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Equatorial Guinea: Recent Economic Developments

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INTERNATIONAL MONETARY FUND

EQUATORIAL GUINEA

Recent Economic Developments

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Approved by the African Department

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Equatorial Guinea: Basic Data

	1994	1995	1996	1997	1998 Est.
Domestic production					
Oil (barrels a day)	4,866	6,247	16,884	57,201	83,845
Timber (thousands of cubic meters)	267	364	461	757	422
Cocoa (metric tons) 1/	3,004	3,583	5,751	4,782	4,552
(In millions of CFA francs)					
Government finance					
Total revenue and grants	14,984	15,543	24,637	55,114	76,974
<i>Of which: grants</i>	2,932	2,134	1,212	2,823	1,797
Expenditure and net lending 2/	18,934	20,138	32,955	48,089	80,728
Current	12,708	14,396	19,980	28,199	33,788
Capital and net lending 2/	6,226	5,742	12,975	19,890	32,958
Overall balance (commitment basis, after grants)	-3,950	-4,595	-8,318	7,025	-3,754
Money and credit (end of period)					
Net foreign assets	-13,318	-9,793	-7,188	7,236	1,585
Net domestic assets	21,262	21,467	23,801	25,306	19,264
Credit to government (net)	17,535	16,713	15,921	13,889	7,782
Credit to the economy	2,971	4,089	7,152	12,999	14,881
Other items (net)	756	665	728	-1,582	-3,399
Broad money	7,756	11,530	16,505	18,043	20,848
(In millions of U.S. dollars)					
Balance of payment					
Exports, f.o.b.	65.1	86.4	196.6	498.4	460.8
Imports, c.i.f.	-66.8	-96.6	-247.7	-352.8	-434.3
Trade balance	-1.7	-10.2	-51.1	145.6	26.5
Services (net)	-75.9	-90.2	-218.8	-340.0	-404.5
Private transfers	-0.1	-2.5	-2.5	-1.3	0.0
Current account balance 3/	-77.7	-103.0	-272.4	-195.6	-378.0
Official transfers	6.7	7.4	4.3	6.2	4.4
Current account balance 4/	-70.9	-95.6	-268.1	-189.3	-373.6
Medium- and long-term capital (net)	55.2	85.8	264.2	184.1	361.3
Short-term capital (net), and errors and omissions	-1.1	-5.5	-0.1	0.0	0.0
Overall balance	-16.8	-15.3	-3.9	-5.2	-12.2
External public debt disbursed and outstanding					
Stock of debt 5/	261.3	233.0	254.4	245.6	263.5
Scheduled debt service 5/ 6/	33.9	27.8	7.5	3.8	4.3
Scheduled debt service 5/ 7/	110.0	93.8	33.1	21.0	15.8
(CFA francs per U.S. dollar)					
Exchange rate					
End of period	535	490	524	599	562
Average	555	499	512	584	590

Equatorial Guinea: Basic Data (concluded)

Social and demographic indicators (1996, unless otherwise specified)

Population (1998 est.)	431,966
Population growth (annual percentage change)	2.6
Per capita GDP (in U.S. dollars; 1998)	1,109
Per capita non-oil GDP (in U.S. dollars; 1998)	430
Area (square kilometers)	28,051
Population density per square kilometer	14.6
Life expectancy at birth (years)	50
Infant mortality rate (per thousand)	109
Under five years infant mortality rate (per thousand)	185
Population per physician (1993)	3,889
Adult literacy rate (in percent, 1990)	50.2

Sources: Equatorial Guinean authorities; World Bank, *World Development Indicators 1998*; 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.

I. OVERVIEW

1. Equatorial Guinea underwent severe economic, political, and social disruptions in the decade following independence in 1968, resulting in economic stagnation, with real GDP increasing by only 3 percent a year in the 1970s (about the same growth rate as population), and a marked deterioration in the country's physical infrastructure and social services. In 1985, it became a member of the Bank of Central African States (BEAC), adopting the CFA franc as its currency, and joined the Central African States Customs Union (UDEAC). As a result of the new currency arrangement, inflation dropped markedly. However, economic growth remained elusive, and a significant appreciation of the CFA franc, coupled with a sharp deterioration in the terms of trade, exacerbated fiscal and external imbalances through the 1980s.

2. Repeated attempts through the early 1990s to reduce macroeconomic imbalances and restore economic growth in the context of structural adjustment programs met with little success, as the timber and cocoa sectors—Equatorial Guinea's traditional export base—continued to stagnate and real GDP to decline until the coming on stream of the country's first oil field in 1992 (Box 2). In view of the limited results of these attempts, the authorities decided, in January 1994, to adopt a comprehensive adjustment strategy involving a 50 percent realignment in the parity of the CFA franc in foreign currency terms—in concert with the other member countries of the CFA franc zone—as well as strong macroeconomic and structural policies supported by a second annual ESAF arrangement. The traditional export sectors, notably forestry, responded well to the devaluation, and an economic recovery followed. However, owing to highly expansionary fiscal policies and the lack of transparency in financial management, the program went quickly off track.

3. Recent economic developments have been dominated by the coming on stream of important oil fields in 1992 and 1996, and the subsequent breakdown in fiscal discipline and transparency. In response to the January 1994 devaluation of the CFA franc, there was also an upturn in the non-oil sector, led by an intensification in logging activity that resulted in an unsustainable level of timber output in 1997. Breaking with a long period of economic stagnation, real GDP growth averaged 8.5 percent a year in 1992-95, rose to 29 percent in 1996 and 71 percent in 1997, and is estimated at 22 percent in 1998 (Figure 1). Non-oil GDP grew by 10.3 percent on average in 1994-97 but remained flat in 1998 because of a downturn in timber output in the midst of the Asian crisis. Following the initial surge in prices in the wake of the devaluation, inflation fell to 4.5 percent in 1996 on a year-end basis and 3.7 percent in 1997. Because of the development of the important Zafiro offshore oil field, investment rebounded, averaging 79 percent of GDP in 1994-98, while the national savings rate remained at about 11 percent of GDP on average. In the circumstances, the external current account deficit increased sharply from 56 percent of GDP in 1994 to 103.5 percent in 1996 and 82 percent in 1998.

Box 1. General Background

Equatorial Guinea consists of several geographically distinct areas. Rio Muni, the mainland region, accounts for approximately 85 percent of the land area and 80 percent of the total population. The rest of the country includes the island of Bioko, which is the site of the capital city, Malabo, and five additional small islands in the Gulf of Guinea. The total land mass covers about 28,000 square kilometers, with an estimated population of 430,000. In the Rio Muni region, timber production and food crops are dominant. Bioko has historically focused on cocoa production. Oil production began in 1992, when an independent oil company, Walter International, started operations in the Alba field, situated 36 kilometers off the coast of Bioko; the larger Zafiro field, which borders on Nigerian territorial waters and is operated by Mobil Oil, came on stream in August 1996. Petroleum output averaged 83,000 barrels per day in 1998, representing more than 60 percent of GDP. Exploration for additional offshore oil deposits, both to the northwest of Bioko and off the coast of Rio Muni, is ongoing, and the prospects, according to the three-dimensional seismic data collected, are promising.

Equatorial Guinea is composed of two main ethnic groups, the Fang and the Bubi. The Fang, who are indigenous to the mainland, are the larger of the two ethnic groups, and constitute the ruling class. The Bubi make up 50 percent of the population on the island of Bioko but have virtually no presence on the mainland. Population growth is estimated at 2.6 percent a year. Poor health and education services have resulted in low life expectancy (49 years) and a low literacy rate (50 percent).

4. Equatorial Guinea's fiscal policy continued to be expansionary, and financial mismanagement remained a serious concern, with primary expenditure rising by 53 percentage points of non-oil GDP between 1994 and 1998 to 69 percent of non-oil GDP, including large unrecorded extrabudgetary expenditure financed through advances made by the oil companies at nonconcessional terms. In spite of an increase in government revenue of more than 10 percentage points of GDP to 28 percent of GDP over the same period, the primary budget balance, excluding foreign-financed investment, turned from a surplus of 4.5 percent of GDP in 1994 to a deficit of 1.4 percent of GDP in 1996; during the same period, the overall fiscal deficit widened from 5.7 percent of GDP to 6.3 percent of GDP (Statistical Appendix Table 14), exacerbating imbalances and leading to the accumulation of new external payments arrears.

5. In the structural area, the authorities adopted a new forestry law in December 1997 aimed at improving supervision and monitoring, and at scaling down timber production to a sustainable level. They also privatized and liberalized the distribution of petroleum in 1998. However, little progress was made on the civil service reform and privatization programs adopted in 1993 under the ESAF-supported program.

II. ECONOMIC DEVELOPMENTS, 1994-98

A. Production and Prices

6. Equatorial Guinea's production base is narrow and highly skewed toward the exploitation of exhaustible resources, with output and export earnings heavily dependent on the rapidly growing oil sector and, to a lesser extent, timber (Statistical Appendix Tables 1 and 2).¹ The emergence of the oil sector and the intensification of logging activities allowed real GDP to grow at an average of more than 22 percent a year in 1992-98. The non-oil nontimber economy, which was stagnant in the early 1990s, responded well to the January 1994 devaluation of the CFA franc and grew by 8.5 percent a year during 1992-98. Over that period, agriculture grew by 7.4 percent on average, the secondary sector (including construction) grew by 9 percent, and the tertiary sector grew by 10 percent.

Real Sector Developments, 1994-98

	1994	1995	1996	1997	1998
	(Percentage change)				
Real GDP	5.1	14.3	29.1	71.2	22.0
Non-oil GDP	6.5	10.8	11.5	19.4	0.2
Consumer prices (annual average)	38.9	11.5	4.6	3.0	7.9
	(In percent of GDP)				
Consumption	79.6	78.3	97.2	56.9	80.0
Gross investment	74.1	76.3	85.6	65.7	91.5
Gross national savings	17.7	18.0	10.1	27.6	9.6

Sources: Equatorial Guinean authorities; and staff estimates.

¹Equatorial Guinea's statistical base is weak and available data should be interpreted with caution. The preparation of estimates of the national income accounts has been sporadic despite the technical assistance provided by the United Nations Development Program (UNDP) and France. The authorities currently produce only indicative estimates of GDP by sector of activity at current prices. The estimation of real GDP is further hampered by the lack of reliable sectoral price indices.

7. The coming on stream of the important new oil fields in August 1996 led to a rapid transformation of Equatorial Guinea's economy, with the contribution of oil production to GDP at market prices growing from 18 percent in 1994 to 61 percent in 1998 (Statistical Appendix Table 2). In spite of rapid growth in logging activities (through 1997), the GDP contribution of forestry fell from 19 percent in 1994 to 11 percent in 1997 and 7 percent in 1998. During the same period, the share of the non-oil primary sector fell from 48.5 percent of GDP to 22 percent, that of the secondary sector from 10 percent to 4.5 percent, and that of the tertiary sector from 22 percent to 12 percent. It should be noted that only public administration kept pace with oil sector growth, with its contribution declining only slightly from 5 percent to 4.5 percent. Within the primary non-oil sector, subsistence crops (12 percent) and forestry (7 percent) constituted the principal components.

8. The 1994 devaluation enhanced growth in nominal and real GDP. It also sparked an increase in the relative importance of the primary sector share in GDP as a result of its price effect on the oil, forestry, and export crop subsectors. Export crop subsectors grew strongly in real terms in 1994-96 because of the competitive boost from the devaluation, and forestry expanded through 1997. Timber output fell by 44 percent in 1998, following the collapse in Asian markets, and export crops stagnated, starting in 1997, reflecting difficulties in agriculture.

9. Current estimates indicate that gross domestic expenditure averaged 155 percent of GDP over the period 1994-98, with about 78 percentage points going to consumption (public and private) and 79 percentage points to gross capital formation (Statistical Appendix Table 4). Gross domestic expenditure in 1996 and 1998 deviated from the period average, to 183 percent of GDP and 170 percent of GDP, respectively, as a result of investment in the development of the Zafiro oil field. Consumption as a share of GDP followed a steadily downward path over the 1994-97 period, falling from 80 percent in 1994 to 57 percent in 1997 because of the rapid growth in oil GDP.² Gross domestic investment increased sharply—despite the decline in donor support for the public investment program—because of large-scale investment in the oil sector and new equipment in the timber industry. These developments were reflected in the external resource balance, which registered a deficit averaging some 55 percent of GDP in 1994-98. Driven by the higher level of private sector savings registered in 1994-97 (resulting from the higher rates of economic growth in the oil and timber sectors), overall national savings increased markedly, rising from 18 percent of GDP in 1994 to 28 percent in 1997 before dropping back to 10 percent in 1998, owing to an increase in the oil sector absorption that exceeded the growth in the sector's output.

10. As measured by the CPI, inflation, which surged to 45 percent on a year-on-year basis in 1994 in the wake of the devaluation, decelerated progressively to 3.7 percent in 1997 and increased to 6.6 percent in 1998; on an annual average basis, inflation fell from 39 percent in

²The surge in consumption in 1996 and 1998 reflects oil companies' expenditure related to the Zafiro development.

1994 to 8 percent in 1998. In spite of this reduction, which was aided by the increased supply of food in the economy, inflation in Equatorial Guinea remains the highest in the Central African Economic and Monetary Community (CEMAC) countries, owing to growing oil output and rapidly increasing public spending, including the wage bill.

B. Oil Sector Developments

11. The oil sector in Equatorial Guinea has undergone dramatic changes in recent years. Crude oil production increased from 2,500 barrels per day (bpd) at the start of oil production in 1992 to approximately 83,000 bpd by end-1998 and is expected to exceed 120,000 bpd by the year 2000 (see Box 2 for a timeline of recent developments). The crude oil produced in the two fields currently on stream (Alba and Block B) is lighter than the benchmark Brent crude and should, consequently, start earning a premium as refineries adjust and begin to rely on oil from Equatorial Guinea. At present, oil from Alba is sent to a refinery in Cameroon, where it is used to lighten the heavier crude produced there.

12. These developments have transformed Equatorial Guinea into a sought-after oil province within a very promising area, the Gulf of Guinea. Capitalizing on these developments, the government has launched a licensing round, to cover all unlicensed deepwater acreage (most of it lies in water depths exceeding 1,500 meters) offshore Bioko island and Rio Muni, which is due to close in August-1999.

13. One potential constraint on the rosy predictions for oil production are disagreements over undemarcated regional maritime borders, especially the frontiers with Nigeria, São Tomé and Príncipe, and Gabon. Negotiations at the regional level are currently under way to resolve these issues, with a draft agreement reportedly signed at the CEMAC meetings held in Malabo in July 1999.

Alba field

14. As the Northern Michigan Electric Company (NOMECO) has continued to map out the entire oil field, it has become apparent that Alba, a stratigraphic structure, is larger than initially thought and that it contains a high percentage of natural gas. The latest reserve estimates are

- 120 million barrels of oil (of which some 13 million have already been extracted), and
- 1,500 billion cubic feet of gas, the equivalent of 265,000 million barrels (of which some 180 billion cubic feet has already been extracted).

Although the field has been in commercial operation since 1992, NOMECO has yet to find it necessary to inject either water or gas into the well to maintain pressure in the pipeline; this is one of the surest indications that the field holds substantial hydrocarbon deposits. Production of crude oil has been steady at 6,800 bpd of crude oil over the period 1996-98, with production of liquefied petroleum gas (LPG) consistent at some 1,800 bpd since the LPG transformation facility came on-line in 1997.

15. Given the high levels of condensate, safety precautions mandate that some gas be continuously flared,³ but lack of local markets and infrastructure has translated into inordinately high levels of flaring: an average of some 39,000 bpd since the inception of commercial production. Potential uses for this resource include supplying the local market with bottled butane; exporting LPG, liquefied natural gas (LNG) or methanol; supplying gas to local thermal power plants; and converting into fertilizer. Construction is now under way of two government-funded gas turbines, that should supply all of Malabo with electricity, and NOMECO (in partnership with Samedan Oil and the government) is building a US\$400 million methanol plant (reportedly the tenth-largest facility of its kind in the world), with commercial production estimated to start in 2001 at the rate of 2,500 tons per day. To complement the new facility, NOMECO is doubling its onshore storage capacity for LPG, constructing a second pipeline (twenty inches in diameter) from the well to onshore production facilities,⁴ bringing on-line three additional production wells (Alba 5, 8, and 9), and setting up two gas injection wells (Alba 6 and 7).⁵

Block B

16. Block B is operated by Mobil, with Ocean Energy holding a 25 percent minority interest. Crude oil is currently extracted from the Zafiro development (which includes the Zafiro well and a series of associated fields: Jade, Opalo East, and Topacio), which lies in water depths of up to 520 meters. There have been successful tests in other nearby fields (including Rubi, Serpentina, Topacio, Amatista, and Tavorita), and Mobil continues exploratory work to delineate the boundaries of the currently producing wells (occupying some 30,000 acres) and to map out the entire block (total area of some 500,000 acres). Reserves are currently estimated at 400 million barrels of crude oil and some 40 billion cubic feet of gas.

17. The favorable geology (especially the sandy sedimentary layer, which greatly facilitates drilling), combined with recent technological advances and an aggressive development plan, make Block B one of the low-cost sources of oil, and Mobil is adhering to its exploration and development commitments (even in the face of the recent slide in oil prices). Phase 3 is expected to generate further decreases in unit costs, and there is hope that the exploration

³For example, in case of a dangerously high concentration of gas in the pipeline, an electronically operated valve would allow more gas to escape as a way of relieving pressure.

⁴After extraction, the hydrocarbon products are transported through a pipeline for the 22 miles between the production platform and Bioko island where the processing facilities are located. The new pipeline will complement the ten-inch pipeline currently in use.

⁵At end-1998, Alba 2 and 3 are the producing wells. Alba 1 was an exploratory well, and Alba 4 was, for technical reasons, abandoned.

Box 2. Oil Development in Equatorial Guinea – Timeline

1979-90 Hispanoil from Spain enters into a joint-venture agreement and forms GEPSA, Guineo Española de Petróleo. Between 1982 and 1985, GEPSA acquires seismic data and drills six exploratory wells, two of which yield gas and light oil. By 1990, GEPSA fails to comply with the requirements of the exploration agreements, and, amid uncertain project economics, the contract is canceled.

Alba Field

1990 Walter International signs a production-sharing contract for the Alba field and exploration of the surrounding areas.

1992 Commercial production starts in January at a rate of 2,500 barrels per day (bpd).

1995 Northern Michigan Electric Company (NOMECO) takes over operation of Alba and production reaches 6,700 bpd. Significant offshore natural gas reserves are identified.

1996 NOMECO builds a facility to transform some of the flared gas into liquefied petroleum gas (LPG), with production reaching 1,800 bpd by end-1997 (and production expected to remain at this level through end-1999). The equivalent of 39,000 bpd of gas continue to be flared.

1999 Construction commences on a US\$400 million plant to produce methanol.

Block B

1992 United Meridian Corporation (UMC), later taken over by Ocean Energy (OE), is awarded the concession.

1994 UMC sells a 65 percent share to Mobil and exploration begins.

1995 Mobil announces a successful well in the Zafiro field in March. In phase 1 of a three-phased development plan, a floating production unit (FPSO) is installed in the first quarter of 1996.

1996 Commercial production starts in August with production reaching 10,000 bpd by end-1996; 49,000 bpd by end-1997; and 75,000 bpd by end-1998.

1998 After a temporary pause due to contract renegotiations, phase 2 of the development plan proceeds with the installation of water injection equipment and gas lift capabilities.

1999 In phase 3 of the development plan, a fixed platform (containing both drilling and producing facilities) is installed, with production expected to reach 120,000 bpd by the year 2000.

program under way (including four more exploratory wells to be drilled over the period 1999-2000) will reveal further commercial discoveries.

