

# Gabon

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## Overview

Gabon is on the West coast of Africa and covers an area of 267 667 square metres. The country has a population of 2 067 239 million with 89.4 percent living in the urban areas of the capital city Libreville and Port-Gentil, the second largest city.

The main economic activity of Gabon is the exploitation and exploration of natural resources. It is now the ninth most significant producer of oil in Africa. In addition to oil, the country also produces and exports timber and other minerals such as manganese and uranium. In the past five years the oil industry has accounted for almost 80 percent of exports, 45 percent of the gross domestic product (GDP) of CFA36.75 billion (US\$611 480 million), and 60 percent of budget revenue. In recent years, however, Gabon has been diversifying its economy by investing more in agricultural activities and the tourism industry. The government sector employs the majority of the population with 70 percent of the citizens working in this sector.

Despite oil production declining by 4.3 percent, real GDP growth reached an estimated two percent in 2018, up from 0.5 percent in 2017. The upturn was spurred by non-oil sectors, particularly commercial agriculture (13 percent growth), manganese mining (45 percent growth), logging (14 percent growth), timber (10 percent growth), and telecommunications (18 percent growth). Nevertheless, unemployment remains a major concern because the hydrocarbon sector, the primary driver of the economy, generates a limited amount of jobs.

The fiscal deficit improved from 6.6 percent in 2016 to 3.6 percent in 2017 and is estimated at 0.3 percent for 2018. The fiscal deficit improvement is mainly due to fiscal consolidation, a component of the Central African Economic and Monetary Community's (CEMAC) response to reduced oil prices. Gabon concluded a three-year agreement (2017-2019) with the International Monetary Fund for an Extended Credit Facility, supported by the African Development Bank and other international partners. One important move by the regional central bank in 2018 was to tighten monetary policy while raising the interest rate from 2.95 percent to 3.5 percent. Inflation was an estimated at 2.8 percent in 2018, down from three percent in 2017 and below the CEMAC requirement of three percent. The current account deficit dropped to 1.5 percent of GDP in 2018 from 4.9 percent in 2017. Despite lagging oil production, total export revenue has increased as a result of stable oil prices as well as timber and manganese exports.

## KEY FIGURES

Main urban centres	Libreville, Port-Gentile, Franceville
Exchange rate: 1 US\$ = [a] 1 July 2019	580.15 CFA Franc (XAF)
1 PPP\$ = [b]	249.12 CFA Franc (XAF)
Inflation 2018 [c]   Inflation 2019 [c]	4.8   4.8
Population [b]	2 119 275
Population growth rate [b]   Urbanisation rate [b]	2.6%   3.0%
Percentage of the total population below National Poverty Line (2017) [d]	34.3%
Unemployment rate (% of total labour force, national estimate) (2017) [d]	19.6%
Proportion of the adult population that borrowed formally (2017) [b]	5.1%
GDP (Current US\$) (2018) [b]	US\$17 017 million
GDP growth rate annual [b]	1.2%
GDP per capita (Current US\$) (2018) [b]	US\$8 030
Gini co-efficient (2017) [b]	38
HDI global ranking (2017) [d]   HD country index score (2017) [d]	110   0.702
Lending interest rate (2017) [b]	15.0%
Yield on 2-year government bonds	n/a
Number of mortgages outstanding	n/a
Value of residential mortgages outstanding (US\$)	n/a
Number of mortgage providers [f]   Prevailing mortgage rate	16   2.9%
Average mortgage term in years   Downpayment	20   25%
Ratio of mortgages to GDP	n/a
What form is the deeds registry? [e]	Paper
Total number of residential properties with a title deed	n/a
Number of houses completed	n/a
Number of formal private developers/contractors	n/a
Number of formal estate agents	n/a
Cost of a standard 50kg bag of cement	2 397 XAF (US\$9.62)
Price of the cheapest, newly built house by a formal developer or contractor in an urban area (local currency units) [g]	86 104 320 XAF
Size of cheapest, newly built house by a formal developer or contractor in an urban area	150m <sup>2</sup>
Average rental price for this unit in an urban area (local currency units) [h]	85 000 XAF
Number of microfinance loans outstanding	n/a
Number of microfinance providers [f]	16
Number of housing construction loans outstanding	n/a
Number of providers of construction finance	n/a
World Bank Ease of Doing Business Rank [e]	169
Number of procedures to register property [e]	6
Time (in days) from application to completion for residential units in the main urban city	n/a

NB: Figures are for 2019 unless stated otherwise.

