THE GABONESE REPUBLIC
US$200,000,000 6.950% Notes due 2025
(to be consolidated and form a single series with the outstanding U.S. $500,000,000 6.950% Notes due 2025 issued on 16 June 2015)
Issue Price: 100.587% plus an amount corresponding to accrued interest from, and including, 16 June 2017 to, but excluding, the Issue Date (as defined below)

The US$200,000,000 6.950% Notes due 2025 (the "**Further Notes**") to be issued on 11 August 2017 (the "**Issue Date**") by the Gabonese Republic (the "**Issuer**", the "**Republic**", "**Gabon**" or the "**Gabonese Republic**") will be consolidated, form a single series and be fungible for trading purposes, as of the Issue Date, with the outstanding US$500,000,000 6.950% Notes due 2025 issued by the Issuer on 16 June 2015 (the "**Original Notes**" and, together with the Further Notes, the "**Notes**"). Unless previously redeemed or cancelled, the Notes will be redeemed at par on 16 June 2025 (the "**Maturity Date**"). See "*Terms and Conditions of the Further Notes—5. Redemption, Purchase and Cancellation*".

The Further Notes bear interest from and including 16 June 2017 at the rate of 6.950% per year payable semi-annually in arrear on 16 June and 16 December in each year. The first payment of interest will be made on 16 December 2017 for the period from and including 16 June 2017 to but excluding 16 December 2017. Payments on the Notes will be made in U.S. dollars without deduction for or on account of any Gabonese withholding taxes and the Issuer will pay additional amounts in respect of, and in the event of the imposition of, any such taxes as described herein. See "*Terms and Conditions of the Further Notes—7. Taxation*".

An investment in the Notes involves certain risks. Prospective investors should consider the factors described in "Risk Factors" beginning on page 9.

This prospectus (the "**Prospectus**") constitutes a prospectus for the purposes of Directive 2003/71/EC, as amended (including the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**"). This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Further Notes that are to be admitted to trading on the regulated market of the Irish Stock Exchange (the "**Main Securities Market**") which is a regulated market for the purposes of Directive 2004/39/EC, as amended (the "**Markets in Financial Instruments Directive**") or that are to be offered to the public in any member state of the European Economic Area ("**EU Member States**"). Application has been made to the Irish Stock Exchange for the Further Notes to be admitted to its Official List (the "**Official List**") and trading on the Main Securities Market.

Neither the Original Notes nor the Further Notes have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Further Notes are being offered or sold (i) in the United States only to qualified institutional buyers ("**QIBs**") (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144**")) in accordance with Rule 144A and (ii) outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act ("**Regulation S**"). See "*Transfer Restrictions*".

Neither the Original Notes nor the Further Notes have been or will be registered under the regulations of the Monetary and Economic Community for Central Africa (the *Communauté économique et monétaire de l'Afrique centrale* or "CEMAC") or Gabonese financial regulations. Unless they are registered and authorised by the financial regulators of the CEMAC and Gabon, the Further Notes cannot be issued, offered or sold in these jurisdictions.

The Further Notes have been rated "B+" by Fitch Ratings Ltd. ("**Fitch**") and "B3" by Moody's Investors Services Ltd. ("**Moody's**"). Each of Fitch and Moody's is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended (the "**CRA Regulation**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Further Notes will be offered and sold in registered form in denominations of US$200,000 or any amount in excess thereof which is an integral multiple of US$1,000. Further Notes that are offered and sold in reliance on Regulation S (the "**Unrestricted Notes**") will be represented by beneficial interests in a global note (the "**Unrestricted Global Note**") in registered form without interest coupons attached, which will be registered in the name of Citivic Nominees Limited, as nominee for, and will be deposited on or about the Issue Date with a common depositary for, and in respect of interests held through, Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"). Further Notes that are offered and sold in reliance on Rule 144A (the "**Restricted Notes**") will be represented by beneficial interests in a global note (the "**Restricted Global Note**" and, together with the Unrestricted Global Note, the "**Global Notes**") in registered form without interest coupons attached, which will be deposited on or about the Issue Date with a custodian for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("**DTC**"). Interests in the Restricted Global Note will be subject to certain restrictions on transfer. Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream and their participants. Except as described herein, certificates will not be issued in exchange for beneficial interests in the Global Notes.

Sole Lead Manager
Deutsche Bank

Financial Advisers to the Issuer
Lazard

The date of this Prospectus is 8 August 2017

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the best of the knowledge and belief of the Issuer, the information contained in this Prospectus is true and accurate in every material respect and is not misleading in any material respect and this Prospectus, insofar as it concerns such matters, does not omit to state any material fact necessary to make such information not misleading. The opinions, assumptions, intentions, projections and forecasts expressed in this Prospectus with regard to the Issuer are honestly held by the Issuer, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

IMPORTANT NOTICE

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Further Notes (the "**Offering**") and, if given or made, such information or representations must not be relied upon as having been authorised by the Republic or the sole lead manager (the "**Sole Lead Manager**") set forth under "*Plan of Distribution*". Neither the delivery of this Prospectus nor any offer or sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the affairs (financial or otherwise) of the Republic since the date of this Prospectus, or that the information contained herein concerning the Republic is correct at any time subsequent to the date hereof. This Prospectus may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful, including the CEMAC and Gabon.

The Sole Lead Manager has not independently verified or authorised the whole or any part of the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sole Lead Manager or any of its affiliates as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Republic in connection with the Further Notes or their distribution.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Republic or the Sole Lead Manager that any recipient of this Prospectus should purchase any of the Further Notes. Each investor contemplating purchasing Further Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Republic.

IN CONNECTION WITH THE ISSUE OF THE FURTHER NOTES, DEUTSCHE BANK AG, LONDON BRANCH, AS STABILISING MANAGER (THE "**STABILISING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVERALLOT FURTHER NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE FURTHER NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE FURTHER NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE FURTHER NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE FURTHER NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT SHALL BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

The Republic is relying on an exemption from registration under the U.S. Securities Act for offers and sales of securities that do not involve a public offering. By purchasing the Further Notes, each purchaser will be deemed to have made the acknowledgements, representations, warranties and agreements described in "*Transfer Restrictions*" in this Prospectus. Each prospective investor should understand that it will be required to bear the financial risks of its investment for an indefinite period of time.

Neither the Republic nor the Sole Lead Manager is making any representation to any purchaser of the Further Notes regarding the legality of an investment in the Further Notes by such purchaser under any legal investment or similar laws or regulations, including those of Gabon. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult with its own legal, business or tax adviser regarding an investment in the Further Notes.

The distribution of this Prospectus and the offer or sale of Further Notes may be restricted by law in certain jurisdictions (including the CEMAC and Gabon). The Republic and the Sole Lead Manager do not represent that this document may be lawfully distributed, or that any Further Notes may be lawfully offered, in any such jurisdiction or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Republic or the Sole Lead Manager which would permit a public offering of any Further Notes or distribution of this document in any jurisdiction (including the CEMAC and Gabon) where action for that purpose is required. Accordingly, no Further Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material relating to the Further Notes may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable securities laws and regulations, and the Sole Lead Manager has represented that all offers and sales of Further Notes by it will be made on the same terms. Persons into whose possession this Prospectus or any Further Notes come must inform themselves about and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Further Notes in the United States. For a description of these and certain further restrictions on offers and sales of the Further Notes and distribution of this Prospectus, see "*Transfer Restrictions*". In addition, there are restrictions on the distribution of this Prospectus and the offer and sale of the Further Notes in the CEMAC (including Gabon).

The Further Notes have not been registered with, recommended by or approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**") or any other federal or state securities commission in the United States nor has the SEC or any other federal or state securities commission confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Further Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable U.S. federal and state securities laws pursuant to an exemption from registration. See "*Transfer Restrictions*".

The Further Notes have not been registered with, recommended by or approved or disapproved by the financial regulators of the CEMAC (including Gabon) nor have the financial regulators of the CEMAC (including Gabon) confirmed the accuracy or determined the adequacy of this Prospectus.

FORWARD LOOKING STATEMENTS

This Prospectus contains forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology or in relation to discussions of strategy, plans, objectives, goals, future events or intentions. Forward looking statements are statements that are not historical facts, including statements about the Issuer's beliefs and expectations. These statements are based on current plans, estimates and projections and, therefore, undue reliance should not be placed on them. Forward looking statements speak only as of the date they are made. Although the government of Gabon (the "**Government**") believes that beliefs and expectations reflected in such forward looking statements are reasonable, no assurance can be given that such beliefs and expectations will prove to have been correct.

Forward looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those expressed in any forward looking statement. The information contained in this Prospectus identifies important factors that could cause such differences, including, but not limited to, the following:

- Adverse external factors, such as:
  - changes in international commodity prices particularly oil and certain minerals, foreign exchange rates or prevailing interest rates, which could adversely affect Gabon's balance of payments and budgetary expenditures and external reserves;
  - changes in the monetary policy applicable in CEMAC countries which could affect inflation and/or growth rates;
  - regional political and military instability, particularly in the Republic of Congo, which could have an effect on regional trade; and, if local involvement and resources are required, there could be a further direct material adverse effect on Gabon's economy;
  - a deterioration of global economic conditions which could cause continued volatility in global exchange rates, food and oil prices and reduce net capital inflows; or
  - recession or low economic growth in Gabon's trading partners or changes in the terms on which international financial institutions provide financial assistance to Gabon or fund new or existing projects which could decrease exports, adversely affect Gabon's economy and, indirectly, reduce tax and other public sector revenues, so adversely affecting the state budget.
- Adverse domestic factors, such as:
  - a decline in foreign direct investment, increases in domestic inflation, high domestic interest rates, exchange rate volatility or an increase in the level of domestic and external debt, which could lead to lower economic growth or a decrease in Gabon's international reserves; or
  - trade and political disputes between Gabon and its trading partners and other political factors in Gabon, which could affect the timing and structure of economic reforms and the climate for foreign direct investment.

The sections of this Prospectus entitled "*Risk Factors*", "*The Gabonese Republic*" and "*The Economy*" contain a more complete discussion of the factors that could adversely affect the Issuer. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Prospectus may not occur.

The Issuer does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by law or applicable regulations. All subsequent written and oral forward-looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

PRESENTATION OF ECONOMIC AND OTHER INFORMATION

Annual information presented in this Prospectus is based upon 1 January to 31 December periods (which is the fiscal year for the Issuer) unless otherwise indicated. Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Issuer and by the *Banque des Etats de l'Afrique Centrale* (the "**BEAC**"), the CEMAC regional central bank. Some statistical information has also been derived from information publicly made available by the International Monetary Fund (the "**IMF**"), the International Bank for Reconstruction and Development (the "**World Bank**") and other third parties. Where information has been so sourced (including the information included in the section entitled "*Clearing and Settlement Arrangements*") the source is stated where it appears in this Prospectus. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Any information that is included in this Prospectus and identified as being derived from information published by Gabon or one of its agencies or instrumentalities is included herein on the authority of such publication as a public official document of the Gabonese Republic. All other information herein with respect to Gabon is included herein as a public official statement made on the authority of the Ministry of Economy, Prospective and Sustainable Development Planning (the "**Ministry of Economy**").

Although statistics similar to those included in this Prospectus may be obtainable from other sources, the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by a ministry or an agency of the Issuer may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions or methodology. Certain historical statistical information contained herein is based on estimates that the Issuer and/or its agencies believe to be based on reasonable assumptions. The Issuer's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information may be subsequently adjusted or revised. In particular, estimates or projections of financial and statistical information as at and for the years ended 31 December 2015, 2016 and 2017 in this Prospectus may only be preliminary estimates. While the Government does not expect revisions to be material, no assurance can be given that material changes will not be made.

In particular, attention is drawn to the fact that in 2012, Gabon changed from SNA ("**System of National Accounts**") 68 to SNA 93 for the purpose of measuring economic activity. This change in methodology is viewed as an improvement over the previous system and has resulted in a significant change in the way Gabon's GDP and other associated statistical data is calculated, primarily as a consequence of the different accounting for the consumption of fixed capital. As a consequence, restated GDP increased by two to three percent for each year and historical data have been recalculated on that basis. The implementation of SNA 2008 has taken longer than expected, but is expected to take place in the next few years with the assistance of the World Bank. According to SNA 2008, expenditures on research and development and weapon systems are now included in gross fixed capital formation.

In 2016, the Gabonese authorities requested a Public Expenditure and Financial Accountability ("**PEFA**") assessment to take stock of progress made since the last PEFA assessment conducted in 2013. This assessment is the first to be undertaken in a CEMAC country using the upgraded 2016 PEFA methodology, which is based on 31 performance indicators of the strengths and weaknesses of public financial management. The assessment, funded by the European Union and led by IMF staff, was completed in April 2017. The new PEFA assessment found that a quarter of the indicators have improved, mainly in the areas of policy-based budgeting and timeliness of fiscal reporting, in part due to major public financial management reforms implemented by the Government since 2015. However, the assessment also found that performance of most other indicators fell below international best practices, with weaknesses in the areas of arrears management, expenditure execution, control and audit, public procurement public investment management, oversight of public entities and fiscal reporting. The underlying causes include excessive use of unorthodox procedures in budget execution and public procurement, and insufficient coordination in the consolidation of fiscal data and in ensuring reliability. Accordingly, statistics published by Gabon may be more limited in scope, less reliable, published less frequently and differ from those produced by other sources.

Gabon adheres to the IMF's General Data Dissemination Standards which guide members in the dissemination of economic and financial data to the public. Gabon participates in the IMF's General Data Dissemination System ("**GDDS**") which is designed to guide all member countries in the provision of their economic and financial data to the public. Data covered includes the real, fiscal, financial and the external sectors as well as socio-demographic data.

By participating in the GDDS, Gabon has undertaken to:

- use the GDDS as a framework for statistical development;
- designate a country coordinator; and
- provide metadata to the IMF describing the current practices and plans for short- and long-term improvements in these practices.

A summary of the methodology under which Gabon prepares its metadata is found on the internet under the IMF's Dissemination Standards Bulletin Board. Gabon's metadata may be found on the IMF's website at http://www.imf.org/external/country/GAB/index.htm.

The BEAC website http://www.beac.int contains information, relevant legislation, press releases, publications, including statistics, research papers, guidelines and regulations and speeches.

Information contained in the above-mentioned websites is not incorporated by reference in this Prospectus and, therefore, is not part of this Prospectus.

All references in this Prospectus to "**CFAF**" (*Communauté Financière Africaine Franc*) and "**CFA franc**" are to the currency of the Issuer, all references in this Prospectus to "**U.S. dollars**" and "**US$**" are to the currency of the United States of America and all references in this Prospectus to "**Euros**" and "**€**" are to the currency of the member states of the European Union participating in the European Union's Economic and Monetary Union.

The language of this Prospectus is English. Certain legislative references and technical terms have been referred to in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

EXCHANGE RATES

Gabon's currency is the CFA franc. The CFA franc zone operates under a number of key operating principles:

- a fixed parity against the Euro, adjustable if required by economic reasons after consultation with the French government and unanimous decision of all member countries within each monetary area: the CEMAC comprising Cameroon, the Central African Republic, Chad, Congo (Brazzaville), Equatorial Guinea and Gabon; and the West Africa Economic and Monetary Union ("**WAEMU**") which consists of Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo;
- convertibility of the CFA franc into Euros at a fixed rate of CFAF 655.957 = €1 as of 1 January 1999, which is equivalent to the CFAF 100 = 1 French franc prevailing previously;
- guarantee of convertibility by France through the establishment by each regional central bank of an operations account with the French treasury with market-related yields or charges (these accounts can have a positive or negative balance, thus providing an, in principle, unlimited overdraft facility to each central bank);
- free capital mobility between the two regions and France; and
- the pooling of foreign exchange reserves of each regional monetary area.

To preserve these principles, and as a means of encouraging financial discipline, a number of operating rules are stipulated in the statutes of the two regional central banks: the BEAC for the CEMAC zone and the *Banque Centrale des Etats de l'Afrique de l'Ouest* (the "**BCEAO**") for the WAEMU zone. Each central bank must:

- maintain at least 50% of its foreign assets in its operations account with the French treasury;
- maintain foreign exchange cover of at least 20% for its sight liabilities; and
- limit its credit to each government of member countries to a ceiling equivalent to 20% of that country's revenue in the previous year.

As part of a number of initiatives to strengthen the monetary union, central bank financing to national treasuries has in fact been gradually phased out. Statutory advances to governments were consolidated with repayments to the central banks starting in 2003. As a result, national treasuries have resorted to market financing of budget deficits, stimulating the CFA franc zone debt market. In addition, the member countries adopted a regional Convergence, Stability, Growth and Solidarity Pact in December 1999 to encourage the harmonisation and coordination of fiscal policies necessary to sustain credibility and stability in the monetary union. They also introduced a fully-fledged customs union, liberalised intra-regional trade and harmonised tax rates.

The only change in parity since 1948 occurred in January 1994, following a sharp cumulative deterioration of around 40% over 1986-93 in the terms of trade faced by the CFA franc zone, accompanied by a sizeable firming of the French franc against the U.S. dollar following the 1985 Plaza Accords (relating to the management of the fluctuating value of the U.S. dollar against other major currencies). This episode was the stimulus for the economic reforms described in the paragraph above.

The following table sets forth information concerning exchange rates between the U.S. dollar and the Euro from 2013 through 4 August 2017, expressed in U.S. dollars per Euro, rounded to the nearest cent. Yearly rates are given from 2013 to 2017 and monthly rates are given from February 2017 to 4 August 2017. This information is based on the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the "**Noon Buying Rate**"). The exchange rates below are provided solely for convenience. No representation is made that the Euro was, could have been, or could be, converted into U.S. dollars at these rates or at any other rate. The Noon Buying Rate of the Euro on 4 August 2017 was US$1.1775 = €1.00.

	Period End	Period Average(1)	High	Low
		(U.S. dollars per €1.00)		
Year				
2013	1.3743	1.3285	1.3804	1.2780
2014	1.2098	1.3284	1.3932	1.2098
2015	1.0856	1.1098	1.2002	1.0497
2016	1.0520	1.1070	1.1532	1.0389
2017 (through 4 August 2017)	1.1775	1.0958	1.870	1.0406
Month				
February 2017	1.0576	1.0641	1.0786	1.0537
March 2017	1.0653	1.0687	1.0865	1.0507
April 2017	1.0897	1.0717	1.0925	1.0590
May 2017	1.1244	1.1057	1.1244	1.0861
June 2017	1.1426	1.1238	1.1440	1.1134
July 2017	1.1365	1.1532	1.1842	1.1346
August 2017 (through 4 August 2017)	1.1775	1.1826	1.1870	1.1775

(1) For yearly information, Period Average means the average of the Noon Buying Rates on the last business day of each month during the relevant period. For monthly information, Period Average means the average of the Noon Buying Rates for each business day during the relevant period.

The parity between the CFA franc and the Euro is fixed at CFAF 655.957 = €1.00. An indication of the relationship between the CFA franc and the U.S. dollar for any period can be obtained by dividing 655.957 by the U.S. dollars-per-Euro exchange rate as presented in the table above; the resulting quotient will provide an indication of the rate at which CFA francs can be converted to U.S. dollars.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a sovereign state. Consequently, it may be difficult for investors to obtain or enforce judgments of courts in jurisdictions outside Gabon (including judgments predicated upon civil liability provisions of the securities laws of the United States or any state or territory within the United States) against the Issuer without compliance with the Gabonese enforcement procedure for foreign judgments. The Issuer will irrevocably appoint the Ambassador of the Gabonese Republic to the United Kingdom, as its authorised agent on whom process may be served in any action arising out of or based on the Further Notes in an English court. The Issuer will irrevocably submit to, and accept the exclusive jurisdiction of, the courts of England with respect to any suit, action or proceeding arising out of or based on the Further Notes and will irrevocably and unconditionally waive, to the fullest extent permitted by law, any objection which the Issuer may have based on improper venue or *forum non conveniens* to the conduct of any such suit, action or proceeding in any such court.

To the extent that the Issuer may in any jurisdiction claim or acquire for itself or its assets immunity (sovereign or otherwise) from suit, execution, attachment or other legal process (whether through service or notice or otherwise), the Issuer irrevocably agrees for the benefit of Noteholders not to claim in any Proceedings commenced by any Noteholder, and irrevocably waives, such immunity, to the fullest extent permitted by the laws of such jurisdiction (other than immunity from pre-judgment attachment, which is expressly not waived) and in connection with any Proceedings, consents for the benefit of the Noteholders generally to the giving of any relief or the issue of any process. The waiver of immunity and consent will have the fullest scope permitted under the State Immunity Act 1978 of the United Kingdom and is intended to be irrevocable for the purposes of such Act, but shall otherwise constitute a limited and specific waiver and consent for the purposes of the Fiscal Agency Agreement, the Deed of Covenant (each as defined herein) and the Further Notes and under no circumstances shall such waiver be interpreted as a general waiver or consent by the Issuer or a waiver of immunity in respect of (a) property used by a diplomatic or consular mission of the Issuer, (b) property of a military character and under the control of a military authority or defence agency of the Issuer or (c) property located in Gabon and dedicated to a public or governmental use by the Issuer. The Issuer reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or State securities law.

Subject to international conventions, enforcement of foreign court judgments in Gabon is subject to the following conditions:

- the foreign courts rendering the relevant judgment must offer reciprocal treatment to judgments obtained in the courts of Gabon; if such reciprocal treatment is not offered by the foreign court where the judgment is obtained, Gabonese courts will re-examine the merits of the case;
- the Gabonese courts are not exclusively competent to hear the dispute, and the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;
- the foreign procedures were fully respected and the parties to the dispute were duly notified and properly represented in the proceedings;
- the dispute was properly resolved according to proper facts which were raised in the dispute;
- the foreign judgment is final, non-appealable and conclusive in accordance with relevant law; and
- the foreign judgment does not conflict with a prior Gabonese judgment on the same subject matter and is not contrary to public order in and public law principles in Gabon.

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OVERVIEW

The following is an overview of certain information contained elsewhere in this Prospectus. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. Prospective investors should also carefully consider the information set forth in "Risk Factors" below prior to making an investment decision. Terms used in this overview and defined elsewhere in this Prospectus are used herein as so defined. See "The Gabonese Republic", "The Economy", "Foreign Trade and Balance of Payments", "Public Finance", "Public Debt" and "Monetary System" for a more detailed description of the Issuer.

Overview of the Republic

General

Gabon occupies 267,667 square kilometres of Central Africa, bordering Equatorial Guinea to the north-west, Cameroon to the north, the Republic of Congo to the east and south and the Atlantic Ocean to the west. As at 31 December 2016, Gabon had a population of approximately 1,979,000 people with (as of 2015) approximately 87% of the population living in urban areas. Libreville, the capital of and the largest city in Gabon, has a population of approximately 707,000 and is located on the Atlantic coast towards the north of the country.

Gabon achieved full independence from France on 17 August 1960. Ali Bongo Ondimba, Gabon's current President, was originally elected in August 2009 and, following a recount of votes, was sworn into office in October of that year. That election was held following the death of his father, Omar Bongo Ondimba, Africa's then longest serving head of state, who was President of Gabon from 1967 to 2009. The President stood in the last presidential election, held in August 2016, against Jean Ping, a member of FUOPA political party, after his party, the PDG, unsuccessfully petitioned the Constitutional Court to disqualify Mr Ping. In the election, the President received 49.80% of the votes and Mr Ping received 48.23% of the votes. The announcement of the election result was followed by major protests which culminated in the burning of the parliament building and an application to the Constitutional Court by the FUOPA challenging the results. The Constitutional Court ruled in favour of the President, upholding his re-election with a seven-year mandate.

Gabon's constitution provides for a Parliament, which has two chambers (the National Assembly, the lower chamber, for which the next election is due to be held in April 2018, and a Senate, the upper chamber, for which the next election is due to be held in December 2020), and an independent judiciary. The PDG, which has been in power since 1968, won 115 out of the 121 seats in the last National Assembly election held in December 2011 and 81 out of the 102 seats in the last Senate election held in December 2013.

Economy

Gabon is rated as a middle-income country by the IMF and its economy has historically been, and still is, highly dependent on the oil sector. Recognising the danger of over-reliance on the oil industry, which has been very volatile over recent years, the Government has instituted policies based on diversifying the economy, developing infrastructure and improving the quality of life through a combination of budgetary adjustment, good governance and structural reforms. In 2011, the Government launched Emerging Gabon, a major public investment and reform programme to transform the country into a diversified emerging market economy by 2025, which was underpinned by a US$12 billion public investment programme. As a result of the policies implemented under Emerging Gabon, the Gabonese economy has started to become more diversified. In particular, non-oil real GDP has decreased from CFAF 5,819.7 billion in 2012 (66.4% of real GDP) to CFAF 4,787.7 billion in 2016 (87.7% of real GDP).

The fall in oil prices since mid-2014 has, however, led to a decline in real-GDP, which has placed significant economic and social strain on the country, exacerbated by the failure to implement many of the political undertakings contained in Emerging Gabon. For example, the total value of imports decreased by 22.8% from CFAF 1,740 billion to CFAF 1,343 billion between 2015 and 2016 primarily due to a decline of over 80% in oil sector investment. In addition to this, the concurrent global economic slowdown (in particular in China, Europe and emerging markets) and austerity measures taken by some countries adversely affected economic activity in Gabon by reducing demand for raw materials produced by Gabon such as manganese, wood and rubber. In this context, the fall in the price of Gabonese oil (by 50% in 2015 compared to 2014 and 18% in 2016 in comparison to 2015) have led to reduced public revenue, a slowdown in public and private investments (notably in the oil sector) and a decline in GDP which, in turn, have led to a deterioration in the Government's overall balance of payment.

As a result of these factors, Gabon sought emergency assistance from the IMF in 2017. In June 2017, the IMF approved a three-year financial arrangement under Gabon's extended fund facility (the "**EFF**") amounting to approximately US$642 million. Under this arrangement, the IMF immediately granted funding of US$100 million, with the remaining amount to be paid in phases between 2017 and 2019 (See "*Public Debt—IMF*"). While sensitive to existing socio-economic constraints, the arrangement with the IMF is conditioned on the implementation of the Government's new Economic Recovery Plan (the "**ERP**"), adopted in May 2017, as well as a number of other new policies intended to further the goals of Emerging Gabon. The ERP and the other new policies aim to accelerate economic diversification and mitigate the social impact of the reforms, while targeting sustainable public finances. The main objectives are to:

- re-establish sustainable and balanced public finances,
- control public debt,
- stimulate the creation of wealth and increase employment, and
- reduce poverty and increase the quality of life of the population.

In order to attain these objectives, the ERP has five strategic pillars:

- increasing Government revenues and Government support for the economy,
- controlling public spending,
- increasing the efficiency and competitiveness of state-owned enterprises,
- creating a business landscape that encourages growth of the private sector and attracts private investment, and
- improving the quality of public services to citizens.

The implementation of these objectives is subject to close ongoing monitoring by the IMF.

Total foreign direct investment ("**FDI**") in Gabon, which comprises equity capital and other capital inflows, was CFAF 414.5 billion in 2016 (compared to CFAF 238.1 billion in 2015).

Gabon has a common currency with other members of the CEMAC, the CFA franc, which is pegged to the Euro at 1 Euro = CFAF 655.957. The BEAC manages monetary policy.

In order to stabilise oil revenue and to reduce the impact of commodity price fluctuations on fiscal policy and public investment, the Government set up a stabilisation fund in 2015, financed with a portion of oil and mining revenues. As at 31 December 2016, the stabilisation fund had net assets of CFAF 694 million. Since its creation, money from the fund was used to meet budgetary shortfalls, but the total amount withdrawn from the fund for such purpose to date has not been material (see "*Public Finance—Stabilisation Fund*").

The following table sets forth selected economic information and is qualified in its entirety by, and should be read in conjunction with, the detailed information appearing elsewhere in this Prospectus:

	As at or for the year ended 31 December			
	2013	2014	2015	2016[(1)]
Domestic Economy				
Nominal GDP (CFAF billions)	8,690.5	8,988.3	8,503.5	8,310.6
Real GDP (growth rate) (%)	5.5	4.4	3.9	2.1
GDP per capita (in US$)[(2)]	9,680	9,692	7,389	7,506
Consumer Price Index (%)[(3)]	0.5	4.5	(0.1)	2.1
Balance of Payments (CFAF billions)				
Exports of Goods (FOB)	4,948	4,528	3,315	2,679
Imports of Goods (FOB)	1,957	2,020	2,001	1,573
Current Account Balance	1,034	658	(475)	(842)
Overall Balance	252	(88)	(226)	(630)
Public Finance (CFAF billions)				
Total Revenues and Grants	2,622	2,673	1,797	1,424
Tax Revenues	1,213	1,334	1,158	899
Non-Tax Revenues and Grants	1,409	1,339	639	525
Total Expenditure	2,468	2,135	1,879	1,833
Overall Balance[(4)]	154	537	(82)	(416)
Overall Balance (% of nominal GDP)[(4)]	1.8	6.0	(1.0)	(5.0)
Public Debt (CFAF billions)				
Internal Public Debt [(5)]	244.2	607.6	916.9	2,228.3
External Public Debt	2,039.0	2,454.0	2,884.2	3,107.0
Gross Public Debt as % of nominal GDP	26.3%	34.1%	44.7%	64.2%

(1) Estimates.
(2) World Bank data from 2013 to 2015; IMF staff report data for 2016.
(3) Average annual rate of change.
(4) On a commitment basis.
(5) Starting from 2016, debt figures include arrears on VAT reimbursements, arrears on payment orders, and drawings of statutory advances from the central bank.

Sources: World Bank, Gabonese Authorities, IMF

Overview of Risks relating to Gabon, the Market and the Further Notes

An investment in the Further Notes involves significant risks, including (among others) the following, any, all or any combination of which may negatively affect the Issuer's ability to service interest and/or principal payments on, or negatively affect the value of, the Notes:

- Gabon may be unable to achieve its economic diversification and reform objectives set out in Emerging Gabon and/or the ERP and any failure or inability to do so may have a negative effect on Gabon's affairs, political condition and economy;
- Gabon's economy is very dependent on oil production levels and world oil prices;
- a global economic downturn, instability in international financial markets or other negative external economic shocks could have an adverse effect on Gabon's economy;
- events in neighbouring and other emerging markets, including those in sub-Saharan Africa and Saharan Africa, may negatively affect the price of the Notes;
- failure to adequately address Gabon's significant infrastructure deficiencies could adversely affect Gabon's economic prospects;
- Gabon suffers from chronic power shortages;
- the recent tensions following the 2016 presidential elections may result in political instability;
- failure to implement economic and fiscal reforms may have a negative effect on the performance of the Gabonese economy;
- limited availability of credit to companies and a weakening of the banking system may have a negative effect on the performance of the Gabonese economy;

- a significant portion of the Gabonese economy is not recorded;
- failure adequately to address actual and perceived risks of corruption may adversely affect Gabon's economy and its political stability;
- Gabon may face a lack of continued access to foreign investment;
- legal and arbitral proceedings may have outcomes adverse to Gabon's interests;
- reliance on food imports may result in inflation and in increased Government spending;
- high levels of debt and failure to repay arrears could have a material adverse effect on Gabon's economy and its ability to service its debt, including the Notes;
- it may be difficult for investors to obtain or enforce judgments against Gabon;
- statistics published by Gabon may be more limited in scope, published less frequently and differ from those produced by other sources;
- health risks could adversely affect Gabon's economy;
- as a member of the BEAC and the CFA franc zone, Gabon may be subject to monetary policies that it has not chosen and has limited influence on exchange rates;
- the free movement of people and goods within the CEMAC may have a material adverse impact on Gabon's employment rate and national security;
- investing in securities involving emerging markets generally involves a higher degree of risk than more developed markets;
- the Notes may not be suitable as an investment for all prospective purchasers;
- there may be no active trading market for the Notes (including the Further Notes) or any such trading market for the Notes (including the Further Notes) may be volatile;
- the Notes contain collective action clauses under which the terms of the Notes (including the Further Notes) and/or multiple series of debt securities issued by the Issuer, including the Notes, may be amended, modified or waived without the consent of all the holders of the Notes or all the holders of any other series of debt securities being aggregated, as the case may be;
- events of default;
- definitive Notes which are in a non-standard denomination may be illiquid and difficult to trade;
- fluctuations in exchange rates and interest rates may adversely affect the value of the Notes;
- legal investment considerations may restrict certain investments;
- credit ratings may not reflect all risks; and
- The proposed financial transactions tax.

Overview of the Terms and Conditions of the Further Notes

*The following is an overview of certain information contained elsewhere in this Prospectus. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. Prospective investors should also carefully consider the information set forth in "**Risk Factors**" below prior to making an investment decision. Terms defined in the terms and conditions of the Further Notes (the "**Conditions**") are used in this overview as so defined. See "Terms and Conditions of the Further Notes" for a more detailed description of the Further Notes.*

Issuer..	The Gabonese Republic.
The Further Notes	US$200,000,000 principal amount of 6.950% Notes due 2025 (which will be consolidated, form a single series and be fungible for trading purposes, as of the Issue Date, with the outstanding US$500,000,000 6.950% Notes due 2025 issued by the Issuer on 16 June 2015).
Issue Date	11 August 2017.
Maturity Date	16 June 2025.
Interest.......................................	The Further Notes will bear interest at the rate of 6.950% per annum from, and including, 15 June 2017 to, but excluding, the Maturity Date (as defined in "*Terms and Conditions of the Further* Notes").
Interest Payment Dates	The Republic will pay interest on the Further Notes semi-annually in arrear on 16 June and 16 December of each year computed on the basis of a 360-day year of twelve 30-day months, payable in U.S. dollars. The first payment of interest will be made on 16 December 2017 for the period from, and including, 16 June 2017 to, but excluding, 16 December 2017. See "*Terms and Conditions of the Further Notes—4. Interest*".
Issue Price	100.587% of the principal amount of the Further Notes (plus an amount corresponding to accrued interest from, and including, 16 June 2017 to, but excluding, the Issue Date).
Yield...	As at the Issue Date, the yield of the Further Notes is 6.85% *per annum* calculated on the basis of the Issue Price. It is not an indication of future yield on the Further Notes.
Redemption	Principal will be repaid at par on the Maturity Date. See "*Terms and Conditions of the Further Notes—5. Redemption, Purchase and Cancellation*".
Denominations	The Further Notes will be issued and may only be transferred, in minimum principal amounts of US$200,000 and integral multiples of US$1,000 in excess thereof.
Status	The Further Notes are the direct, unconditional and (subject to Condition 3) unsecured obligations of the Republic and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness (as defined in the Conditions) of the Republic; *provided*, *that* the Republic shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Further Notes and *vice versa*. See "*Terms and Conditions of the Further Notes—2. Status*".

Negative Pledge..........................	So long as any of the Further Notes remains outstanding (as defined in the Fiscal Agency Agreement), the Republic will not create or permit to subsist any Lien (other than Permitted Liens) (both as defined in the Conditions) upon the whole or any part of its existing or future assets or revenues to secure any Public External Indebtedness of the Republic or any other Person or any Guarantee thereof unless, at the same time or prior thereto, the obligations of the Republic under the Further Notes are secured equally and rateably therewith or have the benefit of such other arrangements as may be approved by an Extraordinary Resolution or a Written Resolution (as defined in the Conditions) of the Noteholders. See "*Terms and Conditions of the Further Notes—3. Negative Pledge*".
Events of Default	The Conditions will permit the acceleration of the Further Notes following the occurrence of certain events of default. See "*Terms and Conditions of the Further Notes—8. Events of Default*".
Form of Notes............................	The Republic will issue the Further Notes in registered form, without coupons. The Republic will not issue the Further Notes in bearer form. Further Notes sold in offshore transactions in reliance on Regulation S will initially be in the form of the Unrestricted Global Note, which will be deposited outside the United States and the CEMAC (including Gabon) with a common depositary for Euroclear and Clearstream and registered in the name of a nominee for such common depositary. Further Notes sold to QIBs in reliance on Rule 144A will be issued initially in the form of the Restricted Global Note, which will be deposited with DTC, or a custodian of DTC, and registered in the name of a nominee of DTC.
Taxation and Additional Amounts	All payments of principal and interest in respect of the Further Notes by the Republic shall be made free and clear of, and without withholding or deduction for, any taxes (including royalties), duties (including customs duties), assessments or governmental charges of whatever nature imposed or levied by or within the Republic or any political subdivision or any authority thereof or therein having power to tax (together, "**Taxes**"), unless such withholding or deduction is required by law. If any such withholding or deduction is required by law, the Republic shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions set forth under "*Terms and Conditions of the Further Notes—7. Taxation*" and "*Taxation*".
Meetings of Noteholders; Written Resolutions..................	The terms and conditions of the Notes (including the Further Notes) may be modified as a single series of Notes or in respect of other debt securities containing substantively similar aggregation provisions to those applicable to the Notes. See "*Terms and Conditions of the Further Notes—11. Meeting of Noteholders, Written Resolutions*".
Aggregation Agent; Aggregation Procedures...........	The Republic will appoint an Aggregation Agent to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes (including Further Notes) and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. Depending on the type of resolution being proposed, different

procedures will then apply.

See "*Terms and Conditions of the Further Notes—12. Aggregation Agent; Aggregation Procedures*".

Use of Proceeds .... The net proceeds of the Further Notes will be approximately US$202,817,611.11, after deduction of the expenses relating to the Offering and the Sole Lead Manager's commissions, and will be used to refinance the remainder of its outstanding 8.20% notes due 2017.

See "*Use of Proceeds*".

Ratings.. The Further Notes have been rated "B+" by Fitch and "B3" by Moody's. Each of Fitch and Moody's is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended (the "**CRA Regulation**"). Credit ratings assigned to the Further Notes do not necessarily mean that they are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings of different types of securities do not mean the same thing. Ratings do not address the likelihood that principal on the Further Notes will be paid as expected. The ratings do not address the marketability of the Further Notes or their price. Any change in the credit rating of the Further Notes or the Republic could adversely affect the price that a subsequent purchaser will be willing to pay for the Further Notes. The significance of each rating should be analysed independently from any other rating.

Listing and Admission to Trading....................................... Application has been made to the Irish Stock Exchange for the Further Notes to be admitted to the Official List and trading on the Main Securities Market. The Original Notes have been admitted to the Official List and trading on the Main Securities Market.

Further Issues .... The Republic may from time to time without the consent of the Noteholders issue additional notes that will form a single series with the Notes (including the Further Notes) subject to certain conditions. See "*Terms and Conditions of the Further Notes—13. Further Issues*".

Governing Law .... The Further Notes will be governed by English Law.

Selling and Transfer Restrictions................................ Neither the Original Notes nor the Further Notes have been or will be registered under the U.S. Securities Act or any U.S. state securities law. Consequently, the Further Notes may not be offered or sold in the United States except pursuant to an exemption from or in a transaction not subject to the registration requirement of the U.S. Securities Act and applicable state securities laws. See "*Transfer Restrictions*".

Neither the Original Notes nor the Further Notes have been or will be registered under CEMAC or Gabonese financial regulations. Unless they are registered and authorised by the financial regulators of the CEMAC and Gabon, the Further Notes cannot be issued, offered or sold in these jurisdictions.

The Further Notes are also subject to certain other restrictions relating to the offer and sale of securities. See "*Plan of Distribution*" below.

Fiscal Agent, Principal Paying Agent and Transfer Agent........ Citibank, N.A.

Registrar	Citigroup Global Markets Deutschland AG.
ISIN	XS1245960684 and US362420AC51 for the Unrestricted Global Note and Restricted Global Note, respectively.
Common Code	124596068 and 124689180 for the Unrestricted Global Note and the Restricted Global Note, respectively.
CUSIP code	362420AC5 for the Restricted Global Note.

RISK FACTORS

The Issuer believes that the following factors, either alone or in any combination, may affect its ability to fulfil its obligations under the Notes and/or affect the market value of the Notes. These factors are contingencies which may or may not occur, and the Issuer does not express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes. However a failure to pay principal, interest or other amounts on or in connection with any Notes may occur for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Risks Relating to Gabon

Gabon may be unable to achieve its economic diversification and reform objectives set out in Emerging Gabon and/or the ERP and any failure or inability to do so may have a negative effect on Gabon's affairs, political condition and economy.

In 2011, the Government launched its Strategic Plan for Emerging Gabon ("**Emerging Gabon**"). Emerging Gabon is a comprehensive economic development programme which sets out an ambitious reform agenda intended to transition the country away from its high dependence on oil extraction and stimulate structural economic change. In response to recent economic decline, and in a bid to move forward with Emerging Gabon, Gabon has prepared the ERP to reinforce Emerging Gabon and set the economic and fiscal goals and objectives between 2017 and 2019. See also "*The Economy—Emerging Gabon*" and "*The Economy—Economic Recovery Plan*".

To help finance the ERP, the IMF approved the EFF in June 2017 for a total amount of approximately US$642 million. Under this arrangement, the IMF immediately granted funding of US$100 million to Gabon, with the remaining amount to be paid in phases between 2017 and 2019. There can, however, be no assurance that the IMF will make the disbursements in the future as these are subject to semi-annual reviews and compliance with certain conditions and milestones, including the implementation of the ERP.

Achieving the objectives set forth in Emerging Gabon and the ERP within a satisfactory and relatively short-term timeframe is recognised as crucial to the country's future political, economic and social well-being. However, no assurance can be given that Emerging Gabon and the ERP will be adequately funded, whether by the IMF or from other sources, will achieve or maintain the necessary long-term political and social support, will be fully implemented or prove successful in achieving their respective objectives. In addition, there can be no assurance that projects contemplated by Emerging Gabon and the ERP will be realised within the timeframes contemplated, if at all. For example, since 2013 there have been multiples delays in the implementation of Emerging Gabon, and the delivery of some projects was postponed, mainly due to audits conducted on such projects. The funding required for the implementation of Emerging Gabon necessitated increasing Gabon's investment budget to CFAF 596.7 billion in 2015 compared to an annual average of CFAF 274.4 billion between 2005 and 2009 and CFAF 693 billion between 2011 and 2014. Capital expenditures averaged CFAF 478 billion between 2014 and 2016.

Furthermore, continued pursuit of long-term objectives such as those set forth in Emerging Gabon and the ERP will depend on a number of factors, including availability of funds under the EFF, continued political and social support across multiple Government administrations and the country in general, adequate funding from both public and private sources, improved security, infrastructure and power sector reform, availability of human capital and coordination. The significant funding requirements of Emerging Gabon and the ERP may prove difficult or impossible to meet and may lead to an increase in Gabon's outstanding debt, in addition to the debt incurred under the EFF. If Gabon's own fiscal resources prove insufficient or if Gabon fails to secure appropriate external funding, it may not be possible for Gabon to complete all, or even a substantial number, of the public capital projects set forth in Emerging Gabon and/or the ERP.

The assumptions underlying the objectives set forth in Emerging Gabon and the ERP, including with respect to GDP growth, oil prices and production, economic diversification, inflation, external debt and the fiscal deficit, may not prove to be accurate, which would undermine the Issuer's ability to achieve those objectives. Failure to achieve any one or more of the objectives or to complete certain public capital projects set forth in Emerging Gabon and ERP may render it difficult to achieve the other objectives and may be caused by multiple factors beyond Gabon's control. If the Government is not able to achieve the short- or medium-term milestones of these objectives (which it is seeking to do by 2025), which could result in a delay in funding or implementation, the Government may not be able to meet the long-term objectives, thereby possibly resulting in adverse effects on the economy of Gabon and its ability to make payments of principal and/or interest on the Notes as well as affect the value of the Notes.

Gabon's economy is very dependent on oil production levels and world oil prices.

Gabon's economy has historically been, and still is, heavily reliant on the oil sector. In 2016, the oil sector accounted for an estimated 16.3% of GDP, 80% of export earnings and 30% of fiscal revenue, according to the latest IMF report dated 19 June 2017. Reductions in oil revenues could have a material adverse effect on the Gabonese economy and the ability of the Issuer to service the Notes. Gabon's oil revenues are a function of the level of oil production in the country and prevailing world oil prices. Oil prices are subject to wide fluctuations (as has been the case in recent months and years) caused by factors which are beyond Gabon's control.

These factors include, but are not limited to, the general health of the global economy and its impact on the demand for oil, political conditions in the Middle East and other oil-producing regions, internal and political decisions of the Organisation of Petroleum Exporting Countries ("**OPEC**") and other oil-producing countries to increase or decrease production of crude oil, consumer demand, government regulations, the price and availability of alternative fuels and energy sources, environmental concerns and the pace of the transition to a lower carbon environment and overall economic conditions. Consequently, world oil prices have experienced significant fluctuations in recent years. For example, the average spot price of crude oil (Brent) was US$110.67 in December 2013, US$62.33 per barrel in December 2014, US$38.90 per barrel in December 2015, US$54.92 per barrel in December 2016 and US$48.974 per barrel in July 2017.

Gabonese oil production declined by approximately 5% between 2015 and 2016, primarily due to maturing oil fields and a lack of new oil fields being developed. According to the Ministry of Oil and Hydrocarbons, Gabon's proven reserves are expected to last 20 to 25 years assuming an estimated annual production of approximately 84 million barrels as in 2016. Maintaining current oil production levels requires substantial private sector investment in exploration and development which Gabon may not be able to attract, particularly if oil prices remain at current levels. Finally, future oil discoveries may be located in zones such as deep-water fields where extraction may prove more difficult and expensive than in the current coastal fields. Exploration for a possible exploitation of these resources may be economically viable only if oil prices will be materially higher than they are currently.

The decline in oil prices has resulted in significant decreases in the value of Gabon's oil exports and correspondingly in Government revenues. This has led to widening fiscal and current account deficits and a rapid accumulation of domestic and external arrears. Although Gabon has started taking corrective measures to address these issues, there can be no assurance that oil prices will rise, current oil production levels will be maintained or these corrective measures will be sufficient.

In addition, many developed countries are also actively trying to develop alternative sources of energy or alternative methods of increasing domestic oil production to reduce their dependence on imported oil. Any significant development of either of these alternatives to imported oil could adversely affect oil prices and demand and potential further investment in the oil sector in Gabon and the resulting oil revenues of Gabon.

Any unplanned reduction in revenues could further weaken the Gabonese economy and negatively affect Gabon's political and economic condition, thereby adversely affecting its ability to make payments of interest and/or principal on the Notes and/or the value of the Notes.

A global economic downturn, instability in international financial markets or other negative external economic shocks could have an adverse effect on Gabon's economy.

The global recession and financial crisis in 2008 and 2009 impacted Gabon particularly through the resulting fluctuations in oil prices and increased investor aversion to risk, the consequences of which included a withdrawal of portfolio capital and reduced access by private sector borrowers to external credit lines. This was exacerbated by the sharp fall in oil and manganese prices between the years 2014 and 2016.

The Gabonese economy is vulnerable to these external shocks and to material adverse movements in commodity prices. If a negative external shock were to occur, particularly on a global level or to one or more of Gabon's primary export markets, demand for Gabon's products could decrease, which would in turn put pressure on Gabon's balance of payments and foreign currency reserves. Further, foreign governments and donor countries or organisations could face constrained financial conditions themselves, which could lead to a reduction in the overall amount of aid that they would be willing or able to provide to Gabon. The occurrence of any of these events could have a material adverse impact on Gabon's economy, which may, in turn, adversely affect Gabon's ability to service the payments of interest and/or principal on the Notes and/or the value of the Notes.

