



REPUBLIC OF EQUATORIAL GUINEA

August 2025

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION AND FIRST AND SECOND REVIEWS UNDER THE STAFF-MONITORED PROGRAM—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE REPUBLIC OF EQUATORIAL GUINEA

In the context of the Staff Report for the 2025 Article IV Consultation and First and Second Reviews Under the Staff-Monitored Program the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board and summarizing the views of the Executive Board as expressed during its July 23, 2025, consideration of the staff report on issues related to Article IV Consultation and the IMF arrangement
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on July 23rd, 2025, following discussions that ended on June 4th, 2025, with the officials of the Republic of Equatorial Guinea on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on June 26, 2025
- A **Statement by the Executive Director** for the Republic of Equatorial Guinea.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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IMF Executive Board Concludes 2025 Article IV Consultation with Equatorial Guinea and IMF Management Approves the First and Second Reviews Under the Staff Monitored Program for Equatorial Guinea

FOR IMMEDIATE RELEASE

Staff Monitored Programs (SMPs) are informal agreements between national authorities and IMF staff to monitor the authorities' economic program. As such, they do not entail endorsement by the IMF Executive Board. SMP staff reports are issued to the Board for information.

- The Executive Board of the International Monetary Fund (IMF) concluded today the 2025 Article IV consultation with Equatorial Guinea. IMF Management approved in June the combined first and second reviews under the Staff Monitored Program (SMP) and a 12-month SMP extension.
- Equatorial Guinea registered a mild economic recovery in 2024, but the economy is projected to grow weakly and a drain on regional reserves is expected to continue in the medium term as hydrocarbon production declines. The banking sector is showing clear signs of improvement.
- Performance under the program has been strong, with significant reforms implemented and a substantial fiscal adjustment that met the SMP conditionality. However, contrary to longstanding commitments, the authorities decided not to publish asset declarations of public officials. The program extension will provide the authorities with an opportunity to complete an alternative governance reform measure aimed at strengthening transparency in the extractive sector.

Washington, DC – July 25, 2025: The Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation for Equatorial Guinea.¹ IMF Management

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

approved the completion of the first and second reviews and a 12-month extension of the Staff Monitored Program (SMP) for Equatorial Guinea on June 25, 2025. The authorities have consented to the publication of the Staff Report prepared for this consultation.²

Equatorial Guinea registered a mild economic recovery in 2024, growing by 0.9 percent following a strong contraction in 2023. However, non-hydrocarbon GDP growth slowed in 2024 to 1.3 percent, and the economy is expected to grow only modestly in the medium term as hydrocarbon production declines. Inflationary pressures have persisted, with inflation increasing from 2.5 percent in 2023 to 3.4 percent in 2024.

The banking sector showed clear signs of improvement in 2024 but remains undercapitalized. The average capital adequacy ratio of the system is marginally below the regulatory minimum, but substantially higher than at the end of 2022.

The authorities' substantial fiscal adjustment in 2024 improved the non-hydrocarbon primary balance from -22.3 percent of non-hydrocarbon GDP in 2023 to -17.0 percent in 2024. Public debt decreased from 39.1 percent to 36.4 percent of GDP. Equatorial Guinea's contribution to foreign reserves at the regional central bank remained negative in 2024, following a reserve loss in 2023. The authorities planned further fiscal adjustment will aim to keep public debt below 50 percent of GDP despite the projected decline in hydrocarbon revenues and restore external balance in the medium term.

The authorities have implemented substantial reforms over the past year in the context of the SMP. The significant fiscal adjustment in 2024 helped initiate stabilization of the public debt dynamics and restoration of external balance. They enacted a new tax law that broadens the tax base, prepared a plan to phase out fuel subsidies, began making payments under a new arrears clearance strategy and reformed the customs administration. The authorities took concrete steps toward restoring the health of the financial sector. In an effort to improve governance and transparency, they also developed an AML/CFT strategy and published contracts in the extractive sector and an audit of spending following the accidental explosions in Bata in 2021.

² Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the www.imf.org/Countries/GNQ page.

The authorities' policies have allowed them to meet almost all of the SMP's quantitative conditionality as well as complete actions related to most of their structural reform program commitments in the areas of governance, financial sector development and structural fiscal policy. The authorities missed two structural benchmarks following their decision not to publish the asset declarations of public officials. The 12-month SMP extension will afford the authorities the opportunity to complete an alternative governance reform measure – the publication of an extractive industry transparency report in line with EITI standards – while continuing to implement their broader reform agenda.

Executive Board Assessment³

Executive Directors agreed with the thrust of the staff appraisal. Directors welcomed the authorities' progress on their reform agenda under the Staff-Monitored Program, noting its 12-month extension. They stressed, however, that the macroeconomic environment remains challenging, particularly because of the continued decline in hydrocarbon production that is placing sustained pressure on fiscal and external balances. Directors urged steadfast reform implementation going forward, particularly to address long-standing and serious governance challenges, which would help economic diversification and lay the foundation for private sector-led, sustainable, and inclusive growth.

Directors welcomed the authorities' decision to anchor public debt to preserve debt sustainability and restore external balance. They emphasized that this will require a gradual and sustained fiscal adjustment in the face of declining hydrocarbon revenues. Directors welcomed the commitment to achieving the 2025 budget and stressed the need for continued efforts to mobilize domestic non-hydrocarbon revenues and strengthen fiscal institutions. Improving public financial management remains essential. Directors called for ambitious social spending reform to improve social outcomes and boost human capital development. They stressed the importance of approving the social protection law to enable the building of comprehensive social safety nets.

³ At the conclusion of the discussion, the Managing Director, as Chair of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.

Directors commended the progress made toward restoring the health of the financial sector—including the completion of the audit of the systemic public bank and the creation of an arrears clearance strategy—but noted that vulnerabilities remain. Directors highlighted the importance of obtaining approval from the regional banking supervisor for the arrears clearance plan, further strengthening private banks' balance sheets, and implementing the financial inclusion strategy.

Directors urged the authorities to redouble their efforts to substantially improve transparency and governance. They regretted the authorities' decision to step back from the long-standing commitment to publish asset declarations of public officials, and many Directors urged the authorities to reconsider this option. Directors considered that the publication of an annual report on financial flows in the extractive sector could help demonstrate the authorities' commitment to address their governance deficit. They recommended further governance reforms to address issues highlighted in the 2019 governance diagnostic, including implementing the AML/CFT strategy. A predictable and transparent business environment with reliable and efficient application of laws is needed to create a level playing field that would attract domestic and foreign investment.

Table 1. Equatorial Guinea: Selected Economic and Financial Indicators, 2024–26

| | Estimates | Projections | |
|---|-----------|-------------|--------|
| | 2024 | 2025 | 2026 |
| <i>(Annual percentage change, unless otherwise specified)</i> | | | |
| Production, prices, and money | | | |
| Real GDP | 0.9 | -1.6 | 0.5 |
| Hydrocarbon GDP ¹ | 0.4 | -6.4 | -2.6 |
| Non-hydrocarbon GDP | 1.3 | 2.3 | 2.8 |
| GDP deflator | 2.5 | 3.0 | 1.0 |
| Consumer prices (annual average) | 3.4 | 2.9 | 2.9 |
| Consumer prices (end of period) | 3.4 | 2.9 | 3.5 |
| Monetary and exchange rate | | | |
| Broad money | 2.6 | 2.7 | 2.9 |
| Nominal effective exchange rate (- = depreciation) | ... | ... | ... |
| External sector | | | |
| Exports, f.o.b. | -7.1 | 1.6 | -8.7 |
| Hydrocarbon exports | -8.4 | 1.7 | -10.2 |
| Non-hydrocarbon exports | 2.6 | 1.8 | 1.0 |
| Imports, f.o.b. | -8.9 | 2.2 | -1.9 |
| Government finance | | | |
| Revenue | -14.3 | 0.7 | -5.0 |
| Expenditure | -0.7 | 4.9 | -1.3 |
| <i>(Percent of GDP, unless otherwise specified)</i> | | | |
| Government finance | | | |
| Revenue | 17.9 | 17.8 | 16.7 |
| Hydrocarbon revenue | 14.5 | 14.3 | 13.0 |
| Non-hydrocarbon revenue | 3.4 | 3.5 | 3.7 |
| Expenditure | 18.5 | 19.1 | 18.6 |
| Overall fiscal balance (Commitment basis) | -0.6 | -1.3 | -1.9 |
| Overall fiscal balance (Cash basis) | -1.0 | -2.0 | -2.6 |
| Non-hydrocarbon primary balance ² | -11.7 | -12.6 | -12.3 |
| Non-hydrocarbon primary balance (as percent of non-hydrocarbon GDP) | -17.0 | -17.4 | -16.4 |
| Change in domestic arrears | -0.3 | -0.7 | -0.7 |
| External sector | | | |
| Current account balance (including official transfers; - = deficit) | -3.2 | -3.3 | -4.5 |
| Imputed Foreign Reserves (net), US\$billion | 0.4 | 0.4 | 0.2 |
| Debt | | | |
| Total public debt | 36.4 | 37.0 | 38.4 |
| Domestic debt | 28.7 | 28.0 | 27.9 |
| External debt | 7.8 | 9.0 | 10.5 |
| External debt service-to-exports ratio (percent) | 6.2 | 5.7 | 6.2 |
| External debt service/government revenue (percent) | 7.9 | 7.4 | 7.7 |
| Memorandum items | | | |
| Oil price (U.S. dollars a barrel) ³ | 79.9 | 67.7 | 63.3 |
| Nominal GDP (billions of CFA francs) | 7,740 | 7,846 | 7,959 |
| Nominal GDP (millions of US dollars) | 12,769 | 12,881 | 13,138 |
| Hydrocarbon GDP (billions of CFA francs) | 2,401 | 2,193 | 1,971 |
| Non-hydrocarbon GDP (billions of CFA francs) | 5,340 | 5,653 | 5,987 |
| Government deposits (in percent of GDP) | 17.7 | 17.5 | 17.2 |
| Oil volume (crude and condensado, millions of barrels) | 29.1 | 26.8 | 25.1 |
| Gas volume ⁴ (millions of bbls oil equivalent) | 51.8 | 49.2 | 49.5 |
| Total Hydrocarbon Volume (in millions of barrels of oil equivalent) | 81.0 | 76.0 | 74.7 |
| Exchange rate (average; CFA francs/U.S. dollar) | 606.2 | ... | ... |

Sources: Data provided by the Equatoguinean authorities; and staff estimates and projections.

¹ Including oil, LNG, LPG, butane, propane, and methanol.

² Excluding hydrocarbon revenues, hydrocarbon expenditures, and interest earned and paid.

³ The reference price for crude oil is the Brent.

⁴ Includes LNG, propane, butane and methanol.



REPUBLIC OF EQUATORIAL GUINEA

June 26, 2025

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION AND FIRST AND SECOND REVIEWS UNDER THE STAFF- MONITORED PROGRAM

EXECUTIVE SUMMARY

Context. A decade of steady decline in hydrocarbon production has put fiscal and external accounts under strain and heightened the need for economic diversification. Fund Management approved a 12-month Staff Monitored Program (SMP) in June 2024 to establish the reform track record required for a potential IMF financing arrangement.

Program performance. The authorities have steadfastly implemented most of the agreed program measures, and their performance has been strong, except for their decision not to publish the asset declaration of public officials. All quantitative targets for the first two reviews were met, except for the end-December quantitative target on net financing from the central bank due to the authorities' move of a substantial deposit from the central bank to commercial banks. Six out of ten structural benchmarks were met, while actions under two other structural benchmarks were completed with a delay. The authorities requested an extension of the SMP for an additional 12 months to allow themselves the opportunity to complete an alternative governance reform measure while continuing to implement their reform agenda.

Outlook and risks. The economy is projected to grow weakly in the medium term as hydrocarbon production declines. The authorities planned fiscal adjustment will keep public debt below 50 percent of GDP and restore external balance in the medium term. The main downside risks to the outlook stem from lower output or prices in the hydrocarbon sector, along with slower implementation of key reforms.

Article IV Consultation. Discussions focused on (i) anchoring public debt to ensure debt sustainability, (ii) a policy path that would address the structural external sector imbalance, (iii) prioritizing and sequencing public financial management and tax administration reforms to strengthen fiscal institutions, (iv) identifying social measures to mitigate the impact of fiscal adjustment on vulnerable households, (v) further bolstering financial sector health, (vi) designing and implementing key governance and transparency reforms, and (vii) fostering progress on the diversification agenda.

Approved By
Stéphane Roudet
(AFR) and Tokhir
Mirzoev (SPR)

Discussions took place in Malabo during October 7–18, 2024, and May 26 to June 4, 2025; and in Washington, DC from October 22–25, 2024. The staff team comprised Mr. Ricka (head), Ms. Brozdowski, Mr. Leost, Mr. Naitram, Ms. Reyes (all AFR), Mr. Bird (FAD), Mr. Marques (MCM), Ms. Navarra (SPR), Ms. Shi (Resident Representative), and Mr. Miko Nzang (local economist). The mission held discussions with Prime Minister, Manuel Osa Nsue Nsua; Minister of Finance, Planning, and Economic Development, Ivan Bacale Ebe Molina; Minister of Health, Social Welfare and Health Infrastructures, Mitoha Ondo’o Ayekaba; Minister of Gender Equality and Social Affairs, Consuelo Nguema Oyana; Delegate Minister of Hydrocarbons and Mine Development, Domingo Mba Esono; Delegate Minister of Treasury and State Heritage, Milagrosa Obono Angue; Vice-Minister of Finance, Planning, and Economic Development, Pedro Abeso Obiang Eyang, Vice-Minister of Agriculture, Livestock, Forestry, Fisheries and Environment, Juan Nko Mbula; Vice Minister of Education, Science and Vocational Education, Vicente Nsue Nsue Mangue; National Director of BEAC, Genoveva Andeme Obiang; President of the Anti-Corruption Commission, Tomas Esono Ava; and other senior government officials.

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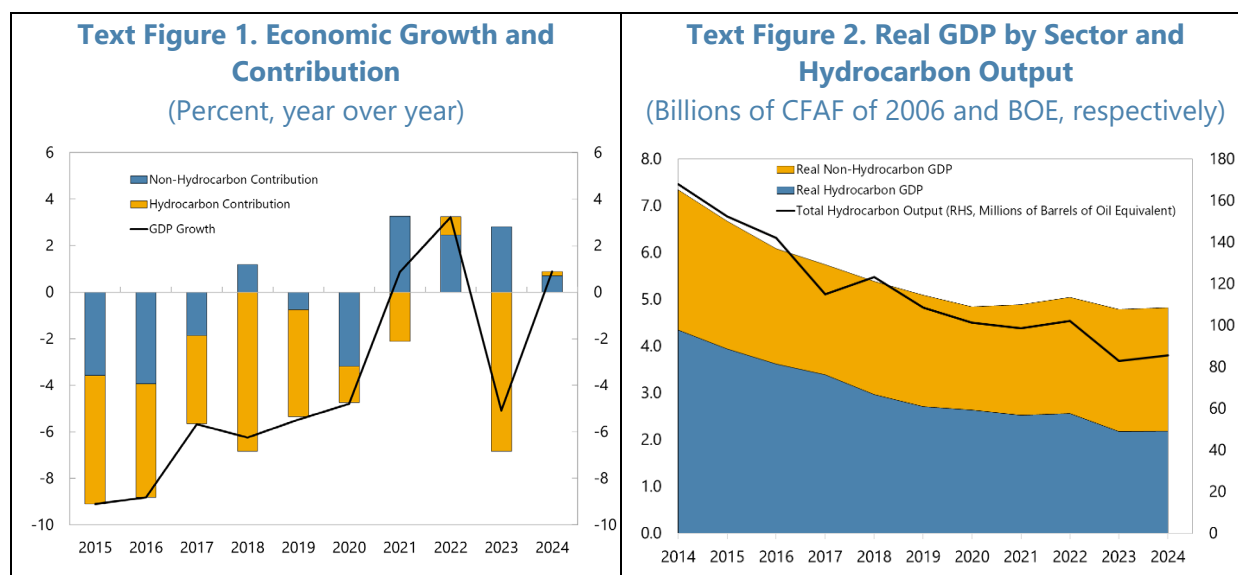
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CONTEXT

1. Equatorial Guinea faces the challenge of replacing its diminishing natural resource wealth with a diversified and inclusive economy but still lacks the necessary economic architecture. The economy has contracted in seven of the past nine years, as hydrocarbon production collapsed (see Text Fig.1). With a continued decline in hydrocarbon output, the country has a shrinking window of opportunity within which it needs to accelerate non-hydrocarbon growth. Limited investment in education, health, and social protection has constrained human capital accumulation. Private sector investment has been stifled by low financial inclusion and a weakened banking system. A deficient governance framework makes doing business costly. The non-hydrocarbon economy contracted during 2013-23 and remains far from becoming a source of well-being.

2. The many successful measures under the Staff Monitored Program (SMP) are a steppingstone to a wider reform agenda needed to transform the economy. The purpose of the SMP is to help the authorities re-establish a track record of policy implementation as well as to provide a sound macroeconomic environment and begin addressing structural constraints to enable stronger, sustainable, and more inclusive growth. Under the program, the authorities achieved a large front-loaded fiscal adjustment underpinned by structural fiscal efforts and undertook key financial sector and transparency measures. While the SMP reforms have been ambitious, they represent only first steps of a more comprehensive agenda.

3. The first review of the SMP was delayed as the authorities were unable to reach internal consensus on the publication of asset declarations of senior officials. Publication of asset declarations had been a long-standing commitment of the government under multiple Fund-supported programs and is also mandated by the 2021 anticorruption law. However, the authorities indicated to staff that they were unable to reach a political consensus on making asset declarations public – a major setback to the authorities' governance improvement agenda. At the same time,



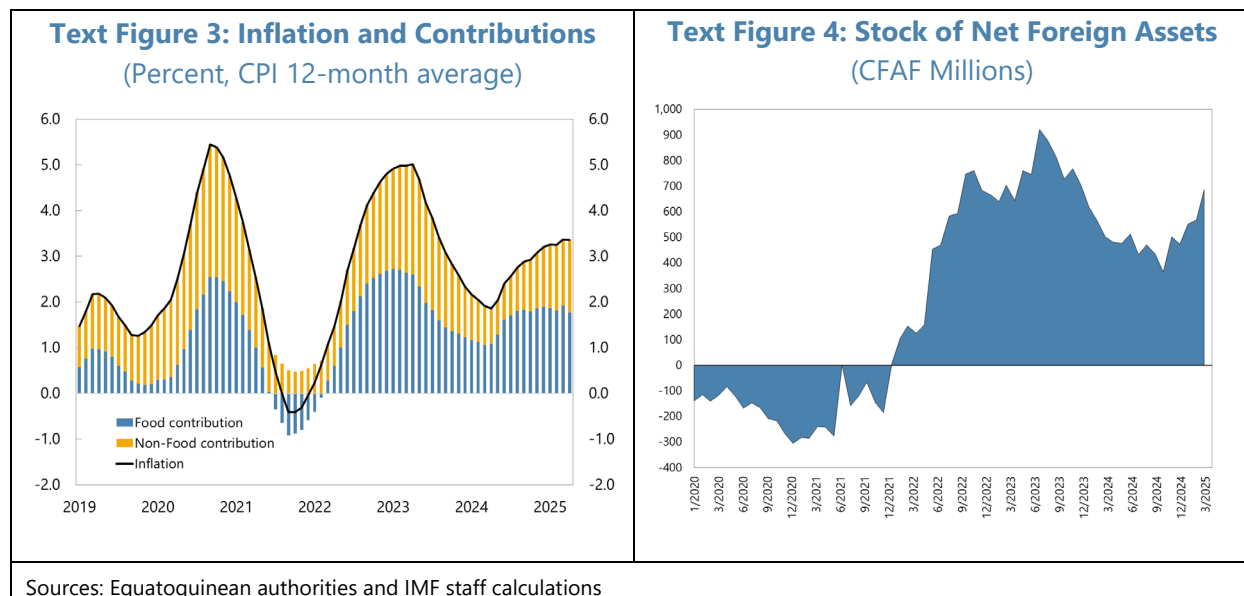
recognizing the need to substantively and visibly improve governance and transparency under the SMP, the authorities have requested a 12-month program extension. This extension will afford them an opportunity to establish a track record of reform implementation by completing a strong alternative governance reform measure and continuing to implement their wider reform agenda.

RECENT ECONOMIC DEVELOPMENTS

4. Growth estimates for 2024 indicate a mild recovery following the strong 2023 contraction. The economy registered a small recovery in 2024 of 0.9 percent, after having shrunk by 5.1 percent in 2023. Increased production of propane, butane, and LNG drove positive hydrocarbon growth in 2024. In contrast, non-hydrocarbon GDP growth slowed from 5.2 percent in 2023 to 1.3 percent in 2024, in part due to a tighter fiscal position.

5. Inflationary pressures have persisted. Average CPI inflation increased to 3.4 percent in 2024 from 2.5 percent in 2023. This increase was driven by higher average food price inflation of 4.1 percent while average core inflation stood at 2.5 percent. The effect of higher international prices of coffee, cocoa, and select food items has continued pressuring the domestic market, with inflation remaining at 3.4 percent in April 2025.

6. The non-hydrocarbon primary balance (NHPB) improved substantially in 2024. Due to higher domestic non-tax revenue and lower non-hydrocarbon capital expenditure, the NHPB improved from -22.3 percent of non-hydrocarbon GDP (NHGDP) in 2023 to -17.0 percent in 2024. However, with hydrocarbon revenues 20 percent lower than in 2023 and the need for substantial public investment in future hydrocarbon production, the overall balance fell from 2.4 percent of GDP in 2023 to -0.6 in 2024. Public debt decreased slightly from 39.1 percent to 36.4 percent of GDP as the authorities drew down on deposits to cover financing needs.



7. Equatorial Guinea's contribution to foreign reserves at BEAC was negative in 2024.

Monetary data on net foreign assets suggest that the reserve drain continued in 2024 following a reserve loss in 2023. The current account deficit in 2023 was 3.5 percent of GDP, and foreign direct investment registered an outflow of 0.6 percent of GDP. Falling hydrocarbon production and lower global energy prices likely amplified the current account deficit in 2024. Equatorial Guinea's external position is weaker than the level implied by medium-term fundamentals and desirable policies (Annex V).

8. The banking sector shows clear signs of improvement but remains undercapitalized.

Based on preliminary data, by the end of 2024, two banks were undercapitalized, one of which still had negative equity, compared to three banks with negative equity at end-2022. The average capital adequacy ratio (CAR) of the system is marginally below the regulatory minimum set by COBAC, but substantially higher than at the end of 2022. At the end of 2024, the ratio of non-performing loans (NPL) to total loans was still very high (above 30 percent according to the preliminary data), but much lower than the level before the restructuring in late 2023 of one public systemic bank. Liquidity ratios have consistently improved since 2022 due to an increase in government deposits and the restructuring of the systemic public bank.

OUTLOOK AND RISKS

9. The economy is expected to grow only modestly in the medium term as hydrocarbon production declines. Staff and the authorities agreed that real growth is expected to average 0.9 percent over 2025–30, with non-hydrocarbon growth of 3.2 percent per year compensating for a decline of hydrocarbon output of 2.3 percent per year.¹ These projections are based on reforms implemented under the SMP in 2024–26 as well as the authorities' medium-term plans for measures to improve the business environment and the governance framework. The projections also reflect their plan, in line with staff's advice, for gradual fiscal adjustment to limit public debt from surpassing 50 percent of GDP and to eliminate BEAC reserve drain by 2029. This projected debt path is consistent with the proposed debt anchor (see Box 1) but is higher relative to the SMP request,² due to lower deposit drawdown, and results in a high medium-term risk of sovereign stress in the baseline (Annex VI).

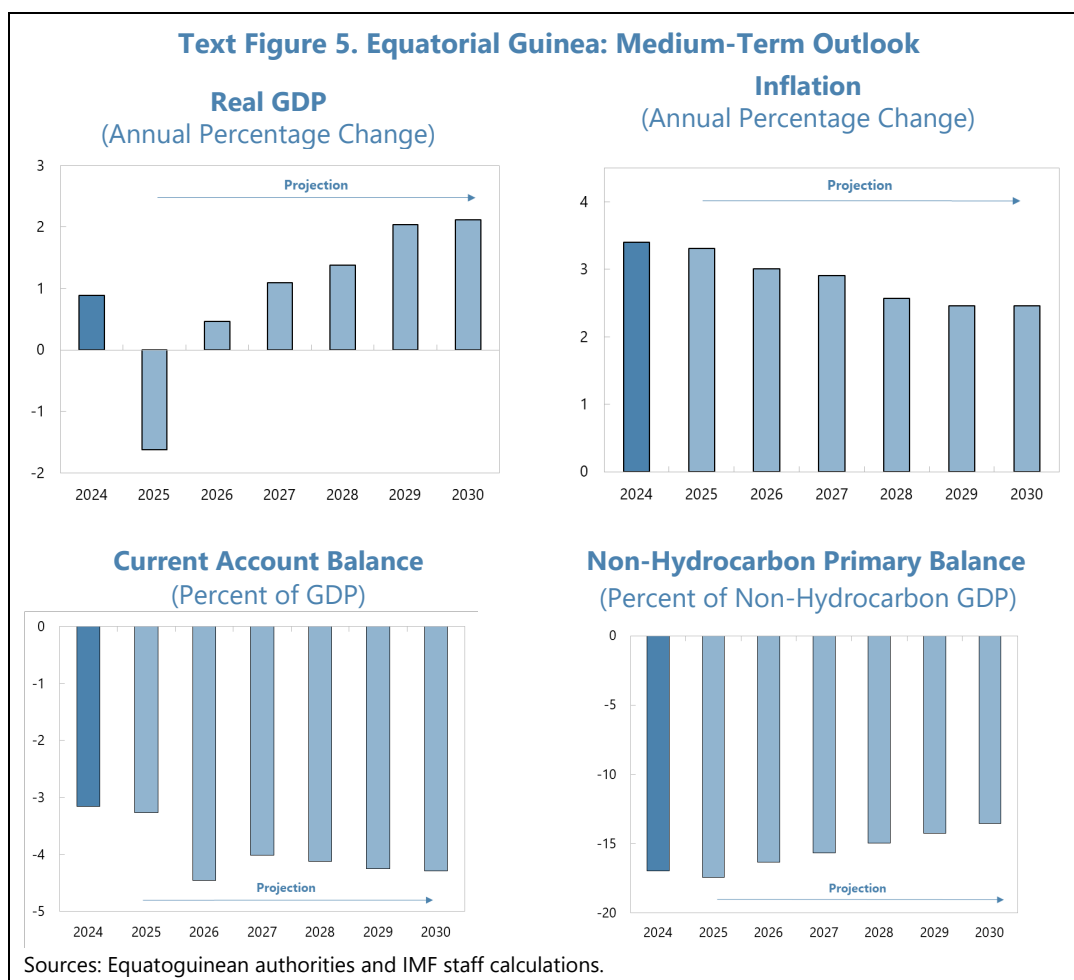
10. The balance of risks to the medium-term outlook is tilted to the downside.

Faster depletion of hydrocarbon reserves or lower hydrocarbon prices would worsen the medium-term growth outlook and would harm fiscal and external balances. Further negative impact of the current trade-related uncertainty on oil prices is a particularly pronounced risk. Intensification of regional conflicts could drive food price inflation higher. Delays to key reforms could lower the growth potential of the non-hydrocarbon sector and increase macroeconomic vulnerabilities. Upside

¹ The medium-term contraction in hydrocarbon output is more moderate than envisaged at the time of the SMP request in June 2024 as the projection now reflects yields from confirmed projects in the sector with specific timelines that were previously conservatively deemed tentative and not included.

² See IMF Country Report No. 24/245.

risks include discovery or new exploitation of hydrocarbon resources, faster adoption of new technologies, and stronger implementation of structural reforms.



