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Transcript

Gabon: Investing in the Future

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HE Ali Bongo Ondimba

Ladies and Gentlemen,

Thank you for inviting me here to speak to you. I always enjoy coming to Britain. To say a few words in this world-renowned foreign policy institute about how my nation, Gabon, is investing in the future is a real privilege. I'd like to thank Robin Niblett, Alex Vines and Bernice Lee for this opportunity. The topic you have invited me to address, 'Investing in the future', is perhaps more relevant today than at any stage in my lifetime. Whether we are looking at the crisis in the Eurozone, the social upheaval represented by the Arab spring and the Occupy Wall Street initiative, or the proliferation of weather-related disasters; the case for action and for addressing the needs, concerns and aspirations of current and future generations is overwhelming. Business as usual is not an option.

First, we must understand and then navigate profound structural changes that are shaping the global economy, of which the shift in the balance of power from West to East is perhaps the most obvious; and secondly, we must opt for development paths that are long and sustainable, so that our grandchildren and their children may also enjoy the ultimate rewards of our continent's renaissance. Hardly a day passes without new investments being announced in Africa's natural resources sectors. We are attracting the attentions of governments and companies from all corners of the globe. You do not need me to remind you that the history of resource extraction in Africa is a history of plunder. The incentive to squander our resources in return for short-term dividends is still very real, but the motivation to harness them for real and inclusive development is greater too than at any time in the past. Increased transparency, greater accountability and improved scrutiny are all contributing factors.

The challenge of meeting the expectations of our youth weighs heavily too on the shoulders of most African leaders today. By 2050 one in four of the world's population will live in Africa. We must use our natural resource endowments to good effect if we are to meet the aspirations of our youth and supply them with a decent standard of living. More and more of our young people are relocating to cities in search of jobs and opportunities. There is no country in Africa that is not feeling the impact of this urbanisation process. The challenge this poses to patterns of land use, to our urban infrastructure and to our built environment, as well as to our overall peace and security, is significant.

Overlaying these economic opportunities and social challenges lays climate change, perhaps the great challenge of our time. Climate change poses a significant threat to the world, and particularly to Africa.

In little over a month, world leaders, together with thousands of participants from governments, the private sector and NGOs will meet at the Rio+20 Conference, marking the 20th anniversary of the 1992 Earth Summit. Despite a number of notable outcomes from the Earth Summit and in the years since, I think it is fair to say that international progress on climate change has been mixed at best.

Negotiations have stalled as countries argue about who is responsible, who should pay or whether — and I must confess that this still surprises me — there is actually a problem. I don't need to be convinced that climate change and the danger that it poses is real; Gabon's 800km coastline is being eroded, resulting in the destruction of our natural habitat and infrastructure. The situation seems to worsen on a daily basis and has become a deep concern for the Gabonese people. Africans suffer the effects of climate change more acutely than many others and this makes us more aware of our responsibility to protect the rainforests of the Congo basin — the 'second lung' of the world and a key pillar in our defence against the worst effects of climate change.

I have said it before and I will say it again: the battle against climate change is not an option. The challenge that climate change poses cannot be 'fixed' through superficial adaptations, nor will it be solved by endless discussion. I do not wish to belittle the importance of multilateral climate change negotiations and the UNFCCC process — quite the contrary; collective action is required to deal with this global problem; but as the world fails to reach legally binding agreements, the situation continues to get worse. And it is the countries of Africa — and other developing nations — those least equipped to deal with it, which will experience the worst effects of climate change. The Africa Progress Panel has estimated that climate change will cause armed conflicts in 23 countries on the continent and political unrest in another 13. The good news, if I may say this, is that there is a strong business case for action; a strong business case for addressing climate change. 2011 was the costliest year on record for disasters, with estimated global losses of over 230 billion pounds.

Losses from extreme weather related disasters are doubling every 12 years, as more people and assets are in harm's way and the effects of climate change increase. Nowhere is the need to develop a 'new model for

development' more acute than in Africa: a model that ensures social and economic development while preserving the natural environment. As I have already said, business as usual is simply not an option for us. While the international community tries to determine what course of action we will collectively take to address climate change, we are making some progress of our own in Gabon.