Events in neighbouring and other emerging markets, including those in sub-Saharan Africa and Saharan Africa, may negatively affect the price of the Notes.

Economic and security tensions, as well as public health threats, in Gabon's neighbours and nearby emerging market countries may adversely affect Gabon's economy as well as its political and social situation, the prices of securities and the level of investment in other emerging market issuers as investors move their money to more stable, developed markets. Financial problems, or an increase in the perceived risks associated with investing in emerging market economies, could dampen foreign investment in Gabon, adversely affect the Gabonese economy or adversely affect the trading price of the Notes. Even if the Gabonese economy remains relatively stable, economic distress in neighbouring or other emerging market countries could adversely affect the trading price of the Notes and the availability of foreign funding sources for the Government. Adverse developments in other countries in sub-Saharan Africa, in particular, may have a negative impact on Gabon if investors perceive risk that such developments would adversely affect Gabon or that similar adverse developments may occur in Gabon. Risks associated with sub-Saharan Africa include political uncertainty, terrorist activity, civil unrest and conflict, corruption, the outbreak of disease and poor infrastructure. Investors' perceptions of certain risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Gabon, including elements of the information provided in this Prospectus.

Failure to adequately address Gabon's significant infrastructure deficiencies could adversely affect Gabon's economic prospects.

The success of Emerging Gabon and the ERP will depend upon the country significantly improving the extent and quality of its infrastructure. Good roads, ports, railways and other transport infrastructure, reliable power sources and adequate water supply are important factors affecting capital and operating costs, and their absence or unreliability discourages private investment, increases private sector investment costs and decreases productivity. Persistent problems with power generation, transmission and distribution, obsolete and/or insufficient road and rail networks and congested ports have in the past negatively affected Gabon's socio-economic development. While significant progress has been made in recent years, and is still being made, in sectors such as transport, energy and telecommunications, the state of development in those sectors still cannot be considered to be on a par with that of more developed countries. The Government has identified Gabon's insufficient infrastructure as a major impediment to economic growth, and Emerging Gabon includes ambitious targets for infrastructure development and investments. In order to achieve the desired infrastructural development, the Government intends to continue allocating a significant portion of the budget toward public investments. For example, it is estimated that in 2017, public spending on capital expenditures both domestically and internationally financed will be approximately CFAF 421 billion or 22% of the total expenditures. There can however be no assurance that these investments will be realised nor that the targets will be met.

Failure to significantly improve Gabon's infrastructure could adversely affect Gabon's economy, competitive ranking and growth prospects, including its ability to meet the Emerging Gabon and/or the ERP objectives and other growth targets. This could adversely affect Gabon's ability to service the payments of interest and/or principal on the Notes and/or the value of the Notes.

Gabon suffers from chronic power shortages.

In spite of important energy resources and investments in the power sector in recent years, a shortage of reliable electricity supply remains a serious impediment to Gabon's economic growth and development. Insufficient power generation, aging, insufficient or unreliable infrastructure, inadequate funding, weak distribution networks and overloaded transformers have resulted in, and continue to result in, frequent power outages, high transmission and distribution losses and poor voltage output. Annual demand for electricity in Libreville, for example, is approximately 250 megawatts, about 15% higher than currently available capacity.

The Government has identified the improvement of electricity generation, transmission and distribution infrastructure as still being a critical element in meeting economic growth and development objectives and the ERP. To address these issues, the Government has launched a series of policy initiatives under Emerging Gabon. Major projects in the power sector include the development of the Grand Poubara hydropower plant (increasing its capacity from 160 to 280 megawatts), the 86-megawatt *Chutes de l'Impératrice* plant and the 115-megawatt *Ngoulmendjim* hydropower project, for which a public-private partnership agreement was signed with an international consortium in 2017. However, no assurance can be given that the Government will be able to effectively improve the power sector or that sufficient funding will be available to do so.

Failure to adequately address the significant deficiencies in Gabon's power generation, transmission and distribution infrastructure could lead to lower GDP growth and jeopardise Gabon's ability to obtain funding, thereby hampering the development of Gabon's economy. This could adversely affect Gabon's ability to service the payments of interest and/or principal on the Notes and/or the value of the Notes.

The recent tensions following the 2016 presidential elections may result in political instability.

The former President of Gabon, Omar Bongo Ondimba, who had been in office since 1967, died in June 2009. On 30 August 2009, Ali Bongo Ondimba, the son of the late President, won the ensuing presidential election. The announcement of the election results triggered violent protests, resulting in the deaths of several people throughout the country and in particular in Libreville and Port-Gentil, where rioters set fire to the French Consulate. In addition, complaints were made regarding the validity of the election and 11 requests were submitted by nine candidates in the election to the Constitutional Court for the election to be annulled. However, in October 2009 the Constitutional Court rejected those requests, and a poll recount confirmed the election of Ali Bongo Ondimba as the new President of Gabon.

The last presidential election was held in August 2016. There were two candidates: the President, Ali Bongo Ondimba, and Jean Ping, a member of the FUOPI political party. The President received 49.80% of the votes and Jean Ping received 48.23% of the votes. The election was followed by a prolonged period of significant social unrest and protests, which culminated in the burning of the parliament building and an unsuccessful application to the Constitutional Court by the FUOPI contesting the results. The Constitutional Court ruled in favour of President Ali Bongo Ondimba, upholding a new seven-year mandate.

Notwithstanding a currently calmer political situation, the present regime can be expected to face further challenges at the next presidential elections, which are scheduled to take place in 2023. No assurance can be given that these elections will not generate significant political instability, possibly negatively affecting the implementation of current reforms and policies, or that after such elections the current reforms and policies will continue. The risk of public sector strikes, demonstrations, civil unrest, and risks associated with a change in regime or government could have a negative impact on the development of Gabon's economy, which could in turn adversely affect its ability to make payments of interest and/or principal on the Notes and/or the value of the Notes.

Failure to implement economic and fiscal reforms may have a negative effect on the performance of the Gabonese economy.

The Government continues to implement economic and financial system reforms in order to improve the legal and regulatory environment, promote the private sector, diversify the economy and facilitate access to credit. The Government is pursuing various fiscal reforms to control expenditure and improve the tax system, in particular, as well as cutting public spending by reducing oil-related subsidies and the public payroll. During 2016, Gabon's economy was characterised by an increase in inflation (from 0.6% in 2015 to 2% in 2016) due to rising fuel prices, the elimination of most of the government subsidies as well as unfavourable monetary conditions. If the BEAC implements tight monetary policies to tackle inflation, the existing unfavourable liquidity conditions may be exacerbated, thus adversely impacting critical sectors of the Gabonese economy.

Although the Government intends to proceed with its economic, financial and fiscal reforms, there can be no assurance that these reforms will be implemented or if they are implemented that they will have the expected consequences. In particular, there have been recent strikes and demonstrations by civil servants, especially in the context of recent public sector wage reform, and any further civil service strikes and demonstrations could delay and/or jeopardise the implementation of contemplated reforms. Failure to implement economic, financial and fiscal reforms or unexpected consequences resulting from such implementation may have a negative effect on Gabon's economy, affairs and political condition and adversely affect its ability to make payments of interest and/or principal on the Notes and/or the value of the Notes.

Limited availability of credit to companies and a weakening of the banking system may have a negative effect on the performance of the Gabonese economy.

Despite recent efforts from the BEAC to establish liquidity schemes for Gabonese banks, the Gabonese banking sector is still relatively small and the interbank credit market underdeveloped. As a result, liquidity that may be held by some banks does not circulate between credit institutions as it would in more developed banking markets, and access to loans and financings by companies in Gabon is therefore very limited. Furthermore, the oil companies tend to finance themselves outside Gabon and consequently do not contribute to the growth of the local banking sector. During 2016, banks in Gabon were confronted with depressed economic activity and a rising number of loans in arrears due to government arrears to those banks and delayed payments to private sector. Even though private banks are generally considered to have accumulated sufficient capital buffers, the three largest banks (all private), which account for approximately 75% of total assets held by banks in Gabon, would exhaust their capital reserves if loans in arrears continue to increase. If this occurs, this could result in a systemic banking crisis likely to depress Gabon's economy. Moreover, three public banks (Development Bank of Gabon (BGD), *Banque de l'Habitat du Gabon* (BHG) and *Poste Bank S.A.*), which account for almost 10% of the financial sector total assets, are insolvent and are currently under special administration, and at least one of the banks will undergo liquidation. This was due to a deterioration of the macro-economic environment and governance issues. It has been publicly reported that the Government may have to inject as much as CFAF 150 billion to recapitalise the three public banks. Even though it is believed that their small size precludes significant systemic risk, at this stage it is difficult to predict the exact impact of their failures on the financial sector.

Net domestic credit increased by 46.4% between 2014 and 2016 (from CFAF 1,133 billion to CFAF 1,659 billion), primarily driven by the relative dynamism of the non-oil sector. The failure by the BEAC to develop an active interbank market and increased portfolio loan loss provisions over the past years may further weaken the balance sheet of the Gabonese banks and limit access to credit for companies. This could have an adverse effect on Gabon's economy and the Issuer's ability to service the payments of interest and/or principal on the Notes and/or adversely affect the value of the Notes.

A significant portion of the Gabonese economy is not recorded.

While there has not been a recent survey of the share of the informal economy in Gabon, it was estimated by the governmental statistics agency to account for approximately 25% to 30% of total nominal GDP in 2016. This figure has increased and may continue increasing over time. The informal economy is not recorded and is only partially taxed, resulting in a lack of tax revenue for the Government, ineffective regulation, unreliability of statistical information and inability to monitor or otherwise regulate a large portion of the economy. The lack of effective regulation and enforcement in this growing sector also gives rise to other issues, including with respect to health and safety in the workplace. Although the Government is attempting to bring the informal economy into the formal sector by implementing various policies and measures, including the streamlining of certain regulations such as tax and social security laws, there can be no assurance that such reforms will adequately address the issues and bring the activities of the informal economy into the formal sector. Further growth of the informal economy and failure to adequately address these issues could have an adverse effect on Gabon's overall economy and the Issuer's ability to service the payments of interest and/or principal on the Notes and/or affect the value of the Notes.

Failure adequately to address actual and perceived risks of corruption may adversely affect Gabon's economy and its political stability.

As is the case with other emerging markets, there have been allegations of corruption and misuse of funds by public officials in Gabon and by members of their families. Since 2002, Gabon has implemented various measures to prevent and fight corruption and unlawful enrichment. In particular, Ali Bongo Ondimba, upon becoming President in 2009, stated his commitment to developing a strong system of good governance. Examples of recent key reforms include the establishment of procedures to demote or criminally charge and arrest Government officials, the creation of the *Agence Nationale d'Investigation Financière*, which is responsible for money laundering-related matters, and the approval of a strategy paper for the fight against corruption and money laundering (*Document de Stratégie de Lutte Contre la Corruption et le Blanchiment des Capitaux*). In addition, senior officials, upon appointment, are obliged to file a statement of their personal assets.

Despite these reforms, it is recognised that further progress needs to be achieved in terms of governance reform and corruption in the public sector remains a concern given its potential impact on Gabon, its affairs, political condition and economy and the perception of the country by potential investors and development partners. This has had repercussions outside Gabon, and there have been a number of accusations of misuse of public funds concerning certain members of the Ondimba family, some of which have led to investigations in France which are still on-going. See "*The Gabonese Republic—Legal and Arbitral Proceedings*".

Corruption has many negative implications for a country, including increasing the risk of political and social instability, distorting decision-making processes and adversely affecting its international reputation. Failure to adequately address these issues, continued corruption in the public sector and any future allegations of or perceived risk of corruption in Gabon could have an adverse effect on the political stability of Gabon and on the Gabonese economy which, in turn, may have a material adverse effect on Gabon's ability to service the payments of interest and/or principal on the Notes and/or affect the value of the Notes.

Gabon may face a lack of continued access to foreign investment.

One of the major objectives of Gabon under the ERP is to attract significant levels of FDI on a sustained basis. Gabon's net FDI, which comprises equity capital and other capital inflows, decreased from CFAF 416.8 billion in 2014 to CFAF 238.1 billion in 2015 and increased to CFAF 414.5 billion in 2016. However, in spite of recent increases in FDI inflows in Gabon, the general trend on the African continent over recent years was a decrease in FDI inflows due to decreasing commodity prices. Given the perceived risks associated with investing in Gabon, including those described in this Prospectus, there may not be any further significant increases in FDI, which could adversely affect the Gabonese economy and limit sources of funding for infrastructure and other projects which are increasingly dependent on significant investment from the private sector. Existing levels of FDI may also decrease, which would significantly impede the progress of sectors important to Gabon's economic growth such as the infrastructure, financial and energy sectors.

Legal and arbitral proceedings may have outcomes adverse to Gabon's interests.

Gabon has been and is currently involved in a number of legal and arbitral proceedings. See "*The Gabonese Republic—Legal and Arbitral Proceedings*". Adverse outcomes in such proceedings may damage Gabon's reputation with international investors or otherwise have a material adverse effect on Gabon's economy, political affairs, financial condition or its ability to service the Notes. For example, in 2008, the Committee of the International Centre for Settlement of Investment Disputes (the "**ICSID**") issued an arbitral award against Gabon requiring it to indemnify shareholders of the consortium of timber companies, CECF Transgabonais ("**CECF**"), for a total amount of CFAF 154 billion. As at the date of this Prospectus, after negotiations with certain groups of creditors, Gabon has paid them CFAF 41 billion and CFAF 6 billion remains outstanding, which Gabon expects to pay by the end of 2015. Discussions between the Government and Tullow Oil plc regarding the alleged expropriation of its stake in the Opal field have now been completed.

In addition, two coupon payments (in 2008 and in 2012) in relation to Gabon's 2017 Notes were delayed by court orders following claims from private creditors. In both instances, Gabon was able to pay the coupon within the 10-day grace period. In 2015, there were delays in certain payments due under the Paris Club 8 loan. There were also delays in January 2016 and January 2017 in the payment of interest and principal on facilities with international banks, including again the Paris Club debt (Paris Club 8), which were each repaid within approximately two months of becoming due. These delays were not caused by any inability or unwillingness on Gabon's part to pay and Gabon, in the case of the 2008 and 2012 coupon payments, had already made available the funds for payment (but such payment had been blocked by certain court orders). However, there can be no assurance that there will not be further claims or payment delays in the future that could interfere with Gabon's ability to make payments of interest and/or principal on the Notes as well as adversely affect the value of the Notes.

Reliance on food imports may result in inflation and in increased Government spending.

The dominance of the oil sector, urbanisation and the lack of effective Government policies to modernise agriculture have led to a decrease in the contribution of agriculture (including livestock and fishing) to Gabon's nominal GDP from approximately 16% in the early 1960s to about 4.0% in 2016, according to the Ministry of Economy. As a result, the majority of food consumed in Gabon is imported from France, Cameroon and South Africa. It has been estimated that approximately 60% of food in Libreville, where approximately 36% of Gabon's population is located, is imported, mostly from Europe. As a member of the BEAC, which is in charge of the monetary policy for all of the member states of CEMAC, Gabon does not independently control its monetary policy (and thus cannot deploy monetary policy to control inflation). Gabon's high reliance on food imports in an environment of rising prices may therefore force the Government to increase existing subsidies or create new subsidies, which would result in unplanned budgetary outlays and inflation; this may have a negative impact on the economy and Gabon's ability to make the payments of interest and/or principal on the Notes as well as adversely affect the value of the Notes.

High levels of debt and failure to repay arrears could have a material adverse effect on Gabon's economy and its ability to service its debt, including the Notes.

On 19 June 2017, Gabon entered into an extended arrangement under the EFF with the IMF for a total amount of approximately US$642 million. Moreover, Gabon is seeking to refinance external debt of U.S.$193 million with the proceeds of this Offering. Such loans, together with any significant future borrowings, could increase the risk of external debt distress. Government debt increased from 34.1% of nominal GDP in 2014 to 64.2% in 2016 primarily due to the recessive impact of lower oil prices on nominal GDP and the issue in 2015 of US$500 million notes, and is expected to slightly increase in 2017 before stabilising below 50% of GDP in the coming years. Moreover, while Gabon does not have an immediate solvency problem, the country's gross financing needs will amount to approximately 14.5% of nominal GDP in 2017, according to the IMF.

In 2016, external arrears increased to CFAF 164.6 billion, and domestic arrears increased to CFAF 638.6 billion. Failure to repay these increasing arrears would magnify the liquidity problems of companies, public or private, exposed to such arrears and, as a result, would have a negative impact on the Gabonese economy.

High levels of debt, as a result of continued borrowing or decreasing GDP, and failure to repay arrears may negatively impact Gabon's sovereign credit rating or may impair Gabon's ability to make the payments of interest and/or principal on the Notes and/or adversely affect the value of the Notes.

It may be difficult for investors to obtain or enforce judgments against Gabon.

Gabon is a sovereign State and, as a result, it may be difficult for investors to obtain judgment against Gabon in foreign or Gabonese courts or to enforce foreign judgments, including judgments predicated upon civil liabilities under the securities laws of the United Kingdom, the United States or any state or territory within the United States, against Gabon. The Notes do not provide any alternative dispute resolution mechanism, such as arbitration, and accordingly holders of the Notes will have legal recourse in the event of any dispute under the Notes only through the courts. While Gabon's waiver of sovereign immunity described above under "*Enforcement of Civil Liabilities*" will have the fullest scope permitted under the State Immunity Act 1978 of the United Kingdom and is intended to be irrevocable for the purposes of such Act, it otherwise constitutes a limited and specific waiver and under no circumstances shall it be interpreted as a general waiver by Gabon or a waiver of immunity in respect of property used by a diplomatic or consular mission of Gabon, property of a military character and under the control of a military authority or defence agency of Gabon or property located in Gabon and dedicated to a public or governmental use by Gabon. In addition, Gabon reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or State securities law. It may therefore be difficult for investors to obtain or enforce judgments against Gabon.

Statistics published by Gabon may be more limited in scope, published less frequently and differ from those produced by other sources.

A range of Ministries and institutions, including the Ministry of Economy, Prospective and Sustainable Development Planning, the Ministry of Mines, the Ministry of Oil and Hydrocarbons, the Ministry of Agriculture, Livestock, in charge of implementing the programme GRAINE and the Ministry of Budget and Public Accounts, the *Direction Générale de la Statistique et des Etudes Economiques* and the BEAC produce statistics relating to Gabon and its economy. Gabon adheres to the IMF's General Data Dissemination Standards. However, these statistics may be more limited in scope and published less frequently than in the case of other countries such that adequate monitoring of key fiscal and economic indicators may be difficult. Statistical data appearing in this Prospectus has, unless otherwise stated, been obtained from public sources and documents. Similar statistics may be obtainable from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source.

In 2016, the Gabonese authorities requested a Public Expenditure and Financial Accountability ("**PEFA**") assessment to take stock of progress made since the last PEFA assessment in 2013. This assessment is the first to be undertaken in a CEMAC country using the upgraded 2016 PEFA methodology, which is based on 31 performance indicators with respect to the strengths and weaknesses of public financial management. The assessment, funded by the European Union and led by IMF staff, was completed in April 2017. The new PEFA assessment found that a quarter of the indicators have improved, mainly in the areas of policy-based budgeting and timeliness of fiscal reporting, thanks to major public financial management reforms implemented by the Government since 2015. However, performance of most indicators fell below international best practices, with weaknesses in the areas of arrears management, expenditure execution, control and audit, public procurement public investment management, oversight of public entities and fiscal reporting. The underlying causes include excessive use of unorthodox procedures in budget execution and public procurement, and insufficient coordination in the consolidation of fiscal data and in ensuring reliability. Accordingly, statistics published by Gabon may be more limited in scope, less reliable and less frequently published and may differ from those produced by other sources. Investors should consider this when making an investment decision on the Notes.

Health risks could adversely affect Gabon's economy.

HIV/AIDS, tuberculosis (which is exacerbated in the presence of HIV/AIDS), typhoid and malaria are major healthcare challenges in Gabon and other West African economies. In 2014, malaria infected between 15% and 25% of the Gabonese population, and the Government believes that these high infection levels have not changed significantly since. According to a UNAIDS study, in 2015, an estimated 3.8% of the population aged between 15 and 49 were infected with HIV in Gabon. Moreover, even though authorities managed to control outbreaks in various countries in West Africa, Ebola has not yet been eradicated, and there have been recent cases in Congo and Côté d'Ivoire, so vigilance needs to be maintained. No assurance can be given that the high prevalence of HIV/AIDS, malaria and typhoid or the outbreak of Ebola and other diseases in Gabon will not have a material adverse effect on the economy of Gabon and therefore on its ability to make the payments of interest and/or principal on the Notes and/or on the value of the Notes.

As a member of the BEAC and the CFA franc zone, Gabon may be subject to monetary policies that it has not chosen and has limited influence on exchange rates.

Gabon is a member of the BEAC, which sets interest rates and banking policies for all of the member states of CEMAC (to protect the union from fluctuations in the global market) and pegs the CFA franc to the Euro. As a result, the BEAC makes interest rate policy decisions on the basis of union-wide considerations. This means that Gabon is unable to amend its interest rate unilaterally and requires the BEAC to do so across the union for any rate changes to become effective. In addition, the BEAC makes policy decisions on the basis of the best interests of the CEMAC as a whole and is unable to make jurisdiction-specific decisions other than the amendment to national reserve requirements. As a result, the BEAC may take action which is not in the interests of the Gabonese economy. This may have an adverse effect on Gabon's economy and its ability to make payments of interest and/or principal on the Notes and/or the value of the Notes.

Furthermore, the CFA franc is pegged to the Euro at a rate of CFAF 655.957 for €1. As a result, the CFA franc fluctuates against other currencies in lockstep with the Euro, and such fluctuations will not be linked to the economy or the balance of payments of the member States of the CEMAC. Therefore, Gabon may face fluctuations in exchange rates which are not correlated to the performance of its economy and over which it has no or very limited control. In some circumstances, prices of imports could be higher, and the value of the exports could be lower than the actual prices that would have prevailed had Gabon used an independent currency. For instance, a significant proportion of Gabon's exports are oil products, which are usually traded in U.S. dollars and therefore dependent on the Euro/US dollar exchange rate. This may have an adverse effect on Gabon's economy and its ability to make payments of interest and/or principal on the Notes and/or adversely affect the value of the Notes.

The free movement of people and goods within the CEMAC may have a material adverse impact on Gabon's employment rate and national security.

To further strengthen regional integration, the CEMAC member States had initially agreed to introduce the free movement of people and goods within the region as of 1 January 2014. Those measures have been delayed pending the implementation of security measures such as biometric passports. The process is still pending and has not yet commenced. At the CEMAC conference held on 6 May 2015, the Heads of State decided to immediately allow the free movement of people within the region, provided that they have a biometric passport. Therefore, free movement of people is still effectively stalled pending the implementation of biometric passports in the region. Once this happens, however, it may result in an increased influx of immigrants from both countries within the region and countries sharing borders with the CEMAC region.

A massive influx of immigrants could have a negative effect on the employment rates in Gabon and could place local infrastructure under significant additional strain. Furthermore, the arrival of residents from less politically stable countries outside of the region could create internal security problems in Gabon. Both could result in an adverse effect on Gabon's economy and its ability to make payments of interest and/or principal on the Notes and/or the value of the Notes.

Investing in securities involving emerging markets generally involves a higher degree of risk than more developed markets.

Investing in securities issued by entities in emerging markets, such as Gabon, generally involves a higher degree of risk than investments in securities of corporate or sovereign issuers from more developed countries and carries risks that are not typically associated with investing in more mature markets. These risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, political risk, social unrest, terrorism, inflation, currency volatility, corruption, delays in reform and transformation agenda, debt servicing, foreign relations, dependency on foreign aid, instability in neighbouring countries, a narrow export base, budget deficits, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Any such political risks, budget deficits, lack of sufficient infrastructure or unimplemented government reforms may adversely impact Gabon's economy.

Although significant progress has been made in reforming Gabon's economy and its political and judicial systems, Gabon is still in the process of developing the necessary infrastructure and regulatory and judicial framework that are essential to support market institutions and broad-based social and economic reforms. Emerging markets can also experience more instances of corruption by government officials and misuse of public funds than do more mature markets, which could affect the ability of governments to meet their obligations under issued securities. Generally, investment in securities of issuers in emerging markets, such as Gabon, is only suitable for sophisticated investors who fully appreciate the significance of risks involved in, and are familiar with, investing in emerging markets, and investors are urged to consult their own legal and financial advisers before making an investment.

Investors should also note that emerging markets such as Gabon may be subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly.

Risks Relating to the Market Generally

The Notes may not be suitable as an investment for all prospective purchasers.

Each potential purchaser of the Notes must determine the suitability of investment in light of its own circumstances. In particular, each potential purchaser should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the resulting effect on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including any risk resulting from the currency of the Notes being different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) changes in economic conditions, interest rates and other factors that may affect its investment and its ability to bear the associated risks.

There may be no active trading market for the Notes (including the Further Notes) or any such trading market for the Notes (including the Further Notes) may be volatile.

Although an application has been made to list the Further Notes on the Irish Stock Exchange and to admit the Further Notes to trading on the Main Securities Market, there is no assurance that such application will be accepted or that, and notwithstanding that the Original Notes are currently listed on the Irish Stock Exchange, an active trading market for the Notes will develop or, if one does develop, that events in Gabon, in Africa or elsewhere will not cause market volatility or that such volatility will not adversely affect the liquidity or the price of the Notes or that economic and market conditions will not have any other adverse effect. If an active trading market in the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

The market for the Notes issued is influenced by economic and market conditions in Gabon and, to varying degrees, interest rates, currency exchange rates and inflation rates in other countries, such as the United States, European Union ("**EU**") Member States and elsewhere. If the Further Notes are traded after their initial issuance, they may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of Gabon. As a result of the above factors, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Risks Relating to the Notes (including the Further Notes)

The Notes contain collective action clauses under which the terms of the Notes (including the Further Notes) and/or multiple series of debt securities issued by the Issuer, including the Notes, may be amended, modified or waived without the consent of all the holders of the Notes or all the holders of any other series of debt securities being aggregated, as the case may be.

The terms and conditions of the Notes (including the Further Notes) contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including material changes to the terms and conditions of the Notes and the waiver of, or the rescission of any acceleration following an Event of Default, commonly referred to as "collective action" clauses. These provisions permit defined majorities voting at a meeting or executing written consents to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and/or Noteholders who voted in a manner contrary to the majority. The relevant provisions also permit, in relation to reserved matters, multiple series of notes, including the Notes, to be aggregated for voting purposes (*provided that* each such series also contains the collective action clauses in the terms and conditions of the Notes).

Any modification or actions relating to reserved matters, including in respect of payments and other important terms, may be made to the Notes with the consent of the holders of 75% of the Notes present at a duly convened meeting (with the quorum for such a meeting being two or more persons holding or representing in the aggregate not less than 75% (or, in the case of an adjourned meeting, not less than one-third) of the principal amount of the Notes for the time being outstanding). Any modification or actions relating to reserved matters may also be made to multiple series of notes, including the Notes, with the consent of both (i) the holders of 66⅔% of the aggregate principal amount outstanding of all series of notes being aggregated and (ii) the holders of 50% in aggregate principal amount outstanding of each series of notes being aggregated.

In addition, under certain circumstances, including the satisfaction of the Uniformly Applicable condition in the terms and conditions of the Notes, any such modification or action relating to reserved matters may be made to multiple series of debt securities, including the Notes, with the consent of 75% of the aggregate principal amount outstanding of all series of debt securities being aggregated only, without requiring a particular percentage of the holders in any individual affected series of debt securities to vote in favour of any proposed modification or action. Any modification or action proposed by the Issuer may, at the option of the Issuer, be made in respect of some series of debt securities only and, for the avoidance of doubt, the provisions may be used for different groups of two or more series of debt securities simultaneously. At the time of any proposed modification or action, the Issuer will be obliged, inter alia, to specify which method or methods of aggregation will be used by the Issuer.

There is a risk therefore that the terms and conditions of the Notes may be amended, modified or waived in circumstances whereby the Noteholders voting in favour of an amendment, modification or waiver may be Noteholders of a different series of debt securities and, as such, less than 75 per cent. of the Noteholders would have voted in favour of such amendment, modification or waiver. In addition, there is a risk that the provisions allowing for aggregation across multiple series of debt securities may make the Notes less attractive to purchasers in the secondary market on the occurrence of an Event of Default or in a distress situation. Further, any such amendment, modification or waiver in relation to the Notes may adversely affect their trading price.

In the future, the Issuer may issue debt securities which contain, or amend the terms and conditions of any existing debt securities to include collective action clauses in the same form as the collective action clauses in the terms and conditions of the Notes. If this occurs, then this could mean that the Notes would be capable of aggregation with any such future debt securities.

Events of Default.

Under the Conditions, if an Event of Default occurs, the holders of at least 25% in aggregate principal amount of the outstanding Notes (including the Further Notes) are entitled to declare all the outstanding Notes to be immediately due and payable by providing notice in writing to the Issuer at the specified office of the Fiscal Agent, whereupon the Notes shall become immediately due and payable, at their principal amount with accrued interest, without further action or formality, subject to the provisions set out in the Conditions.

In addition, the Conditions also provide that any such declaration may be withdrawn and will have no further effect if the Republic receives notice in writing from holders of at least 50% in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any abovementioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn.

Definitive Notes which are in a non-standard denomination may be illiquid and difficult to trade.

Definitive Notes may have any denomination in excess US$200,000 which is an integral multiple of US$1,000. It is possible, therefore, that a Definitive Note may be denominated in an amount which is not a market standard for trading and as a result may be illiquid and more difficult to trade than Notes with a market-standard denomination.

Fluctuations in exchange rates and interest rates may adversely affect the value of the Notes.

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or a revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease the Investor's Currency-equivalent yield on the Notes, the Investor's Currency equivalent value of the principal payable on the Notes and the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities (including where the investor is domiciled) may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. In addition, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent the Notes are legal investments for it, the Notes can be used as collateral for various types of borrowing and other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Credit ratings may not reflect all risks.

Fitch and Moody’s have assigned credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Even though ratings may not reflect the potential impact of all risks of the Notes, on 3 July 2017, Moody’s downgraded Gabon’s long-term foreign currency rating to B3 from B1 as a result of (i) the deterioration of its public finances due to persistently low oil prices coupled with limited policy adjustment capacity and (ii) government liquidity pressures as evidenced by the accumulation of arrears. Moody’s maintained a negative outlook.

In general, European regulated investors are restricted under the Credit Ratings Agencies Regulation of the European Commission (the “**CRA Regulation**”) from using credit ratings for regulatory purposes, unless these ratings are issued under the CRA Regulation (and such registration has not been withdrawn or suspended). This general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement or certification, as the case may be, has not been withdrawn or suspended).

The proposed financial transactions tax

On 14 February 2013, the European Commission published a proposal (the “**Commission's Proposal**”) for a Directive for a common ***financial transactions tax*** (“**FTT**”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**Participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Other EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

USE OF PROCEEDS

The net proceeds of the issue of the Further Notes will be approximately US$202,817,611.11, after deduction of the expenses relating to the Offering and Sole Lead Manager's commissions. The Issuer intends to use the net proceeds of the Further Notes to refinance the remainder of its outstanding 8.20% notes due 2017. See "*Public Debt*."

THE GABONESE REPUBLIC

Location and Geography

The Republic occupies 267,667 square kilometres of Central Africa, bordering Equatorial Guinea, Cameroon, Congo and the Atlantic Ocean. Three quarters of Gabon's area comprises one of the world's largest rainforests. A further 10,000 square kilometres comprises wetlands, estuaries and rivers, the largest of which is the Ogooué river. The climate is tropical with an average daily temperature of 26.7°C / 80°F and two wet and two dry seasons. There is a narrow coastal plain, a hilly interior and a savannah to the east and south.

Gabon has an abundance of natural resources, particularly oil (although depleting), manganese and iron (although depleting), with the main oil fields located both onshore and offshore near Port-Gentil, which is approximately 150 kilometres to the south of the capital, Libreville.

History

Bantu ethnic groups settled in the area now known as Gabon over 700 years ago. Portuguese traders arrived in Gabon in the 15th century and were followed by the British, Dutch and French in the 16th century.

France assumed the status of protector by signing treaties with the Gabonese coastal chiefs in 1839 and in 1841, and contributed to the naming of the capital by capturing a slave ship in 1849 and releasing the passengers, who founded Libreville (which in English means "**Freetown**"). France occupied Gabon in 1885, began to administer it in 1903 and made it one of the four territories of French Equatorial Africa, along with the countries which became independent as the Central African Republic, Chad and Congo, from 1910 until 1958 when Gabon gained internal autonomy. Gabon achieved full independence on 17 August 1960.

At the time of Gabon's independence, there were two main political parties, the *Bloc Démocratique Gabonais* (the "**BDG**") led by Leon M'Ba, and the *Union Démocratique et Sociale Gabonaise* (the "**UDSG**") led by J.H. Aubame. After the first post-independence election, neither party was able to win a majority and, shortly afterwards, the two party leaders came to the conclusion that Gabon's population was insufficient to support a two-party system. They agreed on a single list of candidates drawn from both their parties and a new election was held in February 1961, after which Mr. M'Ba became President and Mr. Aubame became Foreign Minister.

In February 1963, the UDSG cabinet ministers resigned. President M'Ba called an election in February 1964. The UDSG failed to provide a list of candidates that satisfied the electoral process and, as a result, the BDG won the election by default. President M'Ba was deposed by the Gabonese military on 14 February 1964, but was reinstated by the French army the next day. Elections held in April 1964 were won by the BDG.

In 1966, the Constitution was amended so that if the President were to die in office, he would be automatically succeeded by the Vice President. In March 1967, President M'Ba and Omar (then Albert Bernard) Bongo Ondimba were elected President and Vice President of Gabon, respectively. Later that year, Mr. M'Ba died and Mr. Bongo Ondimba became President of Gabon.

In March 1968, President Bongo Ondimba re-established a one-party state by dissolving the BDG and replacing it with the *Parti Démocratique Gabonais* (the "**PDG**"). Mr. Bongo Ondimba was successively re-elected unopposed as President with over 99% of the vote in 1973, 1979 and 1986.

In the 1980s, as Gabon's economy deteriorated, opposition to the one-party system grew. Following a national political conference in 1990, comprehensive political reforms were made, including the reinstatement of a multi-party system. See "*Political System*". The PDG won multi-party elections in September 1990 and President Bongo Ondimba was re-elected in 1993 with 51% of the vote. As a result of the opposition parties disputing the result of this election, the Paris Accords were signed by the PDG and the opposition party, the *Haut Conseil de la Résistance*, in October 1994. Under the Paris Accords, a unified coalition government was formed. This coalition lasted until shortly before the 1996 legislative election.

The PDG won the legislative elections in 1996 and 2001. President Bongo Ondimba was re-elected in 1998 and 2005 with 66.9% and 79.2% of the vote, respectively. In June 2009, President Bongo Ondimba died while still in office, making him the longest-serving head of state in Africa to date. Elections were held on 30 August 2009 and his son, Ali Bongo Ondimba, was elected President on 16 October 2009 with 41.7% of the votes amid controversy which led to a recount of votes further to which the *Cour Constitutionnelle* (the "**Constitutional Court**") confirmed the initial result. The last presidential election was held in August 2016 which confirmed Ali Bongo Ondimba as President of Gabon.

The last presidential election was held in August 2016. There were two candidates: the President, Ali Bongo Ondimba, and Jean Ping, a member of the FUOPI political party. The President received 49.80% of the votes and Jean Ping received 48.23% of the votes. The election was followed by a prolonged period of extreme social unrest and protests, which culminated in the burning of the parliament building and an unsuccessful application to the Constitutional Court by the FUOPI contesting the results. The Constitutional Court ruled in favour of President Ali Bongo Ondimba, upholding a new seven-year mandate.

The last National Assembly elections occurred on 17 December 2011 but were boycotted by the main opposition parties leading to a landslide victory for the PDG. Currently, the two main opposition parties in Gabon are currently FUOPA ("**Front Uni de l'Opposition pour l'Alternance**") and UFC ("**Union des Forces du Changement**").

Local elections that included the participation of opposition parties were held on 14 December 2013. The PDG won the election by a significant margin, maintaining its majority in the National Assembly with 113 out of the 120 seats and in the Senate with 81 out of the 102 seats. The next elections in the National Assembly are due to occur in April 2018, and, in the Senate, in December 2020.

Population, Education, Health and Health Insurance

Population

As at 31 December 2016, Gabon had a population of approximately 1,979,000 people, compared to approximately 1,930,000 people in 2015, according to the World Bank, and is one of the least densely populated countries in Africa with just over five inhabitants per square kilometre.

There are approximately 40 ethnic groups in Gabon. The Fang, Nzebis and Punus are the largest groups, constituting approximately 60% to 70% of the population. While each ethnic group has its own culture, there are fewer differences between the ethnic groups in Gabon than in other parts of Africa as a result of the policy of national unity, which stipulated that the interests of the nation were more important than ethnic differences, advocated by the first President of Gabon and pursued by his successors.

Population growth has slowed from approximately 2.2% per year in 2000 to approximately 1.6% per year in 2005 and has increased again to approximately 1.92% per year in 2016, according to the CIA World Factbook report (2016 estimates). Gabon has a relatively young and urban population with only approximately 3.77% of the population over 65 and an estimated 54.24% aged between 15 and 64 (2016 CIA World Factbook report (2016 estimates)). According to the World Bank, an estimated 87.37% of the population lives in urban areas. The accelerated urbanisation of the population is attributed to the oil boom that began in the 1970s.

The main cities in Gabon include Libreville, the capital, with a population of approximately 707,000, Port-Gentil with a population of approximately 150,000 and Franceville with a population of approximately 110,000.

According to the 2016 CIA World Factbook, approximately 88% of the Gabonese population is Christian, approximately 6.4% is Muslim and the remainder of the population have other religious beliefs (2012 estimates).

The table below sets out selected comparative statistics as of 2016 (unless specified otherwise) in relation to Gabon, the region and certain other African countries:

	Gabon	**Nigeria**	**Côte d'Ivoire**	**Sub-Saharan Africa**	**South Africa**	**Ghana**
GNI per capita, PPP (current US$)(1)	16,720	5,740	3,610	3,592	12,860	4,150
GDP Growth (annual %)	2.3	(1.5)	8.8	1.2	0.3	3.6
Population Growth (annual %)	2.5	2.6	2.5	2.7	1.6	2.2
Life Expectancy at Birth (years)(2)	64.9	53.0	51.9	58.9	57.4	61.5
Primary School Enrolment (% gross)(3)	142.0	93.7	93.6	98.4	99.7	108.0
Infant Mortality Rate (per 1,000 live births)(2)	36.1	69.4	66.6	56.3	33.6	42.8

(1) GNI per capita is the Gross National Income, converted to US dollars using the World Bank Atlas method (which may differ from that of the Government and the IMF), divided by the midyear population. The World Bank Atlas method of conversion is used by the World Bank to smooth fluctuations in prices and exchange rates. The World Bank Atlas method applies a conversion factor that averages the exchange rate for a given year and the two preceding years, adjusted for differences in rates of inflation between the country and countries in the Euro Zone, Japan, the United Kingdom and the United States.

(2) Last figures available as of 2015.

(3) Last figures available as of 2011, excluding Nigeria (whose last available figures are from 2013), Côte d'Ivoire (2015), Sub-Saharan Africa and South Africa (2014), and Ghana (2016).

Source: World Bank, Key Development Data & Statistics

Education

The literacy rate in Gabon for people over 15 was estimated at 83.2% in 2015 and the gross enrolment rate in primary education was 142.0% in 2011 (the margin over 100% reflects the large number of students repeating education levels), according to the World Bank. There are currently 14 higher education institutions in Gabon: Omar Bongo University, the University of Sciences and Technologies of Masuku, Health Sciences Medical School, the International Centre of Medical Research of Franceville, the National School of Water and Forestry, National School of Law, Higher School of Education, Secretary Learning National School, Polytechnic Engineering School of Masuku, African Institute of Computer Science, Business National Institute, Institute of Economics and Finance, the National Administration School and the Moanda Mining and Metallurgical School. The Government has projects to build additional universities, including the Booué university (*Ecole Supérieure des Métiers de Bois de Booué*) specialising in forestry studies, and in June 2016 opened the Moanda Mining and Metallurgical School.

In order to improve the quality of education, the Government has initiated a number of projects which have been implemented or are to be implemented in the short-term. These include the ongoing construction of 3,000 classrooms, the creation of 15 science-oriented high schools and a programme under which teachers are being sent to Ghana to receive training. However, the implementation of these programmes has experienced some delays.

In line with the objectives of the ERP, and as a short-term initiative, the Government has started a number of projects in order to improve the level and quality of education in Gabon for at least 8,000 students. For example, the Government will fund the construction of an additional 160 classrooms and the renovation of several of the higher education institutions by 2019. In addition, China Exim Bank has granted a CFAF 60 billion loan for the construction of three vocational training centres.

Health

Although the healthcare system in principle covers the entire country, medical infrastructure and equipment is often worn out, outdated and poorly maintained. One pillar of the ERP targets health system reforms. Medication is not widely available, due to poor stock management and high prices. According to the World Bank, the under-five infant mortality rate decreased from 37.8 per 1,000 live births in 2010 to 31.6 per 1,000 live births in 2015 primarily due to improvements in access to clean water. Life expectancy increased significantly from 59.5 years in 2005 to 64.9 years in 2015 according to the World Bank, primarily due to general improvements in the Gabonese health care system and increased awareness and implementation of prevention measures. In addition, in 2016, 97.2% of urban households had access to safe drinking water, a relatively high proportion compared to other countries in the region. However, only 66.7% of rural households had access to safe drinking water.

A major health risk affecting Gabon is malaria. According to the *Université des Sciences et de la Santé*, malaria is the primary cause of death, absenteeism, medical consultation and hospitalisation in Gabon. In 2014, malaria infected between 15% and 25% of the Gabonese population, 34% of the people infected were hospitalised and 23% of the people infected died. Gabon currently has a national five-year plan to fight malaria for the period 2013-2017 at an estimated cost of CFAF 56 billion.

Tackling HIV/AIDS is also one of the Government's priorities in the health sector. According to UNAID, as of 2015, approximately 3.8% of the population aged between 15 and 49 years were infected with HIV in Gabon. The current programme to fight HIV, which derives from the vision and objectives of Emerging Gabon and the ERP, is based on two pillars. The first pillar aims to prevent the spread of HIV in Gabon via awareness actions and information campaigns. The second pillar is that all the costs of HIV prevention and treatment are to be borne by the Government. The Government committed approximately CFAF 2 billion to the fight against HIV by 2016.

Gabon currently dedicates approximately 5% of the annual State budget to the health sector, which is well below the 15% recommended in the Abuja Declaration of the World Health Organisation of 2000.

In 2004, Cuba and Gabon signed a cooperation agreement in the field of health care. Under the agreement, Cuba sends doctors to work in Libreville and shares medical and health-related expertise with local Gabonese doctors and medical students. There are currently 25 Cuban doctors in Gabon working in a newly established medical centre. The Government intends to increase that number to 60 and construct a Cuban-Gabonese hospital.

There have been no reported cases of Ebola infection in Gabon since 2002, but the Government remains vigilant for unexplained illnesses in those who have visited affected areas, particularly in light of recent outbreaks in Congo and Côte d'Ivoire. There have been no significant Zika virus outbreaks in Gabon, and the Government has been particularly vigilant at the country's points of entry (borders, ports, airports).

Health Insurance

Gabon has a compulsory health insurance scheme established in August 2007 by order 0022/PR/2007, which was subsequently ratified in January 2008 by law 034/2007. This legislation both introduced the scheme and established the managing body, the *Caisse Nationale d'Assurance Maladie et de Garantie Sociale* ("**CNAMGS**").

The CNAMGS, whose aim is to improve access to healthcare, consists of five health insurance funds: three health insurance funds for the private sector, a health insurance fund for the public sector and a social guarantee fund for Gabonese people who are unable to afford the scheme. The first fund, which became operational in 2009, was the social guarantee fund. It is available to Gabonese citizens aged at least 16 and whose income is lower than the statutory minimum wage of CFAF 80,000 per month, as verified by the CNAMGS (the Government estimated, as at 1 October 2015, that approximately 510,500 citizens qualified). The three private sector funds became operational in January 2014. The three funds currently in operation cover more than half of the population. The social guarantee fund is funded by an indirect tax levied on the turnover of mobile phone companies and on the transfer of funds outside the CEMAC zone. The public sector fund is funded by social security contributions from the State. Any surplus generated by the social guarantee fund and the public sector fund is set aside for future social welfare use following the recommendations of the regional conference on social welfare (*Conférence Interafricaine de la Prévoyance Sociale*). The goal of the

CNAMGS is to return to equilibrium before 2019. To help achieve this goal, a special social solidarity contribution was adopted in 2017.

In 2015, the CNAMGS spent approximately CFAF 16 billion on health services in the context of the health insurance scheme. The Government has also strengthened social safety nets in favour of vulnerable members of the population (disabled people, young mothers, etc.), to which it allocated CFAF 3 billion in direct aid in 2015. In order to cope with the increased health expenditures and to guarantee the future medical care of newly insured people, a new solidarity contribution mechanism was introduced in the 2017 budget with a view to assisting the Government in ensuring better coverage.

Political System

In 1961, Gabon adopted a constitution and became a unitary republic with a presidential form of government. The constitution was amended in 1966 to allow for the automatic succession of the Vice President if the President were to die in office and in 1975 to replace the office of Vice President with that of Prime Minister, with no automatic right of succession. In 1990, the Government made significant changes to the country's political system. A transitional constitution was drafted in May 1990 as a result of a national political conference earlier that year and was unanimously adopted by the National Assembly in March 1991. This constitution provided for a bill of rights, the creation of a Senate, the decentralisation of the budgetary process, freedom of assembly and press and an independent judiciary. The constitution was amended in 1997 to extend presidential terms to seven years and to re-establish the office of Vice President (though with no automatic right of succession) and, in 2003, to remove the limits on the number of terms which the President may serve (which was previously limited to two terms) and to limit elections to one round of voting instead of two (the 1991 constitution, as amended, the "**Constitution**").

The Constitution was further amended in 2011 by the law of 12 January 2011 to increase the time within which new Presidential elections must be held following the death of the President or vacancy, from 30 days to two months.

