

AFRICA RISK CONSULTING

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Gabon Summary 24 July 2024

The Comité constitutionnel national (CCN) (national constitutional committee) completes its drafting of the new constitution on 15 June based on the recommendations of the Dialogue national inclusif (DNI) (inclusive national dialogue), which concluded on 28 April. The public accounts ministry confirms on 4 July that it has made a debt payment to the World Bank after missing its initial deadline of 30 June, citing technical issues. The missed payment highlights Gabon's rising level of debts. Contributing to its increasing debt is Gabon's acquisition of United Kingdom-headquartered Assala Energy, which it finalised on 24 June.

Constitutional draft submitted to transitional president

The **Comité constitutionnel national (CCN)** (national constitutional committee) completed its drafting of the new constitution on 15 June based on the recommendations of the **Dialogue national inclusif (DNI)** (inclusive national dialogue), which concluded on 28 April. The ruling junta appointed the 21 members of the CCN on 8 May, which subsequently took five weeks to draft the new constitution.¹ CCN technical unit coordinator **Murielle Minkoué-Mintsa** confirmed that the committee did not rely on external assistance in the preparatory work for the DNI, the organisation of the dialogue or the drafting of the draft constitution, but can rely on it in the future:

*"For future stages, it could indeed request the support of various organisations of the **African Union**, the **European Union** or the **United Nations**."²*

According to **French** publication **RFI**, which reports to have seen the main measures, the draft constitution establishes a presidential regime but has safeguards to avoid a concentration of power, including a seven-year limit on the president's term, which is only renewable once. The president will also have to be **Gabonese** and not hold dual nationality. The role of prime minister will no longer exist and the president will be both head of state and government.³ Certain articles in the constitution can only be changed by referendum, preventing heads of state from making changes themselves.

The **Assemblée Nationale** (national assembly) and **Senate** will continue to exist. Parliamentarians will be elected for a five-year term, which can be renewed an unlimited number of times. The committee believes this will limit the number of former elected officials who remain reliant on state pension funds. Parliament will have the power to impeach a president and appoint enquiry or control committees.⁴

The new constitution also aims to limit political influence on the justice system. During the **Bongo** regime, many believed the family had 'captured' the constitutional court. At the time of the coup, **Marie-Madeleine Mborantsuo**, a former romantic partner of **Omar Bongo Ondimba** (1967-2009), was the head of the court.⁵

¹ RFI, 20 Jun 2024

² Gabon Review, 17 Jun 2024

³ RFI, 20 Jun 2024

⁴ RFI, 20 Jun 2024

⁵ Al Jazeera, 1 Sep 2023

The constitution has been submitted to transitional president **Brice Clotaire Oligui Nguema** (2023-present) for assessment before it is sent to members of parliament (MP) for voting. The final step is a referendum, which is expected to take place at the end of the year.⁶

World Bank payment dispute highlights debt concerns

The public accounts ministry confirmed on 4 July that it had made a debt payment to the **World Bank** after missing its initial deadline of 30 June, citing technical issues. The missed debt arrears payment, which was \$17m, was exposed in a leaked World Bank letter dated 1 July, which indicated the World Bank's **International Bank for Reconstruction and Development (IBRD)** was suspending disbursements to Gabon.⁷

The public accounts ministry took the opportunity to reiterate its commitment to settling debt, much of which it inherited from former president **Ali Bongo Ondimba** (2009-2023), with public accounts minister **Charles Mba** clarifying that the transitional government has settled \$1.72 billion in arrears on debt contracted under Bongo.⁸

Debt is a key concern for Gabon. The **International Monetary Fund (IMF)** has projected that debt could rise from 73.1% of GDP in 2024 to 78% of GDP in 2025.⁹ While the public accounts ministry's data indicate that debt is only 54.68% of GDP, Mba has said this discrepancy is due to a lack of transparency under Bongo. Mba noted that following the coup in August 2023, a taskforce found that debt levels were far higher than disclosed.¹⁰

While the junta has committed to settling debts, it has also incurred some of its own and at high levels. In January, the state completed its acquisition of **United Kingdom**-headquartered **Assala Energy** and in February (see below), it acquired 30% in Gabon's largest mass retailer, **Ceca-Gadis**. It also acquired 30% of foreign shares in **Société gabonaise d'entrepôtage des produits pétroliers (SGEPP)** (Gabonese petroleum products storage company).¹¹ The junta has said these acquisitions are to benefit the country. However, they are contributing to Gabon's rising level of debt, which the IMF warns will exceed 8 trillion FCFA (\$13.25 billion) in 2024. The junta has inherited a complicated economy and needs to balance public finances with its new investment drive, while maintaining a reputation for meeting debt obligations or risk being unable to access new financing.

