

## AFRICA RISK CONSULTING

### Gabon Monthly Briefing January 2024

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#### Gabon Summary 12 January 2024

*Transitional president Brice Oligui Nguema (2023-present) announces in his 31 December New Year's address to the nation that the government intends to purchase United Kingdom-headquartered Assala Energy, owned by the United States-headquartered private equity fund Carlyle Group, by exercising its right to increase its stakes in the company as an existing shareholder through the state-owned Gabon Oil Company (GOC). The Economic Community of Central African States (ECCAS) announces on 15 December its decision to keep Gabon suspended from the sub-regional organisation until there is a return to democratic rule. Australia-headquartered Genmin announces on 8 January that mines minister Hervé Patrick Opiangah has presented a large-scale 20-year mining permit for its 100% owned Baniaka iron-ore mine to its local subsidiary, Reminac.*

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#### Junta vetoes Maurel & Prom plans to takeover Assala

Transitional president **Brice Oligui Nguema** (2023-present) announced in his 31 December New Year's address to the nation that the government has decided to purchase **United Kingdom-headquartered Assala Energy**, owned by the **United States-headquartered private equity fund Carlyle Group**, by exercising its right to increase its stakes in the company as an existing shareholder through the state-owned **Gabon Oil Company (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), with this announcement ending this agreement. Given that the government is a stakeholder in Assala, it would have had to permit the transaction to move forward. Negotiations between the stakeholders, including GOC, reportedly fell through in the weeks before Nguema's announcement, despite Maurel & Prom's best efforts to push the transaction forward.<sup>2</sup> Maurel & Prom, when the deal was first announced, had offered the government the opportunity to increase its stake in Assala to 27.5%. While this may have worked under the previous administration, the junta has asserted that it wishes to increase the state's revenues in the oil sector.<sup>3</sup>

However, the takeover by GOC is easier said than done. The government still needs to come up with the financing for the purchase, which will be difficult, as **Gabon** is facing sanctions and more limited access to financial markets as a result of the coup. Despite this, Nguema seems positive and in his address said the transaction would be "*an act of great national significance that would allow the Republic to assert its sovereignty in the oil sector*".<sup>4</sup>

In the first half of 2023, Assala produced 40,000 barrels per day, approximately a fifth of Gabon's 220,000 barrel-per-day output. The agreement between Maurel & Prom and Assala would have seen a combined production of 56,500 barrels per day.<sup>5</sup> Through this transaction, GOC will also acquire a fully integrated crude transport network and the **Gamba** crude export terminal. While the transaction

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

<sup>2</sup> Jeune Afrique, 3 Jan 2024

<sup>3</sup> Gabon Review, 3 Jan 2024

<sup>4</sup> The Africa Report, 12 Jan 2024

<sup>5</sup> Offshore Technology, 24 Aug 2023

will fulfil a key goal of the juntas – increasing oil revenues – the way in which it has done so could create hesitancy among investors and those doing business in Gabon, especially if the state is a stakeholder.

### Regional sanctions maintained

The **Economic Community of Central African States (ECCAS)**<sup>6</sup> announced on 15 December its decision to keep Gabon suspended from the sub-regional organisation until there is a return to democratic rule. In a positive sign for the junta, the decision prompted a series of rallies by opposition and civil society groups in support of the ruling **Comité pour la transition et la restauration des institutions (CTRI)** and Nguema over the first two weeks of January.<sup>7</sup> The groups also called for an end to sanctions imposed not only by ECCAS but also by the **Central African Economy and Monetary Community (CEMAC)**.<sup>8</sup>

Gabon was suspended from the ECCAS on 1 September following the 30 August coup d'état. During November and December, Nguema sent delegations to 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. However, Gabon finds itself in a region that is run by long-time rulers – **Equatorial Guinea's** President **Teodoro Obiang Nguema** (1979-present) has been in power for 45 years, **Cameroon's** President **Paul Biya** (1982-present) for 41 years and **Republic of Congo's** President **Denis Sassou Nguesso** (1979-1992; 1997-present) for 40 years – who fear being overthrown by militaries. Gabonese policy and governance expert **Nestor Obiang Nzoghe** has commented that by accepting Gabon's military leader, these countries could encourage their own militaries to follow the same path.<sup>9</sup>