Executive Branch

The President

The President is Gabon's head of state, elected in a single round of elections by direct universal suffrage for a seven-year term. Following an amendment to the Constitution in 2003, there is no restriction on the number of terms which a President may serve. Ali Bongo Ondimba has served as President of Gabon since 2009. He won the election for a first term in office, following the death of his father and former President, in August 2009 with 41.7% of the vote. The last presidential election was held in August 2016. There were two main candidates: the President, Ali Bongo Ondimba, and Jean Ping, a member of the FUOPA political party. The President's party, the PDG, petitioned the Constitutional Court to disallow Mr Ping's candidacy but were unsuccessful. In the election the President received 49.80% of the votes and Mr Ping received 48.23% of the votes. The announcement of the election result was followed by major protests which culminated in the burning of the parliament building and an unsuccessful application to the Constitutional Court by the FUOPA challenging the electoral results. The Constitutional Court ruled in favour of President Bongo, upholding his election through to 2023. Following the election, President Bongo appointed a new government, including the appointment of a new Prime Minister.

The Constitution grants broad powers to the President including:

- in conjunction with the Government, the formulation of state policy and supervision of its implementation;
- the appointment and dismissal of the Vice President and the Prime Minister and the appointment of members of the Government in consultation with the Prime Minister;
- the negotiation and execution of treaties and international agreements and the appointment of ambassadors;
- the calling of referenda for the adoption of laws relating to the principles contained in the preamble or preliminary title of the Constitution;

- the right to declare a state of emergency as provided in the Constitution;
- the right to declare a legislative act (called an ordinance) during parliamentary intersession if authorised by the Parliament;
- the right to dissolve the National Assembly for any reason twice per term of office, causing legislative elections to be held between 30 and 45 days after the dissolution; and
- the promulgation of all laws.

The President is also the commander-in-chief of the armed forces.

The Constitution provides that if the office of the President becomes vacant by reason of death, resignation or removal, new presidential elections are to be held within two months after such vacancy arises. During the interim period, the President of the Senate shall exercise the office of President, or, if he cannot exercise such office, the Vice President, shall exercise the office of President.

The Government

The Prime Minister and his ministers make up the Government of Gabon. The Government is accountable to the President and the National Assembly and conducts state policy in conjunction with the President. The Prime Minister is the head of the Government and is appointed by the President. The other ministers are appointed by the President in consultation with the Prime Minister. The Prime Minister supervises the work of the Government and the execution of the laws. The current Prime Minister is Mr. Emmanuel Issoze-Ngondet, appointed in September 2016 to head the new government appointed following the last Presidential election. There is no requirement under the Constitution to appoint ministers from among members of Parliament. The Government's primary purposes are to put into practice public policies and to apply the budget adopted by Parliament.

Legislative Branch

The Constitution provides for a Parliament with two chambers:

- The National Assembly, the lower chamber, has 120 seats, and its members are elected by universal suffrage for a five-year term. The next election is due to be held in April 2018. The President of the National Assembly is elected by the members of the National Assembly according to its internal rules.
- The Senate, the upper chamber, has 102 seats, and its members are elected by municipal and regional councillors for a six-year term. The next election is due to be held in December 2020. The President of the Senate is elected by the members of the Senate according to its internal rules.

The Parliament is in session twice a year, from the third Tuesday in March to the fourth Friday in June and from the first Tuesday in October until the third Friday in December. The Parliament discusses and approves the national budget and the budgets of the economic authorities.

Both the Government and the Parliament have the authority to propose draft laws: *projets de loi* come from the Government and *propositions de loi* come from the Parliament. After a draft law is submitted, each chamber of Parliament votes on it. The National Assembly approves laws by a majority of more than 50% which are then submitted to the Senate which approves laws by a majority of more than 50%. A majority of two-thirds in each of the National Assembly and in the Senate is required for approvals of amendments to the constitution. Laws are then promulgated by the President. If the Senate makes amendments to a draft law that has been approved by the National Assembly and the National Assembly does not approve the Senate's amendments, the matter is referred to the *Commission Paritaire*, a commission comprised of seven members and seven substitutes of the National Assembly and seven members and seven substitutes of the Senate and which meets when the two chambers cannot agree on a draft law. The President may refuse to promulgate a law and ask the Parliament to re-examine certain provisions of a law. A law re-examined by the Parliament must be approved by two-thirds of the votes of each chamber. If the President still refuses to promulgate a law, the law is submitted to the Constitutional Court which checks the conformity of the law with the Constitution. If the Constitutional Court decides that it does conform to the Constitution, then the President must promulgate the law.

Legislation concerning matters listed in article 47 of the Constitution, which relates to social and economic programmes, criminal matters and citizens' fundamental rights, must be introduced by an act of Parliament. According to article 52 of the Constitution, in cases of emergency when the Parliament is not in session, the council of ministers may ask the Parliament for authorisation to declare ordinances, signed by the President, which come into force on their publication, but must be ratified by the Parliament during the next session. The Parliament can also amend ordinances.

The Parliament provides checks on the Government through written and oral questions and the National Assembly can also pass a vote of censure on its own initiative or a vote of no confidence at the request of the Prime Minister, in which case the Prime Minister must immediately offer his resignation to the President.

Judicial Branch

The main courts of the Gabonese judicial system are the Constitutional Court, *the Cour de Cassation* (Court of Appeal), the *Conseil d'Etat* (State Council) and the *Cour des Comptes* (Audit Court). Judicial power is independent and is exercised in compliance with the Constitution.

The Constitutional Court is the highest court in Gabon. It is responsible for the protection of constitutional and legal rights, for resolving legal disputes between the executive, legislative and judicial branches and for regulating the election process. It also has the power to determine the conformity of proposed laws with the Constitution and can prevent proposed laws that are deemed to be unconstitutional from coming into force. The Constitutional Court is composed of nine judges appointed for seven years: three are appointed by the President, three are appointed by the President of the Senate and three are appointed by the President of the National Assembly.

The *Cour de Cassation* is the highest civil, commercial, social and criminal court. It is divided into four chambers, each specialising in one of civil, commercial, social or criminal law. Below it are appeal courts, the courts of first instance and the high courts.

The *Conseil d'Etat* is the highest administrative court and court of judicial review of activities of the President, the Government and other public bodies. It also has an advisory role, in that the Government may refer drafts of laws and regulations to it for legal advice.

The *Cour des Comptes* is responsible for controlling public finances. It has the jurisdiction to audit the accounts of Governmental and other public and semi-public bodies. It adjudicates on all conflicts arising from auditing these bodies, presents reports to Parliament and to the Government and may sanction the authorities concerned, in addition to any other possible criminal investigations and prosecutions.

The *Haute Cour de Justice* (High Court of Justice) is a non-permanent body which judges the President in case of an alleged breach of oath or high treason. It comprises 13 members, six of which are members of Parliament elected by Parliament on a *pro rata* basis according to the number of seats each party holds and seven of which are professional magistrates appointed by the *conseil supérieur*, which is headed by the President. A majority of each chamber of Parliament must order the President to stand before the *Haute Cour de Justice*. When the Parliament is not in session, the Prime Minister may, in exceptional circumstances, summon Parliament for this purpose.

The *Agence Judiciaire de l'Etat* is a body created in 2012 whose mission is to represent the State in proceedings instituted against it.

Political Parties

The main political parties in Gabon are the PDG, the FUOPA and the UFC. The PDG has been in power since 1968, and won 113 out of the 120 seats in the last National Assembly election in December 2011. The RPG won three seats and three other parties won one seat each.

The boycott by the opposition parties of the legislative elections in December 2011 led to a landslide victory for the PDG. The opposition parties participated in the 2013 local elections which were largely won by the PDG. In both the 2009 and the 2016 Presidential elections, opposition parties have contested the election result and on each occasion unsuccessfully petitioned the Constitutional Court to have the results annulled. See "*The Gabonese Republic—History*".

Local Authorities

Gabon is divided into nine provinces, 47 departments and 50 municipalities. Each province is administered by a governor. Each department has a departmental council and each municipality has a municipal council. The departmental councils and municipal councils are deliberative bodies and vote on their local budget and implement their own programme. The members of the departmental and municipal councils are elected by popular vote for five-year terms. The head of the departmental council is the president of the departmental council who is also elected for a five-year term by the members of the departmental council. The head of the municipal council is the mayor who is also elected for a five-year term by the members of the municipal council.

There has been a recent decentralisation of powers to these local authorities, which perform different functions in education, health, public utilities and housing. However, these local authorities do not currently have the necessary resources to exercise these functions and mainly rely on central funding and assistance. Gabon intends to progressively increase the resources of local authorities, notably through the transfer of the tax revenues and the collection of taxes from the central to the local authorities.

Legal Framework

The Gabonese legal system draws inspiration from the French civil law system and customs. There are three direct sources of Gabonese law: national legislation, regional legislation and international treaties.

Since 1959, Gabon has had an official gazette known as the *Journal Officiel de la République du Gabon* in which all laws and regulations must be published. It is published by the Directorate of Official Publications.

As in most former French colonies, the French Civil Code of 1804 is the reference document for non-criminal aspects of the legal system. The civil code was introduced in French colonies in 1833. It comprises the basic family, inheritance, trust, tort and contract law and the basic rules regarding the status of persons. Since its independence, Gabon has continued to use the code (as updated by France in 1960) and gradually amended it based on its own national considerations and requirements.

The criminal code has been amended to ban the death penalty in Gabon. There has been a moratorium on executions since the early 1980s.

Legal and Arbitral Proceedings

Dispute with Addax Petroleum

On 18 August 2011, Addax Petroleum (a subsidiary of the Chinese Sinopec Group) ("**Addax**") sought to renew its exclusive operating licence with Gabon. Given all the technical, environmental and financial (tax and customs) issues caused by Addax's activity on the Obangue field, the renewal was conditional upon Addax providing additional information. The administration in charge at the time did not receive the supplementary information requested and therefore in June 2012 the renewal request was rejected. A temporary management agreement for the field was signed by Gabon and Addax on 22 June 2012 under which both parties agreed to cooperate to adequately manage the oil operations pending resolution of their differences. However, in December 2012, contrary to Addax's instruction to close the Obangue field, Gabon seized the field pursuant to Law 3/85 dated 27 June 1985 and handed the field's operations over to the parastatal Gabon Oil Company ("**GOC**"). Since the takeover by the GOC, production at the Obangue field has almost halved.

In June 2013, Gabon also confirmed its intention to reclaim other oil assets from Addax located on the main onshore Tsiengui field when the contract came up for renewal in 2015. Gabon argued that Addax was in breach of contract as it had not complied with the country's hydrocarbons and environment code and that it had not paid customs duties. Addax rejected these allegations and sought US$330 million in damages. Gabon issued a counterclaim for US$780 million. In September 2013, the International Chamber of Commerce rejected Addax's request for "emergency interim measures", with the aim of preserving the *status quo*. In 2013, the parties finally reached an agreement providing for a settlement amount to be paid to Gabon from Addax and for the restitution to Addax of its share of the oil produced by the Obangue and Tsiengui fields during the litigation, and a new single operating and production sharing contract was entered into in relation to the Obangue and Tsiengui fields.

Dispute with CECF Transgabonais

In 2003, the *Compagnie Minière de L'Ogooué* ("**Comilog**") won the concession to manage the national rail network. The concession was originally awarded to CECF, but was withdrawn due to alleged poor management. In September 2003, CECF asked the ICSID to arbitrate the matter, claiming damages in the amount of CFAF 207 billion (for economic loss, unrealised gain and interest and damages) and €950,000 (for legal fees and other expenses). The Committee of the ICSID issued an arbitral award on 7 March 2008 against Gabon requiring it to indemnify the CECF shareholders for a total amount of CFAF 154 billion. As at the date of this Prospectus, after negotiations with certain groups of creditors, Gabon has paid them CFAF 41 billion and CFAF 6 billion remain outstanding.

Dispute with Tullow Oil

Tullow Oil plc, a London-listed oil and gas exploration company, owns a minority stake in the Onal field onshore licence operated by Maurel & Prom. In 2014, the Government decided to renew the licence, despite Tullow Oil's objection that the renewal was not due for over a decade. In the renewal process, Tullow Oil's 7.5% stake in the field was effectively expropriated. Following complaints from Tullow Oil, former British Prime Minister David Cameron intervened by engaging in dialogue with Gabon's President Ali Bongo Ondimba in April 2015. Following this correspondence, Tullow's licence was extended and its 7.5% stake in the Onal field was returned. The dispute was resolved in 2016, allowing Tullow's licence to be extended to 2034 and giving it access to certain smaller oil fields in the Ezanga block.

Dispute with Equatorial Guinea

Since the 1970s, Gabon and Equatorial Guinea have disputed the sovereignty of three small islands (Mbagne, Cocotiers and Congas) near the maritime border between the two countries. The islands and the nearby waters are believed to be rich in oil reserves, increasing their importance for each country. The matter has been in mediation since 2004 by UN mediators, without any resolution satisfactory to both parties having been found. In 2016, both parties agreed to submit this dispute to the International Court of Justice at the Hague where the matter is still pending. Settlement of this dispute is still expected to take several years.

Other Investigations and Proceedings

As is the case in relation to many emerging market countries, there have been allegations of corruption and misuse of funds by public officials in Gabon and by their families.

In particular, there have been a number of allegations by non-governmental, non-Gabonese organisations in France, including Transparency International, relating to assets in France and elsewhere owned or controlled by members of the Ondimba family, including the former President. Some of these allegations were investigated by the public prosecutor in Paris who, in November 2007, decided not to initiate prosecution and closed the investigation. However, since then, further investigations have been carried out following a determination by the French *Cour de Cassation* in November 2010 that Transparency International's allegations should be investigated. As a result, an investigation was opened and two prosecutors were appointed. In February 2013, a warrant was obtained to search houses in Paris and Nice belonging to the Ondimba family. Later in 2013, Tracfin (the French governmental anti-money laundering agency) passed on to the prosecutors certain information relating to bank accounts in San Marino allegedly controlled by members of the Ondimba family and details of further accounts (alleged to be similarly controlled and holding some €30 million) were disclosed in 2014, by the Monaco authorities. The aim of the French investigation is to determine whether the French assets were bought using official Gabonese funds. In response to these allegations, the President has asserted that he does not personally possess any assets in France. However in April 2016, French properties in Nice and Paris owned by the Ondimba family were seized by investigating judges. The investigation regarding these properties is still ongoing.

Recent media reports have included allegations of corruption by the Ondimba family and assertions that entities in which the family has an interest have participated in tenders for public contracts so giving rise to potential conflicts of interest. There is currently a long-running inheritance dispute involving the members of the late President Omar Bongo's large family, including President Ali Bongo Ondimba and his sister, Pascaline Bongo Ondimba, concerning the late President Omar Bongo's assets, which are reported to include investments in a number of Gabonese companies and local subsidiaries of French multinationals held through a family holding company. The interests in these assets as between the various family members is not expected to be settled until the end of the inheritance dispute which, given the multiple beneficial owners, may still take several more years.

Marie-Madeleine Mborantsuo, the President of the Constitutional Court, has been under investigation in France since March 2017 for allegedly embezzling public funds and money laundering, although the Gabonese authorities have not officially been approached in this matter. More recently, investigations into crimes allegedly perpetrated during the post-election violence period have been opened by the International Criminal Court and the French authorities.

See also "*Risk Factors—Risks Relating to Gabon—Legal and arbitral proceedings may have outcomes adverse to Gabon's interests*".

Foreign Relations

Gabon has been a strong proponent of regional stability and has been involved in mediating several conflicts in Africa. Gabon is a founding member of the Gulf of Guinea Commission, an organisation designed to facilitate dialogue and conflict management between eight regional states.

Since Gabon's independence from France in 1960, relations between Gabon and France have remained strong. In January 2016, Gabon recalled its Ambassador to France, following comments made by a former French Prime Minister on the Gabonese political system. A new Gabonese Ambassador to France was recently appointed and France and Gabon continue to have a good relationship.

In 2010, France and Gabon signed an action plan that focused on two key pillars: (i) to strengthen the political partnership between the two countries and in particular in the defence and security and governance sectors and (ii) to establish an economic partnership to support Emerging Gabon. French-owned businesses are dominant in Gabon, and France is Gabon's main source of imports and an important export market. French companies are currently participating in key reform sectors of Emerging Gabon and the ERP such as the industry, the environment and value-added services. As of December 2016, there were 450 French troops stationed in Libreville, although France has announced its intention to reduce the size of its military forces it keeps throughout Africa

There is a French cultural institute in Libreville which further reinforces the cultural relationship between the two countries.

While Gabon has good relations generally with the EU, in January 2017, the EU Parliament adopted a resolution regarding both Gabon and the Democratic Republic of Congo in which it expressed concerns regarding the respective post-electoral crises in both countries. The European Development Fund ("**EDF**") is the EU's main vehicle for development cooperation in African and Caribbean and Pacific ("**ACP**") states such as Gabon, focusing on economic growth and reduction of poverty. The ninth EDF, which covered 2000 to 2007, focused on developing the Gabonese road network. Under the ninth EDF, Gabon agreed to promote good governance, combat corruption and seek to prevent illegal immigration into the European Union, in return for funds and general development assistance. The tenth EDF, which covers 2008 to 2013, increased the budget devoted to regional programmes and created "incentive amounts", which are extra resources that countries can earn by improving their governance (in particular, management of their financial, tax and legal systems). The eleventh EDF, which covers 2014 to 2020, provides for a funding of €11 million for projects in Gabon and focuses on vocational training to improve professional development and foster integration into the workforce.

Gabon is currently negotiating, along with other countries in the ACP region, an economic partnership agreement with the EU aimed at removing customs barriers between the two regions. Discussions are still ongoing between the CEMAC members and the EU.

Gabon was subject to the system of generalised preferences (*Système de Préférence Généralisée*) with the EU and its plywood was taxed at 6.5% until the end of 2013. Since no renewal agreement was reached as of January 2014, Gabon is now subject to the most-favoured nation clause.

Gabon has had diplomatic relations with the United States since 1961. Gabon has an embassy in Washington and the United States has one in Libreville. In addition, American companies are active in the oil sector. The United States is a significant purchaser of Gabon's crude oil and manganese, and exports production equipment to Gabon and provides limited training for the Gabonese military. Under the African Growth and

Opportunity Act, Gabon is able to export certain products into the United States tariff free. An agreement relating to the promotion and protection of investments is currently being negotiated between the two countries. The Gabonese national agency of grants (*l'Agence Nationale des Bourses du Gabon*) and the University of Oregon signed an agreement in June 2011 relating to education and research.

April 2014 marked the 40th anniversary of diplomatic relations between Gabon and China. Following his re-election, the President's first state visit was to China in December 2016. Gabon and China have an embassy in Beijing and Libreville, respectively. Numerous Chinese companies are involved in several economic sectors in Gabon. China and Gabon have actively cooperated in the fishing industry, the pharmaceutical industry, forest development and timber processing, among others. Gabon is one of China's largest trading partners in Central and West Africa. Many Gabonese students study in Chinese universities. The disagreement in relation to the Bélinga deposit did not deteriorate the relations between the two countries and has been effectively settled, according to the Government. See "*Principal Sectors of the Economy—Mining and Processing—Iron*".

Membership of Organisations

Gabon has been a member of the United Nations (the "**UN**") since 20 September 1960 and the World Bank and the IMF since 10 September 1963. Gabon was a non-permanent member to the UN Security Council in 2010-2011. See "*Public Debt—Relations with Creditors*" for information on Gabon's relationships with the World Bank and the IMF. Gabon became a member of OPEC in 1975 but terminated its membership in 1995 due to fiscal consolidation efforts, as the annual registration fees were sizeable. However, it re-joined the organisation on 1 July 2016 in order to benefit from the extensive network and informational benefits.

Gabon joined the World Trade Organisation (the "**WTO**") on 1 January 1995. Gabon committed to a multilateral trading system and made efforts to improve its customs procedures and facilitate trade. Gabon has a common external tariff ("**CET**") with the member countries of CEMAC (a regional grouping discussed below). The CET is relatively high and its structure has undermined competitiveness and economic growth prospects. There are currently four common external tariffs within the CEMAC region, ranging from 5% to 30%, depending on the nature of the imported goods. Gabon, as current head of the CEMAC, has been advocating for an overall reduction and simplification of the CET, to only three bands and a maximum rate of 20%. See "*Foreign Trade and Balance of Payments—Foreign Direct Investment*" and "*Trade Policy*".

Gabon is one of 54 members of the African Union (the "**AU**"), the successor to the Organisation of African Unity. The AU is modelled on the European Union and has had a parliament since March 2004 when the Pan African Parliament was created. In addition, the AU aims to have a central bank, a court of justice, common defence and a single currency. Its day-to-day affairs are run by the AU Commission, which was headed by a representative from Gabon between 2008 and 2012 and is now headed by Moussa Faki, the former Prime Minister of Chad. All member states are expected to pledge 0.5% of their GDP to fund the AU. However, few member states (including Gabon) comply with the funding requirement, and many members are reluctant to make the necessary concessions regarding their sovereignty. The AU can, however, sanction military interventions through its Peace and Security Council, which it did in Mali. In 2016, Gabon contributed approximately CFAF 1,154 billion. In order to finance AU contributions, the Government has implemented a tax on imports.

Gabon is also a member of the CEMAC, a regional grouping which consists of six Central African countries, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Equatorial Guinea and Gabon. In 1994, the member countries established a fully-fledged economic and monetary union, strengthening the existing customs and monetary union, which originated in the colonial era. The treaty was formally ratified in 1999. The main policy objectives were to create a fully functioning and effective customs union, to ensure a system of macroeconomic surveillance and to promote sectoral policies to create a common market for goods, capital and services. Regional institutions were established, including a Judicial Court of the Community, which can intervene on legal issues concerning member states, enterprises and individuals, an Inter-Parliamentary Commission, with responsibility to promote regional integration at a political level, and a Parliament of the Community, with responsibility for controlling regional institutions. These countries have a common currency, the CFA franc, and a single monetary policy under the control of the BEAC. See "*Monetary System—Monetary Policy and the BEAC*". Gabon currently holds the presidency of CEMAC.

To further strengthen regional integration, the CEMAC members met in June 2013 and initially agreed to introduce the free movement of goods and persons within the CEMAC region as of January 2014. Those measures were delayed pending the implementation of security measures such as biometric passports, but at the CEMAC conference held on 6 May 2015, the Heads of State decided to immediately allow the free movement of people within the region, provided that they have a biometric passport. The free movement of people in the CEMAC region is effectively stalled until the implementation of the biometric passports.

Gabon is a member of the Economic Community of Central African States (the "**ECCAS**"). The organisation was established in 1985, but was dormant between 1992 and 1997 before becoming active again in 1998. Eleven central African states are members. The organisation focuses on economic, political and cultural development and cooperation, the maintenance of peace, security and stability, the elimination of tariffs on exports between member states and other barriers to commerce, the establishment of a common tariff and foreign policy, the elimination of barriers to the free movement of goods, capital and services, the harmonisation of national policies in areas such as industry, energy and agriculture, the creation of a development and cooperation fund and the promotion of peace, security and stability in Central Africa. The ECCAS also operates as a driving force for New Partnership for Africa's Development ("**NEPAD**"). NEPAD, which receives funding from the AU, has been focused on developing the road network in Gabon. It is in that framework that the *Plan Directeur Consensuel en Afrique Centrale* was created, its aim is to have a road network connecting some of the capital cities in the region.

The Gulf of Guinea waters are increasingly prone to piracy, and to combat this threat the countries in the region organised a summit on piracy in June 2013 in Yaoundé, the capital of Cameroon. The countries that participated in the summit agreed to implement a series of political measures focusing on the AIM 2050 Strategy adopted by the African Union, to create a regional organ in charge of fighting piracy and to dispatch an international naval force. The implementation and success of these measures will depend upon the harmonisation of a legal and institutional framework between the countries of the Gulf of Guinea. The countries in the region are also receiving assistance from the US Navy in the fight against piracy. In the context of the Blue Gabon pillar of the Emerging Gabon strategy described below (see "*The Economy—Emerging Gabon*"), Gabon entered into an agreement with the Italian satellite company, Telespazio, in 2014, in order to use satellite surveillance to help fight piracy in the Gulf of Guinea.

THE ECONOMY

Overview and Economic Policy

The economy of Gabon has historically been, and still is, dominated by, and highly dependent on, the oil sector. Prior to oil production beginning in 1956, the economy relied on timber production. Non-oil sectors, in particular mining and forestry, are playing an increasingly important role in the Gabonese economy.

In 2016, the oil sector accounted for an estimated 16.3% of Gabon's GDP, 80% of export earnings, and 30% of fiscal revenue in 2016, according to the IMF. This makes the economy particularly vulnerable to oil price fluctuations because, other than the agriculture and mining sectors, non-oil economic sectors are still dependent on public spending, which itself largely depends on oil revenues. The IMF estimates that oil production levels will naturally decline by 3% annually, which is expected to cause the oil sector to contract in 2017 by approximately 2.7% in real terms as compared to 2016. Since 2014, the reduction of investment by oil companies, combined with their efforts to reduce their operating costs, has negatively impacted the services sector.

Over the last decade, the dependence on the oil sector has been partially offset by actions taken to foster the development of the non-oil sector, whose GDP grew at a rate of 5.1% to CFAF 4,506.2 billion in 2014, by 3.8% to CFAF 4,650.9 billion in 2015 and by 2.9% to CFAF 4,787.7 billion in 2016 in real terms. However, non-oil growth is expected to decrease from 2.9% to 1.7% in 2017. Non-oil fiscal revenues represent a decreasing share of total fiscal revenues, reaching approximately CFAF 1,001 billion or 70% of total revenues in 2016 from CFAF 1,351 billion or 50% of total fiscal revenues in 2014. The non-oil fiscal revenue is expected to grow to CFAF 1,093 or by 9.1% in 2017 compared to 2016.

Overall, Gabon's annual real GDP growth has progressively declined from an average of 6% over the period from 2010 to 2013 to 3.5% between 2014 and 2016, and is expected to fall to 2.4% for 2017 according to the Gabonese authorities. The primary factors responsible for this slowdown have been (i) decline in oil prices, (ii) decreased production in the oil sector, and (iii) insufficient growth in the non-oil sector.

The Government also expects that the implementation of its Emerging Gabon strategy, which was implemented starting in 2011, and whose aim is to develop Gabon's infrastructure and diversify the economy through public investments and incentives to the private sector, along with the implementation of various policies including, in particular, the ERP, will encourage the growth of Gabon's economy and improve Gabon's current economic prospects. See "*The Economy—Emerging Gabon*". In parallel to the reductions public spending that are expected to be generated by this plan, the Government has been implementing measures to rationalise its budget and improve tax collection. See "*Public Finance—Taxation*". The Government is also aiming to reduce public spending by cutting back on subsidies to public and private companies and on fuel subsidies. These measures and policies are aimed at increasing the current real GDP growth rate to 5% by 2020.

Gabon's monetary policy is managed by the BEAC, which acts as the central bank for the six members of the CEMAC. See "*Monetary System*".

Despite its relatively high GDP (Gabon's income per capita was US$7,389 in 2016, according to the authorities), one-third of the Gabonese population lives in poverty. The Government set out its strategy to fight poverty in its 2012 Growth and Reduction of Poverty Strategy document, which is supported by the *Agence Française de Développement* ("**AFD**"), a French state entity specialising in implementing financial operations that support economic and financial development in French overseas territories and other countries. The strategy is based on four pillars: promoting strong economic growth, especially in sectors that will have to contribute more heavily to economic growth as Gabon's oil reserves are diminished, improving infrastructure, improving access to essential services and improving governance.

Gabon expects economic growth to be achieved by encouraging private sector growth, which is expected to be facilitated by the implementation of a more favourable legislative and regulatory framework. For example, Law 10/2011 of 18 July 2011 created special economic zones in the country, which benefit from tax and other incentives. See "*Principal Sectors of the Economy—Special Economic Zones*".

In recent years, growth in the private sector has been supported by a major privatisation programme, which is still ongoing (although the major phase of the programme was completed in 2008–2009). See "*The Economy—Privatisation, Restructuring and Liquidation Programme*".

The Government believes that economic growth and the development of a robust private sector require the development of infrastructure, in particular as a pre-condition to the success of Emerging Gabon and the ERP. Limited local infrastructure, long distances between rural and urban areas and resulting high transport costs are barriers to developing a significant portion of Gabon's mineral resources and diversifying its economy. From 2014 to 2016, the Government invested almost CFAF 1,400 billion to build new infrastructure and improve existing infrastructure, with a focus on transport, energy and technology, in line with its Emerging Gabon strategy. The proceeds of Gabon's US$1.5 billion international bond issuance in 2013 (which included approximately US$819 million of new money) were allocated as follows: 45.4% to the exchange offer (as consideration for certain of Gabon's US$1,000,000,000 8.20% Notes due 2017 that were acquired in the exchange offer), 14.7% for infrastructure projects (of which 80.9% was for transport infrastructure – notably roads, bridges and rural roads – and 19.1% for the construction of educational facilities and social housing), and 39.9% remains unused. The proceeds of Gabon'sUS$500 million international bond issuance in 2015 were allocated to finance various infrastructure projects and improvements, principally in the transport sector (such as urban and rural roads, bridges and inter-city road connections) but also, to a lesser extent, in the education sector and in water and sanitation facilities, all within the framework of the "*schéma national directeur d'infrastructure*".

Due to the decline in the volume and value of oil production and exports, and therefore in fiscal revenue, the Government had to decrease its expenses in 2015 and 2016. In particular, investment decreased by 30% between 2014 (CFAF 607 billion) and 2015 (CFAF 423 billion) and by 4% between 2016 (CFAF 405 billion) and 2015. Public investment is expected to increase by 4% to CFAF 421 billion in 2017. In 2016, 41% of investment spending (CFAF 166 billion) was from the Government's own funds and 59% (CFAF 239 billion) was derived from external funding.

Key projects include the development of the airport in Port-Gentil into an international airport which was inaugurated by the President in June 2016, and the development of infrastructure in the energy sector, such as the Grand Poubara power plant whose capacity is to be increased from 160 megawatts in 2014 to 280 megawatts in the medium term, as the capacity of the power plant is not currently being fully utilized. Another key medium-term project is to build a strong road network linking the five industrial centres of the country, Bélinga, Franceville, Libreville, Mayumba and Port-Gentil. See "*The Economy—Principal Sectors of the Economy—Infrastructure*". In order to stabilise oil revenue and reduce the impact of commodity prices (and, in particular, oil prices) and fluctuations in fiscal policy and public investment, the Government, following the example of other oil producing countries, set up a stabilisation fund in 2015, which is financed by oil and mining revenues. Over the past two years, the stabilisation fund has not taken any material actions and has only marginally contributed to the Government's budget. See "*Public Finance—Stabilisation Fund*".

In terms of human development, the Government is dedicated to improving education and the health system. In education, new schools and universities have recently been built and more are planned in the short-term. In addition, investment in the new health insurance system aims to provide adequate coverage for most of the population and the Government is committed to fight against HIV and malaria as well as other diseases. See "*The Gabonese Republic—Population, Education, Health and Health Insurance*".

Key policies for 2017-2020

In the context of the broader goals of Emerging Gabon (set out below) and as a result of an extraordinary summit of the CEMAC heads-of-state summit in Yaoundé on 23 December 2016, the Government has developed the ERP which sets out a short-term roadmap for the country, responding to the recent economic contraction and drop in oil prices. To achieve the goals of the ERP, Gabon requested an extended arrangement under the EFF, which was accepted by the IMF in June 2017 (see "*Public Debt—IMF*").

The implementation of policies under the ERP, which is subject to a number of conditions and milestones, will be regularly monitored by the IMF. The first review is scheduled for December 2017 and will be based on data collected by the end of June 2017. The second review is set for June 2018 and will be based on data collected by the end of December 2017.

As the decrease in oil production and revenues and the oil crisis continued, Gabon was compelled to find alternative avenues for funding for the implementation of Emerging Gabon. On 5 June 2017, Gabon filed a memorandum with the IMF to request additional funds to implement the objectives of Emerging Gabon. In exchange for IMF funds, Gabon has elaborated a framework of policies to be implemented between 2017-2020 (see "*Economy—Key policies for 2017-2020*"). Within this framework, the Government sets out the primary objectives of the ERP.

The ERP extends over the period from 2017 to 2020, in order to further the goals of Emerging Gabon, taking into account socioeconomic constraints. The ERP aims to accelerate economic diversification and enhance the impact of public policies on the Gabonese population, while targeting sustainable public finances. The main objectives of the ERP are to: (i) re-establish sustainable and balanced public finances, (ii) control public debt, (iii) stimulate the creation of wealth and increase employment and (iv) reduce poverty and increase the quality of life of the population. In order to attain these objectives, the ERP is supported by five strategic pillars: (i) optimisation of revenues and financing of the economy, (ii) control of public spending, (iii) reinforcement of the competitiveness of state-owned enterprises, (iv) improving the business landscape and (v) improving the quality of services to citizens.

In order to achieve the main objectives and strategic pillars, the ERP is built around four overarching principles:

1. In order to guarantee the orthodoxy of public finance management, the Government is stressing the importance of the rules of good governance and the need to respect applicable laws and regulations. The application and enforcement of these laws and rules are aimed at re-establishing equilibrium in public finances (with a public debt deficit of less than 3% of GDP and public debt of less than 40% of GDP) and will reinforce the fiscal credibility of the Government, both domestically and internationally.

2. By promoting innovative solutions in the context of public finance, the Government is seeking to expand its options in order to find new solutions to improve the performance of public action and the quality of services to its citizens, in order to attain a GDP growth rate of 5% and ensure a balance of payments at the equilibrium.

3. By systematically prioritising economic plans that have a direct and immediate impact of the quality of life of Gabonese citizens, the Government will focus on solutions that are most likely to create new employment opportunities and improve the quality of life of the Gabonese people, with a target of creating 30,000 jobs by 2020 and lifting the quality of life of the Gabonese people.

4. By including both public and private sector stakeholders, the Government intends to create a rational process which aims to reconcile collegiality with coherence and speed in the decision-making process.

The Gabonese authorities are targeting fiscal break-even (overall deficit of 0.3%) by 2020, in line with the IMF's EFF programme estimates approved in June 2017.

These projects could potentially significantly increase exports. In particular, Gabon's palm oil and rubber exports could increase to US$400 million per year by 2022 and the implementation of the fertilizer plant and the realization of the GRAINE programme may increase exports even further. The overall impact of projects with Olam on agricultural GDP is likely to be significant and they are expected to facilitate economic rebalancing and structural transformation.

See also "*Risk Factors—Risks Relating to Gabon—Gabon may be unable to achieve its economic diversification and reform objectives set out in Emerging Gabon and for the Economic Recovery Plan and any failure or inability to do so may have a negative effect on Gabon's affairs, political condition and economy*".

Fiscal Policy

Gabon is seeking to reduce its overall fiscal deficit (on a cash basis) from 6.6% of nominal GDP in 2016 to 4.6% of GDP in 2017, and gradually reduce it further to achieve balance by 2020. The non-oil primary deficit is projected to decline from 11% of non-oil GDP in 2016 to 8.9% of non-oil GDP in 2017 and gradually reduce to between 3% to 4% of non-oil GDP by 2020.

Fiscal consolidation will be based primarily on the following:

- enforcement of withholding taxes on personal and corporate income for non-residents through bank accounts;
- reduction of several VAT and custom duty exemptions, enhancement of monitoring and data exchange, taxation of the right of exit of manganese at FOB (free on board) value, risk-based scheduling of tax audits, and 5% export tax rate on the FOB value of gold and gold dust;
- investments in non-oil sectors, providing differentiated sources of revenues for the state and fostering growth of the economy;
- review of remuneration policies, elimination of automatic promotions, and reductions in the replacement rates which will lead to a moderate decline in the public employment levels;
- transparent integration of specific allocated amounts of revenues into the budget process;
- ending recourse to statutory advances from BEAC as instruments of short-term liquidity which contributed to a significant decrease in reserves;
- cap on the budgetary float (unsettled payment orders within 90 days from due date) at 10% of non-wage primary spending (excluding interest payments and externally-financed investment);
- increase contributions to the stabilisation fund (see "*Public Finance—Stabilisation Fund*") from 5% of oil revenues in 2017 to 20% of oil revenues by the end of the EEF program;
- cuts to subsidies for refinery activities and refined product prices and withdrawal of the flour subsidy,
- creation of a centralised purchasing office for all of the Government's current expenditures and creation of a governmental real estate unit (*Gabon Patrimoine Immobilier*) to streamline government leases; and
- implementation of the water and energy efficiency programme (*Efficacité Eau et Energie*) to improve control of water and energy consumption in governmental buildings.

Public Financial Management Policy

Gabon is seeking to reduce its level of public debt by decreasing its expenditures through lower costs and more selective public spending. The new policy will focus on three fundamental areas: (i) better management and prevention of arrears; (ii) increasing expenditure efficiency, and (iii) improved budget transparency and fiscal risk management.

The policy implemented in the three areas mentioned above will address the need to:

- re-establish transparency, thoroughness, regularity, quality and reliability of budget execution;
- control fiscal risk;
- improve the comprehensiveness and transparency of fiscal reporting;
- implement internal procedures and controls to ensure that expenditures follow regular procedures;
- introduce inventory procedures for government assets to prepare the implementation of accrual accounting;
- introduce an expenditure arrears reporting system;
- strengthen institutional arrangements for the oversight of public entities;
- promote competition regarding the procurement of public contracts to ensure that single tender procurement contracts do not exceed 15% of the total value of public contracts;
- collect and disseminate data to enhance planning and monitoring of public investment projects; and

- improve the framework for monitoring fiscal revenues and expenditures, notably to anticipate the formation of arrears.

Safeguarding the Financial Sector Stability

Over the last two years, banks in Gabon have been negatively affected by the economic downturn and the financial difficulties of their clients to service their debts largely due to the accumulation of domestic governmental arrears. To prevent systemic failures of the financial sector, the Government will focus on policies to:

- strengthening the legal and supervisory frameworks concerning non-performing loans. The new strategy is expected to be finalised by September 2017;

- strengthening banking regulations and the microfinance framework in conjunction with the BEAC central bank;

- clearing domestic arrears which are negatively impacting the liquidity of government suppliers and their capacity to service their loans; and

- timely and orderly resolution of the three distressed public banks with limited losses for depositors.

Social Sector

The authorities aim to safeguard priority social sectors (healthcare, education and social protection) by ensuring adequate government spending in these areas. With respect to healthcare, Gabon will focus on preventive measures, primary healthcare facilities and HIV/AIDS treatments. Moreover, Gabon intends to improve the current education system and also ensure proper functioning of schools, especially those in remote regions. Furthermore, programs will be implemented to enhance the welfare of low-income people. Gabon will work closely with the World Bank to monitor developments and enhance capacities in these areas.

Supporting Economic Growth and Diversification

Gabon is seeking to improve its ability to monitor the growth of the non-oil sector by implementing procedures to produce timely and reliable statistics. Moreover, Gabon is seeking better coordination with the regional institutions (especially the BEAC, the World Bank and the IMF) to enhance the quality and timeliness of balances of payments statistics.

Gabon will also strengthen its dialogue with investors and entrepreneurs. To this end, the High Council for Investments (*Haut Conseil pour l'Investissement*) was created in 2014 to identify the key structural reforms to improve the business environment (as Gabon has been ranked 164th out of 190 countries in the Doing Business 2017 report by the World Bank). In particular, Gabon will focus on:

- enhancement of the national land registry and creation of a commission responsible for the regulation of natural resources, land allocation, and dispute settlement;

- creation of a public-private partnership committee responsible for identifying new projects to increase the non-oil sector;

- launch of an information campaign to promote the Arbitration Chamber created in 2015, whose role is to facilitate settlement of disputes between private parties. The Chamber's premises are expected to be inaugurated by end-September 2017;

- reducing the average time to obtain a building permit;

- setting-up of new one-stop shops, like Nkok which was already created in the Special Economic Zone, which can be used to carry out all administrative procedures in order to set up a new business; and

- regular production of macroeconomics statistics to improve coordination and exchange of information between the various government agencies and the BEAC.

Moreover, Gabon will implement a new public-private partnership framework to evaluate new projects and monitor potential financial risks. The areas considered will include:

- modernization of the forestry sector;
- raising the productivity of the agriculture sector and livestock sector;
- promotion of industrial fishing;
- enhancement of public works and social housing;
- expansion of use of mobile and internet banking;
- development of the tourism industry;
- improvement of the transportation network;
- increase in the supply of electricity and water; and
- deep-water exploration for oil and natural gas extraction.

Emerging Gabon

Introduction

In 2010, the Government, following a thorough review of the state of the economy, concluded that there were two main challenges to Gabon's economic well-being: the need to increase growth and the need to diversify the economy away from over-reliance on the oil sector. Therefore, the Government launched a major public investment and reform programme in 2011, known as Emerging Gabon, to transform the country into a diversified emerging market economy by 2025, underpinned by US$12 billion public investment programme. The plan's objectives are to: (i) significantly accelerate economic growth and diversify its activities away from oil; (ii) improve social indicators by fostering more inclusive and job-rich growth; and (iii) ensure sustainable management of natural resources for future generations. In order to achieve these objectives, the plan seeks to improve the level and quality of infrastructures and to raise the quality of human capital.

Emerging Gabon is based on three pillars: Industry Gabon (*Gabon Industriel*), Green Gabon (*Gabon Vert*) and Services Gabon (*Gabon des Services*), as described in more detail below. It further comprises eight sectors, 21 strategic objectives, 28 plans and 151 projects.

A coordination office for Emerging Gabon (*Bureau de Coordination du Plan Stratégique Gabon Emergent*) was established in January 2013 to supervise the evolution and implementation of Emerging Gabon. Furthermore, a national agency for major infrastructure projects (*Agence nationale des Grands Travaux d'Infrastructure*) has been placed under its supervision and is dedicated to implementing these projects and monitoring them when completed.

In addition, Emerging Gabon revolves around the development of the country's five main industrial centres: Bélinga, Franceville, Libreville, Mayumba and Port-Gentil. To support the development of these centres, the Government has made, and expects to continue to make, significant investments in the development of a modern and reliable infrastructure network to integrate and interconnect these centres.

The decrease in oil production and revenues and the oil price crisis in 2014 put significant strains on Gabon's economy. As a result, the implementation of Emerging Gabon could not proceed as planned. To find the resources needed, the Gabonese government initially cut capital expenditures. In July 2014, pursuant to IMF recommendations, the Parliament approved a revised budget which sharply decreased budgeted capital spending by an amount equivalent to 12% of 2014 non-oil GDP. The adjustment in 2014 resulted in an overall budget surplus of 3.5% of non-oil GDP on a commitment basis that allowed the Government to pay about CFAF 435 billion in arrears.

See also "*Risk Factors—Risks Relating to Gabon—Gabon may be unable to achieve its economic diversification and reform objectives set out in Emerging Gabon and for the Economic Recovery Plan and any failure or inability to do so may have a negative effect on Gabon's affairs, political condition and economy*".

Industry Gabon

Industry Gabon relates to promoting the local processing of raw materials and increasing exports of value-added products. The plan is two-fold: (i) modernise existing oil and mining sites to increase their yields and continue exploration (in particular in the oil and gas fields including deep sea resources) and (ii) process locally at least part of the extracted resources by developing the industry. For this purpose, the Government has been creating incentives for foreign investments in newly-created special economic zones such as tax exemptions and lower tax rates. See "*Principal Sectors of the Economy—Special Economic Zones*".

The key targets of Industry Gabon include the following:

- increase the domestic processing of raw materials;
- produce higher value-added and diversified exports;
- create a total of 325,000 new jobs by 2025, and specifically more skilled jobs; and
- foster the development of a more dynamic private sector, with a target of 13,000 new small and medium enterprises by 2025.

Recent examples of the progress of Emerging Gabon include the rubber and the palm oil projects. These two large-scale agricultural projects are approximately 75% complete. In particular, the palm-oil project's expansion is favoured by the maturing of production of palm oil in Indonesia and Malaysia and by the expected demand growth for food consumption and use in the chemical industry. Another example is the fertilizer plant in Port-Gentil, which is expected to be operational by 2020. These three projects have been undertaken in the form of public-private partnerships between Gabon and Olam, a Singapore-based agri-business firm. In 2016, Olam invested approximately US$200 million in the palm and rubber projects and US$192 million in engineering and other preparatory work for the fertilizer plant. The plant could potentially generate US$450 million in sales, representing a significant gain in export revenue. Finally, the agricultural project GRAINE is being implemented as a joint venture between Olam and Gabon. This project aims to develop a small holder-based agriculture programme to facilitate small scale cash and industry crops (mainly palm oil). However, since its launch, only 1,200 Ha of domestic crops and 1,800 Ha of export crops have been planted.

Gabon is rich in minerals and possesses important iron ore resources. According to Gabon Mining, Gabon was the world's third largest producer of manganese in 2016. Currently, Gabon produces manganese ore and exports it mostly in its raw state. The aim of Industry Gabon is to process the manganese locally before exporting it, thereby enhancing its value. In keeping with Emerging Gabon and as promoted by the ERP, the Government aims to have processed locally 35% of the manganese ore produced in Gabon by 2025.

The Government has also set a target of having 50% of the iron produced in Gabon pelletised locally by 2025. With respect to gold, the Ministry of Industry and Mines has set a target of 50 tonnes to be extracted annually by 2020. According to the Ministry of Industry and Mines, there are up to 900 sites with potential for mineral operations. The aim is to develop these sites and improve the economic development of the surrounding regions. By 2020, the Government aims to refine all minerals locally before they are exported.

Furthermore, there has been a ban on all exports of timber logs since 2010, and, as a result of the construction of mills, 95% of the overall production of logs can now be processed locally.

See "*The Economy—Mining and Processing*" and "*The Economy—Forestry*".

The map below sets out certain data regarding mining and other resources of Gabon:

Energy

Gabon aims to increase its energy production capacity from 620 megawatts in 2015 to 2,000 megawatts by 2020, in line with projected demand, by means of a significant increase in the production of natural gas and hydroelectricity. This increase will, however, require significant investments from both the public and private sectors. In addition, and in line with the ERP, the Government is targeting the problems of chronic power shortages so as to ensure continuous electricity supply by 2019 in Libreville.

On 29 October 2013, a licensing round focusing on Gabon's unexplored deep and ultra-deep waters came to an end with the announcement of the companies that were awarded a block. There were 18 bidders and 15 blocks were awarded, out of the 43 blocks available for bidding. Nine further blocks in the deep and ultra-deep waters and five in the conventional zone were awarded in 2014. See "*Principal Sectors of the Economy—Oil-Reserves and Exploration*" for further details.

In the hydrocarbons sector, key reforms include:

- The establishment of the GOC in 2011. The GOC is a state-owned company that acts as an operator in the oil sector and is subject to the same procurement rules as companies in the private sector;
- An audit of the oil sector to survey existing exploration and production-sharing oil contracts and ensure they are consistent with international norms and Gabon's national interests; and
- The hydrocarbons code, adopted in 2014.

Green Gabon

Green Gabon focuses on the sustainable development of Gabon's ecosystem. Gabon possesses approximately 22 million hectares of forest, one million hectares of arable agricultural land and over 800 kilometres of coastline.

As a result, Gabon has adopted the following policies and set itself the following goals:

- Process timber entirely domestically by way of a dynamic artisanal industry and to bring significant added value to the sector before goods are exported. The timber industry is the top private sector employer, employing approximately 28% of the active population, and furthermore carries significant potential for future growth.

