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To: Members of the Executive Board

From: The Secretary

Subject: **Equatorial Guinea—Selected Issues and Statistical Appendix**

This paper provides background information to the staff report on the 2003 Article IV consultation discussions with Equatorial Guinea (SM/03/364, 10/29/03), which is tentatively scheduled for discussion on **Wednesday, November 12, 2003**. At the time of circulation of this paper to the Board, the Secretary's Department has received a communication from the authorities of Equatorial Guinea indicating that they consent to the Fund's publication of this paper.

Questions may be referred to Mr. Schwidrowski (ext. 37153) and Mr. Weisfeld (ext. 37482) in AFR.

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INTERNATIONAL MONETARY FUND

EQUATORIAL GUINEA

**Selected Issues and Statistical Appendix**

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Approved by the African Department

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## I. RECENT ECONOMIC DEVELOPMENTS

1. **The strong expansion of oil output during 1998-2002 dominated economic developments in all areas of Equatorial Guinea's economy.** It led to rapid growth of GDP, including in some parts of the non-oil sector; generated large increases in fiscal revenue, which gave rise to considerable fiscal surpluses in spite of growing fiscal outlays; and, following several years of surging imports of investment goods financed by foreign direct investment, allowed a remarkable improvement in the external current account and a quick accumulation of foreign reserves. However, the oil boom also created a number of difficulties. Most important, the spending of public and private income from oil exceeded the non-oil sector's limited absorption capacity and led to considerable inflation and a marked appreciation of the real exchange rate. Strong rates of money growth, fueled in part by an increase in government deposits in domestic commercial banks, have reinforced these trends. Traditional non-oil activities, such as agriculture, suffered most from these developments. The resulting migration of rural labor to urban centers, in part attracted by job opportunities in sectors catering to oil activities, tended to exacerbate living conditions. Improvements in social conditions, as expected from rapidly expanding public spending programs, materialized only in part, owing to difficulties in policy design and implementation.

2. **First, the oil boom led to rapid real GDP growth. However, inflation also rose and parts of the non-oil sector suffered.** Oil production rose from roughly 60,000 barrels per day (bpd) in 1997 to about 250,000 bpd in 2002. Reflecting this development, real GDP growth averaged 24 percent per year during 1998-2002, while non-oil activity expanded by an average 13 percent per year on account of strong growth in services to the oil sector and public spending-fueled construction activity.<sup>1</sup> By contrast, growth in agriculture, logging, fishing, and manufacturing was sluggish, reflecting a loss of competitiveness and the enforcement of sustainable limits on logging (Statistical Appendix Tables 1, 2, 3). Annual consumer price inflation rose from 6 percent in 1998 to 8 percent in 2002, exceeding the Central African Economic and Monetary Community's (CEMAC's) regional target of 3 percent (Statistical Appendix Table 10).<sup>2</sup> These price pressures and the appreciation of the euro vis-à-vis the U.S. dollar led to an appreciation of the real effective exchange rate of 21 percent between end-1997 and end-2002 (Statistical Appendix Table 30).<sup>3</sup>

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<sup>1</sup> Oil activity accounted for 79 percent of total GDP during 1998–2002.

<sup>2</sup> The authorities indicated that their CPI basket was outdated, and that a basket reflecting current consumption patterns more adequately would probably show an even higher inflation rate.

<sup>3</sup> The CFA franc has maintained its fixed exchange rate against the euro since the 50 percent devaluation of January 1994.

3. **Second, the oil boom generated rapid budgetary revenue growth. As a result, the fiscal position improved despite strong spending growth.** Revenue increased by an average rate of 50 percent per year during 1998–2002. As a result, the overall fiscal position improved from near-balance during 1998–99 to surpluses of 8 percent of GDP in 2000 and 15½ percent in 2001 in spite of a fast pace of spending growth. In 2002, significant spending overruns caused the surplus to slip by 3 percentage points to 12½ percent of GDP (Statistical Appendix Tables 11 to 14).

4. **Oil revenue grew very rapidly thanks to a combination of factors.** Oil revenue, which comprises royalties (a percentage of oil exports), the government's profit share, corporate income taxes on oil companies, and sales taxes on oil contractors, increased by an average of 61 percent per year. This exceptional performance resulted from a combination of oil output growth, rising oil prices, and a growing government take (the government revenue from oil as a share of the oil export value). As specified in the production sharing agreements concluded with the oil companies, the government take grows over time because (i) royalties as a share of exports increase with the production volume, (ii) and the profits accruing to the government rise as investment costs decline following the early years of an oil field's life.

5. **Non-oil revenue also grew quickly.** Non-oil tax revenue, which consists mainly of taxes on income and profits, taxes on goods and services, and taxes on international trade, increased by an average of 29 percent per year during 1998-2002. Taxes on income and profit showed the strongest growth rates, largely because they include income taxes on oil sector workers.

6. **The improvement of the fiscal situation allowed the authorities to expand spending at a rapid pace. However, this resulted in considerable pressure on the country's small non-oil economy.** During 1998-2002, total expenditure and net lending grew by an average of 36 percent per year. Capital expenditure and current expenditure rose at average annual rates of 66 percent and 29 percent, respectively. Most of capital expenditure was invested into the construction of basic infrastructure. Among the current spending items, spending on subsidies and transfers increased the fastest, spending on wages, goods, and services rose more moderately, and interest payments fell as a result of an improving debt situation. Reflecting the unsustainable character of spending growth, the non-oil deficit expanded substantially in relation to non-oil GDP and exceeded the non-oil economy's absorption capacity, thus contributing to rising inflation.

7. **Third, the oil sector boom benefited the external current account and the overall balance of payments.** The external current account deficit narrowed from 82 percent of GDP in 1998 to 9 percent in 2002, and the overall balance of payments improved from a deficit of 1 percent of GDP in 1998 to a surplus of 9 percent of GDP in 2002 (Statistical Appendix Table 20). The terms of trade improved by a total of 88 percent between 1998 and 2002, mainly owing to rising oil prices. However, the non-oil current account deficit widened as non-oil imports surged, reflecting strong demand fueled by income generated in the oil sector, expanding public investment, and an appreciating real exchange rate.

8. **External debt indicators also improved.** The total stock of external debt decreased from \$270 million in 1998 to US\$222 million in June 2003, of which US\$60 million were in arrears (mostly to Spain, Equatorial Guinea's single largest creditor). Bilateral external arrears are being regularized, and the authorities recently reached agreements on debt rescheduling with Spain and Russia that will eliminate all arrears to these countries in the coming months. External debt service decreased from US\$18 million (4 percent of exports) in 1998 to US\$15 million in 2002 (1 percent of exports). As a share of government revenue, debt service declined from 20 percent to less than 1 percent during the same period. Debt sustainability is not expected to become an issue in the coming years, taking into account Equatorial Guinea's abundant oil receipts, and assuming that the authorities will adhere to their policy of abstaining from borrowing against future oil revenue (Statistical Appendix Table 29).

9. **Finally, the oil boom shaped monetary developments via an accumulation of foreign assets in the banking system.** The rising oil revenue resulted in a significant buildup in the net foreign assets of the banking system as the government accumulated deposits both at the Bank of Central African States (BEAC) and in domestic commercial banks, in addition to rising balances held in accounts abroad (Statistical Appendix Tables 15 to 18). The increases in government deposits in commercial banks resulted in strong additions to banks' loanable funds and in large swings in bank liquidity, creating a challenge for the BEAC, which has at its disposal only a limited set of instruments for sterilizing foreign currency inflows and influencing disparities in member countries' banking sector liquidity. As a result, private sector credit grew by an annual average of 33 percent; and broad money (M2), narrow money (M1), and currency in circulation expanded by annual averages of 46 percent, 40 percent, and 32 percent, respectively.<sup>4</sup> The resulting inflationary impact would have been even larger had commercial banks not voluntarily constituted substantial free reserves at the central bank. The inflationary impact was also reduced by some remonetization of the economy. Reflecting commercial banks' overall prudent lending practices,<sup>5</sup> and despite the strong growth of private sector credit, the share of nonperforming loans remained broadly stable, at about 11 percent, between 1998 and 2002.

10. **While these effects of the oil boom were unfolding, the authorities implemented some structural reform measures.** Following enactment of the 1997 law on forestry management, the authorities passed a law protecting parts of the forest from logging. In December 1998, they liberalized the distribution of petroleum products and privatized the public companies active in this field. In January 2000, they improved the application of the CEMAC customs union by removing remaining quantitative import restrictions and phasing out import duties on goods produced in other CEMAC countries. However, little progress has

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<sup>4</sup> The bulk of lending consisted of short-term advances to construction companies engaged in public works.

been made in the implementation of the CEMAC's common external tariff.<sup>6</sup> Moreover, the authorities started to implement a strategy aimed at achieving self-sufficiency in food supply and stemming the exodus from rural areas into the cities. The strategy tries to boost agricultural productivity through a strengthening of basic infrastructure in rural areas. Finally, as a member of the Organization for the Harmonization of Business Law in Africa (OHADA), Equatorial Guinea has modernized some areas of its commercial law.

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<sup>6</sup> Equatorial Guinea's ranking in the IMF's index of trade policy restrictiveness was 4 in 2002. The index uses a 10-point scale, with 10 being the most restrictive.

## II. OIL WEALTH AND SUSTAINABLE DEVELOPMENT

11. **This chapter discusses a number of policy options that could help transform Equatorial Guinea's oil wealth into sustainable improvements in living conditions.** The fundamental reshaping of Equatorial Guinea's economy brought about by rapidly growing oil production since the mid-1990s has generated strong GDP and fiscal revenue growth. At the same time, however, it has confronted the authorities with considerable difficulties. Fiscal policy has suffered from a lack of conceptual clarity and limited implementation capacity; inflation has increased because the spending of public and private income from oil has exceeded the non-oil economy's absorption capacity; and parts of the non-oil sector have suffered from inflation-induced real appreciation and losses of competitiveness. Against this background, this chapter discusses (i) how fiscal policy could respond to the challenges posed by intergenerational equity and long-term sustainability, the non-oil economy's absorption capacity, and the government's limited implementation capacity; (ii) how the management of financial assets acquired with a part of oil revenue could be brought in line with international best practices; and (iii) how structural reforms could help offset recent losses of competitiveness, thereby promoting the sustainable development of the non-oil economy. After some background is provided in section A, these three issues are discussed in sections B, C and D.

### A. Background

12. **The rise of oil production in Equatorial Guinea since the mid-1990s has allowed some improvements in living conditions, but it has also created obstacles for sustainable development.** Since the mid-1990s, a rapidly expanding oil sector has generated strong per capita income growth and allowed some poverty reduction. However, Equatorial Guinea has lost ground in the global ranking of human development indicators (Table II.1). The reasons behind this mixed record include the considerable inflation and marked appreciation of the real exchange rate created by strong spending increases in public and private oil income (Figure II.1). The ensuing adverse consequences on the development of the non-oil economy are particularly pronounced in agriculture and manufacturing. While other sectors (mostly services and construction) have fared better, they appear to be strongly dependent on the oil sector and might therefore be vulnerable to the eventual decline of oil production.<sup>7</sup>

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<sup>7</sup> The staff currently assumes that the oil period will end in 2021.

Table II.1. Equatorial Guinea: Human Development Index, 1990-2001

	1990	1995	1999	2000	2001
Human Development Index 1/	0.51	0.54	0.61	0.68	0.66
Human Development Index world rank	105	104	110	111	116
GDP per capita (in U.S. dollars)	363	408	1,059	1,888	2,102

Source: United Nations Development Program, *Human Development Report*, 2003.

1/ A higher index indicates improved human development indicators.

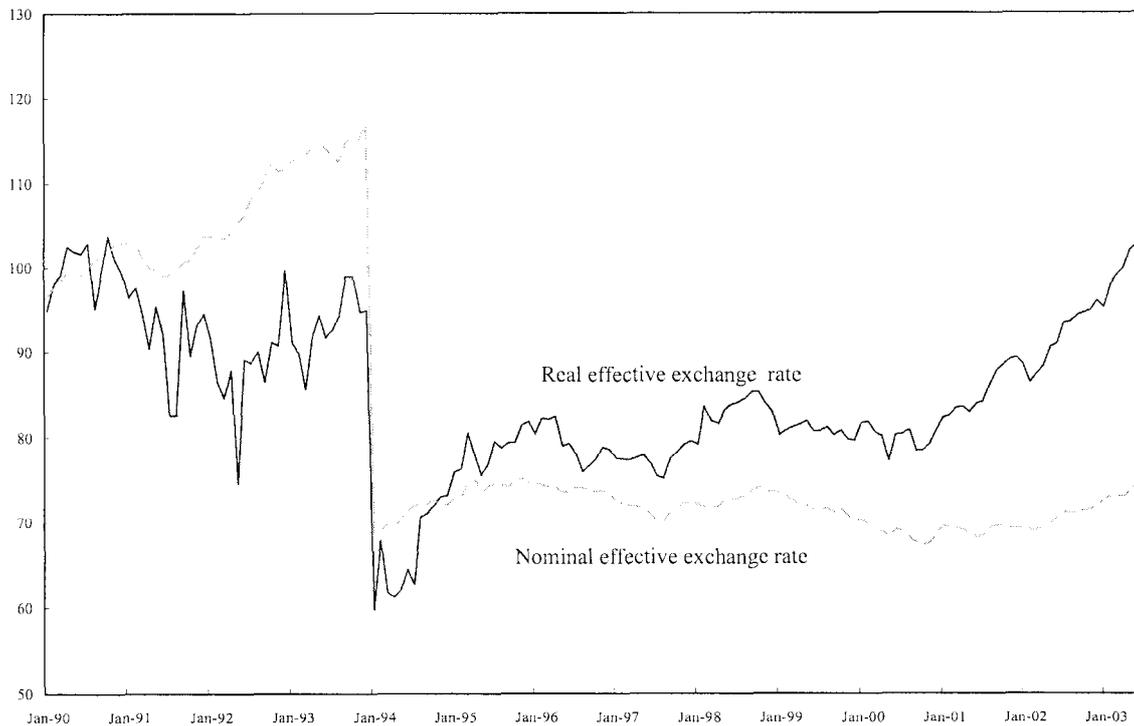
13. **These obstacles are typical of resource-dependent economies.** With strong inflation, an appreciating exchange rate, and slow non-oil sector growth, the Equatoguinean economy exhibits all the signs of “Dutch disease” typical of economies mainly based on the exploitation of depletable resources. Furthermore, as in other such economies, Equatorial Guinea’s labor market shows qualification-based segmentation. While literacy rates in Equatorial Guinea are high by sub-Saharan standards, the overall education and training levels of most Equatoguineans are still relatively weak in a global comparison. This makes it difficult for them to find well-remunerated private sector positions.

14. **Nevertheless, the staff believes that good macroeconomic management and adequate structural reforms could turn Equatorial Guinea’s oil wealth into the basis for sustainable development.** The recurrence of Dutch disease and the other phenomena typical of resource dependence has made some researchers call it a “curse,” rather than a blessing. However, this unfavorable assessment is not shared universally, because good macroeconomic management and structural reforms can indeed transform the available natural nonrenewable resources into sustainable development and rising living standards.<sup>8</sup>

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<sup>8</sup> For diverging assessments of the effects of resource richness on growth see, e.g., Gelb and Associates (1988), Auty (2001), Sachs and Warner (2001), and Easterly and Levine (2002).

Figure II.1. Equatorial Guinea: Real and Nominal Effective Exchange Rates, January 1990- June 2003  
(Index, 1990=100)



Source: IMF, Information Notice System.

**15. Such management and reforms will have to respond to Equatorial Guinea's specificities:**

- Its oil wealth is large compared with its small population of just over 1 million inhabitants.
- Its oil sector generates such considerable fiscal revenues that large fiscal surpluses are expected throughout the oil period.<sup>9</sup>
- At only about 13 percent of overall GDP, its non-oil sector is very small compared with the oil sector.

On the one hand, these characteristics allow considerable fiscal spending from oil in the long run and make it unnecessary to consider how spending could be protected from short-run oil price fluctuations. On the other hand, they create room for potentially very pronounced Dutch disease effects.

<sup>9</sup> Deficits would only appear if the oil price dropped below US\$6 per barrel.

## B. Fiscal Policy Determination

16. **An important issue in conducting fiscal policy in resource-rich countries is how much to save out of current and expected revenues. One determinant of the saving decision should be intergenerational equity.** This concept involves a weighting of different generations' welfare. Under common assumptions the concept of intergenerational equity implies constant levels of consumption per capita. This result is closely related to the consumption theory's permanent income hypothesis.

