**EQUATORIAL GUINEA**

### Table 1 2020

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population, million</td>
<td>1.4</td>
</tr>
<tr>
<td>GDP, current US$ billion</td>
<td>9.6</td>
</tr>
<tr>
<td>GDP per capita, current US$</td>
<td>6857.1</td>
</tr>
<tr>
<td>School enrollment, primary (% gross)</td>
<td>61.8</td>
</tr>
<tr>
<td>Life expectancy at birth, years</td>
<td>58.7</td>
</tr>
<tr>
<td>Total GHG Emissions (mtCO2e)</td>
<td>22.7</td>
</tr>
</tbody>
</table>

Source: WDI, Macro Poverty Outlook, and official data.
(a) WDI for School enrollment (2010); Life expectancy (2019).

### Key conditions and challenges

Weak governance, a poor business environment, and a slow build-up of human capital have delayed Equatorial Guinea’s economic diversification from a dominant hydrocarbon sector. While it is classified as an upper-middle-income country, Equatorial Guinea ranks consistently among the worst performers globally on control of corruption (percentile rank of 0.5 in 2019) and on business climate, and it has a low life expectancy at birth of only 58.7 years.

In recent years, the economy has contracted, and fiscal and external imbalances have increased due to both lower hydrocarbon prices and a declining oil sector, resulting in inadequate resources to address social inequalities and widespread poverty. The impact of the COVID-19 pandemic highlighted the need to diversify the economy and undertake deep structural and governance-related reforms to secure social cohesion and put the country on a fiscally sustainable development path. In a context of data paucity to track poverty, the Living Standard Measurement Survey (LSMS), planned for 2021Q4, will be key to benchmark poverty incidence. The LSMS will be used as a basis for a poverty assessment, with the aim to understand challenges faced by low-income households and inform policies aimed at reorienting the current National Economic and Social Development Plan (2021-2035).

### Recent developments

After a six-year recession and despite the COVID-19 crisis and related containment measures, economic growth is expected to rebound and reach 3.8 percent in 2021 (up from a contraction of 4.9 percent in 2020), mainly due to stronger hydrocarbon production, especially of liquefied natural gas, which benefited from a backfilling project related to the Alen production field. However, workers in the service sector have been particularly affected by income losses during the pandemic, and the share of the population living below the poverty line is expected to have increased because of the country’s limited social safety nets. Credit growth remains affected by the continuous decline in public infrastructure projects, with banks’ balance sheets suffering from the government’s domestic arrears with construction companies.

Stronger hydrocarbon revenues from higher production and prices, coupled with government expenditure moderation, are expected to narrow the country’s fiscal deficit from 3.3 percent of GDP in 2020 to 0.7 percent of GDP in 2021. As of end-June, the expenditure execution rate remained very low (59 percent) compared to what was planned in the 2021 budget (Figure 1). It is, however, expected to improve in the second half of the year, as a delay in expenditure recording has been observed in previous budget cycles. The narrowing of the fiscal deficit underlines the government’s limited financial support...
to households and the private sector throughout the COVID-19 crisis.

Higher hydrocarbon export receipts and the exceptional allocation of additional Special Drawing Rights (estimated to be about two thirds of the country’s total international reserves) are expected to improve Equatorial Guinea’s external position in the short term. The current account balance is, however, projected to remain negative in 2021 (-4.7 percent of GDP), although it is expected to improve compared to 2020 (-10.9 percent of GDP).

**Outlook**

After a short-lived rebound in 2021 and 2022, the economy is projected to fall back into recession in 2023, as existing oil wells will reach maturity and reduce production. Also, major projects, such as the Fortuna gas project, would remain in the pipeline. Under this baseline, GDP per capita will fall to 13 percent below the pre-pandemic level in 2019 at the end of the forecast horizon. In the absence of meaningful efforts to diversify the economy away from hydrocarbons, GDP per capita would take close to two decades to return to its pre-pandemic level. With growth expected to slow down in the medium term, unemployment and poverty are likely to increase. The forthcoming LSMS should help to overcome the limited information on social indicators and design an effective social policy going forward. This outlook is subject to downside risks related to the management of the pandemic at the national and global level, and to a further degradation of banks’ balance sheets due to the accumulation of the government’s domestic arrears. Increased spending pressures linked to a prolonged COVID-19 crisis and government difficulties in securing external financing could further negatively affect the fiscal and current account balances. In particular, slow implementation of critical structural and governance reforms could not only delay budget support disbursements under the current International Monetary Fund program but could also affect total factor productivity. On another hand, a stronger-than-projected performance of the hydrocarbon sector (due to higher-than-expected capacity and prices) represents a major upside risk to the outlook.