- Transform Gabon into an important destination for ecotourism. The aim is to attract 100,000 tourists a year by 2020.
- Achieve food self-sufficiency.
- Green Gabon initiatives in key sectors such as mining, forestry, agriculture and fisheries targeting an average growth rate of 12% by those sectors between now and 2025 in order to achieve a combined share of approximately a third of total GDP by 2025.

Forestry is another important component of Green Gabon. Until recently, Gabon's activities in this sector were limited to production and exports, but a key strategy under Emerging Gabon and the ERP is to industrialise Gabon's activities in the forestry sector. As a result, in 2010, the Government implemented an outright ban on exports of logs so that the raw timber could be processed locally before being exported. This has led to the construction of several new factories and 95% of the overall production of logs can now be processed locally. The aim is to make Gabon a leader in processed tropical timber by 2025. The Government also aims to create 60,000 jobs in the forestry sector by 2025, an increase from approximately 12,600 at the end of 2016.

With respect to agriculture, the Government has set focus on food crops, intensive cultures and livestock, and the target is to attain self-sufficiency by 2020 and become one of Africa's largest exporters for industrial crops by 2025.

Blue Gabon is an offshoot of Green Gabon and focuses on developing Gabon's 800 kilometres of coastline, particularly its fishing zones. The aim is to increase fishing production from approximately 160,000 tonnes in 2014 to 230,000 tonnes by 2020 and employment in the sector from approximately 21,700 in 2014 to 50,000 persons in 2020.

In line with and in furtherance of the objectives of Green Gabon, Gabon entered into the Paris Agreement in December 2015 and, in June 2017, Gabon signed an $18 million deal with donors to tackle deforestation and cut its carbon emissions by half as part of a wider plan to protect the tropical forests of the Congo Basin.

In the wake of its 2016 report, *Palm Oil's Black Box*, Mighty Earth, a global environmental campaign organisation, and Olam, a Singapore-based agri-business firm, met in Washington D.C. and agreed to move forward on two imperatives: enabling models for responsible agricultural development that support forest conservation whilst addressing poverty reduction and job creation in Gabon. Olam notably agreed to suspend further land clearing of forests in Gabon for palm and rubber plantations for a year (a period that can be extended). During this time, Mighty Earth and Olam agreed to support a multi-stakeholder process to develop further specific criteria for responsible agricultural development in countries that have most of their land covered by forests.

Services Gabon

Services Gabon is designed to help develop the country's workforce, through the development of Gabon's transport and telecommunications infrastructure and better living conditions for the Gabonese people in relation to health, education and access to housing.

Transport

To address its transportation needs, Gabon launched a major infrastructure scheme (*Schéma National Directeur d'Infrastructures*) in 2009. A key goal is to connect the five main industrial centres of the country, Bélinga, Franceville, Libreville, Mayumba and Port-Gentil.

The Government has developed the airport of Port-Gentil into an international airport in response to the increase in air traffic, and this airport became fully operational in 2014 and was inaugurated in 2016. This project was financed using Government's own funds in the amount of approximately US$60 million.

Telecommunications

Libreville has been connected to the submarine SAT3 cable system which has linked Africa to Europe since 2002. In 2012, Gabon gained access to broadband after being connected to the submarine ACE fibre-optic system. A major telecommunication infrastructure plan is also being developed by the Government to connect all major cities of the country to the fibre-optic network. This project is being financed by the World Bank, at a cost of US$58 million.

Living conditions

The Government's goal is to build 5,000 new homes each year in Gabon over the next several years and to modernise urban infrastructure and transportation. This ambitious plan has been slightly delayed, however, due to preparatory work on the regulatory framework, as well as a required sanitation operation.

Another aim is to have a strong public health system and to develop high-level research in the field of public health. A special education zone is being developed in Booué to encourage such research initiatives.

Education and Health

The Government's education policy focuses on improving access to schools and the overall quality of the teaching system. Over the next three years, it will focus on the following four areas:

- Improving the quality of education for all Gabonese students by investing more direct power with school headmasters;
- Address the shortage of teachers by increasing the number of teachers by 1,000 (particularly in the fields of scientific research) and improve the level of teacher training;
- Accelerate the construction of classrooms and improve the quality of equipment in schools so as to ensure that the maximum number of students per classroom is reduced from the current size of 70 to 50 by 2019, and create a follow-up programme with students to monitor their academic development; and
- Optimize statistics in the education system to improve the quality of education and create a reliable and sustainable system of data collection.

Health remains high on the Government's agenda in 2017, with a particular focus on the following projects:

- Reorganization of the Ministry of Health;
- Implementation of a meritocratic recruitment process within the Ministry of Health;
- Updating of standards, guidelines, and national protocols;
- Strengthening governance and management autonomy of hospitals;
- Implementation of public private partnership contracts for hospital management and call for international bids for the recruitment of concessionary companies;
- Development of a national system of healthcare information in order to improve the quality of care; and
- Improving the process of national health planning.

Financing of Emerging Gabon and the ERP

The Government contemplates that the financing of the projects under Emerging Gabon will come from different sources: Gabon's own funds, private funding, co-financing and public-private partnerships and from the IMF, the World Bank, the African Development Bank, the Development Bank of Central African States and the *Agence Française de Développement*.

The Government plans to first deploy a higher proportion of its own funds and then to slowly reduce the portion of its own funds and attract investors to co-finance projects. The Government estimates that the financing requirements for the investment contemplated over 2017-2019 would amount to approximately CFAF 3,000 billion, of which CFAF 1,250 billion will be provided by the State. Recent and ongoing investments using the Government and private funding include:

- The Gabon Fertilizer Company to be located in the special economic zone of Port-Gentil (US$2.15 billion);
- Alenakiri thermal plant in Libreville, which has been operational since 2014 (approximately CFAF 58 billion);
- Roads between Booué-Ovan, Lastourville-La Leyou (CFAF 9.4 billion) and Fougamou-Mouila (CFAF 45.7 billion) have been fully operational since 2014;
- A public-private partnership (40:60) with a Chinese operator to develop a new mining port in Libreville which should be completed in 2019 (US$527 million over a three-year period between 2016 and 2019);
- The increase in generating capacity of the Grand Poubara power plant (approximately CFAF 200 billion); and
- The special economic zone of Nkok, which was launched in September 2010 in the form of a public-private partnership (60:40). As of December 2016, approximately 500 hectares were fully operational, US$1.7 billion of FDI was invested, 80 investors from 18 different countries were represented and 1,600 jobs were directly or indirectly created.

Currently, the largest partner operator is Olam International, a Singapore-based agri-business firm with 2015 sales revenues of US$13.4 billion. Olam plays a key role in Gabon's strategy to attract foreign investments as it has become the largest partner for foreign direct investments. It is owned by Temasek Holdings, the Singapore state-owned holding company (52.3%), and by Mitsubishi Corporation (20.3%). Since 2010, Olam-linked joint ventures have grown to approximately 12,000 jobs and the number of employees in these joint ventures is expected to reach 16,000 employees at the start of the harvesting activities. Olam's investments through 2022 is expected to reach US$5.8 billion, with US$2.1 billion spent to date.

Export targets

Under Emerging Gabon and the ERP, the Government has developed an export strategy that provides for a larger and more diversified export sector, with a focus on value-added products. The Government intends to export the majority of the agricultural and forestry production internationally, including to other African countries, and to export substantially all of Gabon's mining production. Most exported goods are non-finished goods but, going forward, Gabon intends to increase the proportion of finished goods exported.

Key policy reforms

Since 2011, the Government has undertaken a number of ongoing reforms to improve the efficiency of public finance management, to align the budget with national priorities and to comply with governance standards. These reforms include:

- Creation of a new public finance framework to modernise the legal framework and enhance transparency in establishing evaluation and performance systems. The public finance legal framework is being reviewed in synergy with the CEMAC Guidelines for Public Finance (see "*Public Finance—The Budget Process*");
- Reform of public service: the Government is currently reviewing the list of employed civil servants in order to identify ghost workers. In particular, a General Directorate for Human Resources and Management Units has been put in place in ministries;
- Creation of dedicated agencies: creation of a Treasury Committee, a national agency for major infrastructure projects (*Agence Nationale des Grands Travaux d'Infrastructure*) to implement the

Emerging Gabon and the ERP plans and a Recovery Fund for the management of unspent budget appropriations; and

- Debt management: implementation of a reserve account managed by the World Bank (See "*Public Debt—Debt Management Strategy*") and creation of a stabilisation fund (See "*Public Finance—Stabilisation Fund*").

Gross Domestic Product

In 2016, Gabon's nominal GDP was estimated at CFAF 8,310.6 billion (compared to CFAF 8,503.5 in 2015) and Gabon's real GDP was estimated at CFAF 5,458.4 billion (compared to CFAF 5,347.1 in 2015). The decline in nominal GDP was primarily due to a decline in global oil prices and a decline in oil production as Gabonese oil fields mature. In the 2017 revised budget, the Government estimated that real GDP growth would be 1.0% in 2017. Non-oil real GDP growth was 2.9% in 2016, a decrease from 3.2% in 2015. Oil GDP declined by 3.7% in real terms in 2016 compared to 8.6% growth in 2015, primarily due to decrease in oil production. The Government estimates non-oil real GDP growth will reach 3.6% in 2017.

GDP by Sector

The table below provides information regarding Gabon's nominal GDP by sector for the periods indicated:

	Year ended 31 December		
	2014	**2015**	**2016(1)**
		(*CFAF billion*)	
Oil GDP	2,357.8	1,937.3	1,566.2
Non-Oil GDP	6,630.6	6,566.2	6,744.4
Total GDP	**8,988.3**	**8,503.5**	**8,310.6**
Breakdown of Total GDP:			
Primary Sector	**2,910.6**	**2,458.4**	**2,114.4**
Agriculture, Livestock and Fishing	260.7	291.6	322.2
Forestry	64.8	75.0	91.1
Oil	2,357.8	1,937.3	1,566.2
Mining	227.3	154.5	134.9
Secondary Sector	**2,153.8**	**2,005.5**	**2,052.5**
Agribusinesses	144.9	151.2	161.8
Wood Industries	114.1	139.7	149.0
Mining Industries	0.0	6.3	6.9
Other Industries	254.8	231.6	273.3
Refining	12.6	8.9	10.0
Electricity, Water	84.7	91.0	96.5
Construction and Public Works	505.6	495.5	505.4
Research, Oil Services	1,036.9	881.4	849.6
Tertiary Sector	**1,883.3**	**1,979.4**	**2,100.5**
Transport and Telecoms	433.8	476.1	515.8
Services	894.1	934.3	990.3
Commerce	450.2	440.8	448.7
Banking Services	217.5	232.3	247.7
FISIM(2)	(112.3)	(104.1)	(102.1)
Import Taxes and VAT	**746.9**	**720.7**	**674.6**
Non-Commercial Services	**1,293.8**	**1,339.5**	**1,368.6**

(1) Estimates.
(2) Financial intermediation services indirectly measured.
Source: Ministry of Economy. Data from the Ministry of Economy may differ from the IMF data

The contribution of the primary sector to nominal GDP in 2016 was limited to 25.4%, decreasing annually from 37% in 2010, due to the decline in oil revenues (notwithstanding a relatively stable performance from the mining and agricultural sectors). In nominal terms, the primary sector contracted by 15.5% between 2014 and 2015, from CFAF 2,910.6 billion to CFAF 2,458.4 billion, and contracted further between 2015 and 2016 by 14.0% to CFAF 2,114.4 billion. The main reason for this decrease over the three-year period was a decrease in crude oil contribution of the oil sector to nominal GDP, which contracted by 17.8% between 2014 and 2015 and 19.2% between 2015 and 2016.

The share of the secondary sector in the nominal GDP slightly increased from 23.6% in 2015 to 24.7% in 2016. In addition to accounting for a greater proportion of overall GDP, the secondary sector grew by 2.3% in 2016, after a contraction of 6.9% in 2015. Growth observed in the secondary sector was mainly due to growth in the other industries sub-sector, which grew by 18.0% in 2016 after a contraction of 9.1% in 2015 tied to the contraction in crude oil in the primary sector and low oil prices. All other sub-sectors grew, except Research, Oil Services which contracted by 3.6% due to reduced foreign investments and the general economic contraction.

The tertiary sector grew by 5.1% in 2015 compared to 2014 and by 6.1% in 2016 compared to 2015. In 2016, all the sub-sectors of the tertiary sector grew; the main drivers of the overall growth were Services and Transport and Telecoms, with growth rates of 6.0% and 8.3%, respectively compared to 2015, despite a contraction of 29% in the services sub-sector.

It is difficult to obtain specific information on the informal economy. While there is no recent survey on the share of the informal economy in Gabon, it was estimated by the Governmental statistics agency to account for approximately 25% to 30% of total nominal GDP in 2016, compared to 12% of total nominal GDP on average in the period from 2000 to 2010. This significant increase in the share of the informal economy in Gabon's GDP can be explained in part by the decrease of the share of the oil sector in the GDP in recent years and the diversification of the economy. According to the survey carried out by the Ministry of Labour in 2010, the informal sector comprised approximately 253,000 jobs, compared to approximately 154,000 jobs in the formal sector, but based on current estimates these numbers have significantly increased in recent years. The agricultural sector accounts for a large proportion of the informal sector.

The existence of a significant informal economy in Gabon is a significant threat to the country's economic development and to the principle of free trade. Every year, the informal economy results in substantial financial losses to the State. Gabon has implemented measures to combat the informal economy, including frequent controls and inspections of businesses and goods by the relevant administrations. See "*Public Finance—Taxation*".

Specific measures that have been or are expected to be implemented to reduce the share of the informal economy include the following:

- Creation of local tax centres to better explain tax rates and payment procedures to the population and try to dispel popular misconception that these rates are high and/or the procedures are complex;
- Simplification of procedures to enter into the formal economy; and
- Inclusion of a tax amnesty in the Finance Act 2014 to encourage companies operating in the informal economy to enter the formal sector. This measure, however, is to be limited to companies with a turnover below or equal to CFAF 30 million.

The table below provides information regarding Gabon's real GDP by sector for the periods indicated (based on constant 2001 prices):

	Year ended 31 December		
	2014	**2015**	**2016[(1)]**
		(*CFAF billion*)	
Oil GDP	641.2	696.2	670.7
Non-Oil GDP	4,506.2	4,650.9	4,787.7
Total GDP	**5,147.4**	**5,347.1**	**5,458.4**
Breakdown of Total GDP:			
Primary Sector	**991.8**	**1,069.3**	**1,066.9**
Agriculture, Livestock and Fishing	217.2	236.8	266.2
Forestry	54.9	57.8	62.7
Oil	641.2	696.2	670.7
Mining	78.5	78.5	67.4
Secondary Sector	**1,038.3**	**1,023.8**	**1,056.9**
Agribusinesses	110.8	110.5	117.7
Wood Industries	72.4	77.0	90.6
Mining Industries	0.0	5.4	6.4
Other Industries	128.0	126.4	141.9
Refining	7.8	8.7	9.7
Electricity, Water	49.5	51.7	53.4
Construction and Public Works	298.4	287.4	284.2
Research, Oil Services	371.4	356.7	352.9
Tertiary Sector	**1,558.5**	**1,647.4**	**1,730.3**
Transport and Telecoms	436.9	492.5	521.7
Services	760.7	759.2	785.3
Commerce	281.9	280.0	278.8
Banking Services	230.6	245.4	261.7
FISIM[(2)]	(151.7)	(129.7)	(117.2)
Import Taxes and VAT	**557.0**	**560.4**	**559.5**
Non-Commercial Services	**1001.7**	**1,046.2**	**1,044.7**

(1) Estimates.
(2) Financial intermediation services indirectly measured.
Source: Ministry of Economy

In real terms (based on constant 2001 prices), the share of the primary sector in GDP remained stable, slightly decreasing from 20.0% in 2015 to 19.5% in 2016. Primary sector GDP contribution contracted by 0.2% in 2016 to CFAF 1,066.9 billion from CFAF 1,069.3 in 2015 whereas it grew by 7.8% in 2015 from CFAF 991.8 billion in 2014, and had weaker results than the tertiary sector, which grew annually over the three-year period. The slight contraction in the primary sector was mainly due to a slowdown in Mining (-14.1%) and Oil (-3.7%) activities, despite growth in the Agriculture (12.4%) and Forestry (8.5%) sub-sectors.

The share of the secondary sector in real GDP remained stable between 19% to 20% between 2014 and 2016. Though stable as a share of GDP, the secondary sector grew by 3.2% in 2016, after a slight contraction (-1.4%) in 2015. The main reasons for the growth in 2016 were the development of the Wood Industry (17.6%), as well as of the Agri-business sub-sector (6.5%) which were slightly offset by a contraction in the Construction (-1.1%) and Research, Oil Services (-1.1%) sub-sectors.

The tertiary sector grew by 5.7% in 2015 and 5.0% in 2016. The main drivers for the growth were Transport and Telecom, as well as Services sub-sectors, with growth rates of 5.9% and 3.4%, respectively compared to 2015, despite a slight contraction of -0.4% in the Commerce sub-sector.

GDP (by Expenditure Components)

The following table sets out certain information regarding expenditure components of Gabon's nominal GDP for the periods indicated:

	Year ended 31 December			
	2013	2014	2015	2016
	(CFAF billions)			
GDP	**8,690.5**	**8,988.3**	**8,503.5**	**8,310.6**
Internal Demand	**6,597.9**	**7,593.2**	**6,971.2**	**6,890.1**
Total Consumption	**4,061.9**	**4,434.8**	**4,485.6**	**4,573.0**
Private	2,805.6	3,100.1	3,217.6	3,360.8
Public	1,256.3	1,334.7	1,268.0	1,212.2
Total Investment	**2,535.9**	**3,158.4**	**2,485.6**	**2,317.2**
Private	1,727.2	2,597.7	2,048.9	1,888.5
Administration(1)	875.2	610.7	436.8	428.6
External Demand	**2,092.7**	**1,395.1**	**1,532.3**	**1,420.5**

(1) Administration includes central Government and local authorities.
Source: Ministry of Economy

The following table sets out certain information regarding expenditure components of Gabon's real GDP for the periods indicated (based on constant 2001 prices):

	Year ended 31 December			
	2013	2014	2015	2016
	(CFAF billions)			
GDP	**4,934.5**	**5,147.4**	**5,347.1**	**5,458.4**
Internal Demand	**5,463.6**	**5,876.9**	**5,624.4**	**5,634.2**
Total Consumption	**3,490.7**	**3,638.0**	**3,651.6**	**3,662.7**
Private	2,318.1	2,446.5	2,546.8	2,605.4
Public	1,172.6	1,191.5	1,104.8	1,057.4
Total Investment	**1,972.9**	**2,239.0**	**1,972.7**	**1,971.4**
Private	1,264.2	1,656.7	1,489.1	1,508.2
Administration(1)	871.7	644.8	483.6	463.3
External Demand	**(529.1)**	**(729.5)**	**(277.3)**	**(175.8)**

(1) Administration includes central Government and local authorities.
Source: Ministry of Economy

Principal Sectors of the Economy

Oil

According to the Ministry of Oil and Hydrocarbons, Gabon's proven reserves at the end of 2016 were estimated at 3.5 billion barrels. In the absence of future accessible discoveries, this represents an average daily output of approximately 150,000 barrels until production is expected to be exhausted in the next 20 to 25 years. Oil production began in 1957 with the exploitation of the Pointe-Clairette field by Elf Gabon (now Total Gabon since September 2003) and peaked in 1975 at 222,000 barrels per day when Shell's Gamba Ivinga field (discovered in 1963) was at the height of its production and again in 1997 at 370,000 barrels per day when Shell's Rabi Kounga field (discovered in 1985) was at its peak. Production then declined until 2002 as the Rabi Kounga field reached maturity and remained stable until 2006, when production fell by 10.3% in the year. Between 2006 and 2010, oil production remained stable, and between 2010 and 2014 oil production decreased by 11.7%, due to a decline in the production of maturing oil fields, the absence of new discoveries and social unrest in early 2013 and 2014. In particular, ONEP (the union for workers in the oil sector) launched a strike in December 2014 which resulted in a 10% decline in the country's expected output (approximately 600,000 barrels in the period); the main demand of the ONEP related to the high level of social charges deducted from salaries. Following those developments, production recovered in 2015, reaching close to 87 million barrels, or 238,453 barrels per day, before slightly decreasing to approximately 84 million barrels in 2016, or 229,695 barrels per day. More recently, there have been strikes at Shell in January 2017 and Maurel and Prom's employee strikes in October 2016 which are likely to have impacted production. The strikes were started because employees wanted assurances about the company's future prospects in Gabon.

In June 2011, the GOC, a state-owned company, was established in order to increase the Government's involvement in new oil production by taking equity stakes in future awards. This is the first national oil company to be created in over two decades, following the dismantling of the previous one, the *Société Nationale Pétrolière Gabonaise*, in 1987.

In March 2017, Royal Dutch Shell plc (Shell) has reached an agreement with Assala Energy Holdings Ltd. a portfolio company of The Carlyle Group, to sell 100 percent of its Gabon onshore interests for $587 million upfront, take on US$ 285 million of debt and make additional payments of up to US$ 150 million depending on performance and commodity prices. Shell's Gabon unit produced around 41,000 barrels of oil a day in 2016.

In February 2017, Total stated that it has agreed to sell stakes and transfer the operatorship of a number of mature assets in Gabon to Perenco, subject to regulatory approval. The total value of the transactions is estimated at around US$350 million and Total would be divesting some 13,000 barrels per day of its oil production in the country. Total is also selling its wholly-owned subsidiary, Total Participations Petrolieres Gabon, which has interests in 10 fields. In addition, Total Gabon, in which Total holds 58%, is selling its interests in five fields and the Rabi-Coucal-Cap Lopez pipeline network. The sales by Shell and Total signal a shift in the oil players' line-up in Gabon.

A new hydrocarbons code was adopted in the second half of 2014. The Government considers it as a key to increasing growth and enhancing Gabon's attractiveness under Emerging Gabon.

The objectives of the hydrocarbons code include:

- codifying the role and powers of the different Gabonese administrations in respect of oil contracts;
- taking into consideration environmental issues and promoting sustainable development; and
- improving good governance in the sector.

Chapter III of the hydrocarbons code sets out the five types of hydrocarbons contracts that will be offered by Gabon to its partners. These are the service contract, the technical evaluation contract, the exploration contract, the operating and production sharing contract and the exploration and production sharing contract. The Government is now entitled to a 20% participating interest in any exploration or production sharing contract. In addition, it will be able to acquire a shareholding interest of up to 20% in any company applying for or holding exploitation rights.

Reserves and Exploration

Large oil companies have traditionally dominated oil exploration and production in Gabon. Total, the major French oil company, has been particularly active in Gabon. There are currently 19 oil companies from 11 countries operating in Gabon, with whom Gabon has signed 39 exploration contracts and 72 production contracts, with six of them being both exploration and production contracts.

Oil contracts signed before 1982 (such as those with Total) operate as concession arrangements. Under a typical concession arrangement, a mining royalty is paid to the Government in monthly instalments, calculated by reference to the official transfer price, and adjusted to take account of changes in prices, production, and the official exchange rate. A royalty, proportionate to oil production, is also paid, as is corporate income tax (at 73% of net taxable profits after deduction of depletion allowances), 75% of which is paid in monthly instalments and the remaining 25% is paid the following year. As oil production is an export activity, value added tax ("**VAT**") is charged (currently at the rate of zero), and oil companies are entitled to a refund on input VAT.

Oil contracts signed after 1982, when Law 14/82 was adopted, operate according to a production-sharing system between the Government and the oil companies. Under this system, oil companies pay the mining and surface area royalties and VAT. However, oil companies do not pay corporate income tax; rather the Government takes a share of production. Exploration and development costs are borne by the company, and if oil is discovered the company recovers its expenses through the revenues from production, which are then shared between the Government and the company pursuant to the terms of the production sharing contract. Typically, the first six years are spent exploring the field, and the next three years are a development phase before operation of the field begins.

On 29 October 2013, a licensing round focusing on Gabon's unexplored deep and ultra-deep waters came to an end with the announcement of the companies that were awarded a block. 18 bidders participated in this licensing round, in which 43 blocks were available and 15 blocks were awarded (only 18 blocks were the subject of bids). Nine further blocks in the deep and ultra-deep waters and five in the conventional zone were awarded in 2014. On average, the licences are valid for six or seven years for the exploration phase and another ten years for the production phase. Licence granting procedure and duration are set out in law n°011/2014 of 28 August 2014.

The Ministry of Oil and Hydrocarbons expects that the exploration of ultra-deep waters will launch a new oil era for Gabon. However, this new era will be vulnerable to oil price fluctuations. Furthermore, new discoveries may include a significant portion of gas rather than oil, which may be more difficult to exploit and commercially less favourable to export.

The Government has changed its strategy in order to encourage more oil investment in the country and slow the decline in oil production. As the majority of Gabon's oil fields individually contain relatively small reserves, the Government has been attracting new, smaller companies from a variety of countries, such as the United States, Canada, France, China and South Africa, which specialise in small field oil exploration. Small field exploration is relatively expensive, and in light of low oil prices, has become a less viable option. These smaller companies, on the other hand, tend to have lower overheads and are better placed to extract oil from marginal declining and complex oil fields, thereby extending the productive lives of mature oil fields.

The table below sets out information regarding investment in exploration in Gabon and its territorial waters by oil companies for the periods indicated:

	Year ended 31 December						
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
				(US$ thousands)			
Investment	378,347	387,136	544,774	390,592	946,917	633,592	352,142

Source: Ministry of Oil and Hydrocarbons

In total, oil companies invested US$ 352 million in research, exploration and development of new and mature fields in 2016, as compared with US$634 million in 2015.

Oil Production

The following table sets out certain information regarding oil production by operator for the periods indicated:

	Year ended 31 December					
	2011	**2012**	**2013**	**2014**	**2015**	**2016**
			(Barrels)			
Operator						
Total Gabon	20,734,578	20,411,868	20,764,284	20,902,543	20,876,217	20,244,407
Shell Gabon	23,290,398	20,985,152	17,410,613	16,093,081	20,035,708	18,957,932
Perenco	15,628,975	15,214,339	14,852,608	15,340,147	17,614,407	16,151,644
Addax	8,380,592	8,197,162	6,957,562	6,585,470	5,363,179	4,052,393
Vaalco Gabon	8,064,359	7,045,073	4,827,137	5,802,964	6,768,719	6,150,405
Maurel & Prom	6,732,138	6,449,848	6,244,365	9,265,948	7,795,860	9,953,431
Marathon	4,505,191	5,890,259	4,816,580	5,581,592	7,269,100	0
CNRI	1,308,950	677,387	657,313	584,454	513,144	373,143
Perenco Gol	0	0	0	0	0	6,868,545
Sino Gabon	0	0	0	0	793,070	735,983
StreamOil	0	0	0	0	5,998	84,133
GOC	0	0	0	0	0	266,636
Total	**88,645,180**	**84,871,090**	**80,400,842**	**80,156,558**	**87,035,402**	**83,838,652**

Source: Ministry of Oil and Hydrocarbons

According to the Ministry of Oil and Hydrocarbons, 83,838,652 barrels of oil were produced in 2016, a decrease of 4% compared to 87,035,402 barrels of oil produced in 2015. This decrease was due to reduced foreign direct investments as a consequence of lower oil prices. In 2016, the average price of a barrel of Gabonese crude oil was US$ 40.6, decreasing by 15.7% over the past year (from US$ 48.1 in 2015) and the exchange rate with the US$ increased by 0.3% to CFAF 593.1 from CFAF 591.6 in 2015 per US$.

Total Gabon operates 27 fields, Perenco Gabon operates 26 fields (Perenco GOL additionally operates 3 fields) and Shell Gabon operates five fields. These three oil companies accounted for approximately two-thirds of oil output in Gabon in 2016.

The table below sets out certain information regarding oil production in barrels by field for fields which produced more than 1 million barrels per year in at least one of the years 2013, 2014, 2015 or 2016:

Field	Operator	Grade	2013	2014	2015	2016
Anguille	Total Gabon	Mandji	3,068,491	3,928,759	4,893,247	5,324,566
Anguille N.E.	Total Gabon	Mandji	-	-	999,791	1,349.035
Atora	Total Gabon	Rabi	1,994,073	1,994,635	1,770,384	1,841,074
Avocette	Total Gabon	Rabi	2,142,872	1,784,141	1,619,015	1,538,510
Barbier Marine	Total Gabon	Mandji	613,600	654,174	808,270	574,530
Baudroie Nord	Total Gabon	Mandji	1,445,828	302,954	1,417,776	1,144,172
Gonnelle Marine	Total Gabon	Mandji	1,907,220	1,785,011	1,525,316	1,373,838
Grondin Marine	Total Gabon	Mandji	1,502,623	1,640,776	1,762,783	1,653,824
Hylia Marine	Total Gabon	Mandji	541,001	530,216	587,562	483,782
Mandaros Marine	Total Gabon	Mandji	765,600	890,330	835,563	818,398
Port-Gentil Ocean	Total Gabon	Mandji	272,968	184,119	107,795	65,672
Torpille Marine	Total Gabon	Mandji	2,350,539	2,002,194	1,601,789	1,727,844
Gwedidi	Maurel & Prom	Rabi	762,890	1,077,368	939,465	1,074,221
Maroc nord	Maurel & Prom	Rabi	2,643,295	2,306,156	2,197,921	2,907,843
Omko	Maurel & Prom	Rabi	1,113,549	1,548,894	665,894	1,079,029
Onal	Maurel & Prom	Rabi	4,019,109	4,125,552	3,659,995	4,271,528
Gombe	Perenco	Oguendjo	761,827	1,984,894	1,386,121	1,031,917
Limande	Perenco	Oguendjo	2,622,929	2,218,990	1,130,965	1,812,382
Mbya	Perenco	Lucina	1,265,503	1,150,057	1,131,707	1,178,800
Niungo	Perenco	Rabi	1,680,785	1,648,456	1,951,905	1,680,239
Oba	Perenco	Oguendjo	2,777,873	2,470,637	2,822,615	2,539,279
Olende	Perenco	Oguendjo	1,390,476	1,373,105	1,425,232	1,204,332
Gamba/Ivinga	Shell Gabon	Rabi	884,846	782,273	1,036,863	1,174,107
Rabi Kounga	Shell Gabon	Rabi	6,096,615	5,163,118	5,181,555	5,716,873
Toucan	Shell Gabon	Rabi	4,337,564	4,322,338	5,789,285	6,409,928
Koula	Shell Gabon	Rabi	5,848,875	5,576,744	6,982,728	5,610,898
Tchatamba	Perenco GOL	Rabi	1,157,014	2,127,325	3,732,199	1,222,345
Tchatamba Sud	Perenco GOL	Rabi	3,567,355	3,404,603	3,276,156	1,114,841
Obangue	Addax(1)	Rabi	2,130,425	2,192,830	1,844,361	286,633
Tsiengui	Addax	Rabi	4,827,137	4,392,639	3,518,818	2,859,525
Etame	Vaalco	Etame	6,244,365	2,714,634	3,456,650	2,779,415
Avouma	Vaalco	Etame	-	2,714,634	1,697,463	858,683
Ebouri	Vaalco	Etame	-	2,287,485	1,453,578	719,781

(1) The GOC has been the operator since 2012 taking the field over from Addax.

Source: Ministry of Oil and Hydrocarbons

The table below sets out the oil fields discovered between 2001 and 2015:

Field	Year of Discovery	Operator
Olowi (5)	2001	Pioneer
Toucan	2001	Shell Gabon
Frambroise	2001	Amerada Hess
Tsiengui	2002	Panafrican
Pilote	2002	Shell Gabon
Ompoyi	2002	Perenco
Bounawiri	2002	Transworld
Orendi	2003	Perenco
Simba	2003	ENI Gabon (ex AGIP)
Akoum B	2003	Energy Africa
Koula	2004	Shell Gabon
Damier	2004	Shell Gabon
Avouma	2004	Vaalco
Ebouri	2004	Vaalco
Oba	2006	Perenco
Loche	2007	Perenco
Mbigou	2008	Maurel & Prom
Koumounazaou	2008	Maurel & Prom
Aloumbe Profond	2008	Total Gabon
Weze	2008	Sino-Gabon
Maroc	2009	MP
Mouteti	2009	MP
Maroc Nord	2010	MP
Etame Sud-Est Marin	2010	Vaalco
Robin	2010	Shell
Ruche Marine	2011	Harvest
Salsich Ozima	2011	Sino-Gabon
Nguma Yara Sud Marin	2012	MPDC
Ngongui	2012	Mutamba Iroru
Tortue Marine	2012	Harvest
Lassa	2013	Oil India
Ikando Nord	2013	Perenco
Ompoyi Deep	2013	Perenco
Moba	2013	Perenco
Diaman	2013	Total Gabon
Igongo	2014	Perenco
Niembi	2014	Maurel&Prom
Léopard	2014	Shell Gabon
Nyonie Deep	2014	Perenco
Mabounda	2015	Maurel&Prom

Source: Ministry of Oil and Hydrocarbons

New, more marginal fields produce far less revenue per barrel, partly because a large proportion of early revenue goes into recovering investment costs.

Oil Refining

The national refinery, Sogara, is the only oil refinery in Gabon. Sogara is jointly owned by the Government (25%) and by an international consortium composed of Total Gabon (43.85%), Petrofina Assets Corporation (16.99%), Petro Gabon (11.66%) and Agip (2.5%). Sogara refined 1,007,568 tonnes of local crude in 2016 and increased its performance from 907,783 tonnes refined in 2015.

Oil companies operating in Gabon are required to sell a minimum of 5% of the oil they produce to Sogara at international prices. Refined oil produced by Sogara is sold mainly in the local market (about 40% of its revenues come from exports). Sogara's refining ability is limited as it only refines just over half of the national demand. As a result, Sogara imports approximately 20% of the refined oil used in Gabon, to supply the country when Sogara is not able to refine oil itself during scheduled maintenance of the refinery, which happens twice a year on average. It is currently cheaper for the Government to import refined oil than to refine it at Sogara because Sogara buys crude oil at international prices on top of which are the additional refining costs; this may change if storage capacity is not sufficient to stock imported refined oil. In September 2016, Gabon Oil Marketing, a new subsidiary of the Gabon Oil Company, started its marketing and importation activities of refined oil with the aim of taking over Sogara's distribution activities in the short-term.

In July 2012, Gabon and Samsung entered into a memorandum of understanding for the construction of a new 50,000 barrels-per-day refinery in Port-Gentil. Construction of this new refinery is still under discussion and once completed it will replace Sogara which will be shut down.

Natural Gas

Gabon possesses natural gas associated with its oil fields (proven reserves of approximately 1,000 billion cubic feet in 2014 according to the 2014 CIA World Factbook report), but the quantities of gas found do not appear to be commercially exploitable. According to the Ministry of Oil and Hydrocarbons, Gabon's undeveloped natural gas potential consists of between 1,300 billion standard cubic feet and 4,000 billion standard cubic feet of recoverable resources. To promote the use of gas in Gabon and develop a gas industry, key priorities of the Government include the use gas towards electricity generation and the development of an export sector for liquefied natural gas. Existing non-associated gas fields include the Ozangué field, operated by Perenco and the Bende M'bassou field operated by Shell. In August 2013, Total, Marathon Oil and Cobalt International Energy under the Diaba licence (in which the Government owns a 15% stake) discovered gas in deep waters off the coast of Gabon. This discovery could potentially attract further investors in the region. In spite of the initial disappointment (the consortium was hoping to find oil rather than gas and the quantity of gas discovered was not sufficient to be commercially viable), the discovery should bolster investment in pre-salt exploration.

Perenco, which signed a contract for the sale of natural gas with Gabon, is, as at the date of this Prospectus, the main supplier for electricity in Port-Gentil, Libreville and Gamba. The Ministry of Oil and Hydrocarbons considers that in the short- to medium-term gas will be increasingly needed to match a growing demand for energy and in particular electricity.

Mining and Processing

In 2016, the mining sector contributed CFAF 134.9 billion, or 1.6%, to Gabon's nominal GDP, compared with CFAF 154.7 billion, or 2.5%, in 2015.

Mining production reported a 32.0% decrease in 2015 followed by a further decrease of 12.7% in 2016 due to an interruption in production in 2016 due to the political context and to market conditions. The Ministry of Industry and Mines expects mining production to increase by 41% in 2017, in contrast with the previous year's drop in production and due to the fact that no interruptions in production are expected this year.

Mineral prospecting was encouraged by a mining code adopted in 2000, removing special privileges that favoured local and French companies, reducing the duration of mining concessions and shifting some of the economic burden from the prospecting and development phases to the production phase and by reducing tax payable during the prospecting and development phases. This code is the main legislation for the mining industries.

A new mining code (the "**Mining Code**") was adopted in January 2015. The rationale behind the Mining Code is to industrialise the mining sector, increase Gabon's revenues, establish good governance and ensure the preservation of the environment. The Mining Code provides that all or a portion (as agreed under the relevant mining agreement) of production from mining must be processed locally, and the State is entitled to a systematic 10% share in any operating private company. As a result of the Mining Code, the sector has benefited from tax advantages (the development phase is exempt from custom rights and VAT and the first five years of operation are exempt from corporate tax), the improvement in the mining licences allocation procedure and a more protective legal framework for all mining licences. Amendments to the mining code, which will take into account the mining sector realities and the private sector's constraints, is in early stages of discussion.

The three main goals of the Mining Code are (i) encouraging research, (ii) promoting local processing of minerals and (iii) increasing mining-based revenues. In order to attain these three goals, the Mining Code enacted tax incentives through the reduction of import tax on equipment and a five-year tax break. Furthermore, the Mining Code incentivises development of the mining sector by encouraging the creating of new jobs and infrastructural development for local communities. Finally, to achieve the foregoing three goals, the Mining Code requires Governmental capital, investment and assistance in exploitation efforts.

The Moanda Mining and Metallurgical School opened in 2016 (*École des mines*) and is the result of a public-private partnership between Gabon and Eramet-Comilog, a French company. The purpose of this new school is to develop the local workforce and address the technical needs of the sector, especially with a view to increased domestic processing of raw materials. The cost of the project is estimated to be CFAF 13.1 billion, of which CFAF 4.5 billion has been paid by Gabon and CFAF 8.6 billion by Eramet-Comilog.

The *Société Equatoriale des Mines* ("**SEM**"), which was created in 2011, is state-owned but it is privately managed. The rationale behind the creation of the SEM was to improve the management of Gabon's mineral resources and further attract foreign investments in the sector. The role of the SEM includes managing the shareholdings of Gabon in the mining sector, developing mining-related projects in Gabon and promoting the local processing of raw materials towards the exportation of products with higher added value.

Manganese

Globally, manganese is the fourth most used metal in terms of tonnage. In 2016, Gabon was the world's third largest producer of manganese according to Gabon Mining. Manganese that is processed to improve the properties of alloys and compounds in steel objects is called ferro-manganese, and 90% of manganese produced is used as ferro-manganese according to the International Manganese Institute. The largest manganese deposit is in Moanda (with estimated recoverable reserves of 200 million tonnes, with a concentration of 46%, according to the Ministry of Industry and Mines) in southeast Gabon, from where manganese ore has been extracted since 1962 by Comilog. Comilog is currently approximately 29% owned by Gabon with the remainder owned by Eramet (64%) and Formang Holding (7%), but following an agreement reached in 2010, Gabon could increase its share to 35% in the coming years. According to the Ministry of Industry and Mines, in 2015, CFAF 5.4 billion were invested in exploration and the Ministry estimates that investments reached approximately CFAF 6.4 billion in 2016 and projects that investments for 2017 will be in the same magnitude.

In 2015, 4,180 million tonnes were produced but production decreased to 3.586 million tonnes in 2016, according to the Ministry of Economy. Production in 2016 was half of 2015 production. This was mainly due to unfavourable market conditions. The projected production for 2017 is 4,650 million tonnes, increasing by approximately 30% as a result of the consolidation of Comilog's activity following upgrades at its processing complex (*Complexe métallurgique de Moanda*) (which in the future is expected to process 65,000 tonnes of silico-manganese and 25,000 tonnes of manganese metal), the increased capacity of the Ndjolé field and the trial operation of the Franceville field by Gabon Mining. A 15% increase in manganese prices as compared with 2016 is also expected (at US$157.8 per tonne in 2017 compared to US$ 136.6 in 2016) and has been factored into the Government's revised budget for 2017. The Moanda deposit is expected to last until around 2084.

The Government intends to increase the value of its manganese exports by smelting an increasing amount of manganese locally. One of the major manganese smelting plants is Comilog's *Complexe métallurgique de Moanda*.

High commodity prices have attracted further interest in exploration and several licences have recently been granted. A Chinese-led consortium, the *Compagnie industrielle et commerciale des mines de Huazhou*, which was granted a three-year exploration permit in the Ndjolé region, began operations on the manganese deposit of Mont M'Bembele at the end of 2012.

The table below sets out Gabon's manganese production and exports for the periods indicated:

	Year ended 31 December		
	2014	**2015**	**2016**
	(thousands of tonnes)		
Production	3 862 556	4 179 548	3 586 190
Exports	3 791 267	3 890 887	3 404 405
Sales	3 789 483	3 823 430	3 408 554
Sale Price (CFAF/tonne)	93 422	80 239	105 787

Source: Ministry of Economy

During 2016, although the world production of steel increased by 0.6%, manganese production in Gabon decreased by 14% to approximately 3,586 million tonnes during 2016 as compared with 2015 mainly as a consequence of the political context and market conditions. Exports decreased by 12.5% to approximately 3,404 million between 31 December 2015 and 31 December 2016, due to unfavourable market conditions which led to decreased demand for commodities from Gabon's trade partners such as China. Finally, the new manganese processing complex in Moanda opened in August 2014.

Iron

Gabon has one of the world's largest iron ore deposits, located in Bélinga in northeast Gabon and containing an estimated 850 million tonnes of iron ore with an iron content of 64%. It was discovered in 1895, but its exploitation has been hindered by the lack of transport infrastructure. The China National Machinery and Equipment Import Export Corp ("**CMEC**") signed an agreement on 7 September 2006 to exploit the deposit. In 2007, the project was transferred to the *Compagnie Minière de Bélinga* ("**Comibel**"), a new company in which the State has a 15% interest and Chinese investors have an 85% interest. The total cost of the project was estimated to be US$3 billion, and China's Eximbank was to provide the financing. However, in 2009, following alleged breaches of contract by Comibel, the Government decided that the contract had to be revised. An amicable agreement was signed in Paris on 19 November 2013 under which Gabon agreed to pay for Comibel's previously incurred expenses.

In the meantime, the Government, following a tender offer, mandated SRK, an international consulting firm, to conduct a resource assessment of the Bélinga deposit. Prospecting started in December 2013 and is ongoing. The Government estimates the cost of prospecting to approximately CFAF 15 billion. If the results of the assessment are satisfactory, the Government estimates that up to 6,500 jobs could potentially be created.

There are other smaller iron deposits in Monts M'Bilan (approximately 100 million tonnes with an iron content of 38-45%) and Milingui (approximately 135 million tonnes with an iron content of 37.5%). There is no current plan to exploit these deposits, though prospecting has started.

Other Minerals

Gold. The key player in Gabon is Reg Managem, a Moroccan company, in which the State has a 25% stake. Reg Managem operates the gold mines in the Bakoudou region, which is located in southeast Gabon, near the border with Congo, approximately 55 kilometres southwest of Franceville. The SEM is responsible for the operation of the Bacoudou mine.

There are currently 23 exploration licences and one prospecting authorisation that have been granted by the State.

The Minister of Industry and Mines has entrusted the SEM with the responsibility of organising the collection and sale of gold in Gabon. The Government expects that the SEM and the *Caisse des Dépôts et de Consignation* will work in partnership for the sale of gold, its transformation into ingot and its sale outside of Gabon.

According to the Ministry of Industry and Mines' estimate, production in 2017 is expected to increase to 1.5 tonnes with an average selling price of US$ 1,211.9.

Rare metals; Niobium. Eramet-Comilog is the project leader for the exploitation of the Mabounié deposit, which contains niobium. Niobium is an important component of alloys used in the aeronautical industry. Exploitation has not yet begun, but teams have been assembled at Eramet Research, agreements between Eramet Research and other international laboratories regarding the chemical process have been signed and environmental studies are ongoing. The Mabounié deposit contains several other minerals as well as radioactive substances (such as uranium and thorium). Laboratory studies are ongoing in France, Australia, Canada and China, among others, to develop a process to separate the radioactive substances from the minerals and to maximise productivity.

Uranium. Areva, a French nuclear company, is the only company to which the Government granted licences in the uranium sector. There is currently no exploitation of uranium in Gabon.

Phosphate. The Mabounié deposit is the only existing source of phosphate in Gabon. The Government plans to eventually extract phosphate to supply a fertiliser petrochemicals unit currently being constructed in Port-Gentil, by the Government, in partnership with the Olam group. As at the date of this Offering Eramet was the only company to have been granted a licence, but it has not yet initiated operations and is still conducting feasibility studies.

Forestry

Forestry makes a significant contribution to the economy, employing approximately 30,000 people. It is the principal employer in the private sector. Processed timber represented 11.7% of export earnings in 2016, an increase from 7.1% in 2015. Gabon has significant reserves of ozigo timber and approximately one third of Gabon's timber stocks is the prized okoumé tree, which until recently was the most significant individual contributor by species to Gabonese log exports. See "*Foreign Trade and Balance of Payments—Foreign Trade—Imports and Exports*".

The current forestry code, as amended since its enactment in 2007, is based on sustainable management objectives. These include the protection of biodiversity and natural resources, the strengthening of the industrialisation process and the involvement of the Gabonese population in forestry-related activities.

The national forestry fund was created in February 2010 pursuant to article 250 of the forestry code. The aim of the fund is to participate in the sustainable management of the Gabonese forestry resources.

There has been a ban on all exports of logs since 2010. The rationale behind the ban is to develop the local processing of wood before exporting it and therefore industrialise the sector locally, introducing more added value to the forestry chain. In 2011, the ban, combined with weak local demand, led to a 15.8% decline in the forestry sector. However, the industrialisation process continued and, as from 2012, new mills were built and the forestry sector was able to absorb 95% of the overall production of logs. The industrialization of the wood-processing sector continued in the following years. The wood-processing sub-sector's contribution to nominal GDP increased by 6.7% from CFAF 139.7 billion in 2015 to CFAF 149.0 billion in 2016, primarily due to continued private sector investment and government support for local transformation. In 2017, the Government expects wood-processing activities to grow by 7%, primarily due to the same factors.

Gabon further aims to become a significant player in the certified timber wood production, and the certification process is underway. Gabon presided over the United Nations Forum on Forests in May 2015.

In line with and in furtherance of the objectives of Green Gabon, Gabon entered into the Paris Agreement in December 2015 and, in June 2017, Gabon signed an $18 million deal with donors to tackle deforestation and cut its carbon emissions by half as part of a wider plan to protect the tropical forests of the Congo Basin.

