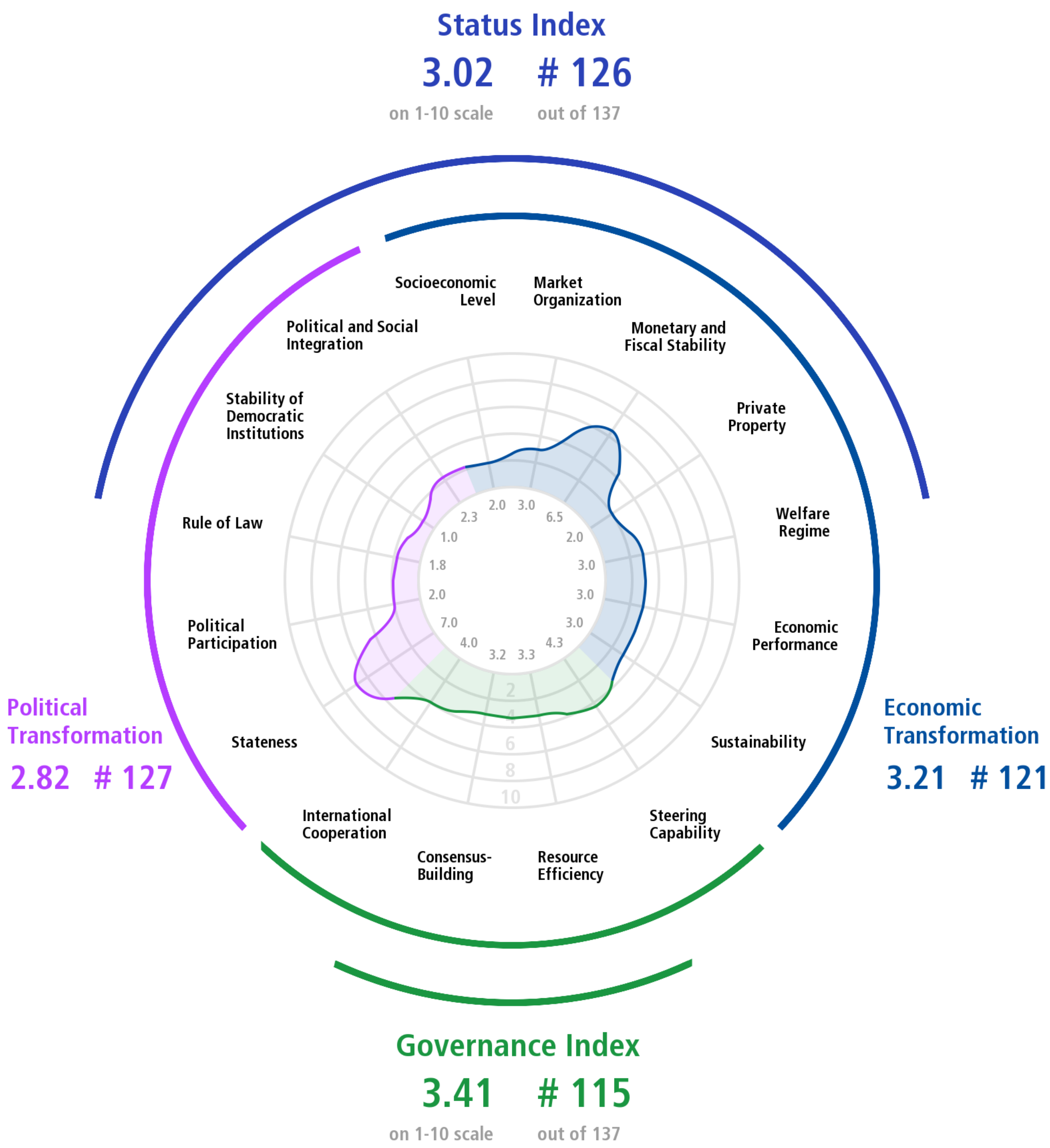
BTI 2020 Country Report

Equatorial Guinea



This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at https://www.bti-project.org.

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Key Indicators

Population	M	1.3	HDI	0.588	GDP p.c., PPP	$	23473
Pop. growth[1]	% p.a.	3.7	HDI rank of 189	144	Gini Index		-
Life expectancy	years	58.1	UN Education Index	0.441	Poverty[3]	%	-
Urban population	%	72.1	Gender inequality[2]	-	Aid per capita	$	5.5

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than $3.20 a day at 2011 international prices.

Executive Summary

President Teodoro Obiang Nguema Mbasago turned 76 on June 5, 2018. He is the longest serving (non-monarchical) head of state in the world. The ruling Essangui clan from the town of Mongomo showed no signs of ceding its enduring grip on the country's political and economic life. Since the mid-1990s, when significant offshore oil discoveries were made by American firms, Mobil and United Meridian Corporation, the regime abandoned the marginal steps it had been making toward democratization and free markets and set aside incipient cooperation with multilateral development institutions such as the World Bank. Instead, the ruling clan transformed the country into a veritable rentier state, confiscating oil revenues and employing patronage and clientelism to ensure the longevity and enrichment of the rentier class. However, the collapse of oil prices in 2014, combined with soon to be depleted oilfields, conspired to render the country, and its political elite, fiscally insolvent and unsustainable in the long term. But although the government's relief from dependence on foreign currency led many to hope for dependence on the country's people, little transpired in the review period to suggest that real and substantive steps had been taken to develop either the principles of democracy or the tenets of a free market economy.

