

GABONREVIEW - ECONOMIE (GABON) · GABON

Gabon's 403bn CFA tax breaks face World Bank scrutiny

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The World Bank has estimated that tax exemptions granted to businesses in Gabon cost the state 403 billion CFA francs in foregone revenue in 2024, raising formal questions about whether those concessions deliver sufficient economic and social returns. The assessment spans four sectors — oil, mining, banking, and brewing — and places Gabon's fiscal incentive regime under structured scrutiny at a time when the country's transitional government is reviewing the terms of private-sector engagement across extractive industries.

For the oil sector, tax breaks have historically been a central tool for attracting exploration and development capital, offering relief on royalties, corporate taxes, and import duties for equipment. Mining and industrial operators have benefited from comparable arrangements, with the logic that upfront fiscal sacrifice generates downstream employment, export earnings, and infrastructure investment. The World Bank's framing of the 403 billion CFA figure as a 'burden on public finances' signals that this trade-off is now being interrogated more formally, and that future licensing rounds or investment agreements may be required to demonstrate clearer socioeconomic justification for any incentives granted.

The question of effectiveness is not merely academic. Gabon's military-led transitional authority, which took power in August 2023, has signalled an intent to renegotiate resource contracts and improve the state's share of extractive revenues. A World Bank estimate quantifying the cost of existing incentive structures gives the government a credible anchor for renegotiation or reform, while also signalling to investors that the current fiscal framework may not be permanent. For operators with

legacy production-sharing agreements or exploration permits, this creates contract-review risk that should be factored into project economics.

The breadth of the review — covering oil alongside mining, banking, and breweries — suggests the Gabonese authorities are assessing incentive policy across the full economy rather than singling out hydrocarbons. However, given that oil remains Gabon's dominant export earner and the sector with the largest individual tax concessions, the practical weight of any reform will fall disproportionately on upstream operators and their service chains. Reduced fiscal incentives could affect the commercial viability of marginal fields and influence final investment decisions on new developments currently in appraisal.

No specific policy changes, contract cancellations, or new licensing terms have been announced in connection with this World Bank assessment. The 403 billion CFA figure represents an analytical finding, not a legislative or regulatory action. The story remains at the monitoring stage: investors and service companies should track how the Gabonese transitional government responds to the World Bank's framing and whether fiscal reform proposals emerge in the country's forthcoming budget cycle or in revised hydrocarbon legislation.

Why this matters to partners and clients of Saga

No contracts have been signed or tenders issued as a direct result of this assessment, so procurement outreach is premature. Norwegian service companies with existing exposure to Gabon — particularly those supporting upstream operators subject to the tax arrangements under review — should monitor whether fiscal reform translates into project delays, operator cost-cutting, or revised development timelines. Relationship-building with operators and the Gabonese hydrocarbons regulator remains the appropriate posture at this stage.

PARTNER ANGLES

- **Drilling:** Fiscal reform risk may delay drilling campaigns on marginal fields; track operator capex guidance for any budget revisions tied to changing incentive structures.

- **Subsea/FPSO:** Reduced tax breaks could affect FID economics on offshore appraisal assets; monitor whether operators reassess development concepts in response to a less favourable fiscal regime.
- **Well Services:** Any contraction in upstream activity driven by fiscal renegotiation would directly affect well-services workload; maintain visibility on operator intentions through existing client relationships.
- **Pipeline:** Mining and oil infrastructure projects that depend on import-duty exemptions for equipment may face cost increases if incentives are rolled back, affecting project viability assessments.

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