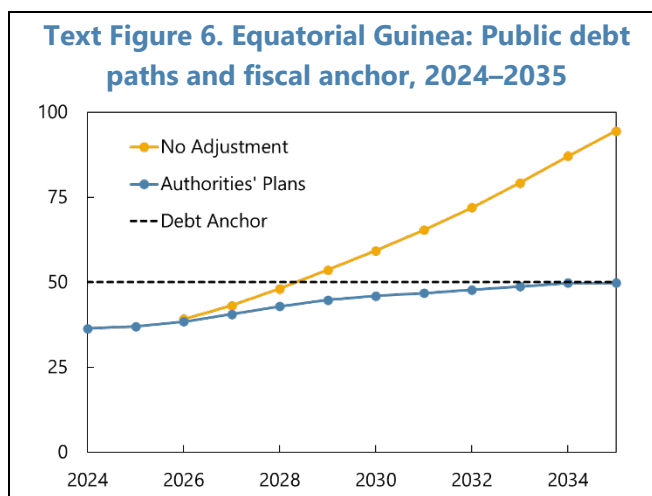
POLICY DISCUSSIONS

11. Policy discussions focused on short-term program priorities and on the medium-term reform agenda. The short- and medium-term dimensions of the reform agenda are complementary, with a shared goal of delivering stronger, sustainable, and more inclusive private sector-led growth. The program reviews assessed performance thus far and discussed new objectives for the extension of the SMP. The Article IV consultation centered on the authorities' wider reform agenda in the medium term across the interrelated topics of fiscal adjustment and supporting structural measures, social protection, financial sector stability, strengthening governance, enabling economic diversification, and improving the quality of economic statistics.

A. Safeguarding Debt Sustainability

12. The authorities' challenge is to design a fiscal strategy that safeguards debt sustainability while meeting development spending needs in the face of declining hydrocarbon revenues.

Without adjusting non-hydrocarbon revenue and expenditure beyond 2025, debt would increase substantially (see Text Figure 6), implying the need for sustained fiscal adjustment over the medium term to stabilize debt at a safe level.



13. The authorities implemented a

substantial fiscal adjustment in 2024, significantly front-loading the effort needed to safeguard debt sustainability.

The non-hydrocarbon primary balance improvement of 5.3 percentage points of NHGDP was substantially higher than the 3.2 percentage points envisaged at the SMP request and was an appropriate policy response to lower-than-expected hydrocarbon revenue. The adjustment was mainly driven by a reduction in non-hydrocarbon capital expenditure, but also an increase in non-tax revenue as collection of social security contributions began, and compression of spending on goods and services. Quantitative targets on non-hydrocarbon revenue and the NHPB were met at both end-June and end-December 2024.

14. The authorities remain committed to implementing the 2025 budget, which was approved consistently with program objectives (SB for end-December 2024, met).

The 2025 budget execution will protect the fiscal adjustment gains achieved in 2024, which was larger than originally planned, to deliver the planned cumulative fiscal adjustment of 4.9 percentage points of NHGDP over 2024 and 2025. This cumulative adjustment is an appropriate first step towards the objective of safeguarding debt sustainability. On the spending side, the authorities developed options to gradually eliminate fuel subsidies (**SB for end-July 2024, met**) and in March 2025 approved a plan to increase fuel prices. Following the development of compensatory measures for providers of public transportation, the government has committed to increase fuel prices (**new SB, end-September 2025**), with a projected impact of 0.3 ppts of NHGDP in 2025 (MEFP ¶16).^{3,4} The authorities anticipate non-hydrocarbon revenue to perform as budgeted as their recent tax administration reform measures are already compensating for the possible temporary fall in revenue due to the lower rates embedded in the new tax law (see paragraph 17). Should tax revenues be

³ Fuel prices will increase as follows: gasoline, from CFAF 495 per liter to CFAF 645 per liter; diesel, from CFAF 470 per liter to CFAF 620 per liter; kerosene, remains at CFAF 215 per liter; JET-A1, a subsidized price of CFAF 580 per liter is fixed for use by 100 percent State-owned airlines, but fully liberalized for the rest of the airlines. Providers of public transportation will receive a lump-sum reduction in their annual fees and taxes to compensate for higher fuel prices.

⁴ The total projected reduction in fuel subsidies in 2025 of 0.9 ppts of NHGDP reflects a combination of the impact of fuel price increases and the impact of falling international energy prices.

lower than expected, they would offset the impact by dampening the budgeted increase in capital expenditure.

15. The authorities agreed with staff's recommendation to guide the fiscal stance in the medium term using a public debt anchor while also aiming to eliminate foreign reserve drain, relying on the NHPB as an operational target (MEFP ¶11). Equatorial Guinea's debt would continue increasing in the medium and long run without additional adjustment to compensate for the diminishing hydrocarbon revenues. The authorities concurred with staff's analysis that suggests an appropriate debt anchor for Equatorial Guinea is 50 percent of GDP to help determine the needed fiscal effort (see Box 1). Separately, the expected decline in hydrocarbon exports will exert further pressure on the balance of payments and, absent adjustment, exacerbate the foreign reserve drain. The authorities agreed with staff's advice to ensure that the fiscal stance is set such that both debt is stabilized below 50 percent of GDP and external balance is restored by 2029. To achieve these goals, they will target annual fiscal adjustment of around 1.1 percentage points of NHGDP from 2026 onwards. The 2026 budget should be consistent with these program objectives **(new SB, end-December 2025)**. Staff recommended that fiscal adjustment in 2026 should rely on a combination of both tax policy and expenditure measures comprising current and capital expenditure rationalization (including continued reduction of fuel subsidies), as tax administration efforts may take time to bear fruit. However, while appreciating the need for further tax policy actions to raise revenue in line with staff's recommendations, the authorities would like to avoid further tax policy measures before fully implementing the new tax law in 2025–26.

Text Table 1. Equatorial Guinea: Summary of Fiscal Path
(Percent of non-hydrocarbon GDP, unless otherwise specified)

| | 2023 | 2024 | 2025 | 2026 |
|---|-------------------|--------------|--------------|--------------|
| | Staff Projections | | | |
| Hydrocarbon revenue | 27.4 | 21.0 | 19.9 | 17.2 |
| Non-hydrocarbon primary revenue | 4.1 | 4.5 | 4.7 | 4.8 |
| of which, non-hydrocarbon tax revenue | 2.9 | 2.9 | 3.0 | 3.0 |
| Hydrocarbon expenditure | 0.2 | 3.6 | 2.9 | 2.0 |
| Non-hydrocarbon primary expenditure | 26.4 | 21.5 | 22.1 | 21.1 |
| Non-hydrocarbon current primary expenditure | 16.8 | 16.5 | 15.5 | 15.2 |
| of which, compensation of employees | 4.5 | 4.5 | 4.3 | 4.2 |
| of which, goods and services | 7.8 | 7.4 | 7.2 | 7.0 |
| of which, fuel subsidies | 1.7 | 1.6 | 0.7 | 0.2 |
| Non-hydrocarbon capital expenditure | 9.6 | 5.0 | 6.5 | 6.0 |
| Non-hydrocarbon primary balance | -22.3 | -17.0 | -17.4 | -16.4 |
| Adjustment in non-hydrocarbon primary balance | -1.4 | 5.3 | -0.4 | 1.1 |
| Overall fiscal balance ¹ (in percent of total GDP) | 2.4 | -0.6 | -1.3 | -1.9 |
| Total public debt (in percent of total GDP) | 39.1 | 36.4 | 37.0 | 38.4 |

Sources: Equatorial Guinea authorities; and IMF staff estimates and projections.

¹ Commitment basis

Box 1. Anchoring Public Debt in Equatorial Guinea

Equatorial Guinea's debt is low relative to peers, but the country needs a debt anchor to guide its fiscal policy in the face of declining hydrocarbon revenues. A debt anchor is a fiscal policy objective that serves as a medium-term target but not as a limit. The fiscal policy path should be designed to stabilize debt at the anchor. However, a well-calibrated anchor would also allow debt to temporarily deviate from the anchor when facing large negative macroeconomic shocks, while remaining consistent with debt sustainability. After deviations, the policy path should be recalibrated to focus on converging to the anchor.

Staff uses the IMF's Sovereign Debt Sustainability Framework (SRDSF) to estimate an appropriate debt anchor for Equatorial Guinea. The medium-term debt anchor is defined as the maximum level of steady-state debt consistent with a medium-term sovereign risk assessment of "moderate" in the SRDSF. A stylized SRDSF is calibrated with steady-state economic and institutional medium-term projections for Equatorial Guinea. This approach abstracts from the debt dynamics by assuming an immediate transition to the steady state, with a specific debt level held constant over a five-year period by its corresponding debt-stabilizing primary balance. The specific values used to calibrate the steady state in this application are projections for 2029.

The maximum level of steady-state debt consistent with an SRDSF medium-term risk assessment of "moderate" is estimated to be 49 percent of GDP. Since the medium-term assessment is based on shock scenarios, the anchor already incorporates the impact of possible large economic shocks on the debt level and on the financeability of debt. This means that an anchor based on the SRDSF approach is rigorous enough to be considered impervious to simple changes in macroeconomic conditions. Instead, the SRDSF-based anchor would only require re-assessment if there were structural changes to institutional capacity, access to finance, or probabilities of shocks.

This SRDSF approach is more rigorous than alternatives. Alternative methods typically identify a limit above which debt is considered unsustainable and then subtract a buffer to determine the anchor. The size of the buffer is determined by estimating probable debt trajectories based on historic macroeconomic and fiscal shocks and identifying the buffer needed to limit the probability of surpassing the debt limit to 10-15 percent. Four such debt limits were explored:

- The CEMAC regional fiscal convergence criteria of 70 percent of GDP.
- The SRDSF debt sustainability assessment's mechanical signal of "unsustainability".
- The fiscal fatigue limit, or the highest debt level the country can stabilize during fiscal stress based on historical outcomes.
- The debt level that would limit interest payments to 19 percent of revenue.

Another alternative is to estimate the level of debt that maximizes growth, assuming only public capital is productive. These five alternative methods produce results broadly in line with the main SRDSF approach but are generally subsumed by it.

For simplicity and rigor, staff views a debt anchor of 50 percent of GDP based on the SRDSF medium-term risk approach as appropriate.

B. Strengthening Fiscal Institutions

16. Successful implementation of the authorities' fiscal strategy hinges on the strength of their fiscal institutions.

Collection of non-hydrocarbon revenues is especially low relative to peers (see Text Figure 7), while public financial management (PFM) tools are not yet sufficiently developed to fully steer spending. Debt management is in its nascent stages.

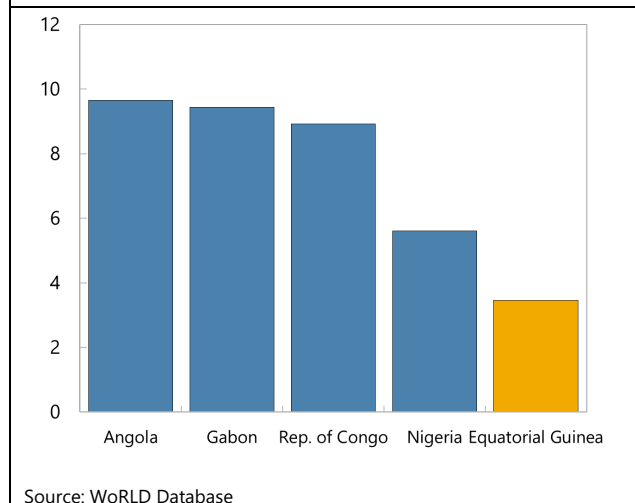
17. The authorities have taken important steps to improve revenue collection and are planning to mobilize additional domestic revenue beyond the SMP. They approved a new comprehensive tax law in January 2025 that lowers tax rates

and aims to increase revenue collection by expanding the tax base, including by the creation of a new wealth tax and formalizing special excise taxes. They have implemented several reforms that streamline filing and payment of taxes, including allowing payment of tax return balances before filing, and approving a new regime for registered small businesses that combines various fees and taxes into a single lower tax payment. Raising non-hydrocarbon revenues under the new law will require a concerted effort, including issuing implementing regulations for the tax law (planned by end-year, MEFP ¶9), and revenue administration improvements aided by an external expert. Beyond the implementation of the new tax law, the authorities agreed with staff's recommendations to improve the structure of their large taxpayer unit and increase the number of private companies registered with the tax administration. In the short term, customs represent a significant opportunity for additional non-hydrocarbon revenue collection. The ASYCUDA customs system has been implemented at the port of Bata (**SB for end-December 2024, met**), and the authorities agreed with staff's recommendations to fully implement ASYCUDA at the principal customs entry points. They are also reviewing all existing non-hydrocarbon sector customs exemptions and will approve a new organizational structure for customs administration (**new SB, end-September 2025**).

The recent Fund tax policy diagnostic has identified several measures that the authorities could adopt in the medium term to supplement the gains from their tax administration efforts, focusing on potential gains from excise taxes of up to 2 ppts of NHGDP.

18. Despite improved fiscal transparency under the SMP, more efficient and accountable PFM is needed over the medium term to ensure that efforts to mobilize revenue are socially accepted. A PFM diagnostic mission completed in September 2024 found that while progress has been made since 2017, several weaknesses remain across all stages of management that limit the government's ability to steer spending. The authorities broadly agreed with the recommendations of the diagnostic and committed to prioritizing, sequencing, and enacting proposed reforms with IMF

Text Figure 7. Non-Resource Revenues
(Percent of GDP, Latest year available)



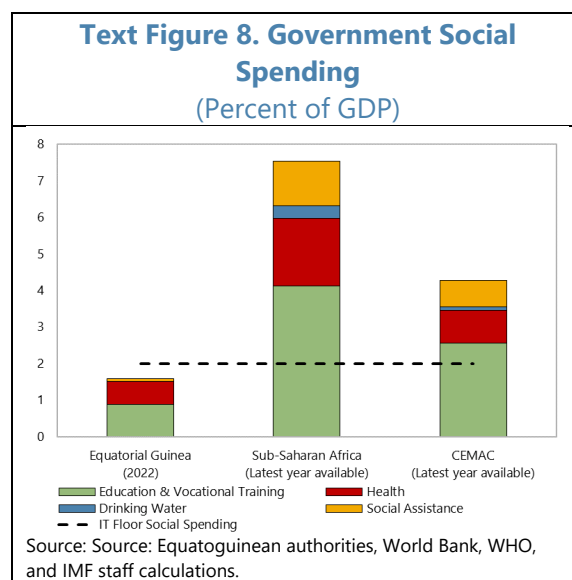
CD support (MEFP ¶19). The reforms would focus on (i) improving budget management by working to include more expenditures in the integrated PFM system currently in use (CONTFIN); (ii) improving macro-fiscal forecasting; (iii) adopting the IMF's Fiscal Analysis of Resource Industries (FARI) model to better project hydrocarbon revenues; and (iv) fully implementing the treasury single account. In line with these recommendations, a larger share of expenditure is now already being included in CONTFIN. The next step will be, with the help of Fund TA, the preparation of a budget execution manual to guide expenditure procedures (**new SB, end-December 2025**).

19. Concrete actions are being taken under the SMP to better manage debt and lay the foundation for implementing a medium-term debt strategy. A comprehensive and time-bound plan to clear audited domestic arrears was developed (**SB for end-August 2024, met**) and is already being implemented. The plan defines clear rules for the pace of clearance of each type of arrear, prioritizing repayment of arrears related to bank non-performing loans (NPLs) in the coming years while other arrears would be repaid over ten years. The authorities have resolved external arrears with Spain.⁵ They have operationalized a new IT system for debt management with the help of UNCTAD and will build on the new system to create a medium-term debt management strategy with the help of Fund TA.

C. Improving Social Outcomes

20. Higher and better-targeted social spending would help address long-standing social challenges. Results of the recent household survey suggest that poverty remains high at about 50 percent of the population while government social spending is low relative to peers (see Text Figure 8).

21. The authorities have been implementing important social initiatives across healthcare and education. They met the end-June and end-December indicative targets (ITs) on the social spending floor. They are providing free comprehensive healthcare for vulnerable groups⁶ and implementing mobile units that provide medical services to rural communities. They are progressing in their plan to introduce a universal health insurance system. They are building a new out-of-hospital emergency facility, modernizing a national healthcare database, and strengthening the capacity of the country's three major hospitals. On education, the authorities are prioritizing the construction of educational centers in urban and



⁵ The authorities are disputing the currency and amount of external arrears with Belgium in international arbitration.

⁶ These include senior citizens over 65, children under 5, pregnant women, the homeless, and HIV, malaria, and tuberculosis patients.

peri-urban areas with high population density. They have published the results of the 2024 household survey, an important step for designing better social policy.

22. The government is taking steps to mitigate the impact of fuel price increases while laying the foundation for a more fundamental change in the social safety net. Along with ongoing plans to provide relief to operators of public transport, the government will also eliminate fees for students to travel on public school buses (**new SB, end-September 2025**). The authorities will promulgate the new Social Protection Law currently being considered by the Parliament (**new SB, end-December 2025**). This law will create a framework for a public social system managed by the “Instituto de Protección Social (IPSO)”, a public agency with the mandate to eventually oversee universal healthcare, pensions, and social assistance for vulnerable groups. The envisaged system has two components: (i) social security for contributing employees, and (ii) social assistance for vulnerable groups. The law is an important pre-condition for broadening social spending in a sustainable manner.

23. Further ambitious social reform can lay the foundation for accelerating inclusive economic growth. The authorities broadly agreed with staff’s advice to gradually increase the share of the budget allocated to social protection, education, and health—to boost investment in human capital as well as channel resources to the vulnerable. They were receptive to and will analyze in detail staff’s suggestion to begin working to establish a cash transfer program that can materially reduce poverty and stressed the need for assistance from development partners to achieve this goal. The first step towards a cash transfer program is to upgrade the existing social registry using the household survey data (MEFP 19).

D. Restoring the Soundness of the Banking Sector

24. The financial sector needs to be restored to full health and become more inclusive to help drive private sector-led growth. Despite recent improvements, some banks remain undercapitalized, contributing to limited credit provision to the private sector (see paragraph 8). The low degree of financial inclusion is one of the obstacles to the banking sector’s contribution to the growth agenda (see Text Figures 9-12).

25. The authorities have taken key actions to address challenges in the financial sector. The performance of the systemic public bank has been positive after the implementation of the restructuring plan. The annual audit of its 2023 financial statements (**SB, end-July 2024; not met, completed with a delay**) confirmed that this bank had been recapitalized in line with the requirements and norms of COBAC. The bank made a profit in 2024, by implementing a recovery management strategy based on strict cost control, lending to the private sector at market interest rates, and broadening the customer base. The retention of profits has been improving the bank’s capital position. The latter is expected to be further strengthened by the recovery of the bank’s non-performing loans pursued by a high-level government committee. The completion of the arrears clearance plan that prioritizes repayment of arrears related to NPLs extended by private banks is an

important step towards strengthening the financial position of undercapitalized privately-owned banks (MEFP ¶110). The authorities have begun to make payments under the plan.



26. As the next step, the authorities will work to further bolster privately-owned banks' balance sheets. They will obtain approval from the regional banking supervisor, COBAC (**new SB, end-September 2025**) for their domestic arrears' clearance plan. This approval will allow banks to remove their provisions for NPLs related to the arrears with public construction companies, which will in turn improve their capital positions. As the plan is implemented, existing NPLs are expected to decline but the timing and volume of the reduction are uncertain. Separately, staff agreed with the importance of the government's plan to find a strategic private partner for the systemic public bank; as a first step, the authorities have engaged an international audit firm to prepare a market valuation of the bank that will serve as the basis for their search (MEFP ¶111).

27. In the medium term, the authorities agreed with staff's advice to fully implement their National Financial Inclusion Strategy, which can broaden the banking system's client base (MEFP

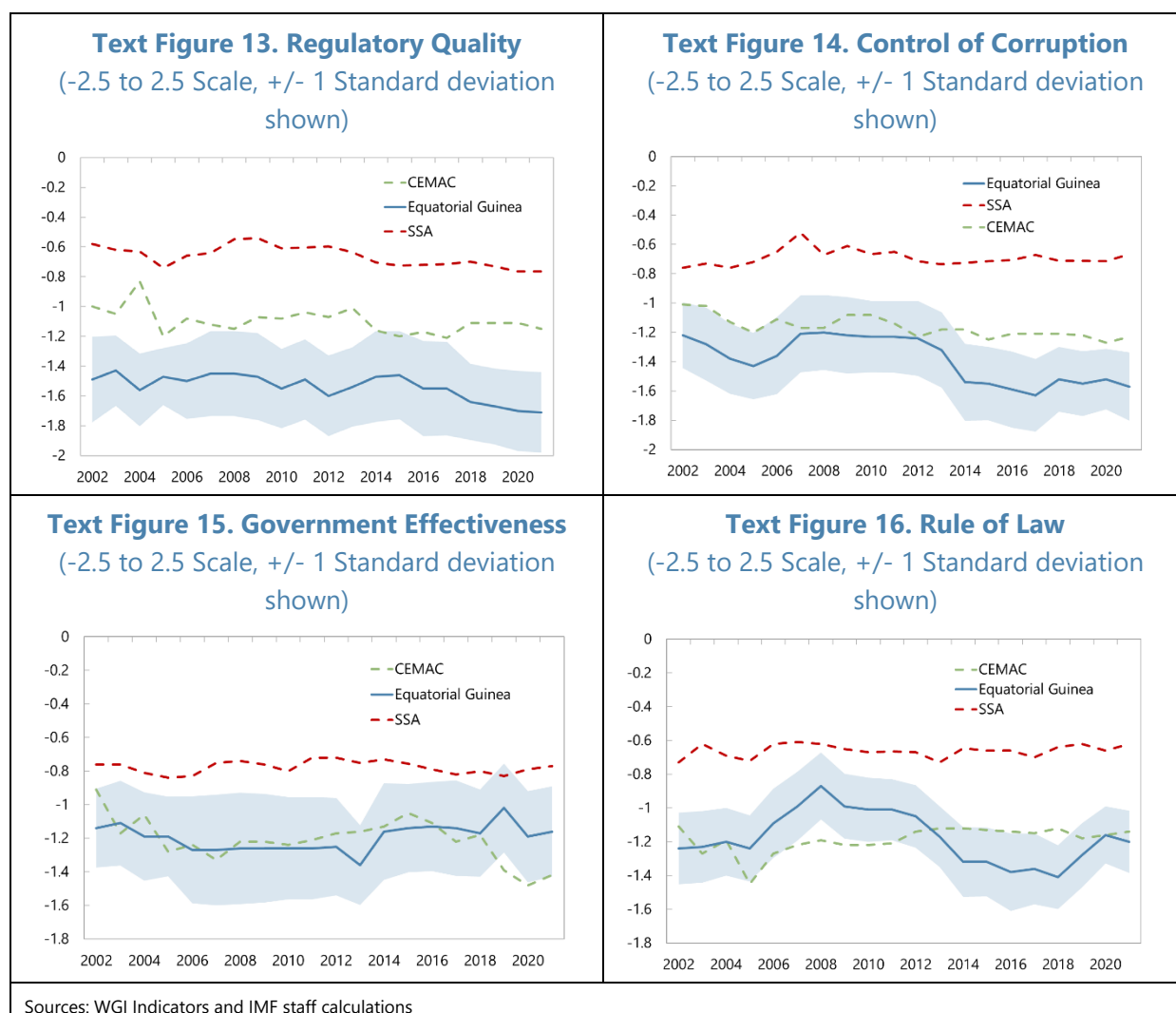
112). The authorities are planning to accelerate work towards expanding the offer of easily accessible digital banking services. To boost private sector growth, they will also take active measures to support access to credit for small and medium-sized enterprises.

E. Improving Governance and Transparency

28. Tackling governance challenges is key to enabling stronger private sector-led growth.

Incidence of corruption, its persistent negative impact on the economy, and its relationship to governance weaknesses drive the need to address the governance deficit (see Text Figures 13-16). The 2019 governance diagnostic remains relevant in identifying possible avenues to further strengthening governance across its many dimensions.

29. The authorities have taken steps to improve governance and transparency but are no longer planning to publish declarations of assets of public officials. They approved the implementing decree for the anticorruption commission and began operationalizing it, starting with the recent appointment of a new commission leadership and the creation of a whistleblower



reporting system. Staff will continue engaging with the authorities to follow up on the commission's operationalization. The authorities are also actively pursuing several high-profile anti-corruption cases. They continue improving transparency in the public sector, as exemplified by the publication of contracts in the extractive industry (**SB, end-July 2024, met**) and the audit of spending following the Bata accident (**SB, end-August 2024, met**). The AML/CFT strategy based on a recent GABAC mutual assessment outlining a series of key time-bound milestones to be implemented over the next 6-18 months across four dimensions—risk management, institutional framework, implementation of preventive measures, and identification of illicit assets—was recently completed and published with Fund TA support (**SB, end-December 2024, not met, completed with a delay**). However, the authorities were unable to reach internal political consensus on the publication of asset declarations of public officials (**SB, end-March 2025, not met**), despite staff's insistence regarding the importance of delivering on prior repeated commitments and clear transparency merits of the measure. The implementing decree for the anticorruption commission was inconsistent with the publication of asset declarations and therefore not in line with prior Fund TA (**SB, end-September 2024, not met**).

30. As an alternative impactful transparency measure, the authorities have committed to annual reporting on the extractive sector, following EITI standards. Specifically, they will begin publishing an annual report detailing production information and audited payments between the government and extractive companies in the hydrocarbon industry following standards related to EITI reporting requirements 3 and 4 and an independent reconciliation of the flows between the government and said companies (**new SB, end-April 2026**). The two-step approach—audit and then reconciliation by a reputable independent international consultant firm of relevant flows from the hydrocarbon industry—will help improve transparency in the extractive industry. While it will not directly address the impact of non-publication of asset declarations, it will aim to diminish the potential for new illicit financial flows stemming from the extractive industry—an important undertaking in the context of Equatorial Guinea's oil-dominated economy. Box 2 provides further details on this alternative measure. Staff will continue to engage with the authorities on the possibility of publishing asset declarations at a future date in the context of discussions on the operationalization of the anticorruption commission and the asset declaration regime.

31. The authorities will need a sustained effort throughout the medium-term to tackle governance and transparency issues identified in the 2019 governance diagnostic. In line with staff advice, the authorities will develop a new time-bound medium-term plan to guide the implementation of their governance agenda based on the findings of the diagnostic (MEFP ¶17). The new plan will carefully select and sequence priorities for medium-term reform, considering the authorities' capacity and underlying constraints. Staff and the authorities discussed the following potential priorities for the plan:

- *Enhancing transparency in the extractive sector:* addressing new issues identified in annual reporting (¶130) and expanding reporting to additional stages of the financial flow cycle.

- *Strengthening fiscal governance:* including all expenditures in the CONTFIN system, fully implementing the treasury single account, adopting a medium-term fiscal framework, and fully rolling out the ASYCUDA customs platform.
- *Strengthening the rule of law:* publishing a wide range of judicial and legislative information, as well as registers, accounts, and audits of state-owned enterprises.
- *Enhancing the regulatory framework:* automatizing customs services, land, and commercial registries.
- *Implementation of the AML / CFT strategy:* reforming and expanding the AML/CFT framework, establishing cooperative relationships with stakeholders, identifying priority operational needs for ANIF (the financial investigation unit), and training ANIF staff.

Box 2. Enhancing Transparency in the Extractive Sector Payment Flows

A substantial improvement in transparency of the extractive sector payment flows linked to production is essential to addressing the country's governance deficit.

