

Equatorial Guinea

2012



Equatorial Guinea

- With the oil sector recovering and sustained public investment, Equatorial Guinea's growth should be around 4% in 2012.
- Equatorial Guinea's oil boom has brought foreign investment but it has not significantly improved life for most of the population.
- Youth unemployment is growing as the economy is not creating enough new jobs while the country is not teaching the right skills it needs.

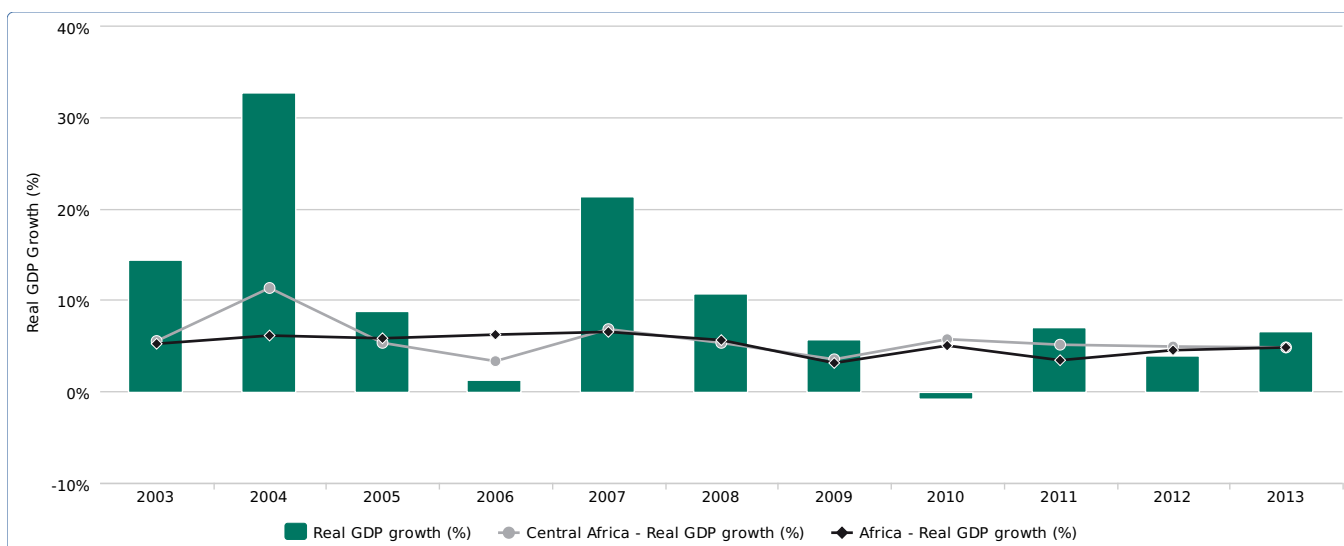
Overview

Equatorial Guinea's economy shrank in 2010 but 2011 saw growth of 7%. This upturn was sustained by renewed activity in the oil sector and public investment. Growth is expected to drop back to 4% in 2012 but gradually pick up again to 6.6% in 2013. These outcomes will depend on the world price of oil and gas staying high. The country is heavily dependent on oil, which contributes 78% to gross domestic product (GDP). Little progress has been made in diversifying the economy even though the government has substantial funds. Oil revenues should be put into services, agriculture and fisheries.

Inflation dropped to 7.2% from its 2010 level of 7.5% but is still much higher than the convergence criteria laid down by the African Financial Community (CFA Franc zone). Inflationary pressures should persist in 2011-13. The 2012 inflation rate should be 7.1%, as a consequence of increased public spending and imports, in particular food. The budget balance should remain in deficit in 2011 at 2.3% of GDP as opposed to 4.8% in 2010. Management of public finances has performed poorly because investment spending is inadequately planned. Even if the economy has picked up, social indicators remain well below the means available to the country. Equatorial Guinea has the characteristics of a low income country while having one of the highest per capita GDPs in Africa. About 75% of the population live below the poverty threshold and get no benefit from the oil economy.

There is an acute youth unemployment problem. From 2010 to 2020, between 25 000 and 49 000 young people will enter the labour market each year. Job creation is limited however because of the small size of the non-oil sector. Oil accounts for 78% of GDP, but employs only 4% of the labour force. Young people have few qualifications and do not meet labour market needs. There is also a problem getting access to information about job openings. Recruitment procedures are often neither transparent nor competitive. There is no well-defined policy for promoting youth employment. Even so, the national economic and social development plan (PNDES) which aims to diversify the economy envisages measures to support youth employment. Little progress appears to have been made yet.

