



**Governing Council
of the
United Nations
Development Programme**

Distr.
GENERAL

DP/CP/GAB/4
7 October 1987
ENGLISH
ORIGINAL: FRENCH

GOVERNING COUNCIL
Special session
16-18 February 1988, New York
Item 4 of the provisional agenda

COUNTRY PROGRAMMES

FOURTH COUNTRY PROGRAMME FOR GABON*

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
January 1988-December 1990	IPF for 1988-1990	1 584 000
	IPF carried over from third cycle	492 000
	Other resources (estimated)	
	TOTAL	<u>2 076 000</u>

CONTENTS

	<u>Paragraphs</u>	<u>Page</u>
I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES	1 - 15	2
A. Current economic trends	1 - 8	2
B. National development strategies	9 - 11	3
C. Technical co-operation priorities	12 - 14	5
D. Aid co-ordination arrangements	15	6
II. THE COUNTRY PROGRAMME	16 - 39	6
A. Assessment of previous country programme	16 - 18	6
B. New programme proposal	19 - 38	7
C. Unprogrammed reserve	39	11
<u>Annex.</u> Financial summary		12

* Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) proposed use of operational funds and programmes under the authority of the Administrator; (e) distribution of new country programme by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. Limited for many years to subsistence agriculture and forestry, the economy of Gabon has undergone considerable changes over the past 25 years. The exploitation of mineral resources, such as manganese, began in the 1950s, expanding in 1957 to oil and, in the 1960s, to uranium.

2. The official estimate of the population of Gabon is approximately 1,230,000 inhabitants, with a relatively high proportion of non-Gabonese. Currently, over half the population lives in urban areas, and the growth rate in those areas is twice that of the general population. In rural areas, on the other hand, the population growth rate is decreasing at a rate of 9 per cent per year.

3. With the exploitation of oil and mineral resources, there have been profound changes in the basic data of Gabonese economic development. From 1960, when Gabon became independent, to 1985, the gross domestic product (GDP) rose from 31.6 billion CFA francs to 1,646 billion. During that same 25-year period, budgetary spending increased from 5 to 715 billion. Economic growth, which had been moderate up to 1973, accelerated at that point under the impact of the increased volume of oil production and, above all, the rise in petroleum prices. A serious economic crisis in 1977-1978 curtailed economic growth, which then experienced a recovery in 1979, and reached a peak in 1985. A new crisis resulting from the simultaneous drop in the price of oil, from \$25 to \$9, and in the exchange rate of the dollar, from 450 CFA francs to 330 CFA francs, suddenly plunged the country into an unprecedented slump. State revenues declined by almost half within one year, and from 1985 to 1986 the total State budget declined from 715 billion to 664 billion CFA francs. In 1987, it is expected to decline by a further 49.3 per cent to 337 billion.

4. In the agricultural sector, the ecological conditions in Gabon allow for the production of a very large variety of agricultural products for national consumption. There is nothing to prevent arable land from being made available, although the topography of the country and certain soil conditions make extensive mechanization necessary. A significant contribution to agricultural production is provided by the traditional sector, where cultural practices have not fundamentally changed for centuries. With an estimated annual growth rate of 4 per cent, agricultural production has stagnated or even declined owing to a decrease in productivity and in arable land, particularly in the case of coffee and cocoa. Climatic conditions in Gabon are not very favourable for the development of the livestock sector. None the less, since 1976 the Government has made considerable efforts to increase agricultural investments in order to diversify the economy in preparation for the post-petroleum era. The following factors will have a strong impact on the development of agriculture and livestock in the coming years: (a) the tight labour-market; (b) the lack of qualified management personnel; (c) the high wages for manual labour; (d) the lack of experienced extension services; (e) the lack of significant research results; (f) the limit of available State agricultural credit; and (g) the almost total lack of transport infrastructures for the movement of agricultural products.

5. In the mining sector, total production in tons of manganese and uranium, after a period of stagnation, has been decreasing in recent years. Manufacturing industries are divided into 50 industrial units in the industries of oil refining, timber, textiles, chemicals and construction materials.

6. The rapid growth of the Gabonese economy, based essentially on the exploitation of its underground resources, especially oil, has not offset the serious disequilibria which were evident from the beginning. At one time based mainly on forestry, economic development subsequently moved into the exploitation of non-renewable resources: oil, manganese and uranium. The contribution of agriculture to the GDP has remained small, decreasing from 12.34 per cent to 4.32 per cent between 1960 and 1985, while oil, which represented only 24.39 per cent of the GDP when it was first exploited in 1973, increased to 44.56 per cent in 1985.

