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### IN FIGURES

Alios' current global credit in Gabon

**\$100 million**

Overall global credit in the Gabonese market

**\$240 million**

Alios' total disbursements as of 2011

**\$137.5 million**

## One for the money

Alios Finance Gabon is a pan-African public-limited company headquartered in Libreville. With a specialisation in asset finance for infrastructure and business development projects – which include those for the country's oil and gas industry – the company also provides direct financing in the form of short or medium-term loans, also known as standard credit.

**What limitations have you seen within Gabon that are delaying the country's economic diversification away from an overdependence on its oil and gas industry?**

Here in Gabon, everything revolves around oil, as it contributed to approximately 87 percent of the country's exports in 2010, 53.5 percent of its GDP and some 46 percent of the government's budget. It is the driving industry here and when it thrives, other sectors feed off its growth. The Gabonese economy has become very oil dependent over the past 50 years. Despite talk of economic diversification, the level of industrial underdevelopment in the country will take time to overcome. There have long been talks at a political level about putting an emphasis on developing other industrial sectors, but only now are we seeing a concrete progression in that direction with the development of initiatives such as the Emerging Gabon plan. However, there is a huge lack in essential infrastructure such as roads, dams and bridges, which hamper development. Tackling these problems will weigh heavily on the state budget, but it has to be done in order to develop the rest of the economy.

**What structures are being put in place at this point to promote such diversification?**

The special economic zones at Libreville and Port-Gentil are one concrete example of legal and financial structures that can have a very positive impact on the industry's development away from oil and gas. Firms such as Gabon Fertilizer Company, operating the fertiliser plant in the Mandji special economic zone in Port-Gentil, have started to move into these areas, which will bring significant foreign direct investment and considerably speed up the development of appropriate infrastructure. Developing industrial zones in the interior areas of the country, such as Franceville, have also seen a significant rise in activity, and structures are being put in place to connect these areas to the economic hub of Port-Gentil as well as the service industry in Libreville, either by train or road. It is necessary that all the regions of Gabon are interconnected to encourage mobility of the population, goods and merchandise such as oil and gas. Things have started in this direction and hopefully they will continue, as most of the exporters suffer logistical

limitations that can hinder not only the practicality of business but also the development of partnerships with other countries.

**What financial services does Gabon currently require and what is their growth potential?**

Banks in Gabon prioritise banking structures and do not place as much emphasis on project financing. Alios is the only financing institution in the country that is not attached to a bank structure. As such, companies such as ours have an advantage when compared to Gabon's traditional banking system. We are able to take on more risks and clients that are not so appealing to the country's banking sector, while remaining accountable to depositors. We have been successful so far with this strategy in Gabon, but there is considerable growth potential still to be explored.

While Gabon's three credit operators have a combined \$240 million in applied financing projects in Gabon, this does not represent more than 5 percent of Gabon's gross fixed capital, a rate well below European averages of some 30 percent. It is clear that specialised products and lease purchasing agreements still have a lot of potential to represent a good part of the finances generated in the country. The financial sector in Gabon has still not been optimised, so there is a possibility for growth. Given the lack of infrastructure, such as roads, we have many clients working on these kinds of projects, and they are consumers of equipment, including trucks and engines.

**How willing are Gabonese banks to provide credit for project development?**

Today, there is a problem of excess liquidity in central Africa. While the market is very liquid, there is not enough credit granted and banks are uncomfortable with taking risks when lending. There must be good sense in conceding credit, as the consequences of making access to credit too easy can be devastating for the banks and the economy alike. Yet in Gabon, companies are not structured and often there is not enough information available with which banks can make a sound business decision. Thus, they will look very closely at a company before agreeing to provide credit. We are in a situation today where banks have a lot of money but they do not provide much credit, which is a problem of risk aversion. ■