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Republic of Gabon

Poverty in a Rent-Based Economy

(In Two Volumes) Volume I: Summary

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EXCHANGE RATES

US Dollar	CFA Franc
1 US dollar 1992	CFAF 264.7
1 US dollar 1993	CFAF 283.2
1 US dollar 1994	CFAF 555.2
1 US dollar 1995	CFAF 499.1
1 US dollar 1996	CFAF 514.0
1 US dollar 1997	CFAF 585.9

LIST OF ABBREVIATIONS

CFAF: CFA franc
CFD: *Caisse Française de Développement*
CNGS: *Caisse Nationale de Garantie Sociale*
CNSS: *Caisse Nationale de Sécurité Sociale*
DAS: *Direction des Affaires Sociales*
EDF: European Development Fund
FIR: *Fonds d'aide à l'Insertion et à la Réinsertion*
GPC: General Population Census
HES: Household Expenditure Survey
IMF: International Monetary Fund
MSPP: *Ministère de la Santé Publique et de la Population*
NGO: Non-Governmental Organization
ONE: *Office National de l'Emploi*
PPA: Participatory Poverty Assessment
SME: Small and Medium-sized Enterprises
UNDP: United Nations Development Program
US: United States

The Poverty Assessment (PA) of Gabon was prepared in close cooperation with the Government of Gabon and with donors active in Gabon. To monitor the work, the Government established an Inter-Ministerial Technical Committee, under the Ministry of Planning, with representatives of the main ministries and donors, as well as private citizens. The Committee met in December 1994 to discuss the general orientation of the study, and again in December 1995 and November 1996 to review drafts of the report.

The report reflects written comments received from the Ministries of Planning, Finance, Health, Education, Labor, Social Affairs and National Solidarity, from the Economic and Social Council, the UNDP and the French Government's Cooperation office, as well as views expressed during meetings of the Technical Committee. Its approach follows the broad lines of a poverty reduction strategy produced by the General Planning Commission in 1996. It has benefited from discussions with the many people the World Bank team encountered during its preparatory missions. The Statistics Department of the Planning Ministry took part in preparation of the poverty profile.

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INTRODUCTION

With a Gross Domestic Product per capita of US\$ 4,975, Gabon is one of the richest countries in Africa. Its wealth derives from its output of petroleum, manganese and wood products. According to 1996 estimates, the oil sector accounts for 79% of exports, 58% of government revenues and 42.5% of gross investment. The population of Gabon, which stands at just over one million, is highly urbanized: the two major cities (Libreville and Port Gentil) account for almost half the country's total population.

The relatively high income per capita masks wide disparities in standards of living. Though poverty in its most acute forms (under-nutrition) is now rare in Gabon, most of its people remain very poor. Gabon's social indicators are comparable to those of several low-income African countries. The UNDP's 1996 Human Development Report places Gabon 46 positions lower in its ranking under the Human Development Index (120 out of 174 countries) than under the GDP-per-capita index (74 out of 174).

The country's persistent poverty reflects the dual nature of its economy and its choice of development policies. These policies have tended to exclude most of the population from the benefits of growth and have failed to diversify the economy or to improve its human capital.

POVERTY PROFILE

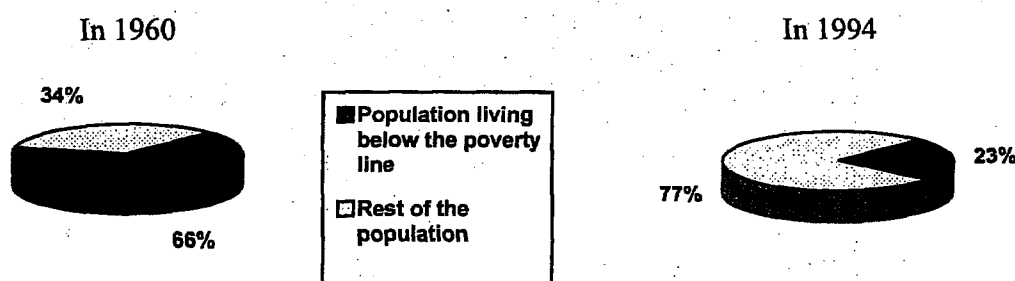
Poverty Trends, 1960 to 1994

By relative poverty standards, 60% of Gabonese are poor. This figure has decreased only slightly since 1960. The number of extremely poor people, however, has declined significantly.

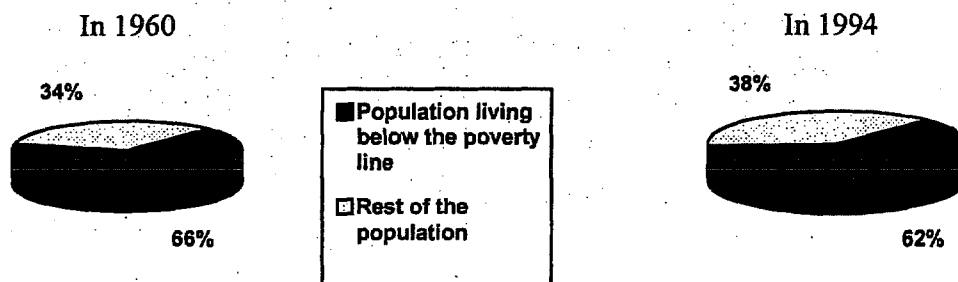
Three relative poverty lines were selected as a measure of poverty: the first set at the level of the minimum wage, the second at 2/3 of average consumption, and the third at one dollar a day, the extreme poverty line.¹ Estimates show that the number of people living below the first two poverty lines in 1994 has changed little since 1960: from 87% to 83% and from 66% to 62%, respectively (Figure 1). Using the extreme poverty line, on the other hand, suggests that poverty in its most extreme form has declined significantly. In 1960, 66% of people were extremely poor, while in 1994 only 23% fell into this category. Extreme poverty declined most rapidly between 1968 and 1985, but its descent has since slowed.

