

## AFRICA RISK CONSULTING

### Gabon Monthly Briefing November 2022

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#### Gabon Summary 9 November 2022

*President Ali Bongo Ondimba (2009-present) reshuffles his cabinet slightly, appointing government spokesman and energy and water minister Alain-Claude Bilie-By-Nze as deputy prime minister and Toussaint Nkouma Emanas as public works and infrastructure minister. The International Monetary Fund (IMF) begins a one-week mission to Gabon to complete its third review of the progress made under its Extended Credit Facility (ECF) arrangement following completion of its first and second reviews in June, which led to the disbursement of \$155.29m. The council of ministers appoints the Fonds Gabonais d'Investissements Stratégiques (FGIS) (Gabonese strategic investment fund) and its director, Akim Daouda, as the exclusive agents for marketing Gabon's carbon credits, subsequently certified by the United Nations Framework Convention on Climate Change (UNFCCC).*

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#### Bongo's minor cabinet shuffle sees two new appointments

Prime minister **Rose Christiane Ossouka Raponda** announced on 12 October that President **Ali Bongo Ondimba** (2009-present) had reshuffled his cabinet, appointing government spokesman and energy and water minister **Alain-Claude Bilie-By-Nze** as deputy prime minister and **Toussaint Nkouma Emanas** as public works and infrastructure minister. Emanas takes over from **Léon Armel Bounda Balonz**, whom Ondimba fired in September following unsatisfactory performance by the minister and ministry.<sup>1</sup> The public works ministry is focused on several of the flagship projects on which Ondimba campaigned for his second term, including the **Transgabonaise** project.

The post of deputy prime minister was held by **Alliance pour le changement et le renouveau (ACR)** leader **Bruno Ben Moubamba** until October 2016, but has been vacant since. Local media have speculated that Bilie-By-Nze's appointment is due to his allegiance to Ondimba and may assist Ondimba to retain his presidency should he run in the 2023 presidential elections.<sup>2</sup> Although Ondimba has not announced that he will run, the elections are fast approaching, and his lack of announcement could be viewed as an announcement in and of itself.

If Ondimba is re-elected, he might appoint Bilie-By-Nze as prime minister in a natural succession given his new role. Moubamba, a political opponent of Ondimba and a presidential candidate in 2016, addressed the media on 19 October stating that he believes the appointment to be a political move that will consolidate power in the executive ahead of the elections.<sup>3</sup> Moubamba further stated he believes the elections will be extremely repressive and violent, encouraging voters to avoid the polls.

#### IMF begins its third review

The **International Monetary Fund (IMF)** began a one-week mission to Gabon on 8 November to complete its third review of the progress made under Gabon's **Extended Credit Facility (ECF)** arrangement. The IMF completed its first and second reviews in June, which led to the disbursement of \$155.29m (*see ARC Briefing Gabon July 2022*).<sup>4</sup> Gabon has received a total disbursement of \$263.63m out of the \$553.2m agreed upon in the ECF arrangement.

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<sup>1</sup> Gabon Review, 12 Oct 2022

<sup>2</sup> Gabon Media Time, 30 Oct 2022

<sup>3</sup> Gabon Review, 19 Oct 2022

<sup>4</sup> Le Nouveau Gabon, 8 Nov 2022

Budget minister **Edith Ekiri Mounombi Oyoumi** began preparatory work for the review on 2 November when she met with representatives from the **African Development Bank (AfDB)** to discuss the previous disbursement by the IMF and how this impacted the budget sheet.<sup>5</sup> The AfDB, **World Bank** and **Agence Française de Développement (French development agency)** provide financial support to Gabon based on its performance under the IMF programme.

IMF resident in Gabon **Agou Gomez** told the media that Gabon has made significant progress over the past few months, which will positively impact the third review, but that other issues remain, including the 2023 budget.<sup>6</sup> The budget needs to balance protecting citizens from the rising cost of living through subsidies and preserving the surplus Gabon has earned through oil sales, especially amid higher oil prices. Gabon will also need to make further progress in diversification of the economy, which is currently strongly reliant on the oil sector.