7. These resources have facilitated the rapid development of infrastructural investment, with priority for the trans-Gabon railway, and the setting up of administrative machinery and basic social services. Particular consequences of this kind of rapid development, based mainly on oil resources, are the rural exodus and the call for expatriate manpower, principally African and European, high prices and a weak economy depending essentially on oil whose prices have been extremely erratic.

8. Despite a long period of prosperity, Gabon's economy is still highly vulnerable to unpredictable and sharp variations in the oil sector. Economic growth, except for the oil sector, is estimated at 2 per cent in real terms.

B. National development strategies

9. The Fifth Plan (1984-1988) has given rise to a valuable diagnosis of Gabon's economy and the obstacles to its development. Gabon has tried to correct imbalances resulting from its over-dependence on underground resources, especially oil, and to create conditions for more balanced development, particularly in the agriculture, forestry and fisheries sectors. It has also sought to create a more favourable climate for the development of enterprises, particularly small and medium-sized, and to increase the possibilities of access to economic activity for nationals of Gabon, by improving education and training. Lastly, it has tried to hold back the growth of the administrative sector and to redistribute income among the poorer sectors of the population, particularly in the rural areas. The general aim is to improve the social services, especially in the interior. The Fifth Plan has set the following five priorities:

(a) Creation of favourable conditions for development of the production sectors, in particular agriculture and the agro-industries, fisheries, forestry and timber;

(b) Promoting the competitiveness of enterprises by reducing price and wage disparities between Gabon and the other countries of the Central African Customs Union (UDEAC) through improved production and management techniques and lower transport and communication costs;

(c) Controlling the growth of the public sector by more stringent discipline in handling non-oil income, by a policy of gradual reduction of the public debt and by stricter monitoring of public investment projects;

(d) Promoting a policy of Gabonization by training nationals and setting them up in small and medium-sized enterprises;

(e) Providing a better share of the national income for the poor people in the rural areas and strengthening the social infrastructures in the interior of the country.

10. The priorities set forth above were still valid at the start of 1987. In view of the extent and gravity of the cash crisis resulting from the combined effects of the fall in the value of the dollar and in the price per barrel of oil, the authorities have been forced to hold back implementation of the Fifth Plan for the time being. The authorities have asked the World Bank and the International Monetary Fund (IMF) to establish a structural adjustment programme which will lead to a World Bank loan. The thrust of the structural adjustment programme is described below. As a first step, investment was reprogrammed in order to establish the conditions for economic recovery. The aim was to stabilize public finances, so that Gabon could renew economic development efforts through diversification of the production sector and through maintenance of a level of economic activity. This would allow employment levels to remain steady and make it possible to pursue the educational and social priorities necessary for the maintenance of social peace. Priority was given to the production sectors, agriculture, in particular, while ensuring that existing infrastructures were maintained so that production could be dispatched to centres of consumption. The 1987 investment budget was limited to 100 billion francs (compared to 367 billion in 1986); almost one fourth of which was allocated to the agricultural sector. Numerous projects, including several of the most important ones, had to be postponed. The Government's objective was growth in the non-oil-producing sector independent of public spending. Another objective was maintenance and regulation, to the extent possible, of oil revenues. This is important for the country's medium-term financial stability, since, in the years to come, these revenues will remain essential for development financing. In broad terms, the objectives of the structural adjustment programme are as follows:

(a) Definition and establishment of a development strategy to promote agriculture, small industry and related activities and, in general, export-oriented activities;

(b) Progressive and controlled reduction of all types of regulatory constraints on the economy (price controls, employment controls, fixing of import quotas or bans, etc.);

(c) Reduction of direct State intervention and concentration of resources on agriculture, rebuilding of infrastructures and professional training;

(d) Restructuring of the semi-public sector;

(e) Reduction of factor costs through increased effectiveness of investments and holding down of wages;

(f) Increase of public revenues and decrease of operating expenses relative to basic resources so as to stabilize public savings, an indispensable element for development.

The measures which have been or will be taken to implement these objectives fall within the following areas: macro-economic management; stimulation of the private sector; reform of the semi-public sector and of the management of State participation; public administration; instruction and training; sectoral policies.

11. The stabilization programme should create the conditions for lasting economic and financial recovery. This will allow significant medium-term budgetary savings, while limiting the short-term social tensions which could arise as a result of an unequal distribution of the sacrifices to be made in order to overcome the crisis.

C. Technical co-operation priorities

12. The technical co-operation priorities in the fourth programming cycle are closely linked to the strategies and priorities for the structural adjustment programme, namely: (a) the agricultural sector for small and medium-scale industries; (b) reinforcement of planning structures; and (c) the search for and development of natural resources. In the implementation of these activities, special emphasis will be placed on basic and in-service training of Gabonese managerial personnel.