Graph 1: The Incidence of Poverty in Gabon

Extreme poverty line = US\$ 1 per person per day

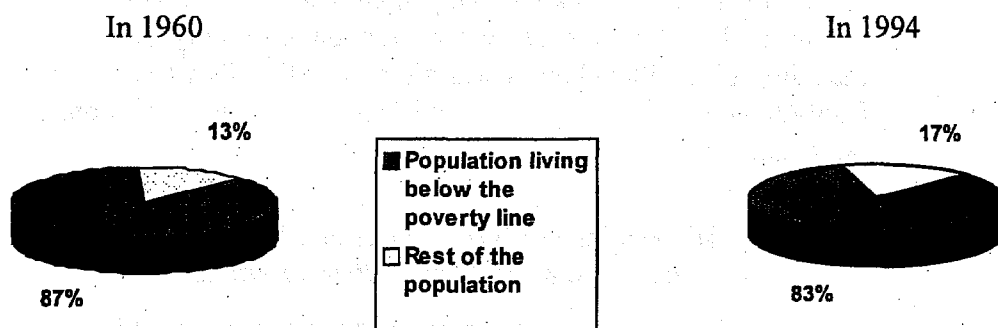


Poverty line = 2/3 of average consumption



¹ See Annex for a description of statistical sources.

Poverty line = minimum wage



Source: World Bank calculations

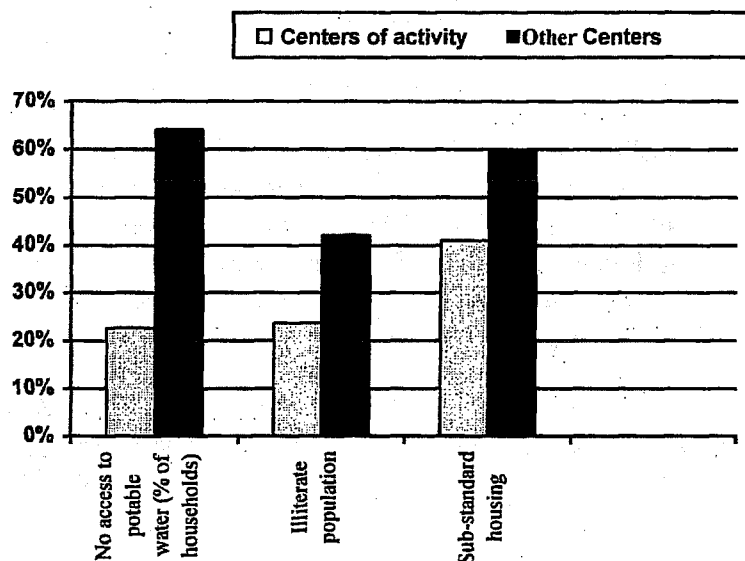
The sharp decline in extreme poverty reflects the full employment that prevailed until 1986, generous wage policies in the public and para-public sectors, and significant private and public transfers during the oil boom of 1973-1985. While the oil boom had a major effect on reducing extreme poverty, its effect on reducing the overall proportion of poor people was limited.

Income inequality is still high — the Gini coefficient is 0.45 for the two major cities, probably much lower than for the country as a whole — but this factor cannot by itself explain the persistence of poverty.

Causes of persistent poverty: disparities in income and living conditions.

Other disparities are equally significant. Living conditions are much better in the centers of economic activity (Estuaire, including Libreville; Ogooué Maritime including Port-Gentil; and Haut-Ogooué with Franceville and Moanda) than in the other provinces (see Graph 2).

Graph 2: Disparities in Living Conditions Between Centers of Economic Activity and other Provinces



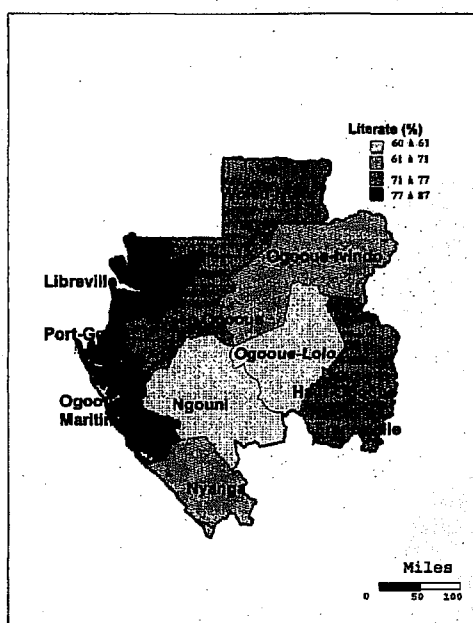
Source: General Population Census, 1993

Information gathered during the General Population Census (GPC) of 1993 shows that Ngounié, Nyanga, Ogooué Ivindo and Ogooué Lolo are the most disadvantaged provinces in terms of housing (an important factor in public health and well-being in a high-rainfall country like Gabon), literacy, and access to potable water. Estuaire and Ogooué Maritime appear relatively well off in these respects.

The overall rate of illiteracy is relatively low, and there is little gender difference (28% for men and 34% for women). Yet in Nyanga, Ngounié and Ogooué Lolo, this rate approaches 50%, and more than a third of the population has never been to school. Illiteracy rates are lowest in the more economically advanced coastal provinces of Estuaire and Ogooué Maritime (18% and 21% respectively), although the absolute numbers of illiterates in these areas are higher, because of the larger population (see Map 1 and Map 2).

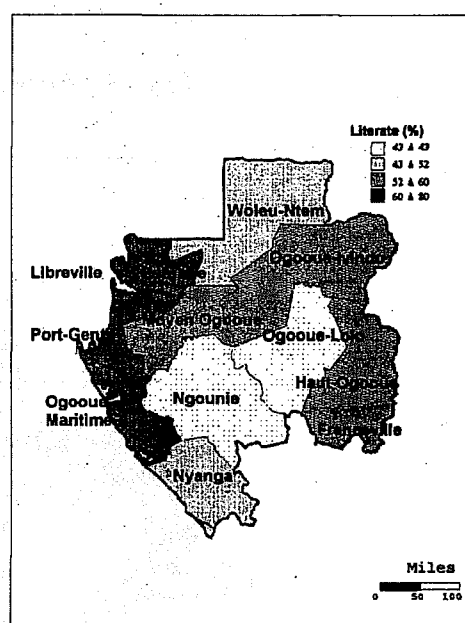
Although illiteracy is relatively low nation-wide, there are great disparities among the provinces.

