

GABON



President El Hadj Omar Bongo Ondimba

The Power to Diversify

The Gabonese Republic is the 3rd largest oil exporting country in sub-Saharan Africa with 2006 revenues in excess of \$8 billion, and is the only African state to be re-classified to upper-middle income by the World Bank. Oil revenues have helped Gabon create the highest standard of living and largest per capita GDP in the region at 4 times the level of neighboring countries

(\$5,900). Recent increases in energy prices have given Gabon an economic margin of investment with which to create and fund new projects for the country's future.

With oil reserves expected to dwindle by 2020, the government of President El Hadj Omar Bongo Ondimba has invested a large percentage of Gabon's economic reserves in improving the country's transportation, telecommunica-

tions, and social services infrastructure, as well as fund massive privatization, education, and social reform programs. The government objectives are to encourage foreign investment and joint-ventures in Gabon's vast renewable and mineral resources to develop timber, mining, fishing and eco-tourism as engines for economic diversity in post oil-boom Gabon and to position the country as an African



AFP

Under President Bongo leadership, Gabon has become one of the most stable democracy in Africa.

manufacturing platform to guarantee sustainable economic growth for future generations. To launch his initiatives President Bongo instructed Mr. Paul Toungui, Minister of Economy, Finance and Budget, to contact Mr. James Wolfensohn, President of the World Bank, to confirm Gabon's intention to adhere to the Extractive Industries Transparency Initiative (EITI) and request technical assistance for its implementation. The World Bank and the IMF are currently monitoring progress within their general policies implementation framework.

GROWTH THROUGH POLITICAL STABILITY

President Bongo is the longest-serving African head of state having first been elected in 1967. The strong, centralized, presidential power in Gabon is a contributing factor to the political and economic stability that have seen this sub-Saharan country grow to become an economic powerhouse, a major player in global export markets, and a role model for African democracy.

Under the leadership of President Bongo, Gabon has become one of the most stable democracies in Africa, with a new constitution guaranteeing multi-party elections. Among the many modern aspects of government introduced by the President is a bill of rights, the creation of the National Council of Democracy to guarantee those rights, and a governmental advisory board to deal with economic and social issues.

President Bongo has been the principal Ambassador of Gabon around the world and a primary mediator in sub-Saharan affairs. His tireless efforts to bring global awareness about his country, its culture, beauty, and natural resources, have taken him to visit every major head of state over the past 40 years.

International relations with Europe and the USA are excellent thanks to President Bongo's economic and social policies and his commitment to governmental accountability. He has set aside vast sums of excess oil revenues in "Funds for the Future" that will see Gabon through its inevitable transition period from dependence on oil exports to a diversified industrial economy, and has laid the groundwork for financing that transition through foreign investment.

The recent creation of 13 national parks to promote Eco-Tourism in Gabon is a model of intelligent socio-economic policy and protection of natural resources. Diversification in the mineral industries, joint-ventures

and privatization, have earned Gabon the respect of the world financial community, raised her standing with the IMF and the World Bank, reduced the national debt service burden, and created thousands of new jobs while improving the national communications and transportation infrastructures.

PRESIDENT BONGO'S SOCIAL VISION

President Bongo unveiled a major economic diversification program for his seven year term to continue Gabon's leadership position among sub-Saharan countries and pave the way for more economic growth and diversification for future generations.

"Gabon was built in peace, unity and the respect for democratic principles." he said in his proclamation introducing his social program for the country. "I can affirm today that all the conditions have come together for progress: investment, diversification of our economy and the rebalancing of our country's finances, coupled to better government and a reduction in our public debt."

The program is designed to address specific issues in each of five major areas to ensure sustainable growth for the present economy and assure the flexibility necessary for Gabon to continue to be a global player in the raw material and manufactured goods export markets for generations to come.

"It's not about promising the impossible, but to do whatever is possible, and more, with what we have at our disposal. I am committed to positive actions that favor those projects which generate the greatest number of jobs. To this end my five point program will bring hope to the Gabonese people who expect positive action from both their head of state and his government."



AFP

A supporter of Africa's longest-serving president Omar Bongo Ondimba, pioneer of Gabonese national unity.