Figure 1: Real GDP growth (Central)



Figures for 2010 are estimates; for 2011 and later are projections.

StatLink <http://dx.doi.org/10.1787/888932618804>

Table 1: Macroeconomic Indicators

	2010	2011	2012	2013
Real GDP growth	-0.8	7	4	6.6
Real GDP per capita growth	-3.5	4.2	1.2	3.9
CPI inflation	7.5	7.2	7.1	6.5
Budget balance % GDP	-4.8	-2.3	-3	-2.6
Current account % GDP	-23.8	-17.9	-16.4	-8.7

Figures for 2010 are estimates; for 2011 and later are projections.

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Recent Developments & Prospects

Table 2: GDP by Sector (percentage of GDP)

	2006	2011
Agriculture, forestry, fishing & hunting	2	1.9
Mining and quarrying	92.1	88
of which oil	-	-
Manufacturing	0.1	0.2
Electricity, gas and water	0.5	0.8
Construction	2.7	4.6
Wholesale and retail trade, hotels and restaurants	0.8	0.9
of which hotels and restaurants	-	-
Transport, storage and communication	0.1	0.1
Finance, real estate and business services	0.3	0.8
Financial intermediation, real estate services, business and other service activities	-	-
General government services	-	-
Public administration & defence; social security, education, health & social work	1.1	2.2
Public administration, education, health	-	-
Public administration, education, health & other social & personal services	-	-
Other community, social & personal service activities	0.3	0.4
Other services	-	-
Gross domestic product at basic prices / factor cost	100	100

Figures for 2010 are estimates; for 2011 and later are projections.

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Economic growth recovered in 2011 thanks to the stronger oil sector. Better gas production and exports and the rise in oil and gas prices led to a 7% growth rate in 2011. In 2012, real GDP growth should be about 4%. Oil production should be slightly higher than for 2011 as the new Aseng oil field comes on stream. Greater activity in construction and services should help sustain the growth rate. In the medium term the country should be looking for new areas of investment away from oil. Everything will depend on its ability to strengthen the productivity of businesses and improve the business climate. In the near future, public investment will reach a peak and oil production will diminish.

Inflationary pressures continued in 2011 and they will remain in 2012 and 2013. They were aggravated by pressures on the price of food crops, vegetables and fish, the supply of which depends on other countries in the region. Demand for these products was increased by such events as the African Union (AU) summit in Malabo, the joint organisation, with Gabon, of the African Cup of Nations football competition in early 2012 and speculation by some economic operators. The annual inflation rate should reach 6.5% in 2013, down from 7.1% forecast for 2012.

Oil and construction and public works are the main sources of economic growth. In 2011, production of oil and oil products represented 78% of GDP, almost all exports and 89% of tax revenues. A building boom was stimulated by the development of roads, ports, airports, electricity projects and other infrastructure. Construction accounts for 4.6% of GDP. Before the oil boom, agriculture was the chief economic activity. Today

it accounts for just 2% of GDP, against 80% before the discovery of oil.

Equatorial Guinea is sub-Saharan Africa's third largest oil producer, after Nigeria and Angola. Official estimates in August 2011 were that 284 000 barrels per day (bpd) of crude were being produced. This production comes chiefly from the Zafiro oilfield, at the Alba field and from the Ceiba-Okumé oil complex. In addition the share of oil-derived products in GDP practically doubled between 2006 and 2011. Three major projects are underway: a new Equatorial Guinea LNG Ltd plant will process 3.4 million tonnes of liquified natural gas a year; the AMPCO plant will produce 1 million tonnes of methanol a year, and the Alba liquefied petroleum gas plant (13 000 bpd of propane, 7 000 bpd of butane and 6 000 bpd of condensate). All three are powered by a gas turbine electricity production plant (28MW) and by the Alba PSC parent, which treats the condensate.