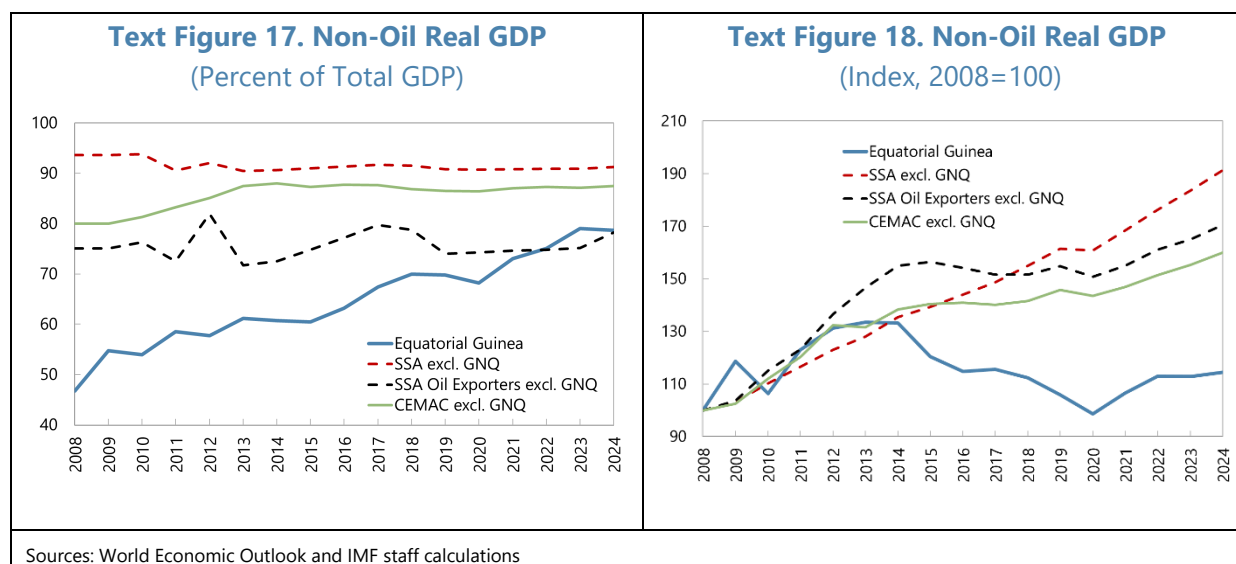
The extractive sector is the main ultimate source of wealth and, therefore, of illicit financial flows in the country. The new SB to publish a reconciliation of payments to the government as reported by the companies and revenue receipts as reported by the government is a key first step to limit the potential for new illicit flows and address a root cause of corruption in the country. Combined with the use of audited figures, it can have a clear positive impact on improving governance.

The proposed reconciliation report will be a major transparency advance in line with best practices as defined by the Extractive Industries Transparency Initiative (EITI). While Equatorial Guinea is not a member of the EITI, the report will be comparable to those produced by EITI members. It will include data on production and exports following the standards related to EITI reporting requirement 3 (information related to exploration and production to understand the potential of the sector) and requirement 4 (comprehensive disclosure of company payments and government revenues from the extractive industries). The information in the report will follow the standards related to requirement 4.9, whereby government and company disclosures under requirement 4 need to be subject to credible, independent audit, applying international auditing standards. The report will also present the findings of an independent consultant regarding the reconciliation of financial data on all material revenues and payments disclosed by the government and companies, following the ISRS 4400 methodology.

The report will be a key first step in a wider effort to better account for financial flows in the extractive sector. The published report will identify any issues to be addressed as a result of the reconciliation exercise. More generally, accountability in the extractive sector requires transparency across several stages: (i) exploration, production, sales and exports by extractive companies, (ii) payments from extractive companies to the government in the framework of their various contracts with the government as well as the general tax and regulatory regime and (iii) government use of the received payments. The proposed report would enhance transparency within stage (ii). Staff will continue the dialogue with the authorities regarding possible subsequent actions that would facilitate future progress in other stages of the production and financial flow cycle.

F. Diversifying the Economy

32. Targeted government support can help deliver stronger non-hydrocarbon growth to compensate for the shrinking hydrocarbon economy. While the non-hydrocarbon sector accounts for an increasing share of the overall economy as hydrocarbon output shrinks, non-hydrocarbon GDP in 2023 was still below its 2011 level (see Text Figures 17-18). Successful diversification of the economy hinges on development of domestic productive sectors in addition to improvements in the overall business environment that would complement the positive impact of a healthier financial sector and better governance.



33. The authorities have made some inroads into their diversification agenda.

They appointed a national council to provide input on economic and social plans, approved an action plan to boost profitability of the Malabo airport, and are beginning to collect data on the needs of the fishing industry. They have identified strategic international private partners to work towards building agro-industrial complexes and reactivating cocoa and coffee production. The Support for the Development of Value Chains in the Fisheries and Aquaculture Sector (PASPA) project, funded by the AfDB, is more than halfway implemented. The Ministry of Commerce launched in May 2025 the operations of the first product certification agency (AGENOR) in the country. The authorities are advancing towards negotiations for the World Trade Organization (WTO) accession.

34. In the short term, implementing existing reform plans should take priority.

The authorities agreed with staff's advice and have committed to expediting the adoption of the new public procurement law (MEFP 115). They are identifying financing for targeted interventions in the agricultural sector, including an agricultural extension program and support for fisheries. The interconnection of the Malabo and Bata offices of the single window for business registry is expected to be completed during 2025.

35. The medium-term diversification strategy should focus on ambitious high-impact interventions. The authorities welcomed staff's suggestion to prepare a streamlined reform strategy focused on a narrow set of the most impactful diversification efforts that would be feasible in the context of limited implementation capacity (MEFP ¶15). Staff and the authorities discussed possible priorities such as digitization of company registers and government services, which can substantially improve the business environment given the country's current deficiency in this area. The government also welcomed staff's advice to determine specific priorities for climate change adaptation policy going forward and integrate them into their wider medium-term development and diversification agenda.

G. Strengthening Statistics

36. Concrete steps are needed to improve consistency between trade statistics prepared by the statistics office (INEGE) and the central bank (BEAC). Due to capacity constraints, data provided to the Fund often have shortcomings that can somewhat hamper surveillance (see Annex IV). External sector statistics are of particular concern both due to internal inconsistency of the data and lack of timeliness. BEAC has a mandate to generate external sector statistics and INEGE to generate national accounts. However, due to delays in the production of external sector statistics by BEAC and the need for product-level statistics, INEGE estimates its own trade statistics using a different methodology. To facilitate comparison and improve consistency between the two approaches, INEGE will also compile external trade statistics following the BPM6 methodology (**new SB, end-April 2026**), which is used by BEAC. This will be done with the help of Fund CD.

OTHER ISSUES

37. Safeguards assessment. Implementation of safeguards recommendations from the 2022 BEAC assessment and a follow-up monitoring mission in 2023 has been limited. Recommendations included the need to strengthen internal audit and risk management practices as well as governance arrangements, including onboarding of new members of senior management and the Board, and enhancing the delegation framework for executive management's decision-making. Staff are continuing to follow up on these issues.

PROGRAM PERFORMANCE

38. The authorities met most of the quantitative targets (QTs) and indicative targets (ITs) through end-December 2024. For end-June 2024, the authorities met all five QTs and two out of the three ITs, only narrowly failing to meet the ceiling on net commercial bank credit to the Central Government. For end-December 2024, the authorities met four out of the five QTs, missing the ceiling on net BEAC credit to the Central Government. The latter was missed due to the government's move of a large deposit amount from BEAC to commercial banks in search of a higher rate of return. In terms of corrective actions, the authorities have committed to consult with staff on such moves in the future to ensure their consistency with program conditionality.

39. The authorities met or completed the actions under most of the SBs under the SMP through end-December 2024. Among the met SBs, they (i) published extractive sector contracts; (ii) published the audit of Bata-related expenditures; (iii) developed an arrears clearance strategy; (iv) developed policy options for phasing out fuel subsidies; (v) deployed ASYCUDA in Bata; and (vi) submitted to Parliament a budget for 2025 consistent with program objectives. They completed the audit of the systemic public bank with a one-month delay and published an AML/CFT strategy with a three-month delay (largely due to a change in the leadership of ANIF). Two SBs were not completed. The implementing regulation for the Anti-Corruption Commission (ACC) is not in line with the previous Fund TA because it is not consistent with the publication of asset declarations of public officials. Relatedly, the end-March 2025 SB on the actual publication of asset declarations was also missing.

40. Staff supports extending the SMP by one year with two additional reviews based on end-June and end-December 2025 test dates and nine new SBs. The extension will allow the authorities sufficient time to complete the proposed alternative governance measure—with the steps to enhance hydrocarbon sector transparency meant to compensate for the lack of progress on the publication of public officials' asset declarations. The new proposed SBs track the authorities' commitments in the areas of governance, fiscal management, social inclusion and statistics.

STAFF APPRAISAL

41. The macroeconomic environment in Equatorial Guinea remains challenging.

Although economic growth is estimated to have been positive in 2024, the real non-hydrocarbon economy is projected to have grown by only 1.3 percent. The overall economy is expected to grow weakly over the medium term as continued contraction of hydrocarbon production partly offsets stronger non-hydrocarbon growth. The external position of Equatorial Guinea is weaker than the level implied by medium-term fundamentals and desirable policies, with the current account deficit projected to widen in the medium-term as the extractive sector contracts. Lower hydrocarbon revenue is impacting the overall fiscal balance despite ongoing fiscal adjustment. The economy remains vulnerable to shocks, especially to production levels and global prices of hydrocarbons.

42. The authorities have made significant progress on their reform agenda under the SMP.

A substantially tighter non-hydrocarbon fiscal stance in 2024 as an appropriate response to lower hydrocarbon revenue and a clear commitment to achieving the budget in 2025 augur well for the medium-term goal of maintaining debt sustainability. The PFM diagnostic and the recently approved tax law have provided the authorities with a foundation from which to launch a sustained effort to strengthen fiscal institutions. Progress has also been made in addressing the health of the financial system, both with the implementation of a strategy to restore the health of the systemic public bank and with the adoption of a plan for clearing domestic arrears.

43. Redoubling efforts to improve transparency and governance is paramount.

The publication of the Bata audit, extractive sector contracts and an AML/CFT strategy have all helped move the governance and transparency agenda forward. But the decision to step back from

the long-standing commitment to publish asset declarations of public officials is a significant shortcoming of the authorities' governance agenda, which undermines confidence in their commitment to transparency. The alternative governance measure—publication of an annual report on financial flows in the extractive sector—does not directly address this setback as it approaches transparency from a different angle. It can nevertheless play a key role in strengthening the overall governance framework in the extractive sector by tackling a major potential source of illicit funds in the country and help publicly demonstrate the authorities' commitment to addressing their governance deficit. Its implementation will be challenging, and the authorities will need to show strong ownership of their governance and transparency reform agenda to complete this alternative measure.

44. More generally, strong commitment to reform implementation going forward is critical to accelerating the transition towards a diversified and modern economy. The measures successfully carried out under the SMP thus far have built reform momentum. The authorities need to take advantage of it with steadfast implementation of a well-prioritized and sequenced agenda, first to first fully stabilize the macroeconomy, and then to accelerate inclusive economic growth. Delays to, or weak implementation of, structural reforms would delay the needed transition and could magnify the economy's vulnerability.

45. Anchoring public debt to preserve debt sustainability and restoring external balance will require sustained adjustment in the face of declining hydrocarbon revenues. The fiscal adjustment under the SMP is an appropriate first step towards the authorities' objectives of the debt anchor of 50 percent of GDP and eliminating the foreign reserve drain in the medium term. Despite debt being currently below the proposed anchor, the authorities will need gradual but sustained fiscal adjustment to slow the increase in debt in the medium term so it can converge with the anchor. The adjustment also needs to be sufficient to address the external imbalance in the medium term. The government needs to mobilize domestic non-hydrocarbon revenue to replace declining hydrocarbon revenue to meet its development spending needs while maintaining debt sustainability.

46. Strengthening fiscal institutions is necessary to support fiscal discipline. The recent PFM diagnostic should be used as a reform roadmap, with the most urgent and impactful reforms on expenditure control and macro-fiscal forecasting prioritized and used to build momentum. On the revenue side, the approval of the new tax law is a strong signal that the authorities are committed to domestic revenue mobilization. They now need to take steps to reap the benefits of a broader tax base.

47. A coordinated push for ambitious social spending reform is needed to improve social outcomes. Clear reforms to education and healthcare are underway, including making school buses free in the new school year. Building a comprehensive system of social safety nets will be enabled by the approval of the social protection law. In the medium term, the authorities should focus their efforts on creating a poverty-reducing cash transfer program with technical support from development partners.

48. The authorities have made substantial progress toward restoring the health of the financial sector and should begin to earnestly implement their financial inclusion strategy.

Completion of the audit of the systemic public bank and its return to profitability are emerging signs of its improving health. Having their arrears clearance strategy approved by COBAC will strengthen private banks' capital base. In combination with a concerted effort to increase financial inclusion, the stronger capital base can help fund the diversification transition and higher inclusive growth in the medium term.

49. The authorities need to pursue further governance reforms to lay the foundation for private sector-led growth. A predictable and transparent business environment with reliable and efficient application of laws is needed to create a level playing field that would attract domestic and foreign investment. Beyond short-term plans to improve transparency in the extractive sector, creating and implementing time-bound strategies to address AML/CFT deficiencies and outstanding governance challenges would send an important signal that the authorities are committed to a more attractive, efficient, and fair business environment.

50. Given Equatorial Guinea's performance and commitments under the program, staff supports the completion of the first and second reviews under the SMP. Staff recommends that the next Article IV consultation takes place on the standard 12-month cycle.

Table 1. Equatorial Guinea: Selected Economic and Financial Indicators, 2023–30

| | Actual | | Projection | | | | | |
|---|--------|--------|------------|--------|--------|--------|--------|--------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| (Annual percentage change, unless otherwise specified) | | | | | | | | |
| Production, prices, and money | | | | | | | | |
| Real GDP | -5.1 | 0.9 | -1.6 | 0.5 | 1.1 | 1.4 | 2.0 | 2.1 |
| Hydrocarbon GDP ¹ | -15.0 | 0.4 | -6.4 | -2.6 | -1.2 | -1.2 | -1.1 | -1.1 |
| Non-hydrocarbon GDP | 5.2 | 1.3 | 2.3 | 2.8 | 2.7 | 3.1 | 4.1 | 4.1 |
| GDP deflator | -7.6 | 2.5 | 3.0 | 1.0 | 0.8 | 1.6 | 2.4 | 3.2 |
| Consumer prices (annual average) | 2.4 | 3.4 | 2.9 | 2.9 | 2.9 | 2.6 | 2.5 | 2.5 |
| Consumer prices (end of period) | 2.2 | 3.4 | 2.9 | 3.5 | 2.5 | 2.3 | 2.3 | 2.3 |
| Monetary and exchange rate | | | | | | | | |
| Broad money | 19.3 | 2.6 | 2.7 | 2.9 | 3.2 | 2.6 | 2.7 | 2.0 |
| Nominal effective exchange rate (- = depreciation) | 3.9 | ... | ... | ... | ... | ... | ... | ... |
| Real effective exchange rate (- = depreciation) | 1.9 | ... | ... | ... | ... | ... | ... | ... |
| External sector | | | | | | | | |
| Exports, f.o.b. | -51.4 | -7.1 | 1.6 | -8.7 | -7.8 | -5.0 | -2.6 | 0.6 |
| Hydrocarbon exports | -56.0 | -8.4 | 1.7 | -10.2 | -9.5 | -6.5 | -4.0 | -0.4 |
| Non-hydrocarbon exports | 126.8 | 2.6 | 1.8 | 1.0 | 2.1 | 3.1 | 4.5 | 5.2 |
| Imports, f.o.b. | -10.5 | -8.9 | 2.2 | -1.9 | -1.7 | -0.8 | 0.5 | 1.1 |
| Terms of trade | 29.2 | -9.0 | -0.9 | -1.7 | -1.4 | -1.0 | -0.8 | -0.7 |
| Government finance | | | | | | | | |
| Revenue | -28.4 | -14.3 | 0.7 | -5.0 | -3.5 | -0.3 | 1.8 | 3.7 |
| Expenditure | 14.1 | -0.7 | 4.9 | -1.3 | 2.6 | 3.2 | 3.9 | 2.4 |
| (Percent of GDP, unless otherwise specified) | | | | | | | | |
| Government finance | | | | | | | | |
| Revenue | 21.6 | 17.9 | 17.8 | 16.7 | 15.8 | 15.3 | 14.9 | 14.7 |
| Hydrocarbon revenue | 18.7 | 14.5 | 14.3 | 13.0 | 11.7 | 10.8 | 9.9 | 9.3 |
| Non-hydrocarbon revenue | 2.9 | 3.4 | 3.5 | 3.7 | 4.1 | 4.5 | 5.0 | 5.4 |
| Expenditure | 19.2 | 18.5 | 19.1 | 18.6 | 18.7 | 18.8 | 18.7 | 18.1 |
| Overall fiscal balance (Commitment basis) | 2.4 | -0.6 | -1.3 | -1.9 | -2.9 | -3.5 | -3.8 | -3.5 |
| Overall fiscal balance (Cash basis) | 0.8 | -1.0 | -2.0 | -2.6 | -3.6 | -4.1 | -4.4 | -4.0 |
| Non-hydrocarbon primary balance ² | -15.2 | -11.7 | -12.6 | -12.3 | -11.9 | -11.4 | -10.7 | -9.9 |
| Non-hydrocarbon primary balance ² (% of NHGDP) | -22.3 | -17.0 | -17.4 | -16.4 | -15.3 | -14.2 | -13.1 | -12.0 |
| Change in domestic arrears | -1.6 | -0.3 | -0.7 | -0.7 | -0.6 | -0.6 | -0.6 | -0.6 |
| External sector | | | | | | | | |
| Current account balance (incl. official transfers; - = deficit) | -3.5 | -3.2 | -3.3 | -4.5 | -3.8 | -3.8 | -3.7 | -3.6 |
| Imputed Foreign Reserves (net), US\$billion | 0.9 | 0.4 | 0.4 | 0.2 | 0.1 | 0.1 | 0.1 | -0.1 |
| Debt | | | | | | | | |
| Total public debt | 39.1 | 36.4 | 37.0 | 38.4 | 40.6 | 42.9 | 44.8 | 46.0 |
| Domestic debt | 29.2 | 28.7 | 28.0 | 27.9 | 28.8 | 30.2 | 31.7 | 32.9 |
| External debt | 9.9 | 7.8 | 9.0 | 10.5 | 11.8 | 12.7 | 13.1 | 13.1 |
| External debt service-to-exports ratio (percent) | 5.3 | 6.2 | 5.7 | 6.2 | 6.1 | 6.4 | 6.7 | 6.7 |
| External debt service/government revenue (percent) | 6.3 | 7.9 | 7.4 | 7.7 | 7.2 | 7.3 | 7.3 | 7.0 |
| Memorandum items | | | | | | | | |
| Oil price (U.S. dollars a barrel) ³ | 82.3 | 79.9 | 67.7 | 63.3 | 63.7 | 64.7 | 65.6 | 66.4 |
| Nominal GDP (billions of CFA francs) | 7,484 | 7,740 | 7,846 | 7,959 | 8,108 | 8,352 | 8,726 | 9,195 |
| Nominal GDP (millions of US dollars) | 12,339 | 12,769 | 12,881 | 13,138 | 13,370 | 13,763 | 14,378 | 15,155 |
| Hydrocarbon GDP (billions of CFA francs) | 2,386 | 2,401 | 2,193 | 1,971 | 1,784 | 1,667 | 1,599 | 1,593 |
| Non-hydrocarbon GDP (billions of CFA francs) | 5,098 | 5,340 | 5,653 | 5,987 | 6,324 | 6,684 | 7,127 | 7,602 |
| Government deposits (in percent of GDP) | 19.0 | 17.7 | 17.5 | 17.2 | 16.9 | 16.4 | 15.7 | 14.9 |
| Oil volume (crude + condensado, millions of barrels) | 28.6 | 29.1 | 26.8 | 25.1 | 24.4 | 23.6 | 22.9 | 22.2 |
| Gas volume (in millions of bbls of oil equivalent) | 54.2 | 51.8 | 49.2 | 49.5 | 49.9 | 50.2 | 50.5 | 50.8 |
| Total Hydrocarbon Volume (in millions of BOE ⁴) | 82.8 | 81.0 | 76.0 | 74.7 | 74.2 | 73.8 | 73.4 | 73.1 |

Sources: Data provided by the Equatoguinean authorities; and staff estimates and projections.

¹ Including oil, LNG, LPG, butane, propane, and methanol.

² Excluding hydrocarbon revenues, hydrocarbon expenditures, and interest earned and paid.

³ The local price of crude oil is the Brent and includes a quality discount.

⁴ BOE = Barrels of oil equivalent

Table 2a. Equatorial Guinea: Balance of Payments, 2023–30¹

(Billions of CFA francs, unless otherwise specified)

| | Actual | Estimate | Projection | | | | | |
|---|--------|----------|------------|-------|-------|-------|-------|-------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Current account | -261 | -244 | -256 | -354 | -312 | -316 | -326 | -331 |
| Trade balance | 982 | 929 | 944 | 799 | 684 | 615 | 574 | 573 |
| Exports of goods, f.o.b. | 1,915 | 1,779 | 1,817 | 1,650 | 1,522 | 1,447 | 1,410 | 1,418 |
| Hydrocarbon exports | 1,691 | 1,549 | 1,583 | 1,413 | 1,281 | 1,198 | 1,150 | 1,145 |
| Non-hydrocarbon exports | 224 | 230 | 234 | 236 | 241 | 248 | 260 | 273 |
| Imports of goods, f.o.b. | -933 | -850 | -872 | -851 | -838 | -832 | -836 | -845 |
| Services (net) | -418 | -396 | -406 | -405 | -407 | -412 | -423 | -437 |
| Income (net) ² | -750 | -702 | -717 | -673 | -514 | -443 | -398 | -385 |
| Current transfers | -75 | -75 | -77 | -75 | -75 | -76 | -79 | -82 |
| Capital and financial account | -191 | -2 | 221 | 258 | 254 | 286 | 328 | 352 |
| Capital account | 37 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial account | -229 | -2 | 221 | 258 | 254 | 286 | 328 | 352 |
| Direct investment | -48 | 1 | 0 | 30 | 30 | 73 | 133 | 173 |
| Portfolio investment (net) | -178 | 12 | 13 | 13 | 13 | 13 | 14 | 15 |
| Other investment (net) ³ | -3 | -15 | 208 | 215 | 210 | 199 | 180 | 164 |
| Errors and omissions | 186 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Overall balance | -267 | -246 | -34 | -96 | -58 | -30 | 1 | 20 |
| Financing | 275 | 249 | 34 | 96 | 58 | 30 | -1 | -20 |
| Change in BEAC foreign assets ⁴ (- = increase) | 268 | 249 | 34 | 96 | 58 | 30 | -1 | -20 |
| Reserve assets | 110 | ... | ... | ... | ... | ... | ... | ... |
| Other assets | 158 | ... | ... | ... | ... | ... | ... | ... |
| Net change in external arrears | 0 | -3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Memorandum items: | | | | | | | | |
| Gross Reserve assets at the BEAC | 727 | 477 | 413 | 299 | 237 | 203 | 200 | 221 |
| Government deposits at BEAC | 658 | 473 | 473 | 472 | 472 | 471 | 471 | 470 |
| Growth of hydrocarbon exports (percent) | -56 | -8 | 2 | -10 | -9 | -7 | -4 | 0 |
| Growth of non-hydrocarbon exports (percent) | 133 | 3 | 1 | 2 | 2 | 3 | 4 | 0 |
| Non-hydrocarbon current account | -1,009 | -870 | -898 | -876 | -859 | -849 | -848 | 0 |

Sources: Equatoguinean authorities; and staff estimates and projections.

¹ The BOP data in this table are not compiled in accordance with the IMF's Balance of Payments Manual, fifth edition. The historic data have not been derived from customs' and bank records' data, but from estimates of BEAC. Fund staff have made ad hoc adjustments to the data.² Including investment income of oil companies, which includes reinvested earnings (with an offsetting entry in foreign direct investment).³ The SDR allocation is reflected via a neutral double entry of higher reserves and higher long-term liabilities.⁴ Consists only of items on the balance sheet of the BEAC (i.e., excluding government bank deposits abroad).

Table 2b. Equatorial Guinea: Balance of Payments, 2023–30¹

(Percent of GDP, unless otherwise specified)

| | Actual | Estimate | Projection | | | | | |
|---|--------|----------|------------|-------|-------|-------|------|------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Current account | -3.5 | -3.2 | -3.3 | -4.5 | -3.8 | -3.8 | -3.7 | -3.6 |
| Trade balance | 13.1 | 12.0 | 12.0 | 10.0 | 8.4 | 7.4 | 6.6 | 6.2 |
| Exports of goods, f.o.b. | 25.6 | 23.0 | 23.2 | 20.7 | 18.8 | 17.3 | 16.2 | 15.4 |
| Hydrocarbon exports | 22.6 | 20.0 | 20.2 | 17.8 | 15.8 | 14.3 | 13.2 | 12.5 |
| Non-hydrocarbon exports | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Imports of goods, f.o.b. | -12.5 | -11.0 | -11.1 | -10.7 | -10.3 | -10.0 | -9.6 | -9.2 |
| Services (net) | -5.6 | -5.1 | -5.2 | -5.1 | -5.0 | -4.9 | -4.8 | -4.8 |
| Income (net) ² | -10.0 | -9.1 | -9.1 | -8.5 | -6.3 | -5.3 | -4.6 | -4.2 |
| Current transfers | -1.0 | -1.0 | -1.0 | -0.9 | -0.9 | -0.9 | -0.9 | -0.9 |
| Capital and financial account | -2.6 | 0.0 | 2.8 | 3.2 | 3.1 | 3.4 | 3.8 | 3.8 |
| Capital account | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial account | -3.1 | 0.0 | 2.8 | 3.2 | 3.1 | 3.4 | 3.8 | 3.8 |
| Direct investment | -0.6 | 0.0 | 0.0 | 0.4 | 0.4 | 0.9 | 1.5 | 1.9 |
| Portfolio investment (net) | -2.4 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Other investment (net) ³ | 0.0 | -0.2 | 2.7 | 2.7 | 2.6 | 2.4 | 2.1 | 1.8 |
| Errors and omissions | 2.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Overall balance | -3.6 | -3.2 | -0.4 | -1.2 | -0.7 | -0.4 | 0.0 | 0.2 |
| Financing | 3.7 | 3.2 | 0.4 | 1.2 | 0.7 | 0.4 | 0.0 | -0.2 |
| Change in BEAC foreign assets ⁴ (- = increase) | 3.6 | 3.2 | 0.4 | 1.2 | 0.7 | 0.4 | 0.0 | -0.2 |
| Reserve assets | 1.5 | ... | ... | ... | ... | ... | ... | ... |
| Other assets | 2.1 | ... | ... | ... | ... | ... | ... | ... |
| Net change in external arrears | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Sources: Equatoguinean authorities; and staff estimates and p

¹ The BOP data in this table are not compiled in accordance with the IMF's Balance of Payments Manual, fifth edition. The historic data have

² Including private sector consumption and non-hydrocarbon sector investment imports.

³ The SDR allocation is reflected via a neutral double entry of higher reserves and higher long-term liabilities

⁴ Consists only of items on the balance sheet of the BEAC (i.e., excluding government bank deposits abroad).