Growing budget deficits and public debt suggest the regime might take heed of the IMF's recommendations in 2018 to diversify the economy away from hydrocarbons toward dependence on tax revenues derived from agriculture, downstream energy such as petrochemicals, fisheries and tourism. Even though President Obiang recognized as early as 2010 that the country would have to diversify its economy, little to no improvements to the non-hydrocarbon sectors and the stifling business climate have been made. The Minister of Mines, Industry and Energy and the president's son, Gabriel Mbaga Obiang Lima, scrambled to find investors for the country's Fortuna floating liquefied natural gas (LNG) train. Efforts to develop new oil blocks were disrupted by the president's likely successor, also one of his sons, Vice President Teodoro Nguema Obiang Mangue (Teodorin), who faced conviction on charges of corruption in France and mounting international criticism of his profligate spending (despite the country's estimated poverty rate of 70–80%). Teodorin, in cooperation with his mother and First Lady Constancia

Mangue Nsue Okomo, sabotaged Lima's efforts to gain signings from Western firms such as Total, preferring to court Chinese investors using the country's newly acquired membership in OPEC.

As a result of the regime holding out for a brighter future in extractive economies run by tightly controlled state-owned enterprises, no transformations toward democracy and respect for human rights took place. The legislative and municipal elections of 2017 revealed the regime's intransigence, as the Democratic Party of Equatorial Guinea (Partido Democrático de Guinea Ecuatorial) won landslide victories at near-statistically impossible rates. Members of opposition parties, such as Convergence for Social Democracy (Convergencia para la Democracia Social (CPDS)) and Citizens for Innovation (Ciudadanos por la Innovación (CI)) were subject to arrest and police violence in an atmosphere of oppression and flawed elections. In December 2018, an alleged coup attempt gave the government a further pretext to arrest, detain and torture members of CI and civil society organizations (CSOs). A "national dialog" was declared by the president in mid-2018 and the political prisoners were eventually released. But the continued use of torture and intimidation tactics continued to draw negative international publicity to one of Africa's most brutal autocracies.

History and Characteristics of Transformation

The legacy of authoritarian rule in Equatorial Guinea began with Spanish colonization, but became entrenched and institutionalized after independence in 1968 when former President Francisco Macías Nguema was elected under circumstances that were entirely unpropitious for a pluralist government. From 1968 to his execution by his own nephew (current President Teodoro Obiang) in 1979, Macías embarked on a reign of terror in which an estimated 80,000 out of 300,000 citizens were murdered. After declaring himself president for life in 1972, the ethnic Fang president carried out systematic executions of ethnic Bubi separatists on the island of Bioko, as well as of political opponents and suspected coup plotters. Roughly one-fourth of the population fled to the West or neighboring countries, determined to escape unlawful arrest, torture and death.

This was the political environment in which President Obiang, now the continent's longest serving head of state, took the helm in a coup d'état in 1979. At the time, Obiang was the military governor of Bioko and director of the infamous Playa Negra prison, in which he oversaw countless human rights violations. As head of state, Obiang announced plans for a national reconciliation. But despite making overtures at healing, he quickly consolidated his regime with the use of familiarly brutal state security services. The constitution of 1982 granted the president the authority to dissolve parliament and to make laws by presidential decree, in addition to uncontested power to name and dismiss ministers in the cabinet. The only apparent structural check on the personalization of power was the government's insolvency, which more or less forced the government to accept IMF technical assistance and negotiate a structural adjustment program in the 1980s. After the adoption of a medium-term adjustment program for the period of 1988 – 1991, government finances stabilized, while growth stagnated. Oil exports began modestly in 1992, but with the discovery of the gigantic Zafiro field in 1995, the country enjoyed meteoric growth rates.

From 1996 onwards, Equatorial Guinea became a paragon case of oil rentierism, including strong interaction with and support from mostly U.S. oil companies. No election since then has escaped allegations of fraud. Watchdogs such as Transparency International have counted the country as among the most corrupt in the world. Human rights abuses continued unabated as the country enjoyed good relations with key importers such as the United States (former Secretary of State Condoleezza Rice referred to President Obiang as “a good friend”). For instance, when the Bubi assaulted military bases in 1998, the regime arrested 550 activists and murdered 150 innocent civilians. Soldiers are reported to have raped, pillaged and tortured residents of Malabo.

The Essangui clan’s tight grip on all political institutions and security services means that attempting coups has been the only realistic means of deposing the regime. In 2004, perhaps the most widely publicized attempted coup was thwarted by forces in Zimbabwe, leading to a long and intimate friendship between President Obiang and Robert Mugabe. Amnesty International raised doubts as to the prosecution’s evidence against the coup plotters, an ambiguity that has marked many of the dozen alleged coup attempts. In the same year, the U.S. Senate, in its own investigation, found that major oil companies Exxon Mobil and Amerada Hess had made bribes to President Obiang’s family.

In 2011, constitutional amendments were approved by referendum (despite the actual text of the amendments being unavailable to voters) with two notable features: the creation of the post of a vice president to succeed the president in case of incapacitation and greatly enhanced executive control over the Senate. In 2016, President Obiang appointed his son, Teodorin, vice president in charge of national defense and security, despite his well-publicized prosecutions abroad. With the National Economic Development Plan: Horizon 2020 concluded in 2012 and the collapse of global oil prices in 2014, the stage was set for intra-clan conflict in the medium term, as many members of the regime voiced opposition to Teodorin’s eventual succession.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

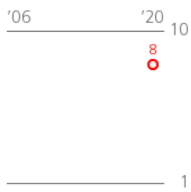
I. Political Transformation

1 | Stateness

Question Score

Monopoly on the use of force

8



There is a history of attempted coups (e.g., 2004, 2009 and 2017). The internal security services headed by Vice President "Teodorin" Nguema Obiang Mangue, the president's son, are mandated by the 1991 constitution to exercise a high degree of monopolistic force and enforce all state laws. Although theft and burglary are common in population centers such as Malabo and mainland Bata, there are is no organized criminal element or political opposition capable of competing with the state. This is not surprising given the country's relatively tiny land area. President Obiang and the dominant clan from Mongomo have been in power for at least four decades, largely on the back of confiscated oil wealth. Patronage is extended by clan leaders to security personnel, who routinely detain and torture political dissidents or others deemed hazardous to the regime.