In the wake of Mighty Earth's 2016 report, *Palm Oil's Black Box*, Mighty Earth and Olam met in Washington D.C. and agreed to move forward on two imperatives: enabling models for responsible agricultural development that support forest conservation whilst addressing poverty reduction and job creation in Gabon. Olam notably agreed to suspend further land clearing of forests in Gabon for palm and rubber plantations for a year (a period that can be extended). During this time, Mighty Earth and Olam agreed to support a multi-stakeholder process to develop further specific criteria for responsible agricultural development in countries that have most of their land covered by forests.

Agriculture

The dominance of the oil sector, urbanisation and the lack of effective Government policies to modernise agriculture have led to a decrease in the contribution of agriculture (including livestock and fishing) to nominal GDP from approximately 16% in the early 1960s to about 4% in 2016 and (excluding livestock and fishing) from 3.5% in 2006 to 3% in 2016.

In 2017, it is expected that the agriculture and fishing sector will experience an increase in output notably due to the substantial increase in the production of palm oil (40,000 tonnes expected in 2017 as compared with 29,169 tonnes in 2016).

In the end of 2014, the Government launched the GRAINE programme (*La Gabonaise des Réalisations Agricoles et des Initiatives des Nationaux Engagés*), which seeks to unlock Gabon's agricultural potential through the development of an ambitious agricultural scheme. As part of the first phase (2015-2020) of the GRAINE program, 30,000 hectares of export crops (mostly palm oil) will be developed in Ndende (Ngounié province, Gabon) for both domestic, African and international markets.

The implementation of the GRAINE project was delegated to *Société Gabonaise de Transformation Agricole et Développement Rural* ("**SOTRADER**"), a joint venture established through a long-term partnership between the Gabonese Republic and Olam International, a worldwide leading agri-business company. SOTRADER was created in 2014 and is 51% owned by the Gabonese Republic and 49% owned by Olam International. SOTRADER will develop and manage the entire project, and provide financial and operational support to participating small-holders across the whole value chain.

Since its launch in December 2014, the programme has registered 17,800 members and 860 cooperatives, of which 146 contracts have been signed with cooperatives. However, only 1,200 Ha of domestic crops and 3,100 Ha of export crops have been planted so far. A National Agricultural Development Strategy has been developed to support the implementation of GRAINE, although this has not been formally adopted by the Gabonese government. To date, total capital expenditure related to GRAINE amounts to US$ 101 million, out of a total expected capital expenditure of US$ 1.5 billion. Given that GRAINE has been conceived as a joint venture, the state's participation is likely to be constrained by the difficult fiscal outlook, with only CFAF 2 billion earmarked under the draft Public Investment Plan.

In January 2017, the council of ministers decided that an agricultural development fund would be established. This is still in the early stages of discussion.

Crops

Only 2% of land in Gabon is cultivated. As a result, the majority of food consumed in Gabon is imported, in particular from France, Cameroon and South Africa. It is estimated that almost 60% of food in Libreville, where approximately 36% of Gabon's population is located, is imported, mostly from Europe. In order to help realise agriculture's potential for the Gabonese economy, Gabon joined a special programme initiated by the Food and Agriculture Organisation ("**FAO**") of the UN, which operates in partnership with the Special Programme for Food Security and also runs a programme to support the development of agriculture in Gabon.

As part of its efforts to diversify the economy within the Emerging Gabon and the ERP efforts, the Government is currently negotiating a contract for the development of 620 hectares of eucalyptus plantations in Ndouaniang. This project is expected to create between 500 and 1,000 jobs over the next seven years. In 2010, Gabon entered into a US$236 million public-private partnership with the multinational Olam group to develop 50,000 hectares of palm groves. The aim is ultimately to develop 300,000 hectares of palm groves and to become a top producer of palm oil in Africa.

Coffee and cocoa are also produced, but on a small scale due to poor management of plantations, inadequate agricultural services and fluctuating commodity prices. Gabon plans to increase annual cocoa production to 3,000 tonnes by 2025 from approximately 500 tonnes in 2016, and to hire 1,000 young farmers to help expand cocoa and coffee production.

The Transgabonais railway helps to support Gabon's agricultural industry as it facilitates the transport of goods from the east to the urban coastal regions. In addition, some commercial agriculture projects are subsidised by the Government.

Livestock and fishing

Historically, fishing has not contributed significantly to the Gabonese economy but the sector has been growing in recent years (eg. Tropical Holdings). The Government intends to increase protection of this resource and increase production, particularly by improving fishing infrastructure and preventing unauthorised fishing in its waters. The Government allows European trawlers to fish in Gabonese waters in return for payments amounting to approximately US$1 million per year. The AFD provides financial support for the Gabonese fishing industry and negotiations between both parties are ongoing regarding a potential loan. Gabon also has an agreement with Japan under which Gabon allows limited tuna fishing in its waters, in return for support of its fishing industry. Subject to these agreements, since the start of 2013, all fish caught in Gabonese waters must transit through Gabonese ports in order to encourage local processing businesses.

Manufacturing

Gabon manufactures canned and bottled drinks, cement, fertilisers, soap, industrial gas, cigarettes, printed textiles and clothing. Other than oil refining and timber and manganese processing, the development of the manufacturing sector is limited by high labour costs, a shortage of skills, poor infrastructure and little internal demand for locally-manufactured goods. The Government is promoting increased timber processing through tax incentives, such as charging no income tax on processing equipment or machinery.

A clinker plant and two clinker crushing plants are operated by the national cement company, Cimgabon, which was privatised in 2000 and is now 75%-owned by HeidelbergCement and 25%-owned by the State

The Gabon Fertilizer Company is contemplating the construction of a fertiliser plant in the special economic zone of Port-Gentil, at an estimated investment cost of US$2.15 billion, in partnership with the Olam group. It was expected to start operating in 2017, but has faced some delays. See "*The Principal Sectors of the Economy—Mining and Processing—Phosphate*".

Construction

The construction sector comprises subsidiaries of multinational companies, mid-sized private domestic and foreign companies and small individual companies.

The construction sector has traditionally relied heavily on public spending, which is in turn dependent on oil prices, oil production rates and public debt service. The construction sector saw significant growth in the 1970s and 1980s due to major public projects, such as the construction of the Transgabonais railway.

Control of public spending has limited the growth of the construction sector. Construction and public works accounted for approximately 5.8% and 6.1% of nominal GDP in 2015 and 2016, respectively.

The construction sector has grown slowly recently, but the sector is expected to shrink over the next few years due to the completion of construction work on the stadium for the African Nations Cup football tournament hosted in Gabon at the start of 2017.

Financial services

Banking

See "*Monetary System—The Gabonese Banking System*".

Insurance

The three major insurance companies are Omnium gabonais d'assurances et de reassurances (OGAR, Gabon), Nouvelle *société interafricaine d'assurance* (NSIA, Gabon) and AXA, with a combined market share of 63.7% for the year ended 31 December 2016. The *Caisse nationale de sécurité sociale* is a national social security fund providing private sector social security benefits.

All insurance companies in Gabon are members of the Gabonese Insurers' Federation ("**Fegasa**"). According to the Fegasa the combined revenue of insurance companies in Gabon in 2016 was CFAF 105.1 billion, compared to CFAF 118.8 billion in 2015. Transport, fire, car and other risk policies (except for life insurance) accounted for CFAF 86.2 billion of the revenue in 2016, compared to CFAF 101.2 billion in 2015, with the remainder being made up of life insurance policies.

Tourism

Approximately 3,000 people work in the tourism industry. Despite certain improvements in the tourism sector, including the renovations of hotels and improvements linked to the organization of the 2017 African Nations Cup football tournament, the revenue from hotels, restaurants and tourism is expected to contract by 4.6 % in 2017 compared to 2016 as a result of a decrease in the number of tourists expected to visit the region. The Government has tried to encourage high value tourism, particularly ecotourism, through tax incentives, such as exempting new tourist businesses from corporation tax for the first eight years of their operations. However, the growth of this sector is hindered by poor infrastructure and expensive airfares. It is, however, hoped that the new national parks system will increase the number of tourists in the future.

International-standard hotels in Gabon are concentrated in Libreville, Franceville and Port-Gentil. The revenues of international-class hotels in Gabon decreased by 7.7% from CFAF 22.76 billion in 2015 to CFAF 21 billion in 2016. The number of clients decreased by 11.5% from 175,572 in 2015 to 155,408 in 2016. Occupancy rates also decreased from 42.4% in 2015 to 24.7% in 2016. Many conference facilities and hotels built in the 1970s are unoccupied and ageing.

In 2016, there were 488,712 passengers on inbound and outbound international flights, down by 9.6% from 540,744 passengers in 2015. The total number of passengers using Gabon's airports, including domestic flights and passengers in transit, decreased by 9.0%, from 939,699 in 2015 to 855,145 in 2016.

Employment and Labour

The labour market in Gabon can be divided into three segments: the public sector, the private formal sector and the informal sector. The informal sector comprises unofficial economic activities that are organised without Government approval and are outside mainstream industry and commerce and therefore escape taxation (see "*Risk Factors–A significant portion of the Gabonese economy is not recorded*"). Available data on the labour market is limited since a significant part of Gabon's workforce is employed in the informal sector and surveys of the labour market that are made on a regular basis do not include the informal sector.

In 2016, approximately 87,173 people were employed in the private sector, compared to 85,275 in 2015, representing a 2.2% increase, and approximately 100,924 people were employed in the public sector in 2016 compared to 109,564 in 2015, representing a 1.3% decrease. In addition, 4,052 workers were employed in quasi-public companies in 2016, versus 5,052 in 2015.

The table below sets out information regarding the number of people in full-time employment in each division of the private formal sector for the periods indicated:

	Year ended 31 December		
	2014	**2015**	**2016**
	(Number of workers)		
Agriculture	8,061	8,917	12,523
Oil	6,374	5,501	4,291
Mining	4,500	4,575	4,352
Forestry	9,567	12,219	12,606
Agri-business	5,183	5,095	5,812
Other Industries	4,744	4,277	5,085
Water, Electricity, Refining	4,499	4,758	4,726
Construction	8,397	6,823	6,717
Transport and Telecoms	9,414	9,094	7,919
Services	10,738	9,954	9,337
Commerce	10,481	10,787	10,331
Banking and Insurance	3,254	3,275	3,474
Total	**85,212**	**85,275**	**87,173**

Source: TBE, 2016

The table below sets out information regarding the number of people in full-time employment in each division of the public sector for the periods indicated:

	Year ended 31 December		
	2014	**2015**	**2016**
	(Number of workers)		
Total Public Sector	**86,555**	**87,076**	**85,697**
Public Authorities	25,200	25,351	23,689
General Administration	11,359	11,427	13,662
Economic Administration	7,620	7,666	6,778
Development Administration	4,102	4,127	3,787
Transport Administration	1,317	1,325	1,202
Education Administration	24,918	25,068	24,900
Social Administration	11,923	11,995	11,475
Others	116	117	204

Source: TBE, 2016

Total full time public sector workers represented 85,697 people in 2016. In addition, part time public sector workers represented 15,227 people in 2016, for a total of 100,924. In addition, the Government believes there are a substantial number of people of working age who are employed part-time.

According to the IMF 2016 Article IV Report, the rate of unemployment in Gabon is at approximately 30% (as compared with 9% in 1993); this increase is mainly due to a high number of young people entering the labour market during this period. However, the Government believes that the launch of infrastructure projects, the exploitation of new mining deposits and the decision to ban the export of logs, among others, contributed to creating new jobs between 2010 and 2012.

Total wages in Gabon increased by 0.1% in 2016 to CFAF 1,992.1 billion from CFAF 1,972.2 billion in 2015, due to a 2.9% rise in public sector salaries only slightly offset by a 1.3% decline in private sector wages. The annual minimum wage is CFAF 80,000 per month (CFAF 300,000 in the public sector) making the Gabonese workforce one of the most expensive of sub-Saharan Africa. No Government subsidy is payable in case of unemployment.

There are two social security systems in Gabon: the *Caisse Nationale de Sécurité Sociale* for private sector workers and a Government-sponsored scheme for both public and private sector workers and the poor, which is managed by the *Caisse Nationale d'Assurance Maladie et de Garantie Sociale*. See "*The Gabonese Republic—Population, Education, Health and Health Insurance*".

The right to form unions and to strike is guaranteed under the Constitution. There are over 50 trade unions and employers' organisations mostly in the education, import/export, oil and forestry sectors. Unions are not very representative due to low membership and a lack of resources. Recent public sector wage reform, in the framework of the 2017 revised budget law, could potentially trigger further strikes and demonstrations in the foreseeable future.

Environment

In 2004, Gabon and nine other countries in the region signed a treaty to protect the Congo basin rainforest, which covers 75% of Gabon. The treaty's aims are the establishment of a forestry commission, limitations on deforestation and the harmonisation of national laws on logging. Thirteen national parks covering 10.8% of Gabon's surface area have been created and designated world heritage sites by the United Nations. Gabon implemented the Gabon Strengthening Capacity for Managing National Parks and Biodiversity Project, a joint project with the World Bank. This project adopts an integrated approach to biodiversity conservation and aims to strengthen organisational and operational capacities of national parks and wildlife authorities. Gabon is developing an ecotourism sector. There are currently 15 ecotourism sites in Gabon. The Environment Code of 1993 was amended by Parliament in August 2014 to provide for mandatory environmental impact assessments before any new infrastructure project is launched.

The Government has tried to implement a number of programmes to protect its forests. These include:

- a forestry development plan called the "*Plan d'Aménagement Forestier*" aimed at managing and developing the forests in a sustainable manner. The contravention of its requirements can result in financial sanctions and the withdrawal of the relevant forestry licence;
- a World Bank-approved project for sustainable forestry management. This project also aims to lay the foundations for the development of further ecotourism in Gabon; and
- a legislative order dated September 2008 regulating the conditions under which authorisations can be obtained to transport toxic waste across borders and the import and export of chemical products for industrial use in Gabon.

The protection of the environment is one of the pillars of the Emerging Gabon and the ERP programmes. The Government is committed to managing its forest resources in a sustainable way by subscribing to the "certified tropical wood" label and implementing measures to increase the amount of arable land.

In line with and in furtherance of the objectives of Green Gabon, Gabon entered into the Paris Agreement in December 2015 and, in June 2017, Gabon signed an $18 million deal with donors to tackle deforestation and cut its carbon emissions by half as part of a wider plan to protect the tropical forests of the Congo Basin.

In the wake of Mighty Earth's 2016 report, *Palm Oil's Black Box*, Mighty Earth and Olam met in Washington D.C. and agreed to move forward on two imperatives: enabling models for responsible agricultural development that support forest conservation whilst addressing poverty reduction and job creation in Gabon. Olam notably agreed to suspend further land clearing of forests in Gabon for palm and rubber plantations for a year (a period that can be extended). During this time, Mighty Earth and Olam agreed to support a multi-stakeholder process to develop further specific criteria for responsible agricultural development in countries that have most of their land covered by forests.

Infrastructure

Spending on infrastructure accounted for approximately 30% of public spending in 2014 and 23% in 2015. In 2016, it amounted to 22% of public spending. Following the launch of Emerging Gabon, this share is expected to reach 24% of public spending in 2017.

In January 2016, Gabon signed agreements with the Development Bank of Central African States for loans on two major infrastructure projects totalling more than US$200 million. The first agreement provided CFAF 51.6 billion ($86 million) in financing for use towards the construction of a port in Owendo, close to Libreville, jointly owned with Olam. This project has been completed. A second agreement provided an additional CFAF 75.6 billion ($126 million) of financing for the construction of a major highway project connecting Libreville with towns in the rest of the country. This project is expected to be completed by the end of 2017.

Roads

The Government recognises the importance of investing in quality road infrastructure, and has been investing in the development of several roads connecting key economic areas. For example, work has been started to pursue the development of the Tchibanga-Mayumba (106 km), Ndendé-Tchibanga (103 km), Port-Gentil – Omboué (93 km), Mouila-Ndendé (75 km), Ndendé-Doussala (48 km) and the Port-Gentil-Ombooué roads. Donors, such as the EU, are also supporting regional infrastructure development and roads within Gabon. Between 2009 and 2016, 672 km of new paved roads have been built, and there are ongoing works to build an additional 641 km of roads (including the Banio bridge and the Port-Gentil to Omboué bridge).

Investment in road infrastructure is also ongoing at the regional level. The CEMAC has been prioritising the development of regional road infrastructure, and paved roads are currently being built between Gabon, Cameroon and Congo.

Public transport in Libreville is provided by SOGATRA, which is currently being restructured. See "*The Economy—Principal Sectors of the Economy—Privatisation and Restructuring Programme*".

Railways

The 697-kilometre Transgabonais railway was completed in 1986, and this railway has contributed to the development of the exploitation of Gabon's forest and mineral resources. It runs east from Owendo port station in Libreville to Franceville via numerous stations, the main ones being Ndjolé, Booué and Moanda.

In 2003, Comilog won the concession to manage the national rail network. The concession was originally awarded to a consortium of timber companies, CECF, but was withdrawn due to alleged poor management. In September 2003, CECF asked ICSID to arbitrate the matter. See "*The Gabonese Republic—Legal and Arbitral Proceedings—Dispute with CECF Transgabonais*".

In 2005, the *Société de l'Exploitation du Transgabonais* ("**Setrag**"), which is a subsidiary of Comilog, was awarded a 30-year concession to manage the Transgabonais railway. The project includes a loan for the rehabilitation of the existing infrastructure (mostly rail track) between Libreville and Franceville, the ultimate goal being to reduce slowdowns and double the capacity of the line to 16 trains per day, and the acquisition of new rolling stock for the replacement and expansion of transport capacity. More recently, Setrag has rehabilitated a local railway, and a manufacturing plant became operational in 2016

The project's estimated cost is CFAF 207 billion with up to CFAF 61 billion to be financed by the Government and CFAF 146 billion by Setrag, with financial support from SFI-Proparco. A significant portion of the financing of the Setrag portion will come from loans raised with international development finance institutions and with the remainder to comprise a mix of internally generated cash flow and shareholders' support.

As of 2015, the railway's income came from the following sources: 50% from manganese transportation, 10% from transporting passengers, 5% from timber transportation and 35% from transporting other goods (including hydrocarbons). The proportion of income coming from manganese production is expected to increase as production increases at the mine. A new railway line from Bélinga is expected to be built in order to accommodate the Bélinga iron ore project but details of the line have not been finalised.

The following table sets out information regarding the use of the railway in the periods indicated:

	Year ended 31 December		
	2014	2015	2016
	(Tonnes, except passengers)		
Logs	340,039	333,389	375,603
Processed timber	32,347	39,089	37,895
Manganese ore	3,663,951	3,974,986	3,411,479
Oil Products	60,851	56,763	50,740
Other Goods	224,173	244,982	369,395
Passengers (number)	215,221	237,399	278,316
Total Volume (Tonnes, before passengers)	**4,321,361**	**4,649,209**	**4,245,112**

Source: TBE, 2016

Ports

There are deep water ports at Port-Gentil and Owendo. Port-Gentil handled 377,266 tonnes in 2016 representing a 2.8% decrease from 2015 due to the weaker activity in the province. The port handled 377,226 million tonnes in 2016, of which wood accounted for 55,867 tonnes.

At the port of Owendo, despite a 10.7% decrease in the number of shipments, the volume of goods handled increased by 6.3% to 6.7 million tonnes in 2016, compared with 6.3 million tonnes in 2015. This increase was mainly due to the transport of non-oil products, such as manganese.

At Port Môle, although commercial traffic and volume of goods handled decreased in 2016, by 3.1% and 40% (to 2.5 million tonnes), respectively, passenger traffic increased by 2% (to 11,454 passengers).

Since 1992, when the national carrier, *Société nationale des transports maritimes* ("**Sonatram**"), was restructured following a financial crisis, overseas shipping has almost exclusively been handled by foreign companies.

The ports were managed by the State-owned company, *Office de ports et rades du Gabon*, until December 2003. Since then, the ports have been managed by *Société d'investissement de gestion et d'exploitation des ports et rades du Gabon* (a subsidiary of the Spanish company, PIP Puertos de las Palmas) which was awarded a 25-year concession. This concession was cancelled at the end of 2006 due to irregularities in the tendering process. A new tender was launched in 2007 and a new 25-year concession was awarded to the Portek group, which is headquartered in Singapore. A subsidiary of Bolloré, a French company, developed a dry port in Franceville, which has been operational for approximately four years. Following the opening of the new port, port costs were reduced by almost 30%.

Airports

There are five domestic airports in Gabon. The Leon M'Ba Airport in Libreville and the Port-Gentil International Airport are the only two airports conforming to the International Civil Aviation Organisation standards. The Leon M'Ba Airport in Libreville is managed by the privately-owned *Aéroport de Libreville*. In response to the increase in air traffic, the Government developed the airport of Port-Gentil into an international airport, which became fully operational in 2014 and was inaugurated in 2016. The Government plans to renovate the airport in Franceville to conform to international standards. Thirty of the numerous smaller airfields are open to commercial traffic. See "*The Economy—Principal Sectors of the Economy—Tourism*".

Telecommunications and Media

This sector is relatively open and is regulated by the *Agence de Régulation des Communications Electroniques et des Postes* ("**Arcep**"). Gabon's fixed telecommunication infrastructure is relatively advanced but charges for its use are very expensive. The State-owned *Gabon Télécom* was acquired by *Maroc Télécom* in 2006 in a deal that included the commitment by *Maroc Télécom* to invest CFAF 100 billion in order to expand the existing network. The *Gabon Télécom* privatisation was controversial because there was speculation that Econet Wireless Global had offered CFAF 27 billion more than *Maroc Télécom* to buy *Gabon Télécom*. However, this offer did not include *Maroc Télécom's* commitment to invest CFAF 100 billion to expand the existing network. In July 2007, the Constitutional Court temporarily suspended the sale due to objections filed by seven senior employees of *Gabon Télécom's* subsidiary, Libertis. The objections were judged to be inadmissible by the Constitutional Court. In early November 2013, Vivendi sold its 53% stake in *Maroc Télécom* to Etisalat for €4.2 billion.

Gabon has a high mobile telecommunications penetration rate as compared to other countries in the sub-Saharan region, having increased from 9,000 operating lines in 1998 to approximately 775,000 in 2006 and 3.0 million in 2016. In order to improve its telecommunications network, Gabon connected to the African fibre optic network SAT 3 WASCQ and has been connected to the submarine ACE fibre-optic system since 2012, giving the country access to broadband. A major telecommunication infrastructure plan is also being considered to interconnect all major cities of the country to the fibre-optic network.

The number of fixed operating land lines increased from approximately 18,498 in 2014 to approximately 18,866 in 2016. The main mobile telephone operators are Gabon Telecom and Airtel (a subsidiary of Bharti group).

Internet services first became available in Gabon in 1997 and by 2016 there were an estimated 1.4 million internet users. The number of internet users has been increasing most rapidly in the largest towns where the telephone service is adequate. A fibre optic line between Congo and Gabon is planned to be completed by the end of July 2017.

Two national television channels are supplemented by satellite television and a variety of radio stations. The daily newspaper is state owned. A new public news television channel, Gabon 24, was launched in 2016. In addition, the state acquired the private television channel Kanal7. In 2017, Gabon was ranked 108 out of 180 countries with regard to press freedom by *Reporters sans frontières*.

The table below sets out the number of telecommunications operating lines and internet connections at the end of the periods indicated:

	Year ended 31 December		
	2014	**2015**	**2016**
	(Number of operating lines)		
Fixed Line Telephone	18,498	18,758	18,866
Mobile Telephone	2,943,859	2,812,411	2,937,239
Total Telephone	**2,962,357**	**2,831,169**	**2,956,105**
Internet connections	861,933	910,470	1,445,038

Source: TBE, 2016

Energy and Water Supply

Gabon produces around 40% of its electricity through hydroelectric plants, such as the Kinguele facility. One of the Government's objectives is to increase the production of energy (electricity) and improve the water system.

Current hydropower projects include the development of the Grand Poubara hydropower plant, financed by the Government by way of a loan. The Government intends to increase Grand Poubara's capacity from 160 megawatts to 280 megawatts in the near future. Other hydropower projects include the 115-megawatt *Ngoulmendjin* hydropower project, the 86-megawatt *Chutes de l'Impératrice* plant, whose construction aims to support the development of the Lambaréné Forestry Cluster, and recently two additional projects, a 72-megawatt plant aiming at increasing the production of electricity in Libreville and a 16-megawatt project in the South of Gabon, to add capacity while the 36-megawatt Fé2 hydropower project, which is still under discussion. For the Government, the *Ngoulmendjim* hydropower project is essential for the production of manganese and to support the industrial development of Gabon.

A 70-megawatt gas turbine power plant became operational in 2008 in response to increased electricity demand in Libreville and will remain operational until the hydroelectric projects are completed. Work also began on a national electricity grid in 2008 in order to guarantee electricity supply in Libreville and to enable the phasing out of diesel fuel power plants in the interior of the country as hydroelectric power stations come into operation. Water supply is also insufficient, in particular in Libreville where there is an estimated daily shortfall of 120,000 cubic meters of fresh water, which results in numerous areas of the capital being without a continuous supply of water. There are ongoing works on pipes and water tanks. Two water reservoirs were constructed, one with a capacity of 7,500 cubic meters and the other with a capacity of 10,000 cubic meters. A sewage facility (Ntoum 7) with a capacity of 140,000 cubic meters has been operational since January 2016.

A new project to supply additional fresh water has been under discussion in recent years. The surveys have been stopped due to lack of funding but could resume in the coming years following a financial agreement with the Gabonese Fund for Strategic Investment.

In 1997, Veolia Environnement (the then *Compagnie Générale des Eaux*, part of Vivendi) bought a majority share in the State-owned electricity and water company, *Société d'énergie et d'eau du Gabon* ("**SEEG**"). SEEG was granted a 20-year concession for electricity and water distribution. The concession was renewed for five years in March 2017. In 2016, SEEG invested more than CFAF 24 billion, representing a 26.3% increase compared to 2015. The penetration rate for electricity is 45%, one of the highest in Africa. The Government is planning to accelerate its programme for rural electrification, and the improvement of water supply.

A new thermal power plant was inaugurated in 2013 and has been operational since 2014. The dual-fuel Alénakiri power plant has capacity of 70 megawatts and was built by Telemania, an Israeli firm, at a cost of US$130 million. Once the various supporting infrastructure is finalised, the plant will help reduce the chronic power shortages in Libreville and will also provide power to the special economic zone of Nkok. This new plant was an important step towards Gabon's ambition of having a power-generation capacity of 1,600 megawatts by 2025.

In 2017, the Government plans to spend approximately CFAF 1 billion on providing free electricity and free fresh water to low-income households.

The table below sets out information regarding production and sale of electricity and water in Gabon for the periods indicated:

	Year ended 31 December		
	2014	**2015**	**2016**
Production			
Electricity (kwh millions)	2,171	2,245	2,310
Water (million m^3)	99	109	116
Sales by Volume			
Electricity (kwh millions)	1,650	1,704	1,807
Water (million m^3)	70	74	69

Source: TBE, 2016

Special Economic Zones

To further attract investment, the Government started to create special economic zones. Law 10/2011 of 18 July 2011 regulates the creation and mechanisms of these zones and stipulates that the tax and customs benefits only apply to companies that export at least 75% of their production.

The special economic zone of Nkok (mainly dedicated to the timber industry) is operating and offers tax exemptions to companies during the first ten years of activity. After this period, companies typically benefit from a lower income tax of 10%.

The special economic zone of Port-Gentil (Mandji) was established by Decree n. 0126 dated 22 January, 2013, adopted under law 10/2011, to promote investment, create jobs and increase exports. It is aimed principally at the oil and timber-processing industries. According to a study led by the international business consultants, OTF, it is estimated that up to 1,600 jobs will be created over the next ten years in the timber-processing sector and that the value of processed timber exports will increase to CFAF 134 billion over the next ten years. Infrastructure development of 80 hectares started in 2008 at a cost of CFAF 45 billion and was completed in 2011. The three main anchor investors in place are Olam (fertiliser project), Samsung (refinery project) and OCP (phosphate-based fertiliser project).

The third zone, Majumba, is still under construction.

Privatisation, Restructuring and Liquidation Programme

Soon after independence, the Government created several state-owned companies to support employment and to take the lead in Gabon's economic development. These companies were generally unsuccessful and, following the 50% devaluation of the CFA franc in 1994, the economic recovery programme that was launched with the support of the IMF included a privatisation programme. The privatisation legislation adopted in 1996 (the "**Privatisation Act**") was the basis for a series of privatisations, taking the form of the transfer of the ownership of a company to a private company, or the granting of a concession to a private company. The Privatisation Act covers privatisations, liquidations and restructurings in the same way, creating a Privatisation Committee which supervises and coordinates the privatisation, restructuring or liquidation of state-owned companies. After the Government has decided to privatise, restructure or liquidate a company, it is subjected to a valuation and the specific strategy for that company is defined, determining how much of the Government's stake is to be sold and whether a concession is to be granted. There is then a public bidding process. The Privatisation Committee also prepares an annual report detailing the proceeds of privatisations and presents it to the National Assembly.

Privatisation is still part of the Government's economic strategy and its objective is to diversify the economy and make it more attractive to private investment. However, the major phase of privatisation came to an end in 2008-2009. 80% of public sector companies have been privatised and the Privatisation Committee is mainly performing a monitoring role, reviewing the development of companies that have been privatised. The sectors in which future privatisations are expected to take place are the agro-industrial and pharmaceutical sectors. Companies that were restructured in 2015-2016 included CNI and SOGATRA, amongst others.

The table below sets out information regarding the privatisation, sale of business, restructuring and liquidation of certain state-owned companies:

Year	State Company	Industry	Action Taken	Buyer
2006	*Gabon Poste*	Mail	Liquidation	La Poste SA
2006	*Air Gabon*	Airways	Liquidation	Gabon Airlines
2007	*Gabon Telecom* (and its mobile telephone subsidiary, Libertis)	Telecoms	Privatisation	Maroc Telecom, a subsidiary of Etisalat
2011	FAGA	Services	Merger/Acquisition	Gabonese Development Bank
2011	FODEX	Services	Merger/Acquisition	Gabonese Development Bank
2011	CRH	Services	Merger/Acquisition	Gabonese Development Bank
2011	FNH	Services	Merger/Acquisition	Gabonese Development Bank
2012	CODEV	Services	Liquidation	Gabonese Development Bank
2012	Hôtel Méridien	Tourism	Divestment	-
2013	SIFRIGAB	Fishery	Privatisation	Ireland Blyth Limited
2015	PROMOGABON	Services	Merger/Acquisition	-
2015	CDE	Services	Merger/Acquisition	*Agence Nationale de Promotion des Investissements*
In progress	AFRICA N°1	Services	Restructuring	-
In progress	HOTEL INTERCONTINENTAL	Tourism	Divestment	-
In progress	HOTEL RAPONTCHOMBO	Tourism	Divestment	-
In progress	Leconi Palace	Hotel industry	Restructuring	-
In progress	CNI	Transport	Restructuring	-
In progress	CNGS	Insurance	Liquidation	-
In progress	CNSS	Insurance	Restructuring	Ireland Blyth Limited
In progress	SMAG	Agriculture	Divestment	-
In progress	SNAT	Transport	Divestment	-
In progress	SOGATRA	Public Transport (Libreville)	Restructuring	-
In progress	SNBG	Forestry	Restructuring	-
Upcoming	BGD	Banking industry	-	-
Upcoming	BHG	Banking industry	-	-
Upcoming	Poste Bank	Services	-	-
Upcoming	SONAPRESSE	Services	-	-
Upcoming	LBTPG	Technical services	-	-
Upcoming	ASECNA	Technical services	-	-
Upcoming	OGAPROV	Agribusiness	-	-
Upcoming	AGP	Services	-	-
Upcoming	ANFP	Services	-	-
Upcoming	ANPAC	Services	-	-
Upcoming	CGC	Technical services	-	-

Year	State Company	Industry	Action Taken	Buyer
Upcoming	CCIG	Technical services	-	-
Upcoming	ONADER	Agriculture	-	-
Upcoming	OZI NGOUONI	Agriculture	-	-
Upcoming	OZI MOABI	Agriculture	-	-

FOREIGN TRADE AND BALANCE OF PAYMENTS

Foreign Trade

Gabon has generated a large trade surplus in recent years due to substantial oil exports and more modest import levels. The trade surplus has fluctuated with international oil prices and with oil production levels. Despite a decrease in imports, there is currently a trade deficit due to a decrease in exports resulting primarily from a decline in oil production and oil prices.

Imports and Exports

The table below sets out certain information regarding imports and exports for the periods indicated:

	Year ended 31 December		
	2014	**2015**	**2016**
		(CFAF billions)	
Exports			
Crude Oil	3,733.40	2,512.44	1,652.18
Oil-based Products	212.71	103.98	90.30
Manganese	74.2	137.4	82.5
Gold	21.37	24.19	1.63
Cements	2.15	1.49	0.01
Processed Timber	195.73	222.21	257.37
Natural Rubber	17.36	15.09	11.31
Tobacco	0.56	0.23	0.00
Fish	1.82	1.99	1.62
Other	105.2	126	106.7
Total Exports	**4,364.52**	**3,144.94**	**2,203.62**
Imports			
Consumer import	493.95	501.37	454.16
Capital Goods	746.10	689.59	417.04
Intermediary goods	443.87	406.24	371.85
Energy	235.14	143.14	100.12
Total Imports	**1,919.07**	**1,740.34**	**1,343.18**

Source: Rapport du commerce extérieur et résultats de la fiscalité douanière 2016

Between 2015 and 2016, the total value of exports decreased by 30% from CFAF 3,144.9 billion to CFAF 2,203.6 billion. This decrease was mainly driven by the value of the oil sector's exports decreasing by 33% from CFAF 2,616.4 billion to CFAF 1,742.5 billion, due to the decrease in global oil prices and by a 40% decrease in manganese exports from CFAF 137.4 billion in 2015 to CFAF 82.5 billion in 2016 due to poor market conditions.

Between 2015 and 2016, the total value of imports decreased by 23% from CFAF 1,740.3 billion to CFAF 1,343.2 billion, notably driven by a 9% decrease in the value of consumer imports from CFAF 501.4 billion to CFAF 454.2 billion and a 40% decrease in imports of capital goods from CFAF 689.6 billion to CFAF 417 billion.

Customers and Suppliers

China, France and the United States are Gabon's principal trading partners. Certain African countries, especially Cameroon and Togo, are significant sources of imports. The majority of Gabonese oil goes to China, Australia, Trinidad & Tobago and India, and the majority of Gabonese timber to China and France.

The table below sets out certain information regarding the composition and geographic destination of Gabon's exports for 2015 and 2016 by continent:

	Africa	Americas	Asia	Europe	Oceania	Total
			(CFAF billions)			
2015						
Crude Oil	0.0	444.9	706.2	599.2	206.5	1,956.8
Oil-based products	12.3	2.3	0.9	58.6	0.0	74.1
Manganese	1.7	7.0	37.4	56.0	0.5	102.6
Gold	-	-	-	11.2	-	11.2
Cements	1.1	-	-	-	-	1.1
Processed Timber	8.6	3.0	84.8	70.0	0.2	166.6
Rubber	0.0	1.8	0.2	9.4	-	11.3
Tobacco	0.2	-	-	0.0	-	0.2
Fish	-	-	1.1	0.0	-	1.1
Other	31.8	6.0	37.8	29.1	0.4	105.1
Total	**55.7**	**465.0**	**868.3**	**833.5**	**207.7**	**2,430.0**
2016(1)						
Crude Oil	15.6	228.7	471.1	320.9	141.9	1,178.1
Oil-based products	7.7	0.1	1.7	48.1	-	57.6
Manganese	0.1	5.4	28.4	30.1	0.0	64.0
Gold	0.3	-	0.2	1.2	-	1.6
Cements	0.0	-	-	-	-	0.0
Processed Timber	10.3	4.2	98.1	79.5	0.1	192.2
Rubber	-	1.3	0.2	6.0	-	7.5
Tobacco	0.0	-	-	-	-	0.0
Fish	0.0	-	1.0	0.2	-	1.1
Other	33.2	8.5	15.7	26.2	0.6	84.1
Total	**67.1**	**248.1**	**616.3**	**512.2**	**142.5**	**1,586.2**

(1) January to September

Source: Rapport du commerce extérieur et résultats de la fiscalité douanière 2016

Exports to African countries consist mainly in oil and gas (crude oil and/or oil-based products), as well as processed timber.

Between 2015 and 2016, the value of crude oil exports to the Americas decreased by 49% from CFAF 444.9 billion to CFAF 228.7 billion, due to the decrease in global oil prices. The value of exports of oil-based products to the Americas decreased from CFAF 2.3 billion in 2015 to CFAF 0.1 billion in 2016, once again because of a fall in oil prices.

Between 2015 and 2016, the value of exports to Asia decreased by 29% from CFAF 868.3 billion to CFAF 616.3 billion, due to the value of the crude oil exports to Asia decreasing by 33% from CFAF 706.2 billion to CFAF 471.1 billion, primarily as a result of the fall in oil prices.

Between 2015 and 2016, the value of exports to Europe decreased by 39% from CFAF 833.5 billion to CFAF 512.2 billion, due to the value of the crude oil exports to Europe decreasing from CFAF 599.2 billion to CFAF 320.9 billion.

Between 2015 and 2016, the value of exports to Oceania decreased by 31% from CFAF 207.7 billion to CFAF 142.5 billion, due to the value of the crude oil exports to Oceania decreasing by 31% from CFAF 206.5 billion to CFAF 141.9 billion.

The table below sets out certain information regarding the destination of Gabon's exports for the periods indicated:

	Year ended 31 December		
	2014	2015	2016
		(CFAF billions)	
Exports by Continent			
Africa	121.9	55.7	67.1
of which CEMAC	35.2	21.0	16.8
Americas	721.8	465.0	248.1
Asia	1,510.5	868.3	616.3
Europe	693.8	833.5	512.2
Oceania	281.7	207.6	142.5
Total	**3,329.7**	**2,430.0**	**1,586.2**
Main Countries for Gabon's Exports			
China	412.8	361.2	367.1
Australia	281.5	207.3	142.2
Trinidad and Tobago	420.4	321.6	209.3
India	284.0	18.5	19.6
United States	299.0	117.0	16.7
Japan	261.5	23.6	1.2
Spain	157.0	221.2	39.6
South Korea	162.0	20.9	38.2
Malaysia	170.7	213.9	26.1
Great Britain	195.0	33.1	38.5

Source: Rapport du commerce extérieur et résultats de la fiscalité douanière 2016

China, Australia and Trinidad and Tobago were the main destinations of Gabon's exports in 2016. In particular, exports to China increased by 1.6% from CFAF 361.2 billion in 2015 to CFAF 367.1 billion in 2016. At the same time, exports to Australia decreased by 31% from CFAF 207.3 billion to CFAF 142.2 billion. Despite the decrease, Australia remains the third largest market for Gabonese exports in 2016. The decrease in the value of exports to America, Asia, Europe and Oceania is mainly due to lower oil prices.

In addition, exports to Malaysia decreased by 88% from CFAF 213.9 billion in 2015 to CFAF 26.1 billion in 2016. Between 2015 and 2016, exports to India increased by 6% from CFAF 18.5 billion to CFAF 19.6 billion, exports to Japan decreased 95% from CFAF 23.6 billion to CFAF 1.2 billion and exports to Spain decreased by 82% from CFAF 221.2 billion to CFAF 39.6 billion, China was the number one destination for Gabon's exports in 2016, with total exports valued at CFAF 367.1 billion. Decreases in exports between 2015 and 2016 were mainly due to lower oil prices.

The table below sets out certain information regarding the sources of Gabon's imports for the periods indicated:

	Year ended 31 December		
	2014	2015	2016
		(CFAF billions)	
Imports by Continent			
Africa	182.3	195.1	122.8
of which CEMAC	*30.4*	*50.2*	*24.3*
Americas	120.6	232.8	104.6
Asia	258.2	229.6	249.4
Europe	756.9	675.3	615.9
Oceania	3.0	3.1	2.0
Total	**1,321.0**	**1,335.9**	**1,094.7**
Imports by country of origin			
France	343.3	319.0	392.9
Belgium	207.6	167.8	103.7
China	126.8	101.2	128.9
United States	72.8	181.5	57.0
Togo	52.3	52.1	31.7
Italy	41.9	28.9	19.7
Netherlands	32.4	43.0	17.4

Source: Rapport du commerce extérieur et résultats de la fiscalité douanière 2016

Between 2015 and 2016, imports from the Americas decreased by 55% from CFAF 232.8 billion to CFAF 104.6 billion, and imports from Europe decreased by 9% from CFAF 675.3 to CFAF 615.9 billion. This was driven primarily by significant decreases in the levels of imports from the Netherlands, (from CFAF 43.0 billion in 2015 to CFAF 17.4 billion in 2016), and from Belgium (from CFAF 167.8 billion in 2015 to CFAF 103.7 billion in 2016). Imports from Togo decreased by 37% from CFAF 52.1 billion to CFAF 31.7 billion between 2015 and 2016 due to the import of refined oil products to compensate for the limited production by Sogara in 2016. The contraction of imports is mainly due to the slowdown of the Gabonese economy.

Balance of Payments

Gabon's balance of payments accounts are compiled and disseminated by the BEAC. There is close coordination between the BEAC agency in Gabon and the BEAC headquarters in Yaoundé, as the BEAC headquarters validates the results and runs consistency checks against the guidelines adopted for all the CEMAC member countries.

The table below sets out certain information regarding Gabon's balance of payments for the periods indicated:

	Year ended 31 December			
	2014(1)	**2015(1)**	**2016(2)**	**2017(2)**
	(CFAF billions)			
Current Account(3)	658	(475)	(842)	(790)
As a % of nominal GDP	*7%*	*(6%)*	*(10%)*	*(9%)*
Trade Balance(4)	2,508	1,314	1,107	1,405
Exports (f.o.b.)	4,528	3,315	2,679	3,304
Oil Sector	3,800	2,494	1,941	2,285
Other Sectors.	728	821	738	1,019
Imports (f.o.b.)	(2,020)	(2,001)	(1,573)	(1,899)
Oil Sector	(227)	(242)	(227)	(267)
Other Sectors	(1,793)	(1,759)	(1,346)	(1,632)
Services (net)	(1,349)	(932)	(965)	(1,122)
Current Transfers (net)	(152)	(143)	(181)	(185)
Income (net)	(349)	(713)	(802)	(889)
Capital Balance and Financial Account(5)	(746)	248	212	343
Direct Investment (net)	540	587	746	872
Portfolio Investments (net)	0	(23)	0	0
Other Investments (net)	(1,286)	(316)	(534)	(528)
Errors and Omissions	0	0	0	0
Overall Balance(6)	**(88)**	**(226)**	**(630)**	**(447)**
Financing	**88**	**226**	**630**	**447**
Bank of Central African States	88	0	0	(52)
Change in imputed reserves (- is an increase)	88	226	652	(170)
IMF-EFF flows	0	0	0	118
Financing Gap	0	0	0	499
Of which bilateral	*0*	*0*	*0*	*49*
Of which multilateral	*0*	*0*	*0*	*450*

(1) Due to rounding, there may be minor discrepancies in the total amounts and sub-total amounts.
(2) Estimates for 2016; projections for 2017.
(3) Includes the trade balance, plus services (net), plus current transfers (net), plus income (net).
(4) Includes exports and imports.
(5) Includes direct investment, portfolio investment and other investment.
(6) Includes the current account and the capital balance.
Source: IMF

Between 2015 and 2016, the current account deficit increased to 10% of nominal GDP from CFAF 475 billion to CFAF 842 billion, primarily due to a decrease in imports. The trade surplus decreased by 16% from CFAF 1,314 billion in 2015 to CFAF 1,107 billion in 2016, mainly driven by the decrease in exports, particularly in the oil sector. The deficit in net services increased from CFAF 932 billion in 2015 to CFAF 965 billion in 2016. In 2017, the current account deficit is expected to decrease. Between 2014 and 2017, the services deficit was due to Gabon importing most services, notably all services related to the oil industry.

Between 2015 and 2016, the surplus in the capital balance fell by 15% from CFAF 248 billion to CFAF 212 billion. Moreover, it is worth noting that the change of the capital balance in 2016 has been marked by a sharp increase in foreign direct investments

Foreign Direct Investment

Gabon's natural resources are attractive to foreign companies and the Government encourages FDI. A variety of incentives are provided to prospective investors including tax incentives such as a VAT exemption on oil exploration. See "*Public Finance—Taxation*".

Traditionally, the oil sector has been a major recipient of FDI. The Government has been attracting new, smaller companies, from a variety of countries, which specialise in the exploration of oil fields containing relatively small amounts of reserves. Key players also remain actively involved in the sector, including Maurel & Prom, Perenco and Shell Gabon.

More generally, the Government has been working since 2010 on measures aimed at facilitating investments, in particular:

- the creation of an agency for the promotion of investments and exports;
- the simplification of the registration process for newly-incorporated companies (within 48 hours, as compared to an average of nine days currently);
- the creation of special economic zones; and
- the simplification of the approval process for direct investment, which is now subject to a reduced 20-day notice period to the Ministry of Economy.

The table below sets out certain information regarding FDI in Gabon for the periods indicated:

	Year ended 31 December			
	2013	**2014**	**2015**	**2016(1)**
	(CFAF billions)			
Direct Investments	**455.7**	**416.8**	**238.1**	**414.5**
Commercial Credit	0.0	0.0	0.0	0.0
Credit	**490.2**	**453.9**	**278.2**	**458.6**
Participation in Capital	0.0	0.0	0.0	198.0
Reinvested Profits	428.4	411.9	277.0	230.3
Connected Account and Others	61.8	42.0	1.2	30.3
Debit	**34.5**	**37.1**	**40.1**	**44.2**
Participation in Capital	0.0	0.0	0.0	0.0
Reinvest Profits	0.0	0.0	0.0	0.0
Connect Accounts and Others	34.5	37.1	40.1	44.2

(1) Estimates

Source: BEAC

Between 2015 and 2016, the net FDI rose 74.1% from CFAF 238.1 billion to CFAF 414.5 billion.

In 2016, Gabon attracted over CFAF 414.5 billion in FDI, and the Government believes that the level of FDI will increase in the short- to medium-term given the ongoing and planned investments under public private partnerships and the industrialisation of the wood sector. In particular, private investment will be required to play a central role in Emerging Gabon and the ERP. See "*The Economy—Emerging Gabon*".

Trade Policy

Bilateral commercial agreements signed by Gabon include agreements with France in 2010 and Mauritius in 2013.

Tariffs are governed by the CEMAC and national regulations. The CEMAC's customs code incorporates the WTO's agreement on customs evaluation of imported goods (*Accord OMC sur l'évaluation en douane des marchandises importées*). Gabon has a common external tariff ("**CET**") with CEMAC member countries. The CET affects about 22% of taxable imports and the maximum rate is 30%. There are four different types of taxes on imports: 5% on staples, 10% on capital goods, 20% on intermediate goods and 30% on basic consumer goods. Exemptions and suspended duties are granted by agreements or Government decision or as part of investment incentives. The CET is currently under review, and Gabon fully supports it. The reform under consideration is to move from the existing four-band tariff to a three-band tariff with a 20% maximum rate.