Map 1: Proportion of Literate Men



Source: GPC 1993

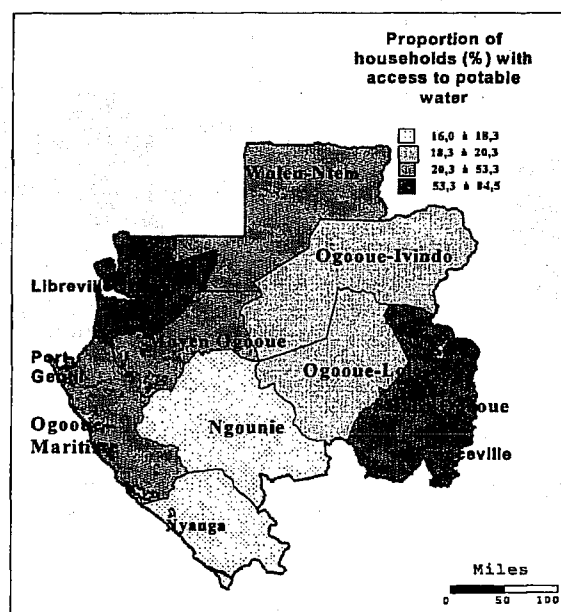
Map 2: Proportion of Literate Women



Access to potable water is highly uneven among provinces and income groups.

Access to safe drinking water is still a crucial problem in Gabon and is a serious public health concern. According to the GPC, 34% of people have no access to potable water, yet this figure masks wide inter-provincial disparities. While 15% of people in Libreville and 46% in Port Gentil are without safe drinking water, the proportion is much higher in the rest of the country, reaching 80% in Nyanga and Ngounié. In Ogooué Ivindo, Woleu Ntem and Ogooué Lolo, rivers and lakes remain the primary sources of water (see Map 3). In cities, 21% of households rely on public standpipes or rainfall for their drinking water, and 36% must buy it from a neighbor or a vendor, who may restrict access and charge high prices.

Map 3: Access to Potable Water



Source: GPC, 1993

Urban Poverty in 1993-94

Nearly 20% of the population (or about 96,000 people) of Libreville and Port Gentil live below the urban absolute poverty line, estimated at CFAF 29,000 (about US\$ 58) per person per month.² This means that one fifth of the inhabitants of the two largest cities cannot meet their minimum nutritional and other basic needs (housing, clothing). The minimum wage, which is set at CFAF 64,000 (about US\$ 20) per month, is a fair approximation for the relative poverty line, which was set at one-quarter of the average income level. In Libreville and Port Gentil, 25% of the population lives below this poverty line.

Nearly 20% of inhabitants of the two largest cities are unable to meet their basic needs.

Poverty and the Lack of Jobs

The Household Expenditure Survey of 1994 identified two types of poverty. Some households are poor because the family head has a very low income that is not fully supplemented by transfers from relatives or friends. Forty-one percent of the heads of households below the absolute poverty line have no job or are retired (see Box 1). Unemployed female heads of households are especially vulnerable in this respect.

Poverty afflicts families where the head is unemployed or retired, as it does extended families that take in jobless relatives.

Box 1: Life for a Young, Unemployed Family in Libreville

I left high school two years ago. I have a wife and two children. Our house belongs to my father (...) Besides my wife and the two children, we have six other people living with us (...) I have no job and no work skills. I get by doing odd jobs, as a laborer or painter and such. But I can't always find work, and some days we go without eating (...) When life gets too hard, our neighbors from our same ethnic group help us out. My older sister and my mother (...) send us food and a little money and drugs, too, since we are often sick with malaria, diarrhea, and skin diseases, because of all the dirty water around us (...)"

Source: Participatory Poverty Assessment, June 1995

Poverty also afflicts families belonging to the "middle class," where the head may be an employee in the public, para-public or private sector, or an independent worker. For family or ethnic solidarity reasons, these households may take in people who have no work, and support them from the earnings of the household head. The average food intake of members in such households falls below minimum requirements.

These figures were calculated from the 1994 Household Expenditure Survey. For details on the definition of absolute and relative poverty lines, see Annex.

Thus, in Libreville, "middle-class" households have more poor people, in absolute poverty, than do lower-income households. The impoverishment of the middle class as a result of caring for younger unemployed relatives could strain the strong sense of family solidarity that now exists.

Having no job — either because of unemployment or retirement — is a key factor underlying poverty in the two major cities. Thirty percent of the active urban population under the age of 26 is unemployed. This figure reaches 38% in Port Gentil and 46% in Moanda. Unemployment threatens to rise further, as jobs in public and parastatal sectors contract, and as new job creation fails to keep pace.

An Unhealthy Urban Environment

Rural exodus and the degradation of living conditions in the cities have exacerbated urban poverty.

The prosperity generated by oil revenues, combined with harsh living conditions in the interior, has led to an influx of people into the country's major urban areas over the last 20 years: Port Gentil (forestry, wood, oil), Moanda/Franceville (mining) and Libreville (government, commerce, banking and other services). At the same time, education policy at the secondary school level has drawn young people to the bigger cities, where they have tended to remain. About 80% of the population of Libreville now live in under-served neighborhoods or shantytowns. In the absence of any urban development policy, new residents have settled as squatters on land that is difficult to access and service, often steeply sloping or subject to flooding, and totally lacking in drainage facilities. There, poor living conditions, lack of sanitation, insecurity of tenure, substandard housing (nearly 70% of Libreville's poor families live in shacks built of boards or other makeshift materials), isolation from urban facilities and services — to which must be added unemployment since the crisis of 1986 — are the major poverty factors in Gabon's cities. During the June 1995 Participatory Poverty Assessment (PPA) in Libreville, 40% and 34% of respondents cited isolation and unhealthy living conditions as their first or second most important concern respectively.

