

Gabon

The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at www.revenuewatch.org/rgi.

Background

The fifth-largest oil producer in sub-Saharan Africa, Gabon is highly dependent on the petroleum industry, which contributed 64 percent of state revenues in 2010. Despite attempts to diversify its economy, the extractive sector accounted for 82 percent of exports in 2009 and 47 percent of gross domestic product in 2010.

Gabon	2000	2005	2011
Population (million)	1.24	1.37	1.53
GDP (constant 2011 international \$ billion)	6.5	9.8	17.1
GDP per capita, PPP (constant 2005 international \$)	13,251	13,014	13,998
Oil and gas revenue (% total government revenue)	...	63%	64%
Extractive exports (% total exports)	85%	88%	86%

SOURCES: Oil and gas revenue as share of total government revenue from the Economist Intelligence Unit and the International Monetary Fund. All other data from the World Bank. Oil and gas revenues 2011 data from 2010; Extractive exports 2011 data from 2009.

Gabon's Performance on the RGI

Gabon received a "weak" score of 46, ranking 32nd out of 58 countries. A relatively high Institutional and Legal Setting score contrasted with poor performance on the Enabling Environment component.

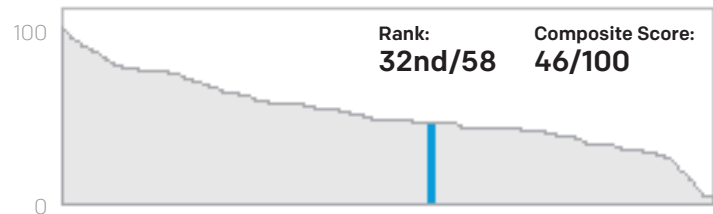
Institutional and Legal Setting

(Rank: 29th/58 Score: 60/100)

Gabon earned a "partial" score of 60. While it has clear mechanisms for revenue collection, legislative reforms begun in 2009 have not yet been implemented.

The Ministry of Mines, Petroleum and Hydrocarbons grants licenses to companies, while its General Directorate for Hydrocarbons acts as a regulatory agency. The Economy Ministry's Large Companies Directorate collects oil revenues, which are deposited in the treasury.

In the past, Gabon has granted licenses through open bidding, but the most recent licensing round was suspended pending enactment of the new hydrocarbon code. While current law establishes a general fiscal framework for oil contracts, in practice contract terms are often the product of



direct negotiations between companies and the government.

Environmental impact assessments are required and often include a social impact component, but they do not have to be published, and there is no freedom of information law. Gabon joined the Extractive Industries Transparency Initiative in 2004, but lost its candidacy status in February 2013, having failed to provide the detailed documentation required for validation.

Reporting Practices

(Rank: 26th/58 Score: 51/100)

Gabon's "partial" score of 51 reflects adequate reporting on key revenue indicators, but a lack of transparency regarding contracts, environmental impact assessments, and resource-funded subsidies.

Access to information on the licensing process is limited. Legislation does not require full disclosure of information, and authorities do not publish contracts or agreed fiscal terms.

The Economy Ministry regularly provides substantial information about oil revenues, including production volumes, prices, the value of oil exports, the names of operating companies, production data by company, production stream values, the government's share in production sharing contracts, royalties, dividends, bonuses, acreage fees, and income taxes. The Ministry of Mines, Petroleum and Hydrocarbons also publishes some relevant information, including production volumes, prices, company names, and production stream values. The Bank of Central African States publishes similar information.

Safeguards and Quality Controls

(Rank: 43rd/58 Score: 39/100)

Gabon received a "failing" score of 39, the product of inadequate government oversight of the oil industry and the natural resource fund.

Parliament has no legislative mandate to approve licenses or contracts, and its budgetary reviews are hampered by capacity constraints and a lack of information. Records of parliamentary debates concerning the oil sector are not disclosed. The reports of the Audit Court, an independent institution, are also unavailable. Considerable discretion is allowed in contract negotiations and there does not seem to

be a process for appealing licensing decisions. Government officials are not allowed to have a financial stake in the industries they oversee.

Enabling Environment

(Rank: 37th/58 Score: 28/100)

Gabon performed particularly poorly on rankings of government effectiveness, democracy, and accountability, earning a “failing” grade of 28.

State-Owned Companies

Authorities announced the creation of the Gabon Oil Company in 2010, but it is not yet operational. The company will manage the government’s stake in production sharing

contracts, promote investment in small- and medium-sized local businesses, and take part in oil exploration and production. Few details about the company’s management have been made public.

Natural Resource Funds

(Rank: 15/23 Score: 35/100)

In 1998, Gabon created a natural resource fund, the Fond Pour les Générations Futures. Because of mismanagement, it was replaced in February 2012 by the Fonds Souverain de la République Gabonaise. The president oversees the new fund, which is intended to finance infrastructure and development projects. Legislation defines the rules governing deposits to the fund, but there is no published formula for withdrawals. The fund will be audited, but it is not clear whether the results will be published.

Gabon’s Composite, Component and Indicator Scores

Rank (out of 58)		Score (out of 100)
32	COMPOSITE SCORE	46
29	Institutional and Legal Setting	60
	Freedom of information law	0
	Comprehensive sector legislation	67
	EITI participation	67
	Independent licensing process	100
	Environmental and social impact assessments required	50
	Clarity in revenue collection	100
	Comprehensive public sector balance	50
	SOC financial reports required	..
	Fund rules defined in law	50
	Subnational transfer rules defined in law	..
26	Reporting Practices	51
	Licensing process	50
	Contracts	0
	Environmental and social impact assessments	0
	Exploration data	33
	Production volumes	83
	Production value	67
	Primary sources of revenue	100
	Secondary sources of revenue	80
	Subsidies	0
	Operating company names	100
	Comprehensive SOC reports	..
	SOC production data	..
	SOC revenue data	..
	SOC quasi fiscal activities	..
	SOC board of directors	..
	Fund rules	100

Rank (out of 58)		Score (out of 100)
	Comprehensive fund reports	0
	Subnational transfer rules	..
	Comprehensive subnational transfer reports	..
	Subnational reporting of transfers	..
51	Safeguards and Quality Controls	39
	Checks on licensing process	17
	Checks on budgetary process	44
	Quality of government reports	58
	Government disclosure of conflicts of interest	100
	Quality of SOC reports	..
	SOC reports audited	..
	SOC use of international accounting standards	..
	SOC disclosure of conflicts of interest	..
	Quality of fund reports	0
	Fund reports audited	0
	Government follows fund rules	33
	Checks on fund spending	0
	Fund disclosure of conflicts of interest	100
	Quality of subnational transfer reports	..
	Government follows subnational transfer rules	..
39	Enabling Environment	28
	Corruption (TI Corruption Perceptions Index & WGI control of corruption)	35
	Open Budget (IBP Index)	..
	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)	21
	Government effectiveness (WGI)	20
	Rule of law (WGI)	36

■ Satisfactory	■ Weak
■ Partial	■ Failing