17. **Intergenerational equity can be achieved by the application of the permanent income hypothesis (PIH) to fiscal policy. The PIH's policy prescription is to hold fiscal spending constant on a real per capita basis.**<sup>10</sup> A frequently cited alternative to a fiscal spending rule based on the PIH is the so-called bird-in-hand rule, which calls for limiting spending out of oil wealth to the interest income on assets acquired with oil revenues. The spending paths prescribed by the PIH and the bird-in-hand rule are presented qualitatively in Figure II.2. The figure shows that the PIH-based rule allows for higher spending in the early years of oil production than the bird-in-hand alternative. For this reason, a PIH-based rule responds best to the tension between, on the one hand, the necessity to preserve macroeconomic stability and save part of oil revenue for the future and, on the other hand, the imperative to quickly address Equatorial Guinea's pressing social needs.

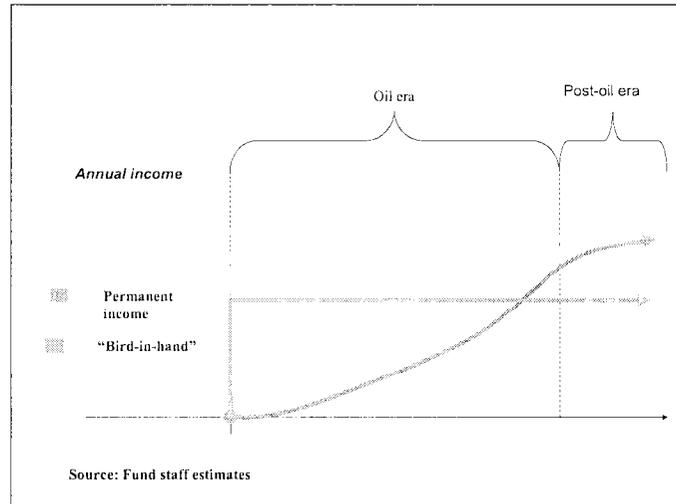
18. **Staff calculations show that real per capita spending of US\$107 could be permanently maintained, corresponding to an average primary non-oil fiscal deficit of 40 percent of non-oil GDP during the oil period.** The assumptions underlying the baseline scenario are as follows:

- A growth of oil revenue through 2008 in line with the staff's medium-term projections and constant oil revenues in real terms until 2021 (no further oil revenue as of 2022).
- A growth of non-oil revenue in line with the staff's medium-term projections through 2008 and, subsequently, non-oil revenue growth identical to non-oil GDP growth.

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<sup>10</sup> A drawback of this operationalization based on consumption theory is that it abstracts from the investment component that fiscal spending may have. Taking investment into account would substantially complicate the analysis. However, it is often difficult to determine whether specific parts of fiscal spending should be classified as investment or consumption, so that the simplifying assumption that all spending can be counted as consumption seems justifiable.

Figure II.2. Equatorial Guinea: Alternative Fiscal Savings Rules



- A growth of non-oil GDP in line with the staff's medium-term projections through 2008 and, subsequently, non-oil growth identical to the population growth rate.<sup>11</sup>
- A population of 1.015 million inhabitants in 2001 and a constant population growth rate of 2 percent per year.<sup>12</sup>
- A real risk-free rate of return of 2.75 percent per year on financial assets invested abroad.

19. **However, the calculation is highly sensitive to parameter changes, and there is considerable uncertainty about which parameter assumptions should be used. The level of spending that has been identified as sustainable should therefore be seen as an upper limit.** Table II.2 presents a sensitivity analysis that varies the real interest rate, the amount of oil reserves (via a variation in the length of the oil period), and the oil price. As individual agents can be assumed to be risk averse, the optimal fiscal policy reaction to uncertainty is a reduction of spending below the baseline sustainable level. The exact strength of risk aversion is, however, not known.

<sup>11</sup> This implies zero productivity growth after 2008. While conservative, this assumption holds a middle ground between a pessimistic scenario of worsening Dutch disease with a possible shrinking of the non-oil sector, and a more optimistic alternative of sustained productivity growth.

<sup>12</sup> The population size was taken from the authorities' 2001 census.

Table II.2. Equatorial Guinea: Sustainable Fiscal Spending and Primary Non-Oil Balances

	Real Interest Rate	Sustainable Annual Spending Per Capita (In U.S. dollars, at expected 2003 exchange rate)	Sustainable Primary Non-Oil Fiscal Balance During the Oil Period (In percent of non-oil GDP)
<b>Baseline scenario with alternative interest rates</b>			
	3.00	138	-54.3
	2.75	107	-40.2
	2.50	74	-25.3
<b>Variation of oil reserves and interest rate</b>			
Oil period 5 years longer	3.00	164	-66.3
	2.75	127	-49.6
	2.50	88	-31.8
Oil period 5 years shorter	3.00	107	-40.4
	2.75	83	-29.5
	2.50	58	-18.0
<b>Variation of oil price and interest rate</b>			
Oil price US\$5 per barrel higher	3.00	160	-72.2
	2.75	121	-54.7
	2.50	82	-36.9
Oil price US\$5 per barrel lower	3.00	118	-37.4
	2.75	93	-26.4
	2.50	67	-14.3

Source: Fund staff calculations.

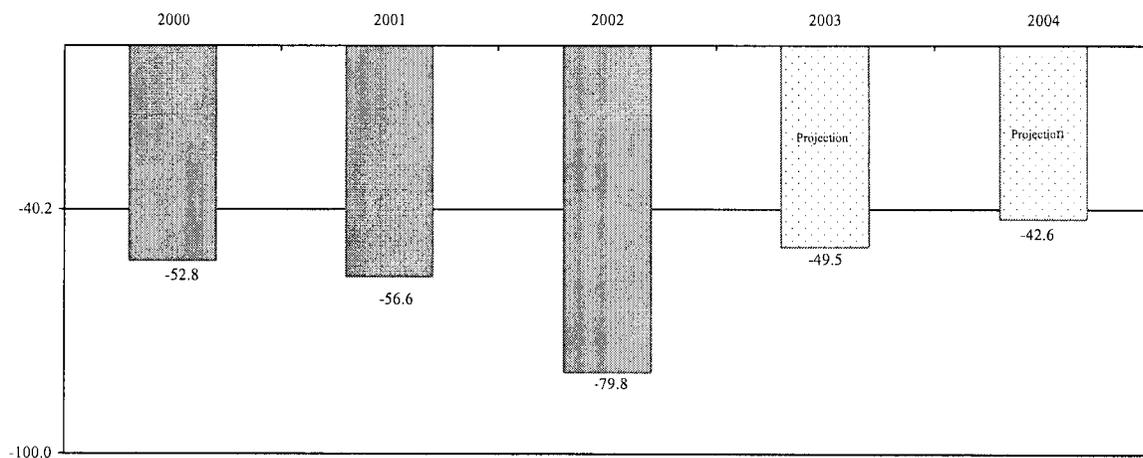
20. **In recent years, fiscal spending has exceeded the sustainability criterion by considerable margins (Figure II.3).** In 2000, the non-oil deficit amounted to 53 percent of non-oil GDP, and in 2001 to 57 percent, while in 2002 it even reached 80 percent; these deficits thus exceeded the sustainable non-oil deficit of 40 percent by 13, 17, and 40 percentage points, respectively. In the first half of 2003, the authorities have shown greater spending restraint.

21. **In addition to intergenerational equity considerations, the fiscal saving decision should take into account the effects of public spending on the development of the non-oil economy and the government's implementation capacity.** An important determinant of these effects is the non-oil economy's absorption capacity. The strong inflation of recent years suggests that the absorption capacity constraint has been exceeded by considerable margins as well. It has also become clear that the structure of spending has not adequately reflected government priorities. Among the reasons for this unsatisfactory outcome are weak expenditure controls and deficiencies in coordinating policy planning and implementation among government institutions.

**22. Public spending could be brought gradually in line with these criteria.**

Maintaining nominal spending unchanged with respect to the first half the year would reduce the non-oil deficit to about 50 percent of non-oil GDP in 2003 and 43 percent in 2004. In 2005, the non-oil deficit could be further lowered to or somewhat below the sustainable 40 percent threshold. This reduction of fiscal deficits would satisfy the sustainability constraint and facilitate the achievement of lower inflation. It should also improve spending quality by reducing the demands on the government's limited implementation capacity.

Figure II.3. Equatorial Guinea: Non-Oil Fiscal Deficits, 2000-2004 1/  
(In percent of non-oil GDP)



Sources: Equatoguinean authorities; and Fund staff estimates.

1/ Fund staff calculations show that a non-oil deficit of 40.2 percent of non-oil GDP would be sustainable.

### C. Best Practices in Financial Asset Management

**23. A number of oil-producing countries have created oil reserve funds to manage the financial assets acquired with oil-related fiscal surpluses. Experience shows that such funds can help manage these assets, but only if they are well designed. In case the authorities decide to establish a proper oil fund, it would therefore be important to follow international best practices.**<sup>13</sup> Hallmarks of best practices are that the fund's balance reflects government financial saving and that the fund is coherently integrated into the budget process, operating as a government account rather than a separate institution. Also, under best practices, fund operations are not governed by rigid asset accumulation and withdrawal

<sup>13</sup> The authorities have established a fund at the BEAC that receives a small fraction of oil revenue, and are keeping the bulk of oil revenue in a bank account in the U.S. Both arrangements require an operational framework.

rules, which could hamper fiscal management for uncertain gain. Rather, the appropriate fiscal position is determined by the consideration of the sustainability, absorption, and implementation issues laid out in the previous section, with all remaining balances being transferred to the fund. In addition, in the case of relatively small economies with large fiscal surpluses, these balances are invested into foreign financial assets, because investing in domestic assets would inject funds into the domestic economy and could create just the demand pressures that fiscal spending restraint seeks to avoid.<sup>14</sup> Finally, under best practices, rules for supervision and audit of fund operations meet international standards of transparency, and all audit reports are published.

24. **The following Table II.3 presents design elements of four oil funds from around the world.** Included is the Norwegian oil fund, which features a number of the mentioned best practices.

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<sup>14</sup> Economic theory suggests an investment strategy that combines a certain proportion of risk-free investment, reflecting the country's risk aversion, with widely diversified risky assets.

Table II.3. Operational Aspects of Selected Oil Funds

	<b>Azerbaijan (State Oil Fund)</b>	<b>Norway (Government Petroleum Fund)</b>	<b>Trinidad and Tobago (Resource Stabilization Fund)</b>	<b>Chad (Fund for Future Generations)</b>
Type of fund	<u>Savings fund</u> The aim is to profit future generations by saving part of oil revenue for them.	<u>Savings and stabilization fund</u> In addition to the savings function, the fund also aims at shielding the economy from the volatility of government revenues.	Stabilization fund Shields the economy from volatility in government revenues.	Budget fund Aims at poverty reduction by reserving a share of oil revenue for social spending.
Date established	1999	1990	2000	1999
Size of fund	US\$538 million	US\$82 billion	US\$159 million	Not yet funded
Oil revenue / non-oil revenue (2003)	124 percent	34 percent	41 percent	6 percent
Supervision and control	Authority over the oil fund rests with the President. Internal supervision is carried out by a supervisory board. Its members include government officials, central bank staff, and academics, and are appointed by the President.	The Ministry of Finance oversees the fund and provides it with guidelines. The government always consults with parliament before making substantial changes to the guidelines.	The Ministry of Finance oversees the fund.	Supervision of the fund is carried out by a monitoring board, made up of nine members representing the treasury, the Bank of Central African States (BEAC), parliament, nongovernmental organizations, and civil society.

Table II.3. Operational Aspects of Selected Oil Funds

	<b>Azerbaijan (State Oil Fund)</b>	<b>Norway (Government Petroleum Fund)</b>	<b>Trinidad and Tobago (Resource Stabilization Fund)</b>	<b>Chad (Fund for Future Generations)</b>
Management of fund assets	Management is carried out by an Executive Director who consults with the supervisory board but is accountable to the President.	The Ministry of Finance has delegated responsibility for fund management to Norges Bank.	The fund is managed by the Central Bank of Trinidad and Tobago, which may subcontract part or all of management to a professional fund manager.	The fund resources are invested at the BEAC, which assigns its management to an international investment management firm, subject to the approval of the Prime Minister, the Minister of the Economy, and the National Director of the BEAC.
Investment strategy	Up to 40 percent of assets are invested in liquid instruments. Only 60 percent of the investment can be long-term investments, and preference is given to fixed-income instruments. Least preference is given to equity instruments.	The assets are invested abroad. The Ministry of Finance decides on asset allocation, and market and currency distribution, as well as equity ownership. Originally, the fund was invested only in liquid foreign exchange reserves. Later, equity instruments were	The fund is invested in equities, bonds, foreign exchange, and other liquid assets. The fund is not allowed to borrow or lend, and its capital will not be used as collateral for any public sector borrowing.	Not specified.

Table II.3. Operational Aspects of Selected Oil Funds

	<b>Azerbaijan (State Oil Fund)</b>	<b>Norway (Government Petroleum Fund)</b>	<b>Trinidad and Tobago (Resource Stabilization Fund)</b>	<b>Chad (Fund for Future Generations)</b>
Transparency and accountability	Assets are held offshore and managed by internationally reputed fund managers. The Executive Director prepares quarterly reports on revenues, expenditures, asset holdings and asset management. The reports are submitted to the President. The oil fund accounts are audited annually and the auditor's reports are made public.	added. The current composition is 60 percent bonds and 40 percent equities. The Auditor General's Office is responsible for auditing the fund. The Auditor General reports to parliament.	Comprehensive reporting requirements include the following: interyear reporting and publication on a website. The assets of the fund are assessed in the context of the government's net financial wealth.	The monitoring board plays an ex ante and ex post control role and publishes quarterly reports. Representatives of parliament and civil society are elected for a three- year period. The fund and its management are subject to annual and ad hoc audits, the results of which are made public.
Governance of revenue and expenditure	The main sources of income are as follows: oil revenues, royalties, rental fees, and investment from assets. A consolidated annual fund budget is drafted and submitted to the parliament as part of	The main sources of income are as follows: cash flow from oil-related activities and return on invested capital. The distribution from the fund to the consolidated government budget takes	Deposits to the fund include all energy revenues. All the drawings from the fund are used to finance budget deficits arising from revenues and expenditures approved by parliament under the	The fund receives 10 percent of oil revenue. The amount that can be withdrawn in a given year cannot exceed the return to the fund on its resources in

Table II.3. Operational Aspects of Selected Oil Funds

	<p><b>Azerbaijan (State Oil Fund)</b></p>	<p><b>Norway (Government Petroleum Fund)</b></p>	<p><b>Trinidad and Tobago (Resource Stabilization Fund)</b></p>	<p><b>Chad (Fund for Future Generations)</b></p>
	<p>the overall annual budget. Oil fund expenditure is made through the state treasury and must be consistent with the poverty reduction strategy and the public investment program.</p>	<p>place with the approval of parliament.</p>	<p>normal budget process. Drawings from the fund can be used only to finance budget deficits approved by parliament and would be subject to “sustainable income” guidelines.</p>	<p>the previous year. All oil revenue is budgeted, and spending follows normal budgetary procedures.</p>

#### **D. Structural Policies for Sustainable Non-Oil Sector Development**

25. **The development of Equatorial Guinea's non-oil sector over the coming years will be essential for long-term economic growth and sustainable poverty reduction.** As oil production will come to an end in about two decades, the development of a dynamic and diversified non-oil economy is a task of high importance.
26. **Policies for strengthening the non-oil sector could aim at increasing the productivity of physical and human capital, so as to allow the non-oil sector to compete successfully. They could also aim at opening new investment opportunities in the domestic economy.** Human capital productivity could be enhanced by allowing greater access to secondary, professional, and university-level education; strengthening the quality of public administration by providing better training to public officials and by introducing a performance-based remuneration and promotion scheme; and intensifying the training of local entrepreneurs, for example, by offering management and accounting training courses. The authorities have already made first steps in this direction. Furthermore, in line with the recommendations of the Foreign Investment Advisory Service, an investment promotion agency could review the existing legal and regulatory framework and suggest ways to make it more business friendly. This agency could also identify export opportunities for local companies.
27. **In addition, the non-oil sector would benefit from a lowering of the fiscal burden to the minimum allowed by agreements with Equatorial Guinea's partners in the Central African Economic and Monetary Community (CEMAC).** For example, all taxes on non-oil exports could be eliminated and import taxes further reduced in collaboration with the CEMAC. A strengthening of the judicial system, in particular of tax courts, would also help reducing the costs of doing business in Equatorial Guinea.
28. **In order to gain an idea of how sizable the non-oil sector might be at the end of the oil period, which is currently projected for 2022, the staff simulated a non-oil sector growth scenario.** This scenario is predicated on the implementation of all the policy suggestions made above and therefore represents an estimate of the overall growth potential. The model underlying the simulation is a static partial equilibrium savings-investment framework. It focuses on the non-oil sector. Influences from the oil sector are considered to be exogenous. The model mechanics are as follows: (i) oil GDP grows through 2008, then remains stable through 2021 and falls to zero by 2022; and (ii) higher oil production results in higher export and fiscal revenues from oil, which, in turn, leads to larger current account and overall balance of payments surpluses, as well as higher gross national savings. A portion of these savings is invested through both private and public channels in the non-oil

sector. Assuming an average capital productivity of 13 percent,<sup>16</sup> non-oil GDP increases steadily over time.