Poverty in Rural Areas and the Secondary Towns

There are no data available on household income in rural areas and secondary towns. It is clear, however, that rural life is very harsh. People in the rural areas are isolated, with only limited access to potable water, health services and education. Because most villages are isolated, small producers have little chance to market their output (from farming, fishing, hunting). As a result of their rudimentary tools and ignorance of modern farm inputs and techniques, agricultural productivity is very low. According to PPA results, health and education are the prime concerns of rural dwellers. Residents of secondary towns worry most about the lack of urban amenities (in particular, drinking water, electricity, proper roads). These towns, whose small populations are mainly subsistence farmers, suffer especially from lack of infrastructure and social services.

Rural people live in severe deprivation.

THE FACTORS UNDERLYING POVERTY

The Dual Economy

Inequality and poverty are related to a number of structural imbalances in the Gabonese economy:

- Returns on capital are higher than returns on labor. This means that businesses tend to be capital-intensive, and the relative productivity of Gabonese labor is low.
- There is little domestic trade between the three centers of economic activity and the rural economy. Growth in the extractive industries has done little to stimulate the agricultural sector, dominated by subsistence farming.

Economic policies have encouraged the rise of a dual economy. Rural areas have been marginalized.

Economic growth in Gabon has been based on the export of raw materials (forestry, manganese and uranium, and oil). Policies for investing the proceeds from these exports have focused on capital goods, encouraging the rise of a dual economy. This has produced a modern enclave-type economy, dominated by the oil industry and by large companies, while the farm sector has become increasingly marginalized. In 1995 the GDP share of agriculture, livestock, fishing and hunting was only 6%. The rural areas and their small towns remain dominated by the traditional economy, and have few links to the growing modern sector. The decline in the output of tradable goods (particularly agricultural goods) is a characteristic phenomenon of other oil economies (see Box 2).

Box 2: How the "Dutch Syndrome" Applies to Gabon

The rapid growth of Gabon's oil sector generated a number of distortions in the country's economy that are referred to as the "Dutch Syndrome." In such a situation, identified for the first time in Holland in the early 1970s, the "rent" derived from oil exports stimulates private and public demand, which shifts the structure of relative prices in favor of non-tradable goods, where local supply becomes insufficient. This leads to a contraction in the non-oil sectors that produce tradable goods (essentially small-scale farming) and to an expansion of sectors where output is not tradable (services). Exacerbated by inappropriate investment programs and an over-generous wage and income policy, as in Gabon, this has led to the impoverishment of agriculture (accompanied by an exodus of rural workers to the urban centers), rising imports and a swollen services sector.

A Fragile and Crisis-prone Economy

Successive oil booms, and the resulting creditworthiness that Gabon enjoyed in international financial markets, led the Government to adopt an expansionist economic policy, focusing investment on infrastructure and on the public and parastatal sector. Although growth in the public sector led to short-lived full employment, the policy entailed a rapid build-up of public debt and increasing distortions in the economy, without sufficient attention to reducing the shortage of skilled manpower and the isolation of the traditional sector — the underlying structural weaknesses of the economy.

Economic policy has not created the conditions for balanced, long-term development.

Starting in 1986, when the ranks of young and unskilled workers were growing, the collapse in oil prices imposed severe limits on investment opportunities and on the demand for labor. Urban dwellers suddenly found themselves jobless and poor. Structural problems combined with cyclical problems to exacerbate poverty.

The economic crisis of 1986 impoverished urban residents.

The results of the PPA suggest that rural people also suffered the effects of the economic collapse, as private transfers from the cities declined. At the same time, the social security system that the State had introduced to help the poorest segments ceased to function. Education spending has been falling in relative terms since 1986. Health spending, however, has continued to grow.

Rural people also suffered from the decline in transfers.

This crisis revealed the fragility of the economy and the need to diversify its sources of growth. In 1994 the Government undertook a thorough reform of its economic management, seeking to take advantage of potential gains in competitiveness implied by the 50% devaluation of the CFA franc (12 January 1994) and at the same time to allocate more equitably the revenues flowing from the oil, mining and forestry sectors.

In the face of this crisis, government economic policy was radically altered in 1994.

The Government's new strategy starts from a redefinition of the respective roles of the State and of the private sector in the economy. The authorities have clearly stated their intention to withdraw from direct intervention in industry and commerce. They have committed themselves to enhancing the supply of priority services, in particular to making education and health services more accessible and efficient. On the budgetary front, the Government has launched an austerity program, to bring the level of overall public spending into line with revenues. In institutional reform, it has undertaken to make spending more efficient and transparent and to improve the performance of the public service.

The reform is aimed at making the economy more competitive, while enhancing the provision of social services.

The Failure of Social, Health and Education Policies

The Social Security System

Gabon had instituted a costly system of social security for everyone...

Gabon is unique in Sub-Saharan Africa in providing since the early 1980s social security for everyone, including the poor. This policy has turned out to be costly. The Government, through the Ministry of Social Affairs, was determined to:

- provide family allowances and free health care for poor Gabonese citizens (those below the minimum income), particularly in rural areas, through the National Social Insurance Fund (CNGS);
- provide financial and moral support to targeted vulnerable groups (orphans, the disabled, widows, the poor elderly), through the Department of Social Affairs (DAS);
- provide social security for private-sector employees and their families, through the National Social Security Fund (CNSS).

...but with the economic crisis the system has broken down.

