

## AFRICA RISK CONSULTING

### Gabon Monthly Briefing March 2023

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#### Gabon Summary 6 March 2023

*Gabon hosts the One Forest Summit, focusing on the preservation of the forests in the Congo River Basin, co-chaired by President Ali Bongo Ondimba (2009-present) and French President Emmanuel Macron (2017-present). Bongo closes 10 days of political consultations between the ruling Parti Démocratique Gabonais (PDG) and opposition parties on 23 February, promising that the proposals made by the political parties will be transcribed into law or see other forms of action. United States-headquartered credit rating agency Fitch Ratings reaffirms Gabon's Long-Term Currency Issuer Default Rating at B- with a positive outlook. The agency notes that the B-rating indicates Gabon's higher GDP per capita than that of its neighbours, and improved near-term fiscal metrics, but that weak public finance management and liquidity pressures have created an accumulation of outstanding external debt.*

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#### Gabon hosts One Forest Summit

**Gabon** hosted the **One Forest Summit** from 1-2 March, which focused on the preservation of the forests in the **Congo River Basin**.<sup>1</sup> The event was co-chaired by President **Ali Bongo Ondimba** (2009-present) and **France's** President **Emmanuel Macron** (2017-present) and attended by several regional heads of state. This was notably Macron's first presidential visit to Gabon and the first by a French president since 2010.

The summit ended with the creation of a new fund, spearheaded by Macron, that will be endowed with 65.5 billion FCFA (\$106m) by several donors and will benefit 15 countries in the Congo Basin working to preserve their forests.<sup>2</sup> The **United States (US)**-based **Walton Foundation** has pledged to contribute €20m (\$21.26m). US-based non-profit environmental organisation **Conservation International** will inject €30m (\$31.9m), while France has pledged to contribute €50m (\$53.16m) to help make the fund a reality.

**European Commission** vice-president **Frans Timmermans** also attended the summit and met with Bongo to discuss the preservation of the Congo Basin forests. Timmermans hailed Bongo's leadership in protecting the country's forests, which absorb the equivalent of a third of the carbon dioxide omitted from France.<sup>3</sup>

Gabon's carbon credits also came under discussion during the summit. Environment minister **Lee White** noted in the opening plenary that the **United Nations Convention on Climate Change** had validated 90 million tonnes of carbon credits, valued at \$1.26 billion, in December, but that Gabon is struggling to sell the credits on the international market. **Fonds gabonais d'investissements stratégiques (FGIS)** (Gabonese strategic investment fund) managing director **Akim Daouda** told the summit that the sale of the carbon credits is vital in allowing Gabon to continue preserving its forests, creating jobs and maintaining its production of carbon credits.<sup>4</sup>

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<sup>1</sup> Gabon Media Time, 2 Mar 2023

<sup>2</sup> Le Nouveau Gabon, 3 Mar 2023

<sup>3</sup> Gabon Media Time, 2 Mar 2023

<sup>4</sup> Le Nouveau Gabon, 1 Mar 2023

Carbon credits and the sale thereof will be the main topic of discussion at the **28<sup>th</sup> Conference of the Parties (COP28)** in **Dubai (United Arab Emirates)** in December. Despite the importance of carbon credits, many nations are not participating in the scheme.<sup>5</sup>

Opposition parties and civil society voiced concerns that Macron's visit, just five months before the presidential election, was to show support for Bongo and his possible bid for the presidency.<sup>6</sup> Members of the **La France insoumise-Nouvelle union populaire écologique et sociale (LFI-NUPES)** coalition penned a letter to France's foreign affairs minister, **Catherine Colonna**, stating that the trip offers international legitimacy to the Bongo family regime, which has been in power since 1967.<sup>7</sup> The letter cited the refusal of a visa to journalist **Maria Malagardis** and the 25 February arrest of activist **Privat Ngomo**, who opposed Macron's attendance at the summit. During a presentation on France's **Africa** policy on 27 February, Macon confirmed it was not an electoral trip, and that he would be engaging with the opposition. Macron said the trip is part of commitments made at **COP27** in **Egypt** in December, particularly those concerning valuing the region's forests, whose protection costs Gabon significantly in the absence of contributions from other countries.<sup>8</sup>

### Political consultations

President Bongo closed 10 days of political consultations between the ruling **Parti Démocratique Gabonais (PDG)** and opposition parties on 23 February, promising that the proposals made by the political parties will be transcribed into law or see other forms of action. The consultations were aimed at improving democratic ideals and promoting peaceful elections in August as well as a peaceful post-election period.<sup>9</sup> The constitutional court has also supported promoting a calm election environment. Prior to the political consultations between 8 February and 11 February, it hosted a campaign to raise awareness among stakeholders such as the media, mayors, municipal councillors, security forces and political associations on preparing for peaceful and transparent elections.<sup>10</sup>

During the consultations, Bongo proposed that all political mandates be capped at five years versus the current seven years, to which opposition parties agreed. However, Bongo did not comment on the number of terms a president may spend in office, another hint at his likely candidacy for the August elections.