Other blocks

18. Exploration is being conducted by Mobil Oil and Ocean Energy (OE) off Bioko island in Blocks A, B (which contains the Zafiro field), C, and D, with new oil discoveries recently announced in blocks A, B, and D.⁶ In Block C, OE plans to follow up on nearby discoveries (on the Nigerian side) by Elf, a French oil company, in the Ukot field. Exploration has also been started by Triton, a U.S. independent, in Blocks F and G, located off Rio Muni (just north of productive fields in Gabon), following encouraging seismic tests. Exploration is expected in the near future in Block D, a concession located in water depths of between 1,000 and 2,000 meters (just south of Block C) and recently awarded to Elf.

C. Non-Oil Sector Developments

Agriculture and forestry

19. Equatorial Guinea has about 2.2 million hectares of forest, mostly on the continent, of which 1.2 million (54 percent) are now under concession contracts. Since the 1994 devaluation, the timber sector has become progressively dominated by a broader base of foreign and domestically owned enterprises. As of end-1998, there were 52 timber concessions, compared with 35 as of end-1995, and the largest concessionaire held less than 6.2 percent of total hectares under concession (Statistical Appendix Table 5). Timber output grew by 64 percent in 1997 and reached 780,100 thousand cubic meters, reflecting an unsustainable intensification of logging activity, but decreased by 43 percent in 1998 in the midst of the Asian crises. In 1998, the timber sector accounted for 6.6 percent of GDP and 17 percent of non-oil GDP.

20. The accelerated growth of the forestry sector in 1997 has called into question the sustainability of current production levels and practices. Between 1995 and 1997, total hectares conceded to timber production rose by 22 percent, growing from 1.03 million hectares in 1995 to more than 1.26 million hectares by 1997. Moreover, there are indications that some producers, including foreign companies, have not been following established logging and conservation guidelines and, in particular are not limiting themselves to the boundaries of their concessions. In June 1999, the authorities submitted to parliament a draft law to regulate the use of the land fields included in the national system of protected forests. This national system is constituted of 13 areas totaling 586,000 hectares.

⁶Recent announcements referred to the Dorado 1 well in block A; the Turmalina well (in which drilling had to be stopped because of higher-than-anticipated pressure) in block B; and the Ambar 1 well in block D. Ocean Energy had previously announced another prospect in block D, the Barita well.

21. The production of cocoa, traditionally grown on Bioko, plummeted in the mid-1970s with the exodus of the Spanish farm owners and foreign laborers. With assistance from the World Bank and the African Development Bank, steps were taken to rehabilitate the sector in the 1980s. Among other measures, the authorities introduced a system of graduated export taxes aimed at reflecting movements in world market prices; this system virtually eliminated export tax receipts. A revised system of export grading was also introduced, with a view to restoring the confidence of buyers. In addition, in an effort to increase productivity and production in the cocoa sector, Equatorial Guinea began replacing its aging stock of cocoa trees with new trees in the early 1990s.

22. Most cocoa production is now undertaken by small-scale sharecroppers on volcanic soil, and access to inputs is central to the quality and volume of output. To address their financing needs, revolving credit facilities were introduced in the early 1990s, financed by counterpart funds from the European Union's export earning stabilization grants (STABEX), whereby sharecroppers receive the inputs and repay them at the end of the season out of the cocoa they produce. Production increased by 24 percent to 3,770 tons in the 1994/95 season, and by a further 16 percent in the 1995/96 season, halting a protracted decline in the cocoa subsector and reflecting the effect of the devaluation on profitability, a rebound in world prices, and the lagged effect of earlier replantings on yields. For the 1996/97 and 1997/98 crops, production is estimated, respectively, at 4,782 tons and 4,552 tons.

23. Coffee production, all of which is of the robusta variety, has declined in recent years and is no longer officially reported. The coffee quality is poor, owing to unfavorable climatic conditions, and the small amount that is still produced, mainly by smallholders as a supplementary cash crop, takes place in the continental region. Officially recorded coffee output declined from 147 tons in 1994 to 13 tons in 1998, although significant quantities are reportedly still smuggled to neighboring countries. Equatorial Guinea has rich fishing waters, and its marine resources are mainly exploited by foreign fleets under fisheries agreements, primarily with the European Union.

Manufacturing and energy

24. Industrial development in Equatorial Guinea has been constrained by a small domestic market, weak banking system, inefficient public utilities, and limited urban and transport infrastructure. Apart from wood processing, there are only wine-and water-producing industries on the continent, and only cocoa fermenting and drying takes place on Bioko. Equatorial Guinea is well endowed with wood and hydroelectric resources. However, more than 80 percent of the domestic energy needs are still met through consumption of fuel. Electricity is generated by thermoelectric and hydroelectric generators on Bioko and on the continent but power output is sufficient to meet demand only during the rainy season. As a result, many enterprises and households rely on individual generators.

Services

25. The services sector, including trade and commerce, transport and communications, finance and housing, and public administration, accounted for 12 percent of GDP in 1998. Trade and commerce and public administration continue to be the largest subsectors, with a share in GDP of about 4 percent and 5 percent, respectively, in 1998.

26. Equatorial Guinea has three ports, located in Bata, Malabo, and Luba, and two airports, one at Malabo and the other at Bata. The country has a relatively dense road system, including more than 1,000 kilometers of logging roads on the continent. However, in recent years, this road system has deteriorated considerably because of the lack of maintenance and the erosion associated with the heavy rainfall.

D. External Sector Developments

Balance of payments

27. Equatorial Guinea's balance of payments reflects the recent changes in the structure of the economy, in particular the growing reliance on oil production since 1992 and the sharp decline in official foreign financing since 1994 (Statistical Appendix Tables 24-25). It also depicts a narrow export base concentrated on a few exhaustible resources and suggests a need to reestablish orderly relations with creditors. In 1998, the country suffered a 29 percent deterioration in its terms of trade when oil export prices fell by 32 percent and timber prices by 8 percent. However, the terms of trade effect on the balance of payments was partially offset by the accompanying increase in oil production (Statistical Appendix Table 31). Over the last two years, Equatorial Guinea's competitiveness position was also weakened by inflationary pressures, which caused the CFA franc to appreciate by 25 percent in real effective terms in 1994-98 (Statistical Appendix Table 34).

28. The evolution of the current account was mostly driven by the activities of the oil companies. In both 1996 and 1998, the pace of oil exploration and drilling intensified and caused the current account deficit to reach 104 percent and 82 percent of GDP, respectively.

Movements in the capital account largely offset changes in the current account, with the overall balance of payments' deficit increasing from US\$3.9 million in 1994 to US\$12.2 million in 1998. Most of this deficit was financed through the accumulation of external payments arrears, including to multilateral creditors. Also a debt- service rescheduling was agreed with Paris Club creditors in 1994, and comparable treatment was extended by non-Paris Club bilateral creditors (Argentina and Democratic Peoples' Republic of Korea) in 1997.

29. The strong expansion in exports, which grew almost tenfold in volume terms in 1994-98, was largely driven by the increase of crude oil export volume from 3,100 barrels per

External Sector Developments, 1994-98

(In percent of GDP, unless otherwise indicated)

	1994	1995	1996	1997	1998
Current account balance	-56.4	-58.3	-103.5	-38.0	-81.8
<i>Of which:</i> non-oil current account balance	-8.3	-5.6	-13.3	-8.9	-17.3
Overall balance	-13.3	-9.3	-1.5	-1.0	-2.7
Debt service (in percent of exports of goods and nonfactor services)	33.9	27.8	7.5	3.8	4.3
Debt service (in percent of domestic revenue)	110.0	93.8	33.1	20.7	15.3

Sources: Equatorial Guinean authorities; and staff estimates.

day in 1992 to 56,600 barrels per day in 1997, and to 82,900 barrels per day in 1998. In current terms, total petroleum exports increased from US\$29 million in 1994 to US\$403 million in 1998.

30. Owing to the competitiveness gains achieved through the devaluation of the CFA franc in January 1994 and the unsustainable intensification of logging activity, non-oil exports also increased in 1994-97. During this period, timber production and export volume tripled, reaching an unsustainable level of 694,000 cubic meters in 1997, and cocoa shipments grew by 55 percent. In 1998, however, in the midst of the Asian crisis and against a backdrop of loss of competitiveness for the non-oil sector and deteriorating terms of trade, timber exports fell by 42 percent to 402,000 cubic meters, and cocoa shipments declined by 21 percent to 5000 tons (Statistical Appendix Table 26). Other export crops—including coffee, malanga, bananas, black pepper, and medicinal plants—accounted for 1.7 percent of non-oil exports in 1998, down from 1.9 percent in 1994.

31. Reflecting a rise in capital expenditure related to exploration, drilling, and infrastructure construction for a platform in the Zafiro field, imports of goods by the oil companies increased from US\$38 million in 1994 (56 percent of total imports) to US\$190 million in 1996 (77 percent of total imports) and US\$361 million in 1998 (84 percent of total imports). Imports related to the public investment program, which initially contracted as a ratio of total imports from 7 percent in 1994 to 1 percent in 1996, increased significantly to 5 percent in 1998, owing almost entirely to the constructions related to the June 1999 summit of the Economic Community of Central African States (CEEAC) and the Central African Economic and Monetary Community (CEMAC).

32. Equatorial Guinea's major trading partners changed substantially over 1994–98. Because of growing oil production, the United States is the single most important export destination, with 62 percent of total exports, compared with 34 percent in 1995. Exports to Spain also increased from 13 percent in 1994 to 17 percent in 1998. Other key partners in 1998 were China (9 percent), France (3.5 percent), and Japan (3.5 percent) (Statistical Appendix Table 30). Exports to partner countries within the CEMAC have remained insignificant. Regarding principal import origins, the United States became the largest source, with 35 percent of total imports in 1998, compared with 6 percent in 1995. France is the second-largest source of imports, with 15 percent of the total, followed by Cameroon (10 percent) and Spain (10 percent). The United Kingdom (6 percent), the Netherlands (6 percent), China (3 percent), and Italy (3 percent) are other sources of imports.

External debt

33. Equatorial Guinea's external public debt rose from US\$233 million in 1995 to US\$264 million in 1998, and as a share of GDP fell over the period from 142 percent to 58 percent (Statistical Appendix Table 32). Debt owed to official bilateral creditors represented 51 percent of total public debt at end-1998—of which 30 percent for Paris Club participants—while that to multilateral creditors represented 48 percent, and the debt owed to commercial banks, 1 percent. Spain is the major Paris Club creditor (19 percent), followed by Italy (5 percent), France (4 percent), and the Russian Federation (3 percent). Non-Paris Club creditors include the People's Republic of China (15 percent) and Argentina (5 percent). The country's primary multilateral creditors are the World Bank Group (20 percent), the African Development Bank (13 percent of public debt at end-1998), and the Fund (4 percent).

34. At the end of 1998, external payments arrears stood at US\$48 million, of which US\$5.8 million was owed to multilateral institutions, US\$37.3 million to Paris Club creditors, and US\$5.1 million to other bilateral creditors.

35. Total scheduled debt service decreased from US\$23.9 million in 1994 to US\$18.1 million in 1998 (Statistical Appendix Table 33).⁷ As a percentage of exports of goods and services, it declined from 33.9 percent in 1994 to 4.3 percent in 1998, owing to the sharp increase in oil and timber exports. In terms of government revenue, the burden of the scheduled debt service was also significantly reduced from 110.0 percent in 1994 to 15.3 percent in 1998.

⁷The reliability of the data provided by authorities is very weak. The figures shown in the text and in the table are estimates and should be interpreted with caution.

III. POLICY IMPLEMENTATION

A. Fiscal Policy ⁸

36. Equatorial Guinea's fiscal situation reflected the coming on stream of important oil fields, in 1994-98, with rapidly growing government oil revenue and the subsequent breakdown in fiscal discipline and transparency. Oil revenue was generally higher than budgeted, but primary expenditures also exceeded budgetary allocations by very large margins, including large unrecorded extrabudgetary spending financed through advances made by oil companies. With the tripling of oil revenue in 1997, the **primary budget balance**, which was in deficit equivalent to 1.4 percent of GDP in 1995, turned around to a surplus of 4.5 percent of GDP, compared with a projected surplus of 10.3 percent of GDP. In 1998, sizable budgetary overruns reduced the primary surplus to 1.2 percent of GDP despite an increase of 72 percent in oil revenue. The **overall fiscal deficit** (before grants) improved to about 2.1 percent of GDP in 1998, compared with 2.5 percent in 1994 (Figure 2 and Statistical Appendix Tables 14), although it did fall some 9.5 percentage points of GDP short of budgetary projections. The overall fiscal deficits could not be financed and led to the accumulation of external payments arrears during the period under review. At present, serious weaknesses remain in budgetary procedures and governance, budgetary control of expenditure commitment is lacking, and persistent extrabudgetary spending hampers the integrity of the annual budget exercise and effective policy design and implementation.

Revenue

37. **Government revenue** increased by more than 10 percentage points of GDP in 1994-98 to 27.9 percent of GDP, owing chiefly to the large expansion of oil production and the revision in production-sharing contracts with oil companies in 1998 in favor of the government. **Oil revenue** increased from below CFAF 2 billion in 1994 (or 12 percent of oil export proceeds) to CFAF 31 billion in 1998 (13 percent of oil export proceeds). The ratio of government oil revenue to oil exports was small, as the production-sharing contracts initially signed by Equatorial Guinea were based on model contracts from a 1981 petroleum law designed to attract investors to an undeveloped area with uncertain oil prospects. They were not appropriate for fields with high expected returns, such as the Mobil-operated Zafiro in Block B. These contracts guaranteed an inordinately high 30 percent rate of return for oil operators and offered exceptionally favorable cost recovery conditions, as they did not set a

⁸A summary of the tax system is provided in Appendix I.

Fiscal Developments, 1994-98

	1994	1995	1996	1997	1998
	(In percent of GDP)				
Domestic revenue 1/	17.3	16.4	17.7	18.0	27.9
<i>Of which:</i> oil revenue	2.8	2.8	8.7	10.1	19.9
Primary expenditure 2/	12.7	15.6	19.1	13.5	26.7
<i>Of which:</i> wages and salaries	4.4	4.4	4.3	2.5	3.4
domestic-financed capital expenditure	1.6	3.9	7.9	5.3	15.8
Primary balance	4.5	0.8	-1.4	4.5	1.2
Overall balance (before grants; commitment basis)	-9.9	-8.2	-7.2	1.4	-2.1
	(In percent of oil exports)				
Oil revenue	12.1	15.8	17.0	13.1	20.1

Sources: Equatorial Guinean authorities; and staff estimates.

1/Including collection of tax arrears on oil subcontractors in 1998.

2/Excluding foreign-financed capital outlays.

limit on deductible costs and allowed the carryover of the negative cash flow of the initial years (giving oil companies an incentive to overinvest and engage in high-risk exploration activities). Thus, while the government take⁹ for sub-Saharan Africa has been estimated to range between 45 percent and 90 percent, the Equatorial Guinea take in the original production-sharing contracts was estimated between 15 percent and 40 percent, with the most likely scenarios in the lower end of that range.¹⁰

38. In 1998, the government succeeded in renegotiating the Mobil contract. The most significant changes were (a) an increase in the royalty rate from the initial flat rate of 10 percent of gross revenues to a sliding scale ranging from 12 percent to 16 percent, (b) the imposition of limits on cost deductions of an annual maximum of 80 percent of gross export proceeds, (c) a reduction in the uplift rate (margin added to costs carried forward) from 30 percent to 19 percent, and (d) the assignment to the government of a 5 percent share in equity. The increase in the royalty rate had an immediate positive impact on government oil revenue, which increased to CFAF 53 billion in 1998, or 20 percent of exports, while the

⁹The government take is an undiscounted measure of the government's share of revenues over the lifetime of the oil field, based on estimated reserves and projected time profiles of production and investment levels.

¹⁰The most relevant comparators, the offshore fields in Nigeria, have a government take in the range of 60 percent.

reduction in the uplift rate should increase the government's share of oil profits in the longer term. This improvement is significant, but the government's share remains very small by international standards,¹¹ and the management of oil production-sharing contracts continues to lack transparency, with no fiscal control over the payments made by the oil companies.

39. **Non-oil revenue** fell from 18 percent of non-oil GDP in 1994 to 15 percent of non-oil GDP in 1996, before rebounding by more than 5 percentage points of non-oil GDP to 21 percent of non-oil GDP in 1997. The drop in revenue mobilization in 1994-96 reflected mainly weaknesses in the collection of import taxes, while the improvement in 1997 was due to the unsustainable intensification of logging activity. In 1997-98, import taxes amounted to an estimated 5.2 percent of non-oil sector taxable imports, compared with an average of 10.8 percent in 1993-94. Notwithstanding the 1994 devaluation, nominal import taxes remained constant at CFAF 1.3 billion from 1994 to 1996 and increased only slightly to CFAF 1.6 billion in 1998, a 29 percent decline in real terms (using the non-oil GDP deflator). The weaknesses in customs duty collection can be traced to extensive ad hoc exemptions, tax evasion, and mismanagement. Export taxes increased nearly fourfold over the period 1994-97 as a result of the effects of the devaluation on the taxable base and the strong increase in timber export volumes, particularly in 1997. These taxes were more than halved in 1998 following the fall in timber production and exports. During the same year, the collection of consumption and import taxes on petroleum products increased by some 70 percent, following the contracting out to the private sector—and the subsequent privatization—of the national petroleum distribution company.

40. In the context of the CEMAC trade and customs reforms, a major simplification and reduction of import tariffs was implemented in August 1994. A common external tariff structure was adopted for the CEMAC countries at the regional level. The CET was set with four rates: 5 percent for basic commodities; 10 percent for raw materials and capital goods; 20 percent for intermediate and miscellaneous goods; and 30 percent for consumer goods. There was also a provision for temporary preferential tariff for imports from other CEMAC countries, representing a declining share of the CET. The reform was designed to be revenue neutral, as a broadening of the taxable import base, through reduction in customs exemptions, and the introduction of a broad-based turnover tax were to accompany the lowering of the import tax rates. Import surcharges were modified in early 1995, shortly after the introduction of the CET, but Equatorial Guinea has yet to reduce customs exemptions and to eliminate the preferential tariff on imports from other CEMAC countries (currently set at 10 percent of the CET).

¹¹The new contract continues to bestow the oil companies with, by far, the most generous tax and profit-sharing provisions in the region. However, the expressed lack of capacity on the part of the Equatorial Guinean authorities to effectively monitor oil costs and to systematically evaluate company budget submissions likely makes the emphasis on up-front royalty payments—rather than on tax and profit-sharing payments as in Angola—a convenient arrangement.

Expenditure

41. The lack of a genuine budgetary control over expenditure commitments in a context of growing government oil revenue led to a breakdown in fiscal discipline. **Primary expenditure** (excluding foreign-financed investments) expanded rapidly from 16 percent of non-oil GDP in 1994 to 38 percent in 1997 and 69 percent in 1998, **exceeding budgetary allocations by about 125 percent in 1997 and by over 170 percent in 1998** (Statistical Appendix Table 17).¹² The wage bill rose from 5.4 percent of non-oil GDP in 1994 to 8.8 percent of non-oil GDP in 1998 as a result of general salary increases in 1996, new recruitments, and the implementation of a May 1997 law that awarded a four-step pay raise to the civil service over the period 1998-2000. Following a 37 percent average increase in the base salary and the granting of two-month bonuses to public sector employees, effective January 1, 1996, the May 1997 law raised salaries an additional 13 percent on average during 1997-99; a further 10 percent increase is scheduled for 2000.

42. Expenditures on goods and services almost doubled in 1997 and subsidies and transfers increased almost fourfold in 1998. Domestically financed capital expenditures increased from 2.0 percent of non-oil GDP in 1994 to 13.5 percent of non-oil GDP in 1996 and to 41 percent in 1998. The capital spending included large unrecorded extrabudgetary investments (5.2 percent of GDP in 1998),¹³ financed through advances made by oil companies at nonconcessional terms. The drawings on the advances extended to the government (US\$23.7 million in 1998) are recorded as production costs by the oil companies and carry an implicit interest rate of 19 percent. These advances are being repaid through the withholding of government oil revenue at source in 1999.