Since 1986 insufficient funds for the social security system have failed to provide a safety net for the poor and vulnerable. Due to shrinking government revenues, funding for social security has virtually dried up. The budget for the National Social Insurance Fund has been reduced by half, and poor citizens no longer receive welfare payments. Budget shortfalls for the *Bureau des Aides et des Secours* have made it impossible for the Department of Social Affairs to provide its planned levels of assistance. The economic crisis has also severely compromised the financial health of the National Social Security Fund. The number of contributors has fallen, while the number of retirees is rising. The old-age security component has been in deficit for three years: many people who paid into the insurance fund are receiving no payments. Today, the poor have little hope of security. In the cities, they must rely for the most part on the solidarity of the extended family system. This entails a gradual decline in living conditions for the entire household. In rural areas, migration seems to be the main strategy for survival. Cooperative movements offer some hope of financial assistance, but these are still very limited in scope.

Health and Nutrition

No data are available on the pattern of health problems such as between urban and rural areas, or among different socioeconomic groups. Nevertheless, experts agree that public health indicators are worse in rural areas, including the small towns, and in the shantytowns of the three major cities. Health is the priority concern for 95% of rural dwellers who responded to the PPA, and for 57% of the residents of secondary urban centers.

Health is the priority problem for 95% of rural dwellers and 57% of residents in the secondary urban centers.

Despite undeniable progress since Independence and the high level of public and private spending on health (US\$ 172 per capita in 1994, compared with an average of US\$ 14 for Sub-Saharan Africa), Gabon's public health indicators are mediocre. The country's demographic and epidemiological profile is still typical of a poor country (see Table 1). Life expectancy is low, and gross rates of mortality and of maternal mortality are very high (the latter as high as 600 per 100,000 live births in some regions). Morbidity is still mainly caused by parasitic and infectious diseases: malaria, acute respiratory ailments and intestinal diseases are the main afflictions reported for children under 5 years of age. Nutrition has become a public health problem: more than 11% of babies weigh less than 2,500 grams at birth.

Despite high levels of public and private spending on health, Gabon's demographic and epidemiological profile remains that of a poor country.

Table 1: Demographic Indicators for Gabon and Selected Countries in 1992

	Gabon (1993)	Ghana	Cameroon	Côte d'Ivoire	Costa Rica	South Africa	Brazil
Population (thousands)	1,014	14,875	11,739	11,902	2,807	35,919	150,368
GNP per capita (US\$)	3,600	390	960	750	1,900	2,530	2,680
Life expectancy at birth (years)	52.9	54.6	57	52.4	75.2	62.0	66.2
Gross mortality rate per 1000 pers	15.6	12.7	11.8	12.2	3.8	9.3	7.3
Infant mortality rate (per 1000 live births)	99	84.7	88.3	94.6	16.8	65.6	57.5
Mortality rate under 5 years (per 1000 live births)	155	136	125.6	135.2	20.2	89.8	68.8

Sources: Gabon, Ministry of Public Health and Population and World Bank, *Social Indicators of Development* 1991-92

The failure of the health system reflects previous health policies, inappropriate resource allocation and inefficient spending.

The imposing array of health facilities is unfortunately ineffective, due to lack of competent staff, materials and basic medications. Yet every year, Gabon spends some CFAF 10 billion to import drugs (more than US\$20 per capita per year). The inefficiency of the health system stems partly from policy choices and strategies of the past, which allowed the growth of parallel health systems without proper planning and coordination. The result is a system that is over-built, with duplication of capacity in some parts of the country and no facilities in others. The resource allocation does little to promote efficiency. The high cost or lack of medications and the poor quality of public health services place the poor at disadvantage: their only alternative is to resort to traditional healers.

Education

Despite the high level of education spending, the system is inefficient and ill-suited to the demands of the labor market.

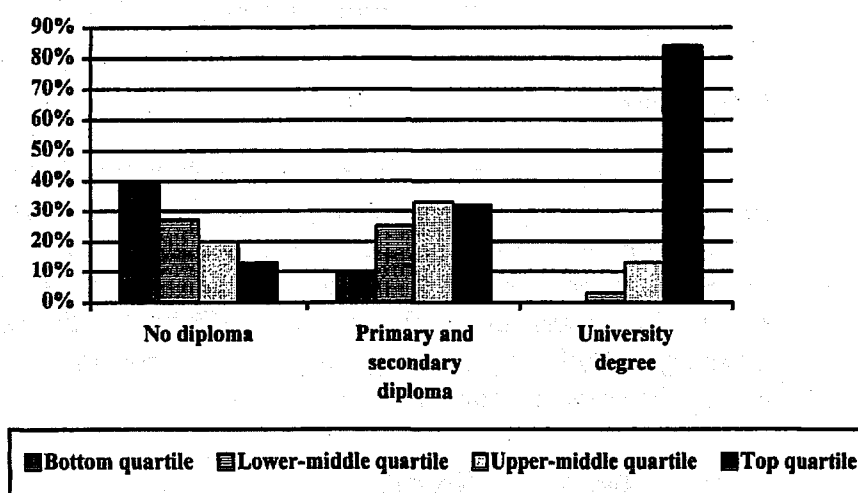
Gabon has increased its levels of spending on education considerably since Independence. The gross rate of primary school enrollment (142% in 1995-1996) is among the highest in French-speaking Africa, and the participation rate for girls is as high as for boys. Today, however, although Gabon spends far more money per pupil than most other African countries (US\$ 337 per student at the primary and secondary levels in 1994), the system produces poor results at every level of instruction. It is also inefficient: the net enrollment rate is about 86%, the repeater rate is higher than 30% at all grades, and in 1994-95, the national school drop-out/expulsion rate was 19%. In secondary education, the gross enrollment rate is 53% for the first cycle, but the net rate is only 15%. In the second cycle, these rates are 16% and 5% respectively. The education level of the population is inadequate seen against the demands of the labor market.

Urban school classes are overcrowded: rural areas lack infrastructure.