The only commodity subject to trade restrictions is sugar, and a timetable to lift these restrictions is currently being prepared.

Manganese is subject to export duties at a rate of 3%, while processed timber goods are subject to a felling tax of 1%.

PUBLIC FINANCE

General

Gabon's monetary policy is controlled by the BEAC, and, as a result, fiscal management is the Government's main tool of economic policy. In the 1970s, the increase in oil prices and in Gabonese oil production allowed the Government to invest in construction projects such as the Transgabonais railway and the buildings for the Organisation of African Unity summit in Libreville in 1977. France encouraged these projects. The Gabonese economy was then left vulnerable to external economic shocks due to changes in prices of national resources and unsuccessful economic plans.

Following the devaluation of the CFA franc by 50% in 1994, an economic financial recovery programme was launched with the support of the IMF that included fiscal reforms to improve transparency by auditing government revenue and internal debt, public sector reforms to improve administration and a privatisation programme.

Diversifying the economy, managing volatile fiscal revenue due to oil prices and maintaining more stable public spending commitments are currently the key fiscal policy challenges for the Government. The large external debt burden, which reduces Gabon's capacity for investment, hampers efforts to meet these challenges. Nevertheless, the prospect of a decrease in oil production in the medium term and the desire to reach further arrangements with the IMF motivated the Government to focus on reforms, particularly limiting public expenditure, improving tax administration and reducing the non-oil deficit. It is important to reduce the non-oil deficit in order to prepare Gabon's economy for a decline in oil revenue as Gabon's oil reserves diminish. Measures to improve tax administration include the computerisation of customs services, more efficient collection of tax arrears, better control of VAT reimbursements and an increase in taxation of the forestry sector through a new withholding system. Significant efforts have also been made to reduce internal debt and develop a sustainable strategy for external debt.

Public sector payroll costs and interest charges on public debt are high and amounted to approximately 40% and 11%, respectively, of recurrent spending in 2016. Apart from timber, manganese and agribusiness, the non-oil sectors of the economy depend mainly on public sector spending and investment.

The Government is focused on reducing dependence on oil, in particular in light of the significant recent fall in oil prices. In 2016, the oil sector accounted for approximately 16.3% of total revenue despite oil production being well below the production levels of the 1990s. The Ministry of Economy believes oil revenue will remain a key source of Government revenue for the foreseeable future, although there has been a recent increase in activity in the non-oil sectors of the economy, as demonstrated by non-oil revenue increasing from 50.1% of total revenues in 2014 to 70.3% of total revenues in 2016. Despite overall growth over the past eight years, non-oil revenues decreased from CFAF 1,351 billion in 2014 to CFAF 1,001 billion in 2016 due in part to a reduction in FDI as a consequence of declining oil prices (Source: IMF staff report).

Between 2015 and 2016, according to the IMF staff report, current expenditure decreased by 2.5% from CFAF 1,449 billion to CFAF 1,413 billion. This decrease was mainly due to a decrease in subsidies granted by the Government. The Government is focusing on reducing such public expenditure, in particular oil-related subsidies and pay-roll costs. Industrial diesel oil prices were liberalised in 2014 to reduce expenditures by CFAF 65 to 70 billion and the liberalisation of retail gas prices followed in 2015 for an expected annualised reduction of expenditures of CFAF 117 billion, the impact of which is still being examined.

Impact of Arrears on Debt Sustainability

In 2016, total arrears reached 9.7% of nominal GDP. Arrears can be classified into three categories (i) domestic arrears on VAT refunds, (ii) domestic Treasury arrears, which are related to budgetary float (unsettled payment orders overdue by more than 90 days from due date), and (iii) domestic and external debt arrears related to the amortization and interest due on public domestic debt. External arrears relate to interest and amortization on debt owed to multilateral, bilateral and commercial entities of foreign countries. The Gabonese government is planning to clear external arrears by the end of 2017. Domestic arrears are planned to be cleared by 2020 as follows (i) CFAF 278.2 billion in 2017; (ii) CFAF 186.5 billion in 2018; (iii) CFAF 86.9 billion in 2019; (iv) CFAF 87 billion in 2020.

At the end of 2016, external arrears amounted to CFAF 164.6 billion (comprising interest payments (CFAF 18.0 billion) and amortization (CFAF 146.6 billion)) and domestic arrears amounted to CFAF 638.6 billion (comprising interest payments (CFAF 0.1 billion), amortization (CFAF 41.9 billion), treasury arrears (CFAF 248.8 billion) and VAT arrears (CFAF 347.8 billion)).

Domestic arrears comprise interest and amortization due on public debt, moratorium debt equivalent to about 7.7% of GDP (consisting of extra budgetary spending before 31 December 2014, but excluding expenditures incurred by public institutions other than the State) whose repayment schedule was not complied with, expenditure arrears and VAT arrears. Domestic arrears are expected to be cleared by 2020, with a priority on those with the widest macroeconomic impact (notably unpaid commitments to government suppliers). An audit of unaccounted extra budgetary expenditure by the State and public institutions will be conducted for fiscal years 2015 and 2016. This audit will be performed by an independent service provider and is expected to be published in March 2018.

Delays in arrears payments could hamper growth but also affect discussions with the IMF in the context of the ERP and unlocking future payments under the EFF. The non-accumulation of external arrears is a performance criteria as part of the IMF programme and the net reduction in the stock of domestic arrears is an indicative target.

Gabonese Fund for Strategic Investments

The Gabonese Fund for Strategic Investments ("**GFSI**") is a sovereign fund that replaced the Fund for Future Generations created in March 1998. The current value of the GFSI's investments is CFAF 140 billion (approximately USD 250 million equivalent). The GFSI is a sovereign entity free from any political influence. It has an independent decision-making process regarding all investments.

In 2010, the Fund received advice from the World Bank and other international institutions regarding its structure and management, which it has since implemented. The GFSI has a management board composed of seven members, the majority of which manage companies located in Gabon. These members have recognised expertise and experience in management, tax and finance. It is a legal requirement that the managing director of the fund possess this expertise as well.

The GFSI is the asset manager of all the shares the State owns in Gabonese and foreign companies. The fund receives 10% of all public and private sector oil revenues in Gabon, 50% of any budgetary surplus and all the revenues (dividends, interest payments etc.) flowing from the fund's activities and investments. In theory, the fund is also entitled to receive bequests and donations but has not received any. Since its inception there have been no other changes in law regarding the fund, but a change in law is being discussed which would allow expenses relating to the operations of the fund to be paid out of investment returns rather than from governmental contributions from oil revenues and budgetary surpluses.

Some of the GFSI's ongoing projects include the following:

- To develop selective tourism in Gabon, the GFSI entered into an agreement with an operator to build several hotels throughout the country. The first phase, which consists of building three hotels in Libreville, has an estimated cost of €80 million;
- To develop the fishing sector, the GFSI entered into a leasing agreement with several partners for a fish-processing factory. The aim is to increase the processing of fresh fish for the regional market and of canned fish for the European market. This project has an estimated cost of CFAF 2 billion. The GFSI is also considering participating in the construction of an international shipyard;
- The GFSI entered into a joint venture agreement ("Earth Lab Gabon") with some European partners (Thales and Finmeccanica) to purchase satellite imagery equipment. The agreement came into force in January 2014. The equipment is initially expected to cover Gabon and then the whole of the Gulf of Guinea region; and
- GFSI's biggest investment in 2014 was the acquisition of 1.7% equity stake in IHS Tower (a Nigerian company) for a total amount of CFAF 8 billion.

While the GFSI's aim is profitability, the GFSI has a prudent risk management policy. For example, the fund's policy is not to invest in countries or regions with severe political instability.

In addition to State owned shares in companies which were contributed to the fund, the fund was initially funded with CFAF 198 billion and received additional subscriptions amounting to CFAF 58 billion between 2012 and 2015, in each case in cash. As of the date of this Prospectus, the fund has approximately CFAF 120 billion in cash available for investments, and the remainder is invested; the total book value of the fund amounts to approximately CFAF 1,000 billion.

The GFSI is currently invested in 12 sectors of activity, with 60% of its investments made internationally and the remainder made in Gabon. The GFSI's investments in Gabon are either in Gabonese companies or targeted investments into international companies that have technology that could assist Gabon in its development or diversification efforts.

Stabilisation Fund

In response to the downturn in oil prices, the Government established a stabilisation fund in 2015. The fund was created as a financial safety net aimed at reducing the impact of future commodity price volatility on public spending. The objectives of the Stabilisation Fund are to accumulate financial reserves to face oil commodity price volatility, reduce the fiscal impact and, more broadly, soften the effect that oil price volatility may have on the country's economy.

In a first phase, the fund will be financed by budget surpluses consisting mainly of oil surpluses, i.e. when the price per barrel is above the price assumptions in the finance law (for instance, US$43 in the 2017 Revised Finance Law). The objective of the fund is to reach a balance of US$500 million by 2020. The fund will be funded with:

- initially 5% of total revenue derived from extractive industries such as oil and mining, to be increased to 20% of revenues by 2020,
- exceptional revenue derived from the spread between budgeted prices and actual prices,
- 25% of the proceeds from tax disputes between the Government and oil and mining companies, and
- all of the financial income generated by the fund.

The assets will be deposited in a dedicated account with the BEAC and will be managed by an investment committee comprising representatives of the Ministry of Oil and Hydrocarbons, the Ministry of Mines and the Ministry of Budget, under the supervision of the Ministry of Economy. The investment committee conducts a comprehensive audit of the oil and mining revenues every three months and determines the share of revenues allocated to the fund. The fund's operations started in May 2015. The Court of Auditors (*la Cour des Comptes*) maintains oversight over the fund.

The investment strategy of the fund consists in investing mainly in short-term liquid assets, with a focus on assets negatively correlated to commodities prices, with no expenses relating to the management and operations of the fund.

Since its inception, the fund has not taken any material actions.

Transparency and Anti-Corruption

The Government is committed in its efforts to continue developing a strong system of good governance. Since his election in 2009, Ali Bongo Ondimba has launched several reforms aimed at reducing corruption in Gabon. These reforms include the reduction of his cabinet by 50%, demoting or arresting officials and conducting an audit of all the ministries. In October 2010, he announced the arrest of Gabonese officials involved in a multi-million dollar scandal with the BEAC's Paris office.

The *Cour des Comptes*, the final reviewer of public finances, has reinforced its role by carrying out additional audits, such as an audit of the Road Network Fund, which was created by the State to finance the road network. In addition, the National Commission against Illegal Enrichment, created in 2004, has made efforts to raise awareness of the need to combat corruption and embezzlement of public funds. In 2005, Gabon ratified the UN Convention against Corruption. Under Law 001/2005, Government employees must declare their assets, exercise discretion and professional integrity and not compromise their independence. A code of behaviour for the civil service has also been in force since August 2005.

In November 2012, a strategy paper on the fight against corruption and money laundering (*Document de Stratégie de Lutte Contre la Corruption et le Blanchiment des Capitaux*) was approved. The national agency responsible for financial investigation (*Agence Nationale d'Investigation Financière*) ("**ANIF**") is in charge of dealing with money laundering-related matters. Pursuant to decision 011 of 12 May 2011, the ANIF must be informed of all transactions exceeding CFAF 5,000,000.

Gabon endorsed the Extractive Industries Transparency Initiative ("**EITI**") in 2004. The EITI's aim is to increase transparency over Government revenue from the oil, mining and gas sectors, so that the public has a better awareness of how much money is received from these sectors and what is done with it. Following advice in the EITI's 2004 report, the Government set up a Commission for Oil Revenue ("**COSUREP**"), whose role is to monitor collection of oil tax revenue and ensure the coherent production of information on the oil industry. In October 2010, the EITI Board designated Gabon as a candidate country that is "Close to Compliant". "Close to Compliant" means that the candidate has made meaningful progress and is expected to achieve compliance within a short period. In 2011, the Board renewed Gabon's EITI Candidate status for 18 months until December 2012, by which date Gabon was required to demonstrate compliance with the 2011 edition of the EITI Rules. However, Gabon was delisted from the EITI in February 2013 because it failed to submit a validation report by the deadline in December 2012. EITI has invited Gabon to reapply for admission as a candidate country. Gabon is currently undertaking an internal study to ensure that it will be able to comply with the requirements in the future and intends to reapply in the short- to medium-term.

Gabon is a member of the Organisation for the Harmonisation of Business Law in Africa ("**OHADA**"). The OHADA is a group of 17 African countries committed to a common and modern business law framework that aids the development of the economy and the private sector. Under the OHADA, laws adopted by the group apply directly and immediately to each member country, without need for internal national ratification. There have so far been nine laws, covering arbitration, insolvency, security, general commerce, economic groups and commercial companies, cooperative companies, simplified procedures for debt collecting and enforcement, collective proceedings for the winding up of debts, accounting and contracts for transport of goods by road. Membership of this organisation has helped Gabon to substantially modernise its business law.

In 2011, the Government set up two companies, the GOC and the SEM, whose aim is to improve financial, fiscal and judicial transparency in Gabon and to fight against corruption in the oil and mining sectors.

In addition, established in 2002 under the auspices of the IMF and the World Bank to track down major financial criminals, the National Commission for the Fight against Illegal Enrichment has been revived through "Operation Mamba" by the President after his re-election in 2016. The Commission claims to have investigated seven cases: one was abandoned, two remain in preliminary stages and four files were forwarded to the prosecutor for public action. No names have yet been communicated, but investigations and prosecutions are ongoing.

The Budget Process

The Government's fiscal year is the calendar year and its budget is prepared in four phases. The period from January to the end of August is the administrative preparation phase during which the reference data is determined. This is mainly an internal process within the Ministry of Economy, which ends with final negotiations between the Prime Minister and the President. Adjustments and examination are then made from the beginning of September until mid-October by the Economic and Social Council and the Council of Ministers. By 15 October, the budget is sent to the National Assembly, which must approve it by the end of November, and to the Senate, which must approve it by 20 December. The final phase is the formal declaration of the budget by the President, by 31 December. This process was established in 2002 in order to identify everyone involved in its preparation, better coordinate tasks and improve the quality of forecasting. The key Ministers involved in the preparation of the budget are the Prime Minister, the Minister of Economy and the Minister of Budget, Public Account and Civil Services. The budget can be modified and amended during the course of the financial year, as was the case for the 2016 and 2017 budgets.

The Government has taken the following measures in recent years to improve the budgetary process:

- a Public Procurement Code was adopted in 2012 and steps have been taken to improve the effectiveness of the public tender process. Negotiated public contracts are now the exception as most public contracts now go through a public tendering process. Single tender processes can amount for no more than 15% of total value of public contracts (see "*Economy—Public Financial Management Policy*");

- expenditures are programmed over a period of three years within a medium-term investment programme approved by Parliament;
- expenditures must now be targeted to reach Government goals. Increased collaboration between the Ministries has improved control of expenditures; and
- investments are prioritised.

These provisions have been complemented by the creation of a national regulation agency for public procurements (*Agence de Régulation des Marchés Publics*).

The table below sets out certain information regarding Gabon's revenues and expenditures for the periods indicated:

	Year ended 31 December			
	2014	**2015**	**2016**[(1)]	**2017**[(2)]
	(CFAF billions)			
Revenues	**2,673**	**1,797**	**1,424**	**1,613**
Oil revenues	1,322	603	423	520
Non-oil revenues	1,351	1,194	1,001	1,093
Expenditures	**2,135**	**1,879**	**1,833**	**1,893**
Current expenditures	1,454	1,449	1,413	1,357
Wages and salaries	713	715	731	710
Goods and services	244	241	252	188
Interest payments	145	172	193	268
Transfers and subsidies	351	321	237	191
Capital expenditures	607	423	405	421
Domestically financed	337	241	166	135
Foreign financed	270	183	239	286
Net lending	0	(13)	25	0
Road fund and special funds	37	18	19	15
Special accounts	38	2	(29)	100
Overall balance (commitment basis)	**537**	**(82)**	**(416)**	**(280)**
Adjustment to cash basis	(326)	(259)	(133)	(116)
Overall balance (cash basis)	**211**	**(341)**	**(549)**	**(396)**

Source: *IMF staff report*
(1) Estimates.
(2) Forecasts.

In 2016, total revenues were CFAF 1,424 billion, down by 21% from CFAF 1,797 billion in 2015. This decrease was primarily due to both lower oil and non-oil revenues. In particular, oil revenue decreased by 30% from CFAF 603 billion in 2015 to CFAF 423 billion in 2016. Non-oil revenue decreased by 16.2% from CFAF 1,194 billion in 2015 to CFAF 1,001 billion in 2016.

Total expenditures decreased from CFAF 1,879 billion in 2015 to CFAF 1,833 billion in 2016. Current expenditures decreased from CFAF 1,449 billion in 2015 to CFAF 1,413 billion in 2016. Capital expenditures decreased from CFAF 423 billion in 2015 to CFAF 405 billion in 2016.

In 2016, the Government had to face declining oil prices and finished the year with an overall deficit of CFAF 416 billion. In an effort to lay the groundwork for a balanced fiscal trajectory in 2017, the Government has taken a more conservative fiscal stance, in particular:

- Revenues expected at CFAF 1,613 billion instead of CFAF 1,715 billion in the revised finance law, representing a decrease of 6%;
- Public investment expenditure down by 4% from CFAF 437 billion budgeted in the 2017 revised finance law to an expected expended amount of CFAF 421 billion for 2017; and
- Current expenditures expected to be reduced to CFAF 1,357 billion as compared to CFAF 1,431 billion in the revised finance law.

Between 2011 and 2013, the Government maintained a steady public investment path, with public capital expenditure of around CFAF 100 billion. Although public capital expenditure was significantly revised downwards in 2014 in comparison to the previous years, the Government maintained an acceptable level of capital expenditure (including external project financing) at CFAF 607 billion by maintaining strong external project financing at CFAF 270 billion.

In light of the sharp decrease in oil prices in late 2016, the Government updated its assumptions for the 2017 budget and decided to make revisions to the 2017 Initial Finance Law, which were passed on 6 January 2017. The Government prepared a 2017 revised finance law (the "**2017 Revised Finance Law**"), which was validated by the Council of Ministers on May 19 2017. The 2017 Revised Finance Law is based on the following conservative assumptions:

- Oil production: 11.06 million tonnes (80.76 million barrels), down from 11.10 million tonnes (81.03 million barrels);
- Price per barrel for Gabonese oil: US$43, up from US$40 in the 2017 Initial Finance Law;
- Conservative exchange rate US$/CFAF of 600;
- Gold production: 1.5 tonnes;
- Reduce spending on goods and services;
- Substantially reduced oil subsidies;
- Rescheduled repayments of domestic arrears;
- Freezing of the level of public investment; and
- Precautionary buffer in each expenditure item to compensate for a potential decrease in Gabon's oil price.

The following table sets out a comparison of the assumptions and estimated budgets under the 2015 budget, the 2016 budget, the 2017 Initial Finance Law and the 2017 Revised Finance Law:

	2015 budget	2016 budget	2017 Initial Budget Law	2017 Revised Finance Law
Oil production (in millions of tonnes)	10,010	10.50	11.10	11.06
Oil production (in millions of barrels)	73.1	76.65	81.03	80.76
Gabonese oil price (US$)	40.0	42.0	40.0	43.0
Manganese production (in millions of tonnes)	3,938.1	4,530.0	4,587.0	4,701.3
Manganese sales price (US$ per tonne)	229.2	165.4	110.5	157.7
Gold production (in tonnes)	1.2	1.3	1.5	1.5
Gold sale price (US$ per ounce)	1,350.0	1,220.0	1,132.0	1,211.9
Exchange rate (CFAF per US$)	530.0	570.0	580.0	600.0
		(in CFAF billions)		
Revenues	**1,834**	**2,044**	**1,858**	**1,715**
Oil revenues	541	548	428	511
Non-oil revenues	1,293	1,496	1,430	1,204
Expenditure	**1,943**	**2,152**	**1,796**	**1,868**
Of which current expenditure	**1,334**	**1,589**	**1,404**	**1,431**
Salaries	733	732	712	710
Good and Services	299	320	246	251
Transfers and interventions	303	349	241	191
Interest on debt		180	199	249
Of which capital expenditure	**597**	**563**	**392**	**437**
Public investment	319	181	117	151
External project financing	278	382	275	286
Overall balance (commitment basis)	**(110)**	**(108)**	**62**	**(153)**

The most notable actions to be taken in furtherance of, as well as assumptions underlying, the 2017 Revised Finance Law include (i) a 21% cut back on transfers and interventions, and (ii) a more aggressive collection of non-oil revenues (targeting an increase of 19% compared to the initial law).

The 2017 Revised Financial Law is based on the Government's assumptions of real GDP growth of 1.1% (down from 4.5% in the 2017 Initial Budget Law). Revenues are estimated at CFAF 1,715 billion and expenditures are estimated at CFAF 1,868 billion, with a resulting estimated overall deficit (on a commitment basis) of CFAF 153 billion.

Finally, the 2017 Revised Financial Law factored in additional buffers in the form of an unexecuted provision on goods and services, transfers and investments of 5%, 10% and 10% of the budgeted amount, respectively. This provision amounts to an overall unexecuted buffer of approximately CFAF 67 billion in the 2017 Revised Financial Law, providing an additional cushion in case of a further fall in oil prices.

On the revenue side, the Government is currently undertaking measures to improve tax revenue collection and widen the fiscal base. Measures include the elimination of any illegal or discretionary tax, customs exonerations and the improvement of electronic systems for fiscal collection.

The Stabilisation Fund is also aimed at absorbing short-term shocks on revenues, notably those originating from volatile oil and commodities prices, with the overarching objective of being able to ensure continuous funding of capital expenditures (notably public investment). See "*—Stabilisation Fund*".

Taxation

In 2015, the Government adopted a new tax code, which is both a consolidation and a modernisation of the two previous codes. The aim is to modernise the system, optimise revenue and enlarge the non-oil taxable base. The *Direction Générale des Impôts* ("**DGI**"), which was created by Decree n° 1139 dated 22 December 2002 and whose duties were amended by decree in 2012, is a department of the Ministry of Economy and is in charge of tax collection. Reforms have been implemented to improve tax collection such as the creation of local tax centres and the widening of the tax base (in particular with the suppression of oil subsidies in 2014 and 2015).

Gabon has developed a system that enables taxpayers to elect to declare and pay their taxes online. This system became operational in 2014 and substantially improves administrative procedures while reducing the risk of default. As of June 2017, 74 companies in Gabon have already subscribed to this system. Gabon is the third country in Africa, after Morocco and Namibia, to have such a system.

On the advice of the EITI, COSUREP was set up to improve identification and collection of oil tax proceeds. See "*—Transparency and Anti-Corruption*". Better management of non-oil revenues is also being effected by the *Direction des Grandes Entreprises*, which focuses on tax collection from businesses with a revenue of more than CFAF 1.5 million.

Personal income tax is levied on the total net income of the taxable household and includes wage, property, and agricultural income. There are eight rates ranging from 0% to 35%.

Corporate tax is levied on corporations and other legal entities. The standard rate is 35% for companies operating in the oil and mining sectors. The corporate tax rate is 30% for companies operating in other sectors but public corporations, including the *Banque Gabonaise de Développement* ("**BGD**") and licensed property companies, pay corporate tax at a rate of 25%.

VAT is paid on imports and in the delivery, production and services sectors when the revenue of the relevant company is CFAF 60 million or more for all operations, or CFAF 500 million for companies operating in the timber exploitation sector. The standard rate is 18% and is reduced to 10% on key consumer goods such as mineral water, sugar and imported poultry and to 5% on sales, operations and provision of services related to cement. A zero rate applies to exports, international transport services, refuelling operations and maintenance operation and repairs to aircraft and ships used in international traffic. Exempt items include locally produced poultry, milk products, butter, margarine, flour, medicine and medical supplies and fertiliser.

Excise duties are levied on imports, domestic drink sales, tobacco and fuels. There is usually a 30% reduction for locally-refined products. See "*Foreign Trade and Balance of Payments—Trade Policy*". There currently are several tax incentives in Gabon, which apply to strategic sectors of the economy, such as the mining, wood processing, oil and agriculture sectors. Examples of incentives include tax exemptions for a period ranging from five and seven years, tax allowance and tax credit.

As part of the ERP and the EFF programme, the objective of the authorities is to improve the collection of non-oil revenues in order to compensate for anticipated lower oil production levels. Recovery in economic activity and tighter controls over tax deductions will help us achieve this objective. The authorities' intention is to increase non-oil revenues from 12.0% in 2016 to 14% of total revenues by 2020. The main measures will include: (i) the enforcement of withholding taxes on personal and corporate income for non-residents through the use of bank accounts (with an estimated impact of 0.1% of GDP); (ii) the reduction of several VAT and custom duty exemptions and greater tax collection efforts (with an estimated impact of 0.4% of GDP); (iii) the creation of a revenue authority grouping together the tax and customs administrations; and (iv) the modernization of tax filing and payment procedures. The authorities have already launched key reforms in 2017, notably the rationalization of tax exemptions as well as the enforcement of withholding tax for non-residents.

PUBLIC DEBT

Overview

Much of Gabon's current external public debt results from large borrowings in the 1980s against oil revenues to fund large infrastructure projects such as the Transgabonais railway and to establish public companies as well as from the 2013 bond issue (US$ 1.5 billion including approximately US$ 819 million of new money) and the 2015 bond issue. Gabon did not always meet its repayment obligations in the early 1990s, due to adverse macroeconomic conditions and severe monetary and financial instability, particularly the 50% devaluation of the CFA franc in 1994, which doubled the debt burden in local currency terms.

Debt increased in relative terms from 34.1% of nominal GDP in 2014 to 64.2% of nominal GDP in 2016, and is expected to further increase to 64.6% of nominal GDP by the end of 2017 before gradually decreasing below 50% by 2022. These figures include arrears on VAT, statutory advances from the central bank and treasury arrears. Debt servicing will remain moderate, especially since Gabon is not eligible for debt relief, as it is one of the very few African countries that does not qualify for the IMF/World Bank's initiative for Heavily Indebted Poor Countries. Gabon is rated as a middle income country by the IMF.

External debt at the end of 2016 amounted to CFAF 3,107 billion, and external debt service to CFAF 376.3 billion. The table below sets out certain information regarding Gabon's debt service as at the dates indicated:

	As at 31 December				
	2012	2013	2014	2015	2016
			(CFAF billions)		
Total Debt Service	**338.6**	**657.5**	**386.3**	**437.4**	**549.8**
Principal	264.8	526.1	290.5	332.2	398.7
Interest	73.8	131.4	95.8	105.2	151.1
External Debt Service	**259.1**	**614.5**	**279.3**	**345.3**	**376.3**
Principal	186.8	484.2	185.3	243.6	244.1
Interest	72.3	130.3	93.9	101.6	132.2
Internal Debt Service	**79.5**	**43.0**	**107.0**	**92.1**	**173.5**
Principal	78.0	42.0	105.2	88.5	154.6
Interest	1.5	1.1	1.9	3.6	18.9

Source: Ministry of Economy

Debt Management Strategy

In 2013, Gabon's debt management strategy focused on the country's return to on the debt markets and, in particular, the international capital markets. The Government intends to take advantage of its borrowing capacity, on top of its own resources and the contributions of its partners in public-private partnerships, to cover its financing needs in connection with its industrialisation strategy. The Government has created a reserve account managed by the World Bank aimed at financing opportunistic debt buybacks on the secondary market and to reduce the refinancing risks at maturity as a result.

The Government actively participated in the financing of the *Schéma Directeur National d'Infrastructures* for 2012-2016, which was approved by the national agency for major infrastructure projects (*Agence Nationale des Grands Travaux d'Infrastructure*) in February 2012. Examples of projects include the development of the road to Congo and the Ombooué-Yombi road section, as well as the reinforcement of the production and distribution capacity of electricity in the estuary, southern and northern regions, and to extend the production and distribution water network in Libreville. Overall, the loans granted by bilateral, multilateral and commercial partners and the funds raised on international capital markets are expected to be primarily allocated to the development and consolidation of Gabonese infrastructure.

The Government expects the annual borrowing ceiling to be around 13.2% of GDP in 2017, 8.3% in 2018 and 7.3% in 2019. This corresponds to an annual average over the period of 9.6%.

This policy document sets out the terms of Gabon's targeted external commitments in 2017:

- multilateral debt with an average maturity of 17-20 years (with an additional flexibility of 5 years);
- multilateral debt with an average maturity of 18-20 years (with an additional flexibility of 5 years);

- commercial debt with an average maturity of 8 years;
- bonds issued with a maturity of at least 10 years;
- commitments essentially incurred at a fixed rate; and
- 70% of the commitments denominated in Euro and 30% in U.S. Dollar or other currencies.

Public Debt

The following table shows the aggregate principal amount of Gabon's public debt outstanding as at the date of this Offering, which falls due for repayment in the specified calendar years:

	2017	2018	2019	2020	2021	2022	2024	2024	2025	2026	2027	2028
						(CFAF millions)						
External Debt(1)	3,531.0	4,055.2	4,407.0	4,400.4	4,303.2	3,763.5	3,222.6	2,700.2	2,179.3	1,992.2	1,815.4	1,655.4
Internal Debt	969.1	802.5	693.5	634.2	516.2	422.3	398.4	392.0	392.0	392.0	392.0	392.0
Total	**4,500.1**	**4,857.7**	**5,100.5**	**5,034.6**	**4,819.3**	**4,185.7**	**3,621.0**	**3,092.2**	**2,571.3**	**2,384.2**	**2,207.4**	**2,047.4**

(1) These figures include an assumed amount of US$200,000,000 million representing the maximum amount of the Further Notes to be issued.

The following table shows Gabon's outstanding public debt which fell due for repayment in 2014, 2015 and 2016. All amounts due in 2014, 2015 and 2016 have been repaid:

	2014	2015	2016
		(CFAF billions)	
External Debt	185.3	243.6	244.1
Internal Debt	105.2	88.5	154.6
Total	**290.5**	**332.2**	**398.7**

The table below sets out information regarding Gabon's outstanding public debt as at the dates specified (in absolute amounts and as a percentage of nominal GDP):

	As at 31 December							
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016(3)**
				(CFAF billions)				
External Debt	**1,112.2**	**1,201.8**	**1,390.3**	**1,427.1**	**2,039.0**	**2,454.0**	**2,884.2**	**3,107.0**
Bilateral Debt	265.0	306.8	337.3	349.0	461.8	573.3	695.9	742.8
including the Paris Club Debt	*126.6*	*107.0*	*82.4*	*57.7*	47.4	40.2	32.8	24.3
Multilateral Debt	188.6	189.2	222.6	242.0	262.1	350.8	383.3	376.8
Commercial Debt	246.2	270.9	390.4	402.0	496.4	602.7	496.3	641.4
International Capital Markets	412.4	434.9	440.0	434.1	818.7	927.2	1,308.7	1,346.0
Internal Debt	**256.0**	**89.5**	**56.6**	**57.0**	**244.2**	**607.6**	**916.9**	**2,228.3**
Banking(1)	77.2	10.8	1.6	5.0	76.4	302.0	452.5	810.7
Various	77.4	33.7	27.3	16.0	14.5	13.4	41.3	313.4
Moratorium	47.0	4.2	0.5	22.4	83.8	56.4	75.3	20.0
Regional Capital Market	54.4	40.8	27.2	13.6	69.5	62.6	164.7	294.4
VAT Reimbursement	-	-	-	-	-	-	-	347.8
Exceptional Float(2)	-	-	-	-	-	173.2	183.1	442.0
Total Outstanding Debt	**1,368.2**	**1,291.3**	**1,446.9**	**1,484.1**	**2,283.2**	**3,061.6**	**3,801.1**	**5,335.3**
Nominal GDP	**5,590.8**	**6,918.5**	**8,581.6**	**8,766.5**	**8,690.5**	**8,988.3**	**8,503.5**	**8,310.6**
Outstanding Debt/GDP	**24.5%**	**18.7%**	**16.9%**	**16.9%**	**26.3%**	**34.1%**	**44.7%**	**64.2%**

(1) Includes statutory advances from BEAC starting from 2016.
(2) Exceptional Float represents spending by the administration and not paid in time by the Treasury due to limited cash reserves (an "*instance de paiement au Trésor*"). The Government intends to reduce Exception Float in 2017 and completely deplete it in 2018.
(3) Estimates.
Source: Gabonese Authorities
Note: sums may not match with the sub-parts due to rounding

The table below sets out certain information regarding Gabon's outstanding public debt by currency as at the dates indicated:

Currency	As at 31 December 2014	2015	2016
		(CFAF billions)	
US dollars	1,254.3	1,715.2	1,879.0
Euros	861.8	782.5	839.8
Renminbi	172.9	202.9	216.6
CFAF	683.0	883.5	2,305.5
Others	89.7	216.9	94.4
Total	**3,061.7**	**3,801.0**	**5,335.3**

Source: Ministry of Economy

The table below sets out Gabon's outstanding debt with a residual maturity of one year or less as at the dates indicated:

	As at 31 December 2014	2015	2016
		(CFAF billions)	
Internal debt	34.0	72.0	225.2
External debt	45.1	40.5	84.2
Total	**79.1**	**112.5**	**309.4**

Source: Ministry of Economy

The table below sets out Gabon's average term of internal and external debt as at the dates indicated:

	As at 31 December 2014		2015		2016	
	Maturity (years)	*Average interest rate (%)*	*Maturity (years)*	*Average interest rate (%)*	*Maturity (years)*	*Average interest rate (%)*
Internal debt	1.71	2.69	2.40	3.50	5.38	1.64
External debt	9.26	3.83	11.10	4.30	8.50	4.00
Total	**8.68**	**3.74**	**10.30**	**4.20**	**7.26**	**3.06**

Source: Ministry of Economy

Gabon's public debt remains sustainable and can be divided into external public debt and internal public debt, which both contain subsections.

External Public Debt

At the end of 2016, total outstanding external debt increased by 7.7% to CFAF 3,107.0 billion from CFAF 2,884.2 billion at the end of 2015, as a result of the rise of the global fiscal deficit primarily due to the decrease in oil-revenues coupled with stable current expenditures. Gabon's public external debt is composed of bilateral (24%), multilateral (12%), commercial (21%) and international capital markets debt (43%). The increase is due to the different methodology applied to calculate the amount of public debt for 2016 (IMF data instead of Gabonese authorities data). Starting in 2016, the IMF has decided to incorporate VAT reimbursement and statutory advances from the BEAC in the stock of public debt, items which were previously excluded from public debt as they were considered as intra-annual liquidity management instruments.

As at the end of 2016, the Paris Club debt represented 3% of Gabon's bilateral debt. See "*Relationship with Creditors—Paris Club*". Loans from China represented 78% of Gabon's bilateral debt.

Multilateral debt represents debt owed to international or multilateral organisations. As at the end of 2016, total multilateral debt amounted to CFAF 376.8 billion. Gabon's main multilateral creditors are the African Development Bank, the Islamic Development Bank, the European Bank for Reconstruction and Development and the *Banque de Développement des Etats de l'Afrique Centrale.*

Internal Public Debt

Internal public debt is made up of banking, moratorium and other debt. Moratorium debt is mainly composed of the debt of public companies assumed by Gabon prior to privatisation. Total internal public debt increased significantly from CFAF 916.9 billion in 2015 to CFAF 2,228.3 billion in 2016. The significant increase is due to the different methodology applied to calculate the amount of public debt for 2016 (IMF data, which included government arrears and central bank financing through statutory advances, instead of Gabonese authorities data). Those accounting adjustments have significantly contributed to the increase in public debt between 2015 and 2016. Public debt increased by approximately 20 percentage points from 44.7% of nominal GDP in 2015 to 64.2% of nominal GDP in 2016. Almost 50% of this increase in public debt (representing roughly 10 percentage points) is due to the incorporation in the debt perimeter of (i) VAT reimbursements (4.2 percentage points) and (ii) statutory advances from the BEAC (5.4 percentage points).

Relationship with Creditors

Paris Club

The Paris Club, formed in 1956, is an informal group of creditor governments from major industrialised countries. It meets every month in Paris to agree on restructuring debtor countries' debts.

In December 2007, Gabon issued the 2017 Notes to repay part of its Paris Club debt. The Paris Club 1-7 loan has now been fully repaid and only the Paris Club 8 loan, dated June 2004, remains outstanding. As at 31 December 2016, the amount outstanding under the Paris Club 8 loan was CFAF 24.3 billion, of which 17% was held by France. There were delays in certain payments due under the Paris Club 8 loan in January 2016 and January 2017 for an aggregate amount of approximately CFAF 10 billion, which were all settled within approximately two months of becoming due. These arrears were due to administrative reasons only and were not intentional or related to Gabon's inability to pay.

IMF

The collaboration between Gabon and the IMF rests on three pillars: (i) consultations within the Article IV framework, (ii) technical assistance and (iii) participation in the IMF's and the World Bank's annual meetings.

The IMF has an ongoing relationship with Gabon, the goal of which is to ensure macroeconomic stability and lay the basis for sustainable and equitable growth. To this end, the IMF seeks to ensure debt sustainability at the national level and help restore and preserve external stability at the African regional level. In this context, the IMF focuses on three pillars: (i) well-balanced fiscal consolidation that minimizes the impact on growth and protects vulnerable groups; (ii) structural fiscal reforms to improve the efficiency and transparency of public spending; and (iii) policies to enhance financial sector stability and economic diversification.

In connection with the programme, Gabon is targeting fiscal adjustment of about 2% of GDP in 2017. Fiscal consolidation is expected to ensure debt sustainability and support the stabilization of the regional international reserve pool. Improvements in public finance management, especially to prevent recurring problems of extra-budgetary spending and arrears accumulation, are needed to mitigate fiscal risks. Financial sector policies focus on containing risks from distressed public banks and non-performing loans, while reforms of the business environment focus on attracting investment to new strategic sectors to build resilience to shocks.

On 19 June 2017, the IMF approved a three-year extended arrangement under the EFF for Gabon for approximately US$642 million. This corresponds to approximately 215% of Gabon's quota at the IMF. This decision enabled an immediate disbursement of approximately US$100 million, with the remaining amount to be phased over the duration of the program, subject to semi-annual reviews. The EFF is expected to cover 28% of the financing gap for the years 2017-2020 in connection with the ERP. The remainder is expected to be covered through funds loaned by the World Bank, the African Development Bank and the AFD.

During the three-year duration of the EFF, the Government's fiscal consolidation strategy will rely on three pillars: (i) increased collection of non-oil revenues in order to make the budget less dependent on oil; (ii) rationalisation of primary expenditures in order to streamline its spending and to alleviate the State's wage bill; and (iii) enhancement of the fiscal framework in order to improve its practices and to prevent new accumulation of arrears. As part of the EFF programme, the Government targets fiscal break-even by 2020 with an overall deficit on a commitments basis of 0.3% of GDP by that year.

World Bank

The World Bank's strategy for Gabon has two main objectives: improving the management of public resources (both natural and financial) and creating an investment climate that is more favourable to lasting growth. The World Bank coordinates programmes with the IMF for the development and diversification of the Gabonese economy. The World Bank takes the lead in the examination of management of public finances, diversification and development of the non-oil sectors of the economy, transportation and city planning.

There are currently three agreements between Gabon and the World Bank. These relate to the management of Gabon's natural resources, the development of Gabon's infrastructure and the development of the backbone project in respect of telecommunications.

A financing agreement has also been signed in relation to the project to promote investments and competitiveness (*Projet de Promotion des Investissements et de la Compétitivité*), which is aimed at improving Gabon's business environment and making it more attractive to foreign investors.

The World Bank is financing, at a cost of US$58 million, a regional fibre optic project between Gabon and Congo which is planned to be completed by the end of July 2017. Three other projects between Gabon and the World Bank are currently being developed:

- A US$5 million project to promote the Gabonese private sector and competitiveness;
- A US$35-40 million project for rural electrification; and
- A project in the education sector.

In January 2017, the Board of Directors of the African Development Bank approved a €200 million loan to Gabon, to support the country's economic and financial reforms programme. The loan aims to revive economic growth by strengthening the sustainability of public finances, as well as the structural transformation of the economy in a context marked by the recent oil price decline.

This loan is the first of two programme-based general budget support operations covering the 2016-17 period for an indicative total financing of €500 million supporting the implementation of reforms aimed at unlocking Gabon's growth potential.

Libreville Club

Gabon's internal creditors formed the Libreville Club on 21 March 2004. The membership requirements for this club were that the creditor must have had a claim against the Republic of CFAF 50 million or more certified by the treasury and the creditor must have agreed to pay taxes to the treasury on any repayments of this debt. As at 31 December 2014, only Libreville Club 6, under which Gabon's debt stood at CFAF 46 billion, remained outstanding (Libreville Clubs 1 to 5 having been already repaid). The totality of Gabon's debt under Libreville Club 6 was repaid in the first quarter of 2015.

Private international banks

There were also delays in 2016 and early 2017 in the payment of interest and principal on facilities with international banks. This was due to Gabon's constrained cash position. The Government has adopted a proactive attitude towards international banks, with which it maintains good relationships, and engaged the banks in a dialogue as early as in 2016 to address this situation. The outstanding amounts were paid within approximately two months of falling due.

The Gabonese authorities are committed to fully clear the stock of external arrears by the end of 2017, in line with the objectives set in the EFF.

Trade Creditors

While the Government is conscious that paying its trade creditors on time is important in ensuring good business relations with its trade partners, there have been occasions when, as a result of administrative problems and logjams, invoices for non-material amounts have been paid late. The Government is focusing on improving the situation in order to reduce the number of such occurrences in the future.

VAT arrears in the oil sector

Furthermore, according to an audit ordered by the Budget Ministry in 2016, CFAF 355.8 billion of VAT tax credit relating to VAT was collected from companies in the oil sector which should have had the benefit of tax exemptions. The Government has agreed that those amounts should be repaid to the concerned companies, and an agreement to that effect providing for repayment over the coming three years has been reached.

Civil servants

Delays in payment of certain wages of public sector employees have been due to administrative reasons as they are related to changes in employee status which need to be processed and formally recognised in the Government's payment system. The Government has decided to reduce the effective total civil service wage envelope in coming years through a hiring freeze. This would effectively mean that retirees would not be replaced and that the number of civil servants will be reduced in the years to come. The aim is not to make redundancies among civil servants but to increase efficiency in civil service management. Furthermore, the Government intends to freeze public salaries in nominal terms. In addition, it will conduct an external audit of the wage bill.

MONETARY SYSTEM

Monetary Policy and the BEAC

Gabon's monetary policy is managed by the BEAC. The BEAC, established in November 1972 and based in Yaoundé, Cameroon, acts as the central bank for the six members of the CEMAC. Abbas Mahamat Tolli, the former Minister of Finance of Chad, became BEAC's governor in January 2017. The board of directors of the BEAC comprises a governor and five members appointed by the member countries of the CEMAC.

The basic principles governing the CEMAC are:

- a single monetary currency, the CFA franc, created in 1945;
- central holding of monetary reserves;
- free circulation of capital and freedom of monetary transfers within the union;
- free convertibility of the currency without limit into Euros on the basis of a fixed parity of 1 Euro to CFAF 655.957; and
- harmonisation of monetary, banking and foreign exchange legislation.

The BEAC has the powers of currency issuance, stabilisation, valuation and free convertibility and can define and conduct the monetary policy applicable to the members of the CEMAC, conduct foreign exchange operations, hold and maintain CEMAC members' reserves and promote an effective banking system within the CEMAC. The accounts of each member state of the CEMAC are maintained separately.

The BEAC also provides liquidity to the banks located in its member States by offering collateral-backed treasury lines. Deposits collected by those banks may also be centralised with the BEAC.

The CFA franc's stability is based on tight monetary and fiscal discipline. For example, the BEAC must keep 20% of deposits that are repayable on demand in foreign currency, and the member governments are not allowed to draw more than 20% of the previous year's budget receipts from the BEAC's funds. Tight monetary policies to support the peg to the Euro could limit the expansion of the private credit sector, especially the construction, commerce and services sectors, which account for 24.7% of real GDP (*Risk Factors–Failure to implement economic and fiscal reforms may have a negative effect on the performance of the Gabonese economy*).

The main policy objectives of the BEAC are to create a fully functional and effective customs union, ensure a system of macroeconomic surveillance and promote sector policies that help create a common market for goods, capital and services.

The key project for the BEAC in the medium-term is to reform its monetary policy. The financial instruments which are currently used were developed in the 1990s and are outdated. Therefore, over the past three years, the BEAC has been implementing various reforms to develop market instruments and promote open market transactions.

Economic development in Gabon depends in part on policy decisions that are made at the regional level by the CEMAC and the BEAC. Areas where coordination at the regional level is critical for Gabon are:

- *creation of regional government securities market*. In order to help integrate the regional financial market, provide financial investment instruments to the private sector and streamline public debt management, CEMAC members have agreed, in principle, to significantly reduce the use of BEAC statutory advances and eventually to replace them with securities, such as treasury bills, which would be traded at the regional level; and
- *trade reform*. Regional coordination is important in the ongoing discussions with the EU on economic partnership agreements. There is a need to streamline administrative payment procedures at the BEAC, which can currently hamper efficient trade financing.

The BEAC also influences credit expansion within member states by granting rediscounting facilities and direct advances to commercial banks. Commercial banks are required to provide the BEAC with regular reports on the amount of their advances to clients.

Despite a common currency, a central bank and a supervisory and legal framework, only partial progress has been made towards the integration of banking markets in the region. This is due to the limited effectiveness of the measures taken so far, inadequate infrastructure and development of markets, the possible negative effects that integration could have on reputation and consumer preferences. Effects on reputation and consumer preferences arise from language barriers, cultural differences, geographical considerations and availability of information, which means that banks suffer from the lack of information on borrowers and other banks and consumers may not be willing to change banks.

Congo, Cameroon and Equatorial Guinea together constitute the majority of the total assets and loans in the CEMAC region, with Gabon being in fourth position.

The lack of investment opportunities is due to a lack of economic diversification, which creates reliance on a few high profile customers, interest rate regulations, which effectively prevent lending to small and medium-sized businesses and households, and the absence of a modern financial market.

Inflation

After a short period of deflation in the early 2000s, due to falling GDP, inflation has returned to positive levels and, in 2014, exceeded the 3.0% maximum target set by the BEAC for the first time.

Controlling inflation and maintaining the CFA franc's peg to the Euro are the BEAC's main priorities. The CFA franc was devalued in 1994 for the first time since 1948. The devaluation of the CFA franc in 1994 caused domestic prices to rise by 36% in 1994 and 10% in 1995. Since then, inflation in Gabon and other member countries of the CEMAC has been low, aided by the peg to the Euro and the BEAC's policies.

The following table sets out certain information regarding inflation for the periods indicated:

	Year ended 31 December			
	2013	**2014**	**2015**	**2016**
Inflation (Consumer Price Index)				
Yearly Average (in %)	0.5	4.7	0.6	2.0

Source: World Bank – Countries and Economies - Gabon.

