Committee for Development Policy
26th Plenary Session

United Nations
4-8 March 2024

UNHQ Headquarters, New York
Conference Room 6

Monitoring of countries graduated from the list of LDCs

Equatorial Guinea

SUSTAINABLE DEVELOPMENT GOALS

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Summary

Equatorial Guinea, since its graduation in 2017, has faced a rapid decrease in real income, largely attributable to diminishing oil production. Despite its massive economic boom in the 1990s and 2000s, the country has struggled to foster widespread development, with limited investments in health and education. Persistent challenges including weak governance, lack of transparency, and endemic corruption continue to hinder progress. The Committee emphasizes the critical need for Equatorial Guinea to establish a solid economic foundation for diversifying the economy away from the oil and gas sector and to invest in human assets.

Macroeconomic situation

A two-decade long period of extremely rapid economic growth came to an end in 2008. Since then, oil output has fallen by about two-thirds and for much of the period oil prices have been lower. This has sent the economy into decline with incomes falling by almost 60%. In 2022, incomes rose for the first time since 2014, ending 7 consecutive years of recession, as oil prices were higher, COVID restrictions were lifted and reconstruction work started in Bata[1], the country's commercial capital. However, with oil output still in decline and structural reform programs stalled, both the IMF and the AfDB expects the economic contraction to return from 2023 onwards[2,3].

The recent surge in oil prices provided a significant boost to Government revenue, which increased more than two-fold from 2021 to 2022 and provided a budget surplus equivalent to 13.6% of GDP. Part of this windfall was used to pay down public debt, which dropped from 42.8% of GDP to 27.1%, and to rebuild foreign exchange reserves, which are estimated to be back above 3 months of import cover[2]. Despite the increase in exports the country continues to run a current account deficit. Dropping to an estimated 1.6% of GDP in 2022, it is expected to rise above 5% in the medium term[2]. However, with the extreme dependence on oil prices the uncertainty and volatility in economic growth, trade and government finances remain high.

Equatorial Guinea failed to turn the economic boom into broad based development and underperforms on a wide range of development indicators relative to its income. Out 191 countries, it ranks 98th on GNI, but only 145th on the Human Development Index[4], and while fata is lacking, poverty rates and inequality are thought to be among the highest in the world. During the years of economic expansion and rising incomes the Government underinvested in health and education, spending less than 2% of the Government budget and less than 0.5% of GDP in most years, and only around 2-3% on education[5]. Life expectancy at birth is only 61 years and mean years of schooling is less than 6. While expenditure on health and education as shares of GDP and total Government expenditure has increased in recent years this is largely due to decreases in GDP and the size of budgets rather than higher per capita social spending. Investment in basic health, education and sanitation is still sorely needed. At current prices food security is also a major concern and providing relief to vulnerable populations is a key aim for the Government.

Weak governance, lack of transparency and endemic corruption remain obstacles to improved

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[1] A large explosion at a military barracks in 2021 caused extensive damage and killed 107 people.
[2] IMF (2022) Article IV Consultation: Equatorial Guinea
[3] African Development Bank (2023), Equatorial Guinea Economic Outlook.
https://www.afdb.org/en/countries/central-africa/equatorial-guinea/equatorial-guinea-economic-outlook
[4] UNDP (2023), Human Development Index, https://hdr.undp.org/data-center/human-development-index#/indicies/HDI
[5] World Bank, World Development Indicators, https://databank.worldbank.org/source/world-development-indicators accessed 10 November 2023

performance and inclusive growth. Management and transparency of public finances and investments are a particular concern along with the rule of law and poor effectiveness of anti-corruption and anti-money laundering mechanisms. The banking sector suffers from under-capitalization and low liquidity. This is largely driven by a large share of non-performing loans, most of which are driven by Government arrears with construction firms.

Table 1. Selected macroeconomic data for Equatorial Guinea, 2017-2023

Indicator	2017	2018	2019	2020	2021	2022	2023
GDP growth rate (per cent, constant price)	-5.7	-6.2	-6.0	-4.9	-1.6	3.0	-4.9
Inflation rate (%)	0.7	1.4	1.2	4.8	-0.1	2.2	2.4
GDP growth rate (per cent, constant price)	*-5.7*	*-6.2*	*-5.5*	*-4.8*	*-0.4*	*3.2*	*-6.2*
Inflation rate (%)	*0.7*	*1.3*	*1.2*	*4.8*	*-0.1*	*4.9*	*2.4*
Government revenue (billions of national currency)	1,238.4	1,446.5	1,240.0	819.7	1,041.0	2,259.9	1,536.3
Government expenditure (billions of national currency)	1,421.8	1,407.9	1,118.6	920.6	861.3	1,262.4	1,306.0
Government balance (billions of national currency)	-183.5	38.6	121.4	-100.9	179.7	997.5	230.3
Government balance (per cent of GDP)	-2.6	0.5	1.8	-1.8	2.6	13.6	3.8
Net ODA received (millions of US dollars)	6.9	6.7	62.8	6.1	12.8	11.18	
Balance of Payments (millions of US dollars)							
Current Account	-773.3	-725.5	-563.2	-418.7	-420.2	-251.7	-309.9
Goods, Credit (Exports)	6,756.1	7,070.0	6,548.8	3,042.1	4,975.4	7,276.8	5,818.0
Goods, Debit (Imports)	-2,783.1	-2,767.1	-2,471.4	-1,598.4	-2,028.7	-2,645.2	-2,108.6
Balance on Goods	3,973.1	4,302.8	4,077.4	1,443.7	2,946.6	4,631.6	3,711.0
Services, Credit (Exports)							
Services, Debit (Imports)							
Balance on Services	-1,224.5	-1,379.1	-1,292.0	-595.9	-1,051.3	-1,699.4	-1,403.0
Balance on Goods and Services	2,748.6	2,923.8	2,785.4	847.8	1,895.3	2,932.2	2,308.1
Balance on Income	-3,287.7	-3,400.9	-3,111.4	-543.8	-1,767.3	-2,653.3	-2,090.4
Balance on Current Transfers	-234.2	-248.4	-238.9	-722.7	-548.2	-529.0	-525.9
Capital Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial Account	468.4	808.4	689.5	-324.9	604.1	549.9	501.2
Direct investment (net)	304.8	396.1	452.3	410.0	459.8	458.5	489.6
Portfolio investment (net)	0.0	0.0	0.0	19.1	-1.8	-1.6	-1.6
Financial derivatives (other than reserves) and employee stock options							
Other investment (net)	161.9	410.5	237.2	-754.0	146.1	93.0	14.8
Reserve assets	296.2	390.7	496.7				
Reserves (months of imports)	..	..	..	..	..	..	

Source: GDP growth and inflation are from UN DESA, WESP, Government balance is from IMF, World Economic Outlook Database. Net ODA is from OECD, OECD.Stat. All external sector indicators are from IMF, Balance of Payment Data Reports.

LDC criteria and supplementary indicators

GNI has been in decline for well over a decade, but the estimate for the 2024 triennial review, at $5,768 per capita, is about 4 times higher than the graduation threshold of $1,306. The country is therefore likely to remain well above the threshold even if the economic decline continues. While still low relative to the level of income, steady progress on Human Assets is also being achieved and the country is above the graduation threshold. Despite the vulnerabilities and high dependence on oil income the country also continues to meet the EVI criteria, although there has been no progress on this indicator in recent years. Progress on LDC criteria over the past 5 years is shown in Table 1.

Table 1: LDC criteria for Equatorial Guinea 2020-2024

Year	HAI	EVI	GNI per capita
2020	67.7	18.9	7,149
2021	68.3	19.1	6,582
2022	69.0	19.3	6,361
2023	69.4	19.4	6,126
2024	69.9	19.3	5,768

Source: CDP Secretariat, Time series estimates (LDC criteria) dataset (2002-2024), available at https://bit.ly/LDC-data

Note 1: For GNI per capita, Year refers to the year of a (actual or hypothetical) review. The data reflects the latest three-year average available for a review, i.e., the value for 2024 refers to the 2020-2022 average. Data differ from previous official triennial review data due to data revisions.

Note 2: For EVI and HAI, Year refers to the year of a (actual or hypothetical) review. The timeliness of source data varies by indicator; generally, criteria capture data up to two years prior to a review. See the 'read me' in the source.

Note 3: Data differ from previous official triennial review data due to data revisions, changes in data sources, methodological changes and most notable, changes in composition of the composite indices HAI and EVI. Minor differences can also occur due to rounding.

Selected supplementary indicators listed in Table 2 below highlights the key challenges the country. The continued economic contraction resulting from the declining oil revenue and the volatility of such revenue is likely to mean a continued decline in living standards. Resource mobilization is not sufficient to support needed investments leading to poor performance on a vast array of social indicators. Weak governance and corruption hold progress back. For more SGIs, see Annex.

Table 2: Supplementary indicators for Equatorial Guinea, 2016-2022

Indicator	2016	2017	2018	2019	2020	2021	2022
GDP growth (%)	-8.8	-5.7	-6.2	-5.5	-4.2	-0.9	3.2
GDP volatility (Largest decline/lowest growth of GDP in 20 years)	14.8	12.8	12.2	12.1	11.3	8.8	8.1
Tax revenue (% of GDP)	6.4	6.0	6.2	9.3	8.0	5.4	
DTP3 immunization coverage among 1-year-olds (%)	53	53	53	53	53	53	53
Government effectiveness (units of a standard normal distribution)	-1.16	-1.17	-1.20	-1.04	-1.22	-1.18	-1.30

Source: CDP Secretariat, Supplementary graduation indicators (SGI) dataset (2000-2024), available at https://bit.ly/LDC-data

Productive Capacity

Since graduation from the LDC category in 2017, Equatorial Guinea has not been able to achieve sustained progress on its productive capacity index (PCI). Consequently, the country's PCI corresponds roughly to the LDC average in 2022.

Energy and transport are the only categories where Equatorial Guinea ranks above LDC average, with the energy score being also above ODC average. As the country's economy largely depends on the upstream oil sector with little – if any – processing of the raw material, the structural change component lies substantially below LDC average. In the period 2012–2022, Equatorial Guinea made significant progress in the area of human capital, albeit from a low base. During the same period, the country made strong progress in the Information and Communication Technology (ICT) category but fell behind in the areas of transport, institutions, private sector and structural change. The natural capital and energy scores were at similar levels in 2022 as in 2012. As with Angola, Equatorial Guinea has better capacities to invest in fostering economy-wide productive capacities including by capturing rents from natural resources to address gaps and limitations identified by the country's weak performance on the PCI and its categories.

Table 3: Productive Capacity Index, Equatorial Guinea, 2022

	PCI	Human capital	Natural capital	Energy	Trans port	ICT	Institutions	Private sector	Structural Change
Equatorial Guinea	30.8	24	31.9	63.9	29.5	18.4	26.2	33.8	34.2
Other developing countries	46.8	44.3	38.4	61.2	34.1	49.6	51.1	50.9	53.2
LDCs	30.9	27.9	49.8	26.3	19.7	25.2	38.3	37.8	41

Source: UNCTADstat

Data gap

Equatorial Guinea has very low statistical capacity. Per the World Bank Statistical Performance Indicators, the country scores 0 (out of 100) on data use, 33 on data services, 47 on data products, 20 on censuses and 25 on data infrastructure[6]. Recent data on basic indicators such as poverty headcount, education and health are missing.

Smooth transition

Equatorial Guinea graduated from the LDC category in 2017. During the monitoring period before and after the graduation, Equatorial Guinea has yet to report to the CDP on its implementation of the smooth transition strategy.

Pursuit of economic diversification, increased social spending, and improved governance should be the main priorities to reverse the current trend of falling incomes and living standards.
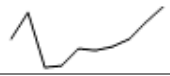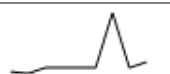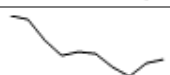
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[6] https://www.worldbank.org/en/programs/statistical-performance-indicators/explore-data accessed 10 November 2023

Annex 1. Supplementary graduation indicators (SGIs)

The supplementary graduation indicators (SGIs) complement the official LDC criteria. They provide quantitative, internationally comparable data for vulnerabilities and other factors that are not fully captured by the LDC criteria but that might be relevant for graduation from the LDC category.
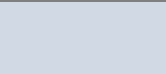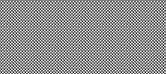For more detailed information on indicators and data sources, see the SGI dataset available on the CDP website.
All data are current as of 13 March 2024.
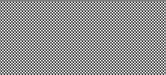
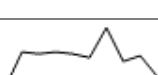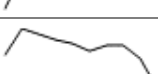|	Indicator	Source	Latest available data	Year most recent data refer to	Relative performance in latest year (legend below)	Trend (last decade)
ECONOMIC VULNERABILITY	GDP growth rate (%)	United Nations Statistics Division	3.25	2022		
	GDP growth volatility	United Nations Statistics Division	8.07	2022		
	External debt (% of GNI)	World Bank				n/a
	Total debt servicing (% of exports and primary income)	World Bank				n/a
	Personal Remittances, received (% of GDP)	World Bank				n/a
	ODA received as percentage of GNI	World Bank	0.14	2021		
	Tourism receipts as share of exports	World Bank				n/a
	Current account balance (% of GDP)	World Bank				n/a
	Standard deviation of net barter terms of trade over 20 years	World Bank	32.84	2021		
	Cereal import dependency	Food and Agriculture Organization				n/a
	Tax revenue as share of GDP	World Bank	5.44	2021		
	Gross domestic savings (% of GDP)	World Bank	23.67	2022		

| Indicator	Source	Latest available data	Year most recent data refer to	Relative performance in latest year (legend below)	Trend (last decade)
Adjusted net savings (% of GNI)	World Bank				n/a
Share of employment in agriculture	International Labour Organization	55.53	2022		
Productive capacities index	United Nations Conference on Trade and Development	30.78	2022		
Percentage of individuals using the internet	World Bank	53.92	2021		
Renewable electricity capacity per capita	International Renewable Energy Agency	$7.60*10^{-2}$	2022		
Percentage of population with access to electricity	World Bank	66.79	2021		
ENVIRONMENTAL VULNERABILITY — Environmental Performance Index	Yale/Columbia University	44.80	2022		n/a
Global Adaptation Index	University of Notre Dame ND-GAIN	41.63	2021		
INFORM Climate Change Risk Index	European Commission - Joint Research Center	3.60	2022		n/a
Economic loss from natural disaster (% of GDP)	United Nations SDG Global Database	$5.60*10^{-4}$	2021		
Annual mean levels of fine particulate matter (e.g. PM2.5) in cities (population weighted)	United Nations SDG Global Database	25.67	2019		
Access to at least basic sanitation (% of population)	United Nations SDG Global Database	66.31	2017		
Access to at least basic drinking water (% of population)	United Nations SDG Global Database	64.67	2017		
Freshwater withdrawal as a proportion of available freshwater resources	United Nations SDG Global Database	0.18	2020		
Proportion of water basins experiencing high surface water extent changes	United Nations Water	64.00	2020		n/a
Red list index, showing trends in overall extinction risks of species	United Nations SDG Global Database	0.80	2023		

Indicator	Source	Latest available data	Year most recent data refer to	Relative performance in latest year (legend below)	Trend (last decade)
Change in forest cover (percentage)	United Nations SDG Global Database	-0.34	2020		n/a
Domestic material consumption per capita	United Nations SDG Global Database	10.01	2019	(blue)	(line)
Human development index	United Nations Development Programme	0.65	2022		(line)
Multidimensional poverty index	United Nations Development Programme			(hatched)	n/a
Proportion of population covered by at least one social protection benefit	United Nations SDG Global Database			(hatched)	n/a
Prevalence of undernourishment	Food and Agriculture Organization			(hatched)	n/a
Mortality from CVD, cancer, diabetes or CRD between exact ages 30 and 70 (%)	World Bank	22.10	2019	(light blue)	(line)
Diphtheria tetanus toxoid and pertussis (DTP3) immunization coverage among 1-year-olds (%)	World Health Organization	53.00	2022	(orange)	(line)
Gross secondary school enrolment rate	United Nations Educational, Scientific and Cultural Organization	18.38	2005	(orange)	n/a
Mean years of schooling	United Nations Development Programme	8.28	2022	(light)	(line)
Learning-adjusted (expected) years of school	World Bank			(hatched)	n/a
Total fertility rate (live birth per woman)	United Nations Development Programme	4.08	2023	(light orange)	(line)
Dependency ratio, i.e. the ratio of youth (Age 0-14) and elderly (age 65+) to population of age 15-64	United Nations Development Programme	70.19	2023	(light)	(line)
Labor force participation rate, female (% of female population ages 15+) (modeled ILO estimate)	World Bank	51.11	2022	(light blue)	(line)
Gross national disposable income (GNDI) per capita, market exchange rates	World Bank	6266.87	2022	(light blue)	(line)
GDP per capita, market exchange rates	United Nations Statistics Division	7025.69	2022	(light blue)	(line)

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	Indicator	Source	Latest available data	Year most recent data refer to	Relative performance in latest year (legend below)	Trend (last decade)
	Gross national income (GNI per capita) at purchasing power parity conversion factors	World Bank	12790.00	2022		
	Gini coefficient of disposable income	Standardized World Income Inequality Database	48.90	2006		n/a
	Percentage of population below international poverty line ($2.15)	World Bank				n/a
OTHER	Battle deaths per 100,000, 20-year average	Uppsala University	0.00	2022		
	Population of concern to UNHCR as percentage of total population	United Nations High Commissioner for Refugees	0.00	2022		
	Stock of persons internally displaced by conflict as percent of total population	International Displacement Monitoring Centre	0.00	2022		
	Intentional homicides (per 100,000 people)	World Bank				n/a
	Voice and accountability, capturing perceptions of citizens' participation in selecting governments as well as of freedom of expression, association, and media	World Bank	-1.67	2022		
	Government effectiveness, capturing perceptions of the quality of public services and policies	World Bank	-1.30	2022		
	Women empowerment index, providing information on women's civil liberties, civil society participation, and political participation	Varieties of Democracy	0.38	2022		

Legend:

On the chromatic scale below, dark blue indicates the most positive performance relative to a reference point; and the darkest orange indicates the poorest relative performance. The reference point is determined, for each indicator, as the performance of the group of LDCs relative to all developing countries (e.g. the 33rd percentile).
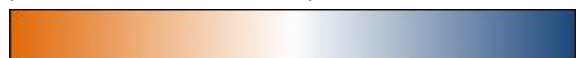
No data available for the corresponding indicator

n/a denotes that a trend cannot be presented due to either only one data point or no data being available for the last ten years.