

**Monitoring of Graduated and Graduating Countries from  
the Least Developed Country Category:**

**Equatorial Guinea**

**Committee for Development Policy  
UN Headquarters, New York  
14 – 18 March 2016**

**Contents**

I. Background .....	2
II. Monitoring development progress of Equatorial Guinea.....	2

**February 2016**

## **I. Background**

General Assembly resolution 67/221 of 21 December 2012 requests the Committee for Development Policy (CDP) to monitor the development progress of countries that graduated from least developed country (LDC) category. The monitoring is to be conducted, in consultation with the Governments of those countries, on a yearly basis for a period of three years after graduation becomes effective, and triennially thereafter, as a complement to two triennial reviews of the LDC category. CDP has also been requested to include its findings in its annual report to the Economic and Social Council

March 2016
December 2016
March 2017
<b>June 2017</b>
December 2017
March 2018
December 2018
March 2019
December 2019
March 2020
December 2020
March 2021
December 2023
March 2024

Source: CDP Secreta

*Equatorial Guini*

Equa  
to th  
price  
2014  
about  
annu:

Figur



The €  
the o  
a surj  
2014  
\$2,9€  
\$4,9€

<sup>3</sup> IMF.  
Equat

Equatorial Guinea's foreign exchange reserves decreased from \$4,396 million to \$2,004 million between 2013 and 2015.

Table 7. Equatorial Guinea: Socio-economic indicators, 2010-2015

	2010	2011	2012	2013	2014	2015
GDP growth rate (per cent, constant price)	-3.8	1.9	5.8	-6.5	-0.3	-10.2
Inflation rate (per cent)	5.3	4.8	3.4	3.2	4.3	3.5
Government revenue (Millions of US dollars)	4,342. 9	6,037. 8	6,257. 7	5,454. 0	5,223. 7	3,016. 5
Government expenditure (Millions of US dollars)	5,081. 7	5,864. 0	7,881. 1	6,738. 4	6,274. 3	3,611. 3
Government balance	-739	174	-1,623	-1,284	-1,051	-595
Government balance as per cent of GDP	-6.4	1.1	-9.0	-7.5	-6.8	-4.7
Net ODA received (Millions of US dollars)	84.7	24.3	14.2	4.3	0.6	...
Balance of Payments (Millions of US dollars)						
Current Account (Millions of US dollars)	-2,793	-1,565	-388	-688	-1,551	731
Goods, Credit (Exports)	10,332	14,306	17,349	15,776	14,761	10,129
Goods, Debit (Imports)	5,485	6,972	6,905	5,785	5,475	3,630
Balance on Goods	4,847	7,334	10,444	9,991	9,284	6,499
Services, Credit (Exports)	...	...	...	...	...	...
Services, Debit (Imports)	...	...	...	...	...	...
Balance on services	-2,055	-2,638	-3,038	-2,690	-2,908	-1,974
Balance on Goods and Services						
Balance on income	-5,477	-6,155	-7,545	-7,682	-7,635	-4,971
Balance on current transfers	-108	-107	-249	-308	-291	-284
Capital Account	0	0	0	0	0	0
Financial Account	2,404	2,602	2,956	1,846	-447	79
Direct investment (net)	2,374	1,975	985	731	320	316

Table 8. Equatorial Guinea: value of exports by main commodities exported, 2014

HS code	Exports	Value (US dollar billions)	Share (per cent)	Main destinations*
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	12.2	94.2	China (25%), USA (16%), Singapore (9%), Brazil (9%), France (8%), Japan (7%)
29	Organic chemicals	0.4	3.3	Netherlands (54%), USA (30%)
44	Wood and articles of wood; wood charcoal	0.2	1.5	China (91%)
Total		13.0	100	

Note: \* Market share in the parenthesis.

Source: UN Comtrade, accessed 25 January 2016.

Equatorial Guinea is located at the Niger Delta Basin which is one of the richest in undiscovered petroleum resources (see figure 1).<sup>4</sup> According to the most recent estimate, Equatorial Guinea had proven oil reserves of 1.1 billion barrels as of January 2015.<sup>5</sup> In 2014, total oil production averaged about 270 thousand barrels per day. The daily production is well below Equatorial Guinea's peak production of 369 thousand barrels per day in 2007, but the country is the third leading oil producer in sub-Saharan Africa, after Nigeria and Angola.<sup>6</sup> Due to a steady fall in the output of existing fields, in the absence of significant new discoveries, the overall output is expected to fall further to around 189 thousand barrels per day in 2020.<sup>7</sup>

Equatorial Guinea is estimated to have 1.3 trillion cubic feet of proven natural gas reserves as of January 2015.<sup>8</sup> Between 2001 and 2014, Equatorial Guinea's natural gas production increased rapidly from 1 billion cubic feet to 292 billion cubic feet.<sup>9</sup> Recent discoveries in international oil companies' complex may boost future natural gas production.