B. Money and Credit Developments

Institutional setting, policies, and instruments

43. Equatorial Guinea is one of the six member countries (along with Cameroon, the Central African Republic, Chad, Gabon and the Republic of Congo) of the Bank of Central African States (BEAC) that share the CFA franc as a common currency. Operationally, the

¹²Expenditure estimates are based on budgetary data and information made available by the Ministry of Mines regarding spending financed by oil companies through advances on government oil revenue.

¹³The capital spending in 1998 covered infrastructure improvements in the capital city of Malabo and road construction in Rio Muni, as well as other outlays (including the construction of a convention center that will later house the National Assembly, and the renovation of the national cathedral and the presidential palace) related to the summit of the Economic Community of Central African States (CEEAC) and the Central African Economic and Monetary Community (CEMAC), which was held in Malabo in June 1999.

BEAC holds the pooled foreign exchange reserves of the member states, two-thirds of which are kept in an operations account with the French Treasury.

44. The central objective of monetary policy is to maintain a level of foreign reserves consistent with the fixed parity between the CFA franc and the French franc (the euro starting in January 1, 1999), with the BEAC required to keep a minimum level of foreign exchange equivalent to 20 percent of its short-term liabilities (currency cover ratio). Until March 1999, monetary and credit policy in the area was entirely decided by the BEAC Board of Directors, in consultation with the national monetary committee in each country, the entities responsible for the implementation of monetary and credit policies and the assessment of credit requirements. Since March 1999, the Governor of the BEAC has been entrusted by the Board of Directors with more direct authority to set monetary policy, including to raise interest rates, impose unremunerated reserve requirements on commercial banks, and adjust the refinancing of the central bank (without the need of prior consent from the Board of Directors). In line with these changes, under revisions to be formally adopted during the second half of 1999, the Governor will become the Chairman of the Board and an active member of the national monetary committees.

45. To implement its monetary policy, the BEAC has at its disposal a number of indirect instruments. It can (a) apply an interest charge whenever a member state's operations account is in debit; (b) reduce the ceiling on central bank refinancing whenever the operations account of a member is in debit for three consecutive months or for a member with a balance falling below 15 percent of currency in circulation; and (c) accord financing facilities to member countries up to the equivalent of 20 percent of total domestic tax revenue of the previous year. It also maintains a refinancing window for medium-term loans granted to productive sectors.

46. To signal its monetary policy stance, the BEAC operates in a unified regional market through weekly injections of liquidity, at a fixed rate (the TIAO rate) and by absorbing commercial bank's liquidity at an agreed rate (the TIPP rate). It also applies a penalty rate to commercial bank's overdrafts (the TPB rate, which is double that of the TIAO) and makes reverse auctions to absorb liquidity (the TISP rate). Levels of these rates through end-1998 are shown in Statistical Appendix Table 23.

47. A regional agency, the Central African Banking Commission (COBAC), is charged with supervision of banks and other financial institutions in the CEMAC countries. The COBAC is chaired by the Governor of the BEAC, assisted by the Vice-Governor and eleven other members of the Board of the COBAC. Decisions of the Board are taken with a two-thirds majority vote. The COBAC's main responsibilities are to

- review applications for the licensing of financial institutions in the region;
- appoint a temporary administrator for institutions in distress;
- appoint liquidators for institutions that have lost their licenses;
- issue general instructions to ensure that banks maintain sound financial portfolio; and
- carry out on-site and off-site supervision of financial institutions in the region.

The COBAC is authorized to impose the following sanctions: admonish, reprimand, prohibit certain operations or impose any restriction on banking activities, suspend auditors, suspend or remove directors from office, and repeal operating licenses.

Banking system

48. For the period from 1986 to 1995, the Meridian Banque Internationale de l'Afrique Occidentale Guinée Equatoriale (MBIAO-GE) was the only commercial bank operating in Equatorial Guinea. In April 1995, the main shareholder of the bank's foreign owner (MIBL-Bahamas) was placed in receivership, and the bank's management was replaced by an administrator appointed by the COBAC. These provisional arrangements remained in place until September 1998 when an agreement was reached for the recapitalization of the MBIAO-GE. The new entity, Société Générale des Banques en Guinée Equatoriale (SGBGE), a partnership between Société Générale of France (60 percent), the central government (33 percent) and local private interests (7 percent), was approved by the COBAC in September 1998.

49. A second commercial bank, CCEI-Bank Guinée Equatoriale (CCEI-GE), was established in 1995 and is controlled by CCEI-Bank Cameroon and a Dutch financial group (80 percent), with equity from the central government (8 percent) and local private interests (12 percent). By June 1996, the CCEI-GE was making fast inroads into the local banking market, having attracted deposits for about half the value of those at the MBIAO-GE but its market share remained relatively unchanged thereafter. By end-1998, the CCEI-GE had attracted deposits of some CFAF 4,725 million, compared with CFAF 10,330 million for the SGBGE.

50. Both commercial banks are considered sound by the COBAC as they meet the established prudential and solvency ratios, complying with 18 of the 25 Basle Committee on Banking Supervision's Core Principles.¹⁴ The 7 principles with which the COBAC does not comply cover international banking activities; however, banks in the region do not have international lending or investment activities, while foreign banks have limited exposure in the region. Nevertheless, efforts are under way at the regional level to improve the level of compliance with the Basle Committee's Core Principles.

Monetary developments

51. Delays in the sorting out of banknotes have continued to distort the BEAC's estimates of money in circulation in individual countries and the analysis of monetary developments. As a result, monetary data, in particular foreign assets and currency in circulation, should be interpreted with some caution.

¹⁴See SM/99/182, 07/19/99, Box 5.

52. Broad money was reported to have grown by some 43 percent in 1996 (after increases of 140 percent and 49 percent in 1994 and 1995, respectively) but to have stabilized in 1997 and 1998, with increases of 9 percent and 16 percent, respectively. The income velocity of money increased considerably over the period, as nominal GDP grew by an average of some 76 percent between 1995 and 1998, reflecting mainly the enclave character of the booming oil sector. Over the same period, the banking system's net foreign assets position strengthened considerably, owing primarily to strong growth in oil and timber exports. Despite some transaction delays imposed on CCEI-GE by the COBAC's close supervision of activities at CCEI-Bank Cameroon, both the CCEI-GE and SGBGE maintain large excess liquidity in other CEMAC countries through the regional interbank money market.

53. Domestic credit (in terms of beginning-of-period stock of money) increased substantially between 1995 and 1997, rising by an average of 15 percent per year, but then decreased by some 23 percent in 1998. In 1996 and 1997, the increase in domestic credit was driven primarily by increasing reliance by timber exporters on short-term credit from the domestic banking system, with credit to the economy rising by 27 percent in 1996 and 35 percent in 1997. In 1998, the slowdown in activity in the timber sector was partly countered by an increase in credit to the commerce sector, translating into a smaller increase, on the order of 10 percent, in credit to the economy. However, credit to the public sector decreased substantially between 1995 and 1998, owing primarily to increased government deposits from oil receipts.

54. Data on sectoral distribution of credit are not considered reliable (Statistical Appendix Table 22). Lending opportunities remain limited (as confirmed by the accumulation of excess liquidity in the domestic banking system) and the pool of borrowers remains relatively narrow, concentrated heavily in the timber and commerce sectors.

55. Since the adoption in July 1994 of indirect instruments of monetary policy, the BEAC has adopted a more flexible and market-oriented stance, particularly with regards to interest rate policy. Accordingly, it maintains at present only a maximum lending rate, which has been fixed at 22 percent since 1996, and a minimum rate (which applies only to saving deposit balances below CFAF 5 million), which was set at 4.75 percent at end-1998. By reference, the penalty rate has been fixed at 15 percent since end-1994. It is noteworthy that, despite the persistently high level of bank liquidity throughout the region, the BEAC continues to be reluctant to set reserve requirements; however, the changes recently adopted, granting the Governor of the BEAC more authority to affect monetary instruments should translate into a more active policy stance.

C. Structural Reforms

56. On the eve of the devaluation of the CFA franc, and as part of a structural adjustment program, Equatorial Guinea's authorities adopted a structural reform agenda aimed at reducing the size of the public sector in the economy and at expanding economic incentives for private sector development. Measures included trade and price liberalization, the

privatization of public enterprises, civil service reform, and the rationalization of forestry management.

57. During 1994-98, Equatorial Guinea's implementation record was mixed with progress registered in trade and price liberalization but few advances on the other measures. The trade regime was significantly liberalized in August 1994—as part of the CEMAC (then UDEAC) trade and customs reform—with the reduction of the number, levels, and dispersion of customs tariffs. In the same month, all quantitative restrictions were eliminated. As a result, the index of trade policy restrictiveness is estimated at 4 in 1999 (on a scale of 1 to 10), compared with 5.4 on average for sub-Saharan Africa.

58. The price system has also been liberalized, with price controls in effect for only a few goods since 1995, namely cocoa and coffee (producer prices), some agricultural inputs, bread, petroleum products, and basic public utilities (electricity, water, and telecommunications). With regard to producer prices, the government has regularly adjusted cocoa prices since the 1994 devaluation to reflect world market prices and to provide the relevant price incentives to producers (Statistical Appendix Table 8). The price structure for petroleum prices are also adjusted periodically to reflect oil world market prices. In 1998, retail prices for petroleum products remained at their 1997 levels, as the government increased its taxes with the fall in world oil prices (Statistical Appendix Tables 10-11). Consumer price inflation increased to some 39 percent on annual average following the devaluation of the CFA franc in 1994, but the increase in consumer prices slowed progressively to 3 percent in 1997, before picking up to 7.9 percent in 1998 (Statistical Appendix Tables 12 and 13).

59. In general, considerable delays have occurred in carrying out other structural measures envisaged under the 1993 ESAF-supported program, including the rationalization of the timber industry, and the civil service and privatization programs. However, in December 1997, the parliament adopted a new forestry law aimed at improving the supervision and monitoring of logging activities and at scaling down timber production to a sustainable level. In addition, in the public sector, an inventory of public enterprises and their main assets was completed in 1995. Nevertheless, the authorities did very little to promote privatization during the five-year period. The only achievement in this area was in 1998, when the government contracted out the management of the petroleum distribution company (January), and then privatized and liberalized the sector (December), allowing two private companies to compete.

60. The government raised civil service salaries by 14 percent on average in 1994 and by 37 percent in 1996. In May 1997, the parliament approved a law that awarded a four-step raise to civil servants over the period 1997-2000. With the May 1997 law, wages were raised by 13 percent on average during 1997-99 and are scheduled to be raised by 10 percent in 2000. As a result, the average annual civil servant's salary will increase from CFAF 635,000 in 1997 to CFAF 1,275,000 in 2000.¹⁵ The government also set minimum wages for three

¹⁵Nonetheless, the ratio of the average annual salary to GDP per capita would decrease from

(continued...)

categories of labor in January 1996.¹⁶ However, the civil service reform and downsizing program was not carried out.

IV. Conclusion

61. Very rapid real GDP growth has been achieved in Equatorial Guinea with the coming on stream of important oil fields in 1992 and 1996. In addition, the traditional export crops and forestry responded well to the devaluation of the CFA franc in January 1994 and led the recovery of the non-oil sector. However, owing to the breakdown in fiscal discipline and transparency, as well as to highly expansionary financial policies, macroeconomic imbalances worsened in 1994-98, and the government continued to accumulate domestic and external payments arrears. The authorities will need to address the weaknesses in financial management and governance if the country is to seize its unique opportunity to use the nonrenewable oil resources to foster economic diversification and achieve broad-based growth and poverty reduction.

62. Consolidation of the fiscal situation will be central to the success of Equatorial Guinea's efforts. The authorities should pursue a disciplined fiscal policy, make an efficient use of oil revenue, and implement a genuine budgetary control over expenditure commitments while providing for priority education and health spending. In this context, it is essential to refrain from extrabudgetary spending, to abstain from borrowing against future oil revenue, to ensure that oil revenue is systematically transferred to the government budget, and to contain expenditure, notably the wage bill and domestically financed investment. Given that Equatorial Guinea's public external debt has become sustainable, the authorities should quickly establish orderly relations with external creditors.

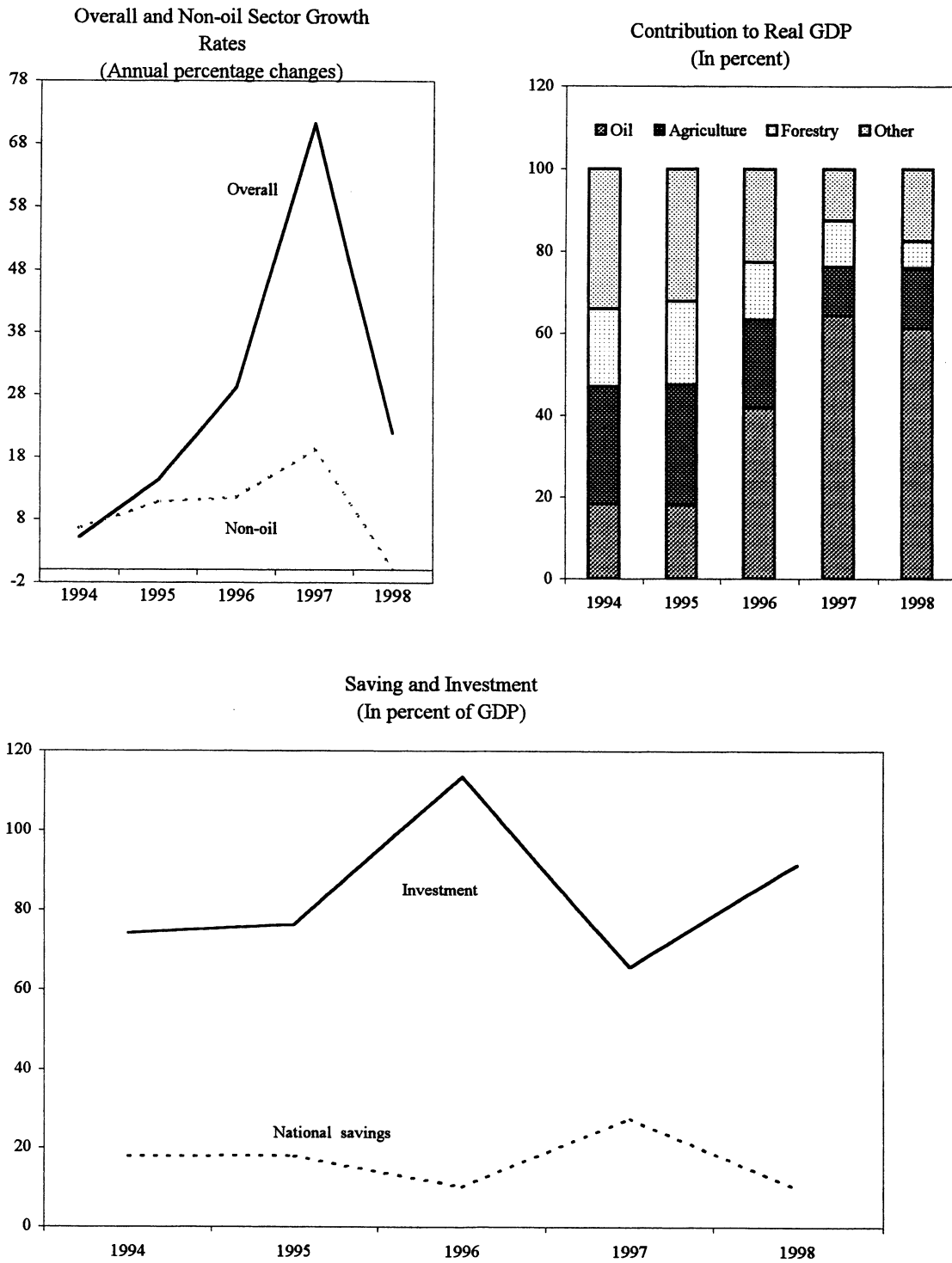
63. It is also essential to complement fiscal policy by implementing the structural reforms needed to enhance private sector confidence and encourage investment and growth in the non-oil sector. These reforms should include further price and trade liberalization, further rationalization of the timber industry, and privatization and civil service programs. In addition, the authorities need to develop, with donor technical assistance, a new system of public investment programming, as well as appropriate sectoral strategies.

¹⁵(...continued)

1.6 percent in 1998 to 1.4 percent in 2000.

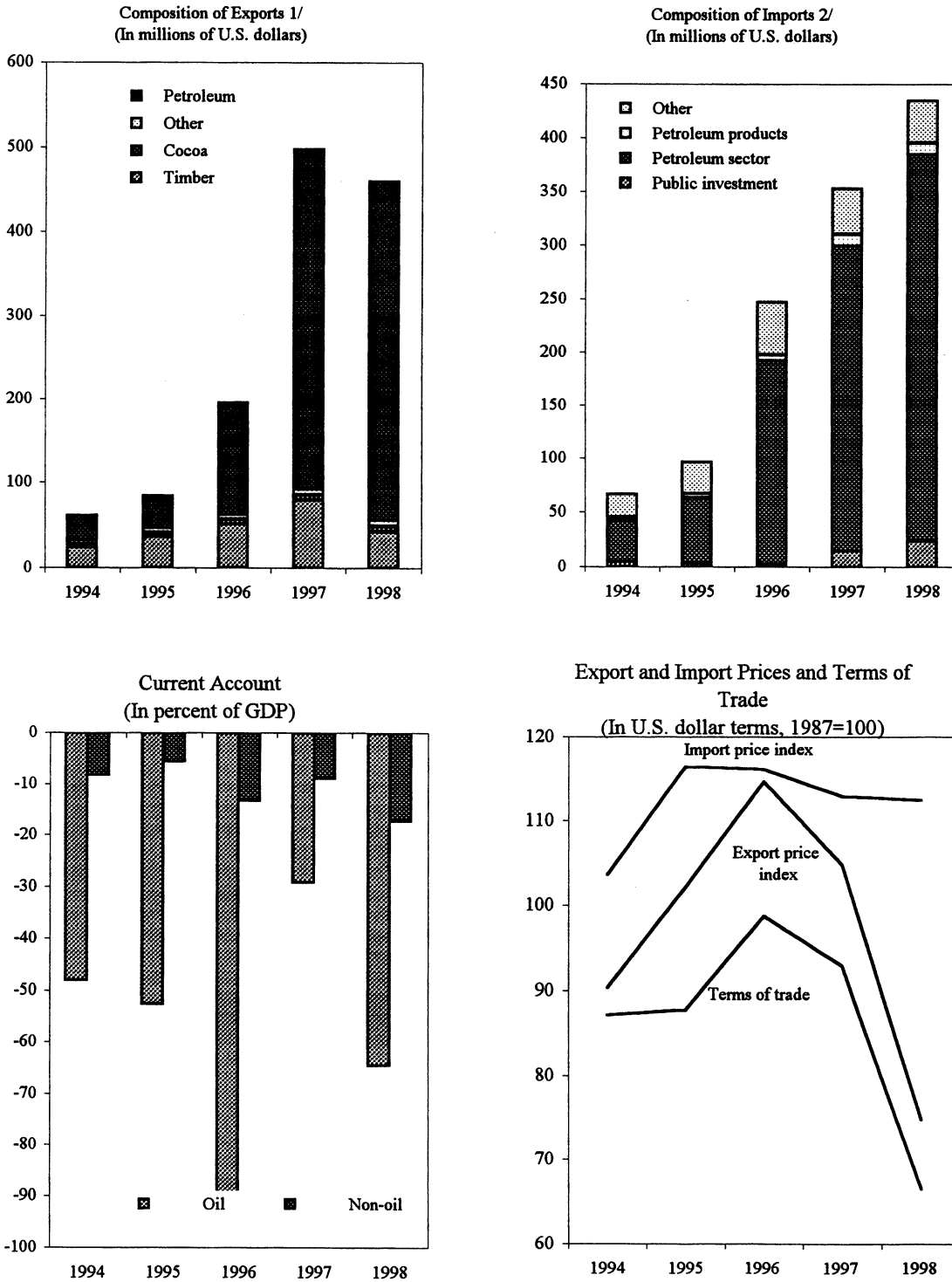
¹⁶Minimum monthly wages for commerce, animal husbandry, fishing and forestry were set at CFAF 41,250 a month; for agricultural workers, at CFAF 23,000; and for laborers in the petroleum sector, at CFAF 100,000.

