Equatorial Guinea: Development, Growth and Governance

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Summary of Questions and Answers

Question

It was queried whether the co-investment fund Holdings Equatorial Guinea 2020 still held capital for continued investment in the country, and whether the scheme would be extended given an increase in interest from foreign investors.

César Mba Abogo

In the implementation of the Horizon 2020 plan, oil revenues were divided into four categories. In the first section of Horizon 2020, the first three oil categories were activated in order to build the country and improve governance and social conditions. But the fund for diversification was not activated in 2008 because the country was not ready for investment. Infrastructure such as roads, power and ports needed to be built first.

In a symposium in 2014, however, the government of Equatorial Guinea explained to international investors what had been achieved over the past few years and how the country has readied itself to receive investment. During this symposium, the president launched Holdings Equatorial Guinea 2020, the body that will invest on behalf of the state. This co-investment fund will manage the state’s share in partnered companies. Currently, all the members of the body have been appointed and its funds are available.

The co-investment fund is for the state to invest in agriculture, livestock, fisheries, tourism and financial services; it is not for oil and gas, as there are already bodies for these.

Question

The speaker was asked to comment on criticisms related to the Equatorial Guinean government’s approach to public investment.

César Mba Abogo

In the new constitution of Equatorial Guinea, there is a clear statement concerning the difference between the public and private sectors and how these sectors are conceived. At the level of public investment, Equatorial Guinea has concluded the first phase of the Horizon 2020 Plan, and is looking to strengthen the second phase by engaging with the World Bank and other multilateral institutions in order to make dealings more transparent. There is political will to change and improve.

Question

The speaker was asked for his views on Equatorial Guinea’s position regarding intra-Africa trade and investment.

The relationship between Equatorial Guinea and the diaspora was mentioned.

César Mba Abogo

The country has very strong road networks, and infrastructure was made a priority for Equatorial Guinean investment in order to promote strong interregional networks. As part of CEMAC (the Economic and Monetary Community of Central Africa), Equatorial Guinea aims to facilitate trade with its African
neighbours. Another way to facilitate trade is via Ceiba, the Equatorial Guinean airline, which flies to all subregional destinations as well as Spain.

The development plan for Equatorial Guinea has two main priorities. The first is to eliminate obstacles to private sector development; the second is to improve living conditions. A major, overarching aim is to promote a single economy within the six CEMAC member states (Cameroon, the Central African Republic, Chad, the Republic of the Congo, Equatorial Guinea and Gabon). At the level of infrastructure, Equatorial Guinea has prepared for this and is even teaching its students the other languages of the subregion in order to facilitate better cooperation. Furthermore, Equatorial Guinea aims to make itself a pillar of development within its subregion.

Turning to the diaspora, Equatorial Guinea uses its position to host and organize major cultural events as a way to connect with its diaspora. It also uses embassies for this purpose.

**Question**

It was asked whether the drop in global oil prices by more than 50 per cent in the last few months would impact Equatorial Guinea’s ability to deliver the Horizon programme by 2020.

**César Mba Abogo**

The fall in global oil prices has been a major problem; there have been serious discussions within the government concerning this topic over the past three months. However, this is both a problem and an opportunity. The problem is that oil revenues are not as high as expected, but the opportunity is that the situation is forcing the government to speed up its future development plans. Infrastructure costs more than the other stages of the plan; fortunately this was completed before oil prices fell. With good planning to programme development, investment in social welfare and improved employment can be achieved despite limited resources.

It is important to have a state with a private sector leading the economy where rule of law and good governance are guaranteed. Furthermore, in 2013 Equatorial Guinea engaged the World Bank to improve the efficiency of Equatorial Guinean investment programming. However, Equatorial Guinea cannot achieve its goals alone, which is why it is seeking investors.

There are also studies currently being conducted analysing how falling oil prices will affect the standard of life in Equatorial Guinea among different sectors of the population. The aim of this is to prepare appropriate measures in order to prevent any groups falling below the poverty line.

**Question**

It was asked whether there are any opportunities for British expertise on agriculture in Equatorial Guinea.