Assala Energy acquisition finalised

Transitional president Nguema held a celebration on 1 July at the presidential palace to commemorate Gabon's acquisition of Assala Energy, with official handing over of the documentation after the deal was finalised on 21 June. Assala Energy was owned by **United States**-based investment fund **Carlyle** but the **Gabon Oil Company (GOC)** acquired it in February after vetoing an agreement between Carlyle and France-based **Maurel & Prom** (see *ARC Briefing Gabon Jan 2024*). During the ceremony, Nguema noted:

"Gabon has just re-appropriated, 67 years after [the first export of black gold], a significant portion of its oil. [This] now allows us to produce 25% of our national production."¹²

Assala Energy produces an average of 45,000 barrels of oil per day and is the second largest oil company in Gabon after **Perenco**. The acquisition came with an expensive price tag; GOC acquired Assala for approximately \$1.3 billion, with **Switzerland**-based **Gunvor** revealing on 25 June that it was the state's funder for the transaction. No further details on the transaction have been publicised

⁶ Gabon Review, 17 Jun 2024

⁷ The Africa Report, 10 Jul 2024

⁸ The Africa Report, 10 Jul 2024

⁹ Le Monde, 8 Jul 2024

¹⁰ Le Monde, 8 Jul 2024

¹¹ Le Monde, 8 Jul 2024

¹² Le Monde, 18 Jul 2024

despite Gabon's transparency obligations through its **Extractive Industries Transparency Initiative (EITI)** membership.¹³

GOC CEO **Marcellin Simba Ngabi** confirmed on 7 July that the state will repay \$20m per month to Gunvor starting in December. In a bid to quell any concerns, Ngabi said that Assala Energy had a net profit of \$287m in 2023, meaning it can meet its yearly payments of \$240m.¹⁴ Ngabi added that the new oil company will increase foreign exchange reserves and strengthen the currency.

Despite Ngabi's attempts to promote the acquisition as positive on all levels, concerns remain. Alongside the financial responsibility, GOC will now be responsible for managing a key player in Gabon's important oil sector. This will be a test for GOC, which has only operated the 1,000 barrel-per-day **Mbouma** oil field.¹⁵ To be successful, the state will need to invest in infrastructure. For example, Assala Energy bought the **Gamba** oil terminal from **United Kingdom (UK)**-based **Shell** in 2017, which is used by other oil companies to export oil. While Assala Energy has made some investment, the terminal is over 50 years old and will require further investment for maintenance and development.

Alongside this, GOC will now manage Assala Energy's seven onshore production licences, of which six are operational, and a pipeline network.¹⁶ **Association for the Development of Energy in Africa** president **Jean-Pierre Favennec** has opined that Gabon will probably have to bring in foreign companies and staff to help with the management of the new assets as it lacks technical expertise.¹⁷

Gabon's debt is already rising; adding the financial responsibility not only of the repayments but additional investment will require careful balance by the junta and good management of the assets by GOC. US-headquartered **Fitch Ratings** forecast in 2023 that Gabon's oil production will start to decline by 2025 due to ageing fields. In light of this, focus on the non-oil sector will be key to ensuring sustained economic growth.

Planner

2024 (Gabon) General census
Nov 2024 (Gabon) Expected referendum on new constitution
Mar 2025 (Gabon) Expected adoption of a new electoral code
Aug 2025 (Gabon) General elections

Chronology

23 Jul 2024 Libreville (Gabon) <i>Agence Ecofin</i> . Economy ministry launches a call for expression of interest from firms to draft a new law for the mining sector;
23 Jul 2024 Libreville (Gabon) <i>Agence Ecofin</i> . Tunisia's national carrier, Tunisair , confirms that its six-year old plans to launch flights to Libreville and Yaoundé (Cameroon) will be operational by December;
16 Jul 2024 Libreville (Gabon) <i>Le Nouveau Gabon</i> . Economy ministry confirms that manganese production fell by 23.9% in the first quarter due to damage to the Transgabonais railway line that transports goods;
16 Jul 2024 Libreville (Gabon) <i>Direct Infos Gabon</i> . Gabon fines Citibank Gabon 90m FCFA (\$149,499) for serious breaches of legislation on the protection of personal data;

¹³ Gabon Review, 2 Jul 2024

¹⁴ Le Nouveau Gabon, 11 Jul 2024

¹⁵ Le Monde, 18 Jul 2024; S&P, 25 Jun 2024

¹⁶ S&P, 24 Jun 2024

¹⁷ Jeune Afrique, 26 Jun 2024

- 15 Jul 2024 **Libreville (Gabon)** *Le Nouveau Gabon*. The state acquires a 25% shareholding in **Agro Business Group**, which is mainly active in the rubber sector, for 4 billion FCFA (\$6.64m);
- 12 Jul 2024 **Libreville (Gabon)** *Sika Finance*. Gabon raises 169 billion FCFA (\$280.72m) on the **Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC)** (economic and monetary community of Central Africa) financial market;
- 11 Jul 2024 **Libreville (Gabon)** *Direct Infos Gabon*. Oil and gas minister **Marcel Abéké** and economy minister **Mays Mouissi** hold a preparatory meeting on the publication of all contracts and permits for the oil, mining and forestry sectors;
- 9 Jul 2024 **Libreville (Gabon)** *Jeune Afrique*. **France** and Gabon's armies inaugurate a new military administration school at the French base in Libreville, a symbol of 'new partnership' focused on training;
- 9 Jul 2024 **Libreville (Gabon)** *Gabon Review*. Gabon participates in the **Africa-Spain Business Summit**;
- 3 Jul 2024 **Libreville (Gabon)** *Le Nouveau Gabon*. **World Bank's International Bank for Reconstruction and Development (IBRD)** announces it will suspend disbursements to Gabon due to unpaid debts amounting to 10.4 billion FCFA (\$17.17m);
- 28 Jun 2024 **Libreville (Gabon)** *Le Nouveau Gabon*. Council of ministers adopts a new decree setting the quota for employment of foreign labour in Gabon to a maximum of 30%;
- 25 Jun 2024 **Libreville (Gabon)** *S&P*. **Switzerland**-based commodities trader **Gunvor** confirms it provided the \$1.3 billion financing needed by the state-owned **Gabon Oil Company** for the acquisition of **United States**-based **Carlyle's** oil assets in Gabon;
- 24 Jun 2024 **Libreville (Gabon)** *Le Nouveau Gabon*. **Ethiopia's** national carrier, **Ethiopian Airlines**, expresses interest in acquiring a stake in **Fly Gabon**;
- 21 Jul 2024 **Libreville (Gabon)** *Reuters*. **World Organisation for Animal Health (WOAH)** confirms that Gabon has reported a case of bird flu for the first time since 2022;
- 21 Jun 2024 **Libreville (Gabon)** *Sika Finance*. Council of ministers approves two draft laws which authorise the government to contract new loans from the **International Bank for Reconstruction and Development (IBRD)**, a branch of the **World Bank**;
- 16 Jun 2024 **Libreville (Gabon)** *Market Forces Africa*. **United States**-headquartered credit rating agency **Moody's** downgrades Gabon's local and foreign-currency long-term issuer and foreign-currency senior unsecured debt ratings to Caa2 from Caa1 and revises its outlook from negative to stable;
- 16 Jun 2024 **Libreville (Gabon)** *Direct Infos Gabon*. **Norway**-listed **BW Energy** confirms it has increased oil production on the **Dussafu** field by 4,000 barrels per day to 40,000;
- 13 Jun 2024 **Libreville (Gabon)** *RFI*. The trial of former president **Ali Bongo Ondimba's** chief of staff, **Brice Laccruche Alihanga**, is suspended due to his ill health;

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