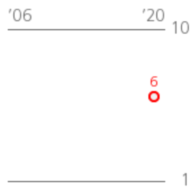
Factions within the ruling regime have however sometimes led to contradictory applications of law. Oil minister Gabriel Lima and Teodorin are known to disagree over the granting of oil concessions, and Teodorin has reacted by arresting oil executives who fell afoul of Equatorial Guinea's local content laws. Nevertheless, the existing schisms have been among members of the state apparatus.

The regime has been relatively unsuccessful in combating offshore piracy, as a sizable portion of Equatoguinean territory extends into the ocean. In October 2017, six crew members were taken hostage west of Bioko Island. But despite these rare instances, the risk of piracy in this area of the Gulf of Guinea is considered to be low.

The regime is known to use foreign mercenaries as security personnel, making its capacity to monopolize force problematic. In July 2017, it was revealed that for the past 20 years the regime had been hiring Russian and Ukrainian "specialists" as fighter pilots and ship commanders. In addition, President Obiang has relied on contingents of the Zimbabwean Defense Forces to thwart coup attempts and provide security for the Africa Cup of Nations, since the failed attempt to bring exiled opposition leader, Severo Moto, to power in 2004.

Zimbabwean forces were also used to secure the country after the failed coup attempt in December 2018. At the new year, the regime alleged that it stopped 30 foreign guerillas at the border, who had been hired by local opposition, notably the Citizens for Innovation (CI). Nevertheless, it is difficult to substantiate the regime’s claim. The alleged coup has been used to detain and oppress civil society activists and members of CI.

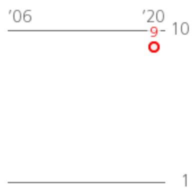
State identity
6



Equatoguineans become citizens by birth or naturalization and are thus subject to Equatoguinean jurisdiction when on its territory. Nevertheless, certain groups have perennially been denied rights formally enjoyed by citizens. The autochthonous Bubi of Bioko Island have experienced repression since independence from the leading Mongomo ethnic Fang. Former President Francisco Macías Nguema was notorious for targeting the Bubi. Obiang continued the practice of oppressing the Bubi, when he came to power in 1979. The Movement for Self-Determination of Bioko Island (Movimiento para la Autodeterminación de la Isla de Bioko (MAIB)) is an illegal political party. The symbolic gesture of appointing a Bubi as prime minister ended in 2006. Few if any efforts toward granting Bubi full citizenship have been carried out since then. In addition, both political opposition and cultural advocates are routinely denied basic citizenship rights and are consistently jailed and beaten.

The Fang, who live on the borders of Gabon and Cameroon, routinely travel to those countries to visit family or partake in religious festivals. This complicates the concept of the nation-state.

No interference of religious dogmas
9

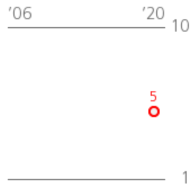


Roughly 93% of the Equatoguinean population are self-proclaimed Christians, with the vast majority of them – an estimated 87% – subscribing to Catholicism. Five dioceses are established in the country, with the Vatican adding two in April 2017. The country is one of the most proportionally Catholic on the continent. Only an estimated 1% of the country are Muslim, while an estimated 6% observe purely indigenous cosmologies.

A 1992 presidential decree declared a preference for the Roman Catholic Church and the Reformed Church of Equatorial Guinea. This preference is manifested by Catholic masses during national holidays. Though this does not preclude the right to belief in other faiths, Catholicism is taught and encourage in public schools.

Despite the questionable degree of church-state separation, however, official policy does not appear to be guided by the Catholicism. Delays in registering other churches with the Ministry of Justice, Worship and Penitentiary Institutions are more due to bureaucratic inefficiency than real preference, while politicians are mildly encouraged to partake in Catholic observances.

Basic administration
5

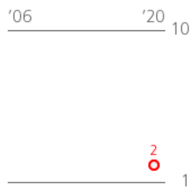


According to World Bank data, 75% of the population has access to sanitation – which is very high by regional standards. However, less than half of the population has access to fresh water.

Outside the main population centers of Malabo and Bata, people remain poor and lack access to even the most basic public provisions, such as water and reliable electricity. Due to corruption, ineptness, inefficiency and a lack of political will, few services function when there is no exogenous incentive, such as preparations for the Africa Cup of Nations, summits in Malabo, or prestige projects, like plans for a new mainland capital city in Djibloho. Despite capacity-building programs instituted by the IMF, little progress has been made in the efficiency of tax and customs administration. Tax evasion remains rampant. Public transportation is also routed for political reasons, as untold fortunes have been spent on underutilized roads in Malabo. Public health remains a serious issue. Despite highly publicized efforts to bring electricity to more communities countrywide, power outages led to hospitals being shut down, and even deaths, in Bata. The government recently passed legislation for a new one-stop-shop business window do reduce bureaucratic red tape in starting a business, but the effectiveness of this measure is not yet clear. Equatorial Guinea routinely ranks among the worst countries on the World Bank's Doing Business index.

2 | Political Participation

Free and fair elections
2



Generally speaking, Equatorial Guinea has not enjoyed free and fair elections since independence. Nor has it enjoyed a peaceful transfer of power. While free and fair elections are formally regulated by the National Electoral Commission (NEC), the NEC is headed by the interior minister, a member of prominent the Democratic Party of Equatorial Guinea (Partido Democrático de Guinea Ecuatorial, PDGE). Although the 1991 constitution calls for a multiparty republic, only one opposition party is legal, the Convergence for Social Democracy (Convergencia para la Democracia Social, CPDS). All other parties are allied to the governing PDGE, and together hold all 70 seats in the Senate (15 of which the president appoints, constitutionally), 99 out of 100 seats in the lower Chamber of Deputies, and all the seats on the municipal councils. President Obiang won the presidential election of 2016 with a landslide 93% of the popular vote. No reviews by the NEC or the judiciary have been undertaken. All elections are typically condemned by the EU, international human rights watchdogs and the U.S. State Department.

