

Emerging Gabon

No Room for Complacency...



President Ali Bongo Ondimba meets with President Barack Obama in the Oval Office



President Ali Bongo Ondimba presides over the UN Security Council in June

Gabon stands among the best-equipped countries in the region for enhanced governmental and private sector cooperation with American counterparts.

After more than five decades after claiming independence from France, Gabon's modern rise to economic might and regional clout has been nothing short of meteoric. But for President Ali Bongo Ondimba—elected in 2009—it has not been enough. Armed with a comprehensive national reform agenda known as “Emerging Gabon,” Ali Bongo Ondimba believes that he can finally unlock Gabon's true potential as a dynamic African economy and a regional powerbroker. The initial results are encouraging, but there is much to be done.

First, Gabon's government must see through deep structural changes in the country's oil-skewed economy. Since its discovery in the 1970s, oil has been a mixed blessing for the sparsely populated, equatorial nation (a country the size of Colorado, with the population of Philadelphia). On the one hand, oil revenues on government balance sheets mean per capita GDP levels four-times the sub-Saharan average.

However, the current administration knows all-too-well that Gabon's spectacular increase in wealth belies decades of mismanaged revenues and chronic income inequality. Gabonese officials concede that the nation's under-diversified, oil-driven economy can

no longer thrive in a fragile and volatile global economy steeped in uncertainty.

For that reason, the nation has pinned its hopes on Emerging Gabon, an ambitious array of economic diversification tactics complemented by a rigorous program of reforms to governance aimed at rooting out corruption.

Resting on three pillars—Industrial Gabon, Services Gabon and Green Gabon—and relying heavily on foreign investment, the overall target of Emerging Gabon is to achieve emerging economy status for Gabon by 2025.

For Africa's third wealthiest nation, the highly celebrated program is tantamount to economic revolution.

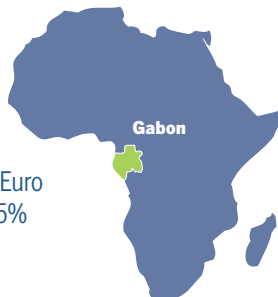
Yet, on a broader scale, Emerging Gabon might also be the best description for a still-young African nation rapidly discovering its international voice. In a bilateral Oval Office meeting with the Gabonese leader in June, President Obama recognized Gabon's leadership in regional conflicts in Ivory Coast, Libya and Sudan. Obama also welcomed Gabon's redoubled commitments to the global fight against HIV/AIDS as recent president of the UN Security Council.

For his part, President Ali Bongo Ondimba used the trip to Washington to urge the U.S.—already Gabon's number one trading partner—to strengthen its partnerships in Africa. Logically, Gabon stands among the best-equipped countries in the region for enhanced governmental and private sector cooperation with American counterparts. The nation boasts a history of political stability, a sturdy banking system, a highly educated population and a dazzling array of natural resources. Ali Bongo Ondimba knows he will have to build on these competitive advantages for Emerging Gabon to succeed and for his nation to win over global investors.

One thing is clear: there is no room for complacency in the government's ambitious agenda. Expect to hear plenty more from Gabon in the years to come as the country emerges confidently onto the global stage. ■

Key Facts

- **Capital:** Libreville
- **Population:** 1 520 000
- **Surface area:** 267 667 km²
- **Currency:** CFA Franc - indexed to the Euro
- **2011 GDP growth rate (estimate):** 5,5%
- **2011 GDP per capita:** \$11,045
- **2011 FDI (estimate):** \$4.5 billion



Industrial Gabon: Partnering for Success

President Ali Bongo Ondimba will be the first to acknowledge that, while oil deposits flooded public coffers during boom years, an overreliance on the dwindling resource produced dangerous distortions in the Gabonese economy and derailed necessary economic diversification. The first pillar of the Emerging Gabon plan, Industrial Gabon, aims to reverse this trend.

The underlying irony, of course, is that Gabon is blessed with a rare abundance of natural resources that extend far beyond oil, from vast forests suited for sustainable timber production to extensive mineral deposits to natural gas. Yet these resources remain largely underutilized due to poor industrial infrastructure and a weak national strategy.

The government's vision for Industrial Gabon seeks to address these shortcomings by shifting the Gabonese economy towards downstream production. In 2010, for example, Gabon enacted a ban on raw timber exports, insisting that wood be processed domestically and later exported at a premium. While the timber industry scurries to adjust production to meet the new requirements, a host of new opportunities in timber processing—particularly in special economic zones like Nkok—have sprung up seemingly overnight.

The timber industry perhaps best illustrates the careful equilibrium between foreign investment and domestic growth that Emerging Gabon hopes to strike. President Ali Bongo Ondimba knows Gabon's climb up the value chain is largely dependent on outside investment, but also knows that such investments must ultimately lead to equitable and sustainable growth for his country at large.

"We are not looking for quick fixes, or return on investment in the short term," the leader stressed last year. "We want

strategic partnerships that allow us to use appropriate technologies and to meet market expectations."