29. **The scenario's key assumptions are as follows:**

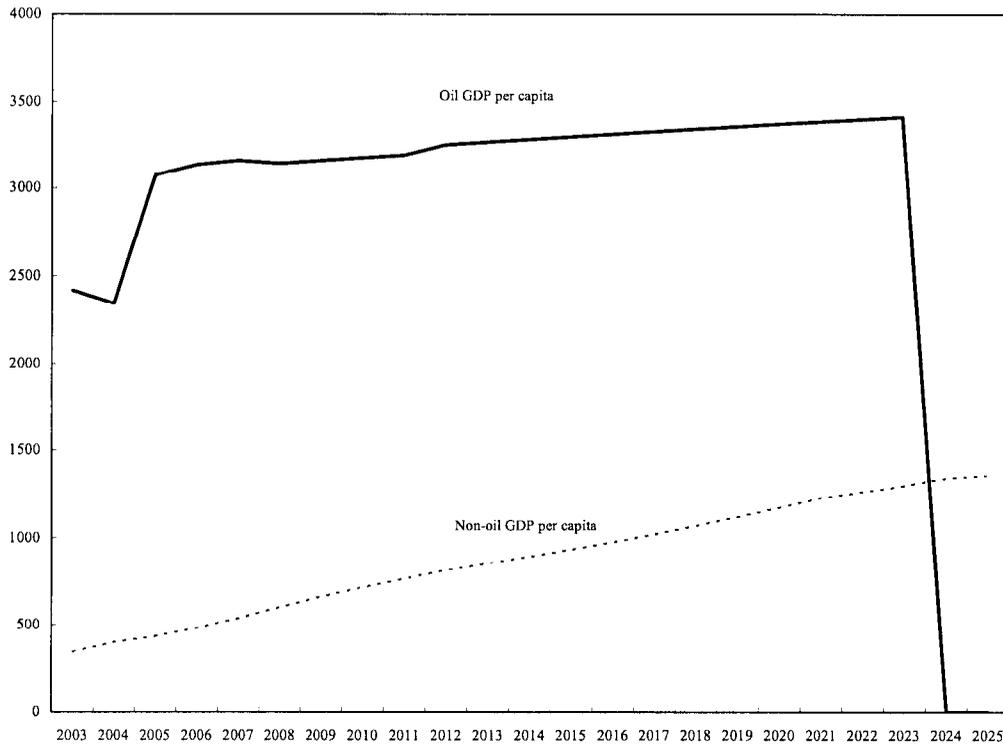
- **Private domestic investment.** Ten percent of non-oil GDP is invested in the non-oil sector.
- **Foreign direct investment in the domestic economy (FDI).** Petroleum companies transfer their entire income out of the country. However, there is FDI in the non-oil sector of 10 percent of non-oil GDP during 2003–2008. From 2009 onward, FDI is held constant in U.S. dollar terms.
- **Public investment.** Fifty percent of non-oil GDP is invested in the non-oil sector in 2003. This ratio declines gradually to 35 percent during 2004–08, and is kept at this level subsequently.
- **Imports.** All increases in private and public investment are reflected in higher imports in a one to one ratio.
- **Technological progress.** In contrast to assumptions underlying the sustainability calculations, technological improvements increase non-oil productivity and output growth by 1 percentage point each year.
- **Population size.** In line with the sustainability calculations, the population is assumed to be 1.015 million in 2001 and to grow at a constant rate of 2 percent per year.

30. **The simulation resulted in an annual non-oil GDP growth of about 10 percent through 2008 and of 8.5 percent in outer years.** About 4 percentage points of growth are brought about by private investment of 20 percent of non-oil GDP, along with a capital productivity of 20 percent. An additional 5 percentage points of growth are achieved through public investment of 50 percent of non-oil GDP, along with a capital productivity of 10 percent. One additional percentage point of growth results from technological change. **These growth rates yield an increase in the ratio of non-oil GDP to total GDP from 13 percent in 2003 to 25 percent in 2022, which thus pushes real non-oil GDP per capita from US\$346 in 2003 to US\$1,266 in 2022 (Figure II.4).**

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<sup>16</sup> This assumption is based on capital productivity of 20 percent in the private sector and 10 percent in the public sector, as well as shares of private and public investment in total investments of 30 percent and 70 percent, respectively.

Figure II.4. Equatorial Guinea: A Simulated Profile of Oil and Non-Oil GDP Per Capita, 2003-2025  
(In current U.S. dollars)



Source: Fund staff estimates.

31. **The simulation therefore suggests that, with adequate and timely implemented macroeconomic and structural policies, the non-oil sector could generate significant per capita income by the end of the oil period and beyond. However, less effective policies could well result in rather low income levels at a time when the country can no longer rely on oil income.** The scenario thus underscores the importance of saving part of oil revenues for the future and of strengthening the non-oil sector.

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Equatorial Guinea: Basic Data

	1997	1998	1999	2000	2001	2002
<b>Domestic production</b>						
Oil (barrels a day)	56,601	82,945	103,118	117,887	205,083	246,969
Timber (thousands of cubic meters)	757.1	421.9	802	715	669.9	531.5
Cocoa (metric tons) 1/	450.0	500.0	400.0	400.0	482.2	788.1
(In millions of CFA francs)						
<b>Government finance</b>						
Total revenue and grants	55,114	70,980	86,449	176,400	347,976	414,484
<i>Of which: grants</i>	2,823	1,797	1,900	0	0	0
Expenditure and net lending 2/	48,089	74,750	85,058	106,022	155,638	227,236
Current	28,199	24,158	47,658	60,470	61,653	100,602
Capital and net lending 2/	19,890	50,592	37,400	45,552	93,985	126,634
Overall balance (commitment basis, including grants)	4,202	-5,551	1,390.2	70,378	192,338	187,248
<b>Money and credit (end of period)</b>						
Net foreign assets	-7236	1,585	10,121	21,652	65,796	108,950
Net domestic assets	25,306	19,264	29,184	35,373	24,060	12,189
Credit to the public sector (net)	13,889	7,782	9,408	7,715	-28,049	-50,811
Credit to the economy	12,999	14,881	21,318	27,063	36,885	54,221
Other items (net)	-1582	-3399	-1542	595	15,224	8,779
Broad money	18043	20848	35162	48453	89856	121139
(In millions of U.S. dollars)						
<b>Balance of payments</b>						
Exports, f.o.b.	498.4	459.8	815.6	1,340.8	1,819.3	2,226.4
Imports, c.i.f.	-352.8	-434.3	-832.4	-968.1	-1,597.5	-1,106.6
Trade balance	145.6	25.5	-16.7	372.7	221.9	1,119.9
Services (net)	-340.0	-352.6	-294.4	-387.7	-557.7	-507.6
Private transfers	-1.3	0.0	0.0	0.0	0.0	0.0
Current account balance 3/	-195.6	-379.0	-331.0	-367.2	-589.1	-183.4
Official transfers	6.2	4.4	1.0	1.0	1.0	1.0
Current account balance 4/	-189.3	-374.5	-331.0	-367.2	-589.1	-183.4
Medium- and long-term capital (net)	184.1	361.3	393.8	465.9	838.3	441.3
Short-term capital (net), and errors and omissions	0.0	0.0	-33.0	-62.7	-81.1	0.0
Overall balance	-5.2	-13.2	29.8	35.9	168.2	257.9
<b>External public debt disbursed and outstanding</b>						
stock of debt 5/	245.6	269.5	244.5	238.8	223.3	221.7
Scheduled debt service 5/ 6/	3.6	4.0	2.1	1.2	0.7	0.5
Scheduled debt service 5/ 7/	20.4	16.0	12.8	6.6	2.8	1.8
(CFA francs per U.S. dollar)						
<b>Exchange rate</b>						
End of period	599	562	653	705	744	652
Average	584	590	616	710	732	695
<b>Social and demographic indicators (2001, unless otherwise specified)</b>						
Population					1,014,999	
Population growth (annual percentage change)					2.6	
Per capita GDP (in U.S. dollars; 2002)					2,102	
Per capita non-oil GDP (in U.S. dollars; 2002)					275	
Area (square kilometers)					28,051	
Population density per square kilometer					36	
Life expectancy at birth (years)					51	
Infant mortality rate (per thousand)					101	
Under five years infant mortality rate (per thousand)					153	
Adult illiteracy rate					16	

Sources: Equatoguinean authorities; World Bank, *World Development Indicators, 2001*; and Fund staff estimates.

1/ Crop year (October 1-September 30).

2/ Includes foreign-financed capital expenditure and unclassified/extrabudgetary expenditure.

3/ Excludes official transfers.

4/ Includes official transfers.

5/ Including the IMF.

6/ In percent of exports of goods and nonfactor services.

7/ In percent of domestic government revenue.

Table 1. Equatorial Guinea: Gross Domestic Product by Sector of Origin, 1997-2002

	1997	1998	1999	2000	2001	2002
(In billions of current CFA francs)						
Primary sector	269.0	240.1	413.4	822.5	1,160.7	1,365.3
Non-oil	63.2	58.2	70.6	68.9	70.8	73.7
Agriculture	32.4	39.7	40.4	39.1	41.2	41.0
Forestry	30.2	17.7	29.4	29.0	28.7	31.8
Fishing	0.7	0.8	0.8	0.9	0.9	0.9
Oil	205.8	181.9	342.8	753.6	1,089.9	1,291.6
Secondary sector	9.9	12.1	14.3	23.2	32.6	38.9
Manufacturing	1.0	1.0	1.1	1.1	1.4	1.6
Electricity	3.1	3.4	3.4	4.0	5.0	5.2
Construction	5.8	7.8	9.8	18.2	26.2	32.2
Tertiary sector	23.8	31.5	38.6	53.5	62.3	76.6
Trade and commerce	8.8	9.6	10.3	14.0	19.6	24.6
Transport and communications	1.9	2.1	2.2	3.2	4.4	4.9
Finance and housing	2.0	2.1	2.7	3.6	5.9	7.2
Public administration	8.2	12.7	17.9	26.2	24.6	31.1
Other services	2.8	5.0	5.5	6.5	7.8	8.9
GDP at factor costs	302.6	283.8	466.2	899.3	1,255.6	1,480.8
<i>Of which</i> : non-oil GDP	96.9	101.9	123.4	145.7	165.7	189.2
Import duties	2.2	2.4	2.1	3.1	3.6	4.7
GDP at market prices	304.8	286.2	468.4	902.3	1,259.2	1,485.5
<i>Of which</i> : non-oil GDP	99.1	104.3	125.6	148.8	169.3	193.9
(Annual percentage change)						
Primary sector	167.4	-10.7	72.2	98.9	41.1	17.6
Non-oil primary sector	29.3	-8.0	21.4	-2.4	2.7	4.1
Agriculture	13.7	22.5	1.8	-3.2	5.4	-0.4
Forestry	52.4	-41.3	66.0	-1.5	-0.9	10.6
Fishing	6.8	24.0	1.4	1.9	1.6	1.7
Oil sector	298.1	-11.6	88.4	119.8	44.6	18.5
Secondary sector	21.0	23.1	17.6	63.0	40.3	19.4
Manufacturing	4.8	4.7	8.9	1.2	25.0	13.6
Electricity	7.9	7.9	0.0	17.9	25.3	4.2
Construction	33.1	34.4	26.4	85.4	44.5	22.6
Tertiary sector	20.7	32.7	22.2	38.9	16.4	23.0
Trade and commerce	9.1	9.1	6.9	35.8	40.1	25.6
Transport and communications	9.3	9.4	2.6	49.4	36.7	10.6
Finance and housing	8.6	8.5	28.7	31.4	64.1	20.9
Public administration	47.3	54.5	40.5	46.7	-6.2	26.4
Other services	15.4	75.7	10.5	18.4	20.0	14.4
GDP at factor costs	135.6	-6.2	64.3	92.9	39.6	17.9
<i>Of which</i> : non-oil GDP	26.2	5.2	21.2	18.0	13.7	14.2
Import duties	68.1	10.1	-11.9	43.1	16.9	31.5
GDP at market prices	134.9	-6.1	63.6	92.6	39.6	18.0
<i>Of which</i> : non-oil GDP	26.9	5.3	20.4	18.5	13.8	14.6

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 2. Equatorial Guinea: Gross Domestic Product by Sector of Origin, 1997-2002

(In percent of GDP in current CFA francs)

	1997	1998	1999	2000	2001	2002
Primary sector	88.2	83.9	88.3	91.2	92.2	91.9
Non-oil	20.7	20.3	15.1	7.6	5.6	5.0
Agriculture	10.6	13.9	8.6	4.3	3.3	2.8
Forestry	9.9	6.2	6.3	3.2	2.3	2.1
Fishing	0.2	0.3	0.2	0.1	0.1	0.1
Oil	67.5	63.6	73.2	83.5	86.6	86.9
Secondary sector	3.2	4.2	3.0	2.6	2.6	2.6
Manufacturing	0.3	0.4	0.2	0.1	0.1	0.1
Electricity	1.0	1.2	0.7	0.4	0.4	0.3
Construction	1.9	2.7	2.1	2.0	2.1	2.2
Tertiary sector	7.8	11.0	8.2	5.9	4.9	5.2
Trade and commerce	2.9	3.4	2.2	1.5	1.6	1.7
Transport and communications	0.6	0.7	0.5	0.4	0.3	0.3
Finance and housing	0.6	0.7	0.6	0.4	0.5	0.5
Public administration	2.7	4.4	3.8	2.9	2.0	2.1
Other services	0.9	1.7	1.2	0.7	0.6	0.6
Import duties	0.7	0.8	0.5	0.3	0.3	0.3
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0
<i>Of which</i> : non-oil GDP	32.5	36.4	26.8	16.5	13.4	13.1

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 3. Equatorial Guinea: Gross Domestic Product by Sector of Origin, 1997-2002

	1997	1998	1999	2000	2001	2002
(In billions of CFA francs in 1985 prices)						
Primary sector	102.6	125.7	163.8	185.9	266.4	314.4
Non-oil	38.9	43.5	55.9	52.8	48.6	49.8
Agriculture	22.9	26.4	25.3	23.1	22.4	20.7
Forestry	15.6	16.6	30.2	29.2	25.9	28.8
Fishing	0.4	0.5	0.4	0.4	0.4	0.4
Oil	63.8	82.2	107.9	133.1	217.8	264.5
Secondary sector	6.9	8.3	9.8	15.5	21.0	24.8
Manufacturing	0.7	0.7	0.8	0.7	0.9	1.0
Electricity	2.2	2.3	2.3	2.7	3.2	3.3
Construction	4.0	5.3	6.7	12.1	16.9	20.5
Tertiary sector	17.2	21.5	24.6	32.3	34.5	39.5
Trade and commerce	6.4	6.6	6.6	8.4	10.9	12.7
Transport and communications	1.4	1.4	1.4	1.9	2.4	2.5
Finance and housing	1.4	1.5	1.8	2.2	3.3	3.7
Public administration	5.9	8.7	11.4	15.8	13.6	16.0
Other services	2.0	3.4	3.5	3.9	4.3	4.6
GDP at factor costs	126.6	155.5	198.2	233.7	321.9	378.6
Import duties	1.7	1.7	1.4	1.9	2.1	2.5
GDP at market prices	128.3	157.2	199.6	235.6	324.0	381.2
<i>Of which: non-oil GDP</i>	64.5	75.0	91.7	102.5	106.2	116.6
(Annual percentage change in constant prices)						
Primary sector	110.0	22.5	30.3	13.5	43.3	18.0
Non-oil	23.0	12.0	28.4	-5.6	-7.8	2.5
Agriculture	9.6	15.6	-4.4	-8.7	-3.1	-7.4
Forestry	50.6	6.5	81.5	-3.1	-11.6	11.2
Fishing	3.0	17.0	-4.7	-3.9	-6.6	-5.4
Oil	269.3	28.9	31.3	23.4	63.6	21.4
Secondary sector	16.7	21.3	17.6	59.0	34.9	18.2
Manufacturing	1.1	3.1	9.0	-1.3	20.2	12.4
Electricity	4.1	6.3	0.0	15.0	20.5	3.2
Construction	28.4	32.4	26.4	80.8	39.0	21.4
Tertiary sector	16.4	25.2	14.8	31.0	7.0	14.3
Trade and commerce	5.2	3.0	0.4	28.2	28.7	16.8
Transport and communications	5.4	3.2	-3.6	41.0	25.6	2.8
Finance and housing	4.7	2.4	20.9	23.9	50.8	12.4
Public administration	42.0	45.8	31.9	38.4	-13.8	17.5
Other services	11.3	65.7	3.8	11.7	10.3	6.3
GDP at factor costs	82.3	22.8	27.5	17.9	37.8	17.6
Import duties	62.1	3.8	-17.3	35.0	7.4	22.2
GDP at market prices	82.0	22.6	27.0	18.0	37.5	17.6
<i>Of which: non-oil GDP</i>	21.2	16.3	22.3	11.7	3.6	9.8