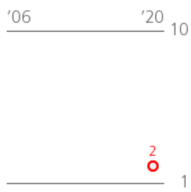
The legislative elections of 2017 gave occasion to observe a few of the irregularities that have arisen during all nationwide elections since independence. Though regularly scheduled (with the exception of announced or arbitrary delays), elections are typically marred by state-sponsored intimidation, voter repression and unfair coverage. Prior to its dissolution in February 2018, the regime routinely harassed the main opposition party, Citizens for Innovation (CI). In May 2017, CI leader Gabriel Nsé Obiang was detained, sentenced to six months in prison for insulting the ruling party, and barred from political activity. In early November 2017, police reportedly used gunfire to disperse a CI campaign event in Aconibe. Throughout the election campaign, several members of the CI were arrested for allegedly disturbing the electoral process, only to be released without charges on November 15, 2017. Using the alleged December 2017 coup plot as a pretext, however, the government disbanded the CI in February 2018, after detaining 147 activists. Twenty-one members of CI were sentenced to 30 years in prison for rallying before the November 2017 elections. The regime staged a "national dialog" in July 2018 to preempt further international criticism, inviting "all Equatoguineans," including exiled and imprisoned opposition. In October 2018, it released some political prisoners. Nevertheless, the regime's intimidation tactics appear to have succeeded.

Voter repression during the 2017 elections was achieved by decrees banning private vehicles on election day, firewalling social media and instituting total internet blackouts. Despite international condemnations and protests by opposition concerning election irregularities and ballot box intimidation, the NEC announced that "no protest of the results or claim has been recorded."

The legislature has no meaningful role in Equatorial Guinea as the president, the PDGE and the ruling clan combine to wield autocratic power. Presidential decrees commonly override legislation. All key decisions are made at the cabinet level, which is dominated by members of the president's family. The PDGE has elected the president as its indefinite leader, while the PDGE and its strawman allies control every branch of government and permeate every agency in the bureaucracy. Confiscation of vast oil rents means that the regime is able to leverage patronage and neopatrimonial networks to guarantee loyalty and execute its desired policies. International oil companies are also an important actor and tend to support the present regime.

Effective power to govern

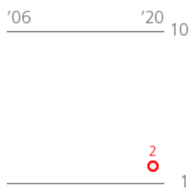
2



Protection of associations such as unionization is guaranteed by the constitution, but this is rarely if ever enforced. The only effective union is the farmers' organization. The process of registering any kind of association is routinely met with bureaucratic and political hurdles. In May 2017, police carried out assaults on and arrests of taxi drivers during a strike over high government fees.

Association / assembly rights

2



Government violence against and intimidation of associations includes not only political and trade organizations but also cultural, youth and developmental groups. Directors of the Center for Development Studies and Initiatives (Centro de Estudios e Iniciativas para el Desarrollo (CEID)), Enrique Asumu and Alfredo Okenve, were arrested in April 2017 and subjected to week-long detention for violating the indefinite suspension of the organization's activities in 2016. CEID was also a member of the steering committee of the Extractive Industries Transparency Initiative (EITI). The leaders were never charged with any crimes or arraigned. In the fall of

2018, Okenve was forced to flee the country or face certain detention and imprisonment. In April 2018, the president called for the expulsion of all international human rights groups from Africa, arguing in short that they sought to destroy Africa and recolonize it. In such a climate of repression, it is unsurprising that few organizations were eager to participate in the national political dialog announced for July 2018.

Assembly is more or less monopolized by the state, which actively pressures citizens to participate in government events and rallies. Nevertheless, government demonstrations are regarded as dangerous by the population, many of whom prefer to remain indoors and steer clear of public gatherings.

Freedom of expression
2

Freedom of expression is also constitutionally guaranteed but not enforced in practice. Libel laws tend to be draconian and wielded by the regime to suppress dissent. In September 2017, well-known artist Ramón Esono Ebalé was arrested for publishing drawings deemed critical of the regime. He was not released until March 2018 and was temporarily blocked from leaving the country. Ebalé’s ordeal attracted the attention of watchdogs such as Amnesty International, which, in conjunction with appeals from other international organizations, led to his release. In May 2017, the government arrested rapper Benjamin Ndong for singing in support of the taxi strike.

In addition to jailing popular artists, the government makes use of informants and regularly monitors individuals and organizations potentially critical of the regime. It has also sought to block access to the websites of opposition parties and exile groups, while the websites of leading Spanish newspapers have been successfully blocked. Self-censorship is exercised by large portions of the population, including university academics, business leaders and journalists. Promotion within academia is conditional on loyalty to the regime. Foreign journalists are routinely searched and deported by security services. A few private newspapers and magazines exist but are circumscribed by fear and financial limitations. State-run media is a mouthpiece for the regime. The only private television station is owned by Vice President Teodorin.

3 | Rule of Law

Separation of powers
2

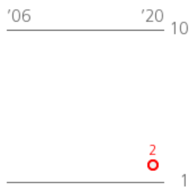
Checks and balances are juridically guaranteed by the 1991 constitution and its 2011 amendments, adopted by referendum. Chapters I–V of Title 2 stipulate the powers of and limits on the executive, legislative and judicial branches of government. Each is declared independent. In practice, however, there is no effective separation of powers or system of checks and balances.