Promoting sustainable growth to generate thousands of new jobs

Gabon is young and vibrant with a population that has doubled in the last 20 years. The country must develop its rich raw material resources and simultaneously improve its infrastructures to make this possible. As the reliance on petroleum exports diminishes over the next 15 to 20 years, several options to diversify the economy are under development: Iron mining in Belinga, sustainable forest management, agriculture, fishing & food industries and public works.

"Our country must rely on its mining industry and raw materials as a priority. To do this, we must be prepared to build the necessary infrastructures to support development."

Attaining the UN "Millennium Objectives" through improved access to social services.

It is imperative that Gabon reduce the social impact of the public debt service. Through negotiations with international financial bodies the population will have more resources at their disposal to invest in their own development such as: providing free learning

materials for all students, reassessing higher education objectives and alternative education, creating a national museum, library, theater, and a cultural cen-

be true social justice, and true equality between men and women in the home and the workplace. This involves respecting women's and widow's rights, providing an



Wood is Gabon's second largest natural resource. 80% of the forestry industry is destined for high grade plywood export.

ter to unite the cultures of Gabon, improving reading and youth centers across the country, restarting work on the International Center for Bantu Civilization (CICIBA), revamping the public health sector, modernizing the hospital system and creating a national vaccine and medical distribution system and finally reaffirming the government's national habitat program by making viable land available to more people.

"We must create a partnership for development with our foreign investors to give our people more access to essential services. We must redefine the objectives of our higher education system in harmony with the real needs of the country," President Bongo declares.

Empowering Women

For Gabon to progress there must

adequate family welfare system for working home and involving women representatives at the highest levels of government.

"We must place women at the heart of our development," states proudly President Bongo.

Putting youth first for future projects
Gabonese youth must realize their future at home. Gabon must transform its social base from an export to a consumer society by providing a broader industrial platform, promoting finished and semi-finished product industries, creating new jobs and increase training in all industrial sectors

President Bongo declares: "Unemployment is not fatal. We must create curricular and professional training programs to encourage our expected economic rebound through the creation of new jobs."

Good government, true democratic process and decentralization
Decentralizing government empowers people. Local representation means voices are heard, promoting harmony between all regions of the country by guaranteeing security and justice for all, giving the courts the power to reduce crime and provide justice, training judiciary personnel in all aspects of social justice and promote Gabon externally to encourage friendship among all African peoples.

"Good government must come from us to improve the living conditions of the Gabonese...," President Bongo says.

SENSIBLE DEVELOPMENT FOR THE FUTURE

Gabon's oil exports make up 65% of the government budget, account for 43% of the gross domestic product (GDP) and 81% of all exports. Gabon is the 4th largest oil producer in sub-Saharan Africa behind Nigeria, Angola, and Equatorial Guinea.

The recent upsurge in oil prices has given the government a substantial buffer for the future: although production has declined from 18.5 million tons in 1997 to 12.5 million tons today, with oil selling at an average of \$39.50 per barrel, the government has a cushion of 132 billion CFA (\$263,000,000) to reduce Gabon's foreign debt service from 56% of the GDP to 50%, and create alternate economic resources for a post-oil economy.

If, as the IMF estimates, the price per barrel of oil stabilizes at \$44.20, an additional 250 billion CFA (\$498,000,000) will reduce Gabon's outside debt by another 6% or be invested for future diversification.

DIVERSIFICATION AND NATURAL RESOURCE MANAGEMENT

With 20 million hectares of forests containing 400 million cubic meters of timber, wood is Gabon's

second largest natural resource. 80% of the forestry industry is destined for high grade plywood export. Wood exports account for 13% of the GDP using only 3% of the natural resources. The industry has attracted over 20 outside investors, including companies from France, Italy and Malaysia.

Gabon is also encouraging industries in synch with the growing lumber sector: the government has encouraged investment in mills to export finished and semi-finished wood products along with rough logs. Stripping mills producing laminate and finished plywood account for 20% of lumber exports.

As part of President Bongo's privatization plans, the government's monopoly over Okoumé and Ozigo wood exploitation will be sold to private investors from January 1st 2006. This should stimulate the industrial sector, provide wood product diversity, and more skilled jobs.