As some of you may know, I am an environmentalist at heart. I strongly believe that sustainable environmental policies need to be the bedrock of our economic growth. The idea of 'green' growth is not a paradox. Quite the contrary, 'green' growth is a necessity if we are to find truly sustainable solutions to the challenges that we face; solutions that will stand the test of time and enable Africa's renaissance to last centuries rather than decades.

We need to put the environment at the heart of our thinking, our policies and our society. Only then, will we make 'sustainable development' a reality. Gabon is in a unique position today: we are rich in minerals, oil and gas and our natural environment is still relatively unspoiled. With a small population and a long tradition of political stability, we have a firm basis on which to conceive a new model for our own development. We refer to our national development strategy as "Gabon Emergent" — Emerging Gabon. Our ambition is to attain developing country status by 2025. Our strategy comprises three main pillars- Green Gabon, Services Gabon and Industrial Gabon. Our ambition is to conserve our natural environment, while also developing competitive manufacturing and service sector industries. Two years ago in Copenhagen, shortly after I was elected president of Gabon, I pledged that we would introduce a national climate plan to integrate climate sensitivity into our development and poverty alleviation strategies.

Today we have restructured government, creating a Ministry of Economy and Sustainable Development and we are in the process of finalising legislation, including a new Code for Sustainable Development, which will allow us to translate our ambitions into action. Responsibility for implementation of and compliance with the Code will lie with a National Sustainable Development Agency under the auspices of the new Ministry for Economy and Sustainable Development. Our new legislation, when approved by parliament, will include provision for the creation of Gabonese sustainable development credits, a form of currency generated by projects that adhere to the new Code. Initially these credits will be calculated as the difference in carbon emissions when comparing sustainable, planned development with an unplanned baseline.

Gabonese Sustainable Development Credits will have a clear domestic market value.

With time we will also develop Biodiversity credits, along the lines of systems already working in Australia, as well as Community Capital credits, inspired by the work of His Royal Highness the Prince of Wales and his Foundation for Building Community. To value and trade these Credits we intend to establish a National Registry and an Exchange in Libreville at the end of this year. The Gabonese Sustainable Development Credit Exchange will be similar to other national environmental trading regimes in the European Union, United States and Australia.

Once our system is finalised, projects will be rewarded for positive impacts on climate, biodiversity and community wellbeing through carbon, biodiversity and community capital credits that they create themselves. Projects will also be able to compensate for any negative impacts by purchasing registered credits to be used as offsets. It is our intention to apply the highest standards of project evaluation and assessment through the Sustainable Development Code and ultimately to link Gabon's Registry and Exchange to others of similar standard.

We intend to develop innovative financing mechanisms such as green bonds, in order to stimulate generation of biodiversity credits and to manage the risk of volatility in the long term valuation of these credits in light of the failure of the international community to arrive at a legally binding agreement on forest carbon. The overarching aim is to catalyse investments that will spur environmentally responsible, low-carbon growth, whilst creating infrastructure and jobs. Allow me to give you an example of a specific project that we are piloting, which if successful will provide the means for us to raise significant sums of capital to finance sustainable development. The Grand Mayumba Development Company is conceived as a public—private partnership. It is designed for the sole purpose of sustainably developing forestry, agribusiness, tourism and environmental land-use rights on an integrated basis over 750,000 hectares.

The project will over time create direct permanent employment for up to 3,000 people and will sustain many more local businesses.

Our aim is to attract up to EUR 500 million in project development capital and infrastructure finance over the medium term for projects that will include housing for up to 30,000 new residents, regional and municipal infrastructure, sustainable forestry operations and related high—value timber processing enterprises, large scale agribusiness, commercial fisheries, substantial, co—

managed community-based forestry and agriculture and the long term conservation of areas of high biodiversity value.