The president is elected by universal suffrage and, according to the 2011 amendments, may hold office for up to two seven-year presidential terms. Nevertheless, President Obiang successfully ran for a fifth term in 2016, while the Constitutional Court affirmed that the amendments would not be applied retroactively. The court's decision had been anticipated, however, as on May 20, 2015, President Obiang had unilaterally dissolved the entire judiciary, from the lower courts to the Supreme Court of Justice. Though clearly unconstitutional, the president justified his decision with rhetoric and reference to various irregularities. Given the president's longevity in office, all high-level judges, including those serving on the Constitutional Tribunal and the Supreme Court of Justice, have been appointed by President Obiang and ratified by parliament.

The legislature, though nominally independent, is both constitutionally and politically circumscribed. Neither the Chamber of Deputies nor the Senate is constitutionally capable of removing the president, while the president enjoys the power to ratify board members in the Chamber of Deputies. The president also enjoys the power to appoint a number of Senators as national legislation sees fit (currently 15 of 70 senators) and has the constitutional right to dissolve the Chamber of Deputies.

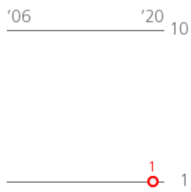
In practice, the president's Council of Ministers, parliament and the judiciary are tightly controlled by the ruling party and dominant clan from Mongomo.

Independent judiciary
2



The judiciary, though nominally independent and differentiated, is beholden to the executive (and there are also rumors of corruption). In addition to the serious problems with judicial independence described above, the president is constitutionally the highest magistrate in the nation and "guarantees the independence of the jurisdictional function" (Title 2, Chapter V, Article 92). Unfortunately, President Obiang has shown no impulse to strengthen the capacity of the judiciary, which is one the goals set out in the Millennium Development Goals and National Horizon 2020 plan. In August 2018, the president issued a decree unconstitutionally removing Juan Carlos Ondo Angue, a close associate of the regime, as president of the Supreme Court of Justice, his position since 2015. He was replaced by former Public Prosecutor David Nguema Ndong. Lower court judges are poorly trained and resources severely limited.

Prosecution of office abuse
1

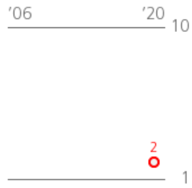


Political patronage is so widespread and runs so deep that it has become institutionalized. Political office so illicitly lucrative in the small oil state that it is awarded to those most loyal to the regime. Growing intra-clan factionalism has pitted those loyal to First Lady Constancia Mangue Nsue de Obiang and Vice President Teodorin against Oil Minister Gabriel Mbaga Obiang Lima. In August 2017, the first lady pushed through the creation of a post for her niece and a former singer, Candida Okomo Nsue Mensa. As deputy managing director of the cash-glutted state oil company, GEPetrol, "Candy" Nsue was given the helm when the former managing director loyal to Lima, Antonio Oburu, unexpectedly quit on November 12, 2017. Upon Oburu's departure, former deputies were purged and replaced with Teodorin loyalists.

The upper ranks of the ruling clan have perennially been accused of corruption, most notably those of Vice President Teodorin, son of the president. Following a years-long dispute with prosecutors in France, Teodorin was convicted on 27 October 2017 of embezzlement, money-laundering, corruption and breach of public trust, and sentenced to a suspended three-month jail term and a €30-million fine. The PDGE released a statement condemning the ruling as “politically motivated” and “an abuse of power.” On September 1, 2017, South African courts seized Teodorin’s assets in the country after plaintiff Daniel Janse van Rensburg successfully sued for wrongful detention in 2015. Teodorin has never been charged in Equatorial Guinea.

Lastly, the Equatoguinean judiciary suffers from corruption, namely by extorting citizens through hefty legal fees.

Civil rights
2



Civil rights are granted by the constitution, which formally endorses the Universal Declaration of Human Rights, as well as the African Charter on Human and Peoples Rights. Article 13 of the constitution protects personal liberties, including the right to free expression and assembly, free movement, free association, free movement, as well as to the enjoyment of several due process rights. Alfonso Nsue Mokuy, the third deputy prime minister in charge of human rights, occupies a cabinet-level position.

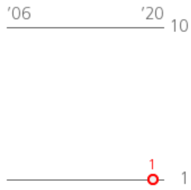
However, civil liberties in Equatorial Guinea are not protected by any mechanisms. Citizens are at the mercy of security forces, who routinely violate rights as basic as bodily integrity. Neither do citizens enjoy recourse in the courts. It is common, especially among members of the hapless political opposition, to be denied a judicial hearing and held without charges. Black Beach Prison on Bioko Island is notorious for extrajudicial torture. In the wake of the alleged coup plot in December 2018, several members of CI were beaten and hospitalized.

There is discrimination based on ethnicity and other identities. Open expression of LGBTI sexual orientations, belonging to certain ethnicities or publicly expressing a political preference for a group other than PDGE all expose individuals to violations of their civil rights.

The autochthonous Bubi of Bioko Island have experienced repressions since independence by the ruling Fang ethnicity from the town of Mongomo. Former President Francisco Macías Nguema was notorious for targeting the Bubi. Obiang, his successor since 1979, has maintained the practice.

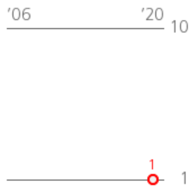
4 | Stability of Democratic Institutions

Performance of democratic institutions
1



From the national government to municipal councils and mayorships, nominally democratic institutions are de facto operated by the ruling PDGE, indefinitely led by the president. All political positions are considered pecuniary awards for party and clan loyalty. Failure to express loyalty is met with removal, or worse, oppression and imprisonment. The outlook for the future is not promising. The 2011 constitutional amendments created a new post of vice president, to which the president can devolve considerable power. In effect, this set up the country for a dynastic succession from President Obiang to his son, Vice President Teodorin.

Commitment to democratic institutions
1

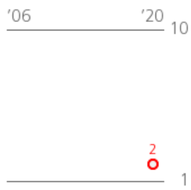


Nominally democratic institutions do exist, but they are universally held to be illegitimate by all non-government political formations and diaspora groups. The government acts in the framework of these institutions, which are merely a facade of democracy.

