

AFRICA RISK CONSULTING

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Gabon Summary 12 April 2022

Several individuals announce their candidacy for the presidential elections scheduled for 2023 amid calls for President Ali Bongo Ondimba (2009-present) to make another run at the presidency. Economy minister Nicole Jeanine Lydie Roboty Mbou publishes economic results from the fourth quarter of 2021 and provides an economic round-up of several sectors. France-based energy company TotalEnergies confirms it has no plans to leave Gabon after 80 years of involvement in the country. The government's plan to transition to sustainable energy sources continues to see success with the country's first private sector-led hydropower plant officially in development. The merger of Gabon-registered Grande Mayumba Development Company (GMDC) with Corà Italy subsidiary Corà Wood Gabon leads to the establishment of African Equatorial Hardwoods (AEH).

2023 election race begins ...

Gabon is gearing up for presidential elections scheduled for 2023. Throughout March, several individuals announced their candidacy, as the country waits to see if President **Ali Bongo Ondimba** (2009-present) will take another run at the presidency. Gabon's last presidential elections were held in August 2016 and resulted in a controversial and narrow victory for Bongo (see *ARC Briefing Gabon Sep-Nov 2016*). In 2017, Gabon's constitution was modified and the two-term presidential term limit scrapped, potentially allowing Bongo to rule indefinitely, like his father, who served as head of state for 41 years.¹ While Bongo has not officially announced his candidacy, it is highly likely that he will run for another term with the support of his party, the ruling **Parti démocratique gabonais (PDG)** (see *ARC Briefing Gabon Mar 2022*).² The PDG has a majority in the **Senate** and is viewed as the dominant party in Gabon.

Among the presidential hopefuls is a vocal advocate for constitutional reform to limit presidential terms to two terms. Opposition **Rassemblement pour la patrie et la modernité (RPM)** president and member of parliament **Alexandre Barro Chambrier** announced his candidacy on 13 March during a visit to **Port-Gentil**.³ Opposition **Parti social-démocrate (PSD)** president **Pierre-Claver Maganga Moussavou** announced his fourth presidential while on a tour of several regions,⁴ while the opposition **Parti pour le développement et la solidarité sociale (PDS)** announced at a party meeting held from 18-20 March that it will participate in the local, national assembly and presidential elections. The PDS, which has never put forward a candidate for the presidential election, has not yet chosen its candidate.⁵ Political movement **Orientation Nouvelle** leader **Sosthène Orphé Lendjedi Ibola** announced his candidacy on his **YouTube** channel on 19 March.⁶ Ibola resides in **Canada** and little is known about him in the public sphere.

... as ministers provide economic round-up for 2021

The economy ministry has published economic results from the fourth quarter of 2021 and a round-up of the performance of several sectors in 2021. **Asia** remained Gabon's main export market,

¹ RFI, 12 Mar 2022

² Gabon Review, 15 Mar 2022

³ Gabon Review, 14 Mar 2022

⁴ Gabon Review, 14 Mar 2022

⁵ Gabon Review, 22 Mar 2022

⁶ Gabon Review, 21 Mar 2022

accounting for 67.9% of exports.⁷ Gabon's top partner overall is **China**, to which Gabon sold 26.7% of total exports, equal to 1 trillion FCFA (\$1.6 billion).⁸ Other top partners include **India, South Korea and Italy**. Gabon's most important exports are crude petroleum, manganese, sawn wood, veneer sheets and refined petroleum.

Gabon's jointly state- and privately-owned oil refiner, the **Société gabonaise de raffinage (SOGARA)**, reported its best performance since 2016, registering turnover of 441 billion FCAF (\$773.6m) in 2021.⁹ Manganese production increased 12.8% with exports and sales increasing 11.7%.¹⁰ However, turnover fell 6.3% to 697 billion FCFA (\$1.1 billion), largely due to the average price of ore falling and a less favourable **United States (US)** dollar (USD)/FCFA exchange rate.

Figures from the **Direction générale des hydrocarbures** (general directorate of hydrocarbons) reveal that oil production dropped approximately 6.7% in 2021, with exports falling by 8.1%.¹¹ The drop has been attributed to operational hazards and Gabon's observation of **Organization of the Petroleum Exporting Countries Plus (OPEC+)** quotas.