Figure 1. Equatorial Guinea: Growth, Saving, and Investment, 1994-98



Sources: Equatorial Guinean authorities; and Fund staff estimates.

Figure 2. Equatorial Guinea: External Sector Developments, 1994-98

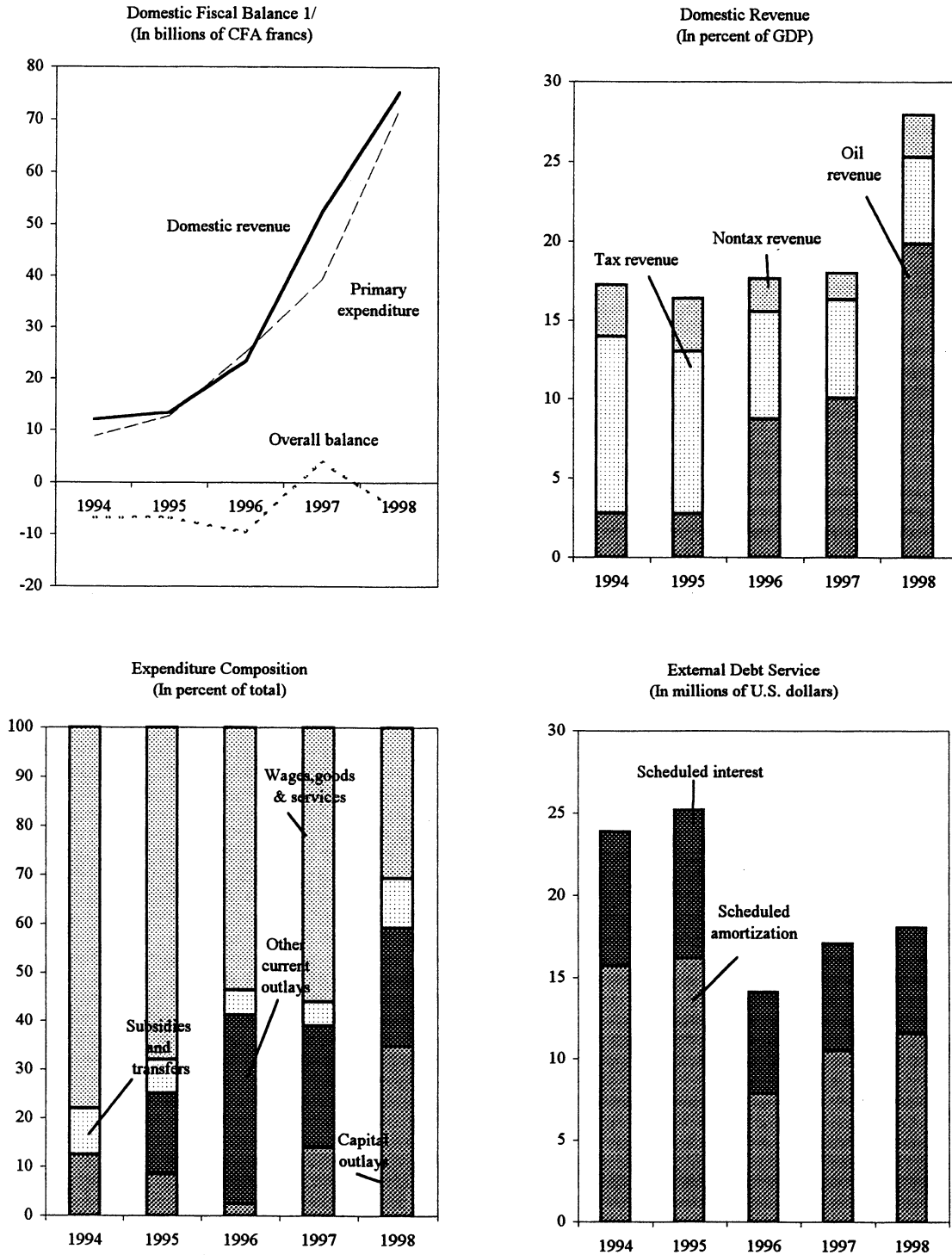


Sources: Equatorial Guinean authorities; and Fund staff estimates.

1/ Excluding reexports

2/ Excluding imports for reexports.

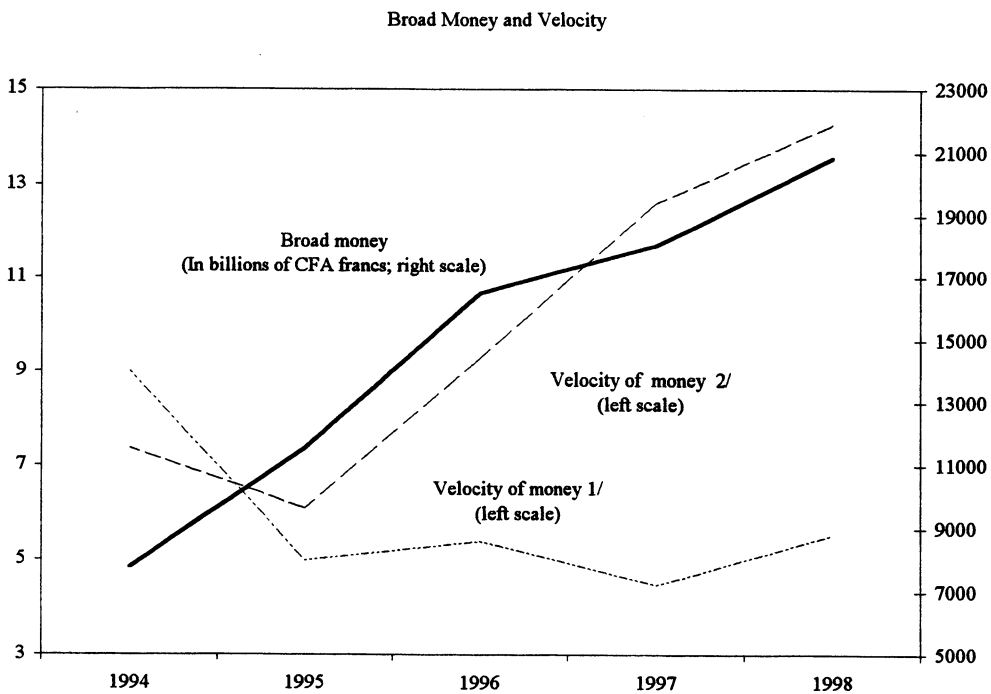
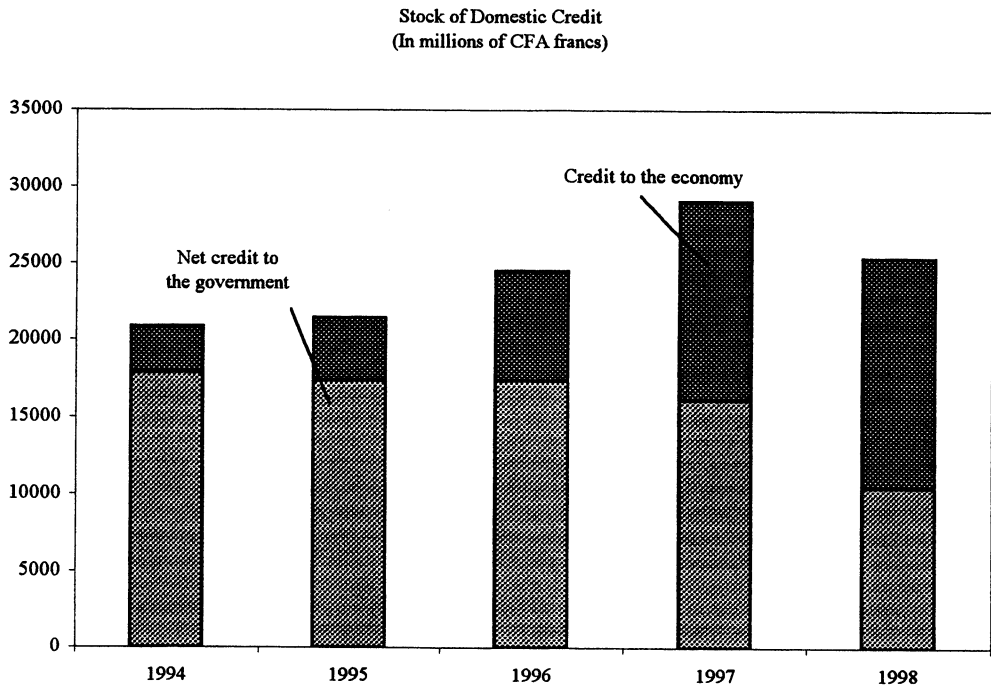
Figure 3. Equatorial Guinea: Fiscal Developments, 1994-98



Sources: Equatorial Guinean authorities; and Fund staff estimates.

1/ Primary balance equals domestic revenue less primary expenditure.

Figure 4. Equatorial Guinea: Monetary Developments, 1994-98



Sources: Equatorial Guinean authorities; and Fund staff estimates.

- 1/ Non-oil GDP relative to average broad money.
- 2/ GDP relative to broad money.

Equatorial Guinea : Summary of Tax System as of May 31, 1999

Tax	Nature of Tax	Exemptions and Deductions	Rates
1. Taxes on net income and profits (<i>Impuesto sobre la renta y utilidades</i>)			
1.1 Tax on income from rural property (<i>Contribución rústica</i>)	Levied on actual or potential income from rural property, whether or not it is under exploitation. All property must be declared and registered. The tax is payable every six months.	A 15 percent deduction from the fixed rate is allowed for property used for husbandry and for cultivation of cocoa, coffee, coconuts, foodstuffs, and oil palm. Exempt are properties of less than 5 hectares; properties owned by the government (provided that the rent is used for public service), by religious institutions (if the area under exploitation does not exceed 10 hectares), and by international institutions.	CFAF 200 per hectare.
1.2 Tax on income from urban property (<i>Contribución urbana</i>)	Levied on actual or potential income from urban property, which is based on the value of land and buildings. The tax is payable each six months.	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) is also exempted.	0.4 percent of value of land and buildings.

Equatorial Guinea : Summary of Tax System as of May 31, 1999

Tax	Nature of Tax	Exemptions and Deductions	Rates												
1.3 Corporate income tax (<i>Impuesto sobre sociedades</i>)	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.	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 exempted. Nonprofit organizations, local governments, and agricultural development institutions are also exempt.	25 percent.												
1.3.1 Minimum tax on Companies (<i>Cuota minima fiscal</i>) ¹	Levied on all companies subject to 1.3 if the corporate income tax would fall below the minimum. The tax is payable by end-March.	Companies benefiting from tax holidays under the Investment Code, artisans' cooperatives, and all other 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.	<table border="1"> <thead> <tr> <th data-bbox="1312 885 1501 917"><u>Annual turnover</u></th> <th data-bbox="1564 885 1732 917"><u>Minimum tax</u></th> </tr> <tr> <th colspan="2" data-bbox="1449 917 1638 950">(In CFA francs)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1312 950 1522 982">Below 50,000,000</td> <td data-bbox="1627 950 1732 982">300,000</td> </tr> <tr> <td data-bbox="1312 982 1543 1055">From 50,000,001 to 100,000,000</td> <td data-bbox="1627 1023 1732 1055">600,000</td> </tr> <tr> <td data-bbox="1312 1055 1564 1128">From 100,000,001 to 500,000,000</td> <td data-bbox="1606 1096 1732 1128">1,000,000</td> </tr> <tr> <td data-bbox="1312 1128 1522 1161">From 500,000,001</td> <td data-bbox="1606 1128 1732 1161">2,000,000</td> </tr> </tbody> </table>	<u>Annual turnover</u>	<u>Minimum tax</u>	(In CFA francs)		Below 50,000,000	300,000	From 50,000,001 to 100,000,000	600,000	From 100,000,001 to 500,000,000	1,000,000	From 500,000,001	2,000,000
<u>Annual turnover</u>	<u>Minimum tax</u>														
(In CFA francs)															
Below 50,000,000	300,000														
From 50,000,001 to 100,000,000	600,000														
From 100,000,001 to 500,000,000	1,000,000														
From 500,000,001	2,000,000														

Equatorial Guinea : Summary of Tax System as of May 31, 1999

Tax	Nature of Tax	Exemptions and Deductions	Rates		
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.	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.	<u>Annual income tax brackets</u> (CFAF)	<u>Marginal rate</u> (percent)	<u>Income tax</u> (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
			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

Equatorial Guinea : Summary of Tax System as of May 31, 1999

Tax	Nature of Tax	Exemptions and Deductions	Rates
			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 (<i>Impuesto sobre rentas inmobiliarias</i>)	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.	12 percent.

Equatorial Guinea : Summary of Tax System as of May 31, 1999

Tax	Nature of Tax	Exemptions and Deductions	Rates
1.4.2 Tax on industrial and comercial profits (<i>Impuesto sobre beneficios industriales y comerciales</i>)	Levied on net income from Cameroonian sources from industrial and commercial operations. Taxpayers are assessed on actual net profits (<i>régimen del beneficio real</i>), or they may opt for an estimated income assessment (<i>régimen a destajo</i>).	Normal business expenses, including depreciation allowances, are deductible.	25 percent.
1.4.3 Tax on agricultural profits (<i>Impuesto sobre el beneficio agrícola</i>)	Levied on the net income of farmers. The two assessment systems described in 1.4.2 are also applicable.	Same deductions as in 1.4.2.	For individuals: Tax Table 1.4; for legal entities: 25 percent.
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.	For individuals: Tax Table 1.4; for legal entities: 25 percent.

Equatorial Guinea : Summary of Tax System as of May 31, 1999

Tax	Nature of Tax	Exemptions and Deductions	Rates												
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 January.	Dependency allowances and social security benefits, and 20 percent of remunerations representing professional expenses, are deductible. However, remuneration in kind is included as follows: <table data-bbox="779 659 1178 1040"> <thead> <tr> <th data-bbox="779 659 863 683"><u>Benefit</u></th> <th data-bbox="1041 659 1178 792"><u>Assessment</u> (in percent of gross salary)</th> </tr> </thead> <tbody> <tr> <td data-bbox="779 837 873 862">Housing</td> <td data-bbox="1142 837 1178 862">10</td> </tr> <tr> <td data-bbox="779 870 995 894">Electricity & water</td> <td data-bbox="1142 870 1178 894">8</td> </tr> <tr> <td data-bbox="779 902 1016 927">Per domestic servant</td> <td data-bbox="1142 902 1178 927">5</td> </tr> <tr> <td data-bbox="779 935 842 959">Food</td> <td data-bbox="1142 935 1178 959">25</td> </tr> <tr> <td colspan="2" data-bbox="873 976 1178 1040">(with a ceiling of CFAF 75,000 per person)</td> </tr> </tbody> </table>	<u>Benefit</u>	<u>Assessment</u> (in percent of gross salary)	Housing	10	Electricity & water	8	Per domestic servant	5	Food	25	(with a ceiling of CFAF 75,000 per person)		Tax Table 1.4.
<u>Benefit</u>	<u>Assessment</u> (in percent of gross salary)														
Housing	10														
Electricity & water	8														
Per domestic servant	5														
Food	25														
(with a ceiling of CFAF 75,000 per person)															
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.												

Equatorial Guinea : Summary of Tax System as of May 31, 1999

Tax	Nature of Tax	Exemptions and Deductions	Rates
2. Taxes on goods and services (<i>Impuesto sobre bienes y servicios</i>)			
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, private schools, and transactions. Diesel consumption by the electricity enterprise is also exempt.	5 percent on sales of basic necessities; 12 percent on sales of luxury goods and services.
2.2 Surcharge on the domestic sale of refined oil products (<i>Recargo, recargo excepcional</i>)	Levied value per liter of refined product.	Diesel consumption by the electricity enterprise 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 May 31, 1999

Tax	Nature of Tax	Exemptions and Deductions	Rates
3. Property transfer taxes			
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 CFAF 100,000 is exempt, as well as salaries not received by the deceased while in active service; life insurance benefits of up to CFAF 500,000 are exempt if 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 May 31, 1999

Tax	Nature of Tax	Exemptions and Deductions	Rates
4. Stamp tax (<i>Impuesto del timbre</i>)	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.		Ad valorem rates: 2-10 percent; fixed rates according to the nature of the legal document and values involved.
5. Poll tax (<i>Impuesto sobre personas fisicas</i>)	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 payment 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 2,000 per person; CFAF 1,500 per parent; CFAF 1,000 per dependent; and CFAF 500 per nonexempt elderly person.

Equatorial Guinea : Summary of Tax System as of May 31, 1999

Tax	Nature of Tax	Exemptions and Deductions	Rates																				
6. Taxes on foreign trade (<i>Impuesto sobre el comercio internacional</i>)																							
6.1 Taxes on imports	The rates of all import taxes, with the exception of the import duties on petroleum products and the surcharge (6.1.4), are identical for all Central African Customs and Economic Union (UDEAC) member countries.																						
6.1.1 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="1"> <thead> <tr> <th><u>Category</u></th> <th><u>Rate (percent)</u></th> </tr> </thead> <tbody> <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> <tr> <td colspan="2"><u>Petroleum products (per liter)</u></td> </tr> <tr> <td>Gasoline</td> <td>10</td> </tr> <tr> <td>Kerosene</td> <td>5</td> </tr> <tr> <td>Diesel</td> <td>4</td> </tr> <tr> <td>Jet fuel</td> <td>3</td> </tr> </tbody> </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>Petroleum products (per liter)</u>		Gasoline	10	Kerosene	5	Diesel	4	Jet fuel	3
<u>Category</u>	<u>Rate (percent)</u>																						
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Equatorial Guinea : Summary of Tax System as of May 31, 1999

Tax	Nature of Tax	Exemptions and Deductions	Rates
6.1.2 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 (1) equipment imported by enterprises that are exempt from import taxes; (2) goods imported by certain categories of consignees (embassies, international organizations, etc.); and (3) petroleum products.	From 15 to 40 percent.
6.1.3 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 6.1.2.	5 percent (reduced rate); 12 percent (standard rate).
6.1.4 Surcharge on alcoholic beverages and tobacco products (<i>Recargo sobre bebidas y tabaco</i>)	Assessed on all such imports.		For beer, the rate is 20 percent; 15 percent if from a UDEAC member country. For wine, 38 percent; 30 percent if from a UDEAC member country. For whisky, 30 percent; 35 percent if from a UDEAC member country. For tobacco, 30 percent; 25 percent if from a UDEAC member country.

Equatorial Guinea : Summary of Tax System as of May 31, 1999

Tax	Nature of Tax	Exemptions and Deductions	Rates
6.2 Taxes on exports			
6.2.1 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, 20 percent plus CFAF 325 per cubic meter. For plywood and sawn wood, 10 percent, plus CFAF 325 per cubic meter.
6.2.2 Tax on re-exports 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.