Table 3a. Equatorial Guinea: Summary of Central Government Financial Operations, 2023–30

(Billions of CFA francs, unless otherwise specified)

| | Actuals | | Projections | | | | | |
|--|---------|-------|-------------|-------|-------|-------|-------|-------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Revenue | 1,619 | 1,387 | 1,396 | 1,327 | 1,281 | 1,277 | 1,300 | 1,349 |
| Hydrocarbon revenue | 1,399 | 1,124 | 1,124 | 1,031 | 948 | 898 | 867 | 856 |
| Tax revenue | 673 | 330 | 426 | 415 | 408 | 401 | 395 | 390 |
| Other revenue | 726 | 793 | 698 | 617 | 540 | 497 | 472 | 466 |
| Non-hydrocarbon revenue | 220 | 263 | 273 | 295 | 333 | 379 | 433 | 492 |
| Primary non-hydrocarbon revenue | 209 | 243 | 263 | 286 | 323 | 369 | 423 | 483 |
| Tax revenue | 147 | 156 | 168 | 182 | 210 | 246 | 287 | 333 |
| Taxes on income, profits, and capital gains | 47 | 61 | 57 | 60 | 71 | 89 | 109 | 131 |
| Domestic taxes on goods and services | 74 | 67 | 84 | 81 | 92 | 104 | 118 | 133 |
| Taxes on international trade | 24 | 27 | 26 | 39 | 45 | 51 | 59 | 67 |
| Other taxes | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 |
| Other revenue | 62 | 87 | 95 | 104 | 113 | 124 | 136 | 149 |
| Interest revenue | 11 | 20 | 10 | 10 | 10 | 10 | 10 | 10 |
| Expenditure | 1,440 | 1,430 | 1,500 | 1,480 | 1,518 | 1,567 | 1,628 | 1,668 |
| Hydrocarbon expenditure | 11 | 195 | 166 | 121 | 121 | 121 | 122 | 99 |
| Expense | 11 | 12 | 6 | 7 | 7 | 7 | 8 | 8 |
| Net acquisition of non-financial assets | 0 | 182 | 160 | 114 | 114 | 114 | 114 | 91 |
| Non-hydrocarbon expenditure | 1,429 | 1,235 | 1,334 | 1,359 | 1,397 | 1,445 | 1,507 | 1,568 |
| Expense | 939 | 966 | 964 | 1,003 | 1,048 | 1,105 | 1,173 | 1,246 |
| Compensation of employees | 230 | 241 | 242 | 254 | 268 | 283 | 302 | 322 |
| Purchase of goods and services | 399 | 394 | 406 | 418 | 429 | 440 | 454 | 467 |
| Subsidies and transfers | 228 | 246 | 230 | 237 | 243 | 254 | 268 | 281 |
| of which: fuel subsidy | 88 | 83 | 39 | 12 | 8 | 9 | 11 | 12 |
| Interest | 81 | 85 | 86 | 94 | 108 | 128 | 150 | 175 |
| Net acquisition of non-financial assets | 490 | 269 | 370 | 357 | 350 | 341 | 333 | 323 |
| Primary balance | 249 | 22 | -28 | -69 | -139 | -172 | -188 | -153 |
| Net lending/borrowing (overall fiscal balance) | 179 | -43 | -104 | -153 | -237 | -290 | -328 | -319 |
| Net financial transactions | 188 | -20 | -104 | -153 | -237 | -290 | -328 | -319 |
| Net acquisition of financial assets | 95 | -42 | -1 | -1 | -1 | -1 | -1 | -1 |
| Domestic | 110 | -47 | -1 | -1 | -1 | -1 | -1 | -1 |
| External | -15 | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net incurrence of liabilities | -94 | -21 | 103 | 152 | 236 | 289 | 327 | 318 |
| Domestic | -78 | 77 | -19 | 24 | 116 | 183 | 246 | 258 |
| of which: Other accounts payable | -121 | -57 | -57 | -52 | -52 | -52 | -52 | -52 |
| External | -15 | -98 | 122 | 128 | 121 | 105 | 81 | 60 |
| Statistical discrepancy | 10 | 23 | ... | ... | ... | ... | ... | ... |
| Memorandum items: | | | | | | | | |
| Non-hydrocarbon primary balance ¹ | -1,139 | -907 | -985 | -980 | -966 | -948 | -933 | -910 |
| Outstanding public debt ² | 2,925 | 2,820 | 2,902 | 3,056 | 3,293 | 3,582 | 3,909 | 4,227 |
| Gross government deposits | 1,424 | 1,373 | 1,372 | 1,371 | 1,370 | 1,369 | 1,368 | 1,367 |
| Deposits with BEAC | 658 | 473 | 473 | 472 | 472 | 471 | 471 | 470 |
| Deposits abroad | 461 | 466 | 466 | 466 | 466 | 466 | 466 | 466 |
| Deposits with commercial banks | 305 | 433 | 432 | 432 | 431 | 431 | 430 | 430 |

Sources: Data provided by the Equatoguinean authorities; and staff estimates and projections.

¹Equal to non-interest non-hydrocarbon revenue minus non-hydrocarbon non-interest expenditure.²Outstanding public debt includes domestic arrears.

Table 3b. Equatorial Guinea: Summary of Central Government Financial Operations, 2023–30

(Percent of GDP, unless otherwise specified)

| | Actuals | | Projections | | | | | |
|--|---------|-------|-------------|-------|-------|-------|-------|------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Revenue | 21.6 | 17.9 | 17.8 | 16.7 | 15.8 | 15.3 | 14.9 | 14.7 |
| Hydrocarbon revenue | 18.7 | 14.5 | 14.3 | 13.0 | 11.7 | 10.8 | 9.9 | 9.3 |
| Tax revenue | 9.0 | 4.3 | 5.4 | 5.2 | 5.0 | 4.8 | 4.5 | 4.2 |
| Other revenue | 9.7 | 10.3 | 8.9 | 7.7 | 6.7 | 5.9 | 5.4 | 5.1 |
| Non-hydrocarbon revenue | 2.9 | 3.4 | 3.5 | 3.7 | 4.1 | 4.5 | 5.0 | 5.4 |
| Primary non-hydrocarbon revenue | 2.8 | 3.1 | 3.4 | 3.6 | 4.0 | 4.4 | 4.9 | 5.3 |
| Tax revenue | 2.0 | 2.0 | 2.1 | 2.3 | 2.6 | 2.9 | 3.3 | 3.6 |
| Taxes on income, profits, and capital gains | 0.6 | 0.8 | 0.7 | 0.8 | 0.9 | 1.1 | 1.2 | 1.4 |
| Domestic taxes on goods and services | 1.0 | 0.9 | 1.1 | 1.0 | 1.1 | 1.2 | 1.3 | 1.4 |
| Taxes on international trade | 0.3 | 0.3 | 0.3 | 0.5 | 0.6 | 0.6 | 0.7 | 0.7 |
| Other taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other revenue | 0.8 | 1.1 | 1.2 | 1.3 | 1.4 | 1.5 | 1.6 | 1.6 |
| Interest revenue | 0.2 | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Expenditure | 19.2 | 18.5 | 19.1 | 18.6 | 18.7 | 18.8 | 18.7 | 18.1 |
| Hydrocarbon expenditure | 0.1 | 2.5 | 2.1 | 1.5 | 1.5 | 1.5 | 1.4 | 1.1 |
| Expense | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Net acquisition of non-financial assets | 0.0 | 2.4 | 2.0 | 1.4 | 1.4 | 1.4 | 1.3 | 1.0 |
| Non-hydrocarbon expenditure | 19.1 | 16.0 | 17.0 | 17.1 | 17.2 | 17.3 | 17.3 | 17.1 |
| Expense | 12.5 | 12.5 | 12.3 | 12.6 | 12.9 | 13.2 | 13.4 | 13.5 |
| Expense (primary) | 3.1 | 3.1 | 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 3.5 |
| Compensation of employees | 3.1 | 3.1 | 3.1 | 3.2 | 3.3 | 3.4 | 3.5 | 3.5 |
| Purchase of goods and services | 5.3 | 5.1 | 5.2 | 5.3 | 5.3 | 5.3 | 5.2 | 5.1 |
| Subsidies and transfers | 3.1 | 3.2 | 2.9 | 3.0 | 3.0 | 3.0 | 3.1 | 3.1 |
| of which: fuel subsidy | 1.2 | 1.1 | 0.5 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Interest | 1.1 | 1.1 | 1.1 | 1.2 | 1.3 | 1.5 | 1.7 | 1.9 |
| Net acquisition of non-financial assets | 6.5 | 3.5 | 4.7 | 4.5 | 4.3 | 4.1 | 3.8 | 3.5 |
| Primary balance | 3.3 | 0.3 | -0.4 | -0.9 | -1.7 | -2.1 | -2.2 | -1.7 |
| Net lending/borrowing (overall fiscal balance) | 2.4 | -0.6 | -1.3 | -1.9 | -2.9 | -3.5 | -3.8 | -3.5 |
| Net financial transactions | 2.5 | -0.3 | -1.3 | -1.9 | -2.9 | -3.5 | -3.8 | -3.5 |
| Net acquisition of financial assets | 1.3 | -0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Domestic | 1.5 | -0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| External | -0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net incurrence of liabilities | -1.3 | -0.3 | 1.3 | 1.9 | 2.9 | 3.5 | 3.8 | 3.5 |
| Domestic | -1.0 | 1.0 | -0.2 | 0.3 | 1.4 | 2.2 | 2.8 | 2.8 |
| of which: Other accounts payable | -1.6 | -0.7 | -0.7 | -0.7 | -0.6 | -0.6 | -0.6 | -0.6 |
| External | -0.2 | -1.3 | 1.6 | 1.6 | 1.5 | 1.3 | 0.9 | 0.7 |
| Statistical discrepancy | 0.1 | 0.3 | ... | ... | ... | ... | ... | ... |
| Memorandum items: | | | | | | | | |
| Non-hydrocarbon primary balance ¹ | -15.2 | -11.7 | -12.6 | -12.3 | -11.9 | -11.4 | -10.7 | -9.9 |
| Outstanding public debt ² | 39.1 | 36.4 | 37.0 | 38.4 | 40.6 | 42.9 | 44.8 | 46.0 |
| Gross government deposits | 19.0 | 17.7 | 17.5 | 17.2 | 16.9 | 16.4 | 15.7 | 14.9 |
| Deposits with BEAC | 8.8 | 6.1 | 6.0 | 5.9 | 5.8 | 5.6 | 5.4 | 5.1 |
| Deposits abroad | 6.2 | 6.0 | 5.9 | 5.9 | 5.8 | 5.6 | 5.3 | 5.1 |
| Deposits with commercial banks | 4.1 | 5.6 | 5.5 | 5.4 | 5.3 | 5.2 | 4.9 | 4.7 |

Sources: Data provided by the Equatoguinean authorities; and staff estimates and projections.

¹ Equal to non-interest non-hydrocarbon revenue minus non-hydrocarbon non-interest expenditure.

² Outstanding public debt includes domestic arrears.

Table 3c. Equatorial Guinea: Summary of Central Government Financial Operations, 2023–30
(Percent of Non-Hydrocarbon GDP, unless otherwise specified)

| | Actuals | | Projections | | | | | |
|---|---------|-------|-------------|-------|-------|-------|-------|-------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Revenue | 31.8 | 26.0 | 24.7 | 22.2 | 20.3 | 19.1 | 18.2 | 17.7 |
| Hydrocarbon revenue | 27.4 | 21.0 | 19.9 | 17.2 | 15.0 | 13.4 | 12.2 | 11.3 |
| Tax revenue | 13.2 | 6.2 | 7.5 | 6.9 | 6.4 | 6.0 | 5.5 | 5.1 |
| Other revenue | 14.2 | 14.9 | 12.3 | 10.3 | 8.5 | 7.4 | 6.6 | 6.1 |
| Non-hydrocarbon revenue | 4.3 | 4.9 | 4.8 | 4.9 | 5.3 | 5.7 | 6.1 | 6.5 |
| Primary non-hydrocarbon revenue | 4.1 | 4.5 | 4.7 | 4.8 | 5.1 | 5.5 | 5.9 | 6.4 |
| Tax revenue | 2.9 | 2.9 | 3.0 | 3.0 | 3.3 | 3.7 | 4.0 | 4.4 |
| Taxes on income, profits, and capital gains | 0.9 | 1.1 | 1.0 | 1.0 | 1.1 | 1.3 | 1.5 | 1.7 |
| Domestic taxes on goods and services ¹ | 1.5 | 1.3 | 1.5 | 1.4 | 1.5 | 1.6 | 1.6 | 1.7 |
| Taxes on international trade | 0.5 | 0.5 | 0.5 | 0.7 | 0.7 | 0.8 | 0.8 | 0.9 |
| Other taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other revenue | 1.2 | 1.6 | 1.7 | 1.7 | 1.8 | 1.8 | 1.9 | 2.0 |
| Interest revenue | 0.2 | 0.4 | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 |
| Expenditure | 28.2 | 26.8 | 26.5 | 24.7 | 24.0 | 23.4 | 22.8 | 21.9 |
| Hydrocarbon expenditure | 0.2 | 3.6 | 2.9 | 2.0 | 1.9 | 1.8 | 1.7 | 1.3 |
| Expense | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Net acquisition of non-financial assets | 0.0 | 3.4 | 2.8 | 1.9 | 1.8 | 1.7 | 1.6 | 1.2 |
| Non-hydrocarbon expenditure | 28.0 | 23.1 | 23.6 | 22.7 | 22.1 | 21.6 | 21.1 | 20.6 |
| Expense | 18.4 | 18.1 | 17.1 | 16.7 | 16.6 | 16.5 | 16.5 | 16.4 |
| Expense (primary) | 4.5 | 4.5 | 4.3 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 |
| Compensation of employees | 4.5 | 4.5 | 4.3 | 4.2 | 4.2 | 4.2 | 4.2 | 4.2 |
| Purchase of goods and services | 7.8 | 7.4 | 7.2 | 7.0 | 6.8 | 6.6 | 6.4 | 6.1 |
| Subsidies and transfers | 4.5 | 4.6 | 4.1 | 4.0 | 3.8 | 3.8 | 3.8 | 3.7 |
| of which: fuel subsidy | 1.7 | 1.6 | 0.7 | 0.2 | 0.1 | 0.1 | 0.2 | 0.2 |
| Interest | 1.6 | 1.6 | 1.5 | 1.6 | 1.7 | 1.9 | 2.1 | 2.3 |
| Net acquisition of non-financial assets | 9.6 | 5.0 | 6.5 | 6.0 | 5.5 | 5.1 | 4.7 | 4.2 |
| Primary balance | 4.9 | 0.4 | -0.5 | -1.2 | -2.2 | -2.6 | -2.6 | -2.0 |
| Net lending/borrowing (overall fiscal balance) | 3.5 | -0.8 | -1.8 | -2.6 | -3.8 | -4.3 | -4.6 | -4.2 |
| Net financial transactions | 3.7 | -0.4 | -1.8 | -2.6 | -3.8 | -4.3 | -4.6 | -4.2 |
| Net acquisition of financial assets | 1.9 | -0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Domestic | 2.2 | -0.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| External | -0.3 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net incurrence of liabilities | -1.8 | -0.4 | 1.8 | 2.5 | 3.7 | 4.3 | 4.6 | 4.2 |
| Domestic | -1.5 | 1.4 | -0.3 | 0.4 | 1.8 | 2.7 | 3.5 | 3.4 |
| of which: Other accounts payable | -2.4 | -1.1 | -1.0 | -0.9 | -0.8 | -0.8 | -0.7 | -0.7 |
| External | -0.3 | -1.8 | 2.2 | 2.1 | 1.9 | 1.6 | 1.1 | 0.8 |
| Statistical discrepancy | 0.2 | 0.4 | ... | ... | ... | ... | ... | ... |
| Memorandum items: | | | | | | | | |
| Non-hydrocarbon primary balance ¹ | -22.3 | -17.0 | -17.4 | -16.4 | -15.3 | -14.2 | -13.1 | -12.0 |
| Outstanding public debt ² | 57.4 | 52.8 | 51.3 | 51.0 | 52.1 | 53.6 | 54.9 | 55.6 |
| Gross government deposits | 27.9 | 25.7 | 24.3 | 22.9 | 21.7 | 20.5 | 19.2 | 18.0 |
| Deposits with BEAC | 12.9 | 8.9 | 8.4 | 7.9 | 7.5 | 7.1 | 6.6 | 6.2 |
| Deposits abroad | 9.0 | 8.7 | 8.3 | 7.8 | 7.4 | 7.0 | 6.5 | 6.1 |
| Deposits with commercial banks | 6.0 | 8.1 | 7.6 | 7.2 | 6.8 | 6.4 | 6.0 | 5.7 |

Sources: Data provided by the Equatoguinean authorities; and staff estimates and projections.

¹ Equal to non-interest non-hydrocarbon revenue minus non-hydrocarbon non-interest expenditure.

² Outstanding public debt includes domestic arrears.

Table 4. Equatorial Guinea: Monetary Survey, 2023–30

(Billions of CFA francs, unless otherwise specified, end of period)

| | Actuals | | Projections | | | | | |
|--|---------|-------|-------------|-------|-------|-------|-------|-------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| Net foreign assets | 642 | 395 | 374 | 279 | 219 | 190 | 208 | 230 |
| Bank of Central African States (BEAC) ¹ | 408 | 159 | 125 | 29 | -29 | -59 | -58 | -37 |
| <i>Of which: IMF credit</i> | 61 | 55 | 30 | 12 | 8 | 4 | 0 | 0 |
| Commercial banks | 234 | 235 | 249 | 251 | 248 | 249 | 265 | 267 |
| Net domestic assets | 798 | 1,083 | 1,143 | 1,282 | 1,392 | 1,464 | 1,491 | 1,503 |
| Domestic credit | 749 | 907 | 886 | 823 | 839 | 849 | 849 | 861 |
| Net claims on the public sector | 104 | 231 | 171 | 66 | 39 | 4 | -53 | -100 |
| Net credit to the central government | 85 | 213 | 153 | 48 | 22 | -12 | -65 | -110 |
| Central Bank | 178 | 361 | 330 | 304 | 291 | 278 | 265 | 256 |
| Claims | 836 | 835 | 803 | 776 | 763 | 749 | 736 | 726 |
| Credit under statutory ceiling | 609 | 609 | 599 | 590 | 580 | 570 | 561 | 551 |
| Counterpart of IMF credit | 61 | 55 | 30 | 12 | 8 | 4 | 0 | 0 |
| Other | 166 | 171 | 174 | 174 | 175 | 175 | 175 | 175 |
| Deposits | -658 | -473 | -473 | -472 | -472 | -471 | -471 | -470 |
| Commercial Banks | -93 | -149 | -177 | -256 | -269 | -289 | -330 | -365 |
| Claims on the Treasury | 319 | 391 | 362 | 283 | 269 | 248 | 207 | 171 |
| Deposits | -412 | -540 | -539 | -539 | -538 | -538 | -537 | -537 |
| Credit to public enterprises | 19 | 19 | 18 | 18 | 17 | 15 | 12 | 9 |
| Credit to financial institutions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Credit to the private sector | 645 | 675 | 715 | 757 | 800 | 845 | 901 | 962 |
| Other items (net) | 51 | -80 | 32 | 182 | 174 | 116 | -55 | -266 |
| Broad money | 1,440 | 1,477 | 1,517 | 1,562 | 1,611 | 1,653 | 1,698 | 1,733 |
| Currency outside banks | 343 | 289 | 265 | 255 | 284 | 283 | 305 | 299 |
| Deposits | 1,096 | 1,188 | 1,252 | 1,307 | 1,327 | 1,371 | 1,394 | 1,434 |
| Memorandum items: | | | | | | | | |
| Contribution to the growth of broad money: | | | | | | | | |
| Net foreign assets (%) | -10.5 | -17.2 | -1.4 | -6.2 | -3.9 | -1.8 | 1.1 | 1.3 |
| Net domestic assets (%) | 29.8 | 19.8 | 4.1 | 9.1 | 7.1 | 4.4 | 1.6 | 0.7 |
| <i>Of which:</i> | | | | | | | | |
| Net credit to Central Government (%) | 14.1 | 8.9 | -4.1 | -6.9 | -1.7 | -2.2 | -3.4 | -2.8 |
| Credit to the economy (excluding CG): | | | | | | | | |
| In Billions CFAF | 663.7 | 694.0 | 733.5 | 775.1 | 817.0 | 860.9 | 913.7 | 970.9 |
| % change | -25.9 | 4.6 | 5.7 | 5.7 | 5.4 | 5.4 | 6.1 | 6.3 |
| Credit to the private sector: | | | | | | | | |
| % change | -26.7 | 4.7 | 5.9 | 5.9 | 5.6 | 5.7 | 6.6 | 6.7 |
| In percent of GDP | 8.6 | 8.7 | 9.1 | 9.5 | 9.9 | 10.1 | 10.3 | 10.5 |
| Broad money (% change) | 19.3 | 2.6 | 2.7 | 2.9 | 3.2 | 2.6 | 2.7 | 2.0 |
| Currency outside banks (% change) | 4.0 | -15.7 | -8.3 | -3.9 | 11.5 | -0.5 | 7.9 | -2.0 |
| Deposits (% change) | 25.1 | 8.4 | 5.4 | 4.3 | 1.6 | 3.3 | 1.7 | 2.9 |
| Velocity (GDP/ M2) | 5.2 | 5.2 | 5.2 | 5.1 | 5.0 | 5.1 | 5.1 | 5.3 |

Source: Equatorial Guinea authorities and IMF staff estimates.

¹The SDR allocation is reflected via a neutral double entry of higher reserves and higher long-term liabilities, which has zero impact on reported net foreign

Table 5. Equatorial Guinea: Fiscal Financing Requirements, 2023–30
(Billion CFA francs, unless otherwise indicated)

| | Actual | | Projection | | | | | |
|--|--------|------|------------|------|------|------|------|------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| A. Overall fiscal deficit (commitment basis) (-=surplus) | -179 | 43 | 104 | 153 | 237 | 290 | 328 | 319 |
| B. Other financing needs | 516 | 269 | 401 | 313 | 312 | 367 | 463 | 528 |
| Amortization | 395 | 249 | 344 | 256 | 260 | 316 | 411 | 477 |
| External | 94 | 102 | 97 | 92 | 104 | 125 | 160 | 194 |
| Domestic | 301 | 147 | 247 | 165 | 157 | 190 | 251 | 283 |
| Repayment of domestic arrears | 121 | 20 | 57 | 57 | 52 | 52 | 52 | 52 |
| C= A+B Total financing needs | 338 | 312 | 505 | 466 | 550 | 657 | 791 | 847 |
| D. Identified sources of financing | 328 | 290 | 505 | 466 | 550 | 657 | 791 | 847 |
| External disbursements | 78 | 4 | 219 | 220 | 224 | 231 | 241 | 254 |
| Deposits/assets | -95 | 42 | 1 | 1 | 1 | 1 | 1 | 1 |
| Domestic | -110 | 47 | 1 | 1 | 1 | 1 | 1 | 1 |
| Foreign | 15 | -5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Issuance of government securities | 344 | 194 | 285 | 245 | 324 | 425 | 549 | 592 |
| Net incurrence of other liabilities | 0 | 50 | 0 | 0 | 0 | 0 | 0 | 0 |
| E=C-D Statistical discrepancy | 10 | 23 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: Fund staff estimates and projections.

Table 6. Equatorial Guinea: External Financing Requirements, 2023–30
(Millions of U.S. dollars, unless otherwise indicated)

| | Actual | Estimate | Projection | | | | | |
|---|----------|------------|------------|------------|------------|------------|------------|------------|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
| 1. Total financing requirements | 2 | 175 | 523 | 577 | 589 | 678 | 804 | 899 |
| Current account deficit | 430 | 403 | 420 | 585 | 514 | 521 | 537 | 546 |
| Trade balance | 1,618 | 1,532 | 1,550 | 1,318 | 1,129 | 1,014 | 945 | 944 |
| Exports | 3,157 | 2,934 | 2,982 | 2,723 | 2,510 | 2,384 | 2,323 | 2,337 |
| Imports | -1,539 | -1,402 | -1,432 | -1,405 | -1,381 | -1,371 | -1,378 | -1,394 |
| Services (net) | -690 | -653 | -666 | -668 | -671 | -680 | -697 | -720 |
| Income (net) | -1,236 | -1,159 | -1,178 | -1,110 | -847 | -729 | -655 | -634 |
| Transfers (net) | -123 | -124 | -126 | -124 | -124 | -126 | -130 | -136 |
| Debt amortization | 13 | 169 | 159 | 152 | 171 | 207 | 264 | 319 |
| Net change in external arrears (increase = -) | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net change in gov. deposits abroad (increase = +) | 0 | 9 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net change in assets at BEAC (increase = +) | -442 | -411 | -56 | -159 | -95 | -50 | 2 | 34 |
| 2. Total financing sources | 0 | 175 | 523 | 577 | 589 | 678 | 804 | 899 |
| Capital transfers | 62 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign direct investment (net) | -79 | 1 | 1 | 49 | 50 | 121 | 220 | 285 |
| Portfolio investment (net) | -294 | 20 | 21 | 21 | 21 | 22 | 23 | 24 |
| Debt financing | 5 | 153 | 501 | 507 | 518 | 535 | 561 | 590 |
| Public sector | 0 | 7 | 360 | 363 | 370 | 380 | 397 | 419 |
| Non-public sector | 5 | 146 | 141 | 144 | 148 | 155 | 163 | 171 |
| Errors and omissions | 306 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: IMF staff estimates

Table 7. Equatorial Guinea Financial Soundness Indicators for the Banking Sector, 2018–23
(Percent, unless otherwise indicated)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
|--|-------|-------|-------|-------|-------|-------|-------|
| | | | | | | Q2 | Q4 |
| Capital adequacy | | | | | | | |
| Total bank regulatory capital to risk-weighted assets ¹ | 29.5 | -2.8 | -1.6 | -6.2 | 0.6 | -1.5 | -18.9 |
| Total capital (net worth) to assets | 12.8 | -0.7 | -0.2 | -1.3 | 1.2 | 0.0 | -6.4 |
| Total assets (growth) | 3.4 | -10.3 | -0.1 | 53.2 | -30.2 | 7.9 | 3.8 |
| Asset quality | | | | | | | |
| Non-performing loans (gross) to total loans (gross) | 36.9 | 49.1 | 52.2 | 55.1 | 55.4 | 56.0 | 31.1 |
| Earnings and profitability | | | | | | | |
| Return on equity ² | 3.7 | -0.6 | -3.9 | -3.9 | -2.0 | 3.3 | -9.2 |
| Return on assets | 0.9 | 0.1 | -0.6 | -0.5 | -0.2 | 0.5 | -1.2 |
| Non interest expense to gross income | 67.8 | 81.7 | 115.1 | 106.3 | 97.2 | 91.9 | 151.2 |
| Liquidity | | | | | | | |
| Liquid assets to total assets | 30.3 | 20.2 | 19.9 | 12.7 | 21.9 | 32.1 | 36.3 |
| Liquid assets to short-term liabilities | 170.1 | 120.7 | 131.5 | 130.3 | 152.1 | 204.0 | 199.1 |
| Total deposits to total (noninterbank) loans | 98.1 | 104.0 | 98.5 | 102.6 | 115.9 | 136.3 | 153.1 |
| Credit | | | | | | | |
| Gross loan (banks' book) - bn FCFA | 1283 | 1021 | 1028 | 1059 | 988 | 992 | 1006 |
| Gross loan - annualized growth rate | 1.2 | -20.5 | 0.7 | 3.0 | -6.7 | 2.2 | 1.8 |
| Other | | | | | | | |
| Foreign-currency-denominated loans to total loans | 0.1 | 0.5 | 0.4 | 0.3 | 0.2 | 0.1 | 0.1 |
| Foreign-currency-denominated liabilities to total liabilities | ... | ... | ... | ... | 1.5 | 1.7 | 1.2 |

Source: Banking Commission of Central Africa (COBAC).

¹Calculated according to the Basel I guidance.

²Return in ROE is calculated based on annualized net profit before tax.