It was also agreed during consultations to lower the deposit required to run in the presidential, senatorial, legislative and local elections. For presidential candidates, the deposit will decrease from 20m FCFA (\$32,388) to 10m FCFA (\$16,220), while the deposit for legislative and senatorial elections will decrease from 500,000 FCFA (\$809,72) to 350,000 FCFA (\$566,80), and from 350,000 FCFA (\$566,80) to 250,000 FCFA (\$405,51) for local elections.

The parties to the consultations also discussed the introduction of biometrics in the electoral process, financing of campaigns, adoption of a first-round ballot for presidential and parliamentary elections and shortening the registration period from 45 days to 30 days.<sup>11</sup> The justification for the first-round ballot system is to save time and money during the election period. Prime minister **Alain Claude Bilie-By-Nze** told the media on 24 February that the government believes eliminating the run-off election system is a responsible choice for financial reasons, and that it will reduce the time between the ballots, which is often a tense period creating the opportunity for social unrest.<sup>12</sup> The opposition did not welcome this decision, claiming the one-ballot system creates the potential for error. The cost of the upcoming elections has been pegged at 100 billion FCFA (\$162.16m).

<sup>5</sup> Le Nouveau Gabon, 2 Mar 2023

<sup>6</sup> Le Nouveau Gabon, 2 Mar 2023

<sup>7</sup> Gabon Review, 1 Mar 2023

<sup>8</sup> Le Nouveau Gabon, 28 Feb 2023

<sup>9</sup> Le Nouveau Gabon, 24 Feb 2023

<sup>10</sup> Le Nouveau Gabon, 13 Feb 2023

<sup>11</sup> Le Nouveau Gabon, 24 Feb 2023

<sup>12</sup> Le Nouveau Gabon, 28 Feb 2023

The takeaway from consultations is that the government is hoping to avoid the post-election violence seen in 2016 when supporters of opposition candidate **Jean Ping** clashed with police, resulting in the death of at least five people and the arrest of 1,110 others. This is the first time in Gabon's history that presidential, legislative and local elections will take place simultaneously, which has raised the stakes and tensions before the elections.

Not all opposition parties welcomed the political consultations. Opposition **Le Gabon nouveau** president **Mike Jocktane** said he had reviewed the documents from the consultations, which his party did not attend, and described the consultations as “*government staging*” to make it appear that it wishes to improve the country's democracy.<sup>13</sup> **Union Nationale, Réagir** and **Parti réveil citoyen (PRC)** also refrained from participating in the consultations, describing them as a “*meaningless façade*”.<sup>14</sup>

### Fitch confirms Gabon's rating, outlook positive

**United States**-headquartered credit rating agency **Fitch Ratings** affirmed Gabon's Long-Term Currency Issuer Default Rating at B- with a positive outlook on 10 February.<sup>15</sup> The agency noted that the B- indicates a higher GDP per capita than that of Gabon's neighbours and improved near-term fiscal metrics, but that weak public finance management and liquidity pressures have created an accumulation of outstanding external debt.

The positive outlook reflects Gabon's increased revenues from higher global oil prices, control of spending and increased revenues from non-oil sectors, which will improve fiscal metrics, and more importantly, ensure that Gabon's debt-to-GDP ratio remains on a downward trajectory.<sup>16</sup> Public debt declined to 54.9% of GDP in 2022, from 64.7% in 2021, and Fitch forecasts that it will continue to fall to 52.1% by 2024 due to increased oil revenues.<sup>17</sup> However, as oil prices fall, the pace at which debt falls will slow. Oil represented 36.6% of government revenues on average between 2017 and 2021, which will increase to 40% in 2023 on the back of higher oil prices. But, as oil prices fall, the government will need other revenue streams, hence its increased focus on non-oil sectors and economic diversification.

Fitch Ratings says Gabon's economic growth reached 2.9% in 2022, up from 1.5% in 2021, driven by the oil sector. Growth will average 3% in 2023 and 2024, as other sectors such as agriculture, mining and forestry grow alongside oil production.<sup>18</sup>

Fitch highlighted the 2023 election as an uncertainty, given the potential for tensions and social unrest around the election period. Fitch believes that Bongo will remain in power due to weak opposition and the ruling party and family's control of key institutions.<sup>19</sup> Fitch notes that the election and any prevailing tensions or issues could delay negotiations between Gabon and the **International Monetary Fund (IMF)**, with which Gabon has an Extended Credit Facility arrangement.