EXTERNAL TRADE ARRANGEMENTS AND RESTRICTIONS

A. Exchange Arrangement

1. The currency of Equatorial Guinea is the CFA franc,¹ which is pegged to the French franc, the intervention currency, at the fixed rate of CFAF 1 per F 0.01. Exchange transactions in French francs 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 French franc and the rates in the Paris exchange market for the currencies concerned. A commission of 0.5 percent is levied on transfers to countries that are not members of the BEAC, except for transfers originating from central and local governments; payments for imports domiciled with a bank; scheduled repayment of 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 or subsidies on purchases or sales of foreign exchange.
2. With the exception of those measures relating to gold, Equatorial Guinea's exchange controls generally do not apply to (a) France (and its overseas departments and territories) and Monaco; and (b) all other countries whose bank of issue is linked with the French Treasury by an Operations Account (Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, the Congo, Côte d'Ivoire, Gabon, Guinea Bissau, Mali, Niger, Senegal, and Togo). Thus, all payments to these countries may be made freely, but all financial transfers of more than CFAF 500,000 to countries of the Operations Account area must be declared to the authorities for statistical purposes. All other countries are considered foreign countries. There are no arrangements for forward cover against exchange rate risk regulating operations in the official or the commercial banking sector.
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 and Finance. Exchange transactions relating to all countries must be effected through authorized banks.
5. Although arrears are maintained with respect to external payments, they result from fiscal constraints and not from any administrative control on foreign exchange.

¹The CFA franc circulating in Equatorial Guinea is issued by the Bank of Central African States.

C. Prescription of Currency

6. Because Equatorial Guinea is an Operations Account country, settlements with France (as defined above), Monaco, and the Operations Account countries are made in CFA francs, French francs, or the currency of any other institute of issue that maintains an Operations Account with the French Treasury. Settlements with all other countries are usually made through correspondent banks in France in any of the currencies of those countries or through foreign accounts in French francs.

D. Nonresident Accounts

7. The regulations pertaining to nonresident accounts are based on regulations applied in France. The principal nonresident accounts are foreign accounts in French francs. As the BEAC suspended in 1993 the repurchase of BEAC banknotes circulating outside the territories of its member countries, 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 French francs.

E. Imports and Import Payments

8. All import transactions whose value exceeds CFAF 500,000 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. Settlements for imports benefit from the authorization of uninterrupted transfer given to the authorized banks by the Ministry of Economy and Finance.

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 described in Section 6.1.1 of Appendix I.

F. Payments for Invisibles

10. Payments in excess of CFAF 500,000 for invisibles to France (as defined above), Monaco, and the Operations Account countries require prior declaration but are permitted freely; those to other countries are subject to the approval of the Ministry of Economy and Finance. Payments for invisibles related to trade are permitted freely when the basic trade transaction has been approved or does not require authorization. Transfers of income accruing to nonresidents in the form of profits, dividends, and royalties are also permitted freely when the basic transaction has been approved.

11. Residents traveling for tourism or business purposes to countries in the franc zone are allowed to take out BEAC banknotes up to a limit of CFAF 2 million; amounts in excess of this limit may be taken out in the form of means of payment other than banknotes.

Allowances for travel to countries outside the franc zone are subject to the following regulations: (a) for tourist travel, CFAF 100,000 a day, with a maximum of CFAF 2 million a trip; (b) for business travel, CFAF 250,000 a day, with a maximum of CFAF 5 million a trip; (c) allowances in excess of these limits are subject to the authorization of the Ministry of Economy and Finance or, by delegation, the BEAC; and (d) the use of credit cards, which must be issued by resident financial intermediaries and approved by the Ministry of Economy and Finance, is limited to the ceilings indicated above for tourist and business travel. However, 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. Reexport by nonresident travelers of all means of payments registered in their name is not restricted, subject to documentation that they have been purchased with funds drawn from a foreign account in CFA francs or with other foreign exchange. Reexport of foreign banknotes is allowed freely up to the equivalent of CFAF 250,000; reexport of foreign banknotes above this ceiling requires documentation demonstrating either the importation of foreign banknotes or their purchase against other means of payment registered in the name of the traveler or through the use of nonresident deposits lodged in local banks.

12. The transfer of rent 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 or three years. The transfer abroad of the salaries of expatriates working in Equatorial Guinea is permitted upon presentation of the appropriate pay voucher as well as justification of expenses, provided that the transfer takes place within three months of the pay period concerned. Except in the case of expatriates working in Equatorial Guinea on a temporary basis, payments of insurance premiums up to CFAF 50,000 to foreign countries are permitted; larger amounts may be authorized by the DNCC.

G. Exports and Export Proceeds

13. Export transactions valued at CFAF 50,000 or more must be domiciled with an authorized bank. Exports to all countries are subject to domiciliation requirements for the appropriate documents. Proceeds from exports to all countries must be repatriated within 30 days of the payment date stipulated in the sales contract. Payments for exports must be made within 30 days of the arrival date of the merchandise at its destination.

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. 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.

I. Capital

15. Capital movements between Equatorial Guinea and France (as defined above), Monaco, and the Operations Account countries are free of exchange control. Capital transfers to all other countries require exchange control approval, but capital receipts from such countries are freely permitted.

16. Under the Investment Code of April 30, 1992 (as modified on June 6, 1994), a number of privileges may be granted to approved foreign investments. These privileges include free transfer abroad of debt payments and net profits.

Table 1. Equatorial Guinea: Gross Domestic Product by Sector of Origin, 1994-98

	1994	1995	1996	1997	1998 Est.
(In millions of current CFA francs)					
Primary sector	46,646	56,132	103,389	254,697	223,169
Non-oil	33,893	41,479	47,886	67,268	58,200
Agriculture	19,971	24,148	28,542	33,995	39,652
Export crops	3,212	3,490	4,865	3,273	3,283
Subsistence crops	14,482	18,148	21,016	27,902	33,379
Livestock	2,277	2,510	2,661	2,820	2,989
Forestry	13,324	16,728	18,704	32,528	17,719
Fishing	598	603	639	745	828
Oil	12,753	14,653	55,503	187,429	164,969
Secondary sector	6,679	7,280	8,142	9,850	12,128
Manufacturing	835	876	918	962	1,007
Electricity	2,452	2,680	2,892	3,121	3,368
Construction	3,391	3,724	4,333	5,768	7,752
Tertiary sector	15,159	17,030	19,687	23,764	31,542
Trade and commerce	6,567	7,404	8,081	8,819	9,625
Transport and communications	1,452	1,606	1,756	1,920	2,100
Finance and housing	1,497	1,669	1,812	1,967	2,135
Public administration	3,472	4,080	5,592	8,235	12,723
Other services	2,170	2,270	2,446	2,823	4,959
Import duties	1,330	1,409	1,312	2,205	2,427
GDP at market prices	69,814	81,851	132,530	290,517	269,266
<i>Of which: non-oil GDP</i>	57,061	67,198	77,027	103,088	104,297

Table 1. Equatorial Guinea: Gross Domestic Product by Sector of Origin, 1994-98 (concluded)

	1994	1995	1996	1997	1998 Est.
	(Annual percentage change)				
Primary sector	86.3	20.3	84.2	146.3	-12.4
Non-oil primary sector	68.6	22.4	15.4	40.5	-13.5
Agriculture	38.6	20.9	18.2	19.1	16.6
Export crops	134.6	8.7	39.4	-32.7	0.3
Subsistence crops	25.2	25.3	15.8	32.8	19.6
Livestock	54.5	10.2	6.0	6.0	6.0
Forestry	149.3	25.5	11.8	73.9	-45.5
Fishing	73.3	0.8	6.0	16.5	11.2
Oil sector	158.5	14.9	278.8	237.7	-12.0
Secondary sector	38.7	9.0	11.9	21.0	23.1
Manufacturing	26.5	4.9	4.8	4.8	4.8
Electricity	40.6	9.3	7.9	7.9	7.9
Construction	40.6	9.8	16.3	33.1	34.4
Tertiary sector	32.1	12.3	15.6	20.7	32.7
Trade and commerce	40.6	12.7	9.1	9.1	9.1
Transport and communications	40.6	10.6	9.3	9.3	9.3
Finance and housing	40.6	11.5	8.5	8.5	8.5
Public administration	9.7	17.5	37.1	47.3	54.5
Other services	40.6	4.6	7.7	15.4	75.7
Import duties	-24.0	5.9	-6.9	68.1	10.1
GDP at market prices	62.1	17.2	61.9	119.2	-7.3
<i>Of which: non-oil GDP</i>	49.6	17.8	14.6	33.8	1.2

Sources: Equatorial Guinean authorities; and Fund staff estimates.

Table 2. Equatorial Guinea: Gross Domestic Product by Sector of Origin, 1994-98

(In percent of GDP in current CFA francs)

	1994	1995	1996	1997	1998 Est.
Primary sector	66.8	68.6	78.0	87.7	82.9
Non-oil	48.5	50.7	36.1	23.2	21.6
Agriculture	28.6	29.5	21.5	11.7	14.7
Export crops	4.6	4.3	3.7	1.1	1.2
Subsistence crops	20.7	22.2	15.9	9.6	12.4
Livestock	3.3	3.1	2.0	1.0	1.1
Forestry	19.1	20.4	14.1	11.2	6.6
Fishing	0.9	0.7	0.5	0.3	0.3
Oil	18.3	17.9	41.9	64.5	61.3
Secondary sector	9.6	8.9	6.1	3.4	4.5
Manufacturing	1.2	1.1	0.7	0.3	0.4
Electricity	3.5	3.3	2.2	1.1	1.3
Construction	4.9	4.5	3.3	2.0	2.9
Tertiary sector	21.7	20.8	14.9	8.2	11.7
Trade and commerce	9.4	9.0	6.1	3.0	3.6
Transport and communications	2.1	2.0	1.3	0.7	0.8
Finance and housing	2.1	2.0	1.4	0.7	0.8
Public administration	5.0	5.0	4.2	2.8	4.7
Other services	3.1	2.8	1.8	1.0	1.8
Import duties	1.9	1.7	1.0	0.8	0.9
GDP at market prices	100.0	100.0	100.0	100.0	100.0
<i>Of which: non-oil GDP</i>	81.7	82.1	58.1	35.5	38.7

Sources: Equatorial Guinean authorities; and Fund staff estimates.

Table 3. Equatorial Guinea: Gross Domestic Product by Sector of Origin, 1994-98

	1994	1995	1996	1997	1998 Est.
(In millions of CFA francs in 1985 prices)					
Primary sector	27,912	33,374	47,298	93,189	114,224
Non-oil	24,001	27,431	31,237	38,310	33,596
Agriculture	16,750	18,807	20,860	22,863	24,692
Export crops	3,193	3,689	5,921	5,890	5,832
Subsistence crops	11,929	13,408	13,127	15,052	16,824
Livestock	1,628	1,710	1,813	1,921	2,037
Forestry	6,884	8,243	9,990	15,049	8,493
Fishing	366	381	386	398	410
Oil	3,911	5,944	16,062	54,879	80,628
Secondary sector	5,126	5,490	5,874	6,462	7,366
Manufacturing	842	868	888	1,080	1,558
Electricity	1,568	1,705	1,807	1,916	2,031
Construction	2,716	2,917	3,180	3,466	3,778
Tertiary sector	12,652	13,335	14,747	16,662	20,478
Trade and commerce	5,160	5,413	5,626	5,848	6,079
Transport and communications	1,138	1,160	1,197	1,234	1,273
Finance and housing	1,182	1,252	1,294	1,338	1,383
Public administration	3,486	3,783	4,868	6,731	9,766
Other services	1,685	1,727	1,761	1,511	1,978
Import duties	1,005	1,156	984	1,641	1,792
GDP at market prices	46,695	53,355	68,904	117,955	143,861
<i>Of which:</i> non-oil GDP	42,785	47,412	52,842	63,076	63,232

Table 3. Equatorial Guinea: Gross Domestic Product by Sector of Origin, 1994-98 (concluded)

	1994	1995	1996	1997	1998 Est.
	(Annual percentage change in constant prices)				
Primary sector	10.3	19.6	41.7	97.0	22.6
Non-oil	13.9	14.3	13.9	22.6	-12.3
Agriculture	6.2	12.3	10.9	9.6	8.0
Export crops	5.3	15.5	60.5	-0.5	-1.0
Subsistence crops	6.9	12.4	-2.1	14.7	11.8
Livestock	3.0	5.0	6.0	6.0	6.0
Forestry	39.4	19.7	21.2	50.6	-43.6
Fishing	5.0	4.0	1.4	3.0	3.0
Oil	-7.8	52.0	170.2	241.7	46.9
Secondary sector	4.9	7.1	7.0	10.0	14.0
Manufacturing	5.0	3.1	2.2	21.7	44.2
Electricity	3.0	8.7	6.0	6.0	6.0
Construction	6.0	7.4	9.0	9.0	9.0
Tertiary sector	2.3	5.4	10.6	13.0	22.9
Trade and commerce	4.0	4.9	3.9	3.9	3.9
Transport and communications	3.0	1.9	3.2	3.2	3.2
Finance and housing	4.5	5.9	3.4	3.4	3.4
Public administration	-1.0	8.5	28.7	38.3	45.1
Other services	2.0	2.5	2.0	-14.2	30.9
Import duties	-45.9	15.0	-14.9	66.8	9.2
GDP at market prices	5.1	14.3	29.1	71.2	22.0
<i>Of which: non-oil GDP</i>	6.5	10.8	11.5	19.4	0.2

Sources: Equatorial Guinean authorities; and Fund staff estimates.

Table 4. Equatorial Guinea: Gross Domestic Product by Use of Resources, 1994-98

	1994	1995	1996	1997	1998 Est.
(In billions of CFA francs)					
Domestic demand	104.0	122.0	242.3	356.0	461.7
Resource balance	-34.2	-40.1	-109.7	-65.5	-192.4
Exports of goods and nonfactor services	39.1	45.2	102.8	292.9	274.1
Imports of goods and nonfactor services	-73.3	-85.3	-212.6	-358.4	-466.5
Gross domestic product	69.8	81.9	132.5	290.5	269.3
Net factor income from abroad	-5.6	-5.5	-28.3	-47.9	-30.6
Public	-3.9	-4.1	-3.7	-4.9	-5.4
Private	-1.7	-1.4	-24.6	-43.0	-25.2
Gross national product	64.2	76.4	104.2	242.6	238.7
Unrequited transfers	3.7	2.4	0.9	2.9	2.6
Public	5.7	3.1	2.2	3.6	2.6
Private	-2.1	-0.7	-1.3	-0.8	0.0
Gross disposable income	67.9	78.8	105.1	245.5	241.3
Consumption	55.6	64.1	91.8	165.2	215.4
Public	10.7	13.4	26.2	32.0	56.4
Private	44.9	50.7	65.6	133.2	159.0
Oil	1.1	0.2	7.4	70.9	89.0
Non-oil	43.8	50.5	58.2	62.2	70.0
National savings	12.4	14.7	13.3	80.3	25.9
Public	5.2	0.8	-4.3	19.0	16.0
Private	7.2	13.9	17.6	61.3	9.9
Oil	8.4	10.2	21.1	81.0	33.8
Non-oil	-1.2	3.8	-3.5	-19.7	-23.9
Gross fixed capital formation	51.7	62.4	150.5	190.8	246.3
Public	2.8	1.6	1.6	12.7	20.2
Private	48.9	60.9	148.9	178.1	226.1
Oil	44.5	56.9	140.7	165.5	207.6
Non-oil	4.4	4.0	8.2	12.6	18.5
Current account	-39.4	-47.7	-137.1	-110.5	-220.4
<i>Of which: oil sector current account</i>	-36.1	-46.7	-119.6	-84.6	-173.8
(In percent of GDP)					
Domestic demand	148.9	149.0	182.8	122.6	171.4
Resource balance	-48.9	-49.0	-82.8	-22.6	-71.4
Net factor income from abroad	-8.0	-6.7	-21.4	-16.5	-11.4
Unrequited transfers	5.3	3.0	0.7	1.0	1.0
Gross disposable income	97.3	96.3	79.3	84.5	89.6
Consumption	79.6	78.3	69.3	56.9	80.0
Public	15.3	16.4	19.8	11.0	20.9
Private	64.3	61.9	49.5	45.8	59.0
Oil	1.5	0.2	5.6	24.4	33.0
Non-oil	62.8	61.7	43.9	21.4	26.0
National savings	17.7	18.0	10.1	27.6	9.6
Public	7.4	1.0	-3.2	6.5	6.0
Private	10.3	17.0	13.3	21.1	3.7
Oil	12.0	12.4	15.9	27.9	12.5
Non-oil	-1.7	4.6	-2.6	-6.8	-8.9
Gross fixed capital formation	74.1	76.3	113.5	65.7	91.5
Public	4.1	1.9	1.2	4.4	7.5
Private	70.1	74.4	112.3	61.3	84.0
Oil	63.7	69.5	106.1	57.0	77.1
Non-oil	6.4	4.9	6.2	4.3	6.9
Current account	-56.4	-58.3	-103.5	-38.0	-81.8

Sources: Equatorial Guinean authorities; and Fund staff estimates.

Table 5. Equatorial Guinea: Timber Concessions by Enterprise, 1995-98

	At End-1995		At End-1996		At End-1997		At End-1998	
	Thousands of hectares	Percent of total	Thousands of hectares	Percent of total	Thousands of hectares	Percent of total	Thousands of hectares	Percent of total
A.B.M. S.A.	139.8	13.6	145.0	10.9	100.0	7.9	0.0	0.0
Añisok	50.0	4.9	50.0	3.7	50.0	4.0	50.0	4.1
EXAMAGE S.A.	30.0	2.9	30.0	2.2	30.0	2.4	30.0	2.5
T. Nguema Obiang	25.0	2.4	25.0	1.9	25.0	2.0	25.0	2.1
MAFE S.A.	23.5	2.3	23.5	1.8	0.0	0.0	23.5	1.9
Angel Alogo Nchama	12.0	1.2	12.0	0.9	12.0	1.0	12.0	1.0
Semasa	80.0	7.8	80.0	6.0	50.0	4.0	50.0	4.1
BU Forestal S.L.	35.0	3.4	35.0	2.6	35.0	2.8	25.0	2.1
Chilbo	20.0	2.0	20.0	1.5	20.0	1.6	10.0	0.8
Constancia Mangué Nsue	50.0	4.9	50.0	3.7	50.0	4.0	50.0	4.1
SOFOGE	42.0	4.1	42.0	3.1	42.0	3.3	42.0	3.5
Alosa Forestal	17.5	1.7	17.5	1.3	10.0	0.8	10.0	0.8
Hassan Hachen	30.0	2.9	30.0	2.2	30.0	2.4	30.0	2.5
African Trading	25.0	2.4	25.0	1.9	25.0	2.0	0.0	0.0
EXFO S.A.	25.0	2.4	25.0	1.9	25.0	2.0	43.0	3.6
SOFONA 1/	11.0	1.1	11.0	0.8	11.0	0.9	11.0	0.9
Miguel Oyono	7.5	0.7	7.5	0.6	7.5	0.6	7.5	0.6
EGUIMA S.A.	20.0	2.0	20.0	1.5	20.0	1.6	20.0	1.7
Armengol Ondo Nguema	17.5	1.7	17.5	1.3	17.5	1.4	17.5	1.5
M.I. Chele and O. Bangue	17.0	1.7	17.0	1.3	17.0	1.3	17.0	1.4
Densa Forestal	13.5	1.3	13.5	1.0	13.5	1.1	13.5	1.1
AFO S.A. 1/	12.0	1.2	12.0	0.9	24.0	1.9	12.0	1.0
Agroforestal	25.0	2.4	25.0	1.9	25.0	2.0	25.0	2.1
SIMGE S.A.	25.0	2.4	25.0	1.9	25.0	2.0	25.0	2.1
Carlano 1/	8.0	0.8	4.0	0.3	8.0	0.6	8.0	0.7
FORGE	30.0	2.9	30.0	2.2	30.0	2.4	30.0	2.5
Laymex Holdings LTM	35.0	3.4	35.0	2.6	35.0	2.8	35.0	2.9
AGRICOM 1/	3.5	0.3	3.5	0.3	3.5	0.3	3.5	0.3
ECUAFORSA	7.0	0.7	7.0	0.5	7.0	0.6	7.0	0.6
EFG	20.0	2.0	20.0	1.5	20.0	1.6	20.0	1.7
SOMAVI	20.0	2.0	20.0	1.5	20.0	1.6	17.0	1.4
SIJIFO	50.0	4.9	50.0	3.7	50.0	4.0	50.0	4.1
SINOSA	52.0	5.1	50.0	3.7	50.0	4.0	50.0	4.1
AFLOMAR 1/	10.0	1.0	10.0	0.7	10.0	0.8	10.0	0.8
AVOLENAM FORESTAL	6.5	0.6	6.5	0.5	6.5	0.5	6.5	0.5
Camara Representante 1/	0.0	0.0	10.0	0.7	10.0	0.8	10.0	0.8
GEMASA	0.0	0.0	7.5	0.6	7.5	0.6	7.5	0.6
ELONDO	0.0	0.0	7.0	0.5	7.0	0.6	7.0	0.6
Melanio Ebendeng	0.0	0.0	3.5	0.3	3.5	0.3	3.5	0.3
Aurelio Bibang Abeso	0.0	0.0	3.9	0.3	3.9	0.3	3.9	0.3
Joncomba	0.0	0.0	9.0	0.7	9.0	0.7	9.0	0.7
Ecordo Forestal	0.0	0.0	10.0	0.7	10.0	0.8	10.0	0.8
Sage 1/	0.0	0.0	20.0	1.5	20.0	1.6	20.0	1.7
Cimefosa 1/	0.0	0.0	45.0	3.4	45.0	3.6	45.0	3.7
Motroguisa	0.0	0.0	25.0	1.9	25.0	2.0	25.0	2.1
OEGO 1/	0.0	0.0	50.0	3.7	50.0	4.0	0.0	0.0
PACC	0.0	0.0	10.0	0.7	10.0	0.8	10.0	0.8
Vicwood	0.0	0.0	75.0	5.6	75.0	6.0	75.0	6.2
Efusila	0.0	0.0	22.0	1.6	22.0	1.7	22.0	1.8
GUIESMA	0.0	0.0	0.0	0.0	17.5	1.4	17.5	1.5
Parlamento	0.0	0.0	0.0	0.0	40.0	3.2	40.0	3.3
SAFI	0.0	0.0	0.0	0.0	0.0	0.0	5.0	0.4
CONCUIMADERA	0.0	0.0	0.0	0.0	0.0	0.0	35.0	2.9
Tromad	0.0	0.0	0.0	0.0	0.0	0.0	30.0	2.5
SOMAGUI	0.0	0.0	0.0	0.0	0.0	0.0	45.0	3.7
Total	1,025.3	100.0	1,335.9	100.0	1,259.9	100.0	1,206.4	100.0

Source: Equatorial Guinean authorities.