Annex I. Implementation of Past IMF Advice (Article IV 2023)

| Fund advice | Comments |
|---|---|
| A. Ensuring Medium-Term Fiscal Sustainability | |
| A.1 Anchor fiscal policy on nonhydrocarbon primary balance (NHPB) and consolidate public finances by raising non-hydrocarbon revenue and reducing non-priority expenditures | Fiscal consolidation is underway in line with the authorities' commitments under the SMP. The NHPB is improved from - 22.3 percent of NHGDP in 2023 to -17.0 percent in 2024. Consolidation has been mostly expenditure-based, with emphasis on capital spending. The approval of the new tax law provides the authorities with the tools to mobilize non-hydrocarbon revenues. Structural fiscal reforms under the SMP and beyond, such as the deployment of the ASYCUDA customs IT system in Bata in 2024, are needed to improve revenue administration and collect additional non-hydrocarbon revenue. |
| A.2 Efforts to strengthen public debt management should be accelerated. | UN Trade and Development helped the authorities develop a new IT system for debt management that will improve the transparency, reporting, and management of public debt. The authorities have requested IMF CD to create a medium-term debt strategy and have agreed to a debt anchor of 50 percent of GDP. |
| A.3 More transparency in the repayment process of arrears is warranted | The government has developed, approved and is implementing a strategy to clear the remaining arrears that clearly defines the prioritization criteria for their repayment. |
| B. Strengthening the Banking Sector and Financial Inclusion | |
| B.1 The current authorities' plan to rescue the systemic public bank should be paired with efforts to recover distressed assets. | The authorities have taken steps to recapitalize the systemic public bank and have established a mechanism to recover its distressed assets. |
| B.2 Clearance of audited domestic arrears to construction companies would help restore the capital position of remaining troubled banks. | The new strategy to clear domestic arrears prioritizes repayment of arrears related to non-performing loans at private banks over a four-year period. The authorities will seek COBAC's approval for the plan to ensure that troubled banks can eliminate provisions for bad debt and improve their capital positions. |
| C. Fostering Inclusion and Non-Hydrocarbon Growth | |
| C.1 Social spending should be increased to boost human capital development | Social spending in 2024 has remained constant as a share of non-hydrocarbon GDP despite substantial fiscal adjustment. Steps that |

| Fund advice | Comments |
|--|---|
| | would enable increases in social spending—particularly the passage of the social protection law—are underway. |
| C. Fostering Inclusion and Non-Hydrocarbon Growth | |
| C.3 The climate change agenda needs natural disasters coping mechanisms for the most vulnerable, better data tracking, and concrete action plans tied to a results-oriented budget. | No progress. |
| D. Improving Governance and Fighting Corruption | |
| D.1 Public Financial Management reforms including implementation of Treasury Single Account and the law on public procurement, timely publication of budget execution reports and interconnection of the expenditure tracking systems with the treasury operations IT system | The authorities are taking steps to implement the Treasury Single Account as well as improve the functioning and coverage of the expenditure tracking systems. The law on public procurement remains outstanding. |
| D.2 Full operationalization of the anti-corruption commission by mid-2024 and publication of asset declaration of public officials | The ACC operating regulatory framework has been approved but it is not in line with the publication of asset declarations. The ACC is not yet fully operational. |
| D.3 AML/CFT: Complete a comprehensive assessment mission of GABAC, the regional Financial Action Task Force Body, and develop and publish a guidance for domestic financial institutions to identify and verify politically exposed people and their beneficial ownership | ANIF received the GABAC mission and shared key documentation from the results with the Legal Department. The authorities have also prepared a comprehensive AML/CFT national strategy in line with international best practices (SMP SB). |
| D.4 Transparency in the Hydrocarbon sector: prepare and publish a comprehensive hydrocarbon report for 2022 | The authorities published licenses and contracts in the extractive sector within program targets (SMP SB). The comprehensive hydrocarbon sector transparency report is a new commitment under the SMP. |
| D.5 Transparency: Complete the publication of beneficial ownership information of COVID- and Bata-related spending and publish related procurement documents. Complete the uploading of all laws and decrees on the website of the Official Gazette | The authorities published an audit of the Bata-related spending (SMP SB). They are working to publish additional laws and decrees on the website of the Official Gazette. |

Annex II. Risk Assessment Matrix¹

| Risks | Relative Likelihood | Expected Impact if realized | Recommended Policy Responses |
|--|---------------------|-----------------------------|--|
| Conjunctural Risks | | | |
| Trade policy and investment shocks. Higher trade barriers or sanctions reduce external trade, disrupt FDI and supply chains, and trigger further U.S. dollar appreciation, tighter financial conditions, and higher inflation. | High (↑) | High ST | Enhance competitiveness and promote diversification to support economic resilience to external shocks. Improve the business environment to mitigate the effect of uncertainties on investors' decisions. Vigilantly monitor the financial sector development in coordination with CEMAC. |
| Regional conflict. Intensification of conflicts (e.g., in the Middle East, Ukraine, Sahel, and East Africa) or terrorism disrupt trade in energy and food, tourism, supply chains, remittances, FDI and financial flows, payment systems, and increase refugee flows. | Medium (↑) | High ST | As an oil and gas exporter, save windfall hydrocarbon earnings to rebuild macroeconomic buffers. Adopt temporary fiscal measures to protect food security for vulnerable population. Diversify non-traditional sectors. Vigilantly monitor financial sector developments in coordination with CEMAC. |
| Commodity price volatility. Supply and demand volatility (due to conflicts, trade restrictions, OPEC+ decisions, AE energy policies, or green transition) increases commodity price volatility, external and fiscal pressures, social discontent, and economic instability. | Medium (↑) | High ST | As an oil and gas exporter, save windfall hydrocarbon earnings to rebuild macroeconomic buffers. Provide temporary and targeted transfers to the vulnerable. Allow a gradual pass-through of international prices phasing out generalized subsidies. |
| Domestic Risks | | | |
| Weak governance and capacity. Slow or stalled implementation of policy reforms, affecting business environment, investment, productivity, economic diversification, and inclusion. | Medium (↓) | High ST, MT | Press ahead with governance and PFM reforms; request technical assistance and training to raise capacity. |
| Banking sector weaknesses. Delays in restoring the soundness of the banking sector would affect non-hydrocarbon growth and could worsen fiscal and external balances. | Medium (↓) | Medium ST | Expedite the settlement of domestic arrears and continue ongoing actions to restore the financial health of the banking industry. |

¹ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The relative likelihood of risks listed is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. We focus on risks that could materialize within 1 year to 3 years. Legend: (↑): upside risk; (↓): downside risk; ST: short term; MT: medium term.

Annex III. Recent and Upcoming Capacity Development

| Area | Dates | Government counterpart | Executing agency |
|---|----------------------|-------------------------|----------------------------------|
| Diversification | | | |
| Digital Economy Assessment Follow-up | Jan – Feb 2025 | MOF | World Bank |
| National Digital Agenda | 2024 – 2025 | Ministry of Transport | UNDP |
| Wood value chain/ industrialization study | 2024 – 2025 | Ministry of Environment | UNDP |
| Nation branding for Equatorial Guinea | TBD 2025 | Ministry of Tourism | UNDP |
| Fiscal | | | |
| Implementation of ASYCUDA in Bata | Ongoing | MOF (Customs) | UNCTAD |
| Implementation of Debt Management and Financial Analysis System (DMFAS) | Ongoing | Treasury | UNCTAD |
| Implementation of the Integrated Tax Revenue Management System (SIGREF) | Ongoing | MOF | SIMAC |
| Public Finance Review and BOOST Mission | Feb 11 – 16, 2025 | MOF & Treasury | World Bank Economic Policy (MTI) |
| Diagnosis of the organization and functioning of Customs | Feb 24 – Mar 7, 2025 | MOF | IMF AFRITAC CENTER |
| Exploratory mission on multi-annual framework mechanisms (CBMT/global CDMT) | Mar 3 – 15, 2025 | MOF | IMF AFRITAC CENTER |
| FADT2 Comprehensive Tax Diagnostic | Mar 17 – 28, 2025 | MOF | IMF FAD |
| Training in debt management fundamentals | Apr 21-25, 2025 | Treasury | IMF AFRITAC CENTER |
| AFC Follow-up mission on budget preparation (MTFF & MTEF) | May 5 – 16, 2025 | MOF & Treasury | IMF AFRITAC CENTER |
| Implementing cash plan | TBD 2025 | MOF & Treasury | IMF AFRITAC CENTER |

| Area | Dates | Government counterpart | Executing agency |
|---|---------------------|---|--|
| Implementing accrual accounting | Sep 2025 | MOF & Treasury | IMF AFRITAC CENTER |
| FADT2 Follow-up FARI training | Jan 15 – 30, 2026 | MOF | IMF FAD |
| Support on the implementation of the commitment plan macro-processes in CONTFIN | Sep 2025 | MOF & Treasury | IMF AFRITAC CENTER |
| Support on the budget control | Mar 2026 | MOF & Treasury | IMF AFRITAC CENTER |
| Tax Administration, large taxpayer unit | TBD 2025 | MOF | AfDB |
| Governance | | | |
| Civil service perception survey | TBD 2025 | Ministry of Public Service | UNDP |
| AML/CFT strategy and action plan | Nov 2024 – Apr 2025 | ANIF | IMF LEG |
| Statistics | | | |
| SDG accountability planning | 2023 – 2025 | Ministry of Planning | UN/UNDP |
| GFS broadens sectoral coverage | May 5 – 6, 2025 | MOF and Treasury | IMF STA |
| Guinea Equatorial – Training – ISA – ISA and SUT compilation | Jun 2 – 13, 2025 | INEGE | IMF AFRITAC CENTER |
| Training the Agriculture Census Methodology - WAC2020 | Nov 4 – 6, 2025 | Ministry of Agriculture & INEGE | FAO |
| 2 Scholarships for INEGE officials to prepare for a Master's | 2024 – 2025 | INEGE | IFORD-Cameroon Institute of Statistics |
| Multidimensional poverty index | 2024 – 2025 | INEGE | UN/UNDP |
| Household Survey and Poverty Assessment | TBD 2025 | INEGE | World Bank |
| BOP statistics – Follow up mission | Nov 2025 | BEAC | IMF AFRITAC CENTER |
| Other | | | |
| Launch of Equatorial Guinea Country Economic Memorandum | Mar 3 – 6, 2025 | MOF & Treasury & other key stakeholders within Government | World Bank Economic Policy (MTI) |

Annex IV. Data Issues Annex

Table 1. Equatorial Guinea: Data Adequacy Assessment for Surveillance

| Data Adequacy Assessment Rating 1/ | | | | | | | |
|--|---|--------|-------------------------------|----------------------------|-----------------------------------|----------------------------|---------------|
| C | | | | | | | |
| Questionnaire Results 2/ | | | | | | | |
| Assessment | National Accounts | Prices | Government Finance Statistics | External Sector Statistics | Monetary and Financial Statistics | Inter-sectoral Consistency | Median Rating |
| | C | B | C | D | C | D | C |
| Detailed Questionnaire Results | | | | | | | |
| Data Quality Characteristics | | | | | | | |
| Coverage | C | C | C | D | C | | |
| Granularity 3/ | D | | C | D | C | | |
| | | | D | | C | | |
| Consistency | | | C | D | | D | |
| Frequency and Timeliness | C | A | C | D | D | | |
| <p>Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.</p> <p>1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.</p> <p>2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see <i>IMF Review of the Framework for Data Adequacy Assessment for Surveillance</i>, January 2024, Appendix I).</p> <p>3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.</p> | | | | | | | |
| A | The data provided to the Fund are adequate for surveillance. | | | | | | |
| B | The data provided to the Fund have some shortcomings but are broadly adequate for surveillance. | | | | | | |
| C | The data provided to the Fund have some shortcomings that somewhat hamper surveillance. | | | | | | |
| D | The data provided to the Fund have serious shortcomings that significantly hamper surveillance. | | | | | | |
| <p>Rationale for staff assessment. Macroeconomic data is broadly available, although some data shortcomings exist in all sectors. Serious shortcomings exist in the external sector, driven by lack of coordination regarding data sources, data collection process, and validation exercises between the national statistical agency and the regional central bank. This also creates some inconsistency between national accounts and external statistics, especially imports statistics. BOP data is supposed to be provided by the regional central bank annually, within three months from the end of the year. However, the latest available observed statistics for the external sector refer to 2021. These imply serious shortcomings in each characteristic of data quality for external sector statistics. Unavailability of some granular statistics hampers staff's ability to conduct focused analyses. Delays to the publication of banking sector financial soundness indicators hampers staff's ability to monitor financial sector stability. The lack of granularity in national accounts and GFS data significantly impedes detailed surveillance. Shortcomings in other areas are moderate, allowing staff to broadly conduct surveillance. There remains scope for improvement across sectors. Finally, inter-sectoral consistency is a major concern, particularly given the weakness of external sector statistics.</p> | | | | | | | |
| <p>Changes since the last Article IV consultation. The authorities have improved the timeliness of their fiscal reporting, including as part of reporting requirements under the 2024 SMP. The authorities have made gradual improvements in the consistency and granularity of GFS data, with relatively small discrepancies. Timeliness in the dissemination of price statistics has also improved. Staff has had a deepened discussion with the authorities on their compilation of national accounts statistics, which has improved the team's ability to conduct surveillance.</p> | | | | | | | |
| <p>Corrective actions and capacity development priorities. Of highest priority, staff recommends unification of the external sector statistics data collection and improved coordination between the national statistics agency and the regional central bank. With the help of technical assistance the authorities' plans to improve data collection from companies and redesign BOP database collection using BPM6. Implementing updates to national accounts and GFS compilation with the help of IMF capacity development is a priority, and would improve staff's ability to conduct surveillance. Staff also recommends publication of the new household expenditure survey, which would allow for an updated consumer price index.</p> | | | | | | | |
| <p>Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Historic BOP data have not been derived from customs and bank records data, but from estimates of BEAC with ad hoc adjustments made by IMF staff.</p> | | | | | | | |
| <p>Other data gaps. Microeconomic data on enterprises and households have not been made available to IMF staff, and would enhance staff analysis of the business environment and social outcomes.</p> | | | | | | | |

Table 2. Equatorial Guinea: Data Standards Initiatives

Equatorial Guinea participates in the Enhanced General Data Dissemination System (e-GDDS) and publishes the data on its National Summary Data Page since May 2019.

Table 3. Equatorial Guinea: Table of Common Indicators Required for Surveillance
As of November 21, 2024

| | Data Provision to the Fund | | | | Publication under the Data Standards Initiatives through the National Summary Data Page | | | |
|--|----------------------------|---------------|--------------------------------|-------------------------------------|---|--------------------------------|------------------------------------|--------------------------------|
| | Date of Latest Observation | Date Received | Frequency of Data ⁵ | Frequency of Reporting ⁶ | Expected Frequency ^{6,7} | Equatorial Guinea ⁸ | Expected Timeliness ^{6,7} | Equatorial Guinea ⁸ |
| Exchange Rates | 9-Jun-25 | 9-Jun-25 | D | D | D | 30 | ... | 30 |
| International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹ | Mar-25 | May-25 | M | M | M | 30 | 1M | 60 |
| Reserve/Base Money | Mar-25 | May-25 | M | M | M | 30 | 2M | 60 |
| Broad Money | Mar-25 | May-25 | M | M | M | 30 | 1Q | 60 |
| Central Bank Balance Sheet | Mar-25 | May-25 | M | M | M | 30 | 2M | 60 |
| Consolidated Balance Sheet of the Banking System | Mar-25 | May-25 | M | M | M | 30 | 1Q | 60 |
| Interest Rates ² | Apr-25 | May-25 | M | M | M | 30 | ... | 30 |
| Consumer Price Index | Apr-25 | May-25 | M | M | M | 30 | 2M | 90 |
| Revenue, Expenditure, Balance and Composition of Financing ³ —General Government ⁴ | NA | NA | NA | NA | A | ... | 3Q | ... |
| Revenue, Expenditure, Balance and Composition of Financing ³ —Central Government | Mar-25 | Jun-25 | M | Q | Q | 365 | 1Q | 90 |
| Stocks of Central Government and Central Government-Guaranteed Debt ⁵ | Mar-25 | Jun-25 | A | A | Q | 365 | 2Q | 90 |
| External Current Account Balance | Dec-23 | Aug-24 | A | A | Q | 365 | 1Q | 360 |
| Exports and Imports of Goods and Services | Dec-23 | Aug-24 | A | A | M | 365 | 12W | 360 |
| GDP/GNP | Dec-24 | Apr-25 | A | A | Q | 365 | 1Q | 900 |
| Gross External Debt | Mar-25 | Jun-25 | A | A | Q | 365 | 2Q | 90 |
| International Investment Position | NA | NA | NA | NA | A | ... | 3Q | ... |

¹ Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

² Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

³ Foreign, domestic bank, and domestic nonbank financing.

⁴ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

⁵ Including currency and maturity composition.

⁶ Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

⁷ Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

⁸ Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "...".

Annex V. External Sector Assessment

Overall Assessment: The external position of Equatorial Guinea in 2024 is assessed to be weaker than the level implied by medium-term fundamentals and desirable policies. This result reflects the secular decline in hydrocarbon production and delayed structural reforms to diversify the economy, with the lack of progress in the governance and institutional agenda perpetuating the economy's weak competitiveness. Similarly to the assessments conducted during 2021-23, the ESA overall assessment for 2024 indicates persistent significant external imbalances.

Potential Policy Responses: Structural and fiscal reforms aimed at bolstering national savings and stimulating productive private investment are imperative to address external sector imbalances. In the short term, improvements in the custom systems could bring additional non-hydrocarbon revenue collection. Additional fiscal adjustment over the medium term delivered through a combination of expenditure and revenue measures is required to address Equatorial Guinea's external imbalances. These policies should prioritize enhancing public savings and fostering medium-term competitiveness by increasing non-hydrocarbon productivity and promoting economic diversification. In addition, concrete steps are needed to improve the quality external sector statistics and data consistency between trade statistics.

Foreign Assets and Liabilities: Position and Trajectory¹

Background. Net foreign assets (NFA) as a percentage of GDP declined from 5.5 percent at end-2023 to an estimate of 2.3 percent by the end of 2024, with gross reserves now accounting for 5 percent of GDP (8.2 percent at end-2023). The decrease in NFA at BEAC in 2024 can be attributed to the unwinding of the positive hydrocarbon price shock that drove a record accumulation of US\$1,394 million in net international reserves during 2022. In terms of the NFA composition, the balance of the operations account—the major component of net external assets of BEAC since the 2022 energy boom—decreased considerably in 2024. This declining trend started already in end-2023, but it is now following an unprecedented fast draining pace.

Assessment. The NFA position of Equatorial Guinea is assessed as favorable in the short-term. The commodity boom in 2022 provided the country with a large buffer on the asset side. However, the position is fragile given the pace of the NFA drain during 2024 and the MT perspectives for hydrocarbon wealth. Staff remains in close dialogue with authorities to monitor developments.

¹ This section is anchored to NFA of Equatorial Guinea at BEAC as IIP data is not available to the country.

Current Account

Background. In 2024, Equatorial Guinea's current account balance recorded an estimated deficit of 3.2 percent of GDP, owing to the falling hydrocarbon production, amplified by the decline in global energy prices. The CA balance indicates a slight improvement compared to the 2023 deficit of 3.5 percent of GDP (the latest year with balance-of-payments data), but a significant deterioration compared to 2022's surplus of 2.1 percent of GDP. Hydrocarbon exports are projected to follow a secular decline as hydrocarbon reserves deplete. The hydrocarbon exports are estimated to be 20 percent of GDP in 2024 (22.6 percent in 2023) and are projected to decline to 12.5 percent of GDP by 2030. The current account balance consequently continues reversing course back to the pre-2020 deficits, with a persistent deterioration. Yet, the oil trade balance -estimated at 19.6 percent of GDP in 2024— represents a significant decline compared to 2022 (49 percent of GDP). Equatorial Guinea's current account deficits are projected to average 3.8 percent of GDP from 2025–30, with a projected deficit of 3.6 percent of GDP in 2030.

Table 1. Equatorial Guinea: EBA-lite Model Results, 2024

| | CA model 1/ (in percent of GDP) | REER model 1/ |
|---|------------------------------------|---------------|
| CA-Actual | -3.2 | |
| Cyclical contributions (from model) (-) | -0.3 | |
| Natural disasters and conflicts (-) | 0.1 | |
| Adjusted CA | -2.9 | |
| CA Norm (from model) 2/ | 0.5 | |
| Adjusted CA Norm | 0.5 | |
| CA Gap | -3.4 | -1.1 |
| o/w Relative policy gap | 4.1 | |
| Elasticity | -0.3 | |
| REER Gap (in percent) | 13.7 | 4.5 |
| 1/ Based on the EBA-lite 3.0 methodology | | |
| 2/ Cyclically adjusted, including multilateral consistency adjustments. | | |

Assessment. The estimated CA gap from the EBA-lite CA model is –3.4 percent of GDP, representing an improvement with respect to the estimated CA gap of –5.5 percent of GDP of the 2023 ESA. The decline in the estimated CA gap is due to a lower estimated CA norm, which reflects lower hydrocarbon net exports for 2024, as well as higher expected medium-term GDP growth (as new hydrocarbon projects and economic diversification are now expected to partly offset decline in production from existing facilities). In addition, while the estimated CA deficit worsened from 2023 to 2024, the estimated adjusted CA did not deteriorate to the same extent. The CA gap mainly reflects a negative unexplained residual component interpreted as reduced weak competitiveness relative to the rest of the world. Therefore, closing the CA gap mainly requires structural reforms that improve Equatorial Guinea's competitiveness and fiscal adjustment. The assessment is done with the latest estimated 2024 BOP data.

Real Exchange Rate

Background. In 2024, the Real Effective Exchange Rate (REER) exhibited a notable appreciation of 1.1 percent, marking a significant increase compared to the -6.5 percent depreciation seen in 2022, and a moderate decrease compared to 1.9 percent in 2023, despite the slight decline in terms of trade. In 2025, the real exchange rate (CFAF/USD) is assessed at 605.12, marking a decrease compared to the 625.99 observed in 2024. **Assessment.** The real effective exchange rate is assessed as overvalued in 2024. This result is derived from the estimated EBA-Lite CA gap using a trade semi-elasticity of -0.3 that suggests a REER gap (REER overvaluation) of 13.7 percent, which is lower than the 21.2 estimated overvaluation in 2023. Eliminating the estimated REER overvaluation requires structural reforms that improve competitiveness and fiscal adjustment in the medium-term. The EBA-lite REER model estimates a lower REER overvaluation of 4.5 percent.

Capital and Financial Accounts: Flows and Policy Measures

Background. The Equatorial Guinea's capital and financial accounts are dominated by direct and portfolio investment. Foreign direct investment (FDI) fell from 10.1 percent of GDP in 2022 to -0.6 percent of GDP in 2023 primarily due to reduced reinvestment of earnings on direct investment. ESS data compilation weaknesses may affect the assessment of the capital and financial accounts. Authorities are receiving Fund TA from Afritac Central aiming at addressing these issues. For 2023 (the latest year with balance-of-payments data), data is currently under revision.

Assessment. It is anticipated that FDI inflows into the hydrocarbon sector will diminish over the coming decade due to the depletion of hydrocarbon resources and the potential decline in oil and gas prices. This anticipated reversal of capital flows poses a significant risk of sudden outflows. Additionally, with successive CA deficits projected, the expected decrease in FDI highlights an emerging structural external financing need. However, proactive structural reforms aimed at boosting non-hydrocarbon GDP and facilitating significant economic diversification are expected to attract FDI inflows into non-hydrocarbon sectors starting from 2026, restoring a positive financial account in the medium term (estimated at 3.8 percent of GDP in 2030).

FX Intervention and Reserves Level

Background. Equatorial Guinea was the major contributor to the pool of reserves in 2022 due to the temporary energy resource boom. However, it has reversed course in 2023. According to the principle of solidarity, CEMAC members have full access to the common pool of reserves to meet their needs, irrespective of their contributions and their current position. In 2024, the country's imputed gross reserves at BEAC stood at 3.5 months of imports and are projected to continue deteriorating in the medium-term. In 2025, gross reserves are projected at 2.8 months of imports.

Assessment. A reserve coverage of five months of imports is assessed as adequate for CEMAC, as a resource-rich monetary union that is vulnerable to volatile commodity prices, as indicated in the latest regional staff report (March 2025). The CEMAC region ended 2023 with a reserve coverage of 4.3 months

of imports and an estimate for 2024 of 4.2 months of imports, both below the adequate level for a resource-rich monetary union of 5 months. Under the region's recommitment to the convergence criteria and reversal of fiscal slippages, reserves are expected to recover. Equatorial Guinea's imputed gross reserves in 2024 are lower than the adequate level. The projected trajectory of Equatorial Guinea's imputed gross reserves in the medium-term places the country increasingly distant from the CEMAC reserve coverage criteria and therefore requires close consultation with authorities and monitoring. It is important to implement the scheduled fiscal consolidation, as planned.

