Board Meeting of October 13, 1998
Statement by Kacim Brachemi

GABON – Country Assistance Strategy

We are glad that management admits right at the outset that the problems posed by the stagnating Gabonese economy cannot be treated by the traditional lending mode. The high public expenditure and GNP per capita, mask deep-seated structural problems that require fundamental overhaul of the economy.

We have structured our contribution under four headlines. Our first part will deal with the situation, as we understand from the report. The second part will cover the government plans and actions, followed by a third part delineating the Bank’s response. The last part would raise some questions about areas we feel that need to be further scrutinized, taken into account and given more attention.

Of immediate attention for us is the need for the government to focus on a radical modification of the social architecture. It is untenable that a country with that amount of wealth and high public sector expenditure should have an urban unemployment population of 21 percent in 1997 and a youth unemployment of 30 percent. Added to this is the highly inefficient use and outcome of public sector spending, which has not made any significant dent in the health delivery system or in the provision of education. Critical to any changes, as the paper depicts, is the need to fundamentally change the role of the state. All the best efforts of the government may have been hindered by the low management capacity in the public services, low civil society involvement and the lack of local entrepreneurship. On the whole we support the plan put forward by the government, in the face of the deteriorating resources from oil and other primary exports, to restructure the economy.

The government’s strategy to foster non-oil private sector led growth deserves our total support. This cannot be done as the government recognizes without the maintenance of a stable macroeconomic framework and an enabling environment for the private sector’s development. Finally we endorse the government’s attempt to diversify the economy beyond the exploitation of oil and timber into more sustainable areas of agriculture. The country’s full potential in areas such as fishing, processing of forestry products, rural land and labor need to be exploited. Concerning development in the social sectors, we welcome the various plans and studies envisaged or ongoing in education and health sectors.

On the Bank’s response we cannot fault the attempt to improve the policy dialogue through ESW, technical assistance and an active
presence. We applaud the Bank assistance in the Poverty Assessment program and the work done to develop sector strategies. We encourage the development of partnerships that are beginning to build up between the Bank, AFDB and the UN. This will be key in the efforts to avoid the competing interests, duplication and inefficient use of resources that are occurring.

We are worried about the lending scenarios that are outlined in paragraphs 44 through 48. This is because both represent minimal efforts on the part of the Bank.

This chair believes that Gabon represents a typical example of what is emerging in a number of African countries. The need is not so much for increased resources, as the need to mobilize, harness and utilize in a more efficient way the resources that are available. The clear problem in Gabon, like many African countries, is that the government has outstretched itself beyond its capacity to manage. In other African countries, the system has collapsed earlier than late. But Gabon has been able to sustain an inefficient system longer thanks to increasing oil resources. What Gabon needs is the partnership of its donors led by the Bank to establish an efficient reduced cadre of public servants to manage its economy.

More resources need to be pooled in streamlining the various ministries. The situation depicted in paragraph 50 where a multiplicity of ministries are responsible for any sector goes to underline the core of the problem.

The Bank needs to intervene more actively to resolve this issue. We also worry about the number of studies, ongoing and anticipated. I counted at least five in such areas as health, education, rural development, human resources development, and National Environment Action Plan. Who would pool all these fragmentary policies together into a workable National policy? We raise this judging by the weak capacities in the public service.

We would appreciate if staff could comment on these issues.

We would also have like to read more about the development in the private and rural sectors. There was only a short mention of the need to develop local entrepreneurship. What has been the role of the private sector in this changing environment, where the government is reducing its role? What has been the response by both foreign and local businesses?

We see the short and long-term solution to the problem of poverty in the radical turn around of expenditure patterns to favor the rural sector. A short-term solution to poverty can only be provided by a dynamic rural scale sector dominated by small-scale holders, duly provided with extension, input and financial support. The high unemployment of youth in the urban sector can only be reversed if the pattern of expenditure and general attention is turned to the rural sector.