

GABON

Gabon lies in Equatorial Africa on the Gulf of Guinea. Area: 267,667 km². Population (June 1969 estimate): 485,000. Formerly a French colony, it became independent on 17 August 1960. The country consists almost entirely of rain forest and is a major exporter of tropical hardwoods. Among mineral exports, oil, manganese and uranium are the most important.

THE BANKING SYSTEM

The banking system of Gabon¹ consists of commercial banks and one development bank, called *Banque Gabonaise de Développement*.

The local branches of the *Crédit Lyonnais* were reincorporated under Gabon law in 1962, and this led to the establishment of the *Union Gabonaise de Banque*, with a capital of 300 million CFA francs. The government of Gabon contributed 20 per cent of the capital, the *Crédit Lyonnais* 40 per cent, the Morgan Guaranty International Banking Corporation 15 per cent, the *Banca Commerciale Italiana* 10 per cent, the *Deutsche Bank* 10 per cent, and the *Banque Gabonaise de Développement* 5 per cent. In addition,

¹ For Gabon's Central Bank, see under the heading CAMEROON.

there are branches of the *Banque Nationale de Paris* and the *Banque Internationale pour l'Afrique Occidentale*.

The commercial banks accept money on current account, and on deposit accounts either as demand or time deposits. They are entitled to grant short- and medium-term credits; they do it most often by opening a credit line on current account, discounting bills and making advances against securities.

The development bank was set up in 1960, with a capital of 1 million CFA francs. The state contributed 60 per cent of the capital, the *Caisse Centrale de Coopération Economique* 24 per cent, the *Banque Centrale des Etats de l'Afrique Equatoriale et du Cameroun* 8 per cent, and other investors 8 per cent.

The development bank attracts domestic savings by issuing 2-year certificates called *bons d'équipement*, which commercial banks are required to take up in amounts equalling 10 per cent of their deposits. These certificates can be presented for discount by the Central Bank 180 days before they mature.

The development bank extends credit on highly competitive terms, mainly to companies in industry, agriculture and trade.

Recently, a presidential decree established the National Rural Credit Fund, at Libreville. The Fund is to promote, facilitate, organize and develop all types of credit for farming and fishing.

The chairman of its board of directors is the Minister of Agriculture, and its members include representatives of the President of the Republic and of the economic and financial interests concerned. The board examines and decides on all credit applications.

Powers of control over the Fund's conduct of affairs rest with the Inspector of State Companies, a government official. In

case he feels that some decision taken by the board of directors goes against the government's financial interest, he may submit a report to the President of the Republic and suspend the board's decision for 15 days. He has a right to be present at the board's meetings, and to pronounce advisory opinions.

The liquid assets and reserves of the National Rural Credit Fund are deposited with the *Banque Gabonaise de Développement* and bear interest at the current rate paid by banks. For the time being, the development bank is in charge of all the accounting and legal operations connected with such credits as the Fund decides to grant. For these services the *Banque Gabonaise de Développement* is paid a fee of 3.5 per cent on the total amount of credits approved each year.

The Fund's credits finance the production, processing and sale of the products of agriculture, forestry and fisheries. Preference is given to co-operative societies. Activities concerned with the preservation and processing of farm products by producers themselves, and also projects designed to develop craft industries in the rural world, enjoy priority and a specially low interest rate of 4 per cent. For all other projects, including improvement of rural housing, the rate is 8 per cent.

Short-term credits may run for at most 12 months, medium-term ones for at most five years, and long-term ones for at most ten years.

A major consideration in the decision to grant a credit is the profitability of the project to be financed. Farmers may obtain credit up to an amount equalling 50 per cent of their capital. For producers' associations, the maximum amount of credit they may obtain must not exceed ten times the association's capital.

The Fund also has an interesting arrangement by which it extends credit to wage earners on the basis of their working capacity. However, in these cases the borrowers must have resources of their own covering 25 per cent of the total cost of the proposed investment.

Credits are paid out on the basis of the state of progress of the work in hand. The decision to grant a credit may be revoked if the borrowed money is not used within three months after notification of the decision, or if it is used for purposes other than those for which it has been granted.