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 4. Equatorial Guinea: Gross Domestic Product by Use of Resources, 1997-2002

	1997	1998	1999	2000	2001	2002
(In billions of CFA francs)						
Domestic demand	368.1	476.7	657.6	909.9	1,501.6	1,055.4
Resource balance	-65.5	-193.0	-191.3	-10.6	-246.0	425.4
Exports of goods and nonfactor services	292.9	273.6	504.0	955.1	1,335.5	1,551.4
Exports of goods	290.9	271.3	501.5	952.2	1,332.4	1,547.0
Imports of goods and nonfactor services	-358.4	-466.5	-695.3	-965.7	-1,581.5	-1,126.0
Imports of goods	-205.9	-256.2	-511.8	-687.5	-1,169.9	-768.9
Gross domestic product	302.6	283.8	466.2	899.3	1,255.6	1,480.8
Net factor income from abroad	-47.9	-30.6	-12.8	-250.9	-186.2	-553.6
Public	-4.9	-5.4	-3.7	-3.8	-3.7	0.0
Private	-43.0	-25.2	-9.1	-247.0	-182.5	-553.6
Gross national product	254.8	253.2	453.5	648.4	1,069.4	927.3
Unrequited transfers	0.1	0.8	0.6	0.7	0.7	0.7
Public	-0.8	0.0	0.6	0.7	0.7	0.7
Private	0.8	0.8	0.0	0.0	0.0	0.0
Gross Disposable Income	254.8	254.0	454.1	649.1	1,070.1	928.0
Consumption	108.6	145.0	368.5	515.2	786.5	620.6
Public	36.2	48.7	55.1	72.6	86.8	135.4
Private	72.4	96.3	313.4	442.6	699.6	485.2
National savings	146.2	109.0	85.6	133.9	283.6	307.4
Public	26.9	43.2	38.8	115.9	286.3	313.9
Private	119.3	65.8	46.8	18.0	-2.7	-6.5
Gross fixed capital formation	259.6	331.8	289.1	394.7	715.1	434.8
Public	10.5	16.7	25.5	31.3	67.8	92.9
Private	249.1	315.1	263.6	363.4	647.3	341.9
Oil	236.5	296.6	241.5	334.0	612.4	305.5
Non-oil	12.6	18.5	22.1	29.4	34.9	36.4
External current account	-113.3	-222.7	-203.5	-260.8	-431.5	-127.4
Of which: oil sector current account	-84.6	-173.8	-219.9	-245.8	-377.8	52.3
(In percent of GDP)						
Domestic demand	121.7	168.0	141.0	101.2	119.6	71.3
Resource balance	-21.7	-68.0	-41.0	-1.2	-19.6	28.7
Net factor income from abroad	-15.8	-10.8	-2.7	-27.9	-14.8	-37.4
Unrequited transfers	0.0	0.3	0.1	0.1	0.1	0.0
Gross disposable income	84.2	89.5	97.4	72.2	85.2	62.7
Consumption	35.9	51.1	79.0	57.3	62.6	41.9
Public	12.0	17.2	11.8	8.1	6.9	9.1
Private	23.9	33.9	67.2	49.2	55.7	32.8
Oil	23.4	31.4	51.0	37.0	46.5	18.2
Non-oil	20.6	24.7	16.2	12.3	9.2	14.6
National savings	48.3	38.4	18.4	14.9	22.6	20.8
Public	8.9	15.2	8.3	12.9	22.8	21.2
Private	39.4	23.2	10.0	2.0	-0.2	-0.4
Oil	26.8	11.9	20.6	19.4	25.7	31.6
Non-oil	-6.0	-8.3	-10.5	-17.4	-26.0	-32.1
Gross fixed capital formation	85.8	116.9	62.0	43.9	57.0	29.4
Public	3.5	5.9	5.5	3.5	5.4	6.3
Private	82.3	111.0	56.5	40.4	51.5	23.1
Oil	78.1	104.5	51.8	37.1	48.8	20.6
Non-oil	4.2	6.5	4.7	3.3	2.8	2.5
External current account	-37.5	-78.5	-43.6	-29.0	-34.4	-8.6

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 5. Equatorial Guinea: Production of Principal Export Commodities, 1997-2002

	Cocoa 1/ (Metric tons)	Coffee (Metric tons)	Timber (Thousands of cubic meters)	Petroleum	
				(Thousands of barrels)	(Barrels per day)
1997	6,032	67	757	20659	56,601
1998	4,907	13	422	30275	82,945
1999	4,495	62	802	37638	103,118
2000	4,816	87	715	43029	117,887
2001	3,520	115	670	74855	205,083
2002	3,430	126	532	90144	246,969

Sources: Equatoguinean authorities; and Fund staff estimates.

1/ Data for Malabo only for 1999-2002.

Table 6. Equatorial Guinea: Production and Exports of Timber, 1997-2002

(In thousands of cubic meters)

	1997	1998	1999	2000	2001	2002
Total production	757.1	421.9	802.0	715.0	669.9	531.5
Logs	742.1	406.9	761.9	679.3	634.8	531.5
Sawn timber	10.5	12.5	24.1	21.5	31.0	...
Exports	677.0	382.0	681.7	617.1	620.8	537.2
Logs	620.0	332.0	593.0	532.0	589.4	519.9
Sawn timber	0.3	0.8	0.7	0.1	3.0	4.3
Consumption and change in stocks (decrease -) 1/	80.1	39.9	120.3	97.9	49.1	-5.7
Logs	122.1	74.9	168.9	147.3	...	...
Sawn timber	10.2	11.7	23.4	21.3	...	...

Sources: Equatoguinean authorities; and Fund staff estimates.

1/ Calculated as a residual.

Table 7. Equatorial Guinea: Official Producer Prices  
of Main Export Crops, 1997-2003

(In CFA francs per kilogram)

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	Cocoa 1/	Coffee 2/
1997	450	600
1998	500	450
1999	400	350
2000	400	350
2001	482	234
2002	788	251

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Source: Equatoguinean authorities.

1/ First-grade dried cocoa.

2/ *Grano elaborado*.

Table 8. Equatorial Guinea: Public Investment Program, 1997-2001

	1997	1998	1999	2000	2001
(In millions of CFA francs)					
Expenditure by sector					
Agriculture, forestry, and fishing	...	3,093	1,177	1,743	1,973
Administrative development	...	...	3,265	4,708	10,146
Education	...	4,900	6,469	5,391	7,156
Energy	...	1,000	5,339	326	3,456
Industry	...	100	121	92	1,105
Information, tourism, and culture	...	140	913	625	1,339
Social development	...	8,097	11,319	2,239	6,239
Health	...	2,915	2,082	3,216	7,927
Transport and communications	...	130	379	326	4,558
Other	...	9,035	6,336	6,886	35,948
Total	10,069	29,410	37,400	25,552	79,847
Type of expenditure					
Technical assistance	...	3,416	6,733	4,595	14,391
Local salaries	...	1,284	1,122	766	2,398
Other current expenditure	...	3,851	6,351	4,365	13,591
Capital formation	...	20,859	23,193	15,827	49,568
Total	10,069	29,410	37,400	25,552	79,948
Financing					
Domestic	5,495	25,091	18,200	16,700	63,471
External	4,574	4,319	19,200	8,852	16,477
Grants	1,967	1,797	1,900	0.0	750
Loans	2,607	2,522	17,300	8,852	15,727
Total	10,069	29,410	37,400	25,552	79,948
(In millions of U.S. dollars)					
Financing					
Domestic	9.4	42.5	29.5	23.9	86.7
External	7.8	7.3	31.2	12.6	22.5
Grants	4.8	3.0	3.1	0.0	1.0
Loans	3.0	4.3	28.1	12.6	21.5
Total	17.3	49.8	60.7	36.5	109.2

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 8. Equatorial Guinea: Public Investment Program, 1997-2001 (concluded)

	1997	1998	1999	2000	2001
(In percent of total investment expenditure)					
Expenditure by sector					
Agriculture, forestry, and fishing	...	10.5	3.1	6.8	2.5
Administrative development	...	...	8.7	18.4	12.7
Education	...	16.7	17.3	21.1	9.0
Energy	...	3.4	14.3	1.3	4.3
Industry	...	0.3	0.3	0.4	1.4
Information, tourism, and culture	...	0.5	2.4	2.4	1.7
Social development	...	27.5	30.3	8.8	7.8
Health	...	9.9	5.6	12.6	9.9
Transport and communications	...	0.4	1.0	1.3	5.7
Other	...	30.7	16.9	26.9	45.0
Total	100.0	100.0	100.0	100.0	100.0
Type of expenditure					
Technical assistance	...	11.6	...	...	18.0
Local salaries	...	4.4	...	...	3.0
Other current expenditure	...	13.1	...	...	17.0
Capital formation	...	70.9	...	...	62.0
Total	100.0	100.0	100	100	100.0
Financing					
Domestic	54.6	85.3	48.7	65.4	79.4
External	45.4	14.7	51.3	34.6	20.6
Grants	19.5	6.1	5.1	0.0	0.9
Loans	25.9	8.6	46.3	34.6	19.7
Total	100.0	100.0	100.0	100.0	100.0

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 9. Equatorial Guinea: Consumer Price Index, 2000-2002

	Weights (In percent)	Index, 2000=100		
		2000	2001	2002
Food and beverages	60.4	100.0	111.5	122.2
Cereals	7.0	...	...	...
Vegetables	8.1	...	...	...
Fruits	4.5	...	...	...
Meat and fish	26.6	...	...	...
Beverages	3.9	...	...	...
Other	10.3	...	...	...
Health and sanitation	4.4	100.0	100.0	103.1
Soap and sanitation products	2.4	...	...	...
Medicine	2.0	...	...	...
Clothing	14.7	100.0	104.9	108.0
Furniture and other equipment	8.6	100.0	103.8	111.5
Furniture	3.2	...	...	...
Other equipment	5.4	...	...	...
Other services	9.0	100.0	104.1	118.2
Gasoline	2.9	100.0	113.7	117.7
General index	100.0	100.0	108.8	117.0

Sources: Equatoguinean authorities.

Table 10: Consumer Price Inflation, 2001-2003  
(12-month percentage change)

	2001	2002	2003
January	4.6	10.8	4.8
February	4.6	7.6	9.7
March	5.7	7.7	9.5
April	6.8	7.8	9.3
May	9.7	9.1	8.5
June	8.9	6.7	9.5
July	8.6	8.7	...
August	8.2	7.7	...
September	11.8	7.1	...
October	12.3	6.2	...
November	12.4	5.8	...
December	12.3	6.2	...
Memorandum item:			
Average	8.8	7.6	8.5

Sources: Equatoguinean authorities.

Table 11. Equatorial Guinea: Summary of Central Government Financial Operations, 1997-2002

(In millions of CFA francs, unless otherwise specified)

	1997	1998	1999	2000	2001	2002
Total revenue and grants	55,114	70,980	86,449	176,400	347,976	414,484
Revenue	52,291	69,183	84,549	176,400	347,976	414,484
Oil revenue	31,065	52,075	62,509	147,356	286,106	338,268
Non-oil revenue	21,226	17,108	22,040	29,044	61,870	76,216
Grants	2,823	1,797	1,900	0	0	0
Total expenditure and net lending	48,089	74,750	85,058	106,022	155,638	227,236
Current expenditure	28,199	24,158	47,658	60,470	61,653	100,602
<i>Of which: interest</i>	4,187	4,458	6,440	4,523	4,930	3,922
Unclassified/extrabudgetary expenditure	9,821	21,182	0	0	0	0
Capital expenditure	10,069	29,410	37,400	45,552	93,985	126,634
<i>Of which: foreign-financed</i>	4,573	4,319	19,200	8,852	0	0
Overall balance (commitment basis)	7,025	-3,770	1,390	70,378	192,338	187,248
Net change in arrears	-729	-7,897	28,384	-10,985	-10,275	-2,120
Domestic	-1,722	-10,621	25,456	-11,185	-8,129	-2,120
External (interest only)	993	2,724	2,928	200	-2,146	0
Overall balance (cash basis)	6,296	-11,667	29,774	59,393	182,063	185,128
Financing	-6,296	11,667	11,358	-11,265	-125,000	-185,091
External (net)	3,219	-705	14,740	1,387	-3,640	-5,791
Disbursements	2,607	2,522	17,300	8,852	0	0
Scheduled amortization	-4,317	-5,755	-5,780	-5,965	-5,716	-5,791
Net change in arrears (principal only)	-4,256	2,528	3,220	-1,500	-3,987	0
Debt relief	9,185	0	0	0	6,063	0
Domestic (net)	-9,515	12,372	-3,382	-12,652	-121,360	-179,300
Net bank credit	-1,246	-5,623	4,274	-3,680	-29,598	400
<i>Of which: IMF (net)</i>	-1,730	-1,780	-1,927	-2,107	-1,500	0
Nonbank financing	-8,269	17,995	-7,656	-8,972	-91,762	-179,700
Statistical discrepancy	0	0	-41,133	-48,128	-57,062	-37
Memorandum items:						
Primary balance 1/	15,786	5,007	27,031	83,753	197,268	191,170
Overall balance (commitment basis; in percent of GDP)	1.4	-2.1	-0.1	7.8	15.3	12.6

Sources: Equatoguinean authorities; and Fund staff estimates.

1/ Including grants and excluding foreign-financed capital expenditure.