13. Because it has been placed in the category of very-high-income developing countries since its independence until very recently, Gabon receives no significant technical co-operation aid despite its real development needs. Bilateral and multilateral co-operation programmes are marked by relations of a commercial nature. Gabon pays market prices for all technical assistance projects. The large foreign corporations established in the country generally utilize expatriate technical support staff and are expected to establish a programme for training and the Gabonization of jobs.

14. Since the second UNDP programming cycle, a programme based on cost-sharing agreements has progressively developed. Its volume corresponds to the financing possibilities of the Government's investment budget. UNDP's contribution is at least equivalent to the executing agencies' administrative costs. Some organizations of the United Nations family are also working in Gabon under their regular programmes or in execution of funds-held-in-trust agreements. Gabon is also an active partner in efforts within the framework of technical co-operation between developing countries, especially those agreed at a regional or subregional level, and is the headquarters of several intergovernmental co-operation organizations to which it provides significant support. These organizations also receive UNDP assistance under the regional programme. Steps will be taken to orient new activities towards priority sectors so as to stimulate the diversification of the economy and community participation, especially in rural areas.

D. Aid co-ordination arrangements

15. The Ministry of Planning, Development and the Economy, which is in charge of relations with UNDP, co-ordinates all activities financed by external assistance from UNDP or other sources. A permanent dialogue with organizations of the United Nations system also takes place through the Resident Co-ordinator. Sectoral and macro-economic strategies are discussed within this framework before any political decision is taken at the highest level. A more systematic and institutionalized approach to the programming, execution and follow-up of technical assistance projects is envisaged.

II. THE COUNTRY PROGRAMME

A. Assessment of previous country programme

16. The execution of the third programme, based on cost-sharing arrangements since 1982, was somewhat slowed down in the following year; the Government was unable to pay the second portion of its contribution to the cost-sharing programme because of lack of funds during the second half of the year. As a result, several new projects had to be deferred to a later date. During the programme review held in November 1983, a new selection was carried out to determine the projects whose execution would be continued during the next financial year and credit-releasing procedures were adapted to the Government's budgeting process. In 1984, the programme was executed as decided and, except for some difficulties in connection with the housing of experts, normal progress was achieved. As a result of the crisis, the Government was obliged to reduce considerably the expenditures provided in the current budget. Accordingly, an in-depth appraisal of all activities financed under the investment budget, including those receiving funds from that budget under the cost-sharing programme, was undertaken during the summer of 1985.

17. The third-cycle programme has formed the subject of a joint Government-UNDP evaluation. This included an analysis of the programme's contents, its delivery, its impact upon the country's development, and lessons to be drawn for the next country programme. Each project in process of execution was appraised in detail in the course of this exercise. Following this critical programme appraisal, the Government confirmed its interest in the continuation of the programme as a whole with joint financing of a number of projects despite the reduction in the UNDP contribution.

18. The operations scheduled within the country programme were judged sound and were consequently extended. They should be improved in the light of more clearly defined goals and in order to meet the imperative need to replace international experts by national ones as soon as possible and to develop a detailed training plan for each project. Each operation would be judged according to its results and its merits on the occasion of the annual examination of the national investment budget. A permanent follow-up unit was established within the Ministry of Planning, Development and the Economy and means of maximizing the respective contributions were considered in detail.

B. New programme proposal

19. The proposed new programme was drawn up as part of the Government's preparation of a structural adjustment programme and of investment reprogramming. Investments were reprogrammed for three years (1987-1990) and the same period was adopted for the country programme. The present programme is the result of a detailed appraisal of ongoing operations and of proposals for launching new operations submitted previously by technical ministries and specialized agencies. Available resources have not, however, been such as to make it possible for new operations to be included in the programme from its outset, nor even for certain operations already in progress to be continued although they have been both needed and effective. The details of the country programme will have to be specified each year on the occasion of its in-depth appraisal so as to bring it into line with measures taken under the structural adjustment programme.

20. The financial constraints under which the country programme was prepared have considerably restricted the possibilities of designing new operations or of expanding the scope of ongoing ones. It has not even been possible to maintain in the programme all the operations undertaken during the third cycle which the Government would have wished to be developed further. Ideas for projects considered during the preparation of the programme could only be followed through with funds other than those available at the moment, and these ideas have therefore been put on hold. They will be reconsidered in the course of the annual reviews which will take place on the occasion of the appraisal of the investment budget, and their development will depend on the funds available. It is understood that they must follow the order of priorities decided upon for the programme as a whole, namely, the order of priorities of the structural adjustment programme decided upon by the Government in liaison with the IMF and the World Bank.