These sanctions not only exclude Gabon from decision-making at a regional level, but the **World Bank** reported in its December 2023 **CEMAC Economic Barometer** that the sanctions by CEMAC and ECCAS would negatively impact growth and sources of regional financing. The latter is a particular concern as Gabon has become increasingly reliant on regional markets for financing. The junta will be under pressure to maintain an investor-friendly business climate and a generally stable political environment to continue attracting investment and create some economic certainty.

### Mines ministry awards Genmin permit

**Australia**-headquartered **Genmin** announced on 8 January that a large-scale 20-year mining permit for its 100% owned **Baniaka** iron-ore mine had been presented to its local subsidiary **Reminac** by mines minister **Hervé Patrick Opiangah**. Genmin managing director and CEO **Joe Ariti** said that the awarding of the permit will allow the company to set a target date for the start of production for the second quarter of 2025, with the aim of finalising project funding in the next six months.<sup>10</sup>

Ariti commented in December, when Genmin applied for the permit, that production is expected to reach up to 5 million tonnes per annum (mtpa) at the start of production before increasing every five years by 5 million tonnes.<sup>11</sup> The project has been the pipeline for 12 years already and initial investment to reach the 5 mtpa production will be \$250m.<sup>12</sup> Pre-feasibility studies place reserve estimates at 760 million tonnes, however, the government has previously forecast that reserves exceed one billion tonnes.<sup>13</sup>

<sup>6</sup> ECCAS is made up of 11 member states: Angola, Burundi, Cameroon, the Central African Republic (CAR), Republic of Congo (ROC), Gabon, Equatorial Guinea, the Democratic Republic of Congo (DRC), Rwanda, Sao Tome and Principe and Chad.

<sup>7</sup> VOA, 10 Jan 2024

<sup>8</sup> CEMAC is made up of six member states: Cameroon, Chad, CAR, Equatorial Guinea, Gabon and ROC.

<sup>9</sup> VOA, 10 Jan 2024

<sup>10</sup> Mining Weekly, 9 Jan 2024

<sup>11</sup> North Africa Post, 10 Dec 2023

<sup>12</sup> Gabon Review, 8 Jan 2024

<sup>13</sup> Le Nouveau Gabon, 10 Jan 2024

The Baniaka mine comprises the Baniaka and **Baniaka West** exploration permits, covering an area of approximately 881km. Many iron-ore projects struggle to commence production in West and Central Africa due to a lack of infrastructure, for example the **Simandou** project in **Guinea**. However, the Baniaka mine will benefit from existing infrastructure in Gabon. In February 2023, the company signed a long-term power supply agreement with the state-owned power utility **Société de Patrimoine du Service Public de Energie Electrique (SDP)** to allow the project to be powered by green hydroelectricity.<sup>14</sup> The mine will draw its supply from the **Grand Poubara Hydroelectric Power Station**, located 35km from the mine. The mine will also make use of the three-decades-old **Transgabonais** railway which was originally built to transport iron ore. It currently helps **French**-headquartered **Eramet's** subsidiary **Compagnie minière de l'Ogooué (COMILOG)** to carry its manganese to the port of **Owendo**.<sup>15</sup>

The project is expected to create between 500 and 700 direct jobs and 500 indirect jobs and over its initial mine life is expected to contribute \$602m to the state through production royalties and corporate income tax. While the oil industry in Gabon is experiencing some turbulence (see above), the mining sector is flourishing with the economy slowly but surely diversifying away from oil.