#### *Equatorial Guinea: Developments related to indicators in the LDC criteria*

Due to the development of its fuel resources, Equatorial Guinea achieved high levels of national income. Table 9 shows that GNI per capita of Equatorial Guinea is estimated as \$15,250 in 2016, using the same methodology and data source for 2015 triennial review. It is 12 times higher than the graduation threshold established at the 2015 triennial review (\$1,242).<sup>10</sup> As discussed above, a projected contraction of real GDP in recent years, due to falling oil prices and declining oil production, is likely to lead to a reduction in the

<sup>4</sup> Economic Intelligence Unit, Industry Report: Energy, Equatorial Guinea, January 2016.

<sup>5</sup> US Energy Information Administration, Equatorial Guinea: Overview, April 2015.

<sup>6</sup> African Development Bank, African Economic Outlook, Country Note: Equatorial Guinea, 2015.

<sup>7</sup> Economic Intelligence Unit, Industry Report, Energy: Equatorial Guinea, 4<sup>th</sup> quarter 2015.

<sup>8</sup> US Energy Information Administration, Equatorial Guinea: Overview, April 2015.

<sup>9</sup> Calculated from Economic Intelligence Unit, Industry Report, Energy: Equatorial Guinea, 4<sup>th</sup> quarter 2015.

<sup>10</sup> Committee for Development Policy Secretariat. The graduation threshold in 2015 triennial review was established based on 2011-2013 data.





public housing and buildings were built.<sup>15</sup> The Phase II of the plan (2013-2020) aims at improving governance, the business climate and human capital formation. To leverage the improved hardware, the software of the economy needs significant strengthening, as potential investors continue to be deterred by a weak investment climate and low human capital.<sup>16</sup>

The Government submitted a report on the graduation process to the CDP in January 2016.<sup>17</sup> The report overviews possible impacts of graduation on the country, and confirms that no significant negative impact of graduation is foreseen. The report emphasizes the importance of economic diversification, including expanding export destinations and strengthening the service sector, and social development, and possible actions are considered regarding the diversification and enhancing productivity: (1) participate in EIF and conduct a diagnostic trade integration study (DTIS); (2) conclude negotiations for accession to the WTO as soon as possible; (3) liberalization of trade in services; (4) improve the business environment.

The report suggests a course of action to prepare and implement the smooth transition strategy. The first phase is to establish a consultation mechanism for the development, monitoring and evaluation of the strategy. In the second phase, the strategy could be implemented by proactive actions by the Government (such as participating in EIF, or communicate with various investments funds with the help of the AfDB), or by arrangement of the Government with relevant international organizations (such as WTO negotiations). In the third phase, monitoring and evaluation of the smooth transition would be done by the consultation mechanism together with CDP and its secretariat.

### *Equatorial Guinea: Summary*

In contrast to its high level of income, the country has not used these resources to improve human assets and reduce vulnerability. Diversification into non-oil industries is in urgent need. Agriculture is the population's main source of income, but limited to subsistence farming. Productivity urgently needs to be increased.<sup>18</sup>

Against this background, the CDP in its 2015 report advised the country to formulate and implement a transition strategy for economic diversification and an improved human assets index.<sup>19</sup> A smooth transition strategy of Equatorial Guinea will have to be customized in order to reflect the country's special economic situations and to ensure sustainable development. As Equatorial Guinea's medium- to long-term development prospects depend extensively on future oil revenues, the Government is recommended to consider what implications graduation will have on the Horizon 2020 plan, how to manage volatile

---

<sup>15</sup> African Development Bank, Equatorial Guinea Economic Outlook, January 2016.

<sup>16</sup> IMF, Article IV consultation: Equatorial Guinea, 2015

<sup>17</sup> Government of Equatorial Guinea and UNDP, Dependence on oil sector and the process of graduation of Equatorial Guinea, October 2015.

<sup>18</sup> FAO, Country profile: Equatorial Guinea, available from <http://www.fao.org/countryprofiles/index/en/?iso3=gnq>

<sup>19</sup> See paragraphs 67 in Committee for Development Policy, Report on the seventeenth session (23-27 March 2015), Economic and Social Council, Official Records, 2015, Supplement No.13.



rents associated with oil, and specifically how the country will diversify its economy. Evidence from other countries shows that a more equitable income distribution, as well as enhanced provision of education and health services, leads to increased economic growth over the long run.