The IMF has forecast Gabon's economic growth to reach 3.7% in 2023, driven by a rebound in the non-oil sector, namely the mining, agriculture, wood, telecommunications and processing industries. Economy minister **Nicole Roboty Mbou** noted that the government plans to consolidate these improvements by re-joining the **Extractive Industries Transparency Initiative (EITI)** and increasing transparency, which would bode well for Gabon's IMF programme progress.<sup>7</sup>

The IMF's third review is in quick succession to the first and second reviews; however, this can occur if a country's administration believes it has made the necessary progress and requests a review for additional disbursement of funds.

### 2023 budget and growth forecasts released

The **Conseil des ministres** (council of ministers) approved the draft 2023 budget on 13 October, which has been set at 3,602.3 billion FCFA (\$5.5 billion), a 9.3% increase from the 2022 budget of 3,295.6 billion FCFA (\$5 billion), attributed to the government's measures to increase tax revenues.<sup>8</sup> The bill forecasts an economic growth rate of 3.1% in 2023 against 2.8% in 2022.

The government believes the 2023 budget will make it possible to finance projects aimed at transforming the economy under the **Plan d'accélération de la Transformation (PAT)** (transformation acceleration plan), including increased spending on education, vocational training, health, water, energy, and road infrastructure. The government has also prioritised increasing revenue mobilisation by broadening the tax base, digitalisation of services and the removal of exemptions from taxes and duties not authorised by the law.<sup>9</sup> The budget has had to make provisions for the 2023 elections and the planned 2023 general population census.<sup>10</sup>

The budget also contained production forecasts for 2023 for manganese, an important revenue stream for Gabon contributing to the economic growth projected in 2023 by the IMF. Manganese production is expected to reach 10.9 million tonnes in 2023, an increase of 9.5% from the 2022 expected production.<sup>11</sup> The selling price of manganese will also increase by 2.7% to \$161.1 per tonne, again benefiting the economy. These projections are higher than what the government announced in 2021, when it planned for annual production to reach 10.3 million tonnes in 2023. The increase can be attributed to the government's increased investment under the PAT and the exploitation of the **Mounana** deposit by **Nouvelle Gabon Mining**. The 2023-2025 macroeconomic and fiscal framework now forecasts production to reach 12.7 million tonnes in 2024 and 13.5 million tonnes in 2025.<sup>12</sup> This

<sup>5</sup> Le Nouveau Gabon, 3 Nov 2022

<sup>6</sup> Le Nouveau Gabon, 8 Nov 2022

<sup>7</sup> Le Nouveau Gabon, 21 Oct 2022

<sup>8</sup> Le Nouveau Gabon, 14 Oct 2022

<sup>9</sup> Direct Infos Gabon, 17 Oct 2022

<sup>10</sup> Gabon Media Time, 14 Oct 2022

<sup>11</sup> Direct Infos Gabon, 14 Oct 2022

<sup>12</sup> Le Nouveau Gabon, 25 Oct 2022

development bodes well for Gabon's plans to diversify its economy, which falls within its IMF programme goals and PAT goals.

### Carbon credit plans move forward

The council of ministers on 13 October appointed the **Fonds Gabonais d'Investissements Stratégiques (FGIS)** (Gabonese strategic investment fund) and its director, **Akim Daouda**, as the exclusive agents for marketing Gabon's carbon credits, which the **United Nations Framework Convention on Climate Change (UNFCCC)** certified on 11 November. The FGIS will be mandated with carrying out all negotiations on behalf of the country and executing the deals.<sup>13</sup> The economy ministry and the environment ministry will monitor the FGIS and its deals.

The government announced the creation of 187 million carbon credits in June, of which approximately 90 million will be sold during the **United Nations Climate Change Conference 2022 (COP27)** (see *ARC Briefing Gabon July 2022*).<sup>14</sup> Environment minister **Lee White** told French publication **Jeune Afrique** that Gabon hopes to sell the 90 million credits for \$2 billion.<sup>15</sup>

The UNFCCC carried out a technical analysis of Gabon's carbon emissions between 2010 and 2018, the period from which the carbon credits are being issued. The report found that Gabon reduced its carbon emissions by 90,636,103 compared to its average emissions between 2000-2009. This led to the UNFCCC's decision to validate 187,104,289 tonnes of carbon credits.<sup>16</sup> The UNCFFF also noted that Gabon is compliant with all the necessary directives and has been transparent throughout the process. Without this certification, Gabon would not have been able to sell its carbon credits. Ondimba welcomed the certification stating:

*"This is an important step that paves the way for their commercialisation. For our country, which will now be able to derive part of its resources from the protection of the forest, this is a historic moment."*<sup>17</sup>

Gabon's environmental management has made it a popular partner during COP27. Ondimba and France's President **Emmanuel Macron** (2017-present) announced on 7 November that they will host a head of states summit on climate change in **Libreville** in March 2023. Ondimba also met with **Hon Na Kyung-Won**, special envoy on climate for the **South Korean** presidency, on 7 November. The two discussed Gabon's forest management and the process of sequestering carbon credits.<sup>18</sup>

Environmental protection has remained a priority for the government, with 88% of the country covered in tropical rainforest. In 2021 Gabon became the first **African** country to receive funding for its efforts in reducing deforestation (see *ARC Briefing Gabon Jul 2021*).<sup>19</sup> The IMF additionally praised Gabon during its ECF review for efforts made in environmental sustainability, noting the economic rebound in the timber sector.<sup>20</sup>

<sup>13</sup> Direct Infos Gabon, 19 Oct 2022

<sup>14</sup> Direct Infos Gabon, 19 Oct 2022

<sup>15</sup> Jeune Afrique, 15 Jul 2022

<sup>16</sup> Direct Infos Gabon, 12 Oct 2022

<sup>17</sup> Le Nouveau Gabon, 12 Oct 2022

<sup>18</sup> Gabon Review, 8 Nov 2022

<sup>19</sup> The Africa Report, 4 Jul 2022

<sup>20</sup> IMF, 27 Jun 2022

## Planner

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

## Chronology

7 Nov 2022 **Sharm el-Sheikh (Egypt)** *Gabon Review*. President **Ali Bongo Ondimba** and **France's** President **Emmanuel Macron** announce they will host a heads of state summit on climate change in **Libreville** in March 2023;

7 Nov 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Members of the **Indian Economic Trade Organisation** arrive in Libreville for a prospecting mission specifically in the mining, health and fishing sectors;

4 Nov 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. **United Kingdom**-headquartered security company **G4S** says reports by Gabonese employees at **Port-Gentil** on poor working conditions and mistreatment by management are unfounded;

27 Oct 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Government announces plans to make the **ISO 37001** anti-corruption standard mandatory in the public sector;

26 Oct 2022 **Libreville (Gabon)** *Bloomberg*. **Gabonese Strategic Investment Fund** CEO **Akim Daouda** says **Gabon** plans to issue between \$100m and \$200m in green bonds to fund the construction of hydroelectric plants;

25 Oct 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. A delegation of **Japanese** businessmen arrives in **Libreville** on a prospecting mission;

24 Oct 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. President **Ali Bongo Ondimba** is in the **United Arab Emirates** for a working visit to discuss economic and environmental cooperation;

21 Oct 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. The **International Monetary Fund (IMF)** projects that **Gabon's** economy will grow by 3.7% in 2023, assisted by a rebound in the non-oil sector;

20 Oct 2022 **Libreville (Gabon)** *Bloomberg*. Government is in talks with **United States**-based **The Nature Conservancy** to reorganise as much as \$700m of its **Eurobond** debt to fund marine conservation in what may be the largest transaction of its kind;

16 Oct 2022 **Makokou (Gabon)** *Le Nouveau Gabon*. **Australia's Fortescue Metals Group** launches the exploration phase of the **Belinga** iron ore deposit, set to cost \$90m;

14 Oct 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. President **Ali Bongo Ondimba** and **Commonwealth Business and Investment Council** president **Jonathan Marland** sign an agreement to increase **Commonwealth** investment in Gabon's timber industry;

13 Oct 2022 **Libreville (Gabon)** *Gabon Review*. **Gabon** votes in favour of a **United Nations** resolution condemning **Russia's** annexation of four **Ukrainian** regions after initially abstaining;

12 Oct 2022 **Libreville (Gabon)** *Reuters*. Sources say private equity fund **Carlyle Group** is preparing to launch the sale of its **Gabon**-focused oil and gas producer **Assala Energy**, hoping to raise over \$1 billion amid high global energy prices;

### About Africa Risk Consulting:

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