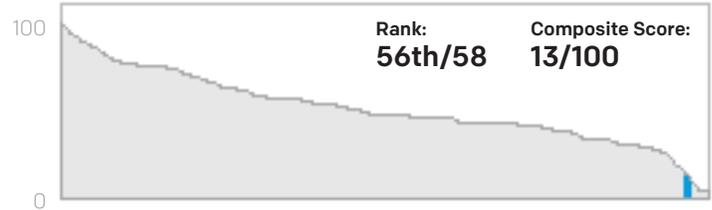


Equatorial Guinea



The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at www.revenuewatch.org/rgi.



Background

Equatorial Guinea is the third-largest oil producer in sub-Saharan Africa, supplying 304,000 barrels a day in 2011. Its 2010 oil and gas revenues were estimated at nearly \$3 billion, accounting for 67 percent of government revenues and 47 percent of gross domestic product (GDP). While Equatorial Guinea's GDP per capita is similar to many highly developed countries, more than

Equatorial Guinea	2000	2005	2011
Population (million)	0.52	0.61	0.72
GDP (constant 2011 international \$ billion)	1.6	9.3	19.8
GDP per capita, PPP (constant 2005 international \$)	8,603	24,814	31,969
Oil and gas revenue (% total government revenue)	...	77%	67%
Extractive exports (% total exports)

SOURCES: Oil and gas revenue as share of total government revenue from the Economist Intelligence Unit and the International Monetary Fund. All other data from the World Bank. Oil and gas revenues 2011 data from 2010.

three-quarters of its population lives in poverty, and the government has been widely criticized for the misuse of oil revenues.

Equatorial Guinea's Performance on the RGI

Equatorial Guinea received a "failing" score of 13, ranking 56th out of 58 countries. It scored poorly on all components of the RGI, with particularly low rankings on Safeguards and Quality Controls and its Enabling Environment.

Institutional and Legal Setting

(Rank: 53rd/58 Score: 27/100)

Equatorial Guinea's "failing" score of 27 was its highest on any component, reflecting a degree of independence in the licensing process and substantial reporting requirements for state-owned companies.

The Ministry of Mines, Industry and Energy regulates the petroleum sector and has the authority to sign production sharing contracts, which are awarded after a public tender offer or following direct negotiations with the government. The 2006 Hydrocarbon Law does not contain specific principles or

fiscal terms and lacks public disclosure provisions. Extractive companies are not required to conduct environmental impact assessments.

The Finance Ministry collects payments from oil companies and deposits a portion of the funds at the Bank of Central African States (BEAC); another portion goes to local and foreign commercial banks.

Equatorial Guinea is no longer an Extractive Industries Transparency Initiative (EITI) candidate, following a failed bid for validation in 2010.

Reporting Practices

(Rank: 55th/58 Score: 14/100)

Equatorial Guinea does not provide comprehensive data on any aspect of the extractive sector, resulting in a "failing" score of 14.

Some information on the licensing process is available before and after negotiations, but contracts are not published. The most comprehensive information on hydrocarbon revenues is published in Equatorial Guinea's 2010 EITI report. It contains data from 2007 and 2008 on production volumes, the value of resource exports, the names of companies operating in the country, royalties, and dividends paid by oil companies to the state. The BEAC reports production volumes, prices, and the value of resource exports. The Finance Ministry does not publish any information on extractive revenues, nor does the Ministry of Mines, Industry and Energy, though its website contains the names of companies operating in the country, expected production volumes for 2009, and some historical data on license fees.

Safeguards and Quality Controls

(Rank: 56th/58 Score: 4/100)

Equatorial received a "failing" score of 4, reflecting extremely poor government oversight and a general lack of reporting requirements.

Although production sharing contracts must be ratified, there is no evidence that the legislative branch actively monitors the licensing process or provides meaningful checks on the industry. National law requires that lawmakers review and audit state accounts, but it is not clear that this actually happens. There is no requirement that government officials involved in regulatory activities report their financial interests in the sectors they oversee.

Enabling Environment

(Rank: 56th/58 Score: 4/100)

Equatorial Guinea is near the bottom of global rankings of government effectiveness, budgetary openness, and corruption control, receiving a “failing” score of 4.

State-Owned Companies

(Rank: 42nd/45 Score: 10/100)

The national oil company, GEPetrol, was established in 2001 and manages the country’s interests in various production sharing contracts and joint ventures with foreign companies. GEPetrol does not publish any information about its operations or revenues. Its financial statements are not audited and there is no available information on its board of directors.

Natural Resource Funds

(Rank: 22nd/23 Score: 0/100)

State authorities have created a Fund for Future Generations, which receives 0.5 percent of oil revenues and is held at the BEAC. No information on the fund’s rules, assets, transactions, or investments has been published.

Subnational Transfers

(Rank: 30th/30 Score: 0/100)

Equatorial Guinea established a Solidarity Fund in 2005 to allocate 10 percent of resources from the national budget to municipalities, but it is unclear whether the government follows its revenue sharing rules. No information on these transfers exists, except for reports that municipalities have difficulty accessing the funds.

Equatorial Guinea’s Composite, Component and Indicator Scores

Rank (out of 58)		Score (out of 100)
56	COMPOSITE SCORE	13
53	Institutional and Legal Setting	27
	Freedom of information law	0
	Comprehensive sector legislation	33
	EITI participation	0
	Independent licensing process	83
	Environmental and social impact assessments required	0
	Clarity in revenue collection	50
	Comprehensive public sector balance	0
	SOC financial reports required	100
	Fund rules defined in law	0
	Subnational transfer rules defined in law	0
55	Reporting Practices	14
	Licensing process	50
	Contracts	0
	Environmental and social impact assessments	0
	Exploration data	0
	Production volumes	67
	Production value	67
	Primary sources of revenue	17
	Secondary sources of revenue	8
	Subsidies	0
	Operating company names	67
	Comprehensive SOC reports	0
	SOC production data	0
	SOC revenue data	0
	SOC quasi fiscal activities	0
	SOC board of directors	0
	Fund rules	0

Rank (out of 58)		Score (out of 100)
	Comprehensive fund reports	0
	Subnational transfer rules	0
	Comprehensive subnational transfer reports	0
	Subnational reporting of transfers	0
56	Safeguards and Quality Controls	4
	Checks on licensing process	22
	Checks on budgetary process	22
	Quality of government reports	17
	Government disclosure of conflicts of interest	0
	Quality of SOC reports	0
	SOC reports audited	0
	SOC use of international accounting standards	0
	SOC disclosure of conflicts of interest	0
	Quality of fund reports	0
	Fund reports audited	0
	Government follows fund rules	0
	Checks on fund spending	0
	Fund disclosure of conflicts of interest	0
	Quality of subnational transfer reports	0
	Government follows subnational transfer rules	0
56	Enabling Environment	4
	Corruption (TI Corruption Perceptions Index & WGI control of corruption)	4
	Open Budget (IBP Index)	3
	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)	4
	Government effectiveness (WGI)	2
	Rule of law (WGI)	9

■	Satisfactory	■	Weak
■	Partial	■	Failing