[a] Coinmill	[e] World Bank Doing Business 2018
[b] World Bank World Development Indicators	[f] Afrifways Gabon
[c] IMF World Economic Outlook Database	[g] Numbeo
[d] UNDP: Human Development Reports	[h] KapitalAfrik

## Access to finance

Gabon is a member of CEMAC and as such uses the common currency known as the Communauté Financière Africaine (CFA) franc, which is tied to the euro for the purpose of currency stabilisation. Furthermore, in compliance with being part of the CEMAC, Gabon's centralised monetary agency is the regional Bank of Central African States (Banque des Etats d'Afrique Centrale/BEAC), which regulates the banking and microfinance institutions sectors through the Central African Banking Commission.<sup>1</sup>

There are 10 active banks in Gabon, comprising the Gabonese Development Bank (BGD) and nine commercial banks. However, approximately 80 percent of deposit and loan services are provided by three of the largest banks. The financial system is also open to foreign commercial banks such as the American bank Citigroup. The primary business focus of BGD is to lend money to small and medium-sized companies. Corporate services are offered by commercial banks.

However, corporations operating in the country have the freedom to contract credit from abroad. In addition, local credit is available to both local and foreign investors on equal terms. Nevertheless, the country's main economic actors, such as the oil companies, are financed from outside the country.<sup>2</sup>

In 2018, banking activities in Gabon improved by 8.9 percent and the gross reserves of the banking system increased by 42.3 percent. Banks in the CEMAC region showed an increase in gross credit of 0.9 percent from CFA74 billion (US\$123 128 119) in 2017 to CFA8 539 billion (US\$14 208 million) in 2018. In addition, bank deposits in CEMAC increased to CFA9 497 billion (US\$15 263 million), representing 73.6 percent of the total balance sheet, which is an increase of CFA158 billion (US\$262 895 173) in one year or 3.6 percent year-on-year. In Gabon, bank deposits increased by 11.5 percent and Gabon's budget surplus was 0.4 percent of the GDP in 2018. The current account deficit contracted in Gabon by 4.2 percent of the GDP against 2.4 percent of the GDP one year earlier.<sup>3</sup>

The microfinance sector in Gabon is still at an infant stage and the registered microfinance institutions only cover a limited number of the population. There are 14 registered microfinance institutions in Gabon, lower than in other CEMAC countries such as the Republic of Congo which has 57 microfinance institutions and Cameroon which has 412.<sup>4</sup> However, unregulated and informal microfinancing does take place in the country. The microfinance performance in Gabon has showed an improvement of CFA236 billion (US\$392 678 866) in June 2019 from CFA19.7 billion (US\$ 32 778 702) in June 2018. Microfinance performance in Gabon is expected to grow by 2.9 percent in 2019 because of possible increased performance in agriculture, mining and telecommunications.<sup>5</sup> Deposit, savings and payment of services to low income earners are offered by Caisse d'Epargne Postal, a postal savings bank that covers approximately 13.5 percent of the population. Nevertheless, access to finance for low income earners is still very low.