An opposition does not exist within these institutions. In fact, opposition politician Severo Moto, leader of the banned Progress Party, operates a "government in exile" in Spain and was dubiously linked to the 2004 coup attempt. Moto has publicly called for more openness in government. Other diaspora leaders and proponents of democratization, particularly Tutu Alicante of U.S.-based Equatorial Guinea Justice (EG Justice), are held in high esteem by international human rights organizations and advocate on behalf of Equatorial Guinea before Western governments. Domestically, organizations such as CI and CEID deny the legitimacy of the country's institutions at their own peril.

5 | Political and Social Integration

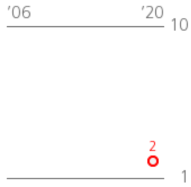
Party system
2



The de facto single-party structure of the Equatoguinean political system ensures a high degree of political stability, which reduces fragmentation, polarization and voter volatility. The PDGE formally competes with several other parties, almost all of which are separate in name only and remain allied to the ruling clan. The party system is socially rooted to the extent that it co-opts subnational elites through clientelistic practices, but the same practices limit the extent to which the party is sensitive to the social interests of the population. Nevertheless, large numbers of Equatoguineans are captured by the PDGE's rhetoric and endow President Obiang with god-like status.

Interest groups

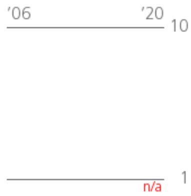
2



Community organizations of 10 to 20 members and a select few NGOs are the only associations that act in any capacity to mediate between society and the political system. With the exception of one, unions are not permitted in practice, despite legal protections, and professional associations are closely monitored by the regime. This virtually ensures the dominance of the ruling clan and atomizes whatever collaborations would otherwise occur in society.

Approval of democracy

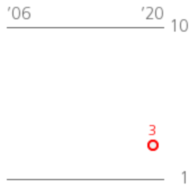
n/a



The regime is authoritarian in nature. There is no survey data available to determine the extent of citizens' approval of democratic norms and procedures.

Social capital

3



There are no public opinion surveys to measure solidarity and trust among citizens, but frequent police arrests and vigilante behavior indicate that social capital is very low. Non-government associations are scarcely autonomous and closely monitored by the regime so as to root out political dissent and social movements that might threaten the regime's longevity.

However, the majority of Equatorial Guinea (on Bioko, Annobon, Corisco and Rio Muni) consists of small towns where people rely on one another every day for food, safety, amusement, etc. Towns have informal modes of civic self-organization – multiple annual festivals, naming celebrations and funerals, birthday parties, etc. Thus, there is the essential human trust that neither "civic self-organization" nor public opinion polls can capture.

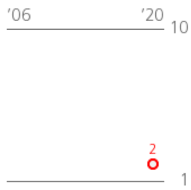
II. Economic Transformation

6 | Level of Socioeconomic Development

Question Score

Socioeconomic barriers

2



Despite boasting the highest GDP per capita in Africa during the review period, the country suffers from poor and, on occasion, substandard levels of socioeconomic development vis-à-vis its sub-Saharan counterparts. Equatorial Guinea ranked 141st out of 189 countries in the 2017 HDI (0.591), a drop of two places from the previous year (0.593). To combat this, the government has pledged to diversify its revenue portfolio from hydrocarbons to other sectors with a greater number of forward and backward links, including fisheries, tourism and telecommunications. According to the IMF, however, projects to limit capital spending to "realistic plans" (instead of prestige projects) and focus on "priority" social spending are still "ongoing."

Despite efforts by the World Bank and the IMF to improve the government's capacity to collect data, statistical capacity remains low, which hampers efforts to raise the socioeconomic level of the general population. No recent poverty statistics are available, though the World Bank states the rate was 76.8% in 2006. Other indicators suggest that no improvement has been made. In 2015, only one out of four newborns was immunized against polio and measles, while only one in three was immunized against tuberculosis. Life expectancy and infant mortality were reportedly worse than the regional average, while half the population is estimated to be without potable water. In 2012, it was revealed that only six out of 10 six- to twelve-year-olds were attending school. According to the IMF, social spending is projected to increase from a modest 2% of GDP in 2017 to 2.4% of GDP in 2018.

Evidence thus suggests that, despite the absence of recent and reliable data, the country faces staggering levels of inequality. Equatorial Guinea suffers from a dual economy, with a political and social elite surrounding the regime amassing personal fortunes and the majority subsisting on agriculture. The World Bank Country Survey 2017 reports that 40% out of 146 respondents from the public and private sectors agreed that education should be prioritized to further development, indicating that access to education in mainland Rio Muni remains low. Of respondents, 40% agreed that agricultural and rural development would reduce poverty, while only 23% agreed that economic growth would do the same. Women also face exclusion from economic opportunities. The World Bank Doing Business Report 2018 found significant levels of gender discrimination in hiring. Since Equatorial Guinea bans pregnant girls and adolescent mothers from attending public schools, it is safe to assume that gender discrimination is rampant and unchecked.