1/ Inactive in 1996.

Table 6. Equatorial Guinea: Production of Principal Export Commodities, 1994-98

	Cocoa (Tons)	Coffee (Tons)	Timber (Thousands of cubic meters)	Petroleum	
				(Thousands of barrels)	(Barrels per day)
1994	3,004	147	266.7	1,776	4,866
1995	3,583	194	383.8	2,280	6,247
1996	5,751	97	476.0	6,163	16,884
1997	4,782	67	780.1	20,659	56,601
1998	4,552	13	447.3	30,275	82,945

Sources: Equatorial Guinean authorities; and Fund staff calculations.

Table 7. Equatorial Guinea: Production and Exports of Timber, 1994-98

(In thousands of cubic meters)

	1994	1995	1996	1997	1998
Total production	266.7	383.8	476.0	780.1	447.3
Logs	249.6	364.1	461.1	757.1	421.9
Sawn timber	9.9	11.2	9.9	18.5	21.5
Processed timber	7.2	8.5	5.0	4.5	3.9
Exports	229.3	280.4	421.3	694.0	401.9
Logs	216.6	267.3	406.4	676.2	381.8
Sawn timber	8.4	9.3	13.6	17.5	19.3
Processed timber	4.4	3.8	1.4	0.3	0.8
Consumption and change in stocks (decrease -) 1/	37.4	83.6	54.7	86.1	45.4
Logs	33.0	77.1	54.7	80.9	40.1
Sawn timber	1.5	1.9	-3.7	1.0	2.2
Processed timber	2.8	4.7	3.6	4.2	3.1

Sources: Equatorial Guinean authorities; and Fund staff estimates.

1/ Calculated as a residual.

Table 8. Equatorial Guinea: Main Export Crop Official Producer Prices, 1991/92-98/99 1/

(CFA francs per kilogram)

	Cocoa 2/	Coffee 3/
1991/92	255	150
1992/93	325	150
1993/94	325	125
1994/95	400	150
1995/96	500	800
1996/97	450	600
1997/98	500	450
1998/99	600	450

Source: Equatorial Guinean authorities.

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

2/ First-grade dried cocoa.

3/ Washed beans.

Table 9. Equatorial Guinea: Public Investment Program, 1994-98 1/

	1994	1995	1996	1997	1998
(In millions of CFA francs)					
Expenditure by sector					
Agriculture, forestry, and fishing	1,381	971	...	...	...
Administrative development	855	831	...	...	...
Education	260	406	...	...	...
Energy	31	105	...	...	...
Industry	18	145	...	...	...
Information, tourism, and culture	124	115	...	...	...
Mining and hydrocarbons	0	167	...	...	...
Social promotion	3	145	...	...	...
Health	1,502	299	...	...	...
Transport and communications	1,124	107	...	...	...
Other	926	337	...	...	...
Total	6,224	3,628	3,154	10,069	29,410
Type of expenditure					
Technical assistance	2,273	1,153	...	...	...
Local salaries	619	532	...	...	...
Other current expenditures	1,000	741	...	...	...
Capital formation	2,335	1,201	...	...	...
Total	6,226	3,628	3,154	10,069	29,410
Financing					
Domestic	1,113	1,091	590	5,496	25,091
External	5,113	2,537	2,564	4,573	4,319
Grants	2,932	2,134	1,212	2,823	1,797
Loans	2,181	402	1,352	1,750	2,522
Total	6,226	3,628	3,154	10,069	29,410
(In millions of U.S. dollars)					
Financing					
Domestic	1.5	2.2	1.2	9.4	42.5
External	9.2	5.1	5.0	7.8	7.3
Grants	5.3	4.3	2.4	4.8	3.0
Loans	3.9	0.8	2.6	3.0	4.3
Total	11.2	7.3	6.2	17.3	49.9

Table 9. Equatorial Guinea: Public Investment Program, 1994-98 1/ (concluded)

	1994	1995	1996	1997	1998
(In percent of total investment expenditure)					
Agriculture, forestry, and fishing	22.2	26.8	...	...	...
Administrative development	13.7	22.9	...	...	...
Education	4.2	11.2	...	...	...
Energy	0.5	2.9	...	...	...
Industry	0.3	4.0	...	...	...
Information, tourism, and culture	2.0	3.2	...	...	...
Mining and hydrocarbons	0.0	4.6	...	...	...
Social promotion	0.1	4.0	...	...	...
Health	24.1	8.2	...	...	...
Transport and communications	18.1	3.0	...	...	...
Other	14.9	9.3	...	...	...
Total	100.0	100.0	100.0	100.0	100.0
Type of expenditure					
Technical assistance	36.5	31.8	...	...	...
Local salaries	9.9	14.7	...	...	...
Other current expenditures	16.1	20.4	...	...	...
Capital formation	37.5	33.1	...	...	...
Total	100.0	100.0	100.0	100.0	100.0
Financing					
Domestic	17.9	30.1	18.7	54.6	85.3
External	82.1	69.9	81.3	45.4	14.7
Grants	47.1	58.8	38.4	28.0	6.1
Loans	35.0	11.1	42.9	17.4	8.6
Total	100.0	100.0	100.0	100.0	100.0

Sources: Data provided by the Equatorial Guinean authorities; and staff calculations.

Table 10. Equatorial Guinea: Volume and Prices of Imported Petroleum Products, 1994-98

	1994	1995	1996	1997	1998
Volume of imports (in thousands of liters)					
Gasoline	4,005	3,528	4,187	2,030	1,023
Diesel	8,529	11,064	15,974	18,381	8,499
Jet/kerosene	4,860	5,947	7,043	7,580	6,566
Value of imports, c.i.f. (in millions of CFA francs)					
Gasoline	328	296	450	389	109
Diesel	665	873	1,808	1,960	906
Jet/kerosene	369	466	778	810	700
Average import price, c.i.f. (CFA francs per liter)					
Gasoline	82	84	108	191	107
Diesel	78	79	113	107	107
Jet/kerosene	76	78	111	107	107
Average domestic retail price 1/ (CFA francs per liter)					
Gasoline	435	435	435	435	435
Diesel 2/	280	280	280	280	280
Jet/kerosene	230	230	260	260	260
Profits 3/ (CFA francs per liter)					
Gasoline	353	351	327	244	328
Diesel	202	201	167	173	173
Jet/kerosene	155	152	149	153	153

Sources: Equatorial Guinean authorities; and Fund staff estimates.

1/ Includes taxes.

2/ Except for diesel supplied to the electricity company, which was charged CFAF 120 per liter throughout the period.

3/ Difference between average import price and average domestic retail price.

Table 11. Equatorial Guinea: Price Structure of Petroleum Products, 1997-98

(CFA francs per cubic meter)

	Gasoline	Kerosene	Diesel	Jet Fuel
Import reference price, c.i.f., Malabo-Bata	106,657	106,657	106,657	106,657
Losses and port fees	1,130	1,130	1,130	1,130
Total delivery price	107,787	107,787	107,787	107,787
Import taxes	10,160	5,166	4,492	3,127
Storage and equipment fees (EEPGE)	13,000	0	13,000	13,000
Price before distribution	130,947	112,953	125,279	123,914
Distribution expenses	77,772	57,413	77,772	91,924
Distributor's margin	9,400	9,800	9,800	9,800
Municipal taxes	1,275	1,582	1,772	1,955
Sales taxes	215,606	28,252	65,377	32,407
Retail price	435,000	210,000	280,000	260,000

Source: Equatorial Guinean authorities.

Table 12. Equatorial Guinea: Consumer Price Index, 1994-98

(January 1990 = 100)

	Weights (percent)	1994	1995	1996	1997	1998 Est.
Food and beverages	60.4	148.1	167.2	175.9	182.0	179.0
Cereals	7.0	175.4	203.4	209.8	205.0	196.0
Vegetables	8.1	146.7	169.4	182.9	185.0	225.0
Fruits	4.5	138.9	202.9	225.5	186.0	289.0
Meat and fish	26.6	134.1	154.2	160.5	180.0	143.0
Beverages	3.9	172.8	159.0	168.1	173.0	193.0
Other	10.3	157.8	168.9	165.7	170.0	184.0
Health and sanitation	4.4	202.9	216.2	226.6	201.1	215.3
Soap and sanitation products	2.4	176.9	190.7	188.8	182.0	233.0
Medicine	2.0	225.1	236.4	266.6	226.0	196.0
Clothing	14.7	99.8	120.7	128.6	137.0	170.0
Furniture and other equipment	8.6	133.4	136.8	145.4	145.4	176.2
Furniture	3.2	107.8	117.9	130.0	134.0	144.0
Other equipment	5.4	153.0	152.5	158.6	152.0	195.0
Other services	9.0	116.3	119.2	119.6	126.0	134.0
Gasoline	2.9	115.7	116.3	116.3	118.0	143.0
General index	100.0	138.3	154.1	161.1	166.0	179.0

Sources: Equatorial Guinean authorities; and Fund staff estimates.

Table 13. Equatorial Guinea: Monthly Movements in the Consumer Price Index, 1994-98

	1994	1995	1996	1997	1998
	(January 1990 = 100)				
Month					
January	123	153	164	166	171
February	126	149	165	165	180
March	129	152	164	164	177
April	136	148	166	166	178
May	138	146	159	166	179
June	141	150	161	166	181
July	141	156	159	165	181
August	144	158	156	165	181
September	149	159	159	167	182
October	144	158	160	167	181
November	145	160	161	167	180
December	145	161	161	167	178
Annual average	138	154	161	166	179
Memorandum items:	(Annual percentage change)				
Average	38.9	11.5	4.6	3.0	7.9
End of period	45.0	10.9	0.0	3.7	6.6

Sources: Equatorial Guinean authorities; and Fund staff estimates.

Table 14. Equatorial Guinea: Summary of Central Government Financial Operations, 1994-98

(In millions of CFA francs, unless otherwise specified)

	1994	1995	1996	1997	1998 Est.
Total revenue and grants	14,984	15,543	24,637	55,114	76,974
Revenue	12,052	13,408	23,425	52,291	75,177
Oil revenue	1,952	2,260	11,555	31,065	53,489
Non-oil revenue	10,100	11,148	11,870	21,226	21,688
Grants	2,932	2,134	1,212	2,823	1,797
Total expenditure and net lending	18,934	20,138	32,955	48,089	80,728
Current expenditure	12,708	14,396	19,980	28,199	33,788
<i>Of which: interest</i>	4,930	4,826	5,125	4,187	4,458
Unclassified/extrabudgetary expenditure	0	2,114	9,821	9,821	17,530
Capital expenditure	6,226	3,628	3,154	10,069	29,410
<i>Of which: foreign financed</i>	5,113	2,537	2,564	4,573	4,319
Overall balance (commitment basis)	-3,950	-4,595	-8,318	7,025	-3,754
Net change in arrears	1,860	-5,094	1,766	-729	-7,897
Domestic	-1,603	-186	269	-1,722	-10,621
External (interest only)	3,463	-4,909	1,497	993	2,724
Overall balance (cash basis)	-2,090	-9,689	-6,552	6,296	-11,651
Financing	2,090	9,689	6,552	-6,296	11,651
External (net)	578	9,773	1,678	3,219	-705
Disbursements	2,181	955	3,705	2,607	2,522
Scheduled amortization	-8,105	-7,515	-4,236	-4,317	-5,755
Net change in arrears (principal only)	6,502	-13,866	2,209	-4,256	2,528
Debt relief	0	30,199	0	9,185	0
Domestic (net)	1,512	-84	4,874	-9,515	12,356
Net bank credit	1,402	417	-332	-1,246	-5,623
<i>Of which: IMF (net)</i>	1,150	-533	-547	-1,730	-1,780
Nonbank financing	110	-501	5,206	-8,269	3,997
Memorandum items:					
Debt service (before debt relief) 1/	108.2	92.0	40.0	16.3	13.6
Debt service (after debt relief) 1/	108.2	30.6	40.0	6.8	13.6
Debt payments made (including arrears) 1/	25.5	6.8	24.1	4.9	6.6
Primary balance 2/	3,161	633	-1,841	12,962	3,226
Overall balance (commitment basis; in percent of GDP)	-5.7	-5.6	-7.2	1.4	-2.1

Sources: Equatorial Guinean authorities; and Fund staff calculations.

1/ In percent of domestic revenue and including principal obligations to the Fund.

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

Table 15. Equatorial Guinea: Fiscal Indicators, 1994-98

	1994	1995	1996	1997	1998 Est.
(Annual percentage change)					
Total revenue	-14.7	3.7	58.5	123.7	39.7
Revenue	30.5	11.3	74.7	123.2	43.8
Oil revenue	55.4	15.8	411.3	152.7	83.2
Non-oil revenue	26.6	10.4	6.5	78.8	2.2
Tax revenue	26.1	7.9	7.9	100.7	-19.7
Taxes on goods and services	7.9	21.1	-8.3	87.0	17.6
Taxes on international trade	22.2	22.2	12.2	113.0	-46.5
Import duties	-24.0	5.9	-6.9	87.3	-34.8
Export duties	111.8	33.6	22.7	123.7	-50.6
Other tax revenue	79.0	-35.6	37.1	92.3	-4.8
Nontax revenue	28.1	18.8	2.1	74.6	44.3
Grants	-64.8	-27.2	-43.2	132.9	-36.4
Total expenditure and net lending 1/	-21.3	6.4	63.6	45.9	67.9
Current expenditure	38.5	13.3	38.8	41.1	19.8
Wages and salaries	19.3	16.5	57.6	29.3	24.2
Goods and services	57.6	32.0	54.9	86.8	-11.9
Subsidies and transfers	-1.1	6.3	47.3	51.4	265.8
Scheduled interest	49.6	-2.1	6.2	-18.3	6.5
Capital expenditure 1/	-47.8	-41.7	-13.1	219.3	192.1
Unclassified expenditure	-100.0	100.0	142.6	44.4	88.7
(In percent of total revenue and grants)					
Revenue	80.4	86.3	95.1	94.9	97.7
Oil revenue	13.0	14.5	46.9	53.0	69.5
Non-oil revenue	67.4	71.7	48.2	41.9	28.2
Tax revenue	51.9	54.0	36.8	33.0	19.0
Taxes on income and profit	2.7	2.4	3.4	3.5	2.9
Taxes on goods and services	17.8	20.7	12.0	10.0	8.4
Taxes on international trade	21.6	25.5	18.0	17.2	6.6
Import duties	8.9	9.1	5.3	4.5	2.1
Export duties	12.7	16.4	12.7	12.7	4.5
Other tax revenue	9.8	5.4	3.4	2.3	1.0
Nontax revenue	15.5	17.7	11.4	8.9	9.2
Grants	19.6	13.7	4.9	5.1	2.3
(In percent of total expenditure and net lending)					
Current expenditure	67.1	71.5	60.6	58.6	41.9
Wages and salaries	16.4	17.9	17.3	15.3	11.3
Goods and services	20.3	25.2	23.8	30.5	16.0
Subsidies and transfers	4.4	4.4	4.0	4.1	9.0
Scheduled interest	26.0	24.0	15.6	8.7	5.5
Capital expenditure 1/	32.9	18.0	9.6	20.9	36.4
Unclassified expenditure	0.0	10.5	15.6	15.4	17.3
(In percent of GDP)					
Total revenue	21.5	19.0	18.6	19.0	28.6
Revenue	17.3	16.4	17.7	18.0	27.9
Oil revenue	2.8	2.8	8.7	10.1	19.9
Non-oil revenue	14.5	13.6	9.0	7.9	8.1
Non-oil tax revenue	11.1	10.3	6.8	6.3	5.4
Non-oil nontax revenue	3.3	3.4	2.1	1.7	2.6
Grants	4.2	2.6	0.9	1.0	0.7
Total expenditure and net lending 1/	27.1	24.6	24.9	16.6	30.0
Current expenditure	18.2	17.6	15.1	9.7	12.5
Of which: wages and salaries	4.4	4.4	4.3	2.5	3.4
Capital expenditure 1/	8.9	4.4	2.4	3.5	10.9
Unclassified expenditure	0.0	2.6	3.9	2.5	5.2
(In percent of non-oil GDP)					
Non-oil revenue	17.7	16.6	15.4	20.6	20.8
Wages and salaries	5.4	5.4	7.4	7.1	8.8
Goods and services	6.7	7.5	10.2	14.2	12.4
Subsidies and transfers	1.5	1.3	1.7	1.9	7.0
Domestically financed investment	2.0	1.6	13.5	14.9	40.9

Sources: Equatorial Guinean authorities; and Fund staff calculations.

1/ Including foreign-financed capital expenditure.