Gabon's housing finance programme and budget are divided between different state institutions that have the mandate to deliver and execute housing programmes in the country. These institutions are the Ministry of Housing, the Agence National des Grand Travaux and the National Real Estate Company, which is a government body created in 1976 with the aim of developing and overseeing housing projects. Today the government retains 70 percent of the stake of the National Estate Company. In addition, there is the Gabon National Housing Fund which was created in 1973 and the National Building Society (SNI) which was created in 1976 by merging the National Housing Corporation and the Gabonese Development of Real Estate and Equipment. Crédit Foncier of Gabon (CREFOGA) was established by the Gabonese government in 1976 as a specialised agency in housing finance. However, the business model of CREFOGA was severely handicapped by unpaid debts that resulted in its liquidation.<sup>6</sup> Another financial government institution is the Guarantee Fund for Housing (Fonds de Garantie pour le Logement, FGL). The FGL has the administrative and financial distribution mandate to deal with the housing deficit. The government of Gabon has also established the Housing Bank, which is commissioned to provide loans at all stages of the housing construction and sale process. The National Infrastructure Master Plan (NIMP) identifies a number of mechanisms to facilitate real estate investment, including public-private partnerships, operation transfer cession and fully control private projects.

### Affordability

Gabon's income per capita is CFA 10 223 010,07 (US\$17 010), but the country is subject to high income inequality and extreme poverty. In the last two years, the decline in oil prices has forced the government to decrease the country's budget and this negatively impacted economic growth, reducing it from 5.6 percent in 2015 to four percent in 2016.<sup>7</sup> To develop and deliver affordable housing and to alleviate poverty in the country, the government took steps in 2008 to improve its fiscal position to compensate for the drop in oil revenues. Gabon has also put in place a long-term strategic development plan called Plan Stratégique Gabon Emergent Vision 2025 (PSGE). PSGE was launched in 2012 with the aim of diversifying and developing new industries by building smart cities that will respond to housing needs based on sustainable development principles.

The Gabon government has made considerable improvement in its business environment and it is ranked at 169 out of 190 countries in the World Bank Ease

### Availability of data on housing finance

Research projects conducted in Gabon that involve empirical data collection are likely to face challenges when dealing with government institutions and government officials. In the case of housing finance in Gabon, the challenges in the collection of data are due to the non-digitalisation of housing records and the fact that Gabon does not have a central housing record. However, the following institutions collect data on housing and financing in Gabon: Agence National de l'urbanisme, des travaux topographique et du Cadastre Fonds de garantie pour le logement, National real estate company, Ministry of Housing, Gabonese Development Bank, Agence Nationale des grand travaux and Societe National des lodgement Sociaux.

of Doing Business report,<sup>8</sup> 124 on starting a business,<sup>9</sup> 144 on dealing with construction permits<sup>10</sup> and 178 on registering a property.<sup>11</sup> The government has reduced the minimum capital requirement for starting a business to CFA500 000 (US\$831.95). However, it should be noted that Gabon has a high unemployment rate of 19.63 percent, with mainly the youth (46 percent of which are under the age of 25)<sup>12</sup> and uneducated people being affected in 2018. The 2017 World Bank report on Gabon stressed that Gabon's poverty rate, at 40 percent, means a vast majority of the local population are vulnerable and living with a monthly income below the minimum wage of CFA135 225 (US\$225), with an additional CFA20 434 (US\$34) monthly allowance per child. The high unemployment rate is caused by a weak education system that is not providing the right skills required for economic growth.<sup>13</sup>

### Housing supply

The NIMP is part of the long-term vision of the country and it was launched in June 2012. Based on Action 152 of the NIMP, the government planned to build 35 000 houses with the aim of significantly increasing housing supply and facilitating access to mixed-used housing. The project aims to build and deliver on average 5 000 units annually, to encourage social diversity as well as vertical and horizontal densification. A number of social housing development projects have been started and the government aims to allocate title deeds to 5 000 registered plots annually. Since the beginning of the Angondje Development District project, 872 prefabricated houses have been completed and at the end of March 2016, 633 houses were allocated to their owners.<sup>14</sup> Chinese company Dacheng Taihe Steel Structure Science and Technology is constructing 420 social houses and 320 houses of this project have been completed and delivered. The SNI is working in partnership with the mining company Compagnie Minière de l'Ogooué to build 2 000 houses that are destined for low income earners in Bikélé. This project will be financed by the Gabon International Bank of Commerce and Industry (Banque Internationale pour le Commerce et l'Industrie) and the Union Bank of Gabon (Union Gabonaise de Banque). The Central African Development Bank based in Congo Brazzaville is also supporting the project. To date, two-thirds of this project have been completed, with key infrastructure such as road connections, water and electricity supply remaining.