Inflation increased to 2.0% in 2016 from 0.6% in 2015 due to rising fuel prices after the government eliminated most subsidies. The increase was partially mitigated by tighter monetary conditions in 2016, as money and credit to the private sector declined, respectively, by 7% and 10% in 2016 due to the negative impact of lower oil prices on overall business confidence, lower public spending and increasing reluctance by banks to lend to companies exposed to government arrears. On 11 June 2017, the BEAC increased its main policy rate to 2.95% from its previous 2.45% level, in part to tackle increasing inflation levels in the region.

The Government imposed a zero-tax status on certain imported goods (mainly food) to slow down inflation. The list of these goods has been updated since 2015 and is reviewed regularly. Going forward, the Government expects inflation to be below 3.0% (as a yearly average) due to current policies which promote competition and create downward pricing pressure in the market.

Foreign Reserves

Each BEAC member country's international reserves are pooled in the BEAC's operations account, which is held at the French treasury. This account is allowed to be in deficit, which guarantees the convertibility of the CFA franc (though only for physical transactions). In return, the BEAC countries are required to maintain 50% of their foreign assets in the operations account, which is denominated in Euros, with the remainder free to be converted into other currencies. In addition, each of the BEAC countries is entitled to draw upon a line of credit with the BEAC on the basis of each such country's anticipated future revenues in an amount up to 20% of its expected revenues for the next year. To date, the current total amount drawn by Gabon under such credit line is approximately CFAF 450 billion, an amount that has remained unchanged since 2015.

As at the end of 2016, Gabon's reserves were at approximately CFAF 487 billion. In 2014 and 2015, foreign reserves were at approximately CFAF 1,347 billion and CFAF 1,131 billion, respectively. This decrease is due to Gabon's deteriorating fiscal situation over the period.

The table below sets out certain information regarding Gabon's foreign reserves as at the dates indicated:

	As at 31 December			
	2013	2014	2015	2016[1]
	(CFAF million)			
Foreign reserves				
Gold	7,369	8,369	8,217	9,149
Bills and Currencies	1,162	2,953	4,561	37,686
French Treasury	759,167	545,716	527,156	85,349
DTS Holdings	97,333	103,953	110,877	98,186
IMF Reserve	504	538	838	840
Other	570,515	685,773	479,124	256,085
Total Foreign Reserves	**1,436,050**	**1,347,302**	**1,130,773**	**487,295**

Source: BEAC

As at 31 December 2015 and 2016, Gabon's foreign reserves were held principally in Euros, US dollars and DTS. The following table sets out the breakdown of Gabon's foreign reserves between those currencies:

	As at 31 December		
	2014	2015	2016
Euros	1,200,153	986,885	366,316
DTS	42,658	111,715	99,026
US dollars	104,491	32,173	21,953

Source: BEAC

Money supply

The following table sets out certain information regarding Gabon's money supply as at the dates indicated:

	As at 31 December			
	2014	2015	2016	2017[1]
	(CFAF billions except percentages)			
Net foreign assets	**1,314**	**1,119**	**460**	**512**
Net domestic assets	**878**	**1,147**	**1,579**	**1,695**
Domestic credit	1,133	1,322	1,659	1,775
Claims on central Government (net)	(150)	143	574	753
Claims on public agencies (net)	(21)	(71)	19	19
Claims on nongovernment	1,304	1,182	1,065	1,003
Other items (net)	(256)	(176)	(80)	(80)
Money Supply (M2)	**2,192**	**2,180**	**2,026**	**2,208**
Currency	402	370	355	391
Deposits	1,789	1,810	1,684	1,817
Change in percentage as at 31 December				
Net foreign assets	(7.7)	(14.8)	(58.9)	11.3
Net domestic assets	14.0	30.6	37.7	7.3
Domestic credit	9.4	16.7	25.5	7.0
Claims on central Government (net)	(29.5)	(195.3)	301.4	31.2
Claims on nongovernment	(5.0)	(9.4)	(9.9)	(5.8)

(1) Forecast
Source: IMF

Net foreign assets decreased by 58.9% from an estimated CFAF 1,119 billion as at 31 December 2015 to an estimated CFAF 460 billion as at 31 December 2016. Net domestic assets increased between 2015 and 2016 from an estimated CFAF 1,147 billion to an estimated CFAF 1,579 billion as at 31 December 2016. In 2016, the level of statutory advances by the BEAC to Gabon was approximately CFAF 450 billion, this level was unchanged since 2015. The money supply has decreased by 7.1% from an estimated CFAF 2,180 billion as at 31 December 2015 to an estimated CFAF 2,026 billion as at 31 December 2016. At the level of its components, there was a 4.1% contraction in the circulation of currency and a 7.0% reduction in deposits.

The Gabonese Banking System

The banking sector in Gabon is very concentrated. As at 31 December 2016, 10 banks were operational. These are the *Banque de l'Habitat du Gabon* ("**BHG**"), the *Banque Gabonaise de Dévelopement* ("**BGD**"), the *Banque Internationale pour le Commerce et l'Industrie du Gabon* ("**BICIG**"), the *Banque Gabonaise et Française Internationale* ("**BGFIBank**"), *Citibank Gabon*, *Ecobank Gabon*, *ORABank Gabon*, the *Union Gabonaise de Banque* ("**UGB**"), United Bank for Africa - Gabon ("**UBA-Gabon**") and Post Bank S.A. BHG, BGD and Post Bank S.A. are publicly-owned banks. Total assets amounted to CFAF 2,333,014 billion in December 2016, representing a 4% decrease compared to December 2015, primarily due to the slowdown in the economy.

As of 31 December 2016, the banking sector had total aggregated assets of CFAF 2,333,014 billion, including CFAF 1,963,083 billion of deposits, representing decreases of 4% and 7% respectively since 31 December 2015. Gross loans amounted to CFAF 1,732,638 billion. The largest bank, the BGFIBank, accounts for approximately one third of bank deposits and loans. The BICIG and the UGB, affiliated with the French bank, BNP Paribas, and the Moroccan group, Attijariwafa, respectively, are the second and third largest. These three banks account for approximately 75% of all bank loans and deposits.

The table below presents the evolution of the aggregated balance sheet items of the Gabonese banking sector as at the dated indicated:

	As at 31 December		
	2014	**2015**	**2016**
		(CFAF billions)	
Deposits	**2,107,709**	**2,103,560**	**1,963,083**
Gross loans	1,760,183	1,681,370	1,732,638
Non-performing loans	141,927	161,187	168,881
Provisions for doubtful accounts	76,576	76,257	100,573
Net loans	**1,683,607**	**1,605,113**	**1,632,065**
Permanent capital	**280,311**	**278,034**	**327,904**
Fixed assets	**116,438**	**150,156**	**198,855**
Other net line items	**19,071**	**46,921**	**42,027**
Cash surplus/deficit	**607,046**	**673,246**	**502,094**
Balance sheet total	**2,407,091**	**2,428,515**	**2,333,014**

Source: BEAC

In 2016, total loans granted increased by 3% compared to 2015 due to the significant increase in loans granted to the public sector (central government net borrowing from the domestic banking system increased from CFAF 284 billion in 2015 to an estimated CFAF 543 billion in 2016 while credit to the private sector decreased by 10% over the same period). Moreover, deposits fell by 6.7% compared to 2015.

The increase in loans to the government, the 6.7% decrease in deposits, and the increase in the percentage of non-performing gross loans to gross total loans held by the banks from 5.3% in 2015 to 6.6% in 2016 have led to the deterioration in banks' liquidity. As a result, although preliminary indications suggest that the banks remain profitable, most of them have approached the Central Bank for refinancing.

The situation of BGD, BHG and Poste Bank S.A. (the three public sector banks) has deteriorated with little prospect of positive outcome so far. This was due to a deterioration in the macro-economic environment and governance issues. The three banks are currently under temporary management in a restructuring announced in late 2016 but which has yet to start. The Government is committed to devising a solution that will have the least destabilising effect on the country's financial system and protect depositors to the maximum extent possible. BGD, BHG and Poste Bank S.A. account for almost 10% of the financial sector total assets. It has been publicly reported that the Government may have to inject as much as CFAF 150 billion to recapitalise the three public banks.

Banking Prudential Regulations

The table below presents the number of banking institutions that were in compliance with the listed prudential regulations as at the dates indicated:

	As at 31 December		
	2014	**2015**	**2016**
	(Number of banks in conformity)		
Core Capital	7	7	6
Risk Coverage	7	7	6
Risk Exposure coefficient			
* Limitation of global risk	7	7	6
* Limitation of individual risk	6	5	6
Coverage of fixed assets	5	6	5
Liquidity coefficient	7	8	5
Transformation coefficient	6	6	6
Related parties engagements	6	5	6
Capital adequacy ratio	6	4	6
Number of banks	**10**	**10**	**10**

Source: BEAC

As at the end of 2016, six banks complied with the regulations relating to core capital requirements, compared to seven at the end of 2015. Six banks complied with the regulations relating to solvency and the risk coverage requirement, at the end of 2016, as compared to seven at the end of 2015. This decline in the number of compliant banks was in part due to the deteriorating macroeconomic framework.

The risk exposure coefficient has two main indicators: limitation of global risk and limitation of individual risk. With regard to limitation of global risk, six banks complied with the global limit at 31 December 2016 by maintaining a ratio of global risk to the bank's net capital under 15%. To comply with the limitation on individual risk, the ratio of individual risk to the bank's net capital must be lower than 45%. The number of banks in compliance with the limitation on individual risk increased from five to six from the end of 2015 to the end of 2016.

At the end of 2016, only five banks complied with the coverage of fixed assets requirement compared to six at the end of 2015. The coverage of fixed assets regulation requires that banks have at least a 1 to 1 ratio of fixed assets to permanent capital. At the end of 2016, five banks complied with the liquidity coefficient requirement as compared to eight banks at the end of 2015. Under this requirement, the amount of highly liquid assets must be greater or equal to short-term debt.

According the BEAC, despite the liquidity concerns of the three public banks, the general situation of the Gabonese banking system remains satisfactory.

Concentration can result in inefficiency, lack of innovation and diminished competition. With so few banks, any financial problems in one bank are also more likely to affect the whole system. To test the soundness of the banking system, stress tests are performed on a regular basis by the Cobac (as defined below). In November 2013, the IMF published a report on the financial system of the CEMAC in which it praised the Gabonese banking system as compared to the banking systems of other countries in the region. A new IMF financial sector assessment occurred in June 2017 in which the IMF noted that despite significant signs of stress the banking sector is sufficiently capitalized and profitable.

The State has a stake of approximately 26% in the UGB and 26.3% in the BICIG and is an indirect shareholder of BGFI Bank as the BGD holds 10% of its capital. The commercial banks offer most corporate banking services or can procure them from overseas. Local credit to the private sector is limited and expensive but available to both foreign and local investors on equal terms.

The BGD, whose main objective is to encourage the country's economic and social development, is partially owned by the AFD (11.4%) and by the State (69%). The BGD lends to small- and medium-sized companies. The BGD has diversified its activities to most sectors of the Gabonese economy, granting short-, medium- and long-term loans to both the private and public sectors and taking equity shareholdings in Gabonese companies. The BGD also finances forestry development projects. The BGD benefits from the support of international institutions such as the AFD, the *Banque Européenne d'Investissement* and the *Société Financière Internationale*. The BGD's ambition is to become more involved in the financing and support of small- and medium- sized enterprises ("**SMEs**") in order to take on a more active role in the financing of the Gabonese economy.

The banking sector is small because the key drivers of the economy, the oil companies, finance themselves outside Gabon and the SMEs and the retail sectors remain underdeveloped. Commercial banks have transferred excess liquidity to correspondent banks outside the region. In June 2017, the BEAC increased its reference rate by 50 basis points from 2.45% to 2.95%, which led to an interest rate spread of 295 basis points between the BEAC and the European Central Bank. The BEAC's main policy rate has not changed since the 11 June 2017 increase. This recent increase in the policy rate is in response to increasing inflation levels in the region.

Furthermore, credit to the private sector decreased by 10% in 2016 (as compared to 2015), due to a less favourable domestic economic situation.

Financial stability has improved since the Financial Sector Stability Assessment of 2006, but important structural challenges remain. The sector is shallow, even by regional standards. As lending and other financial instrument opportunities are limited in Gabon, the banks have increased their holdings of foreign assets and minimised their domestic activities by setting minimum deposits and income levels, effectively limiting the provision of financial services to a selected few. In particular, these practices have left small- and medium-sized businesses with little access to the banking system.

The Government recognises the need to encourage more lending by commercial banks to the private sector to assist in developing the private sector and diversifying the country's economy. One of the measures that the Government has undertaken is the improvement of the land registration system so that more robust property titles can be used more reliably as security for loans.

Microfinance

In addition to the traditional banks, the financing of Gabon's economy is also conducted through microfinance institutions (*établissements de microfinance* ("**MFIs**")). The MFIs seek to meet the needs of the less solvent borrowers.

As of 31 December 2016, there were 14 MFIs, and their total assets amounted to CFAF 6.1 billion (as compared to CFAF 3.3 billion as of 31 December 2015). Loans to borrowers amounted in 2016 to CFAF 30.1 billion, increasing by 1.5% since 2015. The sector has been growing rapidly over the past years, with deposits collected increasing by 4.7% between 2015 and 2016.

Banking Regulatory Authority

The *Commission Bancaire de l'Afrique Centrale* (the "**Cobac**") supervises and regulates the banking sector of the six member states of the CEMAC. The Cobac was created on 16 October 1990, and its members were officially installed on 22 January 1993. The Cobac's objective is to improve the effectiveness of the monetary and financial sector by supervising all financial intermediaries in the CEMAC region, such as banks and finance companies, including leasing companies, consumer credit companies and savings banks, ensuring banks' compliance with prudential norms and issuing and withdrawing banking licences.

The Cobac depends on the BEAC for financial and human resources, and the governor of the BEAC chairs the board of the Cobac. The board of the Cobac consists of 12 members: the chairman, seven members representing the member states of the CEMAC (the seventh member being a rotating member, representing one of the member states of the CEMAC), three auditors from the BEAC and one member of the French banking commission.

The Cobac has introduced a more rigorous classification system for loans, and supervision has strengthened in recent years. Nevertheless, for Cobac-regulated banks, the proportion of non-performing loans has remained stable between 2010 and 2016, from 9.9% in 2010 to an estimated 9.7% as at the end of December 2016.

Under the Cobac there is a substantial amount of compliance with the Basel Core Principles, which set out capital adequacy requirements for banks. A reform of the prudential regulations so as to align it with the Basel III requirements is currently under discussion.

Currency transactions valued at more than CFAF 5 million require use of commercial banks. Banks carrying out the actual exchanges must assess the economic reality of the transaction. Investments in a CEMAC member country of more than CFAF 100 million must be declared, and in some cases authorised, and are put under review for 30 days. This procedure enables the investment and income relating to it to be more easily traceable.

Regional Stock Exchange

In June 2003, the six member states of the CEMAC created a regional stock exchange, the *Bourse des valeurs mobilières d'Afrique centrale* (the "**BVMAC**"). The BVMAC became operational in August 2008 and is headquartered in Libreville. The objectives of the BVMAC are to facilitate regional economic integration, to increase the number of methods of financing for companies, to improve good governance and reliability of information and to attract foreign investment. The Commission for the Supervision of the Financial Market (*Commission de Surveillance du Marché Financier d'Afrique Centrale*), created in 2001, is the statutory body which regulates the BVMAC.

Recent years have seen an increased reliance on capital markets for the financing of the Gabonese economy. Sovereign issuers from the region form the large majority of issuers on the BVMAC. The main private sector issuer is BGFIBank, its most recent issuance amounting to CFAF 69 billion.

Between 2007 and 2016, ten issuers listed notes and shares on the BVMAC for a total value of approximately CFAF 553 billion, out of which shares accounted for CFAF 5.7 billion. As of the date of this Prospectus, there were nine debt securities and one equity security listed on the BVMAC. The main securities (in value) listed on the exchange were issued by the following entities: Congo (CFAF 192.3 billion), Gabon (CFAF 134.9 billion), BGFIBank (CFAF 69 billion) and BDEAC (CFAF 18.2 billion).

A merger of the BVMAC with the Douala Stock Exchange, the other stock exchange in the region, is currently under discussion, under the auspices of the African Bank of Development.

TERMS AND CONDITIONS OF THE FURTHER NOTES

The following (except for the paragraphs in italics in Condition 6 and Condition 13) is the text of the Terms and Conditions of the Further Notes, which will be endorsed on each Note in definitive form:

The US$200,000,000 6.950% Notes due 2025 (the "**Further Notes**"), which will, pursuant to Condition 13 (*Further issues*) and as from their issue date, be consolidated and form a single series with the outstanding US$500,000,000 6.950% Notes due 2025 issued by the Gabonese Republic (the "**Republic**" "**Gabon**" or the "**Gabonese Republic**") on 16 June 2015 (the "**Original Notes**" and, together with the Further Notes, the "**Notes**", which expression includes any further notes issued pursuant to Condition 13 (*Further issues*) and forming a single series with the Original Notes and Further Notes)) of the Gabon, were authorised by the Rectified Finance Law no. 0009/2017 adopted by Parliament as promulgated by the Presidential decree no. 00223/PR dated 3 August 2017 (as published in the Official Journal dated on 4 August 2017) and are constituted by and subject to, and have the benefit of, a supplemental deed of covenant dated 11 August 2017 (the **"Supplemental Deed of Covenant**"), supplemental to the deed of covenant dated 16 June 2015 relating to the Original Notes (as amended from time to time, the "**Original Deed of Covenant**" and, together with the Supplemental Deed of Covenant, the "**Deed of Covenant**"). A supplemental fiscal agency agreement dated 11 August 2017 (the "**Supplemental Fiscal Agency Agreement**") has been entered into in relation to the Further Notes among the Republic, Citibank, N.A., London Branch as fiscal agent (the "**Fiscal Agent**"), Citigroup Global Markets Deutschland AG as registrar (the "**Registrar**"), the other paying agents named therein (together with the Fiscal Agent and the Registrar, the "**Paying Agents**") and the transfer agents named therein (the "**Transfer Agents**"), supplemental to a Fiscal Agency Agreement dated 16 June 2015 entered into between the same parties in relation to the Original Notes (as amended from time to time, the "**Original Fiscal Agency Agreement**" and, together with the Supplemental Agency Agreement, the "**Fiscal Agency Agreement**").

In these Conditions, "**Fiscal Agent**", "**Registrar**", "**Paying Agents**" and "**Transfer Agents**" shall include any successors appointed from time to time in accordance with the provisions of the Fiscal Agency Agreement and any reference to an "**Agent**" or "**Agents**" shall mean any or all (as applicable) of such persons.

The statements set out in these Conditions include summaries of, and are subject to, detailed provisions of the Deed of Covenant and the Fiscal Agency Agreement. The Noteholders (as defined in Condition 1(b)) are bound by, and deemed to have notice of, all the provisions of the Deed of Covenant and the Fiscal Agency Agreement. Copies of the Deed of Covenant and the Fiscal Agency Agreement are available for inspection during usual business hours at the principal office of the Fiscal Agent and at the offices of each of the other Agents.

References to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs of these Conditions.

1. Form, Denominations and Title Transfer

(a) *Form and Denominations*

The Notes are in registered form, without coupons, in the denominations of US$200,000 or any amount in excess thereof which is an integral multiple of US$1,000.

(b) *Title Generally*

Subject as set out below, title to the Notes will pass upon registration of transfers in accordance with the provisions of the Fiscal Agency Agreement. Prior to the due presentation of a Note for registration of transfer, the Republic, the Fiscal Agent, the Paying Agents and any of their respective agents may treat the Person (as defined in Condition 3(b)) in whose name such Note is registered as the owner of such Note for the purpose of receiving payment of principal and interest and any other amount on such Note (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on it, or its theft or loss), and none of the Republic, the Fiscal Agent, the Paying Agents or any of their respective agents will be liable for treating such Person as the registered owner of the Note. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

"**Noteholder**", "**Holder**" or "**holder**", when used with respect to any Note, means the Person in whose name the Note is registered in the register for the Notes maintained pursuant to the Fiscal Agency Agreement (the "**Register**") (or, in the case of a joint holding, the first named thereof). A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

Any reference herein to Euroclear, Clearstream, DTC or the clearing agents shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Republic and the Fiscal Agent.

(c) *Transfers of Notes*

A Note may be transferred, in whole or in part, in an authorised denomination upon the surrender of the Notes to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent (which shall include a Transfer Agent in London or such other place as may be approved by the Irish Stock Exchange plc (the "**Irish Stock Exchange**"), as long as the Notes are listed on the Irish Stock Exchange). In the case of a permitted transfer of only part of a Note, a new Note in respect of the balance not transferred will be issued to the transferor. Each new Note to be issued upon the transfer of Notes will, upon the effective receipt of such form of transfer by the Registrar or a Transfer Agent at its respective specified office, be available for delivery at such specified office, or at the request of the holder requesting such transfer, will, within five Relevant Banking Days (as defined below) of receipt of such form of transfer, be mailed at the risk of the transferee entitled to the new Note to such address as may be specified in such form of transfer. For these purposes, a form of transfer received by the Registrar or a Transfer Agent during the period of 15 calendar days ending on the due date for any payment on each relevant Note shall be deemed not to be effectively received by such Registrar or Transfer Agent until the day following the due date for such payment.

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes set forth in the Fiscal Agency Agreement. The regulations may be changed by the Republic with prior written approval of the Registrar to reflect changes in legal requirements or in any other manner which is not prejudicial to the interests of the Noteholders and does not affect the transferability of the Notes. A copy of the current regulations will be mailed by the Registrar to any Noteholder who requests a copy. "**Relevant Banking Day**" means a day on which commercial banks are open for business in the place where the specified office of the Registrar or a relevant Transfer Agent, as the case may be, is located.

(d) *No Charge*

Registration or transfer will be effected without charge to the holder or transferee thereof, but upon payment (or against such indemnity from the holder or the transferee thereof as the Registrar or the relevant Transfer Agent may require) in respect of any stamp duty (or any other documentary tax or duty), tax or other governmental charge of whatever nature which may be levied or imposed in connection with such registration or transfer.

(e) *Closed Periods*

No Noteholder may require the transfer of a Note to be registered during the period of 15 calendar days ending on the due date for any payment on such Note.

2. Status

The Notes are the direct, unconditional and (subject to Condition 3) unsecured obligations of the Republic and rank and will rank *pari passu*, without preference among themselves, with all other unsecured External Indebtedness (as defined below) of the Republic; *provided*, *that* the Republic shall have no obligation to effect equal or rateable payment(s) at any time with respect to any such other

External Indebtedness and, in particular, shall have no obligation to pay other External Indebtedness at the same time or as a condition of paying sums due on the Notes and *vice versa*.

3. Negative Pledge

(a) *Negative Pledge*

So long as any of the Notes remains outstanding (as defined in the Fiscal Agency Agreement), the Republic will not create or permit to subsist any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or arrangement having a similar effect (any of the foregoing, a "**Lien**") (other than Permitted Liens) upon the whole or any part of its existing or future assets or revenues to secure any Public External Indebtedness of the Republic or any other Person or any Guarantee thereof unless, at the same time or prior thereto, the obligations of the Republic under the Notes are secured equally and rateably therewith or have the benefit of such other arrangements as may be approved by an Extraordinary Resolution or a Written Resolution (as defined in Conditions 11(a)(vii) and 11(a)(viii), respectively) of the Noteholders.

(b) *Definitions*

In these Conditions:

"**External Indebtedness**" means any present or future indebtedness of any Person for money borrowed or raised, which is payable, or which at the option of the relevant creditor or holder thereof may be payable, in a currency other than the lawful currency of the Republic.

"**Guarantee**" means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation):

(i) any obligation to purchase such indebtedness;

(ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness;

(iii) any indemnity against the consequences of a default in the payment of such indebtedness; and

(iv) any other agreement to be responsible for such indebtedness.

"**Permitted Lien**" means:

(i) any Lien upon property to secure Public External Indebtedness of the Republic or any Guarantee by the Republic of Public External Indebtedness of any other Person incurred for the purpose of financing the acquisition or construction of such property and any renewal and extension of such Lien which is limited to the original property covered thereby and which (in either case) secures any renewal or extension of the original secured financing;

(ii) any Lien securing Public External Indebtedness of the Republic or any Guarantee by the Republic of Public External Indebtedness of any other Person incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project; *provided that* (A) the holders of such Public External Indebtedness or Guarantee expressly agree to limit their recourse to the assets and revenues of such project or the proceeds of insurance thereon as the principal source of repayments of such Public External Indebtedness and (B) the property over which such Lien is granted consists solely of such assets and revenues;

(iii) any Lien existing on property at the time of its acquisition (and not created in contemplation of such acquisition) to secure Public External Indebtedness and any renewal or extension of such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing, *provided that* the principal amount of the Public External Indebtedness secured thereby is not increased;

(iv) any Lien on any assets securing Public External Indebtedness which arises pursuant to any order or attachment, distraint or similar legal process arising in connection with court proceedings so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings; and

(v) any Lien securing the Public External Indebtedness of the Republic or any Guarantee by the Republic of Public External Indebtedness of any other Person which was in existence on 6 December 2013 and any renewal or extension of such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing, *provided that* the principal amount of the Public External Indebtedness secured thereby is not increased.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other juridical entity, including, without limitation, state or agency of a state or other entity, whether or not having separate legal personality.

"**Public External Indebtedness**" means any External Indebtedness which (i) is in the form of or is represented by any bond, debenture, note or other similar instrument and (ii) has a maturity of more than one year from the date of issue and is, or is capable of being, quoted, listed or ordinarily purchased and sold on any stock exchange, automated trading system or over-the-counter or other securities market.

4. Interest

Each Further Note bears interest from 16 June 2017 at the rate of 6.950% per year (the "**Rate of Interest**"), payable semi-annually in arrear on the principal amount thereof from time to time outstanding on 16 June and 16 December in each year (each, an "**Interest Payment Date**") commencing on 16 December 2017, until maturity, payable in U.S. dollars as provided in Condition 6. Each period beginning on (and including) 16 June 2017 or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

Each Note will cease to bear interest from and including its due date for final redemption unless, upon due presentation, payment of principal in respect of the Note is improperly withheld or refused, in which case it will continue to bear interest at the Rate of Interest until the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the Business Day (as defined in Condition 6) after the Fiscal Agent has given notice to the Noteholders of receipt of all sums due in respect of all sums due in respect of all Notes up to that Business Day (except to the extent that there is any subsequent default in payment in accordance with these Conditions).

All interest shall be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and shall be rounded to the nearest cent (with 0.005 cents being rounded downwards).

5. Redemption, Purchase and Cancellation

(a) *Final Redemption*

Unless previously purchased and cancelled, the Notes will be redeemed at their principal amount with payment in full on 16 June 2025 (the "**Maturity Date**") payable as provided in Condition 6.

(b) *Purchase and Cancellation*

The Republic may at any time purchase Notes in the open market or otherwise and at any price, *provided that* such purchase is made in accordance with the U.S. Securities Act and any other applicable securities laws. Any Notes so purchased may be cancelled or held or resold (*provided that* such resale is outside the United States, as defined in Regulation S under the U.S. Securities Act). Any Notes so purchased which are not deemed to be outstanding shall not entitle the holder to vote, or be counted for the purposes of calculating a quorum, at any meeting of Noteholders. Any Notes so cancelled may not be reissued.

6. Payments

(a) *Payments Generally*

(i) *Method of Payment*.

Payment of amounts (whether principal, interest or otherwise) due (other than in respect of the final redemption) in respect of the Notes will be made by cheque in U.S. dollars drawn on a bank in New York City and mailed to the address (as recorded in the Register kept by the Registrar) of the Noteholder thereof on the relevant Record Date (as defined below) not later than the relevant due date for payment unless, prior to the relevant Record Date, the Noteholder has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated U.S. Dollar account, in which case payment shall be made on the relevant due date for payment by transfer to such account. All amounts due in respect of the Notes (including interest, principal and other amounts) shall be calculated in U.S. dollars, for payment in U.S. dollars.

(ii) *Payments to Persons Who are Noteholders on Record Dates*.

Payment of amounts due in respect of Notes (other than in respect of the final redemption) will be paid to the Noteholders thereof as appearing in the Register kept by the Registrar as at close of business (local time in the place of the specified office of the Registrar) on the fifteenth calendar day before the due date for such payment (the "**Record Date**").

(iii) *Payments of Amounts Due on Final Redemption*.

Payment of amounts (including accrued interest) due on the final redemption of the Notes will be made against presentation and surrender of the relevant Notes at the specified office of the Registrar or any of the Paying Agents. If the due date for payment of the final redemption amount of any Note is not a Business Day (as defined below), then the Noteholders thereof will not be entitled to payment thereof until the next day which is a Business Day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in Condition 4. For purposes of the Notes, "**Business Day**" means (i) a day on which commercial banks and foreign exchange markets settle payments in New York City and London and (ii) in relation to payments due upon presentation and/or surrender of any Note, on which commercial banks are open and foreign exchange markets settle payments in U.S. dollars in the place of presentation.

(b) *Fiscal Laws; Commissions*

All payments of principal and interest in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provision of Condition 7. No commissions or expenses shall be charged to the Noteholders in respect of payments under the Notes.

(c) *Presentation Dates and Other Payment Matters*

(i) *Presentation Dates*.

A Noteholder shall be entitled to present a Note for payment only on a Presentation Date and shall not, except as provided in Condition 4, be entitled to any further interest or other payment if a Presentation Date is after the due date for the relevant payment. "**Presentation Date**" means a day which (subject to Condition 9) is or falls after the relevant due date or, if the due date is not or was not a Business Day, is or falls after the next following Business Day.

(ii) *Other Payment Matters*.

If a Note is presented for payment at a time when, as a result of differences in time zones, it is not practicable to transfer the relevant amount to an account designated for payment as provided above for value on the relevant Presentation Date, the Republic shall not be obligated to effect transfer to such account for value on such date but shall be obliged to transfer the relevant amount to such account for value on the first practicable date after such Presentation Date. In any case where the due date for the payment of the principal of or interest on any Note is not a Business Day at a place of payment, payment of principal or interest need not be made on such date at such place but may be made on the next succeeding Business Day, with the same force and effect as if made on the date for such payment, and no interest shall accrue for the period after such date.

(d) *Agents*

The initial Agents and their initial specified offices are listed below. Any of the Agents may resign in accordance with the provisions of the Fiscal Agency Agreement and the Republic reserves the right at any time to vary or terminate the appointment of any Agent and appoint additional or other Agents, *provided that* while the Notes are outstanding it will at all times maintain (a) a Fiscal Agent, a Registrar, a Paying Agent and a Transfer Agent having a specified office in London or such other place as may be approved by the Irish Stock Exchange, so long as the Notes are listed on the Irish Stock Exchange, and otherwise in any major European City and (b) a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC. Notice of any change in the Agents or their specified offices will be given promptly to the Noteholders in accordance with Condition 14.

The Fiscal Agency Agreement contains provisions prescribing the manner in which the Republic will provide the Fiscal Agent with funds to make payments on the Notes and specifying that once it has provided the Fiscal Agent with any such funds, the Republic's obligation to make the corresponding payment in respect of the Notes shall be satisfied, to the extent of such payment to the Fiscal Agent, except to the extent there is a default in the subsequent payment thereof to the Noteholders in accordance with the Conditions. The Fiscal Agent will be instructed, in the Fiscal Agency Agreement, to apply such funds solely for payment of principal and interest on the Notes so that the Republic shall have no claim to or on account of any such funds unless such purpose cannot be effected. Further, it should be noted that the consent to the giving of any relief or the issue of any process contained in Condition 17 is solely for the benefit of Noteholders in any Proceedings (as defined in that Condition) and not for the benefit of any other person or for any other purpose.

7. Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Republic shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes (including royalties), duties (including customs duties), assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of or within the Republic or any political subdivision or any authority thereof or therein having power to tax (together, "**Taxes**"), unless such withholding or deduction is required by law. If any such withholding or deduction is required by law, the Republic shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable:

(a) to a holder, or to a third party on behalf of a holder, if such holder is liable for such Taxes in respect of such Note by reason of having some connection with the Republic other than the mere holding of such Note;

(b) in respect of a Note presented for payment (where presentation is required) more than 30 days after the Relevant Date, except to the extent that the holder would have been entitled to such additional amounts on duly presenting the Note for payment on the last Business Day of such period of 30 days, assuming that day to have been a Presentation Date;

(c) in respect of any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property or similar tax, assessment or governmental charge;

(d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(e) in respect of a Note presented for payment (where presentation is required) by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union.

In these Conditions, "**Relevant Date**" means the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received in New York City by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest in respect of the Notes shall be deemed to include any additional amounts which may be payable under this Condition 7.

8. Events of Default

If any of the following events (each an "**Event of Default**") occurs and is continuing:

(a) *Non-Payment*

the Republic fails to pay principal or interest in respect of any of the Notes when due and payable and such failure continues for a period of 10 days; or

(b) *Breach of Other Obligations*

the Republic fails to perform or observe any other obligations in respect of the Notes or the Deed of Covenant and that failure continues for 30 days after any Noteholder gives written notice to the Republic to remedy the failure, delivered to the Republic (with a copy of such notice to the Fiscal Agent at its specified office); or

(c) *Cross-Default*

(i) Any other External Indebtedness of the Republic becomes due and payable prior to stated maturity thereof by reason of default, or (ii) any such External Indebtedness is not paid at maturity thereof, or (iii) any Guarantee of such External Indebtedness is not honoured when due and called upon and, in the case of (ii) or (iii), that failure continues beyond any applicable grace period; *provided that* the amount of External Indebtedness referred to in (i) and/or (ii) and/or the amount payable under any Guarantee referred to in (iii) individually or in the aggregate exceeds US$20,000,000 (or its equivalent in any other currency or currencies); or

(d) *IMF Membership*

the Republic ceases to be a member, or becomes ineligible to use the resources of, the International Monetary Fund or of any successor (whether corporate or not) that performs the functions of, or functions similar to the International Monetary Fund; or

(e) *Moratorium*

the Republic shall have declared a general moratorium on the payment of principal of, or interest on, all or any part of its External Indebtedness or if the Republic denies any of its payment obligations under the Notes (whether by a general suspension of payments, a moratorium or otherwise on the payment of its External Indebtedness); or

(f) *Unenforceability*

for any reason whatsoever (i) it shall be or become unlawful for the Republic to perform or comply with all or any of its obligations set out in the Notes or the Deed of Covenant, including, without limitation, the payment of interest on the Notes, as a result of any change in law or regulation in Gabon or (ii) the obligations under the Notes are declared by a court of competent jurisdiction to be no longer binding or no longer enforceable against the Republic; or

(g) *Validity*

if the Republic or any political subdivision thereof contests the validity of the Notes or the Deed of Covenant; or

(h) *Consents*

if any authorisation, consent of, or filing or registration with, any governmental authority necessary for the performance of any payment obligation of the Republic under the Notes or the Deed of Covenant, when due, ceases to be in full force and effect or remaining valid and subsisting,

then the holders of 25% or more in aggregate principal amount of the outstanding Notes may, by written notice to the Republic, delivered to the Republic (with a copy of such notice to the Fiscal Agent at its specified office), declare the Notes due and payable at their outstanding principal amount immediately. Notice of any such declaration shall promptly be given to all other Noteholders by the Republic. Upon any declaration of acceleration, the principal, interest and all additional amounts payable on the Notes will become immediately due and payable on the date the Republic receives written notice of the declaration. No delay or omission of any Noteholder or any party to the Fiscal Agency Agreement to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or any other breach of obligations under the Fiscal Agency Agreement.

If the Republic receives notice in writing from holders of at least 50% in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Republic shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Republic gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

9. Prescription

Pursuant to the Gabonese Act No. 5/85 relating to public accounting, any money paid by the Republic to the Fiscal Agent for payment due under any Note that remains unclaimed at the end of four years after the due date for that payment will be repaid to the Republic and the holder of such Note shall thereafter look only to the Republic for payment.

Claims against the Republic in respect of principal and interest shall become void unless made within a period of four years from the appropriate Relevant Date.

10. Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or the Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Republic may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

11. Meetings of Noteholders; Written Resolutions

(a) *Convening Meetings of Noteholders; Conduct of Meetings of Noteholders; Written Resolutions*

(i) The Republic may convene a meeting of the Noteholders at any time in respect of the Notes in accordance with the provisions of the Fiscal Agency Agreement. The Republic will determine the time and place of the meeting and will notify the Noteholders of the time, place and purpose of the meeting not less than 21 and not more than 45 days before the meeting.

(ii) The Republic or the Fiscal Agent (subject to the Republic and/or the Fiscal Agent, as the case may be, being indemnified and/or secured and/or prefunded to its satisfaction against the cost and expenses thereby occasioned) will convene a meeting of Noteholders if the holders of at least 10 per cent. in principal amount of the outstanding Notes (as defined in the Fiscal Agency Agreement and described in Condition 11(i)) have delivered a written request to the Republic or the Fiscal Agent (with a copy to the Republic) setting out the purpose of the meeting. The Fiscal Agent will agree the time and place of the meeting with the Republic promptly. The Republic or the Fiscal Agent, as the case may be, will notify the Noteholders within 10 days of receipt of such written request of the time and place of the meeting, which shall take place not less than 21 and not more than 45 days after the date on which such notification is given.

(iii) The Republic (with the agreement of the Fiscal Agent) will set the procedures governing the conduct of any meeting in accordance with the Fiscal Agency Agreement. If the Fiscal Agency Agreement does not include such procedures, or additional procedures are required, the Republic and the Fiscal Agent will agree such procedures as are customary in the market and in such a manner as to facilitate any multiple series aggregation, if in relation to a Reserved Matter the Republic proposes any modification to the terms and conditions of, or action with respect to, two or more series of debt securities issued by the Republic.

(iv) The notice convening any meeting will specify, *inter alia*:

(A) the date, time and location of the meeting;

(B) the agenda and the text of any Extraordinary Resolution to be proposed for adoption at the meeting;

(C) the record date for the meeting, which shall be no more than five Business Days before the date of the meeting;

(D) the documentation required to be produced by a Noteholder in order to be entitled to participate at the meeting or to appoint a proxy to act on the Noteholder's behalf at the meeting;

(E) any time deadline and procedures required by any relevant international and/or domestic clearing systems or similar through which the Notes are traded and/or held by Noteholders;

(F) whether Condition 11(b), Condition 11(c) or Condition 11(d) shall apply and, if relevant, in relation to which other series of debt securities it applies;

(G) if the proposed modification or action relates to two or more series of debt securities issued by the Republic and contemplates such series of debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group of debt securities;

(H) such information that is required to be provided by the Republic in accordance with Condition 11(f);

(I) the identity of the Aggregation Agent and the Calculation Agent (each as defined below) , if any, for any proposed modification or action to be voted on at the meeting, and the details of any applicable methodology referred to in Condition 11(g); and

(J) any additional procedures which may be necessary and, if applicable, the conditions under which a multiple series aggregation will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities.

(v) In addition, the Fiscal Agency Agreement contains provisions relating to Written Resolutions. All information to be provided pursuant to paragraph (iv) above shall also be provided, *mutatis mutandis*, in respect of Written Resolutions.

(vi) A "**record date**" in relation to any proposed modification or action means the date fixed by the Republic for determining the Noteholders and, in the case of a multiple series aggregation, the holders of debt securities of each other affected series that are entitled to vote on a Multiple Series Single Limb Extraordinary Resolution or a Multiple Series Two Limb Extraordinary Resolution, or to sign a Multiple Series Single Limb Written Resolution or a Multiple Series Two Limb Written Resolution.

(vii) An "**Extraordinary Resolution**" means any of a Single Series Extraordinary Resolution, a Multiple Series Single Limb Extraordinary Resolution and/or a Multiple Series Two Limb Extraordinary Resolution, as the case may be.

(viii) A "**Written Resolution**" means any of a Single Series Written Resolution, a Multiple Series Single Limb Written Resolution and/or a Multiple Series Two Limb Written Resolution, as the case may be.

(ix) Any reference to "**debt securities**" means any notes (including the Notes), bonds, debentures or other debt securities issued by the Republic in one or more series with an original stated maturity of more than one year.

(x) "**Debt Securities Capable of Aggregation**" means those debt securities which include or incorporate by reference this Condition 11 and Condition 12 or provisions substantially in these terms which provide for the debt securities which include such provisions to be capable of being aggregated for voting purposes with other series of debt securities.

(b) *Modification of this Series of Notes only*

(i) Any modification of any provision of, or any action in respect of, these Conditions or the Fiscal Agency Agreement in respect of the Notes may be made or taken if approved by a Single Series Ordinary Resolution, a Single Series Extraordinary Resolution or a Single Series Written Resolution (each as defined below) as set out below.

(ii) For the purposes of a meeting of Noteholders convened in respect of this series of Notes only and for the purposes of passing a Single Series Ordinary Resolution and/or a Single Series Extraordinary Resolution (a "**Single Series Noteholder Meeting**") at any such Single Series Noteholder Meeting, any one or more persons present in person holding Notes or proxies or representatives and holding or representing in the aggregate not less than 50 per cent. in principal amount of the Notes for the time being outstanding shall (except for the purposes of passing a Single Series Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any such Single Series Noteholder Meeting unless the requisite quorum be present at the commencement of business. The quorum at any such Single Series Noteholder Meeting convened for the purpose of passing of a Single Series Extraordinary Resolution shall (subject as provided in Condition 11(b)(iii)) be two or more persons present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than 75 per cent. of the principal amount of the Notes for the time being outstanding.

(iii) If within 15 minutes from the time fixed for any such Single Series Noteholder Meeting a quorum is not present, the Single Series Noteholder Meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case it shall stand adjourned for such period, being not less than 14 days nor more than 42 days, as may be determined by the chairman either at or after the Single Series Noteholder Meeting. At such adjourned Single Series Noteholder Meeting, one or more persons present in person holding Notes or being proxies or representatives (whatever the principal amount of Notes so held or represented) shall form a quorum and may pass any resolution and decide upon all matters which could properly have been dealt with at the Single Series Noteholder Meeting from which the adjournment took place had a quorum been present at Single Series Noteholder Meeting, *provided that* at any adjourned Single Series Noteholder Meeting at which it is to be proposed a Single Series Extraordinary Resolution, the quorum shall be two or more persons so present in person holding Notes or being proxies or representatives and holding or representing in the aggregate not less than one third of the aggregate principal amount of Notes for the time being outstanding.

(iv) A "**Single Series Ordinary Resolution**" means a resolution passed at a Single Series Noteholder Meeting duly convened and held in accordance with the procedures prescribed by the Republic and the Fiscal Agent pursuant to Conditions 11(a), 11(b)(ii) and 11(b)(iii) in respect of any matter other than a Reserved Matter by the affirmative vote of at least 66⅔ per cent. of the aggregate principal amount of the outstanding Notes present in person or represented by proxy.

(v) A "**Single Series Extraordinary Resolution**" means a resolution passed at a Single Series Noteholder Meeting duly convened and held in accordance with the procedures prescribed by the Republic and the Fiscal Agent pursuant to Conditions 11(a), 11(b)(ii) and 11(b)(iii) in respect of a Reserved Matter by the affirmative vote of at least 75 per cent. of the aggregate principal amount of the outstanding Notes present in person or represented by proxy.

(vi) A "**Single Series Written Resolution**" means a resolution in writing signed or confirmed in writing by or on behalf of the holders of:

(A) in the case of a Reserved Matter, at least 75 per cent. of the aggregate principal amount of the outstanding Notes; or

(B) in the case of a matter other than a Reserved Matter, at least 66⅔ per cent. of the aggregate principal amount of the outstanding Notes.

Any Single Series Written Resolution may be contained in one document or several documents in the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders.

(vii) Any Single Series Ordinary Resolution or Single Series Extraordinary Resolution duly passed or Single Series Written Resolution approved shall be binding on all Noteholders, whether or not they attended such Single Series Noteholder Meeting, whether or not they voted in favour thereof and whether or not they signed or confirmed in writing any such Single Series Written Resolution, as the case may be.

(c) *Multiple Series Aggregation – Single limb voting*

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Single Limb Extraordinary Resolution or by a Multiple Series Single Limb Written Resolution as set out below, *provided that* the Uniformly Applicable condition is satisfied.

(ii) A "**Multiple Series Single Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Republic and the Fiscal Agent pursuant to Condition 11(a), as supplemented if necessary, which is passed by a majority of at least 75 per cent. of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate).

(iii) A "**Multiple Series Single Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of at least 75% of the aggregate principal amount of the outstanding debt securities of all affected series of Debt Securities Capable of Aggregation (taken in aggregate). Any Multiple Series Single Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Single Limb Extraordinary Resolution duly passed or Multiple Series Single Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Single Limb Written Resolution, as the case may be.

(v) The "**Uniformly Applicable**" condition will be satisfied if:

(A) the holders of all affected series of Debt Securities Capable of Aggregation are invited to exchange, convert or substitute their debt securities, on the same terms, for (1) the same new instrument and/or other consideration or (2) a new instrument, new instruments and/or other consideration from an identical menu of instruments or other consideration; or

(B) the amendments proposed to the terms and conditions of each affected series of Debt Securities Capable of Aggregation would, following implementation of such amendments, result in the amended instruments having identical provisions (other than provisions which are necessarily different, having regard to the currency of issuance).

(vi) It is understood that a proposal under paragraph (c)(i) above will not be considered to satisfy the Uniformly Applicable condition if each exchanging, converting, substituting or amending holder of each affected Series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and, the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected series of Debt Securities Capable of Aggregation (or, where a menu of instruments or other consideration is offered, each exchanging, converting, substituting or amending holder of each affected Series of Debt Securities Capable of Aggregation is not offered the same amount of consideration per amount of principal, the same amount of consideration per amount of interest accrued but unpaid and the same amount of consideration per amount of past due interest, respectively, as that offered to each other exchanging, converting, substituting or amending holder of each affected Series of Debt Securities Capable of Aggregation electing the same option from such menu of instruments).

(vii) Any modification or action proposed under paragraph (c)(i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 11(c) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(d) *Multiple Series Aggregation – Two limb voting*

(i) In relation to a proposal that includes a Reserved Matter, any modification to the terms and conditions of, or any action with respect to, two or more series of Debt Securities Capable of Aggregation may be made or taken if approved by a Multiple Series Two Limb Extraordinary Resolution or by a Multiple Series Two Limb Written Resolution as set out below.

(ii) A "**Multiple Series Two Limb Extraordinary Resolution**" means a resolution considered at separate meetings of the holders of each affected series of Debt Securities Capable of Aggregation, duly convened and held in accordance with the procedures prescribed by the Republic and the Fiscal Agent pursuant to Condition 11(a), as supplemented if necessary, which is passed by a majority of:

(A) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

(iii) A "**Multiple Series Two Limb Written Resolution**" means each resolution in writing (with a separate resolution in writing or multiple separate resolutions in writing distributed to the holders of each affected series of Debt Securities Capable of Aggregation, in accordance with the applicable documentation) which, when taken together, has been signed or confirmed in writing by or on behalf of the holders of:

(A) at least 66⅔ per cent. of the aggregate principal amount of the outstanding debt securities of all the affected series of Debt Securities Capable of Aggregation (taken in aggregate); and

(B) more than 50 per cent. of the aggregate principal amount of the outstanding debt securities in each affected series of Debt Securities Capable of Aggregation (taken individually).