EXPLORING NEW VISTAS

Underground Gabon has 30% of the world's known manganese reserves. Recent investments by COMILOG; a subsidiary of the French ERAMET conglomerate, have made Gabon the 3rd largest producer worldwide. With reserves in excess of 200 million tons the annual exports of 2.5 million tons represent 4% of the GDP and 5%



Shell-Gabon oil plant in Rabi, northwestern Gabon.

of all exports. COMILOG has had an enrichment plant in Moanda since 2001 with export goals of 3 million tons by the end of 2006 and 4 million by 2008. Chinese and Brazilian producers have also started mining operations since 2004 in Franceville and Okondja. In 2005 the Brazilian Vale do Rio Doce company (CVRD) invested in an 80 hectare site near Libreville for their own export platform. Over \$140 million has been injected into the Gabonese economy to build railways, newer port facilities,

electrical generating plants, and new roads.

The exports of raw materials and imports of equipment and consumer goods on which the Gabonese economy relies are mostly transported by sea. There are two main ports: Owendo, about 10 miles outside Libreville, is the coastal railhead of the Trans-Gabonais railway- it's from here that the majority of manganese and forestry products are exported, and through which most of Gabon's import needs are met- and Port-

Investing in Gabon

Under an initiative by President Bongo to attract more foreign investment, a simplified version of Gabon's 1989 investment charter was written and adopted in July 1998.

The new charter outlines conditions which favor joint investment between the private and public sectors to motivate and diversify Gabon's economic base with the eventual goal of moving the country away from its petroleum dependency:

There are no restrictions on importing foreign capital into Gabon, and funds may be transferred freely, for commercial transactions, anywhere within the CEMAC /French franc zone through regular banking channels. These transactions are overseen by the regional Central Bank (BEAC).

The mining and forestry codes have been revised to include new investors and industries with emphasis on ecological diversification of the economy. Foreign companies with head offices in Gabon enjoy the same rights as Gabonese companies. Other guarantees are outlined as well, among them: no expropriation or nationalization of any industry without just prior compensation, as determined by an independent third party.

The new code also created the Investment Promotion Agency (APIP) a One-Stop-Shop to streamline the administrative formalities of opening business and that has registered more than 2000 new companies since opening in 2002.

Gentil, the main oil exporting terminal. Its facilities have been financed and are operated by the French ELF oil company. Facilities at the ports are undergoing major renovation to enable Gabon to become a major gateway to Central Africa. The depth at Owendo is 11 meters, compared with only 7 at Douala in Cameroon, and Port-Gentil is deeper still. With the expansion of existing container facilities future growth in container traffic, including trans-shipment to other African destinations is assured.

Port-Gentil. Once that renovation—which is being supported by the State—has been carried out, we envisage putting some of our activities out to tender, to make them more efficient... Given all the advantages available here, it is important for Western powers to increase their investment."

THE MASSIVE IRON RESERVES OF BELINGA

Manganese, however, is but one of the natural treasures Gabon has to offer. Belinga is believed

facility in Santa Clara. Overall the Belinga project will bring investments of over \$645 million from an international consortium in which CVRD has a 51% stake. The mining operations have been licensed to the China National Machinery Company and Equipment Import and Export Corporation (CMEC), the Ogooué Mining Company and Comilog. An additional 4 million Dollars is also being invested and 250 more jobs created for the extraction of Niobium, a rare metal