Although there was a slight drop in the public works sector it continued to be crucial for growth, second only to the energy sector. In 2011, public works contributed 4.6% to GDP. Between 2000 and 2010 there was a clear improvement in transport and telecommunications. Roads between main towns and in urban centres were modernised. Energy supply and the telecommunications system have improved. Public spending on social infrastructure, while limited, has produced a slight improvement in access to basic social services, especially in the countryside. By 2013, major infrastructure programmes should no longer be a priority and the government will need to diversify the economy and improve education and training, which is essential for the development of the other sectors.

Agriculture, forestry and fishing make only a marginal contribution to GDP (2% compared with 80% before oil was discovered in the 1990s). The country's agricultural and fisheries resources are greatly under-exploited. Cash crop production has collapsed. Cocoa production was only 859 tonnes in 2011, compared with 3 000 tonnes in 2007-08. The same is true of fishing. Industrial fishing has seen the size of its catch decline, from 270 tonnes in 2008 to fewer than 200 tonnes in 2010. The drop is due to organisational problems, in particular provision of fishing equipment and procedures for renewing licences.

Macroeconomic Policy

Fiscal Policy

Fiscal policy was expansionary in 2011: in spite of the efforts by the authorities to cut public spending the overall balance remained negative in 2011. The deficit was put at 2.3% of GDP, better than the 4.8% in 2010, but it could deteriorate in 2012 to 3% of GDP. Although oil prices rose and production recovered, total revenue stayed around 30% of GDP in 2011. Total spending in 2011 fell slightly, but even so amounted to 32.3% of GDP. The primary budget deficit, excluding oil, considered to be most relevant budgetary indicator for an oil-based economy, remains high in comparison with other countries in the region, at 67% of GDP excluding oil in 2011, according to the International Monetary Fund (IMF) and the African Development Bank (AfDB). The IMF believes the budgetary deficit excluding oil should be about 47% of GDP in 2011 to ensure a sustainable budget. In the medium term budget sustainability depends on the success of fiscal reform started in 2008.

Oil tax revenues accounted for about 90% of total tax income in 2011. Changes to the laws on oil and gas in 2006 and their implementation from 2006-11 have swollen the state's coffers. The minimum royalties rate rose from 10% to 13% of gross oil production. Minimum state participation in oil activities was set at 20%. Income tax on business at 25%, which applies to net profits from oil activities, has grown in line with GDP. But revenues from taxes on non-oil activities stagnated at around 2.4% of GDP in 2011. Reforms are under way to increase non-oil tax revenue in agreement with the Central African Economic and Monetary Community (CEMAC) but seemingly with only moderate success.

The government is continuing to carry out its ambitious public investment programme financed by oil revenues. About 80% of total budgetary spending was devoted to capital expenditure in 2007-11, two thirds of it in the area of road infrastructure. The national budget for 2011 aimed to cut 14% from capital expenditure but because of existing commitments capital spending stayed high in 2011, at 26% of GDP. The investment programme is under review with the aim of spreading spending over the long term to cut capital expenditure over the very short term. Public spending was devoted to improving infrastructure, current spending being insufficient to assume the operating costs and upkeep of public services. In 2011 current public spending amounted to only 20% of total public spending, far below the average of 66% in the countries of the region. Current social spending amounted to less than 20% of all current expenditure in 2011.

Table 3: Public Finances (percentage of GDP)

	2003	2006	2007	2008	2009	2010	2011	2012	2013
Total revenue and grants	27.5	47.6	44.4	37	41	29.8	30	29.7	29.5
Tax revenue	2.6	1.7	1.4	1.6	2.9	2.4	2.4	2.2	2.1
Oil revenue	1	44.5	40.4	0.8	0.9	1.1	1	1	1
Grants	-	-	-	-	-	-	-	-	-
Total expenditure and net lending (a)	15	21.5	23.7	21.6	48.9	34.6	32.3	32.7	32
Current expenditure	5.1	4.4	4.1	4.8	6	5.8	6	7.8	7.9
Excluding interest	5	4.3	4.1	4.7	5.9	5.7	5.5	7.2	7.6
Wages and salaries	1.6	0.9	1	1	1.2	1.1	1	1	1
Interest	0.2	0.1	0	0	0.1	0.1	0.5	0.5	0.4
Primary balance	12.7	26.3	20.7	15.4	-7.9	-4.6	-1.8	-2.4	-2.2
Overall balance	12.5	26.2	20.7	15.4	-7.9	-4.8	-2.3	-3	-2.6

Figures for 2010 are estimates; for 2011 and later are projections.