While the economy is largely still dependent on oil exports, the government has made successful strides in diversifying into other exports such as timber. These increased by 34.4% in 2021, with local sales increasing by 20.9% driven by higher demand for sawn timber, making it one of Gabon's top five exports.¹² Timber production in Gabon has doubled in the last nine years, reaching 3.7million cubic metres in 2021.¹³ The country has an estimated total forest area of 23.62 million hectares with the industry being the second-largest employer in Gabon.¹⁴ The recent creation of **African Equatorial Hardwoods (AEH)** is likely to see timber production increase further (see below).

Gabon's main port of **Owendo** also recorded an increase in revenue, from 77.6 billion FCFA (\$127m) in 2020 to 86.1 billion FCFA (\$142m) in 2021. The port has seen increased capabilities in the handling of goods, mainly manganese.¹⁵

These figures contributed to Gabon's economic rebound in 2021. Although official figures have not been released, economic growth was anticipated to reach 2.6% in real terms in 2021 and the **African Development Bank** estimates economic growth of 3.8% for 2022.¹⁶ According to **Fitch Solutions**, Gabon's economy contracted 1.8% in real terms in 2020 after the **Covid-19** pandemic led to a global economic slowdown.¹⁷ US-based credit rating agency **Fitch Ratings** confirmed Gabon's sovereign rating at "B-" on 7 March, with a stable economic outlook (see *ARC Briefing Gabon Mar 2022*).¹⁸ Fitch said the rating reflected an improvement in Gabon's short-term budgetary situation and an increase in oil prices.¹⁹

Total reaffirms its involvement in Gabon ...

France-headquartered **TotalEnergies** has confirmed it has no plans to leave Gabon after 80 years of involvement in the country. Rumours emerged in December of TotalEnergies planning to cease operations in Gabon after the sale of its non-strategic assets to **Perenco Oil & Gas Gabon**, a subsidiary of **Franco-British** independent petroleum firm **Perenco**, on 8 December (see *ARC Briefing*

⁷ Le Nouveau Gabon, 28 Mar 2022

⁸ www.oec.world

⁹ Direct Infos Gabon, 30 Mar 2022

¹⁰ Direct Infos Gabon, 29 Mar 2022

¹¹ Gabon Media Time, 31 Mar 2022

¹² Direct Infos Gabon, 30 Mar 2022

¹³ Le Nouveau Gabon, 31 Jan 2022

¹⁴ African Development Bank Group, 21 Jul 2021

¹⁵ Le Nouveau Gabon, 31 Mar 2022

¹⁶ African Development Bank, 12 Apr 2022

¹⁷ Fitch Ratings, 24 Aug 2021

¹⁸ Le Nouveau Gabon, 7 Mar 2022

¹⁹ Le Nouveau Gabon, 7 Mar 2022

Gabon Dec 2021).²⁰ Prior to the finalisation of the sale, **TotalEnergies Africa** director **Henri-Max Ndong Nzué** assured President Bongo on 30 November that the company would continue to invest in Gabon, noting Total's "*important and historic partnership*" with Gabon.²¹

Ndong Nzué met with oil minister **Vincent de Paul Massassa** on 25 March during an official visit to Gabon to review the accounts for the 2021 financial year, and announced the company's plans to develop renewable energy in Gabon, particularly solar energy. Ndong Nzué said the company is working with the Gabonese government to identify opportunities and develop its capacity in this area.²² The company will continue its usual activities of oil exploration and production while investigating opportunities in renewable energy:

*"Furthermore, with regard to natural carbon sinks, there, too, we think that there are interesting things to do with the Gabonese Republic."*²³

Nzué's visit offered an opportunity for the board of directors of **TotalEnergies EP Gabon** to meet and approve the financial statements. Turnover for 2021 is \$655m, with a net profit of \$339m, three times higher than 2020's profit.²⁴ Despite the increased turnover, production was down from 25,600 barrels per day (bpd) in 2020 to 22,900 bpd in 2021 due to damaged electric cables.²⁵ Based on the higher turnover, the board proposed distribution of a dividend of \$16.67 per share, amounting to \$75m for all shareholders.²⁶ This proposal may be viewed as a display of good faith by TotalEnergies EP Gabon and its belief in the company's ability to continue increasing turnover.²⁷