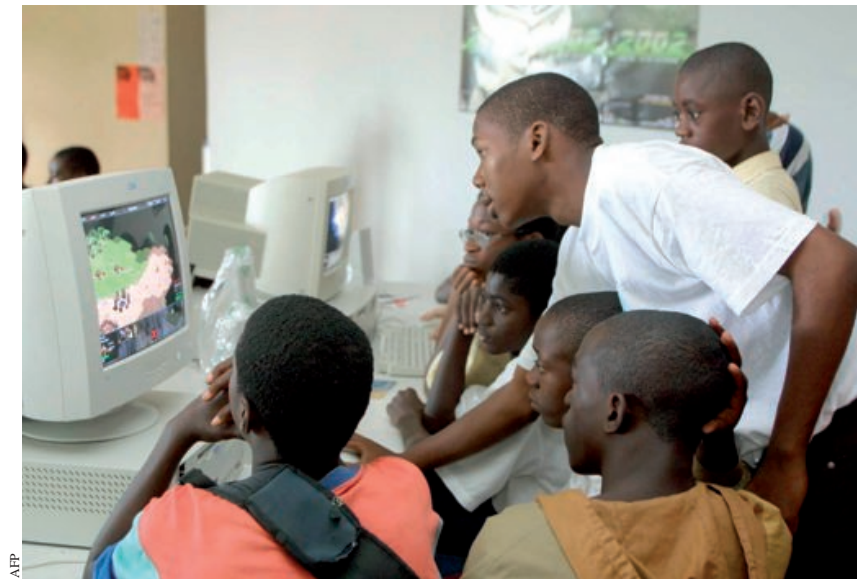
lar phones, one of the highest concentrations in Africa. There are 6 AM and 7 FM radio stations with 11 repeater stations, plus 4 short-wave stations dotting the country. Gabon has 4 television broadcast centers, plus 6 repeaters, 310 Internet hosts and 40,000 Internet subscribers. Gabonese communications are rapidly improving with the help of the growing mobile cell system and prepaid calling cards from companies like Nobelcom. Several Websites provide background on many aspects of Gabonese life: www.africaguide.com, and the Pan African News Agency offer insights and news, while www.legabon.org, www.total-Gabon.com, www.export-gabon.com and www.gabonart.com concentrate on historical, cultural and economic issues. President Bongo has his own Website as well: www.omarbongo.org with the President's opinion on global issues.

Besides consumer communications there is a cable and microwave radio relay network, radiotelephone communication stations, and a satellite system with 12 earth stations. Gabon also connects to the world via 3 satellite earth stations, Intelsat (Atlantic Ocean) and a fiber optic submarine cable (SAT-3/WASC) provide connectivity to Europe and Asia.

In spite of its low population, the potential for telecom growth in Gabon is large. The high degree of literacy and a well educated French speaking population, combined with per-capita wealth make Gabon fertile ground for future expansion.

A SAFE FOREIGN INVESTMENT ENVIRONMENT

Under President Bongo, Gabon privatization programs have become an economic and social benchmark for Sub-Saharan Africa by guaranteeing foreign investor's rights to undertake business in Gabon free from government interference, to free access to foreign currency, to



Gabon enjoys a literacy rate of over 63%, one of the highest in Sub-Saharan Africa

guarantee property ownership of assets involved in their activities & freedom to export capital and profits, to follow the equitable application of business law as outlined in the OHADA (L'Organisation pour l'Harmonisation de Droit des Affaires) pact and provide competent specialized courts and tribunals. Recently, the International Finance Corporation (IFC) announced an agreement between the Government of Gabon and IFC for the privatization of water and electricity services. There are approximately 84,000 customers for electricity and 43,000 for water.

IFC will act as lead advisor to the Government of Gabon for the preparation and implementation of

the privatization process. This will be the first significant privatization in Gabon and one of the first privatizations of electricity and water services in sub-Saharan Africa.

"We believe IFC is the most competent independent adviser..." said Mr. André Dieudonne Berre, Gabonese Minister of Privatization. "...we were also impressed by IFC's successful track record in the restructuring and privatization of power and water companies."

The privatization will be carried out in two phases: During the first phase IFC will define the divestiture strategy and review the existing legal framework. The second phase will consist of finding investors, overseeing bids, and assisting in

China & Gabon reinforce ties

Chinese President Hu Jintao met with Gabonese President El Hadj Omar Bongo Ondimba at the Great Hall of the People in Beijing on Nov. 1, 2006. President Bongo was in Beijing for the Summit of the Forum on China-Africa Cooperation (FOCAC) scheduled Nov. 4-5. During the meeting with President Bongo, President Hu said China and Gabon had boosted cooperation on trade, resources exploration, infrastructure construction and telecommunications. "We will work with Gabon to deepen economic and trade cooperation, and consultation in the international affairs," Hu said.



Owendo port; a boat carrying manganese, one of the natural treasures of Gabon

"Our ambition is to become the hub for the sub-region..." said Jean-Pierre Oyiba Managing Director of OPRAG, the state operated port authority. "...Gabon has a number of trump cards which other countries can't play..."