Table 12. Equatorial Guinea: Fiscal Indicators, 1997-2002

	1997	1998	1999	2000	2001	2002
(Annual percentage change)						
Total revenue and grants	123.7	28.8	21.8	104.1	97.3	19.1
Revenue	123.2	32.3	22.2	108.6	97.3	19.1
Oil revenue	152.7	67.6	20.0	135.7	94.2	18.2
Non-oil revenue	94.5	-19.4	28.8	31.8	113.0	23.2
Tax revenue	100.7	6.8	33.0	21.9	106.8	29.8
Taxes on goods and services	87.0	29.6	10.2	9.2	57.6	15.5
Taxes on international trade	113.0	-15.5	57.8	11.7	3.9	0.1
Import duties	87.3	-34.8	33.4	29.3	29.3	...
Export duties	123.7	-50.6	69.1	5.2	-7.5	...
Other tax revenue	92.3	-37.3	65.3	150.1	-62.5	-6.1
Nontax revenue	74.6	-49.0	4.6	105.4	140.5	-1.8
Grants	132.9	-36.4	5.7	-100.0	0.0	0.0
Total expenditure and net lending 1/	45.9	55.4	13.8	24.6	46.8	46.0
Current expenditure	41.1	-14.3	97.3	26.9	2.0	63.2
Wages and salaries	29.3	-3.4	112.2	-14.4	35.2	49.3
Goods and services	86.8	-28.4	95.0	50.8	-22.3	112.0
Subsidies and transfers	51.4	5.5	170.3	114.5	25.6	29.3
Scheduled interest	-18.3	6.5	17.5	-29.8	9.0	-20.4
Capital expenditure 1/	219.3	192.1	27.2	21.8	106.3	34.7
Unclassified expenditure	44.4	88.7	-100.0	0.0	0.0	0.0
(In percent of total revenue and grants)						
Revenue	94.9	97.5	97.8	100.0	100.0	100.0
Oil revenue	53.0	73.4	72.3	83.5	82.2	81.6
Non-oil revenue	41.9	24.1	25.5	16.5	17.8	18.4
Tax revenue	33.0	20.6	22.5	13.4	14.1	15.3
Taxes on income and profit 2/	3.5	3.2	3.4	2.1	7.5	9.4
Taxes on goods and services	10.0	9.2	8.3	4.4	3.5	3.4
Taxes on international trade	17.2	7.1	9.2	5.1	2.7	2.2
Import duties	4.5	2.3	2.5	1.6	1.0	...
Export duties	12.7	4.9	6.8	3.5	1.6	...
Other tax revenue	2.3	1.1	1.5	1.8	0.4	0.3
Nontax revenue	8.6	3.5	3.0	3.0	3.7	3.1
Grants	5.1	2.5	2.2	0.0	0.0	0.0
(In percent of total expenditure and net lending)						
Current expenditure	58.6	32.3	56.0	57.0	39.6	44.3
Wages and salaries	15.3	9.5	17.7	12.2	11.2	11.5
Goods and services	30.5	14.0	24.1	29.1	15.4	22.4
Subsidies and transfers	4.1	2.8	6.7	11.5	9.8	8.7
Scheduled interest	8.7	6.0	7.6	4.3	3.2	1.7
Capital expenditure 1/	20.9	39.3	44.0	43.0	60.4	55.7
Unclassified expenditure	20.4	28.3	0.0	0.0	0.0	0.0
(In percent of GDP)						
Total revenue and grants	19.0	26.4	18.5	19.6	27.7	28.0
Revenue	18.0	25.7	18.1	19.6	27.7	28.0
Oil revenue	10.1	19.3	13.4	16.4	22.8	22.8
Non-oil revenue	7.9	6.4	4.7	3.2	4.9	5.1
Non-oil tax revenue	6.3	5.4	4.2	2.6	3.9	4.3
Non-oil nontax revenue	1.7	0.9	0.6	0.6	1.0	0.9
Grants	1.0	0.7	0.4	0.0	0.0	0.0
Total expenditure and net lending 1/	16.9	16.0	18.2	11.8	12.4	15.3
Current expenditure	9.9	5.2	10.2	6.7	4.9	6.8
Of which: wages and salaries	2.5	2.6	3.2	1.4	1.4	1.8
Capital expenditure 1/	3.5	6.3	8.0	5.1	7.5	8.6
Unclassified expenditure	3.5	4.5	0.0	0.0	0.0	0.0
(In percent of non-oil GDP)						
Non-oil revenue 2/	20.6	16.4	17.9	19.9	37.3	40.3
Wages and salaries	7.1	6.8	12.2	8.9	10.5	13.8
Goods and services	14.2	10.1	16.6	21.2	14.5	26.9
Subsidies and transfers	1.9	2.0	4.6	8.4	9.2	10.5
Domestically financed investment	5.3	24.1	14.7	25.2	56.7	66.9

Sources: Equatoguinean authorities; and Fund staff estimates.

1/ Including foreign-financed capital expenditure.

2/ Including income tax on oil sector workers.

Table 13. Equatorial Guinea: Revenue of the Central Government, 1997-2002

(In millions of CFA francs, unless otherwise specified)

	1997	1998	1999	2000	2001	2002
Total revenue and grants	55,114	73,052	86,449	176,400	347,976	414,484
Revenue	52,291	71,255	84,549	176,400	347,976	414,484
Oil revenue	29,201	52,075	62,509	147,356	286,106	338,268
Corporate income tax and profit sharing	376	10,273	6,949	14,649	82,571	153,068
Petroleum royalties, concessions, and bonuses	28,825	36,147	54,142	115,772	198,384	172,200
Royalties	28,825	32,525	53,587	114,598	197,211	172,200
Concession fees and bonuses	0	3,622	555	1,174	1,173	0
Taxes on companies' subcontractors	...	5,655	1,418	16,934	5,151	13,000
Non-oil revenue	23,090	19,180	22,040	29,044	61,870	76,216
Tax revenue	18,184	14,608	19,424	23,671	48,949	63,529
Taxes on income and profit 1/	1,943	2,257	2,969	3,675	26,125	38,866
Rural property	9	2	6	8	83	...
Urban property	8	10	11	49	96	...
Individual income tax	979	478	2,018	2,354	4,871	...
Corporations	929	1,763	925	1,230	21,051	...
Taxes on inheritance and transfers	18	4	9	34	24	...
Taxes on goods and services	5,528	6,501	7,165	7,823	12,331	14,237
Sale of petroleum products	2,051	3,469	3,707	4,190	4,413	...
Other goods	3,477	3,032	3,458	3,633	7,918	...
Taxes on international trade	9,460	5,064	7,991	8,924	9,274	9,281
Import duties	2,458	1,603	2,138	2,764	3,575	...
Petroleum products	137	98	259	700	908	...
Other	2,321	1,505	1,879	2,064	2,667	...
Export duties	7,002	3,461	5,853	6,160	5,699	...
Timber	6,748	3,034	5,681	6,057	5,399	...
Reexports	247	376	115	48	66	...
Other	7	51	57	55	234	...
Other tax revenue	1,253	786	1,299	3,249	1,219	1,145
Stamp tax	17	23	9	17	15	...
Poll tax	7	12	6	1	24	...
Road fees 2/	867	722	1,284	1,337	1,180	...
Other taxes 3/	362	29	0	1,894	0	...
Nontax revenue	4,906	4,572	2,616	5,373	12,921	12,687
Property income	99	2,201	111	326	353	613
Administrative fees	1,923	1,203	997	1,976	2,374	2,605
Concessions	144	1,168	269	482	556	...
Fishing	68	275	6	2	131	...
Timber	75	485	209	114	72	...
Electricity sector	0	220	0	0	0	...
Telecommunications sector	0	186	53	0	334	...
Other concessions	1	2	1	366	19	...
Extraordinary nontax revenue 4/	1,864	0	1,239	2,589	9,531	...
Other	876	0	0	0	107	1,419
Grants	2,823	1,797	1,900	0	0	0
Project related	1,967	1,797	...	0	0	0
Other	857	0	...	0	0	0
Memorandum items:						
Non-oil revenue (in percent of non-oil GDP) 1/	22.4	20.8	17.9	19.9	37.3	40.3
Revenue (in percent of GDP)	18.0	27.9	18.1	19.6	27.7	28.0
Oil revenue	10.1	19.9	13.4	16.4	22.8	22.8
Non-oil revenue	7.9	8.1	4.7	3.2	4.9	5.1
Tax revenue	6.3	5.4	4.2	2.6	3.9	4.3
Nontax revenue	1.7	2.6	0.6	0.6	1.0	0.9

Sources: Equatoguinean authorities; and Fund staff estimates.

1/ Includes income tax on oil workers.

2/ Logging roads.

3/ Includes tax arrears paid.

4/ Includes nontax revenue from previous years.

Table 14. Equatorial Guinea: Expenditures of the Central Government, 1997-2002 1/

	1997	1998	1999	2000	2001	2002
(In millions of CFA francs, unless otherwise indicated)						
Total expenditure and net lending	48,089	74,750	85,058	106,022	155,638	227,236
Current expenditure	28,199	24,158	47,658	60,470	61,653	100,602
Wages and salaries	7,353	7,100	15,066	12,900	17,441	26,047
Goods and services	14,668	10,500	20,476	30,874	23,990	50,854
Petroleum products	2,271	1,839	4,487	6,183	6,724	...
Other	12,397	8,661	15,989	24,691	17,266	...
Travel	552	938	827	1,063	1,412	...
Embassies	233	915	529	505	129	...
Consumption of electricity	788	921	596	362	1,524	...
Other goods and services	10,824	5,887	14,037	22,761	14,201	...
Subsidies and transfers	1,991	2,100	5,676	12,173	15,292	19,779
Scheduled interest	4,187	4,458	6,440	4,523	4,930	3,922
Domestic	285	390	3,305	972	1,240	1,240
External	3,902	4,068	3,136	3,551	3,690	2,682
Capital expenditure	10,069	29,410	37,400	45,552	93,985	126,634
Domestically financed	5,496	25,091	18,200	36,700	93,985	126,634
Foreign-financed 2/	4,573	4,319	19,200	8,852	0	0
Extrabudgetary expenditure	7,408	13,982	0	0	0	0
Unidentified expenditure	2,413	7,200	0	0	0	0
(In percent of GDP)						
Wages and goods and services	7.6	6.2	7.6	4.9	3.3	5.2
Subsidies and transfers	0.7	0.7	1.2	1.4	1.2	1.3

Sources: Equatoguinean authorities; and Fund staff estimates.

1/ On a commitment basis.

Table 15. Equatorial Guinea: Monetary Survey, 1997-2002

(In millions of CFA francs; end of period)

	1997	1998	1999	2000	2001	2002
Net foreign assets	-7,236	1,585	10,121	21,652	65,796	108,950
Bank of Central African States (BEAC)	-4,990	-5,639	-3,031	12,161	50,835	54,198
Operations account (net)	2,947	439	2,098	15,870	51,809	54,824
Use of Fund Credit (net)	-7,852	-6,017	-5,193	-3,718	-1,634	-706
Other	-85	-61	64	9	660	80
Commercial banks	-2,246	7,224	13,152	9,491	14,961	54,752
Net domestic assets	25,306	19,264	29,184	35,373	24,060	12,189
Net domestic credit	26,888	22,663	30,726	34,778	8,836	3,410
Credit to the public sector (net)	13,889	7,782	9,408	7,715	-28,049	-50,811
Credit to central government (net)	16,109	10,486	14,760	11,080	-18,518	-36,216
BEAC	7,513	6,939	14,516	8,600	-5,169	-4,824
Current account advances	2,762	4,183	12,308	8,021	0	0
Government deposits	-480	-1,076	-1,190	-1,922	-7,436	-6,613
Exceptional loans	843	0	0	0	0	0
Consolidated loan	4,388	3,832	3,398	2,501	2,267	1,789
Use of IMF credit	7,852	6,017	5,193	3,718	1,634	706
Stand-By Arrangements	0	0	0	0	0	0
SAF arrangements	6,519	4,818	4,094	2,775	0	0
ESAF arrangements	1,333	1,199	1,099	943	1,634	706
Trust fund	0	0	0	0	0	0
Commercial banks	744	-2,470	-4,949	-1,238	-14,983	-32,098
Credit to public institutions (net)	-2,220	-2,704	-5,352	-3,365	-9,531	-14,595
BEAC	0	0	0	0	0	0
Commercial banks	-2,220	-2,704	-5,352	-3,365	-9,531	-14,595
Credit to the economy	12,999	14,881	21,318	27,063	36,885	54,221
Other items (net)	-1,582	-3,399	-1,542	595	15,224	6,806
Money and quasi money	18,043	20,848	39,305	57,025	89,856	121,139
Currency in circulation	6,591	5,793	12,059	15,195	17,630	25,951
Deposits at commercial banks	11,452	15,055	23,103	32,712	46,298	69,098
Demand deposits	7,068	9,191	16,386	23,137	29,882	46,524
Time and savings deposits	4,384	5,864	6,717	9,575	16,416	25,808
Medium- and long-term foreign liabilities	27	0	0	546	314	146

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 16. Equatorial Guinea: Changes in Monetary Aggregates, 1997-2002

	1997	1998	1999	2000	2001	2002
	(Annual percentage change)					
Net foreign assets	0.7	-121.9	538.5	113.9	203.9	65.6
Net domestic assets	6.3	-23.9	51.5	21.2	-32.0	-116.5
Net domestic credit	16.5	-15.7	35.6	13.2	-74.6	-61.4
Credit to the public sector (net)	-12.8	-44.0	20.9	-18.0	-463.6	81.2
Credit to the economy	81.8	14.5	43.3	26.9	36.3	47.0
Other items (net)	-317.3	114.9	-54.6	-138.6	2,458.7	-55.3
Money and quasi money	9.3	15.5	88.5	45.1	57.6	34.8
	( Annual change in percent of beginning- of-period broad money)					
Net foreign assets	-0.3	48.9	40.9	29.3	77.4	65.6
Net domestic assets	9.1	-33.5	47.6	15.7	-19.8	-49.3
Net domestic credit	23.1	-23.4	38.7	10.3	-45.5	-61.4
Credit to the public sector (net)	-12.3	-33.8	7.8	-4.3	-62.7	81.2
Credit to the economy	35.4	10.4	30.9	14.6	17.2	47.0
Other items (net)	-14.0	-10.1	8.9	5.4	25.7	-42.3
Money and quasi money	9.3	15.5	88.5	45.1	57.6	34.8
Medium- and long-term foreign liabilities	-0.5	-0.1	0.0	1.4	-0.4	-0.3

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 17. Equatorial Guinea: Central Bank Summary Accounts, 1997-2002

(In millions of CFA francs; end of period)

	1997	1998	1999	2000	2001	2002
Net foreign assets	-4,990	-5,639	-3,031	12,161	50,835	54,198
Foreign assets	2,952	452	2,194	16,220	52,673	55,008
<i>Of which: Equatoguinean Reserve Fund</i>	0	0	0	0	0	0
Other assets	2,952	452	2,194	16,220	52,673	55,008
Franc zone currency	3	7	92	266	127	184
SDRs	2	6	4	84	737	0
Operations account (credit balance)	2,947	439	2,098	15,870	51,809	54,824
Foreign liabilities	-7,942	-6,091	-5,225	-4,059	-1,838	-810
Current accounts of foreign institutions	-2,779	-2,697	-4,869	-5,304	-5,163	-4,711
Operations account	0	0	0	0	0	0
Equatoguinean notes abroad	0	0	0	0	0	0
Use of Fund credit (net)	-7,852	-6,017	-5,193	-3,718	-1,634	-706
Adjustment to Fund Accounts No. 1 and 2	2,689	2,623	4,837	4,963	4,959	4,607
Net domestic assets	15,961	14,429	20,197	13,404	-3,390	-5,391
Net credit to government	15,365	12,956	19,709	12,318	-3,535	-4,118
Net credit to central government	15,365	12,956	19,709	12,318	-3,535	-4,118
Credit to central government	15,845	14,032	20,899	14,240	3,901	2,495
Current account advances	2,762	4,183	12,308	8,021	0	0
Exceptional loans	843	0	0	0	0	0
Consolidated loan	4,388	3,832	3,398	2,501	2,267	1,789
Use of Fund credit (net)	7,852	6,017	5,193	3,718	1,634	706
SAF arrangements	6,519	4,818	4,094	2,775	0	0
ESAF arrangements	1,333	1,199	1,099	943	1,634	706
Standby arrangements	0	0	0	0	0	0
IMF Trust Fund	0	0	0	0	0	0
Use of Fund credit (net)	7,852	6,017	5,193	3,718	1,634	706
Government deposits	-480	-1,076	-1,190	-1,922	-7,436	-6,613
Treasury cash holdings	-44	-44	0	0	0	0
Treasury current accounts	-389	-910	-1,024	-1,933	-6,986	-5,341
Special accounts	-62	-148	-178	-177	-466	-1,307
Net credit to other public institutions	0	0	0	0	0	0
Loans to banks	0	0	0	0	0	0
Other items (net)	596	1,473	488	1,086	145	-1,273
Other assets	6,057	6,122	5,268	7,315	6,639	7,270
Other liabilities	-5,213	-4,416	-4,425	-5,657	-5,711	-7,581
Capital and reserves	-248	-233	-355	-572	-783	-962
Monetary base	10,971	8,789	17,166	25,565	47,445	48,807
Currency in circulation	6,591	5,793	12,059	15,195	17,630	25,951
Currency issued	7,899	6,774	13,023	16,447	21,517	32,416
Notes of other Bank of Central African States countries	0	0	0	0	0	0
Equatoguinean notes abroad	0	0	0	0	0	0
Treasury cash holdings	-44	-44	0	0	0	0
Currency holdings of banks	-1,264	-937	-964	-1,252	-3,887	-6,465
Reserves	4,380	2,996	5,107	10,370	29,815	22,856
Currency holdings of banks	1,264	937	964	1,252	3,887	6,465
Banks' deposits with the BEAC	3,116	2,059	4,143	9,118	25,928	16,391

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 18. Equatorial Guinea: Consolidated Balance Sheet of Commercial Banks, 1997-2002

(In millions of CFA francs; end of period)