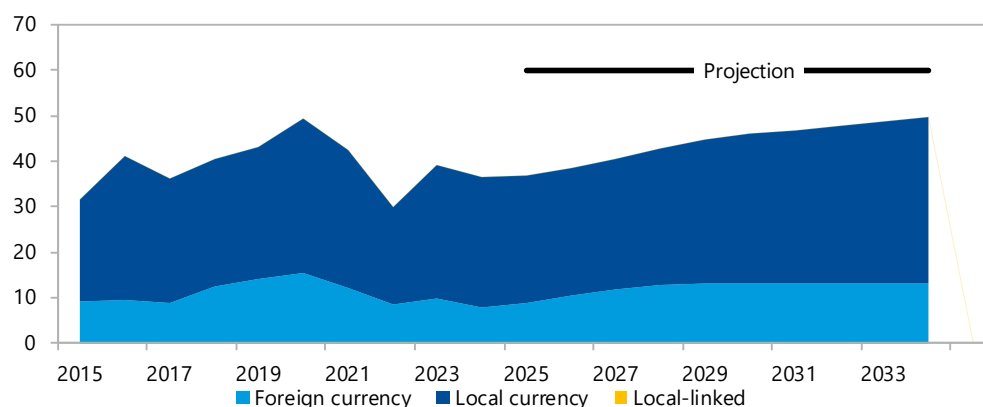
Annex VI. Application of the Sovereign Risk and Debt Sustainability Framework

Table 1. Equatorial Guinea: Risk of Sovereign Stress

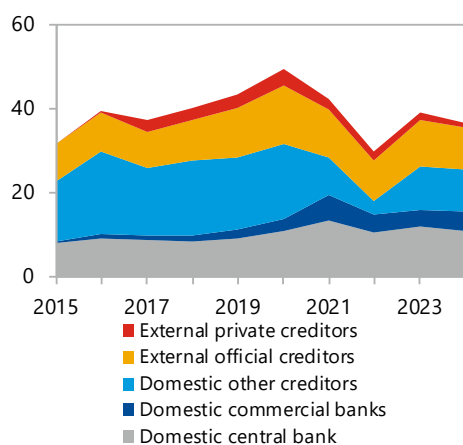
| Horizon | Mechanical signal | Final assessment | Comments |
|---|---|---|---|
| Overall | ... | High | The overall risk of sovereign stress is high, reflecting substantial medium-term vulnerabilities and some long-term vulnerabilities due to diminishing resource revenues, low domestic revenue, and weak GDP growth. |
| Near term 1/ | | | |
| Medium term | High | High | The medium-term risk of sovereign stress is high. GFNs are financeable due to low average GFNs in the baseline. However, historical volatility implies a wide range of possible debt trajectories and a substantial probability of debt non-stabilization. Risks to the debt and GFN outlook stemming from a banking crisis are assessed as high. |
| Fanchart | High | ... | |
| GFN | Moderate | ... | |
| Stress test | Bank. Crisis Comm. Prices | ... | |
| Long term | ... | Moderate | Long-term risks are assessed as moderate. The need for sustained adjustment while hydrocarbon revenues are falling is mitigated by ongoing investment to slow the decline in hydrocarbon production and the authorities' commitment to a debt anchor of 50 percent of GDP. |
| Sustainability assessment 2/ | Not required for surveillance countries | Not required for surveillance countries | Not applicable. |
| Debt stabilization in the baseline | | | No |
| DSA Summary Assessment | | | |
| <p>The overall risk of sovereign stress is assessed as high under baseline policies, compared to a moderate assessment in the previous DSA. Lower assumed deposit use raises the terminal debt level relative to that of the previous DSA. The risk of sovereign stress is mitigated by a financial asset buffer of around 18 percent of GDP, which the authorities do not intend to use the medium term. Declining hydrocarbon revenues are expected to raise debt levels in the medium term until gradually offset by fiscal adjustment. The authorities are targeting a debt anchor of 50 percent of GDP, which will require sustained fiscal adjustment, including over 2026-2030. Outstanding domestic arrears are being repaid under a new clearance strategy over 10 years.</p> | | | |
| <p>Source: Fund staff.</p> <p>Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.</p> <p>1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.</p> <p>2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high</p> | | | |

Table 2. Equatorial Guinea: Debt Coverage and Disclosures

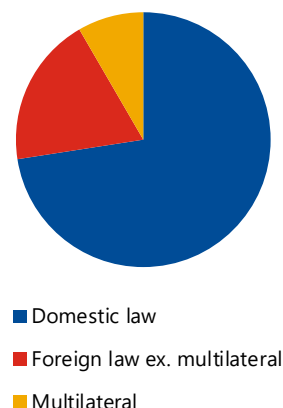
| Table 2: Quarterly General Debt Coverage and Disclosures | | | | | | | | | | Comments | | | | | |
|---|------|--------------|----|--------|-------------------------------------|----------------------|---------------------|-----------------------|-------------|---------------------|--------------------|-------------------------|----------------------|-----------------|--|
| 1. Debt coverage in the DSA: 1/ | | | | | | | | | | CG | GG | NFPS | CPS | Other | |
| 1a. If central government, are non-central government entities insignificant? | | | | | | | | | | Yes | | | | | |
| 2. Subsectors included in the chosen coverage in (1) above: | | | | | | | | | | | | | | | |
| Subsectors captured in the baseline | | | | | | | | | | Inclusion | | | | | |
| CPS | NFPS | GG: expected | CG | 1 | Budgetary central government | | | | | Yes | | | | | |
| | | | | 2 | Extra budgetary funds (EBFs) | | | | | No | | | | | |
| | | | | 3 | Social security funds (SSFs) | | | | | No | | | | | |
| | | | | 4 | State governments | | | | | No | | | | | |
| | | | | 5 | Local governments | | | | | No | | | | | |
| | | | | 6 | Public nonfinancial corporations | | | | | No | | | | | |
| | | | | 7 | Central bank | | | | | No | | | | | |
| | | | | 8 | Other public financial corporations | | | | | No | | | | | |
| 3. Instrument coverage: | | | | | | | | | | Currency & deposits | Loans | Debt securities | Oth acct. payable 2/ | IPSGSs 3/ | |
| 4. Accounting principles: | | | | | | | | | | Basis of recording | | Valuation of debt stock | | | |
| | | | | | | | | | | Non-cash basis 4/ | Cash basis | Nominal value 5/ | Face value 6/ | Market value 7/ | |
| 5. Debt consolidation across sectors: | | | | | | | | | | Consolidated | | Non-consolidated | | | |
| Color code: chosen coverage Missing from recommended coverage Not applicable | | | | | | | | | | | | | | | |
| Reporting on Intra-Government Debt Holdings | | | | | | | | | | | | | | | |
| | | | | Issuer | Holder | Budget. central govt | Extra-budget. funds | Social security funds | State govt. | Local govt. | Nonfin. pub. corp. | Central bank | Oth. pub. fin corp | Total | |
| CPS | NFPS | GG: expected | CG | 1 | Budget. central govt | | | | | | | | | 0 | |
| | | | | 2 | Extra-budget. funds | | | | | | | | | 0 | |
| | | | | 3 | Social security funds | | | | | | | | | 0 | |
| | | | | 4 | State govt. | | | | | | | | | 0 | |
| | | | | 5 | Local govt. | | | | | | | | | 0 | |
| | | | | 6 | Nonfin pub. corp. | | | | | | | | | 0 | |
| | | | | 7 | Central bank | | | | | | | | | 0 | |
| | | | | 8 | Oth. pub. fin. corp | | | | | | | | | 0 | |
| Total | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector. | | | | | | | | | | | | | | | |
| 2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable. | | | | | | | | | | | | | | | |
| 3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities. | | | | | | | | | | | | | | | |
| 4/ Includes accrual recording, commitment basis, due for payment, etc. | | | | | | | | | | | | | | | |
| 5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes). | | | | | | | | | | | | | | | |
| 6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity. | | | | | | | | | | | | | | | |
| 7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values. | | | | | | | | | | | | | | | |
| Commentary: The coverage in this SRDSF is for central government. Extra-budgetary funds and social security funds are not included as they are not applicable. | | | | | | | | | | | | | | | |

Table 3. Equatorial Guinea: Public Debt Structure Indicators
Debt by Currency (Percent of GDP)


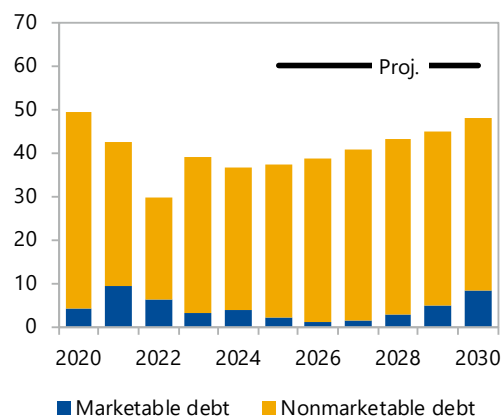
Note: The perimeter shown is central government.

Public Debt by Holder (Percent of GDP)


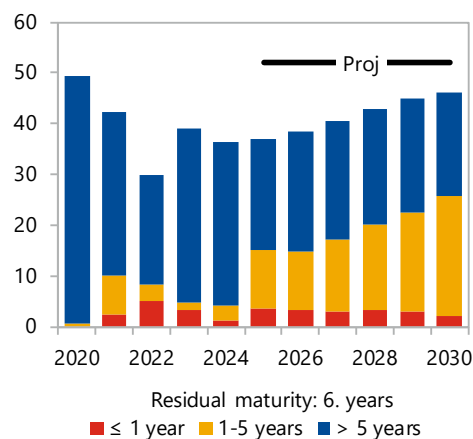
Note: The perimeter shown is general government.

Public Debt by Governing Law, 2024 (percent)


Note: The perimeter shown is general government.

Debt by Instruments (Percent of GDP)


Note: The perimeter shown is general government.

Public Debt by Maturity (Percent of GDP)


Note: The perimeter shown is general government.

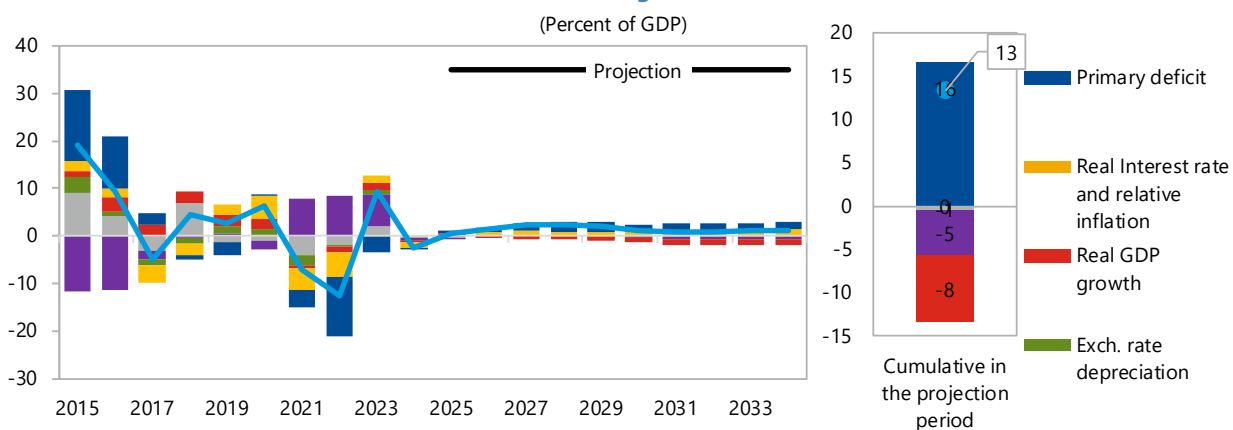
Commentary: Public debt has long maturities although nonmarketable debt forms the bulk of public debt. The majority of debt is held by domestic creditors and governed by domestic law.

Table 4. Equatorial Guinea: Baseline Scenario

(Percent of GDP unless indicated otherwise)

| | Actual | Medium-term projection | | | | | | Extended projection | | | |
|---|--------|------------------------|------|------|------|------|------|---------------------|------|------|------|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
| Public debt | 36.4 | 37.0 | 38.4 | 40.6 | 42.9 | 44.8 | 46.0 | 46.8 | 47.8 | 48.8 | 49.8 |
| Change in public debt | -2.6 | 0.6 | 1.4 | 2.2 | 2.3 | 1.9 | 1.2 | 0.9 | 0.9 | 1.0 | 1.0 |
| Contribution of identified flows | -2.4 | 0.9 | 1.3 | 2.1 | 2.2 | 2.0 | 1.3 | 0.9 | 1.0 | 1.1 | 1.1 |
| Primary deficit | -0.3 | 0.4 | 0.9 | 1.7 | 2.1 | 2.2 | 1.7 | 1.6 | 1.6 | 1.5 | 1.5 |
| Noninterest revenues | 17.7 | 17.7 | 16.6 | 15.7 | 15.2 | 14.8 | 14.6 | 14.5 | 14.4 | 14.3 | 14.3 |
| Noninterest expenditures | 17.4 | 18.0 | 17.4 | 17.4 | 17.2 | 16.9 | 16.2 | 16.1 | 15.9 | 15.9 | 15.8 |
| Automatic debt dynamics | -1.3 | 0.6 | 0.5 | 0.5 | 0.3 | -0.1 | -0.2 | 0.1 | 0.1 | 0.2 | 0.2 |
| Real interest rate and relative inflation | -0.9 | 0.0 | 0.7 | 0.9 | 0.8 | 0.8 | 0.7 | 1.1 | 1.1 | 1.3 | 1.4 |
| Real interest rate | -1.0 | 0.0 | 0.8 | 1.0 | 0.9 | 0.7 | 0.6 | 1.0 | 1.1 | 1.2 | 1.3 |
| Relative inflation | 0.0 | 0.0 | -0.1 | -0.1 | -0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Real growth rate | -0.3 | 0.6 | -0.2 | -0.4 | -0.6 | -0.9 | -0.9 | -1.0 | -1.0 | -1.1 | -1.1 |
| Real exchange rate | 0.0 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Other identified flows | -0.8 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.7 | -0.7 | -0.7 | -0.6 |
| Contingent liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (minus) Interest Revenues | -0.3 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 |
| Other transactions | -0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | -0.6 | -0.6 | -0.6 | -0.5 |
| Contribution of residual | -0.3 | -0.3 | 0.1 | 0.1 | 0.1 | -0.1 | -0.2 | -0.1 | -0.1 | -0.1 | -0.1 |
| Gross financing needs | 3.0 | 6.4 | 5.9 | 6.8 | 7.9 | 9.1 | 9.2 | 10.0 | 10.8 | 11.7 | 12.5 |
| of which: debt service | 3.6 | 6.2 | 5.1 | 5.2 | 5.9 | 7.0 | 7.7 | 8.5 | 9.3 | 10.3 | 11.1 |
| Local currency | 2.2 | 4.7 | 3.6 | 3.5 | 3.9 | 4.6 | 4.9 | 5.7 | 6.6 | 7.5 | 8.3 |
| Foreign currency | 1.3 | 1.5 | 1.5 | 1.7 | 2.0 | 2.4 | 2.7 | 2.8 | 2.6 | 2.8 | 2.9 |
| Memo: | | | | | | | | | | | |
| Real GDP growth (percent) | 0.9 | -1.6 | 0.5 | 1.1 | 1.4 | 2.0 | 2.1 | 2.3 | 2.2 | 2.3 | 2.4 |
| Inflation (GDP deflator; percent) | 2.5 | 3.0 | 1.0 | 0.8 | 1.6 | 2.4 | 3.2 | 2.5 | 2.6 | 2.5 | 2.5 |
| Nominal GDP growth (percent) | 3.4 | 1.4 | 1.4 | 1.9 | 3.0 | 4.5 | 5.4 | 4.8 | 4.9 | 4.9 | 4.9 |
| Effective interest rate (percent) | 0.0 | 3.0 | 3.2 | 3.5 | 3.9 | 4.2 | 4.5 | 4.7 | 4.9 | 5.1 | 5.3 |

Contribution to Change in Public Debt



Commentary: Public debt levels are expected to rise over the medium term, approaching the debt anchor of 50 percent of GDP more gradually after 2030 as the authorities draw down on their sizeable stock of deposits. This increase would be driven by falling hydrocarbon revenues and partially offset by reduced expenditures and higher domestic revenue.

Table 5. Equatorial Guinea: Medium-Term Risk Assessment

| Table 3: Equatorial Guinea: Medium-Term Risk Assessment | | | Value | Contrib 1/ | Percentile in peer group 2/ |
|---|--|--|-----------------|------------|-----------------------------|
| Final Fanchart (Percent of GDP) | | | | | |
| | | | | | |
| Debt fanchart module | | | | | |
| Fanchart width (percent of GDP) | | | 137.4 | 2.0 | |
| Probability of debt non-stabilization (percent) | | | 95.3 | 0.8 | |
| Terminal debt-to-GDP x institutions index | | | 44.4 | 1.0 | |
| Debt fanchart index (DFI) | | | 3.8 | | |
| Risk signal: 3/ | | | High | | |
| Gross Financing Needs (Percent of GDP) | | | | | |
| | | | | | |
| Gross financing needs (GFN) module | | | | | |
| Average baseline GFN (percent of GDP) | | | 7.5 | 2.6 | |
| Initial Banks' claims on the gen. govt (pct bank assets) | | | 19.9 | 6.4 | |
| Chg. In banks' claims in stress (pct banks' assets) | | | 17.0 | 5.7 | |
| GFN financeability index (GFI) | | | 14.7 | | |
| Risk signal: 4/ | | | Moderate | | |
| Triggered stress tests (stress tests not activated in gray) | | | | | |
| | | | | | |
| Medium-Term Index (Index Number) | | | | | |
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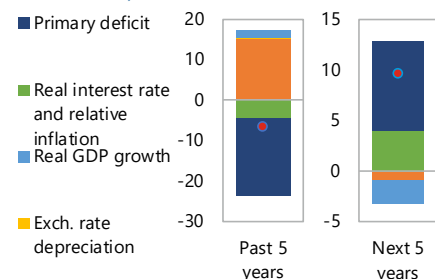
Table 6. Equatorial Guinea: Realism of Baseline Assumptions

| Forecast Track Record 1/ | | | | Comparator Group: | |
|----------------------------|-----------|-----|-----|-------------------|--|
| Public debt to GDP | | t+1 | t+3 | t+5 | Emerging Markets, Commodity Exporter, Surveillance |
| Primary deficit | | | | | |
| r - g | | | | | |
| Exchange rate depreciation | | | | | |
| SFA | | | | | |
| | real-time | t+3 | t+5 | | |
| Color Code: | | | | | |
| Optimistic | | | | | |
| Pessimistic | | | | | |

Historical Output Gap Revisions 2/

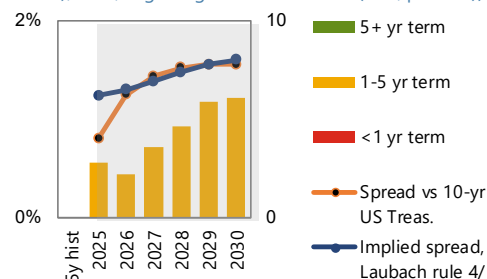
Public Debt Creating Flows

(Percent of GDP)



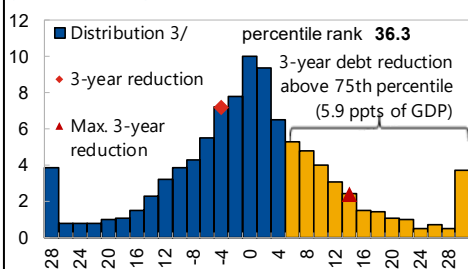
Bond Issuances (Bars, debt issuances (RHS,

%GDP); lines, avg marginal interest rates (LHS, percent)



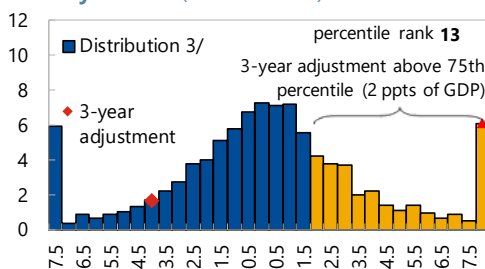
3-Year Debt Reduction

(Percent of GDP)



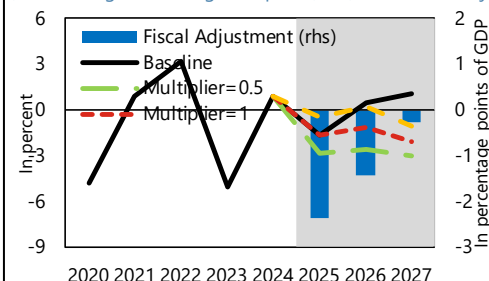
3-Year Adjustment in Cyclically-Adjusted

Primary Balance (Percent of GDP)

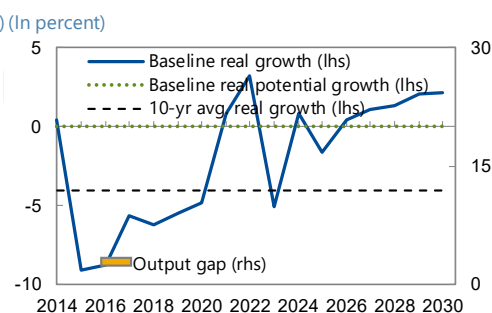


Fiscal Adjustment and Possible Growth Paths

(Lines, real growth using multiplier (LHS); bars, fiscal adj. (RHS)) (In percent)



Real GDP Growth



Commentary: Realism analysis does not suggest the projections are optimistic. The projected 3-year debt reduction is close to the median, and the projected 3-year adjustment in the primary balance is in the lowest quartile of the distribution due to declining hydrocarbon revenue.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates

3/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

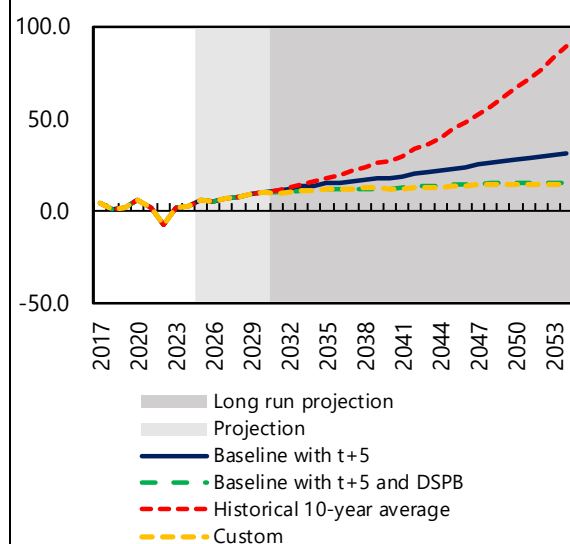
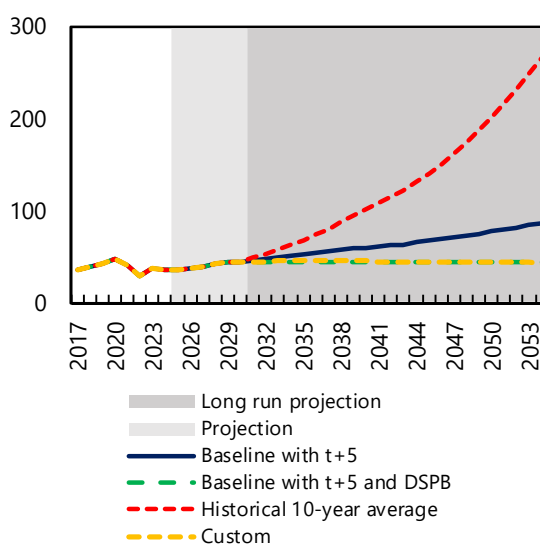
Table 7. Equatorial Guinea: Triggered Modules

| | | | |
|----------------------------|----------|----------------------------|--------------------------|
| Large amortizations | Pensions | Climate change: Adaptation | Natural Resources |
| | Health | Climate change: Mitigation | |

Table 8. Equatorial Guinea: Long-Term Risk Assessment: Large Amortization

| Projection | Variable | Risk Indication |
|---|---------------------------|-----------------|
| Medium-term extrapolation | GFN-to-GDP ratio | |
| | Amortization-to-GDP ratio | |
| | Amortization | |
| Medium-term extrapolation with debt stabilizing primary balance | GFN-to-GDP ratio | |
| | Amortization-to-GDP ratio | |
| | Amortization | |
| Historical average assumptions | GFN-to-GDP ratio | |
| | Amortization-to-GDP ratio | |
| | Amortization | |
| Overall Risk Indication | | |

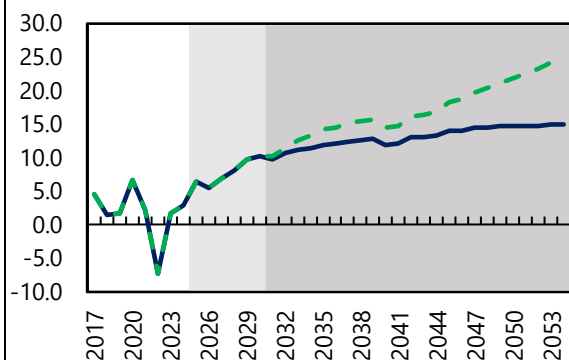
| Variable | 2030 | 2034 to 2038 average | Custom Scenario |
|------------------------------|-------|----------------------|-----------------|
| Real GDP growth | 2.1% | 2.3% | 2.1% |
| Primary Balance-to-GDP ratio | -1.7% | -1.5% | -0.1% |
| Real depreciation | -3.1% | -2.4% | -2.6% |
| Inflation (GDP deflator) | 3.2% | 2.5% | 2.6% |

GFN-to-GDP Ratio**Total Public Debt-to-GDP Ratio**

Commentary: There are high risks of large amortizations. Debt would stabilize around the anchor of 50 percent if the debt-stabilizing primary balance is achieved in the long-term through sustained gradual adjustment. Without adjustment, debt would follow an explosive path in the long term.

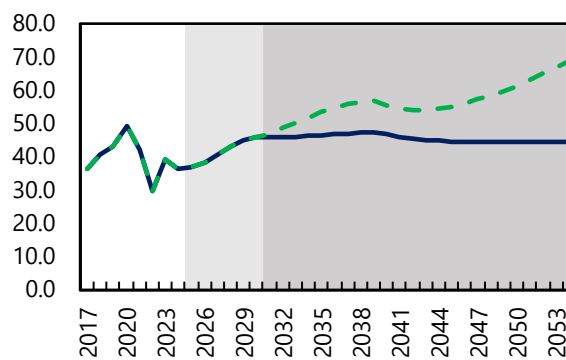
Table 9. Equatorial Guinea: Natural Resources

GFN-to-GDP Ratio



— Baseline: Custom — Natural Resources

Total Public Debt-to-GDP Ratio



— Baseline: Custom — Natural Resources

Commentary: Equatorial Guinea is making investments to slow the decline in hydrocarbon output in the medium term. However, if these investments produce no new exploitable resources beyond 2030 or if the authorities choose not to exploit new resources, this could lead to substantially higher GFNs and debt levels in the long term.

Appendix I. Letter of Intent

Malabo, June 26, 2025

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington D.C. 20431

Dear Ms. Georgieva:

In the attached update of the Memorandum of Economic and Financial Policies (MEFP) of June 27, 2024, we confirm our commitment to the policies, reforms, and objectives of our economic program, which we have been implementing in the context of the Staff Monitored Program (SMP). We also describe the progress made since the approval of the SMP and the other policy steps we are striving to take to achieve our goals.

Our program implementation has been solid. We met all but two the end of June and December 2024 quantitative and indicative targets. The unmet indicative target of June 2024 on the ceiling on commercial banks' net credit to the central government was promptly corrected by the end December 2024. The quantitative target for the ceiling on BEAC's net credit to the government was not met as of December 2024 due to the transfer of a portion of government deposits to commercial banks in search of a higher return and therefore does not indicate higher net central bank financing of the government. While we are not planning any further such moves, we will ensure to consult the IMF on potential transfers in the future to ensure consistency with program conditionality.

Six structural benchmarks (SBs) have been met, and the measures for two other SBs have been completed with minor delays. We needed additional time to complete the end-2023 audit of a systemic public bank and to prepare a comprehensive national AML/CFT strategy. We have not completed the SB related to the publication of asset declarations of senior officials because we have not been able to reach a political consensus in support of this reform.

We remain firmly committed to improving governance and transparency in Equatorial Guinea. Therefore, we are requesting an extension of the SMP until June 30, 2026, with two additional reviews with test dates of end- June and December 2025. This additional time will allow us to complete a key new measure to improve transparency in the hydrocarbon sector, as well as new commitments on other important structural reforms. Consistent with the sound policies outlined in this letter and in the MEFP, and considering our performance under the program, we also request the completion of the first and second SMP reviews. The proposed quantitative and indicative program targets are described in Table 1 of the MEFP and the attached Technical Memorandum of Understanding (TMU). Table 2 of the MEFP describes the proposed SBs that cover reform areas critical to strengthening macroeconomic performance and addressing major structural challenges on our path to economic diversification.

If necessary, the Government stands ready to take any additional necessary measures and will consult the IMF on the adoption of such measures prior to revising the policies contained in the

MEFP, in accordance with the IMF's policies on such consultation. We are committed to working closely with IMF staff to ensure the success of the program, and we will provide the IMF with information on the implementation of the agreed measures and program implementation, as described in the attached TMU.

In keeping with our commitment to transparency, we agree to the publication of this letter, the attached MEFP, the relevant IMF staff report, and the debt sustainability analysis.

Kind regards

/s/

Iván BACALE EBE MOLINA

Minister of Finance, Planning and Economic Development

Attachment I. Memorandum of Economic and Financial Policies

RECENT DEVELOPMENTS AND ECONOMIC OUTLOOK

1. 2024 showed a moderate economic expansion after the contraction in 2023.

2024 registered an annual growth of 0.9 percent after a contraction of 5.1 percent in 2023. This positive performance is the result of moderate expansion in the hydrocarbon and non-hydrocarbon sectors of 0.4 percent and 1.3 percent, respectively. The growth of the economy and the reduction in public spending made it possible to achieve a primary deficit of 17.0 percent of non-hydrocarbon GDP in 2024, representing a considerable fiscal consolidation compared to the result of the primary deficit of 22.3 percent in 2023. At the same time, we estimate a reduction in the current account deficit in 2024 to 3.2 percent of GDP (3.5 percent of GDP in 2023) in response to fiscal consolidation in that year. Despite international challenges, including high international food prices, we have managed to keep inflation under control, with consumer prices rising by 3.4 percent in 2024.

2. Based on available data, growth is expected to be negative in 2025. This year, we estimate a contraction of the economy of -1.6 percent compared to 2024. The result comes largely from an estimated contraction in the hydrocarbon sector of -6.4 percent, which is partially offset by the expansion in the non-hydrocarbon sector of 2.3 percent. The inflation rate for April 2025 reached 3.5 percent due to increases in the prices of food and beverages, and we expect it to remain at the same level through the end of the year. Despite an acceleration in the national price level in April, core inflation—excluding food and fuel—remained at 3 percent. We estimate that the non-hydrocarbon primary balance reached a level of -4.0 percent of non-hydrocarbon GDP during the first quarter of 2025, in line with the operational target of -17.4 percent for the year.

3. Projections indicate that our macroeconomic situation will remain challenging in the medium term. The persistent decline in hydrocarbon production will intensify pressure on the fiscal and external accounts and will affect our ability to support inclusive growth. Fundamental changes in the economy, as well as investment in human capital, are needed to reduce dependence on hydrocarbons through robust growth of the non-hydrocarbon sector led by the private sector. We recognize that achieving these objectives will require additional substantial policy efforts and commitment to the reform agenda.