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Monetary Policy

Monetary policy is determined by the regional central bank of the CEMAC, the Bank of Central African States (BEAC), and gives priority to controlling inflation and maintaining the peg between the CFA franc BEAC (XAF) and the euro (EUR). To do this it will continue to rely on indirect instruments such as refinancing and obligatory reserve requirements to control money supply. Monetary policy was conducted during 2011 in a favourable economic context to the extent that Equatorial Guinea did not have recourse to monetary financing, contrary to what happened in the previous year. Even better, it did not incur debts in the banking system as a whole.

At the end of December 2011, the monetary situation in the country showed an increase in most of the money aggregates and a deterioration in domestic credit, a consolidation and rise in foreign assets (which recorded a strong increase of 37.4% over the previous year) and with the state in a net external position. Furthermore the net loan stock amounted to XAF 702.9 billion, up by 21% on the previous year. The breakdown of credits to the economy shows short-term credits of XAF 590.2 billion and medium- and long-term credits of XAF 112.7 billion (against XAF 489.9 billion and XAF 91.3 billion respectively at the end of 2010.)

Broad money supply (M2) rose by 16.74% compared with the end of 2010. A breakdown of its composition shows that monetary availability rose by 19.59%. Quasi-money accounted for 9.8% of the structure of money supply at the end of 2011 (compared with 11.9% in 2010) down 4.31% from XAF 110.99 billion at the end of 2010 to XAF 106.20 billion at the end of 2011.

Inflation was higher in Equatorial Guinea than in the other CFA franc countries. There were inflationary pressures arising from the increase in public spending related to the AU summit and the African Cup of Nations and rising food prices, local supply being much reduced. The inflation rate should reach 6.5% in 2013, far above the CEMAC 3% convergence target. The oil boom has produced inflationary effects which include significant increase in labour costs and non-traded services (including property).

Economic Cooperation, Regional Integration & Trade

The country's external position remained in deficit in 2011 with a negative current account balance of 17.9% of GDP. Oil exports rose but not by enough to compensate for the increase in imports linked to public spending, consumer goods and foreign direct investment (FDI). The FDI made it possible to finance a large part of the current account deficit which should record a progressive drop, to 16.4% of GDP in 2012 and 8.7% of GDP in 2013 while spending on imports also decreases.

The country adopted the common CEMAC tariff. Duty of 10% is levied on capital equipment and inputs, of 20% on intermediary goods and of 30% on consumer goods. Import surtaxes of 30% were introduced recently on goods which had hitherto been subject to quantitative restriction. But it is planned that these should be progressively dismantled from 2012 over a three- to six-year period (or longer for some agricultural and textile products). The government has tried to speed up and modernise customs clearance procedures but selective application of the legislation and tax evasion remain serious problems. Equatorial Guinea has ratified and signed the protocols and agreements of the chief regional integration and economic co-operation organisations. As a CEMAC member it does not operate quantitative restrictions on trade. But efforts are still to be made in respect of the free movement of both goods and people, including nationals of CEMAC countries.

Table 4: Current Account (percentage of GDP)

	2003	2006	2007	2008	2009	2010	2011	2012	2013
Trade balance	61.1	72.6	68.7	57.3	24.2	27.4	28.8	28.6	29.4
Exports of goods (f.o.b.)	91.9	96.3	94.2	78.5	69.3	69.3	65.8	63.5	62.2
Imports of goods (f.o.b.)	30.7	23.7	25.5	21.2	45.1	41.9	37	35	32.8
Services	-24.4	-9.6	-10.1	-10	-14.7	-14.9	-12.3	-10.6	-9.6
Factor income	-42.9	-53.5	-57.1	-37.7	-25.7	-35.5	-33.7	-33.9	-28
Current transfers	-0.3	-0.4	-0.4	-0.4	-0.9	-0.8	-0.7	-0.6	-0.5
Current account balance	-6.4	9.1	1.1	9.1	-17.1	-23.8	-17.9	-16.4	-8.7

Figures for 2010 are estimates; for 2011 and later are projections.