Any Multiple Series Two Limb Written Resolution may be contained in one document or several documents in substantially the same form, each signed or confirmed in writing by or on behalf of one or more Noteholders or one or more holders of each affected series of Debt Securities Capable of Aggregation.

(iv) Any Multiple Series Two Limb Extraordinary Resolution duly passed or Multiple Series Two Limb Written Resolution approved shall be binding on all Noteholders and holders of each other affected series of Debt Securities Capable of Aggregation, whether or not they attended any meeting, whether or not they voted in favour thereof, whether or not any other holder or holders of the same series voted in favour thereof and whether or not they signed or confirmed in writing any such Multiple Series Two Limb Written Resolution, as the case may be.

(v) Any modification or action proposed under paragraph (i) above may be made in respect of some series only of the Debt Securities Capable of Aggregation and, for the avoidance of doubt, the provisions described in this Condition 11(d) may be used for different groups of two or more series of Debt Securities Capable of Aggregation simultaneously.

(e) *Reserved Matters*

In these Conditions, "**Reserved Matter**" means any proposal:

(i) to change the date, or the method of determining the date, for payment of principal, interest or any other amount in respect of the Notes, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the Notes or to change the method of calculating the amount of principal, interest or any other amount payable in respect of the Notes on any date;

(ii) to change the currency in which any amount due in respect of the Notes is payable or the place in which any payment is to be made;

(iii) to change the majority or quorum required to pass an Extraordinary Resolution, a Written Resolution or any other resolution of Noteholders or the number or percentage of votes required to be cast, or the number or percentage of Notes required to be held, in connection with the taking of any decision or action by or on behalf of the Noteholders or any of them;

(iv) to change this definition, or the definition of "**Extraordinary Resolution**", "**Single Series Extraordinary Resolution**", "**Multiple Series Single Limb Extraordinary Resolution**", "**Multiple Series Two Limb Extraordinary Resolution**", "**Written Resolution**", "**Single Series Written Resolution**", "**Multiple Series Single Limb Written Resolution**" or "**Multiple Series Two Limb Written Resolution**";

(v) to change the definition of "**debt securities**" or "**Debt Securities Capable of Aggregation**";

(vi) to change the definition of "**Uniformly Applicable**";

(vii) to change the definition of "**outstanding**" as set out in the Fiscal Agency Agreement or to modify the provisions of Condition 11(i);

(viii) to change the legal ranking of the Notes or modify the provisions of Condition 3;

(ix) to change any provision of the Notes describing circumstances in which Notes may be declared due and payable prior to their scheduled maturity date, as set out in Condition 8;

(x) to change the law governing the Notes or the Deed of Covenant, the courts to the jurisdiction of which the Republic has submitted in the Notes or the Deed of Covenant, any of the arrangements specified in the Notes or the Deed of Covenant to enable proceedings to be taken or the Republic's waiver of immunity in respect of Proceedings, as set out in Condition 17;

(xi) to impose any condition on or otherwise change the Republic's obligation to make payments of principal, interest or any other amount in respect of the Notes, including by way of the addition of a call option;

(xii) except as permitted by any related security agreement, to release any agreement securing payments under the Notes or to change the terms of any such security;

(xiii) to exchange or substitute all the Notes for, or convert all the Notes into, other obligations or securities of the Republic or any other person or to modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Republic or any other person which would result in the Conditions as so modified being less favourable to the Noteholders which are subject to the Conditions as so modified than:

(A) the provisions of the other obligations or debt securities of the Republic or any other person resulting from the relevant exchange or substitution or conversion; or

(B) if more than one series of other obligations or debt securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series of debt securities having the largest aggregate principal amount.

(f) *Information*

Prior to or on the date that the Republic proposes any Extraordinary Resolution or Written Resolution pursuant to Condition 11(b), Condition 11(c) or Condition 11(d), the Republic shall publish in accordance with Condition 14, and provide the Fiscal Agent with the following information:

(i) a description of the Republic's economic and financial circumstances which are, in the Republic's opinion, relevant to the request for any potential modification or action, a description of the Republic's existing debts and a description of its broad policy reform programme and provisional macroeconomic outlook;

(ii) if the Republic shall at the time have entered into an arrangement for financial assistance with multilateral and/or other major creditors or creditor groups and/or an agreement with any such creditors regarding debt relief, a description of any such arrangement or agreement and where permitted under the information disclosure policies of the multilateral or such other creditors, as applicable, copies of the arrangement or agreement;

(iii) a description of the Republic's proposed treatment of external debt securities that fall outside the scope of any multiple series aggregation and its intentions with respect to any other debt securities and its other major creditor groups; and

(iv) if any proposed modification or action contemplates debt securities being aggregated in more than one group of debt securities, a description of the proposed treatment of each such group, as required for a notice convening a meeting of the Noteholders in Condition 11(a)(iv)(G).

(g) *Claims Valuation*

For the purpose of calculating the par value of the Notes and any affected series of debt securities which are to be aggregated with the Notes in accordance with Condition 11(c) and Condition 11(d), the Republic may appoint a calculation agent (the "**Calculation Agent**"). The Republic shall, with the approval of the Aggregation Agent and any appointed

Calculation Agent, promulgate the methodology in accordance with which the Calculation Agent will calculate the par value of the Notes and such affected series of debt securities. In any such case where a Calculation Agent is appointed, the same person will be appointed as the Calculation Agent for the Notes and each other affected series of debt securities for these purposes, and the same methodology will be promulgated for each affected series of debt securities.

(h) *Manifest error, etc.*

The Notes, these Conditions, the Deed of Covenant and the provisions of the Fiscal Agency Agreement may be amended without the consent of the Noteholders to correct a manifest error. In addition,

(i) the Republic may modify any provision of the Deed of Covenant; and

(ii) the parties to the Fiscal Agency Agreement may agree to modify any provision thereof but the Republic shall not agree, without the consent of the Noteholders, (in the case of the Deed of Covenant) make, and in the case of the Fiscal Agency Agreement, agree to make any such modification unless it is of a formal, minor or technical nature or it is not materially prejudicial to the interests of the Noteholders.

(i) *Notes controlled by the Republic*

For the purposes of (i) determining the right to attend and vote at any meeting of Noteholders or the right to sign or confirm in writing, or authorise the signature of, any Written Resolution, (ii) Conditions 11(a), (b), (c), (d) and (iii) Condition 8, any Notes which are for the time being held by or on behalf of the Republic or by or on behalf of any person which is owned or controlled directly or indirectly by the Republic or by any public sector instrumentality of the Republic shall be disregarded and be deemed not to remain outstanding, where:

(i) "**public sector instrumentality**" means the Bank of Central African States, any department, ministry or agency of the Republic or any corporation, trust, financial institution or other entity owned or controlled by the Republic or any of the foregoing; and

(ii) "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or otherwise or through contractual control or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity.

In advance of any meeting of Noteholders, or in connection with any Written Resolution, the Republic shall provide to the Fiscal Agent a certificate which includes information on the total number of Notes which are for the time being held by or on behalf of the Republic or by or on behalf of any person which is owned or controlled directly or indirectly by the Republic or by any public sector instrumentality of the Republic and, as such, such Notes shall be disregarded and deemed not to remain outstanding for the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of, any Written Resolution in respect of any such meeting. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

(j) *Publication*

The Republic shall publish all Extraordinary Resolutions and Written Resolutions which have been determined by the Aggregation Agent to have been duly passed in accordance with Condition 12(g).

(k) *Exchange and Conversion*

Any Extraordinary Resolutions or Written Resolutions which have been duly passed and which modify any provision of, or action in respect of, the Conditions may be implemented at the Republic's option by way of a mandatory exchange or conversion of the Notes and each other affected series of debt securities, as the case may be, into new debt securities containing the modified terms and conditions if the proposed mandatory exchange or conversion of the Notes is notified to Noteholders at the time notification is given to the Noteholders as to the proposed modification or action. Any such exchange or conversion shall be binding on all Noteholders.

12. Aggregation Agent; Aggregation Procedures

(a) *Appointment*

The Republic will appoint an aggregation agent (the "**Aggregation Agent**") to calculate whether a proposed modification or action has been approved by the required principal amount outstanding of Notes and, in the case of a multiple series aggregation, by the required principal amount of outstanding debt securities of each affected series of debt securities. In the case of a multiple series aggregation, the same person will be appointed as the Aggregation Agent for the proposed modification of any provision of, or any action in respect of, these Conditions or the Deed of Covenant or the Fiscal Agency Agreement in respect of the Notes and in respect of the terms and conditions or the documentation in respect of each other affected series of debt securities. The Aggregation Agent shall be independent of the Republic.

(b) *Extraordinary Resolutions*

If an Extraordinary Resolution has been proposed at a duly convened meeting of Noteholders to modify any provision of, or action in respect of, these Conditions and other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as practicable after the time the vote is cast, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have voted in favour of the Extraordinary Resolution such that the Extraordinary Resolution is passed. If so, the Aggregation Agent will determine that the Extraordinary Resolution has been duly passed.

(c) *Written Resolutions*

If a Written Resolution has been proposed under the Conditions to modify any provision of, or action in respect of, these Conditions and the terms and conditions of other affected series of debt securities, as the case may be, the Aggregation Agent will, as soon as reasonably practicable after the relevant Written Resolution has been signed or confirmed in writing, calculate whether holders of a sufficient portion of the aggregate principal amount of the outstanding Notes and, where relevant, each other affected series of debt securities, have signed or confirmed in writing in favour of the Written Resolution such that the Written Resolution is passed. If so, the Aggregation Agent will determine that the Written Resolution has been duly passed.

(d) *Certificate*

For the purposes of Condition 12(b) and Condition 12(c), the Republic will provide a certificate to the Aggregation Agent up to three days prior to, and in any case no later than, with respect to an Extraordinary Resolution, the date of the meeting referred to in Condition 11(b), Condition 11(c) or Condition 11(d), as applicable, and, with respect to a Written Resolution, the date arranged for the signing of the Written Resolution.

The certificate shall:

(i) list the total principal amount of Notes outstanding and, in the case of a multiple series aggregation, the total principal amount of each other affected series of debt securities outstanding on the record date; and

(ii) clearly indicate the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities which shall be disregarded and deemed not to remain outstanding as a consequence of Condition 11(i) on the record date identifying the holders of the Notes and, in the case of a multiple series aggregation, debt securities of each other affected series of debt securities.

The Aggregation Agent may rely upon the terms of any certificate, notice, communication or other document believed by it to be genuine.

(e) *Notification*

The Aggregation Agent will cause each determination made by it for the purposes of this Condition 12 to be notified to the Fiscal Agent and the Republic as soon as practicable after such determination. Notice thereof shall also promptly be given to the Noteholders.

(f) *Binding nature of determinations; no liability*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 12 by the Aggregation Agent and any appointed Calculation Agent will (in the absence of manifest error) be binding on the Republic, the Fiscal Agent and the Noteholders and (subject as aforesaid) no liability to any such person will attach to the Aggregation Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(g) *Manner of publication*

The Republic will publish all notices and other matters required to be published pursuant to the Fiscal Agency Agreement including any matters required to be published pursuant to Condition 11, this Condition 12 and Condition 8:

(i) through Euroclear Bank S.A./N.V., Clearstream Banking, S.A. and The Depository Trust Company and/or any other clearing system in which the Notes are held;

(ii) in such other places and in such other manner as may be required by applicable law or regulation; and

(iii) in such other places and in such other manner as may be customary, including on the Official Portal of the Gabonese Republic, in English.

13. Further Issues

The Republic may from time to time, without the consent of the Noteholders, create and issue further notes ranking equally in all respects (or in all respects except for the amount, the date of the first payment of interest thereon and for certain transfer restrictions) so that the same shall be consolidated and form a single series with the Notes.

Noteholders should be aware that additional notes that are treated for non-tax purposes as a single series with the original Notes may be treated as a separate series for U.S. federal income tax purposes. In such a case, for U.S. federal income tax purposes, the new notes may be considered to have been issued with original issue discount, which may affect the market value of the original Notes since such additional notes may not be distinguishable from the original Notes.

14. Notices

(a) *Publication of Notices*

Notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register. So long as the Notes are admitted to listing and/or trading on any stock exchange or relevant authority, the Republic will also publish notices to the holders of the Notes in a manner which complies with the rules and regulations of such stock exchange and/or other relevant authority. Any notice shall be deemed to have been given (i) in the case of a letter sent by mail, on the fourth Business Day after being so mailed or (ii) if so published, the date of publication or, if so published more than once or on different dates, on the date of the first publication.

(b) *Effect of Certain Notices*

Neither the failure to give notice nor any defect in any notice given to any particular Noteholder shall affect the sufficiency of any notice with respect to other holders.

(c) *Notices to the Republic and Any Agent*

Except as otherwise expressly provided herein, any request, demand, authorisation, direction, notice, consent, election, waiver or other act of the Noteholders or other document provided or permitted by the Fiscal Agency Agreement to be made upon, given or furnished to, or filed by any Noteholder with,

(i) the Fiscal Agent shall be sufficient for every purpose hereunder and under the Fiscal Agency Agreement, if made, given, furnished or filed in writing to the Fiscal Agent at its office specified herein or pursuant to the Fiscal Agency Agreement; or

(ii) the Republic shall be sufficient for every purpose hereunder and under the Fiscal Agency Agreement (unless otherwise herein or therein expressly provided) if made, given, furnished or filed in writing to or with the Republic at the address specified on the signature pages of the Fiscal Agency Agreement or at any other address previously furnished in writing to the Fiscal Agent by the Republic.

Any such notice by a holder may be furnished or filed by any standard form of telecommunications, including facsimile or email, so long as such notice is confirmed in writing by the Noteholder or its agent and delivered promptly by airmail to the Fiscal Agent or the Republic, as the case may be. The Republic or the Fiscal Agent, as the case may be, may require any Noteholder giving notice to furnish proof of its holding of the Notes.

15. Indemnity of the Fiscal Agent and Other Agents

The Fiscal Agency Agreement contains provisions for the indemnification of the Fiscal Agent and the other Agents and for their relief from responsibility. The Fiscal Agent and each other Agent is entitled to enter into business transactions with the Republic without accounting for any profit. The Fiscal Agent and the other Agents are agents of the Republic and none of them is a trustee or fiduciary for any of the holders of the Notes.

16. Currency Indemnity

The U.S. dollar is the sole currency of payment for all sums payable by the Republic under or in connection with the Notes. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Republic shall only constitute a discharge of the Republic to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Note, the Republic shall indemnify such recipient against any loss sustained by it as a result. In any event, the Republic shall indemnify the recipient against the cost of making any such purchase. These indemnities constitute separate and independent obligations from the Republic's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any judgment or order.

17. Governing Law and Consent to Service

(a) *Governing law*

The Fiscal Agency Agreement, the Deed of Covenant and the Notes, including any non-contractual obligations arising from or connected with the Fiscal Agency Agreement, the Deed of Covenant or the Notes, are governed by, and shall be construed in accordance with, English law.

(b) *English courts*

The courts of England have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Fiscal Agency Agreement, the Deed of Covenant or the Notes and that, accordingly, any suit, action or proceedings (collectively, "**Proceedings**") arising out of or in connection therewith may be brought in any such courts. The Republic irrevocably submits to the exclusive jurisdiction of the courts referred to in this Condition for the purposes of any Proceeding.

(c) *Appropriate Forum*

The Republic irrevocably and unconditionally waives to the fullest extent permitted by law, any objection which the Republic may have based an improper venue or *forum non conveniens* to the conduct of such Proceedings.

(d) *Rights of the Noteholders to take proceedings outside England*

Notwithstanding Condition 18(b) (*English courts*), the Noteholders may take Proceedings in any other courts with jurisdiction. To the extent allowed by law, the Noteholders may take concurrent Proceedings in any number of jurisdictions.

(e) *Service of Process*

The Republic hereby irrevocably appoints the Ambassador of Gabon to the Court of St. James's located at 27 Elvaston Place, London SW7 5NL as its authorised agent upon whom process may be served in any Proceedings arising out of or based upon the performance of its obligations under the Notes brought in any court in England. If such agent ceases to be able to act as a process agent or to have an address in England, the Republic irrevocably agrees to appoint a new process agent in England as soon as practicable thereafter. Nothing in this paragraph shall affect the right of the Noteholders to serve process in any other manner permitted by law.

(f) *Consent to enforcement etc.*

The Republic consents generally in respect of any Proceedings commenced by any Noteholder to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation but subject to Condition 17(g) (*Waiver of immunity*) below) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

(g) *Waiver of immunity*

To the extent that the Republic may in any jurisdiction claim or acquire for itself or its assets immunity (sovereign or otherwise) from suit, execution, attachment or other legal process (whether through service or notice or otherwise), the Republic irrevocably agrees for the benefit of the Noteholders not to claim in any Proceedings commenced by any Noteholder, and irrevocably waives, such immunity, to the fullest extent permitted by the laws of such jurisdiction (other than immunity from pre-judgment attachments, which is expressly not waived) and in connection with any Proceedings, consents for the benefit of the Noteholders generally to the giving of any relief or the issue of any process. The waiver of immunity and consent in this paragraph shall have the fullest scope permitted under the State Immunity Act 1978 of the United Kingdom and is intended to be irrevocable for purposes of such Act, but shall otherwise constitute a limited and specific waiver and consent for the purpose of the Fiscal Agency Agreement, the Deed of Covenant and the Notes and under no circumstances shall it be interpreted as a general waiver or consent by the Republic or a waiver of immunity in respect of property (a) used by a diplomatic or consular mission of the Republic, (b) of a military character and under the control of a military authority or defence agency of the Republic or (c) located in Gabon and dedicated to a public or Governmental use by the Republic. The Republic reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or State securities law.

THE GLOBAL NOTES

The Global Notes contain the following provisions which apply to the Further Notes in respect of which they are issued whilst they are represented by the Global Notes, some of which modify the effect of the Conditions. Similar provisions apply to the Original Notes. Terms defined in the Conditions have the same meaning in paragraphs 1 to 7 below. For the avoidance of doubt, all references to "Notes" below, shall include the "Further Notes".

1. **FORM OF THE NOTES**

The Unrestricted Notes sold in reliance on Regulation S under the Securities Act will be represented on issue by the Unrestricted Global Note, which will be deposited with the common depositary for Euroclear and Clearstream, and registered in the name of a nominee for the common depositary for, Euroclear and Clearstream. Beneficial interests in the Unrestricted Global Note may be held only through Euroclear or Clearstream or their participants at any time. By acquisition of a beneficial interest in the Unrestricted Global Note, the purchaser thereof will be deemed to represent, among other things, that it acquired such beneficial interest in accordance with Regulation S. See "*Plan of Distribution*" and "*Transfer Restrictions*".

The Restricted Notes sold in reliance on Rule 144A will be represented on issue by the Restricted Global Note, which will be deposited with a custodian for, and registered in the name of a nominee of, DTC. Beneficial interests in the Restricted Global Note may only be held through DTC or its participants at any time.

Beneficial interests in the Restricted Global Note may only be held by persons who are QIBs, holding their interests for their own account or for the account of one or more QIBs. By acquisition of a beneficial interest in the Restricted Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Restricted Global Note. See "*Plan of Distribution*".

Beneficial interests in Global Notes will be subject to certain restrictions on transfer set out therein and under "*Transfer Restrictions*" and in the Fiscal Agency Agreement and such Global Notes will bear a legend as set out under "*Transfer Restrictions*".

No beneficial interest in the Restricted Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Unrestricted Global Note unless (i) the transfer is made in reliance on Regulation S and the transferor provides the Registrar with a written certification substantially in the form set out in the Fiscal Agency Agreement to the effect that the transfer is being made in accordance with Regulation S or (ii) the transfer is made pursuant to an exemption from registration provided by Rule 144 of the Securities Act.

Any beneficial interest in the Unrestricted Global Note that is transferred to a person who takes delivery in the form of an interest in the Restricted Global Note will, upon transfer, cease to be an interest in such Unrestricted Global Note and become an interest in the Restricted Global Note, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Restricted Global Note for as long as it remains such an interest. Any beneficial interest in the Restricted Global Note that is transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Note will, upon transfer, cease to be an interest in each Restricted Global Note and become an interest in the Unrestricted Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Unrestricted Global Note for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Notes.

2. **ACCOUNTHOLDERS**

For so long as any of the Notes are represented by the Global Notes, each person (other than another clearing system) who is for the time being shown in the records of DTC or Euroclear or Clearstream (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by DTC or Euroclear or Clearstream (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "**Noteholders**" and references to "**holding of Notes**" and to "**holder of Notes**" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer solely in the nominee for the relevant clearing system (the "**Relevant Nominee**") in accordance with and subject to the terms of the Global Notes. Each Accountholder must look solely to DTC or Euroclear or Clearstream, as the case may be, for its share of each payment made to the Relevant Nominee.

3. **MEETINGS**

The holder of a Global Note shall be treated as being two persons for the purpose of any quorum requirements of a meeting of Noteholders.

4. **CANCELLATION**

Cancellation of any Note following its redemption or purchase by the Issuer will be effected by reduction in the aggregate principal amount of the Notes in the relevant Register.

5. **PAYMENTS**

Payments of principal and interest in respect of Notes represented by a Global Note will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of such Global Note to or to the order of the Fiscal Agent or such other Agent as shall have been notified to the holders of the Global Notes for such purpose.

All payments in respect of the Notes represented by a Global Note will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means a day on which each clearing system for which a Global Note is being held is open for business.

Distributions of amounts with respect to book-entry interests in the Unrestricted Notes held through Euroclear or Clearstream will be credited, to the extent received by the Fiscal Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

Holders of book-entry interests in the Restricted Notes holding through DTC will receive, to the extent received by the Fiscal Agent, all distribution of amounts with respect to book-entry interests in such Notes from the Fiscal Agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

A record of each payment made will be entered in the Register by or on behalf of the Fiscal Agent and shall be prima facie evidence that payment has been made.

6. **NOTICES**

So long as the Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 14 (*Notices*). Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to DTC, Euroclear and/or Clearstream or any other alternative clearing system (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through DTC, Euroclear and/or Clearstream and otherwise in such manner as the Fiscal Agent and DTC, Euroclear and Clearstream may approve for this purpose.

7. **REGISTRATION OF TITLE**

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee after the close of business on the Clearing System Business Day immediately prior to the date for any payment of principal, or interest in respect of the Notes, where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Note is being held is open for business.

8. **EXCHANGE FOR CERTIFICATES**

(a) ***Exchange***

The Restricted Global Note will be exchangeable, free of charge to the holder, in whole but not in part, for restricted individual Note Certificates and each Unrestricted Global Note will be exchangeable, free of charge to the holder, in whole but not in part, for unrestricted individual Note Certificates upon the occurrence of an Exchange Event.

For these purposes an "**Exchange Event**" means that:

(i) a declaration of acceleration of redemption has been made in accordance with Condition 8 (*Events of Default*);

(ii) in the case of the Unrestricted Global Note only, if Euroclear and/or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces that it is permanently to cease business or does in fact do so and no successor or alternative clearing system is available; or

(iii) in the case of the Restricted Global Note only, if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Note or DTC ceases to be a "**clearing agency**" as defined in the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or is at any time no longer eligible to act as such and the Issuer is (in the case of DTC ceasing to be a depository) unable to locate a qualified successor clearing system within 90 days of receipt of such notice from DTC.

In exchange for the relevant Global Note, as provided in the Fiscal Agency Agreement, the Registrar will deliver or procure the delivery of an equal aggregate principal amount of duly executed Note Certificates in or substantially in the form set out in the Fiscal Agency Agreement.

(b) ***Delivery***

In such circumstances, the relevant Global Note shall be exchanged in full for definitive Note Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient definitive Note Certificates to be executed and delivered to the Registrar for completion and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such definitive Note Certificates and (b) in the case of the Restricted Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a purchaser that the transferor reasonably believes to be a QIB. Definitive Note Certificates issued in exchange for a beneficial interest in the Restricted Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

(c) ***Legends and transfers***

The holder of a Note Certificate may transfer the Notes represented thereby in whole or in part in the applicable denomination by surrendering it at the specified office of any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Note Certificate bearing the legend referred to under "*Plan of Distribution*", or upon specific request for removal of the legend on a Note Certificate, the Issuer will deliver only Note Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act. Restricted Note Certificates will bear the same legend as the legend for the Restricted Global Notes set out under "*Transfer Restrictions*". The restricted Note Certificates may not at any time be held by or on behalf of U.S. persons that are not QIBs. Before any unrestricted Note Certificate may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of the restricted Note Certificate, the transferor and/or transferee, as applicable, will be required to provide the Registrar with a written certification substantially in the form set out in the Fiscal Agency Agreement to the effect that the transferor reasonably believes that the transfer is (i) to a person that is a QIB and (ii) such transfer is made in reliance on Rule 144A. Unrestricted Note Certificates will bear the same legend as the legend for the unrestricted Global Notes set out under "*Transfer Restrictions*". Before any restricted Note Certificates may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of the unrestricted Note Certificate, the transferor and/or transferee, as applicable, will be required to provide the relevant Registrar with a written certification substantially in the form set out in the Fiscal Agency Agreement to the effect that the transfer is being made in accordance with Regulation S.

(d) ***Deed of Covenant***

If:

(i) individual Note Certificates have not been issued and delivered by 5.00 p.m. (London time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the relevant Global Note; or

(ii) any of the Notes evidenced by the relevant Global Note has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of such Global Note on the due date for payment in accordance with the terms of such Global Note,

then, at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) each Accountholder shall acquire under the Deed of Covenant (as defined in the "*Terms and Conditions of the Further Notes*" above) rights of enforcement against the Issuer ("**Direct Rights**") to compel the Issuer to perform its obligations to the Holder of the relevant Global Note in respect of the Notes represented by the relevant Global Note, including the obligation of the Issuer to make all payments when due at any time in respect of such Notes in accordance with the Conditions as if such Notes had (where required by the Conditions) been duly presented and surrendered on the due date in accordance with the Conditions.

The Direct Rights shall be without prejudice to the rights which the Holder of the relevant Global Note may have under such Global Note or otherwise. Payment to the Holder of the relevant Global Note in respect of any Notes represented by that Global Note shall constitute a discharge of the Issuer's obligations under the Notes and the Deed of Covenant to the extent of any such payment and nothing in the Deed of Covenant shall oblige the Issuer to make any payment under the Notes to or to the order of any person other than the Holder of the relevant Global Note.

As a condition of any exercise of Direct Rights by an Accountholder, such Accountholder shall, as soon as practicable, give notice of such exercise to the Noteholders in the manner provided for in the Conditions or the relevant Global Notes for notices to be given by the Issuer to Noteholders.

CLEARING AND SETTLEMENT ARRANGEMENTS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Republic believes to be reliable, but neither the Republic nor the Sole Lead Manager takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Republic and any other party to the Fiscal Agency Agreement (as defined in the "Terms and Conditions of the Further Notes" above) will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book Entry Ownership of Global Notes

The Republic has applied to Euroclear and Clearstream for acceptance in their respective book entry settlement systems of the Unrestricted Global Note. The Republic has also applied to DTC for acceptance in its book entry settlement system of the Restricted Global Note.

Principal and interest payments on the Notes will be made by the Republic through the Fiscal Agent to a nominee of Euroclear and Clearstream as the holder of the Unrestricted Global Note and to a nominee of DTC as the holder of the Restricted Global Note. All payments duly made by the Republic as aforesaid shall discharge the liability of the Republic under the Notes to the extent of the sum or sums so paid. Therefore, after such payments have been duly made, none of the Republic, the Fiscal Agent or any Paying Agent will have any direct responsibility or liability for the payment of principal or interest on the Notes to owners of beneficial interests in the global notes. Payment by DTC Participants (as defined below) (which include certain underwriters, securities brokers and dealers, banks, trust companies and clearing corporations and which may in the future include certain other organisations) and Indirect DTC Participants (as defined below) (which include banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly) to owners of beneficial interests in the Restricted Global Note will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name", and will be the responsibility of the DTC Participants or Indirect DTC Participants. None of the Republic, the Fiscal Agent or any Paying Agent will have any responsibility or liability for any aspect of the records of the DTC relating to payments made by DTC on account of beneficial interests in the Restricted Global Note or for maintaining, supervising or reviewing any records of DTC relating to such beneficial interests. Substantially similar principles will apply with regard to the Unrestricted Global Note and payments to owners of interests therein.

Exchange of Interests in Notes

On or prior to the 40th day after the later of the commencement of the offering and the time of delivery of the Notes, a beneficial interest in the Unrestricted Global Note may be held only through Euroclear or Clearstream, unless delivery is made through the Restricted Global Note in accordance with the certification requirements described in this paragraph. Prior to the 40th day after the later of the commencement of the offering and the time of delivery of the Further Notes, a beneficial interest in the Unrestricted Global Note may be transferred within the United States to a person who takes delivery in the form of an interest in the Restricted Global Note only upon receipt by the Transfer Agent of a written certification (in the form(s) provided in the relevant fiscal agency agreement) from the transferors that the transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a qualified institutional buyer and that the transaction is being made in reliance on Rule 144A. After the 40th day after the later of commencement of the offering and the time of delivery of the Further Notes (but not earlier), investors may also hold interests in the Unrestricted Global Note through organisations other than Euroclear or Clearstream that are either DTC Participants or Euroclear participants or Clearstream participants.

Beneficial interests in a Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in a Restricted Global Note and beneficial interests in a Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Note.

Any beneficial interest in one of the Global Notes that is transferred to an entity who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

Transfer of interests in Global Notes within DTC, Euroclear and Clearstream will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some States of the United States require that certain persons receive Notes in definitive form in respect of their holdings of the Notes. Consequently, the ability to transfer interests in a Global Note to such persons will be limited. Because DTC, Euroclear and Clearstream only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note to pledge such interest to persons or entities which do not participate in the relevant clearing system or otherwise take actions in respect of such interest, may be affected by the lack of a Note in the definitive form representing such interest.

Subject to compliance with the transfer restrictions applicable to the Notes described below and in the section entitled "Transfer Restrictions", cross market transfers between DTC Participants, on the one hand, and Clearstream or Euroclear participants, on the other, will be effected in the Register.

DTC has advised the Republic that it will take any action permitted to be taken by a holder of the Notes (including, without limitation, the presentation of Global Notes for exchange as described below) only at the direction of one or more participants in whose account with DTC interests in Global Notes are credited, and only in respect of such portion of the aggregate principal amount of the Global Note as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the Restricted Global Note for Notes in definitive form (which will bear the legend set out in the section entitled "Transfer Restrictions").

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in Global Notes among participants and account holders of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Republic, the Registrar nor any Transfer Agent or any Paying Agent will have any responsibility for the performance of DTC, Euroclear and Clearstream or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

Global Depositaries

(a) DTC

DTC has advised the Republic as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "**banking organisation**" within the meaning of the Banking Law of the State of New York a member of the United States Federal Reserve System, a "**clearing corporation**" within the meaning of the State of New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to Section 17A of the U.S. Exchange Act. DTC was created to hold securities for its participants ("**DTC Participants**") and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book entries, thereby eliminating the need for the physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organisations. Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("**Indirect DTC Participants**"). DTC is owned by a number of its participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Investors who are not DTC Participants may beneficially own securities held by or on behalf of DTC only through DTC Participants.

(b) Euroclear and Clearstream

Euroclear and Clearstream have advised the Republic as follows:

Euroclear and Clearstream hold securities and book entry interests in securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream will facilitate the clearance and settlement of securities transactions between its customers through electronic book entry transfers between their accounts. Clearstream will provide to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream will interface with domestic securities markets in over 30 countries through established depositary and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier*, and the Luxembourg Central Bank. Customers of Clearstream are recognised financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. U.S. customers of are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream customer.

Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. The Euroclear System is owned by Euroclear Clearance System Public Limited Company and operated through a licence agreement by Euroclear Bank S.A./N.V., a bank incorporated under the laws of Belgium.

Euroclear is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.

Securities clearance accounts and cash accounts with Euroclear are governed by the terms and conditions governing the use of Euroclear, the related operating procedures of the Euroclear system and applicable Belgian law (collectively, the "**Euroclear Terms and Conditions**"). The Euroclear Terms and Conditions govern transactions of securities and cash within Euroclear, withdrawal of securities and cash from the system, and receipts of payments with respect to securities in the system. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Euroclear Terms and Conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants.

TAXATION

The following discussion summarises certain U.S. federal income and Gabonese tax considerations that may be relevant to a holder of Notes who is not a resident of Gabon. This summary does not describe all of the tax considerations that may be relevant to the holder or such holder's situation, particularly if the holder is subject to special tax rules. The holder should consult its tax adviser about the tax consequences of holding debt securities, including the relevance to such holder's particular situation of the considerations discussed below, as well as of state, local and other tax laws.

Gabonese Taxation of Non-Residents

This section describes the material Gabonese tax consequences of owning and disposing of Notes for investors that are not considered to be Gabonese residents for Gabonese tax purposes ("**Non-residents**"). Pursuant to Gabonese tax regulations and principles, a commercial entity will not generally be considered resident in Gabon unless it is deemed to have a permanent establishment in Gabon, i.e., including but not limited to: having registered office or centre of activity or management is located in Gabon or having resident employees in Gabon that render services to customers. An individual will not generally be considered resident in Gabon unless he has a place of abode, principal place of residence or a centre of business activity in Gabon.

In accordance with the letter n°000257/MEPPDD/SG/DGI dated 2 August 2017 of the Gabonese Directorate General for Taxes, no taxes, duties or other charges of whatsoever nature (including withholding taxes and registration or stamp duties) will be imposed by Gabon on payments of interest, principal or other amounts on the Notes held by Non-residents. Any payment by the Gabonese Republic in respect of the Notes, as well as any potential registration in Gabon of the Notes and the relating documentation with regards to the issuance, will be made free and clear of all taxes.

U.S. Federal Income Taxation

The following is a description of the principal U.S. federal income tax consequences of the acquisition, ownership, disposition and retirement of Further Notes by a U.S. Holder (as defined below) thereof. This description only applies to Further Notes held by a U.S. Holder as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as: certain financial institutions; insurance companies; real estate investment trusts; regulated investment companies; grantor trusts; tax-exempt organisations; persons that will own Further Notes through partnerships or other pass through entities; dealers or traders in securities or currencies; holders that have a functional currency other than the U.S. dollar; certain former citizens and long-term residents of the United States; or holders that will hold a Further Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, disposition or retirement of Further Notes or the Medicare surtax on "net investment income", and does not address the U.S. federal income tax treatment of holders that do not acquire Further Notes at the offering price indicated on the cover of this Prospectus. Each prospective purchaser should consult its tax adviser with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This description is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), final, temporary and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein.

For purposes of this description, a "**U.S. Holder**" is a beneficial owner of Further Notes who for U.S. federal income tax purposes is: (i) a citizen or resident of the United States; (ii) a corporation organised in or under the laws of the United States or any state thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (A) that has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (B) if it is subject to primary supervision of a court within the United States and one or more U.S. persons have authority to all of the substantial decisions of the trust.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Further Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser as to its consequences.

Qualified Reopening

The Further Notes should be treated, and the Issuer intends to treat them, as issued in a qualified reopening of the Original Notes for U.S. federal income tax purposes. Accordingly, the Further Notes will have the same "issue price" and "issue date" as the Original Notes. The Original Notes had an issue price of 100% and an issue date of 16 June 2015.

Pre-Issuance Accrued Interest

A portion of the purchase price of the Further Notes will be attributable to the amount of interest accrued prior to the date the Further Notes are issued ("**pre-issuance accrued interest**"). The Issuer intends to take the position that a portion of the first interest payment on the Further Notes equal to the pre-issuance accrued interest will be treated as a return of the pre-issuance accrued interest rather than as an amount payable on the Further Notes. The portion of the first stated interest payment equal to the pre-issuance accrued interest should be excluded from income and should instead reduce a U.S. Holder's tax basis in a Further note. Prospective purchasers of the Further Notes are urged to consult their own tax advisors regarding pre-issuance accrued interest.

Amortizable Bond Premium

If, immediately after purchasing a Further Note, a U.S. Holder's tax basis in the Further Note (taking into account any reduction in basis equal to the pre-issuance accrued interest) exceeds the stated principal amount of the Further Note, the Further Note will be treated as having been acquired with "bond premium." A U.S. Holder may elect to amortize such bond premium, in which case the amount required to be included in the holder's income each year with respect to interest on the Further Note will be reduced by the amount of amortizable bond premium allocable (based on the Further Note's yield to maturity) to that year. Any election to amortize bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the holder, and is irrevocable without the consent of the Internal Revenue Service, or the "IRS."

Interest

Interest paid to a U.S. Holder on a Further Note (other than any portion of the first interest payment treated as a return of pre-issuance accrued interest, as discussed above), including any additional amounts with respect thereto as described under "*Terms and Conditions of the Further Notes—Taxation*," will be includible in such holder's gross income as ordinary interest income at the time it accrues or is received, in accordance with such holder's usual method of tax accounting. In addition, interest on the Further Notes will be treated as foreign source income for U.S. federal income tax purposes which may be relevant to certain holders in calculating their foreign tax credit limitation. U.S. Holders should consult their own tax advisers regarding the availability of foreign tax credits.

Sale, Exchange or Retirement

Upon the sale, exchange or retirement of a Further Note a U.S. Holder will recognise taxable gain or loss equal to the difference, if any, between the amount realised on the sale, exchange or retirement, other than accrued but unpaid interest which will be taxable as such to the extent not previously included as income, and such holder's adjusted tax basis in the Further Note. A U.S. Holder's adjusted tax basis in a Further Note generally will equal the cost of the Further Note to such holder decreased by (i) any amounts attributable to pre-issuance accrued interest and (ii) the amount of any amortizable bond premium applied to reduce interest on the Further Note as set forth above. Any gain or loss recognised on the sale, exchange or retirement of a Note will be capital gain or loss. In the case of a non-corporate U.S. Holder, the maximum marginal U.S. federal income tax rate applicable to the gain will be lower than the maximum marginal U.S. federal income tax rate generally applicable to ordinary income if such holder's holding period for the Further Notes exceeds one year (i.e., such gain is long-term capital gain). Any gain or loss realised on the sale, exchange or retirement of a Further Note generally will be treated as U.S. source gain or loss, as the case may be. The deductibility of capital losses is subject to limitations under the Code.

U.S. Backup Withholding Tax and Information Reporting

Backup withholding tax and information reporting requirements apply to certain payments of principal of, and interest on, an obligation and to proceeds of the sale or redemption of an obligation, to certain non-corporate holders of Further Notes that are U.S. persons. The payor will be required to withhold backup withholding tax on payments made within the United States, or by a U.S. payor or U.S. middleman, on a Further Note to a holder of a Further Note that is a U.S. person, other than an exempt recipient, such as a corporation, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. The backup withholding tax rate is 28%.

Backup withholding is not an additional tax. A holder generally will be entitled to credit any amounts withheld under the backup withholding rules against such holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service in a timely manner.

Foreign Asset Reporting

Certain U.S. Holders who are individuals are required to report information relating to an interest in the Further Notes, subject to certain exceptions (including an exception for Further Notes held in accounts maintained by U.S. financial institutions). U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the Further Notes.

Certain U.S. Holders that are individual, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest income and net gains from the disposition of the Further Notes. Each U.S. Holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the Medicare tax to its income and gains in respect of its income in the Further Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Further Notes. Prospective purchasers of Further Notes should consult their own tax advisers concerning the tax consequences of their particular situations.

PLAN OF DISTRIBUTION

Deutsche Bank AG, London Branch (the "**Sole Lead Manager**"), subject to the terms and conditions set out in a purchase agreement dated 8 August 2017 in connection with the Further Notes (the "**Purchase Agreement**"), has agreed to purchase, and the Republic has agreed to sell to the Sole Lead Manager, the Further Notes.

The Purchase Agreement provides that the obligations of the Sole Lead Manager to purchase the Further Notes are subject to certain conditions. The Sole Lead Manager is not a broker-dealer registered with the SEC and will only make sales of Further Notes in the United States through one or more affiliated U.S. registered broker-dealers.

The Republic has been advised that the Sole Lead Manager proposes to resell the Further Notes at the issue price set forth on the cover page of this Prospectus within the United States to QIBs in reliance on Rule 144A and outside the United States in reliance on Regulation S. See "*Transfer Restrictions*". The price at which the Further Notes are offered may be changed at any time without notice.

The Republic has agreed to indemnify the Sole Lead Manager against certain liabilities, including liabilities under the U.S. Securities Act, or to contribute to payments that the Sole Lead Manager may be required to make because of any of those liabilities.

In connection with the issue of the Further Notes, Deutsche Bank AG, London Branch, as the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may over allot Further Notes or effect transactions with a view to supporting the price of the Further Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Further Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Further Notes and 60 days after the date of the allotment of the Further Notes. Any stabilisation action or over allotment shall be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

Settlement

The Issuer expects that delivery of the Further Notes will be made against payment therefor on the issue date specified on the cover page of this Prospectus, which will be the fourth Business Day following the date of pricing (this settlement cycle being referred to as "**T+4**"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three days on which banks and financial institutions are open for business in New York ("**New York Business Days**"), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Further Notes on the date of pricing will be required, by virtue of the fact that the Further Notes initially will settle in T+4, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Further Notes who wish to trade Further Notes on the date of pricing should consult their own adviser.

United States

Neither the Original Notes nor the Further Notes have been or will be registered under the U.S. Securities Act and the Further Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Further Notes are being offered or, sold only (i) outside the United States in offshore transactions in reliance on Regulation S and (ii) in the United States only to QIBs in reliance on, and in compliance with, Rule 144A. See "*Transfer Restrictions*".

In addition, until 40 days after the commencement of this offering, an offer or sale of the Further Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

United Kingdom

The Sole Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only cause to be communicated any invitation or inducement to engage in investment activity (within in the meaning of section 21 of the

Financial Services and Markets Act 2000 (the "**FSMA**") received by it connection with the issue or sale of the Further Notes in circumstances in which section 21 of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Further Notes in, from or otherwise involving the United Kingdom.

CEMAC and Gabon

Neither the Original Notes nor the Further Notes have been or will be registered with, submitted to or approved by the relevant authorities for financial regulations of the CEMAC region or Gabon and may not be issued, offered or sold in the CEMAC region (including Gabon).

General

No action has been taken by the Republic or the Sole Lead Manager that is intended to permit a public offer of the Further Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Sole Lead Manager will undertake in the Purchase Agreement that it will not, directly or indirectly, offer or sell any Further Notes or distribute or publish any Prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable securities laws and regulations and all offers and sales of Further Notes by it will be made on the same terms.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Further Notes.

Neither the Original Notes nor the Further Notes have been registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Further Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Further Notes are being offered and sold (i) in the United States only to persons reasonably believed to be QIBs in reliance on, and in compliance with, Rule 144A and (ii) outside the United States in offshore transactions in reliance on Regulation S.

Rule 144A Notes

Each purchaser of Rule 144A Notes, by accepting the delivery of this Prospectus and/or acquiring the relevant Rule 144A Notes, will be deemed to have represented, agreed and acknowledged that:

(i) the purchaser (a) is a QIB, (b) is acquiring the 144A Notes for its own account or for the account of one or more QIBs and (c) is aware, and each beneficial owner of such Notes has been advised that, the sale of the Notes to it is being made in reliance on Rule 144A;

(ii) (A) the Rule 144A Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, (c) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), (d) to the Issuer or an affiliate thereof, or (e) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States and (B) it will, and each subsequent holder of the Rule 144A Notes is required to, notify any purchaser of the Rule 144A Notes from it of the resale restrictions on the Rule 144A Notes;

(iii) the purchaser understands that the Rule 144A Notes (to the extent they are in certificated form) will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN ACCORDANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**") THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144, IF AVAILABLE, (D) TO THE ISSUER OR AN AFFILIATE THEREOF, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE NOTES.

(iv) it understands that the Issuer, the Sole Lead Manager, its respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Notes is no longer accurate, it shall promptly notify the Issuer and the Sole Lead Manager; and

(v) if it is acquiring any Notes for the account of one or more QIBs, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of Regulation S Notes, by accepting the delivery of this Prospectus and/or acquiring the relevant Regulation S Notes, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time the Regulation S Notes are purchased will be, the beneficial owner of such Notes and it is located outside the United States (within the meaning of Regulation S); and it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(ii) the Regulation S Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and that it will not offer, sell, pledge or otherwise transfer Regulation S Notes except (a) in accordance with Rule 144A under the U.S. Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account, or for the account of one or more QIBs or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States;

(iii) it understands that the Issuer, the Sole Lead Manager, its respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Regulation S Notes is no longer accurate, it shall promptly notify the Issuer and the Sole Lead Manager;

GENERAL INFORMATION

Trading Information

The Further Notes have been accepted for clearance through the facilities of DTC, Euroclear and Clearstream. The Further Notes will be consolidated and form a single series with the Original Notes as from the Issue Date. The relevant trading information is set out below:

For the Further Notes

Regulation S Notes:	Common Code	-	124596068
	ISIN	-	XS1245960684
Rule 144A Notes:	Common Code	-	124689180
	ISIN	-	US362420AC51
	CUSIP code	-	362420AC5

Application has been made to the Irish Stock Exchange for the Further Notes to be admitted to the Official List and trading on the Main Securities Market. The Original Notes are admitted to the Official List and trading on the Main Securities Market.

The estimated costs for the admission to trading of the Further Notes are €5,290.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Further Notes and is not itself seeking admission of the Further Notes to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market of the Irish Stock Exchange.

Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Further Notes. The issue of the Further Notes has been authorised by Law no. 0009/2017 that was promulgated by the President on 3 August 2017 (Decree no.00223/PR) and published in the Official Gazette on 4 August 2017.

Litigation

Save as disclosed in this Prospectus on pages 29 to 31, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering the previous 12 months which may have or have had in the recent past a significant effect on its financial position.

Documents Available for Inspection

For so long as any Notes shall be outstanding, physical copies of the Original Fiscal Agency Agreement, the Supplemental Fiscal Agency Agreement, the Deed of Covenant, the Supplemental Deed of Covenant and the budget for the two most recent fiscal years may be inspected during normal business hours at the specified offices of the Fiscal Agent.

Contact

The Issuer's address is: The Gabonese Republic, Ministry of Economy, Prospective and Development Planning, Immeuble Arambo, Boulevard Triomphal, BP 747 Libreville, Gabon.

The Issuer's contact number is: +241 01 79 55 27.

Significant Change

Since 31 December 2016, there has been no significant change in the Issuer's (i) tax and budgetary systems, (ii) public debt, (iii) foreign trade and balance of payment figures, (iv) foreign reserves, (v) financial position and resources and (vi) income and expenditure figures.

Interested Persons

No person involved in the Offering has any interest in the Offering which is material to the Offering.

Sole Lead Manager Transacting with the Issuer

The Sole Lead Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer in the ordinary course of business.

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To the Sole Lead Manager

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