	1997	1998	1999	2000	2001	2002
Net foreign assets	-2,246	7,224	13,152	9,491	14,961	54,752
Foreign assets	1,426	10,159	25,759	19,392	30,930	66,310
Foreign liabilities	-3,672	-2,935	-12,607	-9,901	-15,969	-11,558
Net domestic assets	13,725	7,831	9,951	23,221	31,337	17,580
Net domestic credit	11,523	9,707	11,017	22,460	12,371	7,528
Net credit to government	-1,476	-5,174	-10,301	-4,603	-24,514	-46,693
Net credit to central government	744	-2,470	-4,949	-1,238	-14,983	-32,098
Credit to government	1,482	809	224	1,524	951	3,380
Government deposits	-738	-3,279	-5,173	-2,762	-15,934	-35,478
Net credit to other public institutions	-2,220	-2,704	-5,352	-3,365	-9,531	-14,595
Credit to other public	143	134	239	365	-648	760
Deposits from other public institutions	-2,363	-2,838	-5,591	-3,730	-8,883	-15,355
Credit to the economy	12,999	14,881	21,318	27,063	36,885	54,221
Short term	12,552	14,544	17,863	22,000	31,419	41,300
Medium and long-term	447	337	3,455	5,063	5,466	12,921
Other items (net)	2,202	-1,876	-1,066	761	18,966	10,052
Other assets	8,114	2,631	3,889	5,267	11,595	6,645
Other liabilities	-7,270	-2,246	-3,389	-6,645	-7,895	-3,287
Capital	-3,022	-5,257	-6,673	-7,685	-13,435	-16,016
Reserves	4,380	2,996	5,107	10,370	29,015	22,856
Money	11,452	15,055	23,103	32,712	46,298	72,332
Demand deposits	7,068	9,191	16,386	23,137	29,882	46,524
Time and savings deposits	4,384	5,864	6,717	9,575	16,416	25,808
Medium- and long-term foreign liabilities	27	0	0	546	314	146

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 19. Equatorial Guinea: Structure of Interest Rates, 1999-2003

(In percent per annum; end of period)

	1999		2000		2001		2002		2003	
	June	Dec.	June	Dec.	June	Dec.	June	Dec.	April	May
<b>Central bank</b>										
Rate on advances to treasuries	7.60	7.00	7.30	7.00	7.00	6.50	6.30	6.35	6.30	6.30
Penalty rate on advances to treasuries	10.25	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Rate on special deposits by treasuries	3.00	2.75	3.30	3.30	3.60	3.60	2.70	2.70	2.70	2.60
Penalty rate on banks	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Auction rate (TIAO) 1/ 2/	7.60	7.60	7.00	7.00	7.00	6.50	6.30	6.30	6.30	6.30
Repurchase rate (TIPP) 1/ 3/	9.60	9.60	9.00	9.00	9.00	8.50	8.30	8.30	8.30	8.30
Reverse auction rate (TIPS) 4/	3.2 - 3.3	3.2 - 3.3	3.3	3.3	3.6	3.4 - 3.5	3.6 - 3.7	3.0 - 3.1	2.7 - 2.8	2.6 - 2.7
<b>Commercial banks</b>										
Maximum lending rate	22.00	22.00	22.00	22.00	22.00	18.00	18.00	18.00	18.00	18.00
Minimum lending rate	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Sources: Equatoguinean authorities.

1/ Introduced in July 1994 with the adoption of indirect instruments of monetary policy.

2/ The auction rate, set by the governor, is derived from the monetary market auctions and constitutes the reference rate.

3/ The repurchase rate (*taux de prise en pension*) is set at 1.5 - 2 percent points above the TIAO.4/ The reverse auction system (*appels d'offre negatifs*) was introduced in May 1996.

Table 20. Equatorial Guinea: Balance of Payments, 1997-2002

(In millions of U.S. dollars, unless otherwise specified)

	1997	1998	1999	2000	2001	2002
Trade balance	146	26	-17	373	222	1,120
Exports, f.o.b.	498	460	816	1,341	1,819	2,226
<i>Of which</i> : petroleum (including gas)	405	403	652	1,193	1,695	2,113
Imports, c.i.f.	-353	-434	-832	-968	-1,597	-1,107
<i>Of which</i> : petroleum sector investment	-285	-361	-746	-855	-1,455	-786
Services (net)	-258	-353	-294	-388	-558	-508
<i>Of which</i> : petroleum sector	-191	-293	-249	-336	-506	-455
Income	-13	-52	-21	-353	-254	-797
<i>Of which</i> : petroleum sector investment	-14	-2	58	-283	-168	-732
Current account, excluding official transfers (- deficit)	-194	-378	-331	-367	-589	-183
Official transfers (net)	6	4	1	1	1	1
Current account, including official transfers (- deficit)	-189	-375	-331	-367	-589	-183
Private sector current account balance	-223	-422	-234	-261	-464	27
Public sector current account balance	33	48	-97	-106	-125	-211
Medium- and long-term capital (net)	184	361	394	466	838	441
Project related	4	4	28	12	0	0
Direct foreign investment	185	367	386	480	846	450
<i>Of which</i> : petroleum sector	212	370	393	487	836	440
Amortization 1/	-7	-10	-22	-27	-8	-8
Short-term capital (net)	0	0	37	23	0	0
Errors and omissions 2/	0	0	-70	-85	-81	0
Overall balance	-5	-13	30	36	168	258
Financing	5	13	-30	-36	-168	-258
Net change in reserves (increase -)	-7	2	-3	-25	-54	1
Oil reserve fund (increase in deposits -)	0	0	-37	-10	-106	-259
Change in arrears (net; decrease -)	-4	11	10	-2	-17	0
Debt relief	16	0	0	0	8	0
Memorandum items:						
Oil reserve fund (stock)	0	0	0	0	0	259
Current account balance (in percent of GDP; - deficit)	-38	-82	-44	-29	-34	-9
Growth of oil exports (in U.S. dollar terms) 3/	204	0	62	83	42	25
Growth of non-oil exports (in U.S. dollar terms) 3/	47	-39	189	-9	-16	-9

Sources: Equatoguinean authorities; and staff estimates.

1/ Includes repayment of advances from oil companies.

2/ Includes the statistical discrepancy shown in central government financial operations.

3/ Annual percentage change.

Table 21. Equatorial Guinea: Balance of Payments, 1997-2002

(In billions of CFA francs, unless otherwise specified)

	1997	1998	1999	2000	2001	2002
Trade balance	85.0	15.1	-10.3	264.7	162.5	778.1
Exports, f.o.b.	290.9	271.3	501.5	952.2	1,332.4	1,547.0
Petroleum (including gas)	236.6	238.0	401.0	847.1	1,241.1	1,468.0
Timber	45.9	24.5	88.6	93.8	83.2	67.2
Cocoa	4.1	4.2	3.1	2.2	1.9	3.5
Coffee	0.1	0.0	0.0	0.0	0.0	0.0
Reexports	0.7	0.8	2.0	3.7	0.9	1.0
Other	3.5	3.9	6.7	5.4	5.4	7.4
Imports, c.i.f.	-205.9	-256.2	-511.8	-687.5	-1,169.9	-768.9
Public investment	-8.6	-14.0	-21.7	-26.6	-58.0	-80.9
Petroleum-related investment	-166.4	-212.9	-458.6	-607.5	-1,065.6	-546.3
Petroleum products	-6.2	-6.2	-9.8	-22.2	-21.0	-24.3
Other	-24.8	-23.1	-21.8	-31.2	-25.3	-117.4
Services and income (net)	-198.4	-238.6	-193.8	-526.2	-594.7	-906.2
Exports of services	-5.5	2.4	37.5	-198.6	-121.1	-505.0
Oil concessions (rental fees)	0.5	0.5	-0.6	-0.6	-1.0	-1.0
Fishery and timber concessions	0.2	1.1	0.0	0.0	0.0	0.0
Petroleum sector investment income	-8.2	-1.5	35.6	-200.9	-123.2	-508.5
Credits	2.0	2.3	2.5	2.9	3.1	4.4
Imports of nonfactor services	-152.5	-210.3	-183.5	-278.2	-411.6	-357.1
Technical assistance	-6.6	-7.5	-3.6	-4.2	-4.5	-4.2
Investment services	-112.8	-174.6	-157.2	-243.2	-381.5	-330.7
Other	-33.2	-28.2	-22.7	-30.9	-25.6	-22.2
Interest payments (net)	-40.4	-30.8	-47.8	-49.3	-62.0	-44.1
<i>Of which: public sector</i>	-4.9	-5.4	-3.7	-3.8	-3.7	0.0
Private transfers (net)	-0.8	0.0	0.0	0.0	0.0	0.0
Official transfers (net)	3.6	2.6	0.6	0.7	0.7	0.7
Project-related	2.8	1.8	0.0	0.0	0.0	0.0
Budgetary aid	0.0	0.0	0.0	0.0	0.0	0.0
Stabex	0.6	0.6	0.6	0.7	0.7	0.7
Other	0.2	0.2	0.3	0.4	0.4	0.3
Current account, excluding official transfers	-113.3	-222.7	-203.5	-260.8	-431.5	-127.4
Current account, including official transfers	-110.5	-220.9	-203.5	-260.8	-431.5	-127.4
Medium-and long-term capital (net)	107.5	213.2	242.1	330.8	614.0	306.7
Project related	2.6	2.5	17.3	8.9	0.0	0.0
Other	1.0	0.2	0.6	0.0	0.0	0.0
Direct foreign investment	108.2	216.2	237.5	341.0	619.7	312.4
Petroleum related	123.5	218.0	241.5	346.0	612.4	305.5
Other	-15.3	-1.8	-4.0	-5.0	7.3	6.9
Amortization	-4.3	-5.8	-13.3	-19.0	-5.7	-5.8
Short-term capital (net) and errors and omissions	0.0	0.0	-20.3	-44.5	-59.4	0.0
Overall balance	-3.0	-7.8	18.3	25.5	123.2	179.2
Financing	3.0	7.8	-18.3	-25.5	-123.2	-179.3
Net change in reserves (increase -)	-3.9	1.2	-2.0	-17.4	-39.6	0.4
<i>Of which: use of Fund credit (net)</i>	-1.7	-1.8	-1.9	-2.1	-1.5	0.0
Change in arrears (net; decrease -)	-2.3	6.6	6.1	-1.3	-12.1	0.0
Debt relief	9.2	0.0	0.0	0.0	6.0	0.0

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 22. Equatorial Guinea: Composition of Exports, 1997-2002

	1997	1998	1999	2000	2001	2002
	(In units indicated)					
Volume						
Oil (barrels per day)	56,601	82,945	103,118	117,887	205,083	246,969
Timber (thousands of cubic meters)	677	382	682	617	621	538
Logs	620	332	593	532	589	520
Processed timber	57	49	88	85	28	13
Cocoa (metric tons)	5,100	5,000	4,200	3,436	2,800	2,800
Coffee (metric tons)	54	10	50	70	92	101
Unit value						
Oil (U.S. dollars per barrel)	19	13	18	28	24	24
Timber (U.S. dollars per cubic meter)	116	175	211	214	183	193
Logs	90	159	187	190	160	162
Processed timber	234	280	376	363	334	334
Cocoa (U.S. dollars per metric ton)	1,619	1,676	1,135	904	1,088	1,779
Coffee (U.S. dollars per metric ton)	185	132	102	85	62	60
	(In millions of U.S. dollars)					
Value	420.9	459.8	815.6	1,340.8	1,819.3	2,226.4
Oil and gas	405.3	403.4	652.2	1,192.8	1,694.6	2,112.7
Petroleum (excluding gas)	398.1	396.0	652.2	1,192.8	1,694.6	2,112.7
Gas	7.2	7.4	0.0	0.0	0.0	0.0
Timber	0.0	41.5	144.1	132.1	113.6	96.7
Logs	0.0	29.9	111.0	101.1	82.3	66.5
Processed timber	0.0	11.6	33.2	31.0	31.2	30.2
Cocoa	8.3	7.1	5.1	3.1	3.0	5.0
Coffee	9.9	1.4	5.0	5.9	5.7	6.1
Reexports	1.3	1.3	1.3	1.3	1.3	1.3
Other	6.1	6.7	6.9	7.6	8.3	9.1
	(In billions of CFA francs)					
Value	245.7	24,705.5	497.8	949.3	1,333.5	1,545.9
Oil and gas	236.6	238.0	401.0	847.1	1,241.1	1,468.0
Petroleum (excluding gas)	232.4	233.6	401.0	847.1	1,241.1	1,468.0
Gas	4.2	4.3	0.0	0.0	0.0	0.0
Timber	0.0	24.5	88.6	93.8	83.2	67.2
Logs	0.0	17.6	0.1	0.1	0.1	0.0
Processed timber	0.0	6.8	0.0	0.0	0.0	0.0
Cocoa	4.8	4.2	3.1	2.2	2.2	3.5
Coffee	5.8	0.8	3.1	4.2	4.2	4.2
Reexports	0.7	0.8	0.8	0.9	0.9	0.9
Other	3.5	3.9	4.2	5.4	6.1	6.4

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 23. Equatorial Guinea: Petroleum Sector Accounts, 1997-2002

(In millions of U.S. dollars, unless otherwise specified)

	1997	1998	1999	2000	2001	2002
Production						
Barrels per day	56,601	82,945	103,118	117,887	205,083	246,969
Oil price (U.S. dollars per barrel)	19.3	13.1	18.0	27.7	23.8	24.5
Value (petroleum and gas)	405.3	403.4	652.2	1,192.8	1,694.6	2,112.7
Costs to the companies	587.1	816.3	781.9	974.0	1,602.1	1,429.0
Royalties	39.8	51.8	87.2	161.4	215.8	263.7
Gross investment	547.3	764.5	694.7	812.7	1,386.4	1,165.3
Signature fee	0.0	0.0	0.0	0.0	0.0	0.0
Production bonus for government	0.0	0.0	0.0	0.8	4.0	0.0
Development costs	425.1	561.8	513.7	591.4	957.2	598.8
Production costs	55.8	148.5	94.7	131.7	206.5	253.8
Interest cost	60.8	43.0	71.8	64.1	79.7	63.5
Income tax	4.7	1.0	0.0	0.0	101.1	190.5
Profit sharing	0.0	6.2	11.3	20.6	31.8	51.3
Taxes on subcontractors	0.0	3.0	2.3	3.2	4.8	6.0
Concession (rental fees)	0.9	0.9	0.9	0.9	1.4	1.4

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 24. Equatorial Guinea: Export Indices, 1997-2002

	1997	1998	1999	2000	2001	2002
(In U.S. dollar terms; 1992 = 100; unless otherwise indicated)						
Petroleum (including gas)						
Value	2,282.2	2,271.1	3,672.5	6,716.1	9,541.7	11,895.4
Unit value	101.3	68.8	93.3	144.7	123.8	127.0
Volume	1,183.5	1,404.8	1,951.1	2,785.4	4,307.7	5,284.4
Timber						
Value	458.7	241.6	840.0	769.6	661.7	563.6
Unit value	98.2	147.4	178.4	180.5	154.3	163.2
Volume	467.3	263.7	470.9	426.3	428.8	345.4
Cocoa						
Value	154.3	131.9	95.4	58.0	56.9	93.1
Unit value	147.3	152.5	103.3	82.2	99.0	161.9
Volume	104.7	102.7	92.4	70.6	57.5	57.5
Coffee						
Value	521.1	73.7	263.2	310.5	300.0	321.1
Unit value	18.5	13.2	10.1	8.5	6.2	6.0
Volume	40.5	42.2	37.3	72.3	60.2	60.2
Total exports						
Value	1,022.8	1,117.4	1,625.9	2,957.6	4,198.3	5,236.8
Unit value	101.1	77.3	40.0	164.5	134.1	134.5
Volume	1,142.6	1,257.8	2,014.8	2,804.8	4,304.4	5,261.9
Memorandum items:						
Unit value for non-oil export	169.2	148.5	40.0	74.6	56.5	32.7
Volume of total exports (percentage change)	169.4	10.1	60.2	39.2	53.5	22.2

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 25. Equatorial Guinea: Composition of Imports, 1997-2002

	1997	1998	1999	2000	2001	2002
(In millions of U.S. dollars)						
Total imports, c.i.f.	352.8	434.3	832.4	968.1	1,597.5	1,106.6
Public investment program	14.7	23.7	35.3	37.4	79.2	116.4
Petroleum sector	285.0	360.9	745.8	855.4	1,454.9	786.2
Petroleum products	10.6	10.5	15.9	31.3	28.7	35.0
Imports for reexport	1.6	1.6	4.1	6.6	1.6	1.8
Other	40.9	37.5	31.3	37.4	33.0	167.2
(In percent of total)						
Total imports, c.i.f.	100.0	100.0	100.0	100.0	100.0	100.0
Public investment program	4.2	5.5	4.2	3.9	5.0	10.5
Oil sector	80.8	83.1	89.6	88.4	91.1	71.1
Petroleum products	3.0	2.4	1.9	3.2	1.8	3.2
Imports for reexport	0.5	0.4	0.5	0.7	0.1	0.2
Other	11.6	8.6	3.8	3.9	2.1	15.1

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 26. Equatorial Guinea: Direction of Trade, 1997-2002  
(In percent of total)

	1997	1998	1999	2000	2001	2002
Total exports	100.0	100.0	100.0	100.0	100.0	100.0
China	26.0	20.1	24.3	26.1	21.7	17.4
Cameroon	0.0	0.0	1.9	1.5	2.3	4.9
France	2.2	7.6	0.2	0.2	0.3	0.4
Germany	3.4	0.6	0.2	0.0	0.0	1.4
Italy	0.3	0.2	7.4	3.5	0.9	2.6
Japan	15.0	7.6	0.5	0.2	2.0	1.0
Netherlands	0.5	0.8	0.0	0.0	0.0	0.0
Portugal	0.0	0.0	0.5	0.3	0.1	2.9
Spain	30.3	39.1	44.7	52.4	34.4	25.3
United States	10.3	14.3	6.6	12.8	27.8	28.3
Others	11.9	9.7	13.7	3.1	10.4	15.9
Total imports	100.0	100.0	100.0	100.0	100.0	100.0
Cameroon	13.7	9.9	3.6	2.7	3.6	2.9
China	2.1	2.6	0.6	1.3	0.9	0.8
France	15.4	15.0	11.4	6.0	9.1	10.4
Germany	1.7	0.4	0.4	1.0	1.7	1.3
Italy	5.7	2.5	5.5	4.0	8.5	4.7
Japan	0.1	1.5	0.1	4.2	0.4	0.4
Netherlands	5.5	5.7	2.0	3.2	4.5	4.8
Spain	14.1	9.9	0.0	0.1	0.1	0.0
United Kingdom	9.8	6.2	7.6	12.1	16.2	15.9
United States	26.4	35.4	2.7	15.3	13.0	14.8
Yugoslavia, Federal Republic of	...	...	58.2	33.3	29.2	29.1
Others	5.5	10.8	7.9	16.9	12.8	14.8

Sources: Equatoguinean authorities; and IMF, *Direction of Trade Statistics Yearbook* .