I. PROGRAM IMPLEMENTATION

4. We have achieved almost all the quantitative program targets measured until December 2024. In that regard, we met the five quantitative targets (QTs) and two of the three indicative targets (ITs) as of end- June 2024. We were unable to meet the IT for commercial banks' net credit to the central government by June 2024, but we took immediate action to reach that target by December 2024. As of December 2024, we met four of the five quantitative targets and the three indicative targets. We were unable to meet the QT corresponding to the Central Bank's net credit to the central government in December 2024, solely due to the movement of central government deposits to commercial banks in search for higher returns. It should be emphasized that our prudent spending policy on public investment and on goods and services enabled us to meet

the objective of the central government non-hydrocarbon primary balance, which is the main operational target to achieve medium-term debt sustainability.

5. We are also moving forward with the implementation of the agreed structural benchmarks. We met six of the ten SBs according to the planned schedule (Table 2) and completed two SBs with a moderate delay.

- We are committed to greater transparency in the hydrocarbon sector. Therefore, we published on a government website the licenses and contracts in the extractive sector (**SB met by the end of July 2024**).
- Our interest is to eventually reduce suboptimal and regressive expenditures, such as widespread fuel subsidies, and redirect public spending towards vulnerable populations. We therefore developed policy options to phase out fuel subsidies (**SB met by the end of July 2024**).
- We are also working to increase fiscal transparency. For this reason, we published on a government website the audit of the expenses related to the recovery after the accident in the city of Bata (**SB met by the end of August 2024**).
- We continue our efforts to improve public debt management and support private sector development. To that end, we developed a comprehensive, time-bound plan to regularize domestic arrears (**SB met by the end of August 2024**).
- We want to ensure the health and stability of our financial system. In this regard, we hired an independent international firm that audited the accounts of the systemic public bank as of the end of 2023 and shared with IMF staff the final report (**SB not met by end of July 2024, completed with delay in August 2024**).
- We are committed to improved efficiency in fiscal management. For this reason, we extended the implementation of the ASYCUDA customs collection system to the city of Bata (**SB met by the end of December 2024**).
- We are fully committed to the ongoing fiscal adjustment needed to ensure fiscal and debt sustainability in the context of declining hydrocarbon revenues. For this reason, we presented to Parliament a 2025 budget consistent with the SMP objectives (**SB met by the end of December 2024**).
- We also understand the importance of improving financial transparency and promoting the AML/CFT agenda. Building on the recent report of the Anti-Money Laundering Action Task Force (GABAC) and with technical assistance from the Fund, the National Financial Investigation Agency (ANIF) prepared and published on a government website a comprehensive national AML/CFT strategy following international best practices to increase understanding of the key risks related to money laundering and the financing of terrorism in Equatorial Guinea and addressing these risks (**SB not met, completed with delay in April 2025**).
- We are committed to improving governance and reducing corruption, which is why we designed a program that emphasizes transparency in the public sector. We have succeeded

in adopting a new regulation governing the operations of the anti-corruption commission. However, this regulation is not consistent with the objective of publishing asset declarations, and therefore it is not consistent with the Fund's previous technical assistance advice from 2022 (**SB not met by end-September 2024**). The commission will oversee compiling the asset declarations, but without publishing them due to lack of national consensus for this step (**SB not met by the end of March 2025**).

II. OBJECTIVES OF THE GOVERNMENT AND MACROECONOMIC PROGRAM

6. We are fully committed to a reform program to help our country adapt to the structural decline in hydrocarbon production. In the context of the SMP, the government has identified several short-term priority measures to strengthen macroeconomic stability and sustainability, supporting growth and sustainable poverty reduction. The measures focus on the following areas: (i) ensuring fiscal sustainability; (ii) restoring the soundness of the banking sector; (iii) promoting nonhydrocarbon growth and improving social outcomes. These policies mark the launch of a medium-term economic reform agenda.

A. Fiscal policy

7. This year, we will maintain our commitment to fiscal discipline, in line with the approved 2025 budget. Full implementation of the budgetary objectives will allow us to achieve a non-hydrocarbon primary balance, our operating target, of -17.4 percent of non-hydrocarbon GDP (**proposed quantitative target**). This primary deficit target is linked to an ambitious non-hydrocarbon revenue target (**proposed quantitative target**). To support the primary balance target, we have implemented measures to protect spending savings in various budget categories such as goods, services, and capital.

8. We reiterate our commitment to reduce costly and inefficient fuel subsidies to avoid maintaining an excessive fiscal burden. In a first stage, we will raise fuel prices by 150 CFA per liter to begin reducing fuel subsidies (**proposed SB, end of September 2025**), except for kerosene due to its impact on the most vulnerable communities. To protect the vulnerable from the negative impact of a reduction in fuel subsidies, it is important to avoid increases in the public transportation fares. To ensure this, we will compensate public transportation operators with lower fees and taxes. We estimate that the net impact of reducing subsidies will represent savings of CFAF 15 billion in 2025 (approximately 0.3 percent of non-hydrocarbon GDP).

9. We have implemented the first phase of the plan to clear domestic arrears on government debt contracted through 2019. Our goal is to repay around CFAF 50 billion every year over a ten-year period. Given the importance of outstanding debts for small businesses, we have been paying all debts of less than CFAF 1 billion in the first year of the plan. In addition, considering the importance of settling debts to improve the soundness of the financial system, we will prioritize the payment of arrears related to bank loans, projecting their settlement within the first

years of the plan. So far, we have paid CFAF 48 billion under the plan. In addition, we remain committed to continuing to achieve a zero net accumulation of domestic arrears (**indicative target**) under the SMP.

10. Over the medium term, our fiscal policy trajectory will be consistent with a debt anchor of 50 percent of GDP and restoring external balance. Despite our relatively low debt, we recognize the upward pressure on the debt trajectory caused by the structural decline in hydrocarbon revenues. To compensate, our objective is to adjust the non-hydrocarbon primary balance by 1.1 percentage points of non-hydrocarbon GDP in 2026 and to continue adjusting in the medium term. This adjustment will be based on a gradual but persistent mobilization of revenues, as well as a progressive rationalization of spending on capital, goods and services. As the next step in our effort to further consolidate our fiscal position, we will submit to Parliament a 2026 budget consistent with program objectives (**proposed SB, end of December 2025**).

B. Structural Fiscal Reforms

11. We continue implementing a comprehensive program of structural reforms to support fiscal policy and reduce dependence on hydrocarbon revenues.

- *Expenditure.* Our objective is to ensure the execution of expenditure within the budget and to avoid the accumulation of arrears. To achieve this objective, we plan to follow the priority recommendations identified by the IMF's recent Public Finance Management (PFM) diagnostic mission. As a first step, we are already using the Debt Management and Analysis System (DMFAS) as the main source of debt data. The next step is the preparation of a budget execution manual for the Ministry of Finance, Planning and Economic Development with IMF technical assistance (**proposed SB, end of December 2025**). Beyond the SMP, we plan to: (i) improve macro-fiscal forecasts through a committee that brings together the main government units to evaluate macroeconomic and budgetary issues; (ii) adopt the use of the IMF Fiscal Analysis of Resource Industries (FARI) cash flow model; (iii) improve budget management by ensuring that more expenditures (including capital expenditures) are included in the integrated public financial management system currently already in use (CONTFIN), and by integrating budget and accounting software into that system; and (iv) continue the process of implementing the Treasury Single Account.
- *Revenue.* We approved the new General Tax Law, which responds to the need for a reform of the legal framework for taxation that integrates efficient management mechanisms, guarantees good governance, transparency, and accountability, while increasing non-oil hydrocarbon revenues, and fostering a fiscal culture. We hope that this new legal framework for taxation, supported by better digitalization and modernization of tax management processes, will also attract foreign investment. We are currently working on the development and approval of implementing regulation for the law by the end of 2025. We will be receiving technical assistance from a tax expert hired by the African Development Bank, who will support the implementation of the tax law, the management of arrears, and the collection from large taxpayers. In the medium term, we will continue to promote more efficient collection and increase the number of private companies registered with the tax administration. With UNCTAD's technical support, we

will install ASYCUDA in the main customs locations of the country. In support of customs collection and in line with the IMF's technical assistance guidelines in this area, we will approve a new organizational structure for customs administration (**proposed SB, end of September 2025**).

- *Social spending:* We have published the results of the 2024 household survey. It helps us to better understand the dimensions of poverty and supports the gradual establishment of social safety nets. We will be able to use it to update our single social registry, which will allow us to better design social benefits, such as possible cash transfers. By the end of 2025, we will promulgate the Social Protection Law currently under discussion in Parliament (**proposed SB, end of December 2025**), creating a legal framework for the gradual implementation of social policies. We have managed to meet the target for the floor on social spending as part of the program (**indicative target**) and we plan to continue meeting it satisfactorily during the rest of the SMP. We are prioritizing the construction of integral educational centers in urban and peri-urban areas with high population density. We have a proposal on free secondary education, and we encourage school attendance through the elimination of fees for all students to travel on public school buses (**proposed SB, end of September 2025**). We have made progress with the implementation of the National Health Development Plan, the objective of which is to achieve universal health coverage. In 2025 we plan: (i) the development of a universal insurance coverage system; (ii) the strengthening of three major hospitals in Malabo and Bata; (iii) the introduction of an out-of-hospital emergency facility; and (iv) the launch of the second Demographic and Health Survey.

C. Addressing Financial Sector Vulnerabilities

12. We have taken key steps to address outstanding issues in the financial sector.

The implementation of our arrears' clearance plan will mean that payments of arrears related to banks' non-performing loans are made directly to banks over the coming years. This will allow banks to eliminate provisions for non-performing loans and improve their solvency. It will restore the capital position of two private banks that are currently undercapitalized below regulatory capital requirements. To guarantee this, we will obtain COBAC's approval for the government domestic arrears clearance plan (**proposed SB, end of September 2025**). Prioritizing repayments to banks will also provide them with additional liquidity. Therefore, banks will be able to lend substantially more to the real economy, support private sector growth and our diversification efforts.

13. The systemic public bank has been recapitalized in accordance with the requirements and standards of the regional financial sector regulator, COBAC, according to the annual audit of the 2023 financial statements. The bank turned a profit in 2024 and will continue to pursue a recovery management strategy that will aim to deliver continued positive results: (i) strict cost control, (ii) lending to the private sector at market interest rates, (iii) broadening of the customer base. With the continued increase in medium-term earnings, coupled with the decision not to distribute dividends, the bank's regulatory capital will continue to grow. In addition, the high-level committee we created to recover the non-performing loan portfolio of the bank we acquired continues to operate and we expect its recoveries to further increase the bank's capital. In the future,

we are planning to find a strategic partner for the bank. In 2025, we hired an international audit firm to prepare a market valuation of the bank to serve as the basis for our effort.

14. In the medium term, we will continue our efforts towards a better capitalized and robust banking sector, as well as to implement the national financial inclusion strategy. To initiate implementation of the national financial inclusion strategy, we will accelerate work toward expanding the supply of readily accessible digital banking services for all the population. In addition, to boost private sector growth, we will also take active steps to support access to credit for small and medium-sized enterprises, such as incentivizing microcredit, creating state-backed guarantee funds, or introducing a set of modern digital tools for the registering of land, guarantees, and credit.

D. Improving governance and transparency

15. We are firmly implementing upcoming program reforms to further enhance governance and transparency. Following the approval of the implementing decrees for the Anti-Corruption Commission and the asset declaration regime, we have begun hiring and training staff for the Commission. Our focus in terms of governance and transparency turns to flows from the hydrocarbon sector. Understanding that the need for greater transparency in the collection of fiscal revenues from hydrocarbons favors governance and fiscal responsibility, we will begin publishing an annual report on transparency in the hydrocarbons sector. The report will detail production information and audited payments between the government and extractive companies in the hydrocarbon industry, following the standards related to EITI requirements 3 and 4, and an independent reconciliation of flows between the government and said companies¹ (**proposed SB, end of April 2026**).

16. Beyond the SMP, we will continue our medium-term efforts to address the governance and transparency issues identified in the 2019 governance diagnostic. We will develop a new medium-term, time-bound plan to guide the implementation of our governance agenda based on the findings of the governance diagnostic. The new plan will carefully select and sequence priorities for medium-term reforms, taking into account our implementation capacity. We will focus on reforms in the areas of:

- Strengthening fiscal governance: expansion of the scope of CONTFIN, implementation of the Treasury Single Account, adoption of a medium-term fiscal framework, and full implementation of ASYCUDA.
- Strengthening the rule of law: progressive online publication of our laws.

¹ The report will be comparable to those produced by EITI members. It will include data on production and exports, following the standards related to EITI requirement 3 (information related to exploration and production to understand the potential of the sector) and requirement 4 (comprehensive disclosure of company payments and government revenues from extractive industries). The information in the report will follow the standards related to requirement 4.9, whereby government and company disclosures under requirement 4 need to be subject to credible, independent audit, applying international auditing standards. The report will also present the findings of an independent international consultant firm regarding the reconciliation of financial data on all material revenues and payments disclosed by the government and companies, following the ISRS 4400 methodology.

- Improving the regulatory framework: automation of various government services.
- Implementing the AML/CFT strategy.

E. Structural reforms to stimulate growth outside the hydrocarbon sector

17. Our goal of economic diversification recognizes the importance of improving the business climate and nascent industries to ensure sustainable growth. With a view to developing a comprehensive diversification strategy, we are continuing to work on a diagnostic of the economy that will enable us to identify priority areas and create a sequential action plan. Our recent initiatives revolve around the development of several projects to support the agricultural sector given its great export potential. We are currently working to identify financing for ongoing agricultural sector projects, including product certification, prior to its implementation. In terms of the regulatory framework, we are committed to the prompt approval of the procurement law (*Ley de Contratacion Publica*). And, given the importance of export diversification, we continue working towards Equatorial Guinea's accession to the World Trade Organization.

F. Statistics

18. We recognize the importance of improving statistics to better understand the situation and developments in the economy. In 2024, we received two technical assistance visits from IMF staff for improving the external sector statistics prepared by the BEAC. In parallel, we have held joint dialogue between INEGE and BEAC regarding the statistical and methodological discrepancies in the external sector generated in the preparation of the Balance of Payments and National Accounts. In response to this dialogue, INEGE will compile external trade statistics following the BPM6 methodology (**proposed SB, end of April 2026**) with technical assistance from the IMF. The aim of this measure is to facilitate comparison between the statistics generated by both institutions and to promote statistical transparency. With technical assistance from the IMF, during this year, we will also continue to make progress on statistical improvements in the national accounts, the rebasing, and the quarterly accounts.

G. Capacity building

19. We reiterate our commitment to capacity building (CD) in support of the economic agenda and the strengthening of national institutions. We will continue to work closely with the IMF and other international partners in CD areas. We will continue to discuss with the IMF team our CD needs in order to carry out the reform agenda in a timely manner within the SMP framework, as well as to decide on reform priorities in the years ahead. We believe that such collaborations will strengthen our institutional framework and our capacity to develop and implement macroeconomic policies.

III. MONITORING OF THE PROGRAM

20. The authorities request a program extension for an additional 12 months until June 30, 2026, which will continue to be subject to semi-annual reviews. The extension of the program

entails the addition of two reviews—at the end of June and December 2025. The extension will make it possible to achieve the finalization of measures of transparency, fiscal responsibility, statistical improvement and social redistribution. Reviews will be monitored through quantitative targets, indicative targets, and structural benchmarks. These components are summarized in Tables 1 and 2. The third review would conclude –based on a test date of end-June 2025– by the end of November 2025, and the fourth –based on a test date of end-December 2025– by the end of May 2026. To facilitate the monitoring of the program, the Government will provide detailed information and data as specified in the Technical Memorandum of Understanding (TMU). The TMU also includes agreed-upon reporting definitions and procedures.

21. To ensure that the program achieves its objectives, the government reiterates its commitment to consult regularly with IMF technical staff on its implementation. With the support of the Ministry of Finance, the government will continue to monitor the SMP on a monthly basis and will stand ready to report to IMF staff on any significant developments in the program as well as any new policy decisions that may have an impact on the program.

(Billions of CFA Francs, cumulative for each fiscal year, unless otherwise indicated)

| | End-June 2024 | | | | End-Sept. 2024 | | | | End-Dec. 2024 | | | | Proposed end-June 2025 | Proposed end-Dec. 2025 |
|---|---------------|-------------------|--------|---------|----------------|----------------|--------|---------|---------------|-------------------|--------|---------|------------------------------|------------------------------|
| | QT/IT | Adjusted QT/IT | Actual | Status | IT | Adjusted IT | Actual | Status | QT/IT | Adjusted QT/IT | Actual | Status | QT/IT | QT/IT |
| A. Quantitative targets (QTs) | | | | | | | | | | | | | | |
| Floor on non-hydrocarbon revenue of the Central Government (CG) ¹ | 89 | 89 | 122 | Met | 134 | 134 | 198 | Met | 224 | 224 | 263 | Met | 105 | 259 |
| Floor on non-hydrocarbon primary balance of the CG ¹ | -651 | -562 | -509 | Met | -921 | -772 | -670 | Met | -1,084 | -914 | -907 | Met | -591 | -985 |
| Ceiling on external debt arrears accumulation by the CG ² | 0 | 0 | 0 | Met | 0 | 0 | 0 | Met | 0 | 0 | 0 | Met | 0 | 0 |
| Ceiling on contracting and guaranteeing new external debt by the CG | 177 | 177 | 0 | Met | 177 | 177 | 4 | Met | 177 | 177 | 4 | Met | 219 | 219 |
| Ceiling on net BEAC credit to the CG | 69 | 246 | 219 | Met | 69 | 242 | 303 | Not Met | 69 | 242 | 284 | Not Met | 173 | 173 |
| B. Indicative targets (IT) | | | | | | | | | | | | | | |
| Ceiling on net accumulation of domestic arrears by the CG | 0 | 0 | -9 | Met | 0 | 0 | -18 | Met | 0 | 0 | -27 | Met | 0 | 0 |
| Ceiling on net commercial bank credit to the CG | -134 | -22 | -10 | Not Met | -134 | -47 | 93 | Not Met | -134 | -7 | -13 | Met | 124 | 124 |
| Floor on social spending | 53 | 53 | 66 | Met | 79 | 79 | 103 | Met | 132 | 132 | 141 | Met | 60 | 149 |
| <div>Sources: Equatorial Guinea authorities; and IMF staff estimates and projections.</div> <div>¹This quantitative target will apply cumulatively.</div> <div>²This quantitative target will apply continuously.</div> | | | | | | | | | | | | | | |

Table 2. Equatorial Guinea: Structural Benchmarks Under the SMP

| Measure | Purpose | Target Date | Status |
|--|--|-----------------|---|
| <i>Governance, Anticorruption and AML/CFT</i> | | | |
| ❑ Publish on a governmental website the licenses and contracts in the extractive sector. | Increase transparency and public accountability. | End-July 2024 | Met |
| ❑ Publish on a governmental website the audit of Bata related expenditures. | Increase transparency and public accountability. | End-August 2024 | Met |
| ❑ Develop a comprehensive and time-bound plan to clear domestic arrears. | Support the government in its financial soundness and debt management strategy geared towards medium-term growth sustainability. | End-August 2024 | Met |
| ❑ Adopt the implementing regulation for the functioning of the Anti-Corruption Commission, consistent with past Fund TA advice from 2022 | Enhance the regulatory framework | End-Sept. 2024 | Not Met |
| ❑ Deploy ASYCUDA in Bata | Improve fiscal governance and revenue administration | End-Dec. 2024 | Met |
| ❑ Prepare and publish on a governmental website a comprehensive AML/CFT national strategy in line with international best practices that enhances the understanding of key money laundering and terrorism financing risks in Equatorial Guinea and addresses them. | Fight corruption and improve AML/CFT. | End-Dec. 2024 | Not Met (completed with a delay on April 11th, 2025). |
| ❑ The Anti-Corruption Commission begins publishing asset declarations collected from senior public officials on a publicly accessible website pursuant to the anticorruption law, if needed with human and technological support from the Ministry of Finance and Budget. | Increase transparency and public accountability. | End-March, 2025 | Not Met |
| ❑ Begin publishing an annual report detailing production information and audited payments between the government and extractive companies in the hydrocarbon industry following the standards related to EITI reporting requirements 3 and 4 and an independent reconciliation of the flows between the government and said companies. | Fight corruption and improve transparency in the hydrocarbon sector. | End-April 2026 | Proposed |

Table 2. Equatorial Guinea: Structural Benchmarks Under the SMP (continued)

| Measure | Purpose | Target Date | Status |
|---|---------------------------------|----------------|--|
| <i>Fiscal Policy and Administrative Measures</i> | | | |
| □ Develop policy options for phasing out fuel subsidies that evaluate and mitigate the impact on the population and especially the vulnerable. | Ensure fiscal sustainability | End-July 2024 | Met |
| ▣ Submit to Parliament a 2025 budget consistent with program objectives. | Ensure fiscal sustainability | End-Dec. 2024 | Met |
| ▣ Eliminate fees for all students to travel on public school buses. | Improve Social Safety net | End-Sept 2025 | Proposed |
| ▣ Approve a new organizational structure for Customs administration. | Improve revenue administration | End-Sept 2025 | Proposed |
| ▣ Raise fuel prices by 150 CFAF per liter to begin reducing fuel subsidies. | Ensure fiscal sustainability | End-Sept 2025 | Proposed |
| ▣ Submit to Parliament a 2026 budget consistent with program objectives. | Ensure fiscal sustainability | End-Dec 2025 | Proposed |
| ▣ Promulgate the Social Protection Law currently under discussion in Parliament. | Reduce poverty and inequality | End-Dec 2025 | Proposed |
| ▣ Prepare with IMF technical assistance a budget execution manual for the Ministry of Finance, Planning and Economic Development. | Ensure fiscal sustainability | End-Dec 2025 | Proposed |
| <i>Financial Sector</i> | | | |
| ▣ Conduct an audit of the systemic public bank's accounts as of December 31, 2023 by an international auditing firm whose report will be shared with the IMF. | Ensure financial soundness | End-July 2024 | Not Met. (Completed with delay in August 2024) |
| ▣ Obtain COBAC's approval for the government domestic arrears clearance plan. | Ensure financial soundness | End-Sept 2025 | Proposed |
| <i>Statistical Development</i> | | | |
| ▣ INEGE will compile external trade statistics following the BPM6 methodology. | Improvement national statistics | End-April 2026 | Proposed |

Attachment II. Technical Memorandum of Understanding

1. This Technical Memorandum of Understanding (TMU) describes the concepts, definitions, and procedures for reporting the data referred to in the Memorandum on Economic and Financial Policies (MEFP) for the period of the agreement under the Staff Monitored Program (SMP). More specifically, it describes: (a) reporting procedures; (b) definitions and calculation methods; (c) quantitative and indicative targets (QTs and ITs); (d) adjustors for quantitative and indicative targets; (e) structural benchmarks; and (f) other commitments undertaken under the MEFP.

2. Within the framework of this program, all foreign exchange assets, liabilities, and flows will be valued on the basis of the "program exchange rates" defined below, with the exception of items that affect the government's fiscal balances, which will be valued at the current exchange rate. The program's exchange rates are those in effect as March 28th, 2024, namely:

CFAF 606.75 to USD 1;

CFAF 655.96 to EUR 1;

CFAF 83.96 to CNY 1;

CFAF 481.07 to GBP 1; and

CFAF 802.99 to SDR 1.

3. Program exchange rates for any currency not mentioned above will be computed based on the official rates used by the IMF for March 28th, 2024.¹

I. REPORTING TO THE INTERNATIONAL MONETARY FUND

4. Data on all the variables subject to quantitative targets shall be transmitted periodically to the International Monetary Fund (IMF) in accordance with the timetable shown in Annex 1. Any updates shall also be promptly reported (within one week). In addition, the authorities shall consult with IMF staff if they obtain new information or data that are not specifically defined in this TMU but are relevant for monitoring or measuring performance against program objectives.

II. QUANTITATIVE TARGETS: DEFINITION OF VARIABLES

5. Unless otherwise indicated, the term **government** shall refer to the central government of the Republic of Equatorial Guinea, which includes all executive bodies, institutional units, and any structure receiving special purpose public funds and whose scope and functions are

¹ Published here: [Exchange Rate Report Wizard \(imf.org\)](https://www.imf.org/ExchangeRateReportWizard)

included in central government as defined in the *2001 Government Finance Statistics Manual (GFSM 2001)*, paragraphs 2.48-2.50.

6. The fiscal year begins on January 1 of each calendar year and ends on December 31 of the same year.

7. The **quantitative targets** listed below are broken down in Table 1 of the MEFP. Unless otherwise indicated, all the quantitative objectives shall be measured cumulatively from the start of the calendar year to which they apply. The quantitative objectives and the details of their assessment are listed below:

A. Cumulative Floor for Central Government Non-Hydrocarbon Revenue

8. **Definition.** Non-hydrocarbon revenue is defined as total government revenue (as defined in *GFSM 2001*, Chapter 5, recorded on a cash basis), and less revenue from hydrocarbons.

9. **Hydrocarbon revenue** is defined as the sum of hydrocarbon tax and hydrocarbon nontax revenue. Hydrocarbon non-tax revenue is defined as the sum of royalties on gross production; premiums or fees for surface rights; transfer and sales taxes charged on capital gains not invested in Equatorial Guinea; discovery, production, and marketing bonuses; income from export duties; net equity income from oil and gas; income from shareholders' interests and other income flows paid by oil and gas companies; excluding indirect and special taxes (for example, the gasoline tax).

10. The authorities shall notify the IMF staff if changes in the fiscal regime for hydrocarbon production leads to fluctuations in revenue flows. Hydrocarbon revenues are recorded on a cash basis.

11. **Reporting.** The data shall be reported to the IMF no later than 75 days after the assessment date.

B. Cumulative Floor for Central Government Non-Hydrocarbon Primary Balance

12. **Definition.** The **non-hydrocarbon primary balance** is defined as non-hydrocarbon revenue (not including income from interest on government assets), less non-hydrocarbon primary government expenditure.

13. **Non-hydrocarbon revenue** is defined as total government revenue (as defined in *GFSM 2001*, Chapter 5, recorded on a cash basis), and less revenue from hydrocarbons.

14. **Hydrocarbon revenue** is defined as the sum of hydrocarbon tax and hydrocarbon nontax revenue. Hydrocarbon non-tax revenue is defined as the sum of royalties on gross production; premiums or fees for surface rights; transfer and sales taxes charged on capital gains not invested in Equatorial Guinea; discovery, production, and marketing bonuses; income from export duties; net equity income from oil and gas; income from shareholders' interests and

other income flows paid by oil and gas companies; excluding indirect and special taxes (for example, the gasoline tax).

15. Non-hydrocarbon primary government expenditure is defined as the sum of total expenditure of Central Government less interest payments (on domestic and foreign debt) and hydrocarbon-related expenditures made by GEPetrol on behalf of the Government.

16. Total central government expenditure is the sum of personnel expenses, current expenditures in goods and services of the government, transfers and subsidies, interest payment (national and foreign) and capital expense or investment. All these expenses are registered on an accrual basis, unless otherwise indicated. The definition of all the accounts is the observed in GFSM 2001 (paragraphs 6.1-6.88).

17. Reporting. Data shall be sent to the IMF no later than 75 days after the assessment date.

C. Ceiling on Net BEAC Credit to the Central Government

18. Definition. Net BEAC credit to the government is defined as BEAC's gross lending to central government, less central government deposits at the BEAC as at the end of the reporting period.

19. Adjuster. The ceiling on net BEAC credit to the government shall be adjusted relative to the program target as follows:

- (a) Upwards by the shortfall, relative to adjusted program targets, in new external debt contracted or guaranteed by the central government.
- (b) Upwards by the shortfall, relative to unadjusted program targets, in net commercial bank credit to the central government.
- (c) Upwards by the excess in the payment of arrears relative to program projections (Table 1).

Table 1. Equatorial Guinea: Arrears Repayment
(Baseline Projection)

| Cumulative flows from the beginning of the fiscal year | (in CFAF billions) |
|--|--------------------|
| End-June 2025 | 26 |
| End-December 2025 | 52 |

20. Reporting. Data shall be reported to the IMF no later than 75 days after the assessment date.

D. Ceiling on New External Debt Contracted or Guaranteed by the Central Government

21. Definition. For the purposes of the relevant assessment targets, external debt is defined as debt borrowed or serviced in a currency other than the CFA franc. The debt expressed in foreign exchange shall be converted to CFA francs at the program exchange rate. The target measures debt disbursements.