The distribution pattern of teachers and infrastructure among school districts does not permit high quality teaching. Problems differ, however, between urban and rural areas:

- In urban schools, the major problem is overcrowded classes, reflecting a shortage both of classrooms and of teachers. The schools have tried to cope with this overcrowding by increasing the use of double shifts (which are now in place in more than 20% of the schools in Libreville). This results in cutting back the number of hours of instruction offered to pupils.
- In rural areas, the poor quality of school construction and lack of equipment make learning physically difficult. Conditions are aggravated by the need to teach several grades of pupils at once, because of teacher shortages or absenteeism.

Figure 3: Relationship between Education of Household Head and Monthly Urban Household Income, by Quartiles



Source: Household Expenditure Survey, Libreville and Port Gentil, 1994

Note: The bottom quartile represents the poorest 25% of households. The top quartile represents the richest 25% of households.

Incomes of household heads are a function of their levels of education (see Figure 3). Illiteracy is a major barrier to well-paid employment. The poor suffer the most from the system's shortcomings. They are more likely to drop out of school before completion, they attend inferior schools where teachers are often absent, and they have more difficulty in obtaining text books and other teaching materials. Although they may willingly devote a significant part of their income to school expenses, they are the least able to make up for the weaknesses of the public education system by turning to private schools, and their family environment is likely to be less conducive to learning. After a few years, they may lose whatever reading and writing skills they have acquired from their primary schooling. The poor make up the bulk of the country's illiterate population.

The shortcomings of the system affect the poor most acutely.

A POVERTY REDUCTION STRATEGY: GENERAL PRECONDITIONS

Introduction

A poverty reduction program must include specific measures targeted at the most disadvantaged groups: it also requires actions to provide a more favorable overall environment. The Government's recent moves to re-orient its goals, in the wake of the CFA franc devaluation, must eventually lead to efforts to diversify the economy, modify the State's presence in the economy, and lay a more solid basis for sound governance.

Including the Poor in Growth

*Diversifying the
economy.*

Growth can no longer rely on the oil sector alone, because this does not offer sufficient employment opportunities. While the elasticity of employment relative to non-oil GDP is positive, growth in the oil sector does little to increase demand for labor in the rest of the economy. If employment is to be increased, and the economy's vulnerability to external shocks is to be reduced, the Government must diversify the economy and disengage the State from industry and commerce, while encouraging the growth of the private sector and promoting competition. This will mean giving priority to the industries that have a high coefficient of demand for unskilled labor. Agriculture and farm product processing, the wood industry and fisheries are all sectors with good job creation potential.

*Redefining the role of
the State, to target
more effective support
for priority sectors.*

A programmed effort to disengage the State from the industrial and commercial sectors of the economy, with donor support, should help to enhance competition and develop the private sector, thus stimulating demand for employment in private businesses. Withdrawal by the State will also free public funds to finance activities that will directly benefit the poor. Priority sectors for public attention include water supply, primary health care, primary and secondary education, rural and urban transportation, other urban infrastructure, agricultural services and social programs.

Among priority sectors, better basic social services (in particular education and health) will enhance the well-being of the poorest groups (and those who are not poor), raise their productivity, lower labor costs and improve the competitiveness of the Gabonese economy.

Laying the Foundation for Better Governance

The disappointing results to date in the priority sectors derive, not from the level of resources devoted to them but from the inefficient management of those resources. Under its 1995 agreements with the IMF, the Government committed to a series of reforms aimed at improving budgetary procedures and making operations more transparent. The Government has undertaken a public expenditure review process, with the support of the World Bank, intended to improve the allocation of budget resources within and between sectors, so that there will be sufficient funding available for priority services to the poor. These efforts will be key to the success of the poverty reduction strategy.

Providing adequate resources and managing them more efficiently.

Finally, Gabon has undertaken measures to improve performance in the public service and to contain its costs, by placing limits on the size of the public payroll, preparing staffing plans, and introducing a performance-related system of salary increases. These steps should be accompanied by measures to enhance supervision of officials involved in budget implementation.

Reforming the public service.

Public participation is a key element in promoting better management of public resources. Community participation, involving users directly in the provision of public services, is almost nonexistent in Gabon and must be encouraged. The emergence of NGOs also should be facilitated. Their flexible structures can make them more effective than the public administration in providing help to the poor. Some NGOs are already in operation, but others need support in the form of training. The NGO umbrella organization needs to be strengthened, to fulfill its task of coordination and intermediation. This organization should also institute a system of quality control for new NGOs (similar to the role of law or medical societies). Once they are properly equipped and established, NGOs should be integrated at every stage of projects financed by the Government and donors.

Encouraging public participation.

SIX PRIORITY GOALS FOR THE ANTI-POVERTY CAMPAIGN

Box 3: What the Poor Hope For

During the PPA interviews, people talked of their hopes and desires for improving their living conditions. In urban areas and in the villages, improvement means providing the basic services and infrastructure needed to deal with priority problems (see Chapter 2). Most of the people interviewed thought it was up to the Government to invest resources in this area. Yet some people expressed doubts about whether this survey would be of any use, or whether it would turn out like so many previous surveys in which they were invited to "speak up and make suggestions, and then nothing happened, just promises." Some said that people facing similar problems should show greater solidarity and should work together to develop their village or their neighborhood.

The ability of people in Libreville and in the secondary towns to improve their circumstances depends, however, on finding a job (55% of responses in Libreville, 41% in the secondary towns). Unemployed people (or those with unemployed children) in the capital and in other centers insisted on the need to create SMEs or larger businesses and to open vocational training centers for youth. Village dwellers were less likely to demand local job creation: 30% of responses, mainly from young people or their grandparents, who disliked the idea of seeing the youngsters leave for the city. *"In the village, there is no work, and that is the problem all over Gabon — that's why people are leaving the rural areas."* In Libreville, fewer respondents thought of seeking financial or material help (28% of responses), compared with the secondary centers (42%). In the rural areas, people who have no intention of leaving their village want mainly material assistance in the form of equipment (chainsaws for clearing brush or cutting trees to build houses), or support in the form of credit to undertake projects. They also want social assistance, such as CNGS (*Caisse Nationale de Garantie Sociale*) used to provide for the poor.