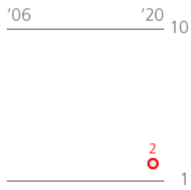
Economic indicators		2015	2016	2017	2018
GDP	$ M	13180.2	11233.2	12289.9	**13317.5**
GDP growth	%	-9.1	-8.8	-4.7	**-2.9**
Inflation (CPI)	%	1.7	1.4	0.7	**1.1**
Unemployment	%	8.9	9.3	9.2	**9.2**
Foreign direct investment	% of GDP	1.8	0.5	2.5	**3.0**
Export growth	%	-6.4	-9.0	-4.8	**-6.6**
Import growth	%	-15.5	-16.3	1.1	**4.3**
Current account balance	$ M	-	-	-	**-**
Public debt	% of GDP	33.6	43.4	38.0	**43.3**
External debt	$ M	-	-	-	**-**
Total debt service	$ M	-	-	-	**-**
Net lending/borrowing	% of GDP	-3.3	-4.0	-2.1	**-**
Tax revenue	% of GDP	11.5	6.4	5.9	**-**
Government consumption	% of GDP	21.9	25.3	23.6	**22.0**
Public education spending	% of GDP	-	-	-	**-**
Public health spending	% of GDP	0.6	0.8	-	**-**
R&D expenditure	% of GDP	-	-	-	**-**
Military expenditure	% of GDP	-	0.2	-	**-**

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Market organization

2



The government has no real incentive to protect the integrity of the free market, as the oil industry has dominated the economy since the 1990s. In 2017, oil and other hydrocarbons maintained dominance, comprising roughly 90% of government revenue, 80% of GDP and 97% of export earnings. A handful of SOEs, such as GEPetrol and Sonagas, dominate an economy with extremely limited spillover to non-hydrocarbon sectors. With a productive decline of the largest oilfields, however, the country has taken marginal steps to improve its business climate and receptiveness to private investment. Even so, structural impediments to competitive markets remain.

The country has neither the institutional capacity nor the infrastructure to realize free entry. The World Bank Doing Business 2019 reports that in 2018, a total of 16 procedures were required to register a business, among the highest number in the world. Registration fees for all the procedures came to an appallingly high 101.2% of GNI per capita, preventing the vast majority of the population from starting businesses. The only significant improvement over the review period was the elimination in July 2017 of the previous requirement to procure the prime minister's consent. As a result, the length of time spent registering a business dropped from 149 days in 2016 to a better-than-average 33 days in 2018. Nonetheless, the country still is placed on rank 184 out of 190 in the Starting a Business subindex.

Provisional, structural and infrastructural hurdles remain, despite marginal improvements. Minority investors are not well protected; owners are not forced to disclose purchases to shareholders, discouraging private investment and capital formation. Also, in addition to high registration fees, new businesses can expect to wait 106 days to obtain electricity and to pay 1,185% of GNI per capita for a connection, due to infrastructural and administrative weaknesses. Oil companies typically provide their own generators and are removed from larger agglomerations. Informal employment is high, according to IMF estimates, around 40% of total employment. Lastly, the Dutch Disease plagues the country, as prices in Malabo either mirror or rise above those typically found in OECD metropolises. Due to all the above, Equatorial Guinea remains a hostile environment for a free and fair market.

Competition policy

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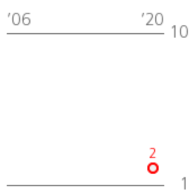
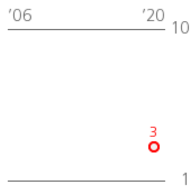


Although Equatorial Guinea is party to the Organization for the Harmonization of Business Laws in Africa (OHADA), there is no effective agency which actively enforces competition laws. As a member of the CEMAC (Economic and Monetary Community of Central Africa), Equatorial Guinea has a regional competition regime without any formal authority. The public sector is so dominant that it forms a monopoly, while no private concerns in the non-hydrocarbons sector have reached a level of capitalization high enough to compete with key sectors.

Liberalization of foreign trade

3



In 2008, the government established a working party on membership in the WTO, but no progress has been made toward this objective. Equatorial Guinea retains observer status and is among the few dozen countries in the world that are not members. Neither is the country party to the EITI, a status which further allows the government to ignore rules on transparency and non-discrimination.

Equatorial Guinea is, however, a member of CEMAC and recently the African Continental Free Trade Area (AfCFTA, March 2018). These memberships require the nominal harmonization of a variety of import and export tariffs, in addition to a common VAT, instituted in 1999. The government also approved an IMF Staff-Monitored Program (SMP) in May 2018, which extended from January to July 2018. The IMF's reported that the country had lifted its requirement that foreign corporations set aside up to 35% of their capital to be held locally.

Despite this, significant and arbitrary obstacles remain in place that serve to promote government SOEs owned and operated by the ruling family, and which also produce the bulk of the 47% of GDP derived from trade. Local content laws are both vague and arbitrarily enforced. In September 2018, the government threatened to ban oil and gas companies that did not implement a 2014 Ministerial Order stipulating that local companies and individuals be contracted "wherever possible." Since the largest private firms are also owned and operated by members of the ruling clan, it is reasonably presumed that the ruling family aims to force foreign firms to purchase its own services.

Free trade zones only appear to exist at significant ports for hydrocarbon consortiums. Neither the IMF nor the World Bank currently run any formal programs in the country. The outlook for future liberalization remains grim.

Banking system

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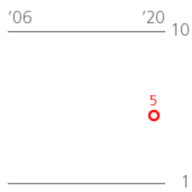


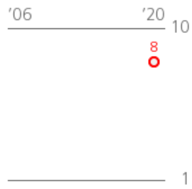
Though strong in some respects, the country's banking sector has become exposed due to the oil crisis and the resulting economic recession of the past few years. The banks remain well capitalized, increasing their capital-to-assets ratio from 11.8 in 2014 to 15.4 in 2017, well above international standards. According to the IMF, liquidity has decreased but remains at "acceptable" levels, while lower volumes of deposits are most likely due to a decline in credit to the private sector. The banks' exposure to the government remained at only 4.5% of total assets at the end of 2017.

But despite these strengths, the banks' value of non-performing loans (NPLs) to their total portfolios increased from 16.8% in 2015 to 28.4% in 2017. Due to the sharp decline in oil prices beginning in mid-2014, the government has been forced to draw down its deposits at the Banque des États de l'Afrique Centrale (Bank of Central African States (BEAC)) in order to clear domestic arrears, much of which are owed to construction companies. In line with Central African Banking Commission regulations, banks do not provision against these NPLs in expectation that the government will repay them, despite public debt rising from 6% of GDP in 2013 to an estimated 37% of GDP in 2018.