The project will generate Sustainable Development Credits in compliance with the Code. These credits will create the basis for the development of innovative financing mechanisms, such as green bonds, which will fund approved investments in infrastructure and stimulate further business in the area. This is just one example of the way in which we are approaching development in our nation. Underpinning all of our plans is the belief that preserving our unique environment and managing the impacts of our industrial activities is core to our national development.

Integrating environmental and climate change considerations into all of our sectorial development strategies is our ambition. Tools such as the Gabon Sustainable Development Registry and Exchange will help us to raise the finance to do this on a sustainable, long—term basis.

I began this afternoon by noting that despite global uncertainty, Africa's time has come. Now, more than ever, we have the opportunity to change our continent's destiny. To do so we must not be constrained by old ways of thinking or traditional models of working. We should embrace new technologies and have the confidence to address head-on the challenges that we face, rather than wait for others to provide solutions.

For many years now the international community has been repeating a single mantra — African solutions to African problems. In Gabon, we are striving to do just that. We are charting our own low-carbon development path and we are building the instruments to finance it. We see this as a good investment in our future. We think other nations, African or otherwise, may follow the same course in the fullness of time. Finally, before I take your questions I would like to offer my sincere thanks to Chatham House for allowing me the opportunity to present my thoughts today. Institutions such as the Royal Institute for International Affairs play a very important role in allowing us to find solutions to the big issues and challenges that affect us all.

I thank you.

SUMMARY OF QUESTIONS AND ANSWERS

Question: During the Durban Conference, Gabon was absent from the list of signatories of the Joint Declaration of Intent on Reducing Emissions from Deforestation and Forest Degradation in the Congo Basin. Why did Gabon decide not to sign the declaration along with other countries?

Question: During a speech at Durban, Gabon discussed proper land use planning programme to be introduced by 2012. How will land use policy take the indigenous communities into account and will they be consulted?

Dr. Lee White (Special Adviser to the President): There was a similar declaration to that one made in Poznan, with the same partners, and we had already signed it. The new Declaration was not changing the financing, the partnerships, etc. We did not think the new declaration would take us anywhere new. We want to concentrate on national strategy until we arrive at an international agreement.

HE Ali Bongo Ondimba: We always want to show our commitment, but this time we had different thoughts from some other countries. These countries want to go beyond and point at each other in terms of who will pay and who is responsible. We want to face the problem instead of sending the guilt to others. We spend time to educate our people about the challenges we are facing so that the population understands that we need to make sacrifices. People need to be responsible, see what mistakes others have made and not make the same ones. It is important for Gabon to discuss this and have one view on our approach; this way a strategy can be defined, one that everyone can follow. We do not want to commit to an agreement if we are thinking about our national strategy first because we might have to implement it in a different way with our own solution.

The protection of the environment also includes the protection of indigenous people. They have more problems than others to adapt to the changing environment. Now we are thinking about a strategy that would involve them in some forms of business activities.

Liban Saleman (President Chief of Staff): The land use planning was related to the forest industry and now a recently established governmental organisation is working on this problem with an aim of helping these communities. Some projects integrate the local communities into the country's development plans. We want the local communities to be integrated in the social development scheme and be included in all sectors.

Question: How will you improve investors' interest in Gabon? What distinguishes Gabon from other countries?

HE Ali Bongo Ondimba: In the past we did not try hard to attract investors. Oil and minerals were enough for us. That was a mistake made by many countries. During the oil crisis, we realised that having an economy essentially based on one commodity is dangerous. While we still have those commodities, we now want to think ahead and diversify. With the revenue that we have from oil we want to start thinking further. What are the other resources that we have and what are the next steps? We want to begin an industrialization process, and not remain just an exporter of raw materials.

Looking at the example of forestry, we have more than 300 types of tropical wood being used to export as logs. This resulted in having local furniture manufactured elsewhere and sold back in Gabon for a very high price. It is important we start manufacturing. In case of natural disasters, we rebuilt community houses; we would have to buy back our wood processed in China. We need to change that. We would like to attract manufactures and industries into Gabon and to have our own people involved in the development process. We need to start training programmes, change education policies to create man power trained to implement businesses and manufacturing. What makes Gabon unique and different from other countries, is our multidimensional approach with sustainability at the centre. We provide investors a competitive package: good governance, fiscal reforms, political stability, good environment, etc. which creates an attractive package. Gabon has a lot to offer.