President Bongo believes the improvements to Gabon's ports will encourage investment, particularly from America. "We are in the process of upgrading our main commercial quays, at both Owendo and

to be one of the last unexploited iron ore deposits on the planet, with reserves of over a billion tons. The first exports of this high-grade (60% content) ore should begin in 2008. An agreement signed between President Bongo and the President of CVRD in March of 2005 will create thousands of new jobs by creating 200 Kilometers of roads and railways, a hydro-electric dam project, and a deep water port

used in specialty steels, by the Maboumine Corporation, who, along with other investors in diamond and gold mining, place the mining industry in Gabon among the most diversified.

GABON: COMMUNICATIONS FOR THE 21ST CENTURY

The government has also launched substantial efforts to modernize communications through the expansion of existing services and the installation of state of the art communications technology. Gabon Telecom has over 38,400 fixed lines and over 495,000 cellu-

negotiations. A major portion of this work is financed by the Government of Japan through the Japan/IFC Comprehensive Trust Fund.

monetary zone. The Gabonese Development Bank (BDG) the nation's development bank, is 69% Gabonese owned and lends

commercial banks including the Banque International de Commerce et d'Industrie du Gabon (BICIG, a branch of BNP France), the Union Gabonaise de Banque (UGB, a branch of Credit Lyonnais), the Banque Gabonaise et Francaise Internationale (BGFI, formerly Banque Paribas), Citibank, and The French Intercontinental Bank (FIBA). Citicorp (USA) is also present.

There is no government restriction on foreign participation in the commercial sector. Financial transfers of less than 5 million CFA (USD 8,300) can be made to France or within the franc monetary zone by simple bank transfer. Transfers exceeding this amount require justification. Private transfers to areas outside of the franc monetary zone are subject to authorization from the Ministry of Finance. The International Monetary Fund (IMF)

reported that currency and demand deposits, commonly known as M1, stood at \$453.2 million in 2001. That same year, M2, calculated from M1 plus savings deposits, small, time, deposits, and money market mutual funds, totaled \$773.1 million. There is currently no securities market in Gabon, but President Bongo has advanced the idea of opening a Gabon stock exchange as part of his social plan. Gabon has a strong, democratically elected government, vast natural resources, and an innovative new social program for the diversification of the country's economic basis that will improve the country's infrastructures, education and social programs. Its strategic location and favorable investment climate, coupled to a young, educated, workforce make it an attractive candidate for diverse economic expansion well into the next century.



Carlton Ward

The creation of the 13 national parks has in been an initiative to develop eco-tourism.

"The privatization...of water and electricity services is part of a wider government initiative to restructure and privatize most of the Gabonese public enterprises," said Philippe Lietard, Director of IFC's Corporate Finance Services Department. "...and it could serve as a model for privatization throughout the region."

to small and medium size companies. Other local institutions are the Credit Foncier du Gabon, CRE-FOGA, who finance housing projects, the Fund for Development and Expansion, FODEX, who fund small and medium-sized businesses, and the Banque Gabonaise de Credit Rural who are involved in agricultural loans. Local offices of foreign oil companies have used interest rate swaps and Euro currency bonds to finance oil-field development. Local credit is available to foreign and local investors on equal terms.

Commercial banking in Gabon is controlled by French and other foreign interests. There are 5 major

WORLD CLASS BANKING AND SECURITIES

Gabon has a well-developed banking system, with one development bank and ten commercial banks. The local banking system is sophisticated and offers most corporate and private banking services inside and outside the franc



Facts & Figures

CAPITAL	Libreville	GDP (PPP)	2005 estimate
LARGEST CITY	Libreville	Total	\$9.621 billion (136th)
OFFICIAL LANGUAGE(S)	French	Per capita	\$7,055 (89th)
GOVERNMENT	Republic	HDI (2003)	0.635 (123rd)
President	El Hadj Omar Bongo	CURRENCY	CFA franc (XAF)
INDEPENDENCE	August 17, 1960	TIME_ZONE	WAT (UTC+1)
from France		Summer (DST)	not observed (UTC+1)
POPULATION		INTERNET TLD	.ga
July 2005 est.	1,384,000 (150th)	CALLING CODE	+241
Density	5.2/km ² (216th), (13.5/sq mi)		

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