Table 27. Equatorial Guinea: Scheduled External Public Debt Service, 1997-2002

(In millions of U.S. dollars, unless otherwise indicated)

	1997	1998	1999	2000	2001	2002
Multilateral creditors						
Principal	6.5	7.5	7.0	6.4	6.3	5.1
Interest	4.4	5.4	5.5	4.8	4.6	3.7
	2.1	2.1	1.5	1.6	1.7	1.4
Bilateral creditors						
Principal	8.9	8.9	7.5	7.0	6.1	9.4
Interest	4.5	4.6	3.9	3.6	2.7	7.1
	4.3	4.3	3.6	3.4	3.4	2.3
Paris Club creditors						
Principal	5.8	6.1	6.1	6.6	5.8	6.9
Interest	1.8	2.2	2.7	3.3	2.5	4.6
	4.0	3.9	3.4	3.3	3.3	2.3
Other bilateral creditors						
Principal	3.1	2.8	1.4	0.4	0.3	2.5
Interest	2.7	2.4	1.3	0.3	0.2	2.5
	0.4	0.4	0.1	0.1	0.1	0.0
Total	17.1	18.1	14.5	13.4	12.4	14.5
Principal	10.5	11.6	9.4	8.4	7.3	10.8
Interest	6.6	6.5	5.1	5.0	5.1	3.7
Memorandum items:						
Debt-service ratio						
In percent of exports of goods and nonfactor services	3.6	4.0	2.1	1.2	0.7	0.5
In percent of government revenue	20.4	16.0	12.8	6.6	2.8	1.8

Sources: Equatoguinean authorities; and Fund staff estimates.

Table 28. Equatorial Guinea: External Medium- and Long-Term Outstanding Public Debt, 1997-2002 1/

(In millions of U.S. dollars, unless otherwise specified)

	1997	1998	1999	2000	2001	2002
Total outstanding debt 1/	245.6	269.5	244.5	210.2	223.3	221.7
<i>Of which: arrears</i>	44.4	48.2	63.5	98.1	100.0	59.6
Multilateral debt	129.3	126.6	123.2	111.1	94.4	100.8
<i>Of which: arrears</i>	6.0	5.8	8.3	3.4	0.0	0.0
African Development Bank/African Development Fund	32.1	33.3	0.0	12.3	30.1	35.7
IDA	49.5	51.6	0.0	19.2	45.2	50.1
IMF	13.1	10.7	0.0	4.0	2.5	0.8
Other	34.6	31.0	123.2	75.6	16.6	14.1
Bilateral debt	111.2	97.5	42.4	51.9	128.9	128.4
<i>Of which: arrears</i>	36.2	42.4	51.9	0.0	84.9	59.6
Paris Club creditors	76.0	45.1	37.3	30.6	88.5	90.0
<i>Of which: arrears</i>	30.7	5.2	4.2	3.5	74.9	33.6
Non-Paris Club creditors	35.2	52.4	5.1	21.3	40.4	42.4
<i>Of which: arrears</i>	5.5	5.1	21.3	0.0	9.9	2.9
France	8.7	5.2	4.2	3.5	4.3	4.5
Italy	11.8	2.7	9.7	4.6	13.0	30.6
Spain	48.3	37.3	12.7	18.5	67.7	52.3
Argentina	3.2	12.5	0.0	4.6	0.0	0.5
China	28.0	39.9	0.0	14.8	37.9	38.9
Russian Federation	7.2	0.0	10.7	4.0	3.5	2.6
Other	4.1	0.0	5.1	1.9	2.5	-0.9
Commercial banks and suppliers' credits	5.0	3.0	0.0	1.1	0.0	0.0

Sources: Equatoguinean authorities; and Fund staff estimates.

1/ Including the IMF.

Table 29. Equatorial Guinea: Exchange Rates, 1997-2003

	Nominal Effective Exchange Rate		Real Effective Exchange Rate		CFA franc per U.S. dollar		CFA franc per SDR		
	Index 1/ <sup>1</sup>	Annual percentage change	Index 1/ <sup>1</sup>	Annual percentage change	Period average	End of period	Period average	End of period	
Annual									
1997	71.5	-17.9	77.5	15.1	583.7	598.8	803.1	807.9	
1998	72.8	1.7	83.2	7.4	590.0	526.2	800.3	791.6	
1999	71.8	-1.4	80.7	-3.0	615.7	620.2	841.7	846.9	
2000	68.6	-4.4	80.0	-0.9	712.0	715.0	938.0	940.4	
2001	69.1	0.7	85.2	6.6	733.0	736.2	932.8	935.5	
2002	70.4	1.9	91.6	7.4	697.0	692.4	901.1	898.2	
Quarterly									
1997	Q I	72.2	-3.0	77.4	-5.0	559.7	564.4	779.4	782.7
	Q II	71.5	-3.0	77.5	-3.4	577.8	597.8	798.7	815.9
	Q III	70.5	-4.7	76.0	-1.1	608.8	593.3	830.1	810.0
	Q IV	72.1	-2.0	79.0	0.9	588.4	598.8	803.7	807.9
1998	Q I	71.8	-0.5	81.5	5.3	609.7	612.5	820.6	823.1
	Q II	72.3	1.2	82.8	6.8	601.5	603.9	806.3	807.9
	Q III	73.2	3.9	84.5	11.1	590.8	583.8	792.0	786.4
	Q IV	73.8	2.4	84.0	6.4	557.8	562.1	781.3	786.2
1999	Q I	73.0	1.6	80.8	-1.0	584.4	594.1	807.7	814.3
	Q II	71.8	-0.8	81.4	-1.7	620.7	627.2	836.6	842.2
	Q III	71.4	-2.4	80.7	-4.5	625.8	616.3	850.7	846.7
	Q IV	70.8	-4.0	80.1	-4.7	631.9	643.4	871.7	884.2
2000	Q I	69.7	-4.5	81.3	0.7	664.9	677.3	899.1	911.9
	Q II	68.7	-4.3	79.2	-2.6	702.8	704.5	932.1	933.7
	Q III	68.2	-4.5	79.9	-1.0	725.4	731.5	948.8	954.8
	Q IV	67.7	-4.3	79.5	-0.7	754.9	746.5	971.9	961.3
2001	Q I	69.3	-0.5	82.7	1.7	710.8	719.3	918.0	923.0
	Q II	68.6	-0.2	83.4	5.2	751.7	762.0	946.9	956.4
	Q III	68.9	0.9	85.1	6.5	745.5	732.8	941.2	932.9
	Q IV	69.4	2.5	88.4	11.2	727.6	727.0	929.5	928.8
2002	Q I	69.1	-0.4	87.4	5.7	748.6	756.5	935.0	940.8
	Q II	69.9	1.9	89.9	7.8	714.2	694.9	911.1	900.0
	Q III	71.1	3.3	93.8	10.2	667.0	667.6	883.3	884.1
	Q IV	71.6	3.2	95.2	7.7	658.2	650.4	874.9	868.1
2003	Q I	72.9	5.6	97.4	11.5	611.2	605.6	836.4	832.0
	Q II	73.7	5.5	101.5	12.9	577.8	574.4	806.8	803.6

Sources: Equatoguinean authorities; and IMF, Information Notice System.

1/ 1990 = 100

**Equatorial Guinea: Summary of Tax System as of June 30, 2003**

Tax	Nature of Tax	Exemptions and Deductions	Rates
<p><b>1. Taxes on net income and profits (<i>Impuesto sobre la renta y utilidades</i>)</b></p>			
<p>1.1 Tax on income from rural property (<i>Contribución rústica</i>)</p>	<p>Levied on size of, and income from, rural property. The tax is payable every six months.</p>	<p>A 15 percent deduction from the fixed rate is allowed for property used for husbandry and for cultivation of cocoa, coffee, coconuts, foodstuffs, and palm oil. Exempt are properties of less than 5 hectares and properties owned by the government, by religious institutions, and by international institutions.</p>	<p>Component based on size of land: CFAF 200 per hectare; component based on income: the rates are those of the corporate and personal income taxes (positions 1.3 and 1.4).</p>
<p>1.2 Tax on income from urban property (<i>Contribución urbana</i>)</p>	<p>Levied on actual or potential income from urban property, which is based on the value of land and buildings. The tax is payable every six months.</p>	<p>Exempt are property owned by the government, nonprofit organizations, representatives of foreign governments on a reciprocity basis, and international organizations. Property used for education and property with a taxable base below CFAF 500,000 (provided that it is the only property of the owner or that the combined taxable base of all his properties does not exceed that value) are also exempt.</p>	<p>0.4 percent of value of land and buildings.</p>
<p>1.3 Corporate income tax (<i>Impuesto sobre sociedades</i>)</p>	<p>Levied on combined income received by companies from activities in Equatorial Guinea. Return of taxable income must be filed within four months following the date of the balance sheet.</p>	<p>Normal business expenses, including depreciation allowances, are deductible. Depreciation allowances range from 5 percent for buildings to 50 percent for glassware and utensils used in hotels and restaurants. Cooperatives involved in the production and sale of agricultural products that can be used as inputs for agriculture and industry are exempt. Nonprofit organizations, local governments, and agricultural</p>	<p>25 percent of income.</p>

Equatorial Guinea: Summary of Tax System as of June 30, 2003

Tax	Nature of Tax	Exemptions and Deductions	Rates																																	
1.3.1 Minimum tax on companies ( <i>Cuota minima fiscal</i> )	Levied on all companies subject to 1.3 if the corporate income tax falls below the minimum of 1 percent of turnover. The tax is payable by end-March.	Companies benefiting from tax holidays under the Investment Code, artisans' cooperatives, and all companies for the first two years of their activities are exempt. Exporters of agricultural products and companies engaged in agricultural and husbandry activities (except forestry, fishing, and processing of agricultural products) are also exempt.	1 percent of turnover. Lump-sum taxes for entrepreneurs subject to the personal income tax, depending on the type and size of business.																																	
1.4 Personal income tax ( <i>Impuesto sobre la renta de las personas físicas</i> )	Tax levied on annual income received by individuals who are residents of Equatorial Guinea. The same rate applies to all taxable personal income. Returns must be filed within two months after the end of the year.	Professional expenditure of up to CFAF 1 million incurred in the process of generating income may be deducted. Diplomats are exempt on a reciprocity basis.	<table border="1"> <thead> <tr> <th>Annual income tax brackets (CFAF)</th> <th>Marginal rate (percent)</th> <th>Tax owed is at most (CFAF)</th> </tr> </thead> <tbody> <tr> <td>Below 200,000</td> <td>0</td> <td>Exempt</td> </tr> <tr> <td>From 200,001 to 300,000</td> <td>2</td> <td>2,000</td> </tr> <tr> <td>From 300,001 to 400,000</td> <td>3</td> <td>5,000</td> </tr> <tr> <td>From 400,001 to 500,000</td> <td>4</td> <td>9,000</td> </tr> <tr> <td>From 500,001 to 600,000</td> <td>5</td> <td>14,000</td> </tr> <tr> <td>From 600,001 to 700,000</td> <td>6</td> <td>20,000</td> </tr> <tr> <td>From 700,001 to 800,000</td> <td>7</td> <td>27,000</td> </tr> <tr> <td>From 800,001 to 900,000</td> <td>8</td> <td>35,000</td> </tr> <tr> <td>From 900,001 to 1,000,000</td> <td>9</td> <td>44,000</td> </tr> <tr> <td>From 1,000,001 to 1,250,000</td> <td>10</td> <td>69,000</td> </tr> </tbody> </table>	Annual income tax brackets (CFAF)	Marginal rate (percent)	Tax owed is at most (CFAF)	Below 200,000	0	Exempt	From 200,001 to 300,000	2	2,000	From 300,001 to 400,000	3	5,000	From 400,001 to 500,000	4	9,000	From 500,001 to 600,000	5	14,000	From 600,001 to 700,000	6	20,000	From 700,001 to 800,000	7	27,000	From 800,001 to 900,000	8	35,000	From 900,001 to 1,000,000	9	44,000	From 1,000,001 to 1,250,000	10	69,000
Annual income tax brackets (CFAF)	Marginal rate (percent)	Tax owed is at most (CFAF)																																		
Below 200,000	0	Exempt																																		
From 200,001 to 300,000	2	2,000																																		
From 300,001 to 400,000	3	5,000																																		
From 400,001 to 500,000	4	9,000																																		
From 500,001 to 600,000	5	14,000																																		
From 600,001 to 700,000	6	20,000																																		
From 700,001 to 800,000	7	27,000																																		
From 800,001 to 900,000	8	35,000																																		
From 900,001 to 1,000,000	9	44,000																																		
From 1,000,001 to 1,250,000	10	69,000																																		

Equatorial Guinea: Summary of Tax System as of June 30, 2003

Tax	Nature of Tax	Exemptions and Deductions	Rates
			From 1,250,001 to 1,500,000
			11 96,500
			From 1,500,001 to 1,750,000
			12 126,500
			From 1,750,001 to 2,000,000
			13 159,000
			From 2,000,001 to 2,500,000
			14 229,000
			From 2,500,001 to 3,000,000
			15 304,000
			From 3,000,001 to 4,000,000
			16 464,000
			From 4,000,001 to 5,000,000
			17 634,000
			From 5,000,001 to 6,000,000
			18 814,000
			From 6,000,001 to 7,000,000
			19 1,004,000
			From 7,000,001
			20 ...

1.4.1 Tax on rental income  
(*Impuesto sobre rentas inmobiliarias*)

Levied on rental income from real estate.

Normal business expenses, including interest payments on debt contracted in relation to acquisition, maintenance, repair, or renovation of property, are deductible. Rental income from properties owned by the government and buildings occupied by owners, direct descendants, or ascendants are exempt.

Tax Table 1.4.