Question: What can you bring internationally in addition to what you do at home?

HE Ali Bongo Ondimba: Gabon always wanted to be part of the solution. Bring solutions to global projects. Africa and African countries need to bring something to global challenges as well. Africa that only listens is over, that Africa is gone. For example we have the expertise of the Congo Basin forest which is essential for the rest of the world. Moreover, any problem the planet has to face is a concern for everyone and we need to come up with our own solutions. We want to recognise the problem that we have and be partners with others to bring new solutions. In this sense Africa demands more partnership.

Question: What can you say about management of mineral resources at the borders? Gabon, Cameroon and Congo Brazzaville share common resources

at the borders, iron ore specifically. Can you see more regional cooperation with an aim of developing these resources?

HE Ali Bongo Ondimba: If we work together, the solution is better. We cannot start alone because it will make the whole project less profitable. If the three countries build everything together it would be cheaper, instead of building three dams, three ports, etc. There is a need to sit together and come up with a valuable project to attract investors. It is not easy because there are many business pressures to do things on our own. We have to change our mentality to accept this new approach. African countries need to work with their neighbours. It seems obvious, but that has not been the way of doing business these past decades. There are problems of political ego, of public aspirations, mentality. We are trying to change that. We are trying to start negotiations.

Question: Looking at the political situation in Gabon, mostly the political imbalance in the government, and lack of opposition - what can you say to investors? Is there a stability risk?

HE Ali Bongo Ondimba: I am not very happy with the lack of opposition. A stronger representation of the opposition would actually bring members of my own party stronger together. When you do not have an opposition, there are more tensions in your own party which creates its own, internal groups and opposition. Moreover, such a situation can lead to discontent. In Gabon what led to our current political framework was an opinion poll launched prior to the elections, after which the opposition withdrew in fear of being defeated. We want to improve our governance. Good governance leads to stability and stability is a key to attract investors. We have 60 newspapers representing the opposition and even if they criticise the government, they are a sign of a robust democracy. We understand the importance of stability and peace for investors. If Africa could have two decades of stability, in addition to its economic growth, you would not recognise the continent. Africa would be the fastest growing continent

Question: What can you say about the chairmanship of the AU Commission and the election process? Is the process a reflection of disunity in the African Union?

HE Ali Bongo Ondimba: You want to get me into trouble? It was going smoothly until now. It is interesting what is happening in the AU. The situation shows how good intentions sometimes lead to bad results. Last January we had elections at the AU and after the 4th round we could not find a solution. We want a vote with a 2/3 majority in the AU to make sure that every

Commission Officer has a strong support of African countries. This good intention created a big problem. It will always be difficult to reach this majority. In fact, the process of choosing people working for the AU is more difficult than the process of choosing our countries' heads of state. There will always be a possibility of organizing a blocking coalition in a 2/3 majority vote, and at present one region of Africa seeks to maintain that veto. We are not optimistic about reaching a consensus during the next meeting of African Union in Malawi. The African Union is governed by the Charter, but also by tradition. The first tradition says, that the largest countries of the AU, these countries which have strongest position, do not propose their candidates for top positions. And the second tradition is that the Commission Chair whose tenure was rich in extraordinary circumstances, like natural disasters, etc. receives a tenure for the second term. But now these traditional approaches are being contested because they are not in the charter. But there are other traditions too - like a rotation of top positions between regions of Africa. According to that tradition Southern Africa should be the next region to head the AU. For us we say we should keep all traditions or keep none and just do things by the charter – but you can't pick some traditions to keep and not others. Hopefully, we will come to some sense before the next meeting, but it is not a good image of a constitution. We hoped that in the post-Gaddafi era we will show an example of a democratic institution. The idea is nice, but it has to work in practice. For that, we need to be more down to earth. Look at mechanisms pragmatically, do they work, or not? If not, how to fix them. They have to be workable. We hope to resolve these problems in an African way.