

## AFRICA RISK CONSULTING

### Gabon Monthly Briefing December 2023

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#### Gabon Summary 8 December 2023

*Comité pour la transition et la restauration des institutions (CTRI) spokesman Colonel Ulrich Manfoumbi announces on state television on 13 November that the junta intends to hold elections in August 2025. A council of ministers press release from 6 December indicates that the government is proposing a 4.16 trillion FCFA (\$6.83 billion) budget for 2024, a 559.7 billion FCFA (\$918.84m) increase compared to the 3.6 trillion (\$5.91 billion) FCFA budget in 2023. Australia-headquartered Fortescue, which holds a 72% stake in Ivindo Iron that operates the Belinga iron ore project, announces on 4 December that Belinga had made its first shipment of high-quality iron ore.*

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#### Election date and transition timeline revealed

**Comité pour la transition et la restauration des institutions (CTRI)** spokesman Colonel **Ulrich Manfoumbi** announced on state television on 13 November that the junta intends to hold elections in August 2025. Manfoumbi confirmed that the **conseil des ministres** (council of ministers) had already adopted the “*indicative*” transition timeline but that it will still need approval from a national dialogue that will be made up of key stakeholders and chaired by the archbishop of **Libreville, Jean-Patrick Iba-Ba**.<sup>1</sup> The dialogue is scheduled for 1 – 30 April 2024. Manfoumbi noted that the indicative nature of the timeline allows it to be open for discussion and amendment following the national dialogue, which is likely.<sup>2</sup> He also clarified that the timeline will be a guideline for the drafting and adoption of a new constitution and that by June 2024, parliament will be transformed into a constituent assembly.<sup>3</sup>

Following the approval of the dialogue and drafting of the new constitution, the CTRI expects that the new constitution will be adopted by October 2024 and a referendum held in November 2024.<sup>4</sup> These steps will allow work to begin on the new electoral code, expected to start in January 2025, before being adopted by mid-March 2025 and electoral material produced by July 2025 for elections in August.<sup>5</sup>

As is often the case in coup countries, the junta is seeking to create a new constitution and re-establish state institutions. **Société Gabonaise de Suivi-Evaluation des politiques publiques (SOGÉVAL)** (Gabon society for monitoring and evaluation of public policies) president **Petit-Lambert Ovono** encouraged this step, noting that restoration of state institutions is necessary as citizens have lost faith in those that existed under former president **Ali Bongo Ondimba** (2009-2023).<sup>6</sup> Institutions in Gabon, including the judiciary, have long been seen as a tool to ensure that the Bongo family could extend its 55-year rule while also allowing corruption to run rife.

Since assuming power on 30 August, transitional president **Brice Oligui Nguema**’s ambitions have become clearer, including tackling corruption, reducing the country’s debt, which stands at 57% of GDP, and encouraging democratic elections that he claims have never taken place.<sup>7</sup> These ambitions read well on paper, however, as with all military junta-led countries, it is the implementation of these

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<sup>1</sup> France24, 13 Nov 2023; Anadolu Agency, 5 Dec 2023

<sup>2</sup> Jeune Afrique, 13 Nov 2023

<sup>3</sup> Anadolu Agency, 5 Dec 2023

<sup>4</sup> Anadolu Agency, 5 Dec 2023

<sup>5</sup> Anadolu Agency, 5 Dec 2023

<sup>6</sup> Anadolu Agency, 5 Dec 2023

<sup>7</sup> Anadolu Agency, 5 Dec 2023

plans, as well as the transitional timeline, that remain key and the area where many do not deliver. Failing to deliver on this timeline could also have detrimental impact on the economy given that Gabon is facing sanctions and suspension of funding.

### 2024 finance bill under debate

A council of ministers press release from 6 December indicates that the government is proposing a 4.16 trillion FCFA (\$6.83 billion) budget for 2024, a 559.7 billion FCFA (\$918.84m) increase compared to the 3.6 trillion (\$5.91 billion) FCFA budget in 2023. To help finance the budget, government is planning to mobilise 2.72 trillion FCFA (\$4.47 billion) in revenues, including 233.4 billion FCFA (\$383.16m) from tax revenue, in addition to mobilising funding of 1.32 trillion FCFA (\$2.16 billion).<sup>8</sup> The economy ministry forecast in October that economic growth will reach 3.1% in 2024, up from 2.7% in 2023, driven largely by agriculture, timber, mining, transport and supply services.<sup>9</sup> The council of ministers did not publish its own growth forecast, but the budget is likely based on this projection.