...as investment in renewable energy infrastructure continues

The Gabonese government's plan to transition to sustainable energy sources is continuing to see success. The government announced on 16 March that the first private sector-led hydropower plant in Gabon is officially in development. **Asonha Energie SA**, the first independent power producer in Gabon, will build and operate the 35MW **Kinguélé Aval Hydropower Plant**.²⁸ The plant will cost \$196.6m to build and will supply approximately 32,000 people with electricity, increase GDP by \$40m and create around 880 jobs. Asonha Energie SA is 60% owned by **Meridiam SAS France** and 40% Gabon's sovereign wealth fund, the **Fonds Gabonais d'Investissements Stratégiques (FGIS)** through its subsidiary, **Gabon Power Company**.²⁹

In a further boost for the development of sustainable energy production, the government signed an agreement on 15 March for the construction of two hydroelectric dams.³⁰ The government signed a three-party agreement with renewable energies development company **Compagnie de développement des énergies renouvelables (Coder)** and **China Gezhouba Group Corporation (CGGC)** for the construction of the **FE2** and **Impératrice Eugénie** hydroelectric dams, which will cost 270 billion FCFA (\$451m) and generate a combined 170 MW of electricity, representing approximately 50% of Gabon's current electricity consumption.³¹ Tenders for the project opened in 2014, but lack of funding prevented it from going ahead.

In terms of the agreement negotiated between the three parties, Coder will mobilise the funding within six to eight months, while CGGC will start work on the design and construction.³² A Coder

²⁰ Gabon Review, 25 Mar 2022

²¹ Gabon Review, 1 Dec 2021

²² Le Nouveau Gabon, 25 Mar 2022

²³ Gabon Review, 25 Mar 2022

²⁴ Gabon Review, 26 Mar 2022

²⁵ Gabon Review, 26 Mar 2022

²⁶ Gabon Review, 26 Mar 2022

²⁷ ARC Gabon analyst

²⁸ ESI Africa, 16 Mar 2022

²⁹ ESI Africa, 16 Mar 2022

³⁰ Gabon Review, 16 Mar 2022

³¹ Direct Infos Gabo, 17 Mar 2022

³² Le Nouveau Gabon, 16 Mar 2022

representative noted that in return for mobilising funds, Coder will operate the plants for approximately 30 years.³³

Gabon has one of the highest potentials for hydropower in **Africa** and is said to be planning to create a single national integrated electrical grid using hydropower. The government has also announced that it will increasingly rely on independent power producers to unlock its hydropower potential.³⁴

New timber industry players emerge

Gabon's timber industry has also seen a recent major development with the official merger of Gabon-subsidary registered timber company **Grande Mayumba Development Company (GMDC)** with **Corà Italy Corà Wood Gabon**. The merger has led to the establishment of **African Equatorial Hardwoods (AEH)**, providing it with access to 400,000 hectares of forestry concessions.³⁵ Investment through the merger will reach 20 billion FCFA (\$33m) over 2022-2026.

The company targets processing capacity of 150,000m³ of wood per year and will invest in processing plants so it can export mainly secondary and tertiary products.³⁶ GMDC subsidiary **African Conservation Development Group** CEO **Alan Bernstein** states that AEH's ambition is to "*create a sustainable forestry and wood processing powerhouse*".³⁷ The company aims to achieve this through providing reforestation and has already planned to provide reforestation of 13,000 hectares of degraded land. Trees will also be felled in rotation every 25 years, a sustainable forestry practice.

³³ Gabon Media Time, 17 Mar 2022

³⁴ ESI Africa, 16 Mar 2022

³⁵ Direct Infos Gabon, 30 Mar 2022

³⁶ Le Nouveau Gabon, 31 Mar 2022

³⁷ La Libreville, 31 Mar 2022

Planner

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

Chronology

11 Apr 2022 **Libreville (Gabon)** *Sika Finance*. **BGFIBank Gabon** announces it will local 100 billion FCFA (\$165.7m) to **Société d'énergie et d'eau du Gabon** to increase access to water and electricity;

9 Apr 2022 **Libreville (Gabon)** *Gabon Review*. **Banque de développement des Etats de l'Afrique centrale (BDEAC)** (development bank of central African states) president **Fortunato Mbo Nchama** visits President **Ali Bongo** to discuss cooperation between the BDEAC and Gabon;

8 Apr 2022 **Geneva (Switzerland)** *Le Nouveau Gabon*. Gabon votes against the suspension of **Russia** from the **United Nations (UN) Human Rights Council** during a meeting of the **UN General Assembly**;

7 Apr 2022 **Libreville (Gabon)** *Direct Infos Gabon*. **France-based TotalEnergies'** marketing division in Gabon risks being fined 100m FCFA (\$166,000) for irregularities in the processing of personal data;