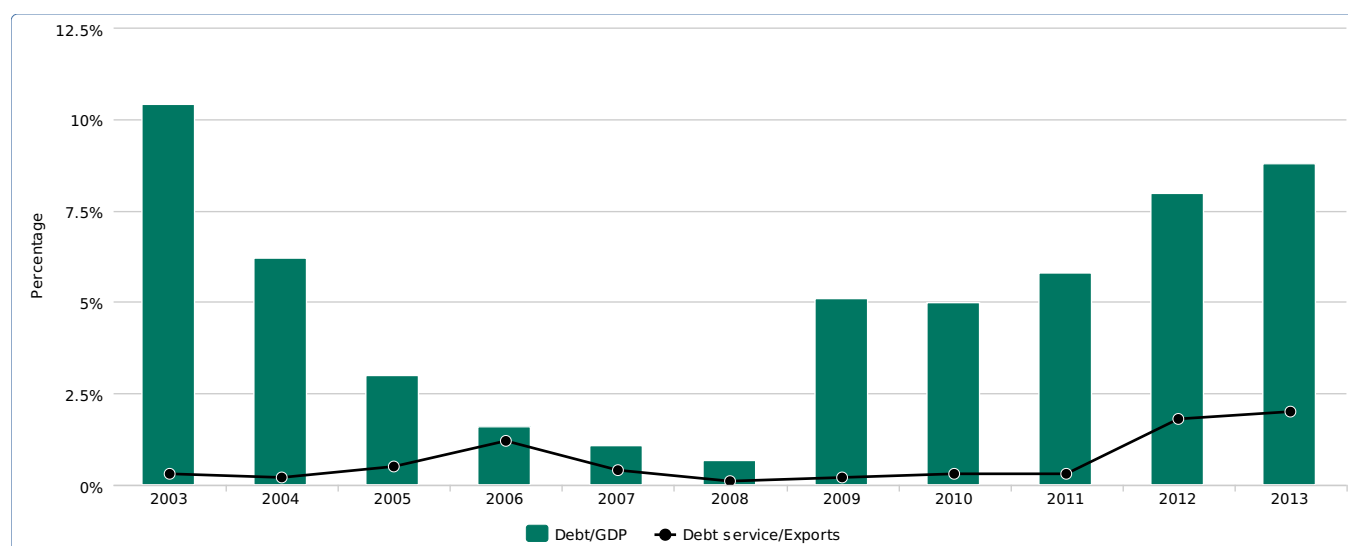
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Debt Policy

Equatorial Guinea has very little external debt. Domestic public debt amounts to less than 1% of GDP. Because of a prudent debt policy, external public debt continues to fall and was about 4.7% of GDP in 2011, compared with 5% the year before. The ratio is well below the threshold of 70% set in the framework of CEMAC's macroeconomic convergence exercise. The cost of debt service is negligible at 0.8% of GDP in 2011. A coordinated effort, seeking to use oil revenues to clear external and domestic arrears, had relatively satisfactory results. In particular it made it possible to clear minor arrears resulting for the most part from the absence of an adequate monitoring of the debt. The government has accepted the latest analysis of debt sustainability conducted jointly with the IMF in 2012, which makes it clear that there is an insignificant danger of over-indebtedness.

Much work remains to be done if there is to be healthy and efficient system of debt accounting. The data relative to the public debt are available but not on a continuous basis. The effectiveness and analytic capacity of the recently established debt management unit remain weak. The accounting records are still not computerised and the repayment system needs to be better co-ordinated with the other systems at the finance ministry, a move that could prevent delays in repayment. Debt management is the responsibility of the public debt sinking fund, which is responsible for the accounting of all the government's financial obligations and repayment operations. The government has resolved to institute an appropriate strategy and to improve debt management capacities. To this end it has asked the World Bank for technical help. It is too early to comment on any real progress in the field.

Figure 2: Stock of total external debt (percentage of GDP) and debt service (percentage of exports of goods and services)



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Economic & Political Governance