The council of ministers based its budget on several assumptions including:

- Oil production reaching 80.3 million barrels with a price per barrel of \$72, a decrease of 4% compared to 2023;
- Manganese production reaching 10 million tonnes with a price per tonne of \$176.5, an increase of 9.6% compared to 2023;
- Production of sawn wood reaching 1.35 million cubic metres;
- An exchange rate of \$1:593.6 FCFA.<sup>10</sup>

The transitional government also outlined its main goals for the 2024 budget, namely support for the development of economic activity, increased recruitment of public officials, broadening the tax base and therefore tax revenue, increased digitisation, and strengthening control of counterparties linked to tax expenditures.<sup>11</sup>

Tax collection in Gabon is a concern, with several companies seemingly avoiding tax in recent years. The transitional government established an external debt task force after assuming power, which on 15 November concluded 60 days of auditing companies that had entered into contracts with the state.<sup>12</sup> The task force found that these companies owed approximately 66 billion FCFA (\$108.35m) in tax, with nearly 20 billion FCFA (\$32.83m) already recovered. The task force also established that there has been over-invoicing of contracts, which translates to non-compliance with public procurement procedures and misappropriation of funds. Companies audited included **Sobrea**, **Sowaf**, **Zaina** and **Orient Green**, which were tasked with carrying out various public works projects such as constructing a high school and paving roads.

While not part of its audit, the task force also found that the **Agence nationale des parcs nationaux (ANPN)** (national agency for national parks) had received 85 billion FCFA (\$139.54m) in recent years from the government with no concrete infrastructure projects actually carried out, highlighting that the ANPN premises that were meant to be built do not exist.<sup>13</sup> While a more extensive audit was likely necessary, the recent audit has nevertheless indicated that corruption has been endemic in Gabon and a key factor in the stagnation of its development.

### First Belinga iron shipments

<sup>8</sup> Le Nouveau Gabon, 7 Dec 2023

<sup>9</sup> Le Nouveau Gabon, 5 Dec 2023

<sup>10</sup> Direct Infos Gabon, 7 Dec 2023

<sup>11</sup> Direct Infos Gabon, 7 Dec 2023

<sup>12</sup> Le Nouveau Gabon, 17 Nov 2023

<sup>13</sup> Le Nouveau Gabon, 17 Nov 2023

Australia-headquartered **Fortescue**, which holds a 72% stake in **Ivindo Iron** that operates the **Belinga** iron ore project, announced on 4 December that Belinga had made its first shipment of high-quality iron ore. Ivindo Iron managing director **Eric Epee** noted that the first shipment is a key step in the development of the mine, which is still showing signs of further potential.<sup>14</sup> In February, Ivindo Iron and the government signed the initial mining agreement with Ivindo Iron committing \$200m to the development of the mine over 2023/2024 and an annual production goal of two million tonnes. Belinga is widely believed to be one the largest undeveloped high-grade hematite deposits in the world.

Gabon's economy has always been reliant on oil revenues, but there has been a push to diversify into mining. In addition to the above development, mines minister **Hervé Patrick Opiangah** met with officials from Australia-headquartered **Genmin** on 5 December to discuss the development of the **Baniaka** iron mine. Genmin has requested a large-scale mining permit for an initial 15 years to allow it to complete exploration and operationalisation.<sup>15</sup> Adding positive sentiment to the sector, Opiangah on 4 December also met with **Maboumine** board chairman **Christian Kerrangal** to discuss relaunching the **Mabounié** project.<sup>16</sup> The meeting ended with an agreement that activities would resume before 2024. Mabounié is a deposit with several key minerals such as uranium and critical minerals such as titanium and niobium. Preliminary feasibility studies indicate that annual production of 14,500 tonnes of niobium would earn 950 billion FCFA (\$1.55 billion). Such revenues would help drive the Gabonese economy to diversify further.

### Looking ahead to 2024

The indicative transitional timeline and its related events, such as the planned national dialogue, will dominate political developments in 2024. The junta will be under pressure to stick to this timeline, not only to keep social cohesion in Gabon but also to avoid risking economic turmoil if sanctions extend beyond its planned August 2025 election date. How the junta accommodates suggestions to the timeline and opposition and civil society involvement will also set the tone for how the junta is working to expand the democratic space in Gabon.