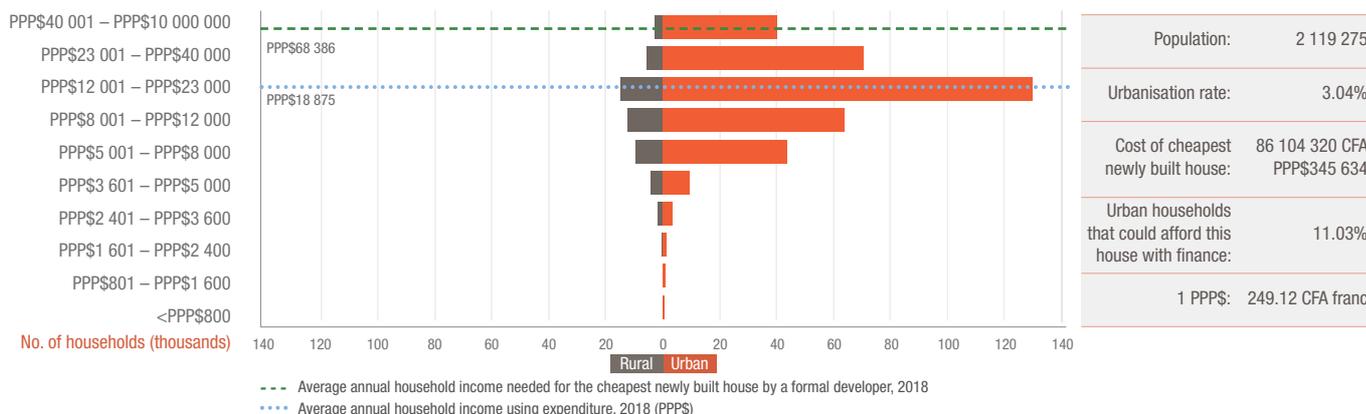
The government of Gabon has signed an agreement with a Chinese consortium, One Link Holding Group, to build 200 000 homes in several cities across the country in addition to developing a new town in the Panga province of Nyanga, which is the south of Gabon. Another housing project is the development of 3 133 houses in Estuaire. The project was initially planned to be completed at the end of 2016, but only 2 048 houses have been completed so far.

The government of Gabon is committed to facilitating the establishment of housing cooperatives through public funding that will finance housing credit at a minimum of zero percent and a maximum of 30 percent to 40 percent of buyer's credit. The government also plans to divert housing bonuses usually paid to public servants towards financing housing cooperatives.

The National Agency for Public Works of Gabon is involved in redevelopment and revitalisation projects in certain areas around Libreville. One such project is the revitalisation of the port Mole area with the aim of transforming the area into a centre of urban life. This project involves the refurbishment of the marina area

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## Annual income profile for rural and urban households based on consumption (PPP\$)



Population:	2 119 275
Urbanisation rate:	3.04%
Cost of cheapest newly built house:	86 104 320 CFA PPP\$345 634
Urban households that could afford this house with finance:	11.03%
1 PPP\$:	249.12 CFA franc

Source <https://www.cgidd.com/C-GIDD, 2019>

with public and recreation space, commercial and leisure space, restaurants and hotels. Most of the redevelopment projects will have a consequence on housing demand in the area or its surrounds with people wanting to live close to job opportunities. Hence the government is planning to develop major roads and boulevards along with mixed-used buildings to accommodate residential and commercial markets within the Mole precinct.<sup>15</sup>

It is important to note that the Gabon housing and urban development sector is still characterised by (i) a weak institutional and legal system; (ii) rigid tenure; (iii) virtually ineffective financing systems, and (iv) very low capacity of interventions by actors.