21. In line with the sectoral policy guidelines laid down in the structural adjustment programme, the areas covered by the country programme are those of rural development and agricultural production, economic planning and management, and natural resources. Other priority sectors have been defined, such as assistance to small and medium enterprises, the infrastructure, and, more especially, the maintenance of the road network, forestry industries and other innovative activities such as the establishment of hatcheries from which new industries can develop. But it will not be possible to undertake specific action until credits become available. In any case a special effort is to be made in support of training and utilization of human resources. It is also intended to set aside some resources with a view to meeting ad hoc requirements of specialized services in solving problems on which the Government wishes to obtain the views of consultants from international organizations.

Rural development and agricultural production

22. In order to promote rural development and expand agricultural production Gabon will continue its efforts to establish an integrated zonal operation around Lébamba-N'Dendé in the savannah region of the south. A special group will be responsible for solving the marketing problems which have proved to be a major obstacle in the way of increased production. Consideration should be given at the

national level to taking major action in this sector. Another group, within a national programme financed by the United Nations Population Fund (UNPF), will have the task of improving the living conditions of women who represent the majority of the work force of the project. It is also planned that the United Nations Development Fund for Women (UNIFEM) will provide the project with available knowledge regarding technology for the processing of food products once harvested. By way of follow-up to a project of the preceding programme, support will also be provided for the development of small-scale pig farming in the rural areas. The training of rural staff will continue on the basis of a new curriculum at the Oyen National School for Rural Staff. These activities will be co-ordinated with the production and dissemination of recycled vegetable matter under the project of the Centre for the introduction, adoption and multiplication of vegetable and fruit matter (CIAM), implemented with the participation of the Food and Agriculture Organization (FAO), thanks to a Government fund held-in-trust.

Economic planning and management

23. In the field of economic planning and management, technical support has been provided to the Ministry of Planning, Development and the Economy since 1983 thanks to a project executed by the World Bank. This project was to cover the entire period. A project to help establish economic documentation should be completed during the first year of the programme.

24. Mineral prospecting started during earlier programmes has reached an advanced stage and the technical support provided to the Geological Service for the implementation of this programme and for staff training will be strengthened during this period; the work force in this sector has had to be reduced and the work which they would otherwise have done has been transferred to the Geological Service. A new project will start operations in 1988 after a transitional preparatory phase; its basic objective will be to enhance experience acquired during training and strategic prospecting. In addition to training, technology transfer, enhancement of the productivity of the Directorate of Geology and Mineral Prospecting, the new project will include in-depth study of alluvial anomalies and/or the prospecting strategy for the 1979-1985 period (GAB/78/001, GAB/78/006 and GAB/81.003) and further work in accordance with the order of priority established by the Government.

Human resources

25. A number of operations to follow up the project of assistance for educational reform executed by UNESCO from 1984 to 1987 should be implemented. These included in particular the training of trainers and the production of educational material. Projects in this field, even those of limited scope, must await the opening of credits. Technical support for the educational institutions programme is also continuing to the extent that credits are available.

Infrastructure

26. The programme also includes infrastructural development activities in the form of timely support for the General Secretariat for Civil Aviation, as a follow-up to the project executed during the third cycle by the International Civil Aviation

Organization (ICAO). The planned operations involve basically a continuation of the training programme but it is also planned to continue to provide short-term technical expertise where a structure had only been in its early stages at the end of the project.

27. Notwithstanding the priority given to the development of small and medium size enterprises, it was not possible to follow up the project concluded during the previous cycle through a number of urgent operations which had already been identified and which will be resumed when credits become available.

28. The same is true of several projects linked either to research and the establishment of basic inventories or to infrastructural enhancement or the development of production or human resources; such projects have been prepared with the assistance of the specialized agencies of the United Nations system but can only be considered in terms of available financing and the possible launching by the Government of a long-term project in the sectors concerned.

Organic linkages

Regional and subregional projects

29. Gabon participates in many multinational projects, some of which are located in that country. The extent of the direct benefits to Gabon from the projects varies considerably. UNDP resources will be used to finance regional projects, of which six will have headquarters in Gabon during the fourth programming cycle and will be directly co-ordinated by the UNDP Resident Representative.

Assistance to the Institute for Technology and Project Appraisal (ISTA)

30. The new project should enable ISTA to function without external assistance by training project analysts and monitors for each UDEAC country and by training trainers to replace technical assistance personnel. Gabon stands to gain both from staff training and from the work of the Office of Research and Development.