Table 16. Equatorial Guinea: Revenue of the Central Government, 1994-98

(In millions of CFA francs, unless otherwise specified)

	1994	1995	1996	1997	1998 Est.
Total revenue and grants	14,984	15,542	24,638	55,114	76,974
Revenue	12,052	13,408	23,426	52,291	75,177
Oil revenue	1,952	2,260	11,556	29,201	53,489
Income tax and profit sharing on petroleum production	21	0	3,358	376	10,273
Petroleum royalties, concessions, and bonuses	1,931	2,260	8,198	28,825	36,147
Royalties	1,549	1,665	6,860	28,825	32,525
Concession fees and bonuses	382	595	1,338	0	3,622
Tax on companies' subcontractors	...	...	...	...	7,069
Non-oil revenue	10,100	11,148	11,870	23,090	21,688
Tax revenue	7,782	8,395	9,060	18,184	14,608
Taxes on income and profit	411	373	826	1,925	2,253
Rural property	14	47	1	9	2
Urban property	61	4	52	8	10
Individual income tax	178	221	414	979	478
Corporations	158	101	359	929	1,763
Taxes on inheritance and transfers	2	2	1	18	4
Taxes on goods and services	2,661	3,223	2,956	5,528	6,501
Sale of petroleum products	2,108	1,933	1,552	2,051	3,469
Other goods	553	1,290	1,404	3,477	3,032
Taxes on international trade	3,240	3,960	4,442	9,460	5,064
Import duties	1,330	1,409	1,312	2,458	1,603
Petroleum products	122	98	118	137	98
Other	1,208	1,311	1,194	2,321	1,505
Export duties	1,910	2,551	3,130	7,002	3,461
Timber	1,784	2,448	3,011	6,717	3,034
Reexports	46	23	76	247	376
Other	80	12	3	7	18
Other tax revenue	1,468	837	835	1,253	786
Stamp tax	20	30	58	17	23
Poll tax	19	8	3	7	12
Road fees 1/	432	472	574	867	722
Other taxes 2/	997	327	200	362	29
Nontax revenue	2,318	2,753	2,810	4,906	7,080
Property income	188	204	209	99	2,201
Administrative fees	548	888	1,740	1,923	1,203
Concessions	750	526	316	144	1,168
Fishing	136	285	138	68	275
Timber	150	47	120	75	485
Electricity sector	55	0	0	0	220
Telecommunications sector	277	184	58	0	186
Other concessions	132	10	0	1	2
Extraordinary nontax revenue 3/	420	532	172	1,864	815
Other	412	603	373	876	1,693
Grants	2,932	2,134	1,212	2,823	1,797
Project related	2,932	1,581	1,212	1,967	1,797
Other	0	553	0	857	...
Memorandum items:					
Non-oil revenue (in percent of non-oil GDP)	17.7	16.6	15.4	22.4	20.8
Revenue (in percent of GDP)	17.3	16.4	17.7	18.0	27.9
Oil revenue	2.8	2.8	8.7	10.1	19.9
Non-oil revenue	14.5	13.6	9.0	7.9	8.1
Tax revenue	11.1	10.3	6.8	6.3	5.4
Nontax revenue	3.3	3.4	2.1	1.7	2.6

Sources: Equatorial Guinean authorities; and Fund staff estimates.

1/ Logging roads.

2/ Includes tax arrears paid.

3/ Includes nontax revenue from previous years.

Table 17. Equatorial Guinea: Expenditures of the Central Government, 1994-98 1/

	1994	1995	1996	1997	1998 Est.
(In millions of CFA francs, unless otherwise specified)					
Total expenditure and net lending	18,934	20,138	32,955	48,089	80,728
Current expenditure	12,708	14,396	19,980	28,199	33,788
Wages and salaries	3,098	3,609	5,688	7,353	9,129
Goods and services	3,840	5,068	7,852	14,668	12,917
Petroleum products	952	1,634	1,937	2,271	1,839
Other	2,888	3,434	5,915	12,486	11,078
Travel	470	345	369	552	938
Embassies	404	252	150	233	915
Consumption of electricity	456	801	1,115	788	921
Other goods and services	1,558	2,036	4,280	10,824	8,304
Subsidies and transfers	840	893	1,315	1,991	7,284
Scheduled interest	4,930	4,826	5,125	4,187	4,458
Domestic	363	318	1,795	285	390
External	4,567	4,508	3,330	3,902	4,068
Capital expenditure	6,226	3,628	3,154	10,069	29,410
Recorded in the treasury	1,113	1,091	590	5,496	25,091
Foreign financed 2/	5,113	2,537	2,564	4,573	4,319
Extrabudgetary expenditure	...	2,114	5,129	7,408	13,982
Unidentified expenditure	0	0	4,692	2,413	3,548
Memorandum items:					
Noninterest domestically financed expenditure	8,891	12,775	25,266	39,329	71,951
Military expenditure 2/	1,321	1,721	...	...	...
Total scheduled interest 3/	40.9	36.0	21.9	8.0	5.9
<i>Of which:</i> interest on external obligations	37.9	33.6	14.2	7.5	5.4
(In percent of GDP)					
Noninterest domestically financed expenditure	12.7	15.6	19.1	13.5	26.7
Wages and goods and services	9.9	10.6	10.2	7.6	8.2
Subsidies and transfers	1.2	1.1	1.0	0.7	2.7

Sources: Equatorial Guinean authorities; and Fund staff estimates.

1/ On a commitment basis.

2/ Estimated.

3/ Before debt relief; in percent of domestic revenue, including interest and charges due to the IMF.

Table 18. Equatorial Guinea: Monetary Survey, 1994-98

(In millions of CFA francs; end of period)

	1994	1995	1996	1997	1998
					Est.
Net foreign assets	-13,318	-9,793	-7,188	-7,236	1,585
Bank of Central African States (BEAC)	-15,170	-10,683	-8,844	-4,990	-5,639
Operations account (net)	-4,874	-1,262	24	2,947	439
Use of Fund Credit (net)	-10,483	-9,248	-9,007	-7,852	-6,017
Other	187	-173	139	-85	-61
Commercial banks	1,852	890	1,656	-2,246	7,224
Net domestic assets	21,262	21,467	23,801	25,306	19,264
Net domestic credit	20,506	20,802	23,073	26,888	22,663
Credit to the public sector (net)	17,535	16,713	15,921	13,889	7,782
Credit to government (net)	17,878	17,333	17,355	16,109	10,486
BEAC	7,301	8,106	8,291	7,513	6,939
Current account advances	1,600	2,409	2,582	2,762	4,183
Government deposits	-60	-64	-52	-480	-1,076
Exceptional loans	1,105	1,105	1,105	843	0
Consolidated loan	4,656	4,656	4,656	4,388	3,832
Use of IMF credit	10,483	9,248	9,007	7,852	6,017
Stand-By Arrangements	0	0	0	0	0
SAF arrangements	8,044	8,046	7,764	6,519	4,818
ESAF arrangements	2,439	1,202	1,243	1,333	1,199
Trust fund	0	0	0	0	0
Commercial banks	94	-21	57	744	-2,470
Credit to public institutions (net)	-343	-620	-1,434	-2,220	-2,704
BEAC	7	-6	-28	0	0
Commercial banks	-350	-614	-1,406	-2,220	-2,704
Credit to the economy	2,971	4,089	7,152	12,999	14,881
Other items (net)	756	665	728	-1,582	-3,399
Money and quasi money	7,756	11,530	16,505	18,043	20,848
Currency in circulation	3,765	6,775	8,499	6,591	5,793
Deposits at commercial banks	3,991	4,755	8,006	11,452	15,055
Demand deposits	2,235	2,704	5,776	7,068	9,191
Time and savings deposits	1,756	2,051	2,230	4,384	5,864
Medium- and long-term foreign liabilities	188	144	108	27	0
Velocity (non-oil GDP relative to broad money)	7.4	5.8	4.7	5.7	5.0

Sources: Equatorial Guinean authorities and Fund staff estimates.

Table 19. Equatorial Guinea: Changes in Monetary Aggregates, 1994-98

	1994	1995	1996	1997	1998 Est.
(Flows, in millions of CFA francs)					
Net foreign assets	1,394	3,525	2,605	-48	8,821
Net domestic assets	2,871	205	2,334	1,505	-6,042
Net domestic credit	1,677	296	2,271	3,815	-4,225
Credit to the public sector (net)	1,170	-822	-792	-2,032	-6,107
Credit to the economy	507	1,118	3,063	5,847	1,882
Other items (net)	1,194	-91	63	-2,310	-1,817
Money and quasi money	4,529	3,774	4,975	1,538	2,805
Currency in circulation	2,566	3,010	1,724	-1,908	-798
Demand deposits	900	469	3,072	1,292	2,123
Time and savings deposits	1,063	295	179	2,154	1,480
Medium- and long-term foreign liabilities	-264	-44	-36	-81	-27
(Annual percentage change)					
Net foreign assets	-9.5	-26.5	-26.6	0.7	-121.9
Net domestic assets	15.6	1.0	10.9	6.3	-23.9
Net domestic credit	8.9	1.4	10.9	16.5	-15.7
Credit to the public sector (net)	7.1	-4.7	-4.7	-12.8	-44.0
Credit to the economy	20.6	37.6	74.9	81.8	14.5
Other items (net)	-272.4	-12.0	9.5	-317.3	114.9
Money and quasi money	140.3	48.7	43.1	9.3	15.5
Medium- and long-term foreign liabilities	-58.4	-23.4	-25.0	-75.0	-100.0
(Annual change in percent of beginning- of-period broad money)					
Net foreign assets	43.2	45.4	22.6	-0.3	48.9
Net domestic assets	89.0	2.6	20.2	9.1	-33.5
Net domestic credit	52.0	3.8	19.7	23.1	-23.4
Credit to the public sector (net)	36.3	-10.6	-6.9	-12.3	-33.8
Credit to the economy	15.7	14.4	26.6	35.4	10.4
Other items (net)	37.0	-1.2	0.5	-14.0	-10.1
Money and quasi money	140.3	48.7	43.1	9.3	15.5
Medium- and long-term foreign liabilities	-8.2	-0.6	-0.3	-0.5	-0.1

Sources: Equatorial Guinean authorities; and Fund staff estimates.

Table 20. Equatorial Guinea: Central Bank Summary Accounts, 1994-98

(In millions of CFA francs; end of period)

	1994	1995	1996	1997	1998
					Est.
Net foreign assets	-15,170	-10,683	-8,844	-4,990	-5,639
Foreign assets	209	20	270	2,952	452
<i>Of which</i> : Equatorial Guinea Reserve Fund	0	0	0	0	0
Other assets	209	20	270	2,952	452
Franc zone currency	199	16	242	3	7
SDRs	10	4	4	2	6
Operations account (credit balance)	0	0	24	2,947	439
Foreign liabilities	-15,379	-10,703	-9,114	-7,942	-6,091
Current accounts of foreign institutions	-2,620	-2,618	-2,614	-2,779	-2,697
Operations account	-4,874	-1,262	0	0	0
Equatorial Guinean notes abroad	0	0	0	0	0
Use of Fund credit (net)	-10,483	-9,248	-9,007	-7,852	-6,017
Adjustment to Fund Accounts No. 1 and 2	2,598	2,425	2,507	2,689	2,623
Net domestic assets	19,550	19,404	18,830	15,961	14,429
Net credit to government	17,784	17,348	17,270	15,365	12,956
Net credit to central government	17,777	17,354	17,298	15,365	12,956
Credit to government	17,844	17,418	17,350	15,845	14,032
Current account advances	1,600	2,409	2,582	2,762	4,183
Exceptional loans	1,105	1,105	1,105	843	0
Consolidated loan	4,656	4,656	4,656	4,388	3,832
Use of Fund credit (net)	10,483	9,248	9,007	7,852	6,017
Government deposits	-67	-64	-52	-480	-1,076
Treasury cash holdings	-44	-44	-44	-44	-44
Treasury current accounts	-18	-15	-4	-389	-910
Special accounts	-5	-5	-4	-62	-148
Net credit to other public institutions	7	-6	-28	0	0
Credit to other public institutions	7	0	0	0	0
Deposits of other public institutions	0	-6	-28	0	0
Loans to banks	0	0	0	0	0
Other items (net)	1,766	2,056	1,560	596	1,473
Other assets	7,326	6,970	6,534	6,057	6,122
Other liabilities	-5,279	-4,614	-4,718	-5,213	-4,416
Capital and reserves	-281	-300	-256	-248	-233
Monetary base	4,381	8,721	9,986	10,971	8,789
Currency in circulation	3,765	6,775	8,499	6,591	5,793
Currency issued	3,682	7,119	8,863	7,899	6,774
Notes of other Bank of Central African States countries	199	16	242	0	0
Equatorial Guinean notes abroad	0	0	0	0	0
Treasury cash holdings	-44	-44	-44	-44	-44
Currency holdings of banks	-72	-316	-562	-1,264	-937
Reserves	616	1,946	1,487	4,380	2,996
Currency holdings of banks	72	316	562	1,264	937
Banks' deposits with the BEAC	544	1,630	925	3,116	2,059

Sources: Equatorial Guinean authorities and Fund staff estimates.

Table 21. Equatorial Guinea: Consolidated Balance Sheet of Commercial Banks, 1994-98

(In millions of CFA francs; end of period)

	1994	1995	1996	1997	1998 Est.
Net foreign assets	1,852	890	1,656	-2,246	7,224
Net domestic assets	2,327	4,009	6,458	13,725	7,831
Reserves	615	1,946	1,487	4,380	2,996
Net domestic credit	2,722	3,454	5,803	11,523	9,707
Net credit to government	-249	-635	-1,349	-1,476	-5,174
Net credit to central government	94	-21	57	744	-2,470
Net credit to other public institutions	-343	-614	-1,406	-2,220	-2,704
Credit to the economy	2,971	4,089	7,152	12,999	14,881
Short term	2,876	4,020	6,989	12,552	14,544
<i>Of which</i> : public enterprises	721	717	956	797	716
Medium and long term	95	69	163	447	337
Other items (net)	-1,010	-1,391	-832	-2,178	-4,872
Other assets	950	2,447	4,343	8,114	2,631
Other liabilities	-600	-1,541	-3,915	-7,270	-2,246
Capital and reserves	-1,360	-2,297	-1,260	-3,022	-5,257
Money	3,991	4,755	8,006	11,452	15,055
Demand deposits	2,235	2,704	5,776	7,068	9,191
Time and savings deposits	1,756	2,051	2,230	4,384	5,864
Medium- and long-term foreign liabilities	188	144	108	27	0

Sources: Equatorial Guinean authorities; and Fund staff estimates.

Table 22. Equatorial Guinea: Sectoral Distribution of Bank Credit, 1994-98

(In percent)

	1994	1995	1996	1997	1998
Agriculture	4.4	13.5	12.9	5.6	2.9
Food processing	...	...	8.9	0.0	0.0
Forestry and wood processing	7.0	17.9	34.7	60.5	38.0
Construction	4.2	3.0	3.8	3.0	8.9
Other industries	...	...	2.8	0.9	0.9
Commerce	23.2	15.7	10.5	18.3	33.3
Import and distribution of petroleum products	0.0 29.8	0.0 14.5	0.0 5.3	0.0 1.3	0.0 1.4
Transport and storage	0.3	3.3	...	0.0	0.1
Hotels and restaurants	0.5	0.0	...	0.0	0.2
Other services	8.3	4.5	9.1	3.0	5.5
Personal loans	16.5	27.4	11.3	3.5	3.5
Unclassified	5.8	0.1	0.8	3.9	5.5
Total	100.0	100.0	100.0	100.0	100.0

Sources: Equatorial Guinean authorities; and staff calculations.

Table 23. Equatorial Guinea: Structure of Interest Rates, 1994-98

(In percent per annum; end of period)

	1994		1995		1996		1997		1998	
	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.
Central bank										
Rate on advances to treasuries	11.00	7.75	7.75	8.00	8.00	8.00	7.50	7.50	7.50	7.00
Penalty rate on advances to treasuries	12.00	10.50	10.50	10.50	10.50	10.50	10.25	10.25	10.25	10.25
Rate on special deposits by treasuries	6.00	4.00	4.50	4.50	3.90	3.00	3.00	3.00	3.00	2.75
Basic discount rate 1/	12.50	...	...	...	...	...	...	...	...	...
Penalty rate on banks	20.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Auction rate (TIAO) 2/ 3/	...	7.75	8.75	8.60	8.00	8.00	7.75	7.75	7.50	7.00
Repurchase rate (TIPP) 2/ 4/	...	9.25	10.50	10.75	10.00	9.75	9.75	9.75	9.50	9.00
Rate on special deposits by banks 2/	...	4.00	4.50	4.50	3.90	3.00	...	...	...	...
Reverse auction rate (TIPS) 5/	...	...	...	...	3.60-3.73	3.60-3.73	3-3.13	3-3.13	3-3.13	2.75-2.88
Commercial banks										
Maximum lending rate	17.00	16.00	16.00	16.00	22.00	22.00	22.00	22.00	22.00	22.00
Minimum lending rate	8.00	5.50	5.50	5.50	5.50	5.00	5.00	5.00	5.00	4.75

Source: Equatorial Guinean authorities.

1/ Discontinued in July 1994.

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

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

4/ The repurchase rate (*taux de prise en pension*) is set at 1.5 - 2 percent points above the TIAO.5/ The reverse auction system (*appels d'offre negatifs*) was introduced in May 1996.

Table 24. Equatorial Guinea: Balance of Payments, 1994-98

(In millions of U.S. dollars)

	1994	1995	1996	1997	1998 Est.
Exports, f.o.b.	65.1	86.4	196.6	498.4	460.8
Petroleum	29.0	38.5	133.1	405.3	403.4
Timber	24.0	36.0	50.7	78.7	42.4
Cocoa	3.7	5.0	5.7	7.0	7.1
Coffee	0.1	0.1	0.1	0.1	0.0
Reexports	4.1	2.2	1.4	1.3	1.3
Other	4.3	4.7	5.5	6.1	6.7
Imports, c.i.f.	-66.7	-96.6	-247.7	-352.8	-434.3
Public investment	-4.7	-3.1	-2.5	-14.7	-23.7
Petroleum sector	-37.6	-60.7	-189.7	-285.0	-360.9
Petroleum products	-2.9	-3.5	-5.5	-10.6	-10.5
Other	-21.5	-29.4	-50.0	-42.5	-39.1
Trade balance	-1.7	-10.2	-51.1	145.7	26.5
Services (net)	-75.9	-90.2	-218.8	-340.0	-404.5
Factor services (net)	-16.0	-20.0	-55.3	-82.0	-51.9
Oil concessions (rental fees)	0.7	0.1	0.6	0.9	0.9
Fishery and timber concessions	0.5	0.7	0.4	0.4	1.8
Petroleum sector investment income	0.0	-3.4	-13.5	-14.1	-2.5
Interest payments (net)	-17.2	-17.5	-42.9	-69.2	-52.1
Other services (net)	-59.9	-70.2	-163.4	-257.9	-352.6
Credits	5.4	4.1	4.3	3.4	3.9
Debits	-65.2	-74.3	-167.8	-261.3	-356.5
Technical assistance	-4.1	-1.9	-2.0	-11.3	-12.7
Investment services	-44.4	-52.9	-129.0	-193.2	-296.0
Public investment	-0.8	-0.5	-0.4	-2.2	-3.4
Petroleum sector	-43.6	-52.4	-128.6	-191.1	-292.6
Other	-16.7	-19.4	-36.8	-56.8	-47.8
Transfers (net)	6.6	4.8	1.8	4.9	4.4
Official (net)	6.7	7.4	4.3	6.2	4.4
Credits	7.0	7.5	4.4	6.3	4.5
Debits	-0.2	-0.1	-0.1	-0.1	-0.1
Private (net)	-0.1	-2.5	-2.5	-1.3	0.0
Current account, excluding official transfers	-77.6	-103.0	-272.4	-195.6	-378.0
Current account, including official transfers	-70.9	-95.6	-268.1	-189.3	-373.6
Medium- and long-term capital (net)	55.2	85.8	264.2	184.1	361.3
Public (net)	-10.0	-7.7	0.3	-1.2	-5.2
Disbursements	4.6	7.4	7.1	6.2	4.5
Amortization	-14.6	-15.1	-6.8	-7.4	-9.8
Private (net)	65.3	93.5	263.9	185.4	366.5
Short-term capital (net) and errors and omissions	-1.1	-5.5	-0.1	0.0	0.0
Overall balance	-16.8	-15.3	-3.9	-5.2	-12.2
Financing	16.8	15.3	3.9	5.2	12.2
Net change in reserves (increase -)	-1.2	-7.6	-4.2	-6.6	1.1
Of which: use of Fund credit (net)	2.1	-1.1	-1.1	-3.0	-3.0
Debt relief	0.0	60.5	0.0	15.7	0.0
Change in arrears	17.9	-37.6	8.2	-3.9	11.1
Accumulation	19.8	16.1	11.0	3.4	11.1
Reduction	-1.8	-53.8	-2.9	-3.9	0.0

Sources: Equatorial Guinean authorities; and Fund staff estimates.