**César Mba Abogo**

Equatorial Guinea is 28,000 sq km, with a population of 1.2 million [according to official Equatorial Guinean figures], but it sits within the CEMAC region which has a population of 40 million – a far more substantial number. Within the Horizon 2020 Plan there are 15 sub-programmes, including programmes on health, housing, electricity, schools and accessible water. Each of these has a defined objective and
indicators. One of the most important programmes is on food security, in which the government is investing heavily.

In terms of agriculture, it is clear that Equatorial Guinea cannot replicate major models such as the Brazilian one, but its soil and weather allows it to produce value-added goods. The government is preparing model farms to hand to the private sector. More information can be found at the embassy.

**Question**

It was asked whether oil companies have a contribution to make in terms of wider development agendas regarding economic diversification – beyond tax contributions.

**César Mba Abogo**

The speaker stated that, having formerly held the position of director-general of petroleum economics in Equatorial Guinea, he was aware of how oil contracts are framed. In the oil industry, money is made for governments through royalties and taxes. There is a local content clause in Equatorial Guinea, which means that there are some obligations for oil companies to improve social conditions in collaboration with the government – for example, work being done by the government working with oil companies to eradicate malaria in Africa. Oil companies are contributing positively to development in Equatorial Guinea.

There is also an obligation to buy some goods and services with local companies. The aim of this is for local people to assume the responsibility of running the sector.

**Question**

The speaker was asked to comment on the capability of institutions established to monitor transparency and accountability in Equatorial Guinea, and whether there are any plans to publish their findings.

**César Mba Abogo**

The Council of the Republic is an advisory body that strategically advises the state on issues concerning sovereignty. This council includes prominent political figures, such as former presidents and prime ministers, who have a wealth of experience. Another body subjects all decisions in the public sector to accountability. All decisions are to be moral, legal and efficient. If any decisions made are found to be wrong, the person or persons in question must submit to an investigation. If this fails, they must go to court.

There is also the ombudsman, who can start a process investigating anything that appears untoward. The National Council for Economic and Social Development has also been established to advise the state on socio-economic principles. In the constitution there is a limitation on presidential terms, as well as a commitment to international principles and to combating corruption. In sum, there should be many different actors ensuring the state is moving in the right direction, including civil society and the private sector, and this has been provided for in the constitution.
Question

It was asked whether there are any plans to issue national disaggregated data that can facilitate the creation of projects on gender, education and health.

César Mba Abogo

In the past it was difficult to compile data because there was no appropriate system to do this. Currently, a system is being developed with the World Bank and will be available by 2016 so that comparisons can be made with other countries and regions. This has not been a question of political will to provide data, but more that the data were not compiled properly.

Question

The speaker was asked about Equatorial Guinea’s concerns related to the current state of sea piracy in the Gulf of Guinea, and whether anything is being done about this. The role of regional players, such as Nigeria, was also mentioned.

César Mba Abogo

Equatorial Guinea is very concerned about this issue. The country’s wealth is derived from oil activities and these are located offshore, not onshore. There are 10 times the amount of oil deposits at sea as there are onshore. Thus, the government is taking this issue seriously and is working with oil companies to maximize security. Nigeria is the biggest economy in Africa, and recently President Obiang held a meeting with the presidents of Nigeria and Cameroon with the aim of defining a policy to respond to common maritime threats.

Mari-Cruz Evuna

Equatorial Guinea provided the sole vessel that CEMAC has patrolling the waters of the Gulf of Guinea. Equatorial Guinea supports UK policy promoting security, good governance and prosperity in order to halt these difficulties in the long term. Equatorial Guinean policies are currently aiming to improve both domestic and regional development, which will mitigate some of the problems currently facing Central Africa.

Question

The speaker was asked to comment on the status of any dialogue the government has with the opposition in Equatorial Guinea.

César Mba Abogo

In the past there has been criticism of Equatorial Guinea, and few are aware of what has been achieved there because of enduring stereotypes. One main stereotype was that those attempting to get involved in the political process were unable to do so because they were being forced into exile. However, in November 2014 there was a national political dialogue bringing together many people interested in Equatorial Guinean politics, including from abroad, where the problems of the country were discussed. Other issues addressed at the national dialogue included how the country should be run, and how to
improve its governance. This has proved the commitment of the Equatorial Guinean government to allow all bodies to have their say. It would be impossible to develop the country by restricting some parties.