Private Sector

Since oil was discovered in the 1990s the country has been heavily dependent on hydrocarbons. The oil windfall could be an instrument for diversifying the economy and encouraging the emergence of a competitive private sector. But the weakness of economic infrastructure and the regulatory and legal framework is a barrier to development. The business climate is difficult, even allowing for some progress. The 2012 World Bank *Doing Business* report ranked Equatorial Guinea 155th out of 183 countries, though that represented a rise of six places over 2011. It found the country did best in the categories of registering property and enforcing contracts. Determining the value of land and of construction takes only seven days on average. Procedures for starting a business and waiting times, at 21 days and 137 days respectively, are very long compared with the regional averages of eight days and 37 days respectively. Paying taxes and customs duties is complicated in the non-oil sector. Modern bankruptcy procedures have not been developed. The authorities are working on the establishment of a one-stop shop for investment with the aim of reducing the sometimes insurmountable obstacles that potential investors face in getting a visa. Private investment faces serious obstacles in the form of excessive bureaucracy, regulation that is by no means transparent, corruption and arbitrary behaviour. In addition, the 2009 Economic Freedom Index published by the Heritage Foundation found that the non-wage costs of hiring an employee are high. Dismissing an employee is also expensive. Labour law allows for the creation of trade unions but puts barriers in the way of groups that want to organise and this means there are no labour unions.

Financial Sector

The financial system appears solid and its vulnerability to external shocks limited in the medium term. The banking system is only very slightly integrated into the international financial system. It is made up of four banks, for the most part subsidiaries of international banks. In 2011 financial solidity indicators showed a drop in bad debt (below the 5% level) and a better yield on assets and own funds. There has been abundant liquidity in the financial system in recent years and banks have large surplus reserves. The indicators show a good performance in terms of risk but they are volatile, reflecting a state of affairs where credit to the private sector is concentrated in short-term loans and in loans to government suppliers. Delays in payment are still a problem.

A financial market is being progressively established. The World Bank 2012 *Doing Business* report recorded that access to credit, in particular, had improved since the previous year, as the country rose from 139th place to 98th out of 183 countries. But the banking system does not play an intermediary role for the private sector and concentrates too much on intermediation of public spending through short-term loans. Private sector credit amounted to only 25% of non-oil GDP in 2011. Relatively few households have bank accounts. Private sector access to financial services, micro-finance included, is still limited. Loan services are concentrated on public infrastructure projects. The limited access to banks is due to the absence of refinancing markets, compelling the banks to offer only short-term credit based on current accounts. The insurance sector, based on three insurance companies and one reinsurance company, still needs to develop. There is as yet no stock market.

Public Sector Management, Institutions & Reform

Equatorial Guinea faces real challenges in improving the transparency and quality of the management of the public finances. The lack of co-ordination between ministries in programming and the absence of an overall strategy to orient the work of sectoral ministries means that budget planning is not done as well as it could be. There is no system of economic classification that would allow an analysis resource allocation by sector and strategic goal. Budgetary implementation, both current and capital, regularly breaches the ceilings approved in budgetary planning. Public investment amounts to about 26% of GDP and was around 80% of all public spending in 2011. But the problem lies above all in the drawing up, monitoring and review of investment planning. Budgetary overspend on infrastructure investment hold back the social development of the country. Major institutional failings result in inefficient management. Monitoring mechanisms are inadequate and there is a lack of expertise in the area. Greater attention needs to be paid to the social sectors, where spending does not correspond to the country's needs. Public sector pay is determined not by productivity but calculated on the basis of scales for each category that increase with seniority. In 2011 the government established a technical assistance unit at the ministry of finance charged with preparing a road-map for the improvement of the public finances.

Corruption is seen as a major problem. Transparency International's (TI) 2011 Corruption Perceptions Index (CPI) ranks Equatorial Guinea 169th out of 178 countries. TI says that corruption is endemic in the public sector and there is a lack of transparency in the oil sector. Under these circumstances the government's decision to resubmit its candidacy for membership of the Extractive Industries Transparency Initiative (EITI) is seen as a very positive sign. All the same, substantial progress needs to be made over oil money transparency. Legal

control of the budget does not exist. The Court of Auditors envisaged by legislation and approved by the 2011 constitutional referendum was due to be established in 2012. Its creation should contribute to better management of the public finances.

Natural Resource Management & Environment

In 2011 the authorities made considerable efforts in respect of environmental protection. One of the first steps taken was the implementation of the national strategy and action plan on biological diversity, the *Stratégie nationale et du plan d'action sur la diversité biologique* (Enpadib) adopted in 2005. A number of steps were undertaken in 2011. The action plan formally makes the theme of biodiversity part of the curriculum. A management strategy covering 13 existing protected zones of management, occupying 27% of the national territory, was implemented. Intensive forest exploitation and land degradation have been reduced as concessions for the exploitation of forests for wood have been cut back. In addition large-scale public investments have, since 2011, included environmental impact studies. Review mechanisms are being established with a view to assessing how to reduce the negative impact on the environment of this type of investment. In June 2006 a national action programme to combat deforestation and land degradation was agreed and in 2011 positive results were obtained. The infrastructure pilot programme for drinking water in provincial capitals is already in operation in four provinces and the Djibloho hydroelectric power station, nearing completion, will come on stream in 2015 and will provide electricity nationwide.