Table 25. Equatorial Guinea: Balance of Payments, 1994-98

	1994	1995	1996	1997	1998 Est.
(In billions of CFA francs)					
Exports, f.o.b.	36.1	43.1	100.6	290.9	271.8
Petroleum	16.1	19.2	68.1	236.6	238.0
Timber	13.3	18.0	25.9	45.9	25.0
Reexports	2.3	1.1	0.7	0.7	0.8
Other	4.5	4.9	5.8	7.7	8.1
Imports, c.i.f.	-37.1	-48.2	-126.7	-205.9	-256.2
Public investment	-2.6	-1.5	-1.3	-8.6	-14.0
Petroleum sector	-20.9	-30.3	-97.1	-166.4	-212.9
Petroleum products	-1.6	-1.7	-2.8	-6.2	-6.2
Other	-11.9	-14.7	-25.6	-24.8	-23.1
Trade balance	-0.9	-5.1	-26.1	85.0	15.6
Services (net)	-42.1	-45.0	-111.9	-198.4	-238.6
Factor services (net)	-8.9	-10.0	-28.3	-47.9	-30.6
Oil concessions (rental fees)	0.4	0.1	0.3	0.5	0.5
Fishery and timber concessions	0.3	0.3	0.2	0.2	1.1
Petroleum sector investment income	0.0	-1.7	-6.9	-8.2	-1.5
Interest payments (net)	-9.6	-8.7	-21.9	-40.4	-30.8
Other services (net)	-33.2	-35.0	-83.6	-150.5	-208.0
Credits	3.0	2.0	2.2	2.0	2.3
Debits	-36.2	-37.1	-85.8	-152.5	-210.3
Technical assistance	-2.3	-1.0	-1.0	-6.6	-7.5
Investment services	-24.7	-26.4	-66.0	-112.8	-174.6
Other	-9.3	-9.7	-18.8	-33.2	-28.2
Transfers (net)	3.7	2.4	0.9	2.9	2.6
Official (net)	3.7	3.7	2.2	3.6	2.6
Credits	3.9	3.7	2.2	3.7	2.7
Debits	-0.1	-0.1	-0.1	-0.1	-0.1
Private (net)	0.0	-1.3	-1.3	-0.8	0.0
Current account, excluding official transfers	-43.1	-51.4	-139.3	-114.2	-223.0
Current account, including official transfers	-39.4	-47.7	-137.1	-110.5	-220.4
Medium- and long-term capital (net)	30.7	42.8	135.2	107.5	213.2
Public (net)	-5.6	-3.8	0.2	-0.7	-3.1
Disbursements	2.5	3.7	3.7	3.6	2.7
Amortization	-8.1	-7.5	-3.5	-4.3	-5.8
Private (net)	36.2	46.7	135.0	108.2	216.2
Short-term capital (net) and errors and omissions	-0.6	-2.7	0.0	0.0	0.0
Overall balance	-9.3	-7.6	-2.0	-3.0	-7.2
Financing	9.3	7.6	2.0	3.0	7.2
Net change in reserves (increase -)	-0.7	-3.8	-2.2	-3.9	0.6
<i>Of which: use of Fund credit (net)</i>	1.2	-0.6	-0.6	-1.7	-1.8
Debt relief	0.0	30.2	0.0	9.2	0.0
Change in arrears	10.0	-18.8	4.2	-2.3	6.6
Accumulation	11.0	8.1	5.6	2.0	6.6
Reduction	-1.0	-26.8	-1.5	-4.3	0.0
(In percent of GDP)					
Memorandum items:					
Current account balance 1/	-56.4	-58.3	-103.5	-38.0	-81.8
Oil	-48.1	-52.6	-90.2	-29.1	-64.6
Non-oil	-8.3	-5.6	-13.3	-8.9	-17.3
Overall account balance	-13.3	-9.3	-1.5	-1.0	-2.7
Oil	3.5	4.4	11.9	13.4	16.4
Non-oil	-17.5	-9.2	-13.4	-14.4	-19.1
Non-oil trade balance	5.6	7.3	2.1	5.1	-3.5

Sources: Equatorial Guinean authorities; and Fund staff estimates.

1/ Includes official transfers.

Table 26. Equatorial Guinea: Composition of Exports, 1994-98

	1994	1995	1996	1997	1998 Est.
(In units indicated)					
Volume					
Oil (barrels per day) 1/	4,866	6,247	16,884	56,601	82,945
Timber (thousands of cubic meters)	229	281	421	694	402
Logs	217	267	406	676	382
Processed timber	13	14	15	18	20
Cocoa (metric tons)	3,300	3,927	4,675	5,100	5,000
Coffee (metric tons)	84	36	141	67	0
Unit value					
Oil (U.S. dollars per barrel)	16.31	16.89	21.60	17.98	13.08
Timber (U.S. dollars per cubic meter)	104	128	128	116	111
Logs	100	122	115	105	93
Processed timber	175	250	260	246	235
Cocoa (U.S. dollars per metric ton)	1,135	1,284	1,225	1,364	1,412
Coffee (U.S. dollars per metric ton)	607	1,603	873	1,346	961
(In millions of U.S. dollars)					
Value	65,075	86,439	196,634	498,444	460,789
Oil	28,968	38,468	133,135	398,106	395,997
Gas	0	0	0	7,227	7,358
Timber	23,953	36,002	50,713	78,725	42,428
Logs	21,719	32,593	46,839	64,792	30,795
Processed timber	2,234	3,409	3,874	13,933	11,633
Cocoa	3,746	5,043	5,729	6,954	7,058
Coffee	51	58	123	90	0
Reexports	4,104	2,208	1,421	1,278	1,278
Other	4,254	4,659	5,512	6,063	6,670
(In billions of CFA francs)					
Value	36.13	43.09	100.60	286.71	267.50
Oil	16.08	19.20	68.11	232.36	233.62
Timber	13.30	17.92	25.95	45.95	25.03
Logs	12.06	16.22	23.96	37.82	18.17
Processed timber	1.24	1.70	1.98	8.13	6.86
Cocoa	2.08	2.52	2.93	4.06	4.16
Coffee	0.03	0.03	0.06	0.05	0.00
Reexports	2.28	1.10	0.73	0.75	0.75
Other	2.36	2.33	2.82	3.54	3.93

Sources: Equatorial Guinean authorities; and Fund staff calculations.

1/ Calendar-year basis.

Table 27. Equatorial Guinea: Petroleum Sector Accounts, 1994-98

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

	1994	1995	1996	1997	1998 Est.
Barrels per day 1/	4,866	6,247	16,884	56,601	82,945
Tons per year (in thousands)	236.8	304.0	821.7	2754.6	4036.7
International price (U.S. dollars per barrel)	15.89	17.17	20.42	17.98	13.08
Premium/discount (-) (U.S. dollars per barrel) 2/	0.42	-0.28	1.18	0.50	0.50
Value (petroleum and gas)	29.0	38.48	133.1	405.3	403.4
Costs to the companies	94.6	128.8	377.5	567.7	755.3
Royalties	2.9	3.9	13.3	37.1	51.8
Gross investment	91.7	115.4	324.1	465.3	649.7
Signature fee	0.0	1.0	0.0	1.5	0.0
Production bonus for government	0.0	0.0	2.0	5.0	0.0
Development costs	63.0	111.0	289.4	405.1	502.8
Production costs	19.0	3.3	32.1	52.8	146.0
Interest cost	9.0	8.4	35.6	60.8	43.0
Income tax	0.0	1.1	4.5	4.5	1.6
Profit sharing	0.0	0.0	0.0	0.0	6.2
Concession (rental fees)	0.7	0.1	0.6	0.9	0.9
Net loan to government	0.0	0.0	7.3	-0.4	0.0
Net cash flow (exports less costs)	-65.6	-90.3	-244.4	-162.4	-351.9
Memorandum items:					
Production and development costs, total	82.0	114.3	321.5	480.7	659.9
Import of goods	37.6	60.7	189.7	285.0	360.9
Import of services	43.6	52.4	128.6	191.1	292.6
Domestic expenditures	0.8	1.1	3.2	4.6	6.5

Sources: Equatorial Guinean authorities; and Fund staff estimates.

1/ Calendar-year basis.

2/ The realized export price minus the international price.

Table 28. Equatorial Guinea: Export Indices, 1994-98

(In U.S. dollar terms; 1992 = 100)

	1994	1995	1996	1997	1998 Est.
Petroleum					
Value	163.1	216.6	749.6	2,282.2	2,271.1
Unit value	84.2	87.2	111.5	101.3	68.8
Volume	156.6	201.0	543.2	1,840.4	2,697.6
Timber					
Value	139.6	209.8	295.5	458.7	247.2
Unit value	88.1	108.1	108.1	98.2	93.7
Volume	158.5	194.1	291.0	467.3	263.7
Cocoa					
Value	70.0	94.2	107.0	129.9	131.9
Unit value	103.3	116.9	111.5	124.1	128.4
Volume	67.8	80.6	96.0	104.7	102.7
Coffee					
Value	30.5	34.7	74.0	54.4	0.0
Unit value	60.6	159.9	87.1	134.3	95.8
Volume	50.4	21.7	84.9	40.5	0.0
Total exports 1/					
Value	140.3	196.8	469.1	1,214.4	1,119.8
Unit value	87.1	98.6	110.6	101.1	72.1
Volume	161.1	199.6	424.1	1,201.0	1,554.2
Memorandum items:					
Unit value for non-oil export 1/	90.1	109.2	108.4	100.3	98.7
Volume of exports (percentage change)	20.8	23.9	112.5	183.2	29.4

Sources: Equatorial Guinean authorities; and Fund staff calculations.

1/ Excluding reexports and "other" exports.

Table 29. Equatorial Guinea: Composition of Imports, 1994-98

	1994	1995	1996	1997	1998 Est.
(In millions of U.S. dollars)					
Total imports, c.i.f.	66.8	96.6	247.7	352.8	434.3
Public investment program	4.7	3.1	2.5	14.7	23.7
Oil sector	37.6	60.7	189.7	285.0	360.9
Petroleum products	2.9	3.5	5.5	10.6	10.5
Imports for reexports	3.7	2.1	1.8	1.6	1.6
Other	17.8	27.3	48.2	40.9	37.5
(In percent of total)					
Total imports, c.i.f.	100.0	100.0	100.0	100.0	100.0
Public investment program	7.1	3.2	1.0	4.2	5.5
Oil sector	56.4	62.8	76.6	80.8	83.1
Petroleum products	4.3	3.6	2.2	3.0	2.4
Imports for reexports	5.5	2.2	0.7	0.5	0.4
Other	26.7	28.2	19.5	11.6	8.6

Sources: Equatorial Guinean authorities; and Fund staff calculations.

Table 30. Equatorial Guinea: Direction of Trade, 1994-98

(In percent)

	1994	1995	1996	1997	1998
Total exports	100.0	100.0	100.0	100.0	100.0
China	3.1	12.7	7.1	10.5	8.9
France	6.1	4.6	2.5	0.9	3.4
Germany	3.1	2.3	1.0	1.4	0.3
Italy	3.1	2.3	0.5	0.1	0.1
Japan	21.5	17.4	6.6	6.0	3.4
Netherlands	6.1	4.6	1.0	0.2	0.4
Nigeria	...	3.5	0.0	0.0	0.0
Portugal	7.7	4.6	2.5	0.0	0.0
Spain	20.0	12.7	8.6	12.2	17.3
United States	6.1	34.0	65.6	64.0	62.0
Other	23.2	1.2	4.4	4.8	4.3
Total imports	100.0	100.0	100.0	100.0	100.0
Austria	0.0	0.0	0.0	0.0	0.0
Belgium-Luxembourg	6.5	5.1	0.8	1.2	0.8
Cameroon	43.5	31.3	12.5	13.7	9.9
China	1.6	3.0	2.8	2.1	2.6
France	11.3	11.1	15.3	15.4	15.0
Germany	1.6	1.0	0.4	1.7	0.4
Italy	6.5	3.0	3.2	5.7	2.5
Japan	...	0.0	0.0	0.1	1.5
Netherlands	9.7	4.0	4.4	5.5	5.7
Russia	0.0	0.0	0.0	0.0	0.0
Spain	14.5	34.3	18.6	14.1	9.9
United Kingdom	1.6	1.0	1.2	9.8	6.2
United States	3.2	6.1	23.4	26.4	35.4
Other	...	0.0	17.2	4.3	10.0

Sources: Equatorial Guinean authorities; IMF, *Direction of Trade Statistics Yearbook*; and Fund staff calculations.

Table 31. Equatorial Guinea: International Trade Indices, 1994-98

(In U.S. dollar terms, unless otherwise specified; 1987 =100)

	1994	1995	1996	1997	1998 Est.
Export unit value 1/	90.3	102.2	114.7	104.8	74.7
Import unit value 2/	103.6	116.5	116.1	112.9	112.4
Terms of trade	87.1	87.7	98.7	92.9	66.5
Annual percentage change	9.5	0.7	12.5	-5.9	-28.5

Sources: Equatorial Guinean authorities; and Fund staff calculations.

1/ Excluding reexports.

2/ Based on indices for partner countries' exports of goods.

Table 32. Equatorial Guinea: External Medium- and Long-Term Outstanding Public Debt, 1995-98 1/

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

	1995	1996	1997	1998
Total outstanding debt 1/	233.0	254.4	245.6	263.5
<i>Of which:</i> arrears	36.6	51.2	44.4	48.2
Multilateral debt	126.8	124.2	129.3	126.6
<i>Of which:</i> arrears	8.7	5.7	6.0	5.8
African Development Bank/African Development Fund	38.6	33.3	32.1	33.3
IDA	51.3	51.5	49.5	51.6
IMF	18.5	17.2	13.1	10.7
Other	18.4	22.2	34.6	31.0
Bilateral debt	105.3	125.3	111.2	133.9
<i>Of which:</i> arrears	27.0	44.9	36.2	42.4
Paris Club creditors	65.1	84.1	76.0	79.2
<i>Of which:</i> arrears	12.6	26.9	30.7	9.4
post-cutoff-date debt	3.2	2.5	...	...
Non-Paris Club creditors	40.2	41.2	35.2	54.7
<i>Of which:</i> arrears	14.4	18.0	5.5	5.1
post-cutoff-date debt	3.1	1.2	...	...
France	5.6	9.6	8.7	9.4
Italy	12.5	15.5	11.8	12.4
Spain	41.9	49.2	48.3	50.0
Argentina	10.5	14.3	3.2	12.5
China	25.2	22.7	28.0	39.9
Russian Federation	5.1	9.8	7.2	7.5
Other	4.5	4.3	4.1	2.3
Commercial banks and suppliers' credits	0.8	4.9	5.0	3.0
Memorandum items:				
External debt outstanding (in percent of GDP)	142.1	98.2	49.3	57.7
Average interest rate 2/	3.5	1.5	2.0	2.0
Concessional debt (in percent of total debt) 3/	58.2	51.6	57.5	57.8
Grant element (in percent of total debt) 4/	18.6	19.8	20.0	27.5

Sources: Equatorial Guinean authorities; and Fund staff estimates.

1/ Including the IMF.

2/ In percent; current interest accruals divided by the stock of outstanding debt.

3/ Debt with a grant element above 25 percent.

4/ The grant element has been calculated by applying a discount rate in conjunction with estimates of the key elements of the debt's term structure: the interest rate, the grace period, and the amortization schedule. The difference between the face value of the debt and the amount corresponding to the grant element is the present

Table 33. Equatorial Guinea: Scheduled External Public Debt Service, 1994-98

(In millions of U.S. dollars)

	1994	1995	1996	1997	1998
Multilateral creditors	5.5	5.6	5.1	6.5	7.5
Principal	3.2	3.4	3.0	4.4	5.4
Interest	2.2	2.2	2.1	2.1	2.1
Bilateral creditors	18.5	19.6	7.8	8.9	8.9
Principal	12.5	12.8	3.9	4.5	4.6
Interest	6.0	6.8	4.0	4.3	4.3
Paris Club creditors	14.0	14.2	7.4	5.8	6.1
Principal	10.2	10.2	3.4	1.8	2.2
Interest	3.8	4.1	3.9	4.0	3.9
Other bilateral creditors	4.5	5.3	0.5	3.1	2.8
Principal	2.3	2.6	0.4	2.7	2.4
Interest	2.2	2.7	0.0	0.4	0.4
Commercial banks	...	...	1.2	1.7	1.7
Principal	...	...	1.0	1.5	1.6
Interest	...	...	0.2	0.2	0.1
Total	23.9	25.2	14.1	17.1	18.1
Principal	15.7	16.2	7.9	10.5	11.6
Interest	8.2	9.0	6.2	6.6	6.5
Memorandum items:					
Debt-service ratio					
In percent of exports of goods and nonfactor services 1/	33.9	27.8	7.5	3.8	4.3
In percent of government revenue 1/	110.0	93.8	33.1	20.7	15.3

Sources: Equatorial Guinean authorities; and Fund staff estimates.

1/ Before debt relief.

Table 34. Equatorial Guinea: Exchange Rates, 1993-98

	Nominal Effective Exchange Rate		Real Effective Exchange Rate		CFA franc per U.S. dollar		CFA franc per SDR		
	Index 1/ Annual percentage change	Annual percentage change	Index 1/ Annual percentage change	Annual percentage change	Period average	End of period	Period average	End of period	
Annual									
1993	134.5	6.1	81.2	1.7	283	295	395	405	
1994	83.7	-37.8	61.0	-24.9	555	535	795	780	
1995	87.5	4.6	66.7	9.4	499	490	757	728	
1996	87.1	-0.5	67.3	1.0	512	524	743	753	
1997	84.4	-3.2	69.6	3.4	584	599	803	808	
1998	85.8	1.7	76.3	9.6	590	526	800	792	
Quarterly									
1993	Q I	133.0	8.9	81.9	4.7	277	274	382	383
	Q II	134.8	8.6	81.1	4.1	273	285	386	400
	Q III	133.7	3.9	80.8	2.0	291	283	408	402
	Q IV	136.4	3.5	80.8	-3.7	292	295	407	405
1994	Q I	81.4	-38.8	56.9	-30.5	586	571	813	807
	Q II	82.9	-38.5	61.0	-24.8	569	547	805	792
	Q III	85.0	-36.4	63.4	-21.5	535	528	781	775
	Q IV	85.2	-37.5	62.5	-22.7	531	535	778	780
1995	Q I	86.6	6.4	65.6	15.2	517	485	772	757
	Q II	87.6	5.6	64.4	5.7	492	485	770	761
	Q III	87.8	3.2	68.3	7.7	495	491	751	740
	Q IV	88.2	3.5	68.5	9.6	493	490	736	728
1996	Q I	87.7	1.3	66.2	1.0	504	503	738	734
	Q II	86.9	-0.7	66.7	3.5	516	515	746	744
	Q III	87.2	-0.7	67.9	-0.6	509	517	740	744
	Q IV	86.7	-1.8	68.6	0.1	518	524	747	753
1997	Q I	85.1	-3.0	68.4	3.3	560	564	779	783
	Q II	84.3	-3.0	68.6	2.8	578	598	799	816
	Q III	83.1	-4.7	69.2	2.0	609	593	830	810
	Q IV	85.0	-2.0	72.3	5.5	588	599	804	808
1998	Q I	84.7	-0.5	73.6	7.7	610	618	820	826
	Q II	85.3	1.2	75.1	9.6	602	612	806	815
	Q III	86.3	3.9	77.4	11.8	591	562	792	770
	Q IV	87.0	2.4	79.3	9.6	558	562	781	792

Sources: Equatorial Guinean authorities; IMF, Information Notice System; and Fund staff calculations.

1/ 1986 = 100.