8 | Monetary and fiscal stability

Monetary stability

8



As a CEMAC member, Equatorial Guinea uses the CFA franc as a currency, which is pegged to the euro and to a large extent influenced by decision-making in the euro zone. Another important factor is the monetary policy of the BEAC, the central bank of the CEMAC countries, which is located in Yaoundé, Cameroon. According to the IMF, BEAC policy aims to maintain price stability and strengthen the external position of CEMAC members.

Owing to the country's membership in the CEMAC, there is no clearly defined national policy regarding price stability or foreign exchange. As CEMAC countries are mainly oil exporters (with the exception of the Central African Republic), suffering the economic repercussions of low oil prices from mid-2014, the IMF began to put pressure on all of them from 2015 to shift their economic policies to anti-inflationary austerity elements that follow IMF rules. Equatorial Guinea, however, has had no formal agreement with the IMF. Among the IMFs suggestions in its 2018 Country Report (which followed its SMP) was limiting government expenditures on unrealistic projects, almost all of which serve to enrich the ruling family.

More successful has been the reduction of local inflation since 2014, when it stood at 4.3%. From 2015 to 2017, the rate has dropped from 1.7% to 0.7% in line with a drop in government expenditures. The BEAC has also been somewhat successful in defending its peg to the euro, as the real effective exchange rate has oscillated between 98.4 in 2015 and 100.5 in 2017.

Fiscal stability

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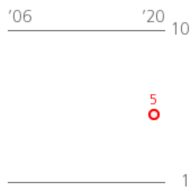


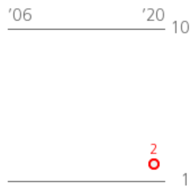
The country's macrostability is highly vulnerable to challenges of any kind caused by national or international developments in the oil sector. This was underscored by the oil booms of the 2000s and the ensuing downturns, which occurred in 2009 and again from mid-2014. As a result of the oil crisis, the current account balance has steadily decreased from a surplus of $529 million in 2013 to a projected deficit of $201 million in 2018. Rather than borrow, the government financed the deficit by drawing from reserves. The Economist Intelligence Unit reports that while the external deficit remained relatively stable at an estimated $1.2 billion in 2018, debt service has also remained consistent at an estimated $388 million in 2018 (up from $332 million in 2017). The total reserves, however, were almost completely depleted, dropping from roughly $4.6 billion in 2013 to $46 million in 2017.

The government's short-term response has not been constant: the World Bank reports that government consumption fluctuated between 16% of GDP in 2014 to 23.5% in 2017. Public debt has increased, from 11% of GDP in 2014 to 53.8% in 2017. With only a slight rebound in oil prices projected in the medium term, along with the country's aging oilfields, Equatorial Guinea faces dire macroeconomic conditions. Not only are reserves depleted, but no other stabilization mechanism exists to maintain the country's external position.

According to the national development plan, the country’s medium-term objectives are to diversify away from export-led growth in oil extraction to gas production, petrochemicals, tourism, fisheries and agriculture. Though gas production remains the most promising and realistic venture, significant revenues are not expected for at least a few years. The eventual construction of the country’s most promising joint venture, the much publicized Fortuna floating LNG facility, made halting progress. Key investors have backed out for lack of interest and a glut in global supply.

9 | Private Property

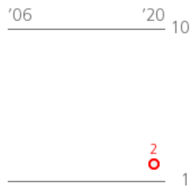
Property rights
2



Land acquisition, benefits, use and sale are all difficulty realized and poorly regulated. According to the World Bank’s Doing Business 2018, six procedures were required to register private property in Malabo in 2017, with fees accruing to a staggering 12.5% of the value of the property. Demonstrating the extent of the country’s predatorial bureaucracy, 4% to 5% of the fees are for registration alone, while 3% of the value of the property is charged for simple notarial services.

In the Doing Business Quality of Land Administration Index, Equatorial Guinea fell well below the regional average (8.6/30) earning a score of 4/30. No electronic databases are maintained to keep track of encumbrances or record maps with specifically defined plots. When this information is available, only interested parties and intermediaries may consult it, and they are likely to find that not all properties are formally registered or even mapped. Furthermore, no independent agency exists to verify identity documents, which means that litigation in case of disputes remains highly costly and inefficient. In addition, no dispute resolution mechanism exists for those who engage in good-faith land transactions based on erroneous information (which is quite likely). Foreigner investors are not permitted to own land in the country, only to lease it from the government. Married women also face significant obstacles to exercising the right to own land.

Private enterprise
2

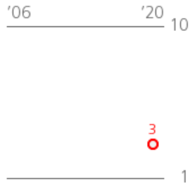


As recounted above, SOEs and private firms run by the ruling family dominate the relatively small national economy. Private businesses are only very arduously and expensively established, while access to credit is extremely rare for the vast majority of the population, as there is no credit bureau coverage. When credit is available, credit information is sparse and low in depth. Further discouraging private enterprise is the regime’s arbitrary and frequent non-compliance with international agreements on the resolution of disputes. While privatization is legally permitted, there is no privatization program in place and obstacles conspire to prevent private capital formation outside that controlled by the regime. Legal safeguards are largely ineffective given the deficient functioning of the judiciary.

10 | Welfare Regime

Social safety nets

3

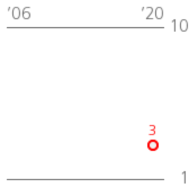


Social welfare legislation for the small number of employed Equatoguineans is reasonable. Earnings-adjusted old-age and disability insurance, work injury insurance, sickness and maternity leave, and even family allowances are provided through a pay-as-you-go and state tax-and-redistribute mechanisms. Outside the groups targeted by family allowances, allowances for the unemployed are nonexistent. It is unknown how large this portion of the population is.

Evidence