Equatorial Guinea: Summary of Tax System as of June 30, 2003

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.4.2 Tax on industrial and commercial profits ( <i>Impuesto sobre beneficios industriales y comerciales</i> )	Levied on net income from industrial and commercial operations. Taxpayers are assessed on actual net profits ( <i>regimen del beneficio real</i> ), or they may opt for an estimated income assessment ( <i>regimen a destajo</i> ).	Normal business expenses, including depreciation allowances, are deductible.	Tax Table 1.4.
1.4.3 Tax on agricultural profits ( <i>Impuesto sobre el beneficio agricola</i> )	Levied on the net income of farmers. The two assessment systems described in 1.4.2 are also applicable.	Same deductions apply as in 1.4.2.	Tax Table 1.4.
1.4.4 Tax on noncommercial profits ( <i>Impuesto sobre beneficios no comerciales</i> )	Levied on the net income of all residents engaged in independent activities of a noncommercial nature; it applies mainly to professional income.	Same deductions apply as in 1.4.2.	Tax Table 1.4.
1.4.5 Tax on wages and salaries ( <i>Impuesto sobre sueldos y salarios</i> )	Levied on net income from wages, salaries, pensions, and annuities. The tax is withheld at source, and declarations must be made by employers every month.	Dependency allowances and social security benefits, as well as 20 percent of remunerations representing professional expenses, are deductible. However, remuneration in kind is included as follows: Benefit Assessment (in percent of gross salary) Housing 10 Electricity & water 8 Per domestic servant 5 Food (with a ceiling of CFAF 75,000 per person) 25	Tax Table 1.4.

Equatorial Guinea: Summary of Tax System as of June 30, 2003

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.4.6 Tax on income from securities ( <i>Impuesto sobre rentas de capitales mobiliarios</i> )	Levied on dividend distributions and interest derived in Equatorial Guinea.	Exempt are loans given with borrowed money, savings accounts, and use of reserves to augment capital.	12 percent of income.
<b>2. Taxes on goods and services (<i>Impuesto sobre bienes y servicios</i>)</b>			
2.1 Domestic turnover tax ( <i>Impuesto sobre la cifra de negocio interior y servicios</i> )	Levied on gross receipts obtained from industrial, commercial, and professional activities, including sale of goods and services. The tax is payable during the month following each quarter if the amount to be paid is less than CFAF 25,000 per month; otherwise, the tax is payable monthly.	Sales without further processing of goods that have already paid the turnover tax are exempt. Also exempt are exports, unprocessed agricultural products (including timber), newspapers, and private schools. Diesel consumption by the electricity company is also exempt.	6 percent on sales of basic necessities. 15 percent on sales of luxury goods and services.
2.2 Tax on gross income and turnover of residents and non-residents active in the domestic hydrocarbon sector	Levied on income of physical persons and turnover of companies that are contractors or subcontractors in the hydrocarbon sector. Withheld at the source.	Expenses incurred can be deducted from income (individuals) and turnover (companies).	6.25 percent of gross income (individuals) or turnover (companies).
2.3 Surcharge on the domestic sale of refined oil products ( <i>Recargo excepcional</i> )	Levied value per liter of refined product.	Diesel consumption by the electricity company is exempt.	CFAF 205.4 per liter on gasoline; CFAF 20.0 per liter on kerosene; CFAF 55.3 per liter on diesel; and CFAF 23.2 per liter on jet fuel.

Equatorial Guinea: Summary of Tax System as of June 30, 2003

Tax	Nature of Tax	Exemptions and Deductions	Rates
2.4 Surcharge on alcoholic beverages and tobacco products ( <i>Recargo sobre bebidas y tabaco</i> )	Assessed on all such products.		For beer, the rate is 20 percent. For wine, 38 percent. For whisky, 30 percent. For tobacco, 30 percent.
2.5 Royalties on crude oil production ( <i>Regalia sobre la producción petrolera</i> )	Levied on crude oil production.		10-16 percent of the value, f.o.b., of crude oil exports; rates according to the daily output (in barrels per day).
<b>3. Property transfer taxes</b>			
3.1 Property transfer ( <i>Impuesto sobre transferencias patrimoniales</i> )	Levied on net value of property transferred <i>inter vivos</i> in Equatorial Guinea; on capital gains in urban and rural property; on the transfer of shares and securities; on the sale, lease, exchange, and mortgage of real estate; on the sale and lease of movable property; and on the transfer of other selected financial claims.	The state and autonomous bodies of the government are specifically exempt from the tax. Also exempt are nonprofit, educational, and religious institutions, local governments, transfers of real estate made in favor of foreign governments for diplomatic use, and transfers exempt under international agreements.	Ad valorem rates: 1-9 percent; fixed rates according to the nature of the transfer and values involved.
3.2 Inheritance duties ( <i>Impuesto sobre las sucesiones</i> )	Levied on net value of property transferred <i>causa mortis</i> .	Debts to be honored by inheritor, provided that they are properly documented, are deductible. Inheritance below CFAP 100,000 is exempt, as well as salaries not received by the deceased while in active service; life insurance benefits of up to CFAP 500,000 are exempt if the inheritor is a spouse or a legitimate or adoptive descendant or ascendant.	Rates vary between 2 percent and 28 percent depending on the relation of the inheritor to the deceased.

Equatorial Guinea: Summary of Tax System as of June 30, 2003

Tax	Nature of Tax	Exemptions and Deductions	Rates
<b>4. Stamp tax (<i>Impuesto del timbre</i>)</b>	Assessed on the value declared at the time a juridical act is concluded. Applies to legal instruments, including accounting and banking documents; import and export documents; insurance; transportation, rental, and other contracts; and property registration.	None.	Ad valorem rates: 2-10 percent; fixed rates according to the nature of the legal document and values involved.
<b>5. Poll tax (<i>Impuesto sobre personas físicas</i>)</b>	Annual tax payable by most residents of Equatorial Guinea over 18 years of age. The tax is payable in the first quarter of the fiscal year. Payment of this tax is deductible from annual global payments made by foreigners to the security office.	Exempt are citizens under 18 years of age; diplomats (on a reciprocity basis); parents having more than six children under 18 years of age; men over age 60 and women over age 50; single women with more than three children under 18 years of age; and the handicapped.	CFAF 500 to CFAF 2,000 per person, depending on place of residence.
<b>6. Logging taxes (<i>tasas forestales</i>)</b>			
6.1 Forest surface fee	Based on the area of forest conceded, in accordance with concession contracts.		CFAF 50 per hectare a year.
6.2 Reforestation fee	Levied on logging companies.		5 percent of the value, f.o.b., of exported logs.
6.3 Road tax	Levied on logging companies.		2.5 percent of the value, f.o.b., of exported logs.

Equatorial Guinea: Summary of Tax System as of June 30, 2003

Tax	Nature of Tax	Exemptions and Deductions	Rates										
<b>7. Taxes on foreign trade</b> <i>(Impuesto sobre el comercio internacional)</i>													
7.1 Taxes on imports	The rates of all import taxes, with the exception of the import duties on petroleum products, are identical for all Central African Economic Monetary Community (CEMAC) member countries.												
7.1.1 Customs duty <i>(Derechos de importación)</i>	Collected on the c.i.f. value of all imports, with the exception of petroleum products, which are subject to special arrangements.	Imports are admitted under special franchise or those subject to special treatment according to the Investment Code.	<table border="0"> <tr> <td><u>Category</u></td> <td><u>Rate (percent)</u></td> </tr> <tr> <td>Category I (basic necessities)</td> <td>5</td> </tr> <tr> <td>Category II (raw materials and equipment)</td> <td>10</td> </tr> <tr> <td>Category III (investment goods)</td> <td>20</td> </tr> <tr> <td>Category IV (consumption goods)</td> <td>30</td> </tr> </table>	<u>Category</u>	<u>Rate (percent)</u>	Category I (basic necessities)	5	Category II (raw materials and equipment)	10	Category III (investment goods)	20	Category IV (consumption goods)	30
<u>Category</u>	<u>Rate (percent)</u>												
Category I (basic necessities)	5												
Category II (raw materials and equipment)	10												
Category III (investment goods)	20												
Category IV (consumption goods)	30												
7.1.2 Fiscal duty <i>(Derechos fiscales)</i>	Assessed on the c.i.f. value of all imports, except alcohol, tobacco, and wine, for which the rates are specified by weight or volume.	Exemptions are granted for (i) equipment imported by enterprises that are exempt from customs duties; (ii) goods imported by certain categories of consignees (embassies, international organizations, etc.); and (iii) petroleum products.	<table border="0"> <tr> <td><u>Petroleum products (per liter)</u></td> <td><u>Tax (CFAF)</u></td> </tr> <tr> <td>Gasoline</td> <td>10.2</td> </tr> <tr> <td>Kerosene</td> <td>5.2</td> </tr> <tr> <td>Diesel</td> <td>4.5</td> </tr> <tr> <td>Jet fuel</td> <td>3.0</td> </tr> </table>	<u>Petroleum products (per liter)</u>	<u>Tax (CFAF)</u>	Gasoline	10.2	Kerosene	5.2	Diesel	4.5	Jet fuel	3.0
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Gasoline	10.2												
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Equatorial Guinea: Summary of Tax System as of June 30, 2003

Tax	Nature of Tax	Exemptions and Deductions	Rates
7.1.3 Turnover tax on imports ( <i>Impuesto sobre importaciones</i> )	Levy applicable to the c.i.f. value of imports, plus customs and fiscal duties.	Same exemptions as in 7.1.2.	5 percent (reduced rate); 12 percent (standard rate).
7.2 Taxes on exports			
7.2.1 Export duty ( <i>Derechos de exportación</i> )	Assessed on f.o.b. value, which is based on reference prices ( <i>precios de referencia</i> ) established for cocoa, coffee, and timber.		For cocoa and coffee, 1 percent of f.o.b. value. For logs, 15.8 percent plus CFAF 650 per cubic meter. For plywood and sawn wood, 9 percent plus CFAF 650 per cubic meter.
7.2.2 Tax on reexports and merchandise in transit	Assessed on the c.i.f. value of goods to reexport or in transit.		For reexports and transiting goods, 5 percent and 3 percent of f.o.b. value for nonresidents and residents, respectively.
7.2.3 Stumpage fee ( <i>tasa por árbol apeado</i> )	Levied on logging companies.		2.7 percent of the value, f.o.b., of exported logs and 1 percent of the value, f.o.b., of exported plywood and sawn wood.

Source: Equatoguinean authorities.

## **External Trade Arrangements and Restrictions**

### **A. Exchange Arrangements**

1. The currency of Equatorial Guinea is the CFA franc.<sup>1</sup> The CFA franc is pegged to the euro, the intervention currency, at the fixed rate of CFAF 655.957 per euro. Exchange transactions in euros between the Bank of Central African States (BEAC) and commercial banks take place at the same rate. Buying and selling rates for certain other foreign currencies are also officially posted, with quotations based on the fixed rate for the euro and the rates for the currencies concerned in the Paris exchange market. A commission of 0.5 percent is levied on transfers to countries that are not members of the BEAC. This commission is not levied on transfers relating to central and local government operations, payments for imports covered by a duly issued license and domiciled with a bank, scheduled repayments on loans properly contracted abroad, travel allowances paid by the government and its agencies for official missions, and payments of insurance premiums. There are no taxes and subsidies on purchases or sales of foreign exchange.

2. With the exception of controls relating to gold, Equatorial Guinea's exchange controls generally do not apply to (i) France (and its overseas departments and authorities) and Monaco; and (ii) all other countries whose bank of issue is linked with the French Treasury by an operations account (West African Economic and Monetary Union (WAEMU) and the Central African Economic and Monetary Community (CEMAC) and the Comoros. Thus, all payments to these countries are made freely in CFA francs, euros, or the currency of any other operations account. country. Settlements with all other countries are usually made through correspondent banks in France in the currencies of those countries or in euros through foreign accounts.

3. Equatorial Guinea communicated to the Fund in early June 1996 its decision to accept, in concert with the other countries in the BEAC zone and effective June 1, 1996, the obligations of Article VIII, Sections 2, 3, and 4.

### **B. Administration of Control**

4. Exchange control is administered by the Directorate General of Exchange Control (DNCC) of the Ministry of Economy. Exchange transactions relating to all countries must be effected through authorized banks.

5. The few arrears that are maintained with respect to external payments result from weaknesses in fiscal management and not from any administrative control on foreign exchange.

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<sup>1</sup> The CFA franc circulating in Equatorial Guinea is issued by the Bank of Central African States (BEAC).

### **C. Prescription of Currency**

6. Because Equatorial Guinea is linked to the French Treasury through an operations account, settlements with France, Monaco, and other operations account countries (WAEMU and CEMAC members and the Comoros) are made freely in CFA francs, euros, or the currency of any other operations account country. Settlements with all other countries are usually made through correspondent banks in France in the currencies of those countries or in euros through foreign accounts.

### **D. Nonresident Accounts**

7. The principal nonresident accounts in foreign currency are denominated in euros and dollars. Accounts in euros are treated identically to accounts in domestic currency. The regulations pertaining to nonresident accounts are based on regulations applied in France. Approval is required to open these accounts, except for accounts in euros. Because the BEAC has suspended the repurchase of its banknotes circulating outside the territories of the CFA franc zone, BEAC banknotes received by the foreign correspondents of authorized banks and mailed to the BEAC agency in Equatorial Guinea by the Bank of France or the Central Bank of West African States (BCEAO) may not be credited to foreign accounts in euros or accounts in CFA francs. These accounts may be converted into foreign currency, but prior approval is required.

### **E. Imports and Import Payments**

8. There are no restrictions on import financing, but certified bank documents are required. All import transactions exceeding the equivalent of CFAF 2 million must be domiciled with an authorized bank. Import transactions by residents involving goods for use outside Equatorial Guinea must be domiciled with a bank in the country of final destination.

9. In August 1994, a new tariff structure was introduced in the context of the tax and customs reform of the Central African Customs and Economic Union (UDEAC), as discussed in Section 6.1.1 of Appendix I.

### **F. Payments for Invisibles and Current Transfers**

10. Payments in excess of CFAF 2 million for invisibles to France, Monaco, and the operations account countries require prior declaration, but payments are permitted freely; payments to other countries are subject to the approval of the Minister of Economy. Transactions that do not require authorization or have been approved may be made freely. Transfers of income accruing to nonresidents in the form of profits, dividends, and royalties are also permitted freely.

11. Residents traveling for tourism or business purposes to countries in the CFA franc zone are allowed to take out BEAC banknotes of up to CFAF 2 million; amounts in excess of this limit must be taken out through another means of payment. The allowances for travel to countries outside the CFA franc zone are subject to the following regulations: (i) for business

or tourist travel, the equivalent of US\$10,000 per person and trip, with no limit on the number of trips; (ii) allowances in excess of these limits are subject to authorization by the Minister of Economy or, by delegation, the BEAC; and (iii) the use of credit cards, which must be issued by resident financial intermediaries and approved by the Minister of Economy, is limited to the ceilings indicated above for tourist and business travel. These regulations are administered liberally, and bona fide requests for allowances in excess of these limits are normally granted. All resident travelers, regardless of destination, must declare in writing all means of payment at their disposal at the time of departure. The reexport by nonresident travelers of all means of payment registered in their names is not restricted, subject to documentation that they were purchased with funds drawn from a foreign account in CFA francs or with other foreign exchange. Returning resident travelers are required to declare all means of payment in their possession upon arrival at customs and to surrender within eight days all means of payment. Resident and nonresident travelers may bring in any amount of banknotes and coins issued by the BEAC, the Bank of France, or a bank of issue maintaining an operations account with the French Treasury, as well as any amount of foreign banknotes and coins (except gold coins) of countries outside the operations account area.

12. The transfer of rental income from real property owned in Equatorial Guinea by foreign nationals is permitted for up to 50 percent of the income declared for taxation purposes, net of tax. Remittances for current repair and management of real property abroad are limited to the equivalent of CFAF 200,000 every two years. The transfer abroad of the salaries of foreigners working in Equatorial Guinea is permitted upon presentation of the appropriate pay vouchers, together with records of expenses, provided that the transfer takes place within three months of the pay period concerned.

#### **G. Exports and Export Proceeds**

13. Proceeds from exports to all countries must be repatriated within 30 days of the payment date stipulated in the sales contract. Oil companies are exempt from this repatriation requirement. Export proceeds must be surrendered within eight days following repatriation. Export transactions valued at CFAF 2 million or more must be domiciled with an authorized bank. Exports to all countries are subject to domiciliation requirements and the presentation of appropriate documents.

#### **H. Proceeds from Invisibles**

14. Proceeds from transactions in invisibles with France (as defined above), Monaco, and the operations account countries may be retained. All amounts due from residents of other countries in respect of services and all income earned in those countries from foreign assets must be collected within a month of the due date and surrendered within a month of collection if received in foreign currency.

### **I. Capital Transactions**

15. No exchange controls apply to capital transfers between Equatorial Guinea and France, Monaco, and the operations account countries. Capital transfers to all other countries require exchange control approval, but there are no controls on capital receipts from such countries, except for foreign direct investments and borrowing, which are subject to registration. Certain privileges are granted to approved foreign direct investments, including the unrestricted transfer abroad of debt payments and net profits.