When asked about their children, the best thing that parents can think of for them is a proper education and a better chance at a steady job. But when asked what they expected for the future, some parents feared that their children had little prospect of a better life, because they were "children from poor families" or because they too will suffer from the country's continuing economic crisis: *"Yesterday it was the devaluation, today it's the VAT, what will it be tomorrow?"*

Source: PPA, June 1995

Objective 1: Reducing Unemployment

Developing the Private Sector

Improving the investment climate, offering micro-credit and cutting red tape to encourage new businesses.

Development of the private sector (which is now being discussed under the privatization and private sector development project) and of SMEs will require the disengagement of the State and the emergence of a climate propitious to business. Steps to this end should include:

- revise and implement the revised Investment Code and Sectoral Codes (mining, forestry, oil), as well as the Labor Code (amendment now underway), to encourage new investment in the country;

- assist NGOs and other private organizations to develop micro-credit facilities. Such programs should stress management training and simplified loan administration procedures. The African Development Bank is currently financing a microcredit program targeted at women. It includes a large training component.
- reduce the complicated, time-consuming and costly formalities that must now be completed in setting up a new business.

Making the Education System more effective

A strategy is needed for the education sector so that education policy becomes more than just an annual budgeting exercise. The strategy should identify priority objectives and should include a means for evaluating progress. As part of this effort, an in-depth reform of technical and vocational training is called for, to build consultative and feedback links to business, and thus ensure that the needs of the economy are reflected in the design of training programs.

Adopt a strategy for the education sector.

One main reason for the high drop-out rate among mandatory school-age pupils is the cost of education to poor families. To reduce these costs, all parties (the Education Ministry, parents' associations, teachers' unions, etc.) should be involved in a study on ways to help poor families send children to school, without generating exorbitant operating costs for the system.

Provide better access to education for the poor, by reducing the cost of schooling.

In urban schools (in Libreville and Port Gentil) one main obstacle to quality instruction at the primary and secondary level is overcrowding in the classroom. Short-term measures to address this problem should include placing limits on the right to repeat a year more than once.

Limit multiple repeaters as an immediate way to enhance the quality of teaching.

Over the medium and long run, expand enrollment capacity at the junior high school level.

From a medium-, and longer-term perspective, existing capacity at the junior high school level is not sufficient to cope with the enrollment demand generated by legislation that makes school attendance mandatory between the ages of 6 and 16. The number of junior high schools will have to be increased, as will the number of teachers. To avoid expanding the public payroll, education policy should encourage the growth of private educational institutions at the secondary level, allow for greater use of contracted teaching personnel, and fund such contracts through reductions in salary expenditures in areas of lower priority for the anti-poverty campaign.

Reform the curriculum.

A more effective education system will require reforms to school teaching programs to equip young people for the demands of the labor market and to instill in them a spirit of enterprise.

Bring drop-outs back into the education system.

Literacy programs should be launched for people who have fallen through the cracks in the education system. Special courses should be given to attract back to the system those who have dropped out at the primary level.

Objective 2: Raising Incomes for Small Farmers

As the State withdraws from the agro-industrial sector, it should be able to finance activities to increase the incomes of small farmers. Disengagement should include a policy to liberalize pricing and suppress monopolies (the Coffee and Cocoa Fund, for example).

Enhance Small Farm Incomes Through a Selective Regional Approach

In areas with adequate transport services, focus on enhancing productivity

In areas well served by transportation, marketing farm products is not a major problem. There, enhancing the productivity of small farmers could raise poor people's incomes. Productivity can be improved through training, extension services and research into the needs of small-scale producers, and by giving them access to credit (almost non-existent today). Gabon could draw lessons from successful experiments elsewhere with micro-credit, and adapt these to its domestic situation. NGOs could serve as intermediaries for channeling such credit.

Where transport services are weak, the problems of bringing produce to market are a major constraint to improving incomes among the rural poor. An inter-modal transport strategy and a program of priority investments (now underway) could provide better transport facilities for farm goods and result in lower food prices in urban markets. Marketing could be improved at the village level by organizing and constructing weekly marketplaces.

When transport services are weak, develop rural markets and improve transport.

In isolated areas with poorly developed transportation links, investment costs are high in relation to benefits, because the population is so thinly scattered. Here, efforts to combat poverty should take the form of modest investments directed at improving the supply of basic social services: safe drinking water, primary health care, basic education.

In isolated areas, the emphasis should be on providing basic social services.

Diversify Income-generating Opportunities

It is difficult to induce businesses to locate in the interior of the country, in areas more or less isolated, without creating economic distortions. But the Government could help by removing some of the obstacles that now discourage companies from setting up in these regions, by ensuring the supply of basic services and infrastructure related to such essentials as water supply, health systems, education and basic infrastructure.

Rethinking regional development policies.

Objective 3 : Improving Basic Public Health

A Preventive Health Policy

Vigorous efforts to expand safe water supply, which have already reached 66% of the population, should be continued. In rural areas and small villages, the village water program could be reinforced by involving the local communities (now underway). In urban areas, the network of public standpipes should be intensified, and retail prices for water should be set at affordable levels.

Extend the water supply system and conduct hygiene campaigns.

Information, education and communication campaigns (IEC) would help people to understand the effect that poor conditions of hygiene have on their health.

Supply and Cost of Drugs

Make drugs available and affordable for the poorest groups.

The Gabonese Government should: (i) revise its pharmaceutical legislation and bring it into line with its primary health care policy; (ii) step-up drug inspection; (iii) adopt a list of essential drugs for health facilities; (iv) encourage greater use of generic drugs; and (v) promote competition among public and private suppliers. These measures would make medications more accessible and affordable for the poor.

Make the Health System More Efficient

Design a sectoral strategy.

A sectoral strategy should be adopted for improving management in the health sector. This should set priority objectives for public health spending, determine the tasks of the private and public sectors, and provide for the assessment of progress towards these objectives.