Department of Population Studies (RAF/84/PO2/UDEAC/DEP)

31. Gabon is directly affected by all of the UNDEAC subregional projects financed by UNDP and the United Nations Fund for Population Activities (UNFPA). In the case of some projects, missions had led to the preparation of reports for the Government. A National Registry Centre will be established with UNDP and UNFPA assistance.

International Centre for Bantu Civilization (CICIBA) (RAF/84/020)

32. The project should enable this institute to become established in the subregion through the training and refresher training of personnel of national and scientific branches, the creation of a national data base network, cultural production and the integration of the activities of the International Centre for Bantu Civilization (CICIBA) in the economic development of the region. Like any member State, Gabon is likely to reap rewards from both the setting up of the

national branch and the training of the staff necessary for the smooth functioning of this branch and of the Centre's headquarters, located in Gabon.

Economic Community of Central African States (ECCAS) (RAF/85.008)

33. Through appropriate pinpoint assistance, this project will help ECCAS to develop the subregion, stimulate the productive sectors and set up effective integration mechanisms. The sectoral studies carried out by various ECCAS consultants on national economic statistics should be useful to Gabon.

Institut africain d'Information (IAI)

34. Submitted to UNDP for financing during the fourth cycle, this project will assist member States of the IAI, which includes Gabon, with the training of senior staff in the computer field. This will be carried out with a view to satisfying immediate requirements for a more comprehensive understanding of development problems.

African Timber Organization (ATO) (RAF/81/030)

35. Under the auspices of this assistance project, several timber studies have been carried out in member States of ATO. They have revealed the problems encountered in the development of that industry. Many national studies directly affect Gabon, one of the main producers of timber in sub-Saharan Africa. Gabon will also benefit from various training courses and seminars planned for the future UNDP-financed assistance project.

Study of labour and training requirements in civil aviation (RAF/85/023)

36. This project will determine the labour demand and training requirements for pilots and aircraft technicians in the countries of sub-Saharan Africa. It will also provide a data base, enabling the multinational centres for training in civil aviation in Addis Ababa and Mvengué to move forward in the development of projects for the training of pilots and aircraft technicians.

Multinational Centre for Training in Civil Aviation (RAF/87/012)

37. A continuation of project RAF/78/074, which made possible the setting up of the Centre, the current UNDP-financed project will enable the work to be completed. The benefits to Gabon from this project come from the training of pilots and mechanics.

38. Gabon is participating in the training activities of several regional institutions financed by UNDP including, *inter alia*, the African Regional Centre for Labour Administration (CRADAT), the African Institute for Economic Development and Planning (IDEP), the African Regional Aquaculture Centre (ARAC), the African Regional Centre for Technology (ARCT) and the seminars and meetings under the auspices of the Multinational Programming and Operational Centre (MULPOC) of Yaoundé and the Economic Commission for Africa (ECA). The Gabonese authorities have also expressed interest in participating in action programmes undertaken

jointly by several countries in the region. Under consideration is the establishment in Gabon of a subregional Centre for Excellence for the planning of innovative activities in hatchery development.

C. Unprogrammed reserve

39. The need to conclude projects whose activities had not been completed as planned owing to lack of funds makes the planning of an unprogrammed reserve impossible at the time of the elaboration of the country programme. Nevertheless, it is expected that the residual funds from previous operations will be used for the necessary additions.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

<u>A. UNDP-administered sources</u>	<u>\$</u>	<u>\$</u>
Estimated IPF balance from third cycle	492 000	
Fourth cycle IPF for 1988-1990	1 584 000	
Subtotal IPF		2 076 000
Special Measures Fund for the Least Developed Countries	-	
Special programme resources	-	
Government cost-sharing for 1988-1990	6 858 000*	
Third party cost-sharing	-	
Operational funds under the authority of the Administrator (UNFPA-UNIFEM)	640 000	
UNDP special trust funds	-	
Subtotal, UNDP non-IPF funds		7 498 000
 <u>B. Other sources</u>		
Funds from other United Nations agencies or organizations committed at the end of the programming process	-	
Parallel financing from non-United Nations sources	-	
Subtotal, other sources		<hr/>
TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		<hr/> <u>9 574 000</u>

II. USE OF RESOURCES

Ongoing projects	7 062 000	
New project proposals		
Programmed reserve	2 512 000	9 574 000
Subtotal, programmed resources		
Unprogrammed reserve		<hr/>
TOTAL USE OF RESOURCES		<hr/> <u>9 574 000</u>

* This sum is provisional. Budgetary allocations for individual programme projects will be made as funds are made available.