### Property markets

The property development sector in Gabon is still at an infant stage and mostly driven by the oil sector, and sometimes by the organisation of sport events such as the Africa Cup of Nations football tournament. The real estate sector is characterised by high-end sales and expatriate rentals followed by demand for social housing.<sup>16</sup> Nevertheless, due to the rapid urban population growth (81 percent)<sup>17</sup>, the government has set in place strategies such as reducing the procedures required to register a property to five and ensuring that the process takes 33 days to complete. Gabon is ranked at 178 in the world for ease of registering property.<sup>18</sup> In addition, the government has establishment plans for a National Laboratory and Public Works department as a strategic institution for improving real estate development.<sup>19</sup> Demand for high quality residential property is on the rise as well as increasing demand for retail and office buildings, with state institutions and international institutions being the target users.

To support delivery, the government is engaged in a number of reforms to stimulate the housing sector. These reforms include efforts to alleviate the burden of administrative and regulatory obstacles that were hampering social housing delivery projects. Institutional reforms are also taking place in the housing sector, including the creation of new specialised housing agencies and the establishment of several new institutions, such as the National Agency for Urban Planning and the Topographical Works and Land Registry called (Agence National de l'Urbanisme, des Travaux Topographique et du Cadastre, whose mission is to plan and oversee all land and real estate development projects, maintain and extend the national land registry, and facilitate the purchase and transfer of property units.

### Policy and regulation

Gabon's current economic policy and regulation focus is driven by the objective to transform the country into an emerging economy. This approach seeks to improve investment in other sectors and to move away from oil dependency. Law No. 15/98 of 23 July 1998 on the investment code was written and updated in accordance with CEMAC's investment regulations and provides equal rights to foreign and local companies operating in Gabon. However, a certain number of strategic business sectors such as mining, forestry and petroleum are organised under a specific regime of Law No. 15/98 of 23 July 1998 based on customs and

tax incentives.<sup>20</sup> To increase transparency in its resources and mining industry, the country is in the process of introducing a new mining and petroleum code. Gabon adheres to the Organisation for the Harmonisation of Business law in Africa, which allows foreign investors to choose without restraint from a wide range of legal business structures such as a private limited liability company or public limited liability company.

The Gabon Constitution of 1991, as amended, acknowledges the right to housing for every Gabonese citizen in Article I, paragraphs 10 and 11. It states that all people, as individuals or as groups, have the right to own property. None may be deprived of one's property, if not for a public necessity, legally declared, required and under conditions of a just and prior compensation. Notwithstanding, the dispossession of abandoned buildings justified by public utility and or an insufficiency of development is regulated by the law. Further, all Gabonese have the right to freely fix his or her domicile or residence in any part of the national territory.

Gabon does not have a clear land policy, the closest form of land policy dates back to 1911 and still forms part of the land legislation.<sup>21</sup> Most land belongs to the state and there is no cadastral plan in some parts of the country aside from Libreville. The country also lacks a proper system of transfer of title deed and land ownership. This affects poor communities that lack collateral to access credit without legitimate land or property ownership. To overcome this, the NIMP, under Action 146, plans to reinforce the legal framework for the construction and housing sector.

### Opportunities

Four emergency foundation areas have been identified to boost economic growth in Gabon. These are sustainable development, governance, human capital, and infrastructure.<sup>22</sup> The PSGE represents a road map for economic development away from the oil sector and aims to improve the well-being of the Gabon citizens. The PSGE plans to share the country's prosperity by prioritising inclusive growth and the construction of socio-economic infrastructure until 2025, based on three pillars: Industrial Gabon, Green Gabon, and Services Gabon.

Gabon offers many business and financial opportunities for investors regardless of its small population. The country has one of the highest GDP per capita in Africa, which is an advantage for investment in the country. In 2012 Gabon introduced a system of "guichet unique" which aims to simplify the procedure of land purchase and reduce the time it takes to acquire a title deed from the initial 10 years to 180 days and to reduce the administrative steps from 134 days to seven days. The Gabon government is committed to financing private housing development projects by reducing investment regulations. Private investment in development projects is also expected to increase gradually for the next 20 years due to political will and the government's commitment to turning the country into an emerging economy.

<sup>1</sup> US Department of State (2018). 2018 Investment Climate Statements: Gabon. 19 July 2018. [www.state.gov/reports/2018-investment-climate-statements/gabon/](https://www.state.gov/reports/2018-investment-climate-statements/gabon/) (Accessed 4 October 2019).

