinese** manufactured **Sinopharm** vaccines<sup>51</sup> and the establishment on 17 July of mobile vaccination units.<sup>52</sup> The **Comité National de Vaccination Contre le Covid-19 (Copivac)** (national vaccination committee) reported that by 10 August, 68,992 people (6.79% of the population) had received at least one dose of the Covid-19 vaccine, while 48,760 individuals (4.80% of the population) had been fully inoculated.<sup>53</sup> Although this represents a slight increase from 4.85% of the population vaccinated with at least one dose as of 18 July, it is far from the government's target of vaccinating 450,000 priority individuals.<sup>54</sup>

In a report issued on 2 August, defence ministry secretary general **Admiral Gabriel Hodjoa** denounced the reluctance of soldiers to receive the Covid-19 vaccine, reminding defence personnel that vaccination is compulsory for them.<sup>55</sup> However, **Alain Oumar**, president of the **Confédération Patronale Gabonaise (CPG)**, Gabon's largest business cartel, told state newspaper **l'Union** that vaccination is not obligatory for private sector employees.<sup>56</sup>

Gabon's public health officials are nevertheless bracing themselves for a potential third wave of Covid-cases, which Ndong predicts may occur towards the end of August and beginning of September.<sup>57</sup> **Comité de Pilotage de Veille et de riposte contre l'Epidémie à Coronavirus (Copil-Coronavirus)** (coronavirus steering committee) technical coordinator **Romain Tchoua** said the third phase of the government's Covid-19 response plan would focus on preparing for a possible third wave and decentralising access to Covid-19 oriented services.<sup>58</sup>

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<sup>51</sup> Gabon Media Time, 10 Aug 2021

<sup>52</sup> Gabon Media Time, 20 Jul 2021

<sup>53</sup> Gabon Media Time, 10 Aug 2021

<sup>54</sup> Gabon Media Time, 10 Aug 2021

<sup>55</sup> Gabon Media Time, 8 Aug 2021

<sup>56</sup> Direct Infos Gabon, 26 Jul 2021

<sup>57</sup> Gabon Media Time, 27 Jul 2021

<sup>58</sup> Infocovid.ga, 8 Aug 2021

## Planner

18 Aug 2021 **Yaounde (Cameroon) Communauté Economique et Monetaire de l'Afrique Centrale (CEMAC)** (Central African Economic and Monetary Community) extraordinary summit;  
 Oct 2021 **Montpellier (France)** France-Afrique summit  
 2023 **(Gabon)** Local and national assembly elections

## Chronology

11 Aug 2021 **Libreville (Gabon)** *Gabon Media Time*. President **Ali Bongo Ondimba** extends national health state of emergency for an additional 45 days;

10 Aug 2021 **Libreville (Gabon)** *Direct Infos Gabon*. The **Coalition des Organisations Patronales**, a collective of small and medium sized enterprises (SMEs), has called on the state to settle 54 billion FCFA (\$97.1m) in debts owed to its members;

2 Aug 2021 **Libreville (Gabon)** *Nouveau Gabon*. The **Syndicat National des Professionnels des Eaux et Forêts (Synapef)** (national union of professional water and forest workers) estimates the Gabonese government lost up to 747.7 billion FCFA (\$1.3 billion) in the recent cession of 220,925 hectares of forest area;

2 Aug 2021 **Paris (France)** *Gabon Review*. France-based bank **BNP Paribas** acknowledges "deficiencies" but refutes any involvement in money laundering or corrupt activities in connection with criminal charges on 11 May for the laundering of 23 billion FCFA (\$41.3m), which enabled the **Bongo** family to acquire villas and mansions in France;

30 Jul 2021 **Libreville (Gabon)** *Gabon Review*. The **Office National de l'Emploi (ONE)** (national employment office) intends to create 20,000 jobs for youth, in-line with Gabon's 2021-2023 economic development agenda, the **Plan d'Accélération de la Transformation (PAT)**;

29 Jul 2021 **Libreville (Gabon)** *Nouveau Gabon*. Investment minister **Carmen Ndaot** launches activities for the **Zone d'Investissement Spécial d'Ikolo (ZIS)** (special investment zone) located at **Lambaréné**, which will be dedicated to wood processing and supported by **Singapore-based Olam** and **India-owned Greenply Middle East**;

28 Jul 2021 **Libreville (Gabon)** *International Monetary Fund*. The **International Monetary Fund (IMF)** has approved the disbursement of \$553.2m through an Extended Arrangement under the **Extended Fund Facility (EFF)** for Gabon to finance its fight against the **Covid-19** pandemic and its 2021-2023 economic recovery plan;

27 Jul 2021 **Libreville (Gabon)** *Gabon Review*. Economy and recovery minister **Nicole Janine Roboty Mbou** announces economic growth of 1.5% during the first seven months of 2021;

27 Jul 2021 **Libreville (Gabon)** *Gabon Media Time*. Health minister Dr. **Guy Patrick Ndong** predicts the third wave of **Covid-19** infections will hit Gabon towards the end of August and beginning of September;

26 Jul 2021 **Libreville (Gabon)** *Nouveau Gabon*. Agriculture and fisheries minister **Biendi Maganga Moussavou** says the partnership agreement in the fisheries sector, signed with the **European Union (EU)** in June, could generate annual turnover of 576 billion FCFA (\$1.06 billion);

23 Jul 2021 **Libreville (Gabon)** *Nouveau Gabon*. Transport minister **Brice Constant Paillat** says Gabon's urban public transport company, **Société Gabonaise des Transports (Sogatra)**, could be liquidated, having accumulated debt of 22 billion FCFA (\$39.5m);

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