Beyond timber, the government has similar plans to boost the domestic refining capacity for its rich deposits of manganese and iron. The country is also in the process of creating a more attractive regulatory framework for foreign investment to encourage the extraction of its other primary mineral resources including gold, diamonds, lead/zinc, copper, cobalt, bauxite and uranium.

Yet Gabon's industrial production continues to be hampered by a weak and sometimes incomplete national infrastructure. Inland producers face their greatest setbacks from a patchy road and rail network while the low capacity of the nation's existing ports in Libreville and Port-Gentil can lead to bottlenecks.

Thankfully, much of the government's economic development strategy hinges on an \$11 billion infrastructure development scheme, overseen by the Public Works National Agency (ANGT) and spearheaded by U.S. engineering giant Bechtel. This "National Master Plan for Infrastructure" aims to vastly expand the nation's network of roads as well as improve the capacity of existing ports. The plan also calls for the construction of a multi-modal dry port in Port-Gentil and a deepwater port in Mayumba, aimed primarily at speeding timber and mineral production to export markets. Work is also underway towards modernization of air and river transport networks.

This is an encouraging sign for the future of Gabonese industry. President Ali Bongo Ondimba's bet on value-added production and inward investment is long, but looks set to yield high, sustainable returns over the coming decades. ■



An artist's rendering of the planned modernization program for Libreville.

Gabon's Special Economic Zones

Gabon's special economic zones (SEZs) play a key role in Emerging Gabon's industrial overhaul, and the NKOK SEZ, located outside Libreville, has clearly set the pace.

The largest SEZ in central and western Africa at 1,126 hectares, NKOK SEZ aims to make Gabon's timber industry ultracompetitive, in line with the government's push towards value-added wood processing.

NKOK's value proposition is irresistible: close proximity to timber supply, an integrated transit network and unmatched financial incentives. The product of a flourishing partnership with Singaporean agricultural giant Olam, NKOK has already brought together investors from more than 45 countries including China, India, the United States and Malaysia.

President Ali Bongo Ondimba sees this as a landmark affirmation of Gabon's global emergence. "This major project is a strong message that we send out far beyond our borders," said Ali Bongo Ondimba at the NKOK launch in September. "Gabon is a country of opportunities, open to the world and investors."

The world has clearly taken notice. Current estimates for FDI in NKOK alone stands between \$920 million and \$1.1 billion per annum, a staggering increase from \$50 million per year in non-oil FDI averaged over the last decade. Estimates peg nationwide FDI at \$4.5 billion this year.

Outside NKOK, high-profile investments can also be found at the Port-Gentil-based Mandji Island Free Zone, where Olam has teamed up with India's Tata Chemicals in the creation of a \$1.5 billion fertilizer plant.

Such investments have huge implications for the Gabonese economy, especially in job creation. NKOK alone is expected to yield 7,000 direct jobs, alongside tens of thousands indirect positions.

"Our preference, in terms of our alliances, will be to work with investors who position themselves for the good of Gabon in the long run," says Ali Bongo Ondimba.



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President Ali Bongo Ondimba inspects plans for the emergency wing of Libreville's main hospital



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Services Gabon - Tapping Gabon's Human Potential

Despite a rapid push towards industrialization, Emerging Gabon seeks to harness the massive potential of its other natural resource: its people. Thus, the second pillar of the government's economic development plan, Services Gabon, sets human resource development as its top priority and puts the country on a course to become a regional reference point in fields such as information technology, financial services, healthcare and higher education.

Of course, the development of any modern service economy is dependent upon a robust ICT backbone. As such, the cornerstone of Services Gabon is a massive upgrade to the nation's digital network. In late 2012, Gabon will connect to the SAT3 fiber optic cable between Europe and Africa. The link-up will drastically boost the nation's bandwidth to 1.5 TB and facilitate the rollout of an ambitious e-government and e-services program to citizens across the country.

A digital overhaul will provide an immediate shot in the arm to the nation's strong education system. Promisingly, primary school enrollment rates in Gabon are among the highest in Africa. Ensuring that Gabonese graduates are prepared for jobs in the nation's onward development, however, remains a top priority for the government. For this reason, heavy investments have been made in secondary- and post-secondary programs, including the expected completion of three new public universities by 2016. With a national median age of 19, a sharp rise in higher education and vocational offerings bodes extremely well for an already talented labor pool.

The Ali Bongo Ondimba administration also hopes that a re-tooling of the education system will bolster the country's thriving

international research partnerships, especially in the fields of health and education.

Currently, Gabon plays host to scores of international experts, including a heavy American presence, conducting research within the country's rich biodiversity. In June, Gabon announced a landmark partnership with a consortium of Oregon universities for ecological and medicinal studies. Gabonese scientists have also teamed up with NASA to create a sophisticated map of the Congo Basin, a pioneering effort to chart the ecological impact of national development.

The country's flagship medical institution, the Albert Schweitzer Hospital (HAS), has also partnered with Harvard through the Albert Schweitzer Fellowship (ASF) to improve the quality of essential care. In June, the hospital announced the creation of a breakthrough University Center in Lambaréné for research and clinical work in the fight against tuberculosis, malaria, and HIV/AIDS.