Political Context

Equatorial Guinea has been ruled since 1979 by President Obiang Nguema Mbazogo, head of the Democratic Party of Equatorial Guinea (PDGE). A referendum on a constitutional reform approved by him was held in November 2011. Turn-out was 91%: of whom 98% voted in favour.

But the 2011 democracy index established by the Economist Intelligence Unit (EIU) puts the country in 165th position out of 167. Since the 1990s a multi-party system has been in existence but it is not possible to talk of real participatory democracy. The population is badly informed and neither takes part in decision making or in its consequences. Elections take place on a regular basis, but have not yet been judged satisfactory by international experts and observers. There has been minimal progress in governance. The Mo Ibrahim governance index put the country in 45th place out of 53 in 2011 with a lower score than in 2010 when it was placed 46th. This ranking is below the continental average. Access to information is limited and the media is under state control. In the 2011/12 Reporters Without Borders press freedom index, Equatorial Guinea was ranked 161st out of 179 countries in terms of press freedom.

Social Context & Human Development

Building Human Resources

Major progress was made in the field of education in 2010 and 2011. Pre-schooling became compulsory. A new schools plan called *Patria Mia* was introduced into the primary sector which encourages more interaction between teachers and pupils. A new teaching style was instituted which emphasises the importance of primary school. A far-reaching reform of professional training is under way with four new centres being built in 2010 and 2011.

In reality, though, the educational system suffers from inadequacies. The latest estimates show the rate of school attendance is low with only 80% of those of school age enrolled in primary schools. The drop-out rate is high: only one pupil in two completes primary school, and the proportion of children repeating a school year is high, at 24%. Equatorial Guinea will have great difficulty in reaching the second MDG which calls for primary education for all by 2015. Public spending on education is disproportionately biased towards higher education compared with expenditure on primary education. The 2010 World Bank survey of public spending reported that 50 times more is spent on students in higher education than on primary school children.

The health sector gives cause for concern. The World Bank survey reported that 85% of medical consultations were related to transmittable diseases, in particular malaria, acute respiratory infections and diarrhoea, and are the chief causes of death among children under the age of five. Two in five children in this age group are undernourished and fewer than half vaccinated. Maternal mortality is still over 350 for every 100 000 live births and the HIV/AIDS rate is 3.2%. The country has a poor health system with a limited geographical coverage which does not give everyone access to health care. It lacks human and material resources and basic medical supplies. Four out of every five health centres are not operational. There is not a balanced distribution of medical staff between town and countryside.

Nevertheless the government has put in place a strategy to combat malaria based on a pilot scheme to monitor the disease. Encouraging results were seen in 2011 and there are plans to extend the scheme to the whole country in 2012-13. A strategic framework to combat HIV/AIDS and sectoral and multi-sectoral plans adopted in 2010-11 exist.

Poverty Reduction, Social Protection & Labour

Equatorial Guinea faces serious challenges in the fight against poverty and inequality of income. The most recent estimates suggest that three quarters of the population live on less than 2 US dollars (USD) per day. The 15 to 24 age group, single women and large one-parent families with at least six children are the hardest hit. These categories account for 79% of households or 89% of the population. A 2006 national survey found that the chief cause of poverty was the lack of jobs. It reported that in 65.5% of households in Malabo, 57% in Bata and 65% in other regions no-one was working. These findings were sufficiently alarming for the state to establish a national system to gather and process reliable demographic and economic data and evaluate the costs of sectoral poverty reduction strategy programmes. About half the population have access neither to drinking water nor sewerage. Income distribution is becoming increasingly unequal and is a serious threat to social stability.

A number of social protection programmes have been put in place, but they have only limited funding and coverage. The identification of groups at risk would enable the government to act in their interests. Public spending could be better targeted: most social transfers (on average 40% of the total between 2009 and 2011) are devoted to fuel subsidies to protect the country's consumers from the rise in world oil prices. The subsidies are paid directly to oil companies to make up the difference between tax owed by them and the difference between the international price of oil and the price fixed nationally by the government.