22. For purposes of this memorandum, the term debt is defined as follows:² The term "**debt**" will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:

- (a) **Loans**, are the advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements).
- (b) **Suppliers' credits** are contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided.
- (c) **Leases**, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property. For program purposes, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.
- (d) Under the definition of debt set out above, penalties and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt give rise to debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

² For purposes of this program, the definition of debt is set out in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Executive Board Decision No. 15688-(14/107), adopted on December 5, 2014.

- 23. Reporting.** Data shall be reported to the IMF no later than 75 days after the assessment date.
- 24. Adjuster.** The ceiling on new external debt contracted or guaranteed by the central government should be adjusted upward by the shortfall in hydrocarbon revenues relative to program projections (Table 2).

| Table 2. Equatorial Guinea: Central Government Hydrocarbon Revenues (Baseline Projection) | |
|--|--------------------|
| Cumulative flows from the beginning of the fiscal year | (in CFAF billions) |
| End-June 2025 | 562 |
| End-December 2025 | 1,124 |

E. Ceiling on the Accumulation of External Debt Arrears by the Central Government

- 25. Definition.** External arrears are defined as any external debt obligation (as defined in paragraph 22) that is not paid on the terms specified in the contract or legal document establishing the debt. Arrears on external debt payments are defined as the difference between the amount owed under the contract or legal document and the amount actually paid after the due date specified in the contract or legal document in question.
- 26. Reporting.** Given that this performance measure is applied continuously, the authorities will report to IMF staff on any external payment arrears immediately when they arise.
- 27. Coverage.** This quantitative performance target covers external arrears resulting from debt contracted or guaranteed by the central government. The QT excludes arrears on external financial obligations of the government subject to debt rescheduling. **Monitoring.** This performance criterion is applied on a continuous basis.

III. INDICATIVE TARGETS: DEFINITION OF VARIABLES

F. Net Accumulation of Domestic Arrears by the Central Government

- 28. Definition.** Domestic arrears are defined as commitments owed to residents under contractual obligations, which are still unpaid 90 days after the due date. According to this definition, the due date refers to the deadline by which payment must be made under the applicable contract, bearing in mind contractual grace periods. Domestic arrears of the central government include direct arrears on central government debt, including to suppliers, recurring payments, and capital expenditure. The definition does not include changes in domestic arrears that may arise from the ongoing audit review.
- 29. Reporting.** Data shall be reported to the IMF no later than 75 days after the assessment date.

G. Ceiling on Net Commercial Bank Credit to the Central Government

30. **Definition.** Net commercial bank credit to the central government is defined as the change in the government's net position vis-a-vis the subregional (CEMAC) banking system since the end of the previous year, plus the net issuances of bonds (i.e., issuances minus amortizations) during the current year in the sub-regional market (CEMAC). The ceiling on net domestic financing is not applicable to new agreements on domestic debt restructuring and securitization of domestic arrears.
31. **Reporting.** Data shall be reported to the IMF no later than 75 days after the assessment date.
32. **Adjuster.** The ceiling on net commercial bank credit to the central government shall be adjusted upward, relative to adjusted program targets, by the shortfall in net BEAC credit to the central government.

H. Floor for Social Spending by the Central Government

33. **Definition.** For the SMP purposes, the floor for social spending includes current expenditures in education, health, social protection, and water and sanitation. Current expenditures include: (i) funding, maintenance and rehabilitation in education, health, social protection, and water and sanitation; (ii) technical assistance in education and sanitation; (iii) wage bill for education and sanitation; (iv) social sector institutional projects; (v) goods and services purchases; (vi) subsidies and transfers to social sectors; (vii) other subsidies. The definition excludes scholarships and incentives for tertiary education.

IV. INFORMATION REQUIREMENTS

34. To facilitate the monitoring of program implementation, the government of Equatorial Guinea will prepare and send by email to the IMF data for the items that are shown in table 5 within 75 days after the end of the month.

Table 3. Equatorial Guinea: Reporting to the International Monetary Fund

| Data | Provided by | Frequency and target date |
|---|--------------------------------------|--|
| I. Monetary Data | | |
| Monetary survey. | BEAC | Monthly, within 45 days from the end of the month. |
| II. Fiscal Data | | |
| BEAC loans to central government. | BEAC | Monthly, within 45 days from the end of the month. |
| Government deposits at the BEAC. | BEAC | Monthly, within 45 days from the end of the month. |
| Central government position with commercial banks: (i) loans to central government and (ii) deposits by central government. | BEAC | Monthly, within 45 days from the end of the month. |
| Other sources of financing not specified above (including INSESO, bonds, Treasury notes and bills issued in CFAF). | Ministry of Finance and Budget (MFB) | Monthly, within 75 days from the end of the month. |
| Foreign deposits by the central government, by type of foreign currency and bank. | MFB | Monthly, within 75 days from the end of the month. |
| External financing: detailed information on disbursements, amortization, interest, exceptional financing, zero coupon bonds, and accumulation of arrears. | MFB | Monthly, within 75 days from the end of the month. |
| Acquisition of financial interests in hydrocarbons sector projects. | MFEP | Monthly, within 75 days from the end of the month. |
| Central government budget execution, broken down by category (revenues, current and capital expenditures). | MFB | Quarterly, within 75 days from the end of the month. |
| Breakdown of tax revenue by type of tax | MFB | Quarterly, within 75 days from the end of the month. |
| Total income, broken down by category. | MFB | Quarterly, within 75 days from the end of the month. |
| Income from hydrocarbons, broken down by type (tax or nontax). | MFB | Quarterly, within 75 days from the end of the month. |
| Social spending (broken down by program, capital expenditure, and current expenditure). | MFB | Quarterly, within 75 days from the end of the month. |
| Subsidies and transfers broken down by category. | MFB | Quarterly, within 75 days from the end of the month. |

Table 3. Equatorial Guinea: Reporting to the International Monetary Fund (concluded)

| Data | Provided by | Frequency and target date |
|---|--------------------|---|
| III. Domestic Debt | | |
| Stock of domestic debt by category. | MFB | Monthly, within 45 days from the end of the month. |
| Disbursements, bond issuances and services of domestic debt (interest and principal) by category. | MFB | Monthly, within 45 days from the end of the month. |
| Stock of domestic arrears (including arrears on interest payments). | MFB | Quarterly, within 75 days from the end of the quarter |
| IV. External Debt | | |
| Stock of external debt. Include values for each type of foreign currency and the exchange rates used. | MFB | Monthly, within 45 days from the end of the month. |
| Loan-by-loan accounting of all new loans contracted or guaranteed by the public sector, including detailed information on amounts, currency, and conditions, and the relevant supporting documents. | MFB | Monthly, within 45 days from the end of the month. |
| Accounting of arrears on the external debt by creditor (if any), with detailed explanations. | MFB | Monthly, within 45 days from the end of the month. |
| V. External Sector Data | | |
| Provisional balance of payments statistics. | BEAC | Annually, within three months from the end of the year. |
| Oil and gas exports (values, volumes, and prices) broken down by product and oilfield. | MMH | Monthly, within 45 days from the end of the month. |
| VI. Real Sector Data | | |
| Provisional national accounts (from the supply side and the expense side). | INEGE | Annually, within three months from the end of the year. |
| Consumer price index. | INEGE | Monthly, within 45 days from the end of the month. |



REPUBLIC OF EQUATORIAL GUINEA

June 26, 2025

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION AND FIRST AND SECOND REVIEWS UNDER THE STAFF- MONITORED PROGRAM—INFORMATIONAL ANNEX

Prepared By

The African Department (in consultation with other
departments)

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FUND RELATIONS

As of May 31, 2025

Membership Status: Joined: December 22, 1969

General Resources Account:

| | SDR Million | %Quota |
|---|-------------|--------|
| <u>Quota</u> | 157.50 | 100.00 |
| <u>IMF's Holdings of Currency (Holdings Rate)</u> | 212.41 | 134.86 |
| <u>Reserve Tranche Position</u> | 4.94 | 3.14 |

SDR Department:

| | SDR Million | %Allocation |
|----------------------------------|-------------|-------------|
| <u>Net cumulative allocation</u> | 182.25 | 100.00 |
| <u>Holdings</u> | 20.86 | 11.44 |

Outstanding Purchases and Loans:

| | SDR Million | %Quota |
|------------------------------------|-------------|--------|
| Emergency Assistance ^{1/} | 35.44 | 22.50 |
| Extended Arrangements | 24.41 | 15.50 |

^{1/} Emergency Assistance may include ENDA, EPCA, and RFI.

Latest Financial Commitments:

Arrangements:

| <u>Type</u> | <u>Date of Arrangement</u> | <u>Expiration Date</u> | <u>Amount Approved (SDR Million)</u> | <u>Amount Drawn (SDR Million)</u> |
|-------------------|----------------------------|------------------------|--------------------------------------|-----------------------------------|
| EFF | Dec 18, 2019 | Dec 17, 2022 | 205.01 | 29.29 |
| ECF ^{1/} | Feb 2, 1993 | Feb 2, 1996 | 12.88 | 4.60 |
| SAF | Dec 7, 1988 | Dec 6, 1991 | 12.88 | 9.20 |

^{1/} Formerly PRGF

Outright Loans:

| <u>Type</u> | <u>Date of Commitment</u> | <u>Date Drawn/Expired</u> | <u>Amount Approved (SDR Million)</u> | <u>Amount Drawn (SDR Million)</u> |
|-------------------|---------------------------|---------------------------|--------------------------------------|-----------------------------------|
| RFI ^{1/} | Sep 15, 2021 | Sep 17, 2021 | 47.25 | 47.25 |

^{1/} Undrawn outright disbursements (RFI and RCF) expire automatically 60 days following the date of commitment, i.e., Board approval date.

VI. Overdue Obligations and Projected Payments to Fund^{1/}
(SDR Million; based on existing use of resources and present holdings of SDRs)

| | 2025 | 2026 | <u>Forthcoming</u> 2027 | 2028 | 2029 |
|------------------|-------|-------|----------------------------|-------|------|
| Principal | 22.60 | 22.60 | 4.88 | 4.88 | 4.88 |
| Charges/Interest | 3.38 | 5.92 | 5.33 | 5.15 | 4.97 |
| Total | 25.98 | 28.52 | 10.21 | 10.03 | 9.86 |

^{1/} Based on existing use of SDRs.

Implementation of HIPC Initiative: Not Applicable

Implementation of Multilateral Debt Relief Initiative (MDRI): Not Applicable

Implementation of Catastrophe Containment and Relief (CCR): Not Applicable

As of February 4, 2015, the Post-Catastrophe Debt Relief Trust has been transformed to the Catastrophe Containment and Relief (CCR) Trust.

Safeguards Assessment. Implementation of safeguards recommendations from the 2022 BEAC assessment and a follow-up monitoring mission in 2023 has been limited. Recommendations included the need to strengthen internal audit and risk management practices as well as governance arrangements, including onboarding of new members of senior management and the Board, and enhancing the delegation framework for executive management's decision-making. Staff is continuing to follow up on these issues.

Exchange Arrangements: Equatorial Guinea participates in the CAMU and has no separate legal tender. The regional currency issued with the CEMAC is the CFA franc, which has been pegged to the euro at the rate of CFAF 655.957 per euro, since the euro was introduced in 1999. The exchange rate arrangement of the CAMU is a conventional peg. Equatorial Guinea has accepted the obligations under Article VIII, Sections 2(a), 3 and 4 of the IMF's Articles of Agreement and maintains an exchange system free of multiple currency practices and restrictions on the making of payments and transfers for current international transactions.

Article IV Consultations: Equatorial Guinea is on the standard 12-month Article IV consultation cycle. The last Article IV consultation with Equatorial Guinea was concluded by the Executive Board on January 12, 2024.

TECHNICAL ASSISTANCE

Equatorial Guinea has received technical assistance from AFRITAC and the IMF. TA focused on tax reform, revenue mobilization, financial sector, and public financial management (PFM).

2025

| | |
|----------|--|
| February | AFRITAC mission on customs |
| March | AFRITAC mission on macro fiscal frameworks |
| March | FAD mission on tax policy |
| April | AFRITAC mission on debt management |
| May | STA mission on GFS |
| June | AFRITAC mission on national accounts |
| June | ICD scoping mission |

2024

| | |
|-----------|---|
| December | STA mission on balance of payments |
| November | STA mission on GFS and PSDS |
| November | AFRITAC mission on national accounts |
| November | AFRITAC mission on Public Investment Management programming and budgeting |
| November | LEG desk-based review |
| September | FAD mission on PFM |
| August | AFRITAC mission on PFM |
| July | STA mission on national accounts |
| April | STA mission on balance of payments |
| March | FAD desk-based review |
| February | AFRITAC mission on GFS |
| February | AFRITAC mission on national accounts |
| January | AFRITAC mission on PFM |
| January | STA mission on balance of payments |

2023

| | |
|----------|--|
| December | FAD mission on public investment budgeting |
| August | FAD mission on macro fiscal frameworks and 3-year convergence programs |
| June | STA mission on general government data compilation |
| May | STA mission on national accounts |
| April | MCM mission on strengthening government securities issuance |
| March | AFRITAC mission on implementing CEMAC directives |
| March | CP participation in HQ mission on FARI and oil fiscal regimes |

2022

| | |
|-------|---|
| May | STA mission on balance of payments |
| April | AFRITAC mission on GFS and PSDS |
| April | AFRITAC mission on implementing CEMAC directives. |

2021

| | |
|-----------|--|
| September | AFRITAC training on GFS and PSDS |
| September | LEG desk-based review FY21 |
| August | AFRITAC mission on real sector and national accounts |
| March | STA mission on external sector statistics |
| March | AFRITAC mission on GFS |

2020

| | |
|----------|--|
| June | AFRITAC mission on national accounts |
| June | FAD mission on revenue administration FY 2021 |
| May | MCM mission on remote debt management |
| February | LEG mission on legislative drafting on anti-corruption law |

2019

| | |
|-----------|---|
| October | FAD mission on assessment of revenue administration |
| October | MCM mission on debt management diagnostic |
| September | STA mission on external sector statistics |
| July | AFRITAC mission on national accounts |
| July | AFRITAC mission on GFS — implementation of the TOFE directive |
| April | FAD mission on capital expenditure budgeting |
| February | STA mission on external sector statistics |
| January | STA mission on data dissemination standards |

2018

| | |
|---------|------------------------|
| October | AFRITAC mission on GFS |
|---------|------------------------|

Resident Representative: The post of IMF Resident Representative in Malabo was established in 2019 and is currently operational.

RELATIONS WITH OTHER IFIs

The World Bank work program can be found on the following website:

<http://www.worldbank.org/en/country/equatorialguinea>

The African Development Bank work program can be found on the following website:

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**Statement by Mr. Regis O. N'Sonde, Executive Director for Republic of Equatorial Guinea and
Mr. Ondo Bile Eustaquiano Ndong, Senior Advisor to the Executive Director**

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Our Equatoguinean authorities would like to express their gratitude to IMF Management and Executive Board for the Fund's support to Equatorial Guinea. They also extend their appreciation to staff for the candid policy advice and fruitful discussions held with them in Malabo and Washington, DC in October 2024 on the SMP and in Malabo again in June 2025 in the context of the 2025 Article IV consultation and SMP review. Consistent with their firm commitment to transparency, the authorities have consented to the publication of their letter of intent and staff reports. The authorities broadly share the staff's appraisal and key policy priority advice.

Since the 2014 oil price crisis, Equatorial Guinea (EG) continues to confront the challenge of the depleting hydrocarbon production and volatile oil prices. Subsequent to June 2024, the authorities have implemented a 12-month Staff Monitored Program (SMP) to help establish a track record of policy and reform implementation that would pave the way for a potential Upper Credit Tranche (UCT) IMF arrangement to support the reform agenda.

The authorities have achieved strong performance under the SMP including on governance and transparency reforms albeit not consenting to one specific measure—namely publishing officials' asset declarations—out of concern for evenhandedness and based on unfortunate experience in 2022. They remain strongly committed to strengthening their reform agenda—building on the SMP performance—and to contributing to the success of the regional strategy of rebuilding CEMAC's reserves and enhancing the region's internal and external stability.

They are requesting an extension of the SMP, with the view to further strengthen their track record and pave the way towards a UCT-quality program. They count on the Executive Directors' support to achieve this important milestone.

I. Recent Economic Developments, Outlook and Risks

The Equatoguinean economy recovered in 2024. Growth reached 0.9 percent after contracting by 5.1 percent in 2023, driven by moderate expansion in the hydrocarbon and nonhydrocarbon sectors of 0.4 percent and 1.3 percent, respectively. The current account deficit in 2024 is estimated to have slightly declined to 3.2 percent of GDP, from 3.5 percent of GDP in 2023, on account of fiscal consolidation measures. Amid a challenging external environment marked by significant shocks and policy uncertainties, high international food prices greatly increased inflation to 3.4 percent in Equatorial Guinea, above the regional convergence criterion of 3 percent. Equatorial Guinea's contribution to BEAC reserves was negative in 2024, highlighting the need to restore its positive net financial assets at the central bank.

The Equatorial Guinea's fiscal position improved significantly in 2024 thanks to strong fiscal consolidation measures. The non-hydrocarbon primary deficit shrank by 5.3 percentage points of non-hydrocarbon GDP (NHGDP) to 17.0 percent in 2024, reflecting a fiscal adjustment substantially higher

than the 3.2 percentage points envisaged at the time of the SMP request. This performance was underpinned by higher domestic non-tax revenue collection and lower non-hydrocarbon capital expenditure. However, the overall balance turned slightly negative due to lower oil revenue and higher public investment to boost hydrocarbon production. The target related to the floor on social spending under the program was met.

The first phase of the plan to clear domestic arrears on government debt contracted through 2019 is being implemented. The objective is to repay around CFAF 50 billion every year over a ten-year period. Payment of arrears related to bank loans are prioritized in the first years of the plan to improve the soundness of the financial system and provide banks with additional liquidity to support economic activity and diversification efforts. All debts of less than CFAF 1 billion in the first year of the plan have been cleared. Going forward, the authorities will seek COBAC's approval for the domestic arrears' clearance plan. The authorities remain committed to achieving a zero net accumulation of domestic arrears under the SMP.

Important steps have been taken to address outstanding issues in the financial sector. The systemic public bank has been recapitalized following the annual audit of its 2023 financial statements. The bank turned a profit in 2024 and will continue to pursue a recovery management strategy. With the sustained increase in medium-term earnings, coupled with the decision not to distribute dividends, the bank's regulatory capital will continue to strengthen. The bank's capital is also expected to increase with the ongoing efforts to recover its non-performing loans. An international audit firm was appointed in 2025 to prepare a market valuation of the bank to serve as the basis for finding a strategic partner.

The structural reform agenda as well is advancing steadfastly. The authorities continued to implement a vast array of reforms to improve domestic revenue mobilization, public financial management, public debt management, transparency, governance and financial stability, consistent with past IMF TA recommendations. A new General Tax Law was approved in January 2025 that integrates efficient management mechanisms and guarantees good governance, transparency, and accountability, while increasing non-oil hydrocarbon revenues and fostering a strong fiscal culture.

Looking forward, the country's macroeconomic situation is projected to remain challenging in the near to medium term. Hydrocarbon production should contract further by 6.4 percent while nonhydrocarbon output is expected to grow by 2.3 percent. Inflation is anticipated to remain above 3 percent for the remainder of the year. The persistent decline in hydrocarbon production will intensify pressures on the fiscal and external accounts. Nonetheless, the authorities' determination to sustain fiscal adjustment efforts will keep public debt below 50 percent of GDP and eliminate BEAC reserve drain by 2029. The authorities are cognizant that fundamental changes in the economy, as well as investment in human capital, are needed to reduce dependence on hydrocarbons through a robust growth in the non-hydrocarbon sector led by the private sector. They recognize that achieving these objectives will require additional substantial policy efforts and commitment to the reform agenda.

The authorities share staff's risk assessment of the main downside risks while making their utmost efforts to contain them. Downside risks include faster depletion of hydrocarbon reserves or lower hydrocarbon prices, an intensification of regional conflicts and delays in the implementation of key reforms. The authorities stated commitment to fiscal consolidation and transformative reforms, building

on recent performance, are important risk mitigating factors. Moreover, there are non-trivial upside risks to the outlook, including discovery or new exploitation of hydrocarbon resources, faster adoption of new technologies, and stronger implementation of structural reforms.

II. Performance Under the SMP

Program implementation has been solid, including on the quantitative front. All but two of the end of June and December 2024 quantitative and indicative targets were met. The unmet indicative target of June 2024 on the ceiling on commercial banks' net credit to the central government was promptly corrected by end-December 2024. The quantitative target related to the ceiling on BEAC's net credit to the government was not met as of December 2024, due to the transfer of a portion of government deposits to commercial banks in search of a higher return but does not indicate higher net central bank financing of the government. Going forward, the authorities will continue to consult the IMF on potential transfers to ensure consistency with program conditionality. Moreover, as indicated earlier, the target on social spending has been met.

Regarding structural conditionality, eight of the ten benchmarks have been observed, albeit two with minor delays. Specifically: (i) licenses and contracts in the extractive sector were published on a government website to improve transparency in the hydrocarbon sector; (ii) policy options to phase out fuel subsidies were developed with a view to redirecting public spending towards vulnerable populations; (iii) the audit of the expenses related to the recovery after the accident in the city of Bata was published on a government website to increase fiscal transparency; (iv) a comprehensive, time-bound plan to regularize domestic arrears developed as part of the efforts to improve public debt management and support private sector development; (v) the accounts of the systemic public bank as of the end of 2023 were audited by an independent international firm and the final report of the audit was shared with IMF staff; (vi) The implementation of the ASYCUDA customs collection system was extended to the city of Bata; (vii) a 2025 budget consistent with the SMP objectives was presented to Parliament; (viii) building on the recent report of the regional Anti-Money Laundering Action Task Force (GABAC) and with technical assistance from the Fund, the National Financial Investigation Agency (ANIF) prepared and published on a government website a comprehensive national AML/CFT strategy.

Moreover, regarding governance and the fight against corruption, a new regulation governing the operations of the Anti-Corruption Commission was adopted, consistent with the authorities' commitment in this area. The commission will oversee compilation of asset declarations but will not publish them due to lack of national consensus on this step. It is worth recalling that the authorities followed through on their commitment to publication of asset declarations in 2022. However, undue details were published, which prompted political reactions. Public backlash forced the authorities to stop the publication and shut down the dedicated website to avoid social disruption. Since then, it has become extremely difficult to reach a political consensus on resuming the publication. Also, there have been concerns on evenhandedness. Nonetheless, the authorities remain committed to pursuing a firm governance and anti-corruption agenda, in accordance with political and social stability. Following the approval of the implementation decrees for the Anti-Corruption Commission and the asset declaration regime, work on hiring and training staff for the Commission has started.

III. Policies for the Remainder of 2025 and Beyond.

Going forward, the authorities will intensify fiscal consolidation efforts, address financial sector vulnerabilities in coordination with COBAC, improve governance through the implementation of their Good Governance and Anti-Corruption Action Plan, strengthen social outcomes, and promote stronger and more inclusive growth. Continued capacity development assistance from the Fund and other development partners will be critical to the success of the reform agenda.

Fiscal Policy

The authorities remain determined to pursue fiscal consolidation over the medium- term. The non-hydrocarbon primary balance is projected to reach -17.4 percent of non- hydrocarbon GDP in 2025, in line with the program objective. Over the medium term, the fiscal trajectory will be consistent with a debt anchor of 50 percent of GDP and restore external balance. In this vein, the fiscal program is to adjust the non-hydrocarbon primary balance by 1.1 percentage points of non-hydrocarbon GDP from 2026 onwards. This adjustment will be based on a gradual but persistent mobilization of domestic revenues, complemented with a progressive rationalization of spending on capital, goods and services. An important measure in the fiscal program will be effective through a gradual reduction in fuel subsidies starting in September 2025, except for kerosene, considering its impact on the most vulnerable population. To protect the vulnerable from the negative impact of a reduction in fuel subsidies, the public transportation fares will be frozen and public transportation operators will be commensurately compensated.

The authorities will continue implementing a comprehensive program of structural fiscal reforms to support their fiscal objectives while reducing dependence on hydrocarbon revenues. On the revenue side, the new tax law, supported by better digitalization and modernization of tax management processes, is expected to improve domestic revenue and attract foreign investment. With UNCTAD's technical support, ASYCUDA will be installed in the main customs locations of the country. In support of customs collection and in line with the IMF's technical assistance guidelines in this area, the authorities will approve a new organizational structure for customs administration. On the expenditure side, they will follow the priority recommendations identified by the IMF's recent public financial management (PFM) diagnostic mission, including the preparation of a budget execution manual by year-end.

The development of social safety nets remains a top priority in the reform agenda. The recently published results of the 2024 household survey will help update the single social registry and better design social benefits. The Social Protection Law, which provides a legal framework for the gradual implementation of social policies, is currently under discussion in Parliament and is expected to be adopted by end-2025. Progress made with the implementation of the National Health Development Plan, to achieve universal health coverage will be sustained in 2025 with notably the development of a universal insurance coverage system.

Financial Sector Policy

The authorities will continue efforts towards a better capitalized and robust banking sector, which supports a strong national financial inclusion strategy. At the outset of the national financial inclusion strategy, the authorities will accelerate work to expand the supply of readily accessible digital

banking services for all the population. In addition, to boost private sector growth, they will take active steps to support access to credit for small and medium-sized enterprises, such as incentivizing microcredit, creating state-backed guarantee funds, and introducing a set of modern digital tools for land registration, guarantees, and credit.

Governance and Transparency Reforms

The authorities are firmly committed to further improving governance and transparency. In view of political impasse regarding the publication of asset declarations, the authorities wish to advance on other fronts of the broad agenda. Among other actions, they propose to swiftly focus on transparency and governance in connection with the hydrocarbon sector flows. Since greater transparency in the collection of fiscal revenues from hydrocarbons promotes both governance and fiscal responsibility, the authorities will begin publishing an annual report on transparency in the hydrocarbon sector. The report will detail production information and audited payments between the government and extractive companies in the hydrocarbon industry, consistent with requirements under the Extractive Industries Transparency Initiative (EITI).

Beyond the SMP, the authorities will continue their medium-term efforts to address the governance and transparency issues identified in the 2019 Governance Diagnostic. They will develop a new medium-term, time-bound plan to guide the implementation of their governance agenda in line with the findings of the Diagnostic. The new plan will help to carefully select and sequence priorities for medium-term reforms, notably to strengthen fiscal governance, consistent with implementation capacity.

Growth-Supporting Structural Reforms

The authorities recognize the importance of improving the business climate and supporting nascent industries to sustain economic diversification and ensure sustainable growth. With a view to developing a comprehensive diversification strategy, they will proceed with working on a diagnostic of the economy that will enable identifying priority areas and create a sequential action plan. Their recent initiatives around the development of several projects to support the agricultural sector, given its great export potential, will be integrated into the country's development agenda. The authorities are currently working to identify financing sources for ongoing agricultural sector projects, including product certification, and quality human capital to manage the new certification plan they opened recently. Concerning the regulatory framework, the authorities intend to promptly approve the procurement law. In addition, considering the importance of export diversification, they will continue working for Equatorial Guinea's accession to the World Trade Organization.

IV. Conclusion

Our Equatoguinean authorities have demonstrated their willingness and capacity to implement sound policies and reforms, with the support of partners, notably IMF staff under the SMP which has allowed consistent implementation of measures, including those designed under the 2019 Extended Fund Facility (EFF). They reaffirm their unwavering commitment to policy changes and structural reforms, including in the areas of fiscal policy, social protection, financial sector policy, and governance and transparency. As a

small IMF member and one benefiting the least from its financial resources, Equatorial Guinea count on the Fund's trusted advisor position to support it with a forward-looking perspective. We would greatly appreciate the Executive Board's support for this member's reform agenda.