7 Apr 2022 **Libreville (Gabon)** *Direct Infos Gabon*. Government announces the release of 47 billion FCFA (\$77,828) to subsidise fuel and avoid a surge in fuel prices following the rise in the price of barrels of oil internationally;

4 Apr 2022 **Libreville (Gabon)** *Direct Infos Gabon*. **Bank of Central African States** data show Gabon's net foreign assets decreased by 62.4% in 2021;

31 Mar 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Gabon announces plans to establish an anti-corruption observatory after re-joining the **Extractive Industries Transparency Initiative** in October 2021;

31 Mar 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Gabon plans to double its external borrowing to FCFA 638.8 billion (\$1 billion) in 2022;

29 Mar 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Government plans to reduce customs duties by 5% on 23 imported food items considered necessities to combat the increasing cost of living;

28 Mar 2022 **Libreville (Gabon)** *Direct Infos Gabon*. Civic action group **Copil Citoyen** accuses the government of carrying out 447 billion FCFA (\$749.2m) of unjustified Covid-19-related expenditure;

25 Mar 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. **Organisation internationale de francophonie** (International Francophonie Organisation) announces an economic and trade mission to Gabon and **Rwanda** from 6-13 July;

24 Mar 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Government announces plans to rehabilitate 10 provincial airports;

24 Mar 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. The **Democracy Index** publishes the **Economist Intelligence Unit** ranking Gabon first in **Central Africa** and 28th in **Africa**;

24 Mar 2022 **Libreville (Gabon)** *Direct Infos Gabon*. **Norway-headquartered Panoro Energy** has appointed **Ghislain Boukoubi** managing director of its Gabonese subsidiary;

24 Mar 2022 **Libreville (Gabon)** *Direct Infos Gabon*. Recently appointed commerce and small-medium enterprises minister **Yves Fernand Manfoumbi** announces his intention to restart industrial rice production in Gabon;

23 Mar 2022 **Libreville (Gabon)** *Direct Infos Gabon*. **France** signs a 73.8 billion FCFA (\$123.7m) budget support loan agreement with the Gabonese state;

23 Mar 2022 **Libreville (Gabon)** *Direct Infos Gabon*. **Canada Energy Partners** signs a letter of intent with an undisclosed local oil producer in Gabon;

21 Mar 2022 **Libreville (Gabon)** *Direct Infos Gabon*. Imprisoned former director-general of state-owned **Gabon Oil Company (GOC)**, **Christian Patrichi Tanasa Mbadinga**, appears before the **Cour Criminelle Spéciale** (special criminal court) on allegations of misappropriating 85 billion FCFA (\$142.2m);

18 Mar 2022 **Libreville (Gabon)** *Gabon Review*. France-based oil firm **Maurel & Prom** reports turnover of \$500m in 2021, a 52% y/y increase, and a net income of \$121m;

17 Mar 2022 **Libreville (Gabon)** *Gabon Review*. Government spokesperson **Alain-Claude Bilie-By-Nze** declares international travelers to Gabon are no longer required to present a negative PCR test upon arrival;

17 Mar 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. Transport minister **Brice Constant Paillat** announces that travelers will no longer need to provide a negative PCR test before boarding a plane bound for Gabon;

16 Mar 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. **Japan** grants emergency funding of 1.7 billion FCFA (\$3m) to Gabon for vaccine storage equipment;

16 Mar 2022 **Libreville (Gabon)** *Direct Infos Gabon*. **Société d'Energie et d'Eau du Gabon** (energy and water company of Gabon) plans to borrow 200 billion FCFA (\$336.8m) from local banks to increase production and distribution;

16 Mar 2022 **Libreville (Gabon)** *Gabon Review*. The water and energy resources ministry has signed an agreement with France-based **Engie** to provide access to electricity for 200,000 households in rural and semi-urban localities over the next five years;

16 Mar 2022 **Libreville (Gabon)** *Direct Infos Gabon*. The government reports that the construction of the 120 MW **Ayémé Plaine** solar plant by **United Arab Emirates (UAE)**-based **Solen** will cost 98.3 billion FCFA (\$164.5m) and is due to be completed by June 2023;

15 Mar 2022 **Libreville (Gabon)** *Le Nouveau Gabon*. State-owned **Gabon Power Company (GPC)** general manager **Marcellin Massila Akendengue** reports that construction of the **Owendo** gas-fired power plant in Libreville with a capacity of 120 MW could start at the end of 2022;

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