The country has signed and ratified the different conventions relating to protection of human rights, workers' rights and those of vulnerable people. In practical terms, though, the country is not in a position to draw up the legislation and regulations needed to implement those conventions. Pension systems and savings plans for old age are ineffective and are in any case confined to a small section of the active population. Their financing is only sustainable if oil and gas prices are maintained.

Gender Equality

There is little discrimination in law against women in the areas of marriage, family life, property and inheritance. But in practice women are at a disadvantage. Equatorial Guinea has ratified the Convention on the Elimination of Discrimination Against Women (CEDAW) and had adopted a national policy document in support of women which lays out a strategy favouring gender equality in various fields of activity, such as the legal, economic, institutional, social and educational. In 2011 women accounted for 10% of ministers and 14% of the

legislature. But there are shortcomings in national legislation. For example the legal age of marriage for women is set at 17, although the United Nations Convention on the Rights of the Child puts it at 18. Sexual harassment is not an offence. Equality of access is a reality at the primary educational level. But it is much more likely that girls will drop out at the end of primary school than boys. At more advanced stages of education inequalities deepen, both at the secondary level and in vocational schools. Girls make up 42% of secondary school students, a lower proportion than in previous years. The proportion has also fallen in vocational education and is now 37%. Girls make up only 39% of the student body in higher education.

Thematic analysis: Promoting Youth Employment

The World Bank in 2010 estimated that between 2011 and 2020 from 25 000 to 49 000 young people will enter the labour market every year. About 60% of the population are aged under 25. But the economy is unable to generate enough jobs to deal with this growth in the active population. The oil sector accounts for 78% of GDP but only absorbs 4% of the workforce. Construction, one of the biggest employers of young workers, offers only short-term opportunities. This state of affairs strengthens the informal sector and leads to the underdevelopment of the private formal sector. There is a continuing serious problem in access to information about jobs, in particular for the young, because there is no national employment agency or adequate information system collecting details about supply and demand at the national level. As a result those responsible for human resources in the private and public sectors sometimes seek to make a profit by offering jobs to the highest bidders.

There is no specific policy to promote youth employment. The National Economic and Social Development Plan (PNDES), which seeks to diversify the economy, envisages measures that indirectly help youth employment. The creation of small- and medium-sized enterprises (SMEs) should be boosted by an improvement in the overall business climate. Policies to enhance access to credit should be encouraged from 2012 to help the creation of SMEs and private initiatives. A new law requiring the administration to take on young people with qualifications and university diplomas was partially put into practice in 2011. The law lays down a maximum quota of foreign workers that a business can recruit (30% of the work force in the oil industry and 10% in the non-oil sector).

Substantial progress has been made in secondary and higher education in recent years. Higher education is free and private education in the secondary sector is available and affordable. The basic secondary education programme (ESBA), launched at the beginning of the 2000s, has been completed and the amount of technical training increased, especially in the private sector. The government plans to create technical and vocational training centres in the seven provincial capitals. Two centres are already in operation, one at Malabo (800 students) and the other at Bata (624 students), both modernised between 2009 and 2011. A far-reaching reform of vocational training is under way to establish a better match with the needs of the labour market. Furthermore, a dialogue has been initiated between the government, employers and workers with the aim of finding a consensus on issues relating to the reform of higher education, employment contracts and a pay review.

Although progress has been made, the higher education system is still not in a position to provide the skills and expertise required by employers. Even though teaching is free higher education is only available in the two major population centres, Malabo and Bata. Young people in rural areas have, accordingly, to move to these cities to pursue higher studies. There is a high drop-out rate among girls, in particular because of pregnancy. The quality of secondary teaching still needs improvement. The few students who pass the school-leaving examination have trouble completing university courses because of the poor skills of the teaching staff and the lack of educational and teaching support. Young workers in the informal sector who are not at school and have no qualifications can get apprenticeship training.



From:
African Economic Outlook 2012
Promoting Youth Employment

Access the complete publication at:
<https://doi.org/10.1787/aeo-2012-en>

Please cite this chapter as:

African Development Bank, *et al.* (2012), "Equatorial Guinea", in *African Economic Outlook 2012: Promoting Youth Employment*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/aeo-2012-26-en>

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