Overall, Gabon's extractive industry remains attractive, with consistent investment, but it will be intriguing to see the efforts the junta makes to diversify revenue sources. Several members of the Bongo family and his administration are facing corruption charges, and these cases should be heard through 2024, offering insight into how deep corruption ran during the Bongo years.

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<sup>14</sup> Le Nouveau Gabon, 4 Dec 2023

<sup>15</sup> Gabon Review, 6 Dec 2023

<sup>16</sup> Gabon Review, 5 Dec 2023

## Planner

Jan 2023 **(Gabon)** **International Monetary Fund (IMF)** mission  
 1-30 Apr 2023 **Libreville (Gabon)** National dialogue  
 Jun 2023 **(Gabon)** New constitution expected to be submitted to parliament  
 Nov 2023 **(Gabon)** Expected referendum on new constitution  
 Mar 2025 **(Gabon)** Expected adoption of a new electoral code  
 Aug 2025 **(Gabon)** General elections

## Chronology

6 Dec 2023 **Libreville (Gabon)** *VOA News*. Transitional president General **Brice Oligui Nguema** visits **Cameroon** to ask the **Central Africa Economic and Monetary Community (CEMAC)** to lift sanctions on Gabon;

4 Dec 2023 **Libreville (Gabon)** *Gabon Review*. Justice minister **Paul-Marie Gondjout** tables a bill in parliament to reorganise the **Commission nationale des droits de l'homme** (national human rights commission), which is largely viewed as having failed in its mandate;

3 Dec 2023 **Libreville (Gabon)** *North Africa Post*. Deposed president **Ali Bongo Ondimba** has reportedly rejected plans to enter exile without his family members, including his wife, **Sylvia Bongo Ondimba**, and his son, **Noureddin Bongo Valentin**, who have been imprisoned on various corruption charges;

1 Dec 2023 **Libreville (Gabon)** *Gabon Review*. Transitional president General **Brice Oligui Nguema** meets with **African Development Bank (AfDB)** president **Akinwumi Adesina** on the side lines of **COP28**;

27 Nov 2023 **Libreville (Gabon)** *RFI*. **Organisation nationale des employés du pétrole (Onep)** (national organisation of petroleum employees) files two strike notices with **Assala Gabon**, local subsidiary of **United Kingdom**-based **Assala Energy**, and **China**-headquartered **Addax Petroleum**;

25 Nov 2023 **Libreville (Gabon)** *Gabon Review*. **Togo**-headquartered **Ecobank** loans Gabon 158.5 billion FCFA (\$264.77m) to help settle internal debt and finance infrastructure projects;

23 Nov 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. Economy ministry reports that port activities increased by 15% to 13.7 million tonnes in 2022;

19 Nov 2023 **Libreville (Gabon)** *Direct Infos Gabon*. Oil minister **Marcel Abéké** confirms oil revenues reached 1.13 trillion FCFA (\$1.88 billion) in 2022;

17 Nov 2023 **Libreville (Gabon)** *Reuters*. Gabon pays its first \$1.1m instalment of conservation fund money that forms part of a \$500m 'debt-for-nature' deal signed just before the coup d'état, in line with the junta's promise that all obligations will continue to be met;

16 Nov 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. **International Monetary Fund (IMF)** revises its GDP growth forecast for Gabon down slightly from 3% to 2.8%;

15 Nov 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. **France**-headquartered **TotalEnergies** says it plans to invest in renewable energy in Gabon and is already searching for possibilities;

13 Nov 2023 **Libreville (Gabon)** *Le Nouveau Gabon*. **France's** economy ministry reports that Gabon attracted €126m (\$135.1m) in foreign direct investment (FDI) from France in 2022;

10 Nov 2023 **Libreville (Gabon)** *RFI*. Transitional president General **Brice Oligui Nguema** arrives in **Riyadh (Saudi Arabia)** for the inaugural **Saudi Arabia-Africa Summit**, with plans to meet with businessman to promote investment in Gabon;

8 Nov 2023 **Libreville (Gabon) Direct Infos Gabon. African Development Bank (AfDB)** lifts its sanctions imposed on Gabon following the coup d'état on 30 August;

### About Africa Risk Consulting:

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