### Planner

2024 **(Gabon)** General census

Jan 2024 **(Gabon)** **International Monetary Fund (IMF)** mission

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

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

11 Jan 2024 **Libreville (Gabon)** *Gabon Review*. A **Rwandan** delegation of businessmen meets with transitional president **Brice Oligui Nguema** to discuss investment opportunities in the tourism sector;

10 Jan 2024 **Libreville (Gabon)** *Le Nouveau Gabon*. **Comité pour la transition et la restauration des institutions (CTRI)** announces the reduction in the price diesel for the **Société d'énergie et d'eau du Gabon (SEEG)** (Gabon energy and water company) which could see the price of electricity fall;

10 Jan 2024 **Libreville (Gabon)** *Direct Infos Gabon*. Government says it plans to spend 75 billion FCFA (\$125.57m) on fuel subsidies in 2024, an increase from 45 billion FCFA (\$75.34m) spent in 2023;

10 Jan 2024 **Libreville (Gabon)** *Jeune Afrique*. Former first lady **Sylvia Bongo** and her son, **Noureddin Bongo**, have reportedly been transferred from the central prison in Libreville to a residence in Libreville, but remain under detention;

9 Jan 2024 **Libreville (Gabon)** *Mining Weekly*. **Australia**-headquartered **Genmin** announces the mines ministry has awarded it a 20-year mining permit for its 100% owned **Baniaka** iron-ore project;

5 Jan 2024 **Libreville (Gabon)** *Jeune Afrique*. Transitional president **Brice Oligui Nguema** transfers the management of the **Fonds gabonais d'investissements stratégiques (FGIS)** (Gabonese strategic investment fund) to the economy ministry. The fund was previously managed by family members of former president **Ali Bongo Ondimba**;

<sup>14</sup> Mining Review, 3 Apr 2023

<sup>15</sup> Mining Review, 3 Apr 2023

4 Jan 2024 **Libreville (Gabon)** *Le Nouveau Gabon*. **World Bank** grants Gabon a \$68.5m loan to help accelerate digital transformation;

4 Jan 2024 **Libreville (Gabon)** *Direct Infos Gabon*. **World Bank** forecasts that poverty in Gabon will worsen in 2024 to 35.2% of the population, meaning that approximately 870,000 citizens;

1 Jan 2024 **Libreville (Gabon)** *News24*. **United States** President **Joe Biden** issues a proclamation banning Gabon alongside the **Central African Republic, Niger** and **Uganda** from participating in the **African Growth and Opportunity Act (AGOA)**;

1 Jan 2024 **Libreville (Gabon)** *Gabon Review*. Gabon concludes its two-year mandate as a non-permanent member of the **United Nations (UN) Security Council**, handing over its position to **Algeria**;

29 Dec 2023 **Libreville (Gabon)** *Gabon Review*. Employees of the former ruling **Parti démocratique gabonais (PDG)** host a sit-in at the party headquarters in Libreville to demand payment of their salaries which have not been paid for three months;

27 Dec 2023 **Libreville (Gabon)** *Gabon Review*. **Guinea-Bissau** President **Umaro Sissoco Embaló** arrives in Libreville for a working and friendship visit;

23 Dec 2023 **Libreville (Gabon)** *Direct Infos Gabon*. Transitional president **Brice Oligui Nguema** confirms the curfew will be suspended from 24 December to 2 January;

22 Dec 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. **France**-headquartered **Africa Global Logistics (AGL)**, formerly known as **Bolloré**, says it plans to invest 20 billion FCFA (\$33.48m) for the redevelopment and modernisation of the ports in **Owendo** and **Port-Gentil**;

20 Dec 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. **United Kingdom**-headquartered **Perenco Oil & Gas** announces that production is expected to begin at its **Mayumba** thermal power station in 2025;

14 Dec 2023 **Libreville (Gabon)** *Direct Infos Gabon*. **France**-headquartered **Heling** holds a working session with mines minister **Hervé-Patrick Opiangha** to discuss launching a mining project aimed at developing and identifying resources contained in mineralised sand;

14 Dec 2023 **Libreville (Gabon)** *Gabon Review*. **Turkey**-headquartered **Summa**, a company operating in the construction, energy, mining, hotel, real estate and health sectors, announces plans to invest in several areas of Gabon's economy;

13 Dec 2023 **Libreville (Gabon)** *North Africa Post*. **World Bank** resumes cooperation with Gabon after freezing all financing projects in the wake up of the August coup d'état.

### About Africa Risk Consulting:

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