This celebrated HAS initiative represents yet another step for Gabon towards achieving its Millennium Development Goals. It also offers clear insight into the supportive role foreign institutions can play in Gabon's swift national transformation.

President Ali Bongo Ondimba knows that such global partnerships, in both research and practice, are critical in facilitating the transfer of know-how and technology necessary in building a vibrant and modern economy.

With fiber optics and fellowships, linking Gabon to the world may be Ali Bongo Ondimba's most-pressing remit. It may also be his greatest legacy. ■

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SYLVIA BONGO ONDIMBA

Gabon's First Lady at the First International Day of Widows at the UN

Gabon's Active First Lady

Gabon's First Lady, Sylvia Bongo Ondimba, understands that economic reforms alone cannot succeed without an equally ambitious social reform agenda. In 2011, she launched the "Sylvia Bongo Ondimba Foundation for the Family" which focuses on three priority areas: education of youth, rights and empowerment of women,

inclusion of vulnerable people. The Foundation already has some major achievements under its belt, such as creating the microcredit fund Akassi, which empowers women and promotes their entrepreneurship (1,162 women and women's cooperatives already benefited from this programme), launching its healthcare programme entitled

"Working Together for the Health of Mother and Child" and opening the Mbandja Centre in Libreville to strengthen skills in the Gabonese civil society. The First Lady's work also has global implications. Her tireless campaign to improve widows' rights contributed to the passing of the UN resolution declaring June 23 International Widows Day (IWD).

Green Gabon - Sustainable Development for All

The third pillar of Emerging Gabon, Green Gabon, is as much an economic plan as it is a national philosophy, one that permeates every level of Gabonese society. While Gabon appears poised for rapid development, President Ali Bongo Ondimba knows that no amount of economic growth can ever compensate for the degradation of the country's natural resources and rich biodiversity.

"We should be under no illusion," Ali Bongo Ondimba told the Atlantic Council in Washington this past June. "We cannot improve the living standards of our people while simultaneously degrading our natural environment."

For this reason, Emerging Gabon starts from the fundamental belief that all growth must be ecologically sustainable. The government, for example, has strengthened the sustainable management permit system in the timber industry while simultaneously cracking down on illegal logging activity. The ban on log exports, too, aims to ensure the balanced exploitation of timber resources.

A large part of Gabon's forests are, in fact, strictly protected, the result of a 2002 decree by longtime leader Omar Bongo (father of the current president). This milestone decision established a national park network—overseen by the National Agency of National Parks (ANPN)—spanning a staggering 11 percent of Gabon's total area. Current president Ali Bongo Ondimba reaffirmed this commitment to the nation's parks upon taking office, quadrupling the ANPN's budget and establishing a special task force charged with safeguarding protected areas.

Preservation, however, is only half of Gabon's ecologically sustainable agenda. Green Gabon also lays a strong foundation for the emergence of a low carbon emission economy.

Few sectors show more potential in this regard than ecotourism. The country boasts 800 km of pristine coastline, 13 individual national parks and cultural sites reflecting 400,000 years of history. Yet these resources remain highly underdeveloped due to poor infrastructure and a historical lack of national directive. With Emerging Gabon now in full swing, the government believes all this can change.

Tourism targets over the medium term remain modest. The country hopes to attain 100,000 annual visitors by 2020, but a wave of new ventures bodes well for Gabon's long-term ecotourism prospects. In April, for example, Gabon entered into a partnership with South Africa's SFM Africa to build high-end eco-lodges in the country's south. The Gabonese government is now actively seeking similar eco-friendly developments from keen investors.

Analysts also see sizable room for growth in Gabon's waning agriculture sector, particularly through the development of bio-fuels and a reemphasis on priority crops such as cocoa and coffee. Despite a labor participation rate of 35 percent, the agriculture sector contributes only 5 percent to GDP. The government has immediate plans to raise this figure to 8 percent although achieving this goal will require a combination of private investments and development funds from abroad.

Beyond this, many in Gabon, including Lee White, Gabon's renowned head of national

parks, see a window of opportunity to capitalize on a fledgling carbon credit market. This would further incentivize the protection of the nation's forests—already absorbing tens of millions of tons of carbon per year—and potentially provide hundreds of millions of dollars in additional revenues per year.

On a broader scale, President Ali Bongo Ondimba sees the preservation of Gabon's natural environment as far more than a source of growth; he believes it is a call for international responsibility. As part of the Congo Basin—one of the world's "green lungs"—environmental conservation in Gabon has truly global implications. As such, Gabon firmly understands that it can and must play a constructive role in the fight against climate change. President Ali Bongo Ondimba himself emerged as a key player in UN climate talks in Copenhagen and as designated African spokesperson for biodiversity policy following the recent pan-African conference in Libreville.

The Gabonese leader, who will shortly unveil an ambitious national climate plan of his own, believes that such leadership can raise Gabon's international profile as a constructive force in tackling the world's most pressing challenge. "Peace, security and the environment are inter-dependent," says Ali Bongo Ondimba. "We cannot work for lasting peace if we don't confront today, the causes that we know will lead to wars in the future." ■

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