Implement Order 001-95.

Political will must be exerted if results are to be commensurate with the level of expenditure in the health sector. Order No. 001-95 contained measures to improve management in the sector, but the decrees to put it into effect have not been issued. These measures include decentralizing administration and drawing up a health facilities map for the country. The Government should also introduce new regulations and procedures to promote diversity, complementarity and competition among the providers of health care.

Objective 4: Rehabilitating the Urban Environment

Complete the development of a sectoral policy.

To improve living conditions for the poor in the country's major cities, a coherent sectoral policy is critically important. That policy should avoid large-scale urban development schemes, in favor of selective, targeted action.

Improve urban sanitation conditions through the use of labor-intensive technologies.

Overcoming unsanitary urban conditions will require the building or rehabilitation of the main collector systems and drainage canals for waste water, setting up an effective garbage and solid waste removal system, rehabilitating public spaces and private concessions, and treating living quarters, inside and out, with insecticides. These measures should be designed on a modest scale, using labor-intensive technologies and appealing to beneficiaries to share the initiative and responsibility.

Procedures for delegating the management and contracting of public works should be adopted, using the AGETIP system [Public Works and Employment Executing Agency], as a model. Through this, local SMEs can bid for and undertake drainage, sanitation and road-building projects, performing to modest standards and disrupting as few people as possible.

Change procedures for contracting and managing public works.

Gabon currently lacks any system of urban taxes and improvement charges for regulating human settlement in and around urban areas.

Adopt new regulatory and tax instruments.

As to the land tenure system, property law should be reformed to disengage the State from land management, to free the supply of building lots and to establish a modern real estate market.

Reform urban property law.

Objective 5 : Reforming Social Protection Policies

Gabon no longer has an assured social protection system for its poor. This should be addressed through the following measures:

Government efforts should focus exclusively on people who cannot take advantage of the opportunities the economic system has to offer (elderly, disabled, orphans). It may be more effective and less costly to provide aid in kind rather than in cash. When it comes to the operational work of implementing such policies, the DAS (Department of Social Assistance) should rely as much as possible on NGOs, and should limit itself to coordination.

Concentrate government assistance on those who are now excluded from the system.

While the mass of the unemployed can only be absorbed over the longer run, as the economy diversifies, market mechanisms start to work, and education policy bears fruit, there are realistic possibilities for short-term relief measures such as: undertaking labor-intensive public works, providing micro-credits for small entrepreneurs, introducing a social component into the privatization program, and offering training for unskilled workers and the unemployed. AGETIP-type projects could help to create jobs: this would improve the infrastructure in under-served neighborhoods. In strictly rural areas, the emphasis should be on improving access to essential services such as drinking water, primary health care and quality education at the elementary level.

Focus efforts on integrating the able-bodied into the economy.

Provide adequate funding.

More efficient management would allow the Government to free resources for social safety nets. Budgetary allocations to the DAS and the FIR should be increased.

Reform the social security system

The CNSS needs to be restructured to provide a viable social security system. This would have a direct effect on the numbers of poor, for example, by taking proper care of pensioners who, despite their past contributions, today receive no pension and have sunk into poverty.

Objective 6: Establishing a Reliable Statistical System

Conduct a national survey on household incomes and living conditions.

Current knowledge on the geographic distribution of services and facilities is sufficient to provide a basis for determining priority poverty reduction action. Yet in the medium term, a more targeted reallocation of spending will require a more detailed understanding of what characterizes the poor, where they live and what access they have to economic and social facilities. To that end, a nation-wide survey of household living conditions should be conducted. This has been done elsewhere in Africa. Such a survey would help the Government to better target its safety nets and to adopt a regulatory framework in favor of the poor. The survey could be complemented by a "Demography and Health" like survey to gain a better understanding of the state of public health in the country, and to monitor its trends.

ANNEX

Quantitative and Qualitative Data on Poverty

Complete data are not available for producing a proper poverty profile. While existing data can be used to assess incomes for people living in Libreville and Port Gentil, these provide no detailed information on household incomes at the national level. It is thus difficult to judge the situation of poor people living outside the two major cities.

The General Population Census (GPC) and the Household Expenditure Survey (HES)

This study relies mainly on results from the 1993 General Population Census (GPC) and the 1994 Household Expenditure Survey (HES). The GPC covers the entire population, although the data it offers relate mainly to demographics (population distribution by age, sex, region, rural/urban, level of education, occupation, employment status, and housing). The HES covers only the cities of Libreville and Port Gentil; its sample is limited to 412 households, and it does not allow comparisons with the period preceding the CFA Franc devaluation. Both surveys were conducted by the Department of Statistics of the Planning Ministry, with help from the United Nations Fund for Population Activities (UNFPA) and the French Government's cooperation program.

Defining Poverty lines

In the absence of a national household survey, the methods used to estimate poverty at the national level are approximate and only allow trends to be discerned. For this study, different statistical methods were used, with estimations based on household consumer expenditure data drawn from the national accounts. Three poverty lines were defined at the national level: the first set at the minimum wage, the second at 2/3 of average consumption, and the third at one dollar per day. This last line represents the extreme poverty line.

The HES allowed both absolute and relative poverty lines to be set for urban areas. The absolute poverty line is defined as the income required to meet minimum nutritional needs, and a minimum of other basic spending (mainly clothing, housing and transportation). This level is estimated at CFAF 29,000 (about US\$ 58 in 1995 prices) per person per month. The relative poverty line was set at one-quarter of average income. The minimum wage, which is CFAF 64,000 (or about US\$ 120 in 1995 prices) per month, is a fair approximation of this line.

Participatory Poverty Assessment (PPA)

These data were supplemented with the results of a Participatory Poverty Assessment (PPA) conducted in June 1995 among poor people living in Libreville, in a few towns of the interior (Minvoul, Mouila and Makokou) and in nearby rural areas. The PPA reports how the poor themselves view their living conditions.

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