<sup>2</sup> US Department of State (2018). 2018 Investment Climate Statements: Gabon. 19 July 2018.

<sup>3</sup> Banque des états de l'Afrique centrale (2019) rapport sur la politique monétaire. Pg. 24.

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> République du Gabon (2011). Projet d'appui à l'élaboration d'une stratégie national d'habitat et de développement urbain.

<sup>7</sup> Gabon Bilan de l'Année (2016). Gabon Economy. 12 January 2017. [www.oxfordbusinessgroup.com/news/gabon-bilan-de-l'année-2016](https://www.oxfordbusinessgroup.com/news/gabon-bilan-de-l'année-2016) (Accessed 4 October 2019).

<sup>8</sup> World Bank Group (2019). Doing Business 2019: Gabon. Pg. 4.

<sup>9</sup> World Bank Group (2019). Doing Business 2019: Gabon. Pg. 6.

<sup>10</sup> World Bank Group (2019). Doing Business 2019: Gabon. Pg. 10.

<sup>11</sup> World Bank Group (2019). Doing Business 2019: Gabon. Pg. 20.

<sup>12</sup> Trading Economics. Gabon Employment Rate. [www.tradingeconomics.com/gabon/unemployment-rate](https://www.tradingeconomics.com/gabon/unemployment-rate) (Accessed 29 August 2019).

<sup>13</sup> World Bank (2015). Gabon's Unemployment Conundrum: Why Economic Growth is not Leading to More Jobs. 31 March 2015. [www.worldbank.org/en/news/feature/2015/03/31/gabons-unemployment-conundrum-why-economic-growth-is-not-leading-to-more-jobs](https://www.worldbank.org/en/news/feature/2015/03/31/gabons-unemployment-conundrum-why-economic-growth-is-not-leading-to-more-jobs) (Accessed 4 October 2019).

<sup>14</sup> Gabon Bilan de l'Année (2016). Gabon Economy. 12 January 2017.

<sup>15</sup> Gabon (2012) The National Infrastructure Master Plan. Pg. 110.

<sup>16</sup> Knight Frank (2018). Africa Report 2017/18. <https://content.knightfrank.com/research/155/documents/en/africa-report-201718-4576.pdf> (Accessed 4 October 2019). Pg. 14.

<sup>17</sup> Worldometers. Gabon Population [www.worldometers.info/world-population/gabon-population](https://www.worldometers.info/world-population/gabon-population) accessed 23/8/2019 (Accessed 4 October 2019).

<sup>18</sup> World Bank Group (2018). Doing Business 2019 – Training for Reform: Economy Profile: Gabon. <https://www.doingbusiness.org/content/dam/doingBusiness/country/g/gabon/GAB.pdf> (Accessed 4 October 2019).

<sup>19</sup> Oxford Business Group (2016). The Report: Gabon 2016. <https://oxfordbusinessgroup.com/gabon-2016> (Accessed 4 October 2019).

<sup>20</sup> African Development Bank Group (2016). Gabon Joint 2016-2020 Country Strategy Paper (CSP) and Country Portfolio Performance Review (CPPR) Report. March 2016. [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Gabon-Joint\\_2016-2020\\_Country\\_Strategy\\_Paper\\_CSP\\_and\\_Country\\_Portfolio\\_Performance\\_Review.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Gabon-Joint_2016-2020_Country_Strategy_Paper_CSP_and_Country_Portfolio_Performance_Review.pdf) (Accessed 4 October 2019).

<sup>21</sup> Wily L.A. (2012). Les Droit Foncier au Gabon-Faire face au passé et au présent. FERN. [https://www.fern.org/fileadmin/uploads/fern/Documents/fern\\_gabon\\_LR\\_EN\\_FR.pdf](https://www.fern.org/fileadmin/uploads/fern/Documents/fern_gabon_LR_EN_FR.pdf) (Accessed 4 October 2019). Pg. 27.

<sup>22</sup> Ibid.