Fitch notes that Gabon's failure to continue the downward trajectory of its debt-to-GDP ratio and external financing pressures could see a negative rating action, while an increase in fiscal buffers, ongoing debt reduction and stronger growth from non-oil sectors could see a positive rating action.<sup>20</sup>

<sup>13</sup> Gabon Review, 28 Feb 2023

<sup>14</sup> Gabon Review, 16 Feb 2023

<sup>15</sup> Fitch Ratings, 10 Feb 2023

<sup>16</sup> Fitch Ratings, 10 Feb 2023

<sup>17</sup> Fitch Ratings, 10 Feb 2023

<sup>18</sup> Fitch Ratings, 10 Feb 2023

<sup>19</sup> Fitch Ratings, 10 Feb 2023

<sup>20</sup> Fitch Ratings, 10 Feb 2023

## Planner

Aug 2023 **(Gabon)** Local, national assembly and presidential elections

## Chronology

5 Mar 2023 **Libreville (Gabon)** *Gabon Media Time*. Deputy head of the **Swiss** embassy in Gabon, **Danielle Freihofer** meets with investment minister **Hugues Mbadinga** and expresses Switzerland's interest in investing in agroindustry, infrastructure, energy and mines;

3 Mar 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. A report published prior to the **One Summit Forest** indicates that the timber sector's contribution to GDP has risen from 116 billion FCFA (\$188m) to 444 billion FCFA (\$719.9m) over ten years, an increase of nearly 400%;

28 Feb 2023 **Libreville (Gabon)** *Gabon Review*. **Islamic Development Bank (IDB)** delegation head says Gabon has benefited from more than \$500m from the IDB as the government continues its quest to find donors to finance projects outlined in its **Plan d'accélération de la Transformation (PAT)**;

24 Feb 2023 **Libreville (Gabon)** *Gabon Review*. Gabon abstains from voting on the **United Nations** resolution for just and lasting peace in **Ukraine**, which calls for the withdrawal of **Russian** soldiers from Ukraine;

23 Feb 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. Opposition parties propose during political consultations with President **Ali Bongo Ondimba** that the August scheduled presidential and parliamentary elections take place in one round versus two, to save costs and time;

22 Feb 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. **Conseil des ministres** drafts a decree creating a mining brigade responsible for carrying out all investigations in mining matters, securing mining sites and ensuring compliance with operators;

22 Feb 2023 **Libreville (Gabon)** *Gabon Review*. **Australia**-headquartered iron-ore producer **Genmin Limited** and **Owendo Mineral Port (OMP)** sign a 15-year integrated rail and port services agreement;

22 Feb 2023 **Andem (Gabon)** *Direct Infos Gabon*. **India**-headquartered company **AOM** is preparing to invest 30 billion FCFA (\$48.6m) in the Andem high-productivity agricultural zone, which aims to reduce Gabon's food import bill;

21 Feb 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. **Niger's** President **Mohamed Bazoum** meets President **Ali Bongo Ondimba** to discuss bilateral, regional and continental issues including peace, security, climate change and protection of the environment;

20 Feb 2023 **Libreville (Gabon)** *Sika Finance*. **French** energy giant **TotalEnergies** announces it produced 15,800 barrels of oil per day in Gabon in 2022, down 31% from 2021 and 39% in 2020, representing the second year the oil company has had poor performance;

20 Feb 2023 **Libreville (Gabon)** *Sika Finance*. **United Kingdom**-headquartered **Perenco** confirms it will invest \$1 billion in the construction of a liquefied natural gas production unit in Gabon;

16 Feb 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. **United States** announces via its embassy in Gabon its intentions to donate \$3.5m worth of antiretrovirals to people living with HIV/AIDS;

15 Feb 2023 **Libreville (Gabon)** *APA News*. President **Ali Bongo Ondimba** meets with **Morocco's** King **Mohammed VI** to discuss bilateral relations, and to deliver a 2,000-tonne fertiliser donation from Morocco;

15 Feb 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. Health ministry informs the public it has initiated the epidemic response unit as **Marburg** virus cases are recorded in neighbouring **Equatorial Guinea**, noting that no cases or symptoms have been reported in Gabon;

14 Feb 2023 **Libreville (Gabon)** *Gabon Review*. The **Programme d'appui à l'intégration régionale et à l'investissement en Afrique Centrale (PAIRIAC)** (support programme for regional integration and investment in **Central Africa**) holds a workshop in Libreville aiming to improve the business environment and investment climate through arbitration and mediation;

13 Feb 2023 **Paris (France)** *Gabon Review*. **Gabon**, through the administrative authority of **Nkok Zone d'investissement spécial (ZIS)** (special investment zone), takes part in **Meet Africa**, the first edition of the **Diaspora Entrepreneurs Forum** at the **Palais des Congrès**, co-financed by the **European Union (EU)** and the **Agence française de développement (AFD)**;

10 Feb 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. **Centre gabonais des élections (CGE)** committee elects **Michel Stéphane Bonda** as the new president of the CGE ahead of the August elections;

9 Feb 2023 **Libreville (Gabon)** *Direct Infos Gabon*. **Australian** mining company **Fortescue Metals Group** announces it will invest \$200m in the development of the **Belinga** iron project over the period 2023-2024;

9 Feb 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. **European Union** confirms it will not deploy observers to the election in August as Gabon did not issue a formal invitation, as is customary;

8 Feb 2023 **Paris (France)** *Gabon Review*. **Gabon's Façade Maritime du Champ Triomphal (FMCT)** receives an award for leading infrastructure project for a sustainable city through its eco-responsible approach to the **Baie des Rois** project, an integrated urban development project that aims to create a neighbourhood that is friendly, open, and easily accessible to all.

### About Africa Risk Consulting:

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