**TABLE 2**

<table>
<thead>
<tr>
<th>Equatorial Guinea / Macro poverty outlook indicators</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021e</th>
<th>2022f</th>
<th>2023f</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Real GDP growth, at constant market prices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Consumption</td>
<td>-6.2</td>
<td>-6.0</td>
<td>-4.9</td>
<td>3.8</td>
<td>1.5</td>
<td>-0.9</td>
</tr>
<tr>
<td>Government Consumption</td>
<td>3.4</td>
<td>3.4</td>
<td>3.4</td>
<td>2.9</td>
<td>2.0</td>
<td>1.5</td>
</tr>
<tr>
<td>Gross Fixed Capital Investment</td>
<td>1.6</td>
<td>-4.5</td>
<td>-5.3</td>
<td>0.8</td>
<td>-1.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Exports, Goods and Services</td>
<td>-10.1</td>
<td>-55.8</td>
<td>-42.1</td>
<td>-16.0</td>
<td>-12.0</td>
<td>-14.0</td>
</tr>
<tr>
<td>Imports, Goods and Services</td>
<td>-5.7</td>
<td>-6.2</td>
<td>-9.0</td>
<td>3.5</td>
<td>1.8</td>
<td>-1.8</td>
</tr>
<tr>
<td>Real GDP growth, at constant factor prices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>6.2</td>
<td>-9.0</td>
<td>-7.8</td>
<td>-0.8</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td>Industry</td>
<td>-6.2</td>
<td>-6.0</td>
<td>-5.0</td>
<td>3.8</td>
<td>1.5</td>
<td>-0.9</td>
</tr>
<tr>
<td>Services</td>
<td>-2.4</td>
<td>-5.8</td>
<td>-0.4</td>
<td>2.8</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Inflation (Consumer Price Index)</td>
<td>5.8</td>
<td>-1.2</td>
<td>-2.1</td>
<td>1.8</td>
<td>2.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Current Account Balance (% of GDP)</td>
<td>1.3</td>
<td>1.2</td>
<td>3.8</td>
<td>3.5</td>
<td>3.4</td>
<td>3.3</td>
</tr>
<tr>
<td>Net Foreign Direct Investment (% of GDP)</td>
<td>3.0</td>
<td>5.3</td>
<td>3.9</td>
<td>5.5</td>
<td>5.1</td>
<td>5.1</td>
</tr>
<tr>
<td>Fiscal Balance (% of GDP)</td>
<td>0.1</td>
<td>2.0</td>
<td>-3.3</td>
<td>-0.7</td>
<td>-1.9</td>
<td>-2.1</td>
</tr>
<tr>
<td>Debt (% of GDP)</td>
<td>42.1</td>
<td>45.9</td>
<td>52.3</td>
<td>44.8</td>
<td>44.7</td>
<td>45.9</td>
</tr>
<tr>
<td>Primary Balance (% of GDP)</td>
<td>0.8</td>
<td>2.7</td>
<td>-2.0</td>
<td>0.8</td>
<td>-0.4</td>
<td>-0.6</td>
</tr>
<tr>
<td>GHG emissions growth (mtCO2e)</td>
<td>2.5</td>
<td>-3.5</td>
<td>1.7</td>
<td>1.6</td>
<td>1.1</td>
<td>0.5</td>
</tr>
<tr>
<td>Energy related GHG emissions (% of total)</td>
<td>26.0</td>
<td>25.6</td>
<td>24.8</td>
<td>26.6</td>
<td>28.0</td>
<td>29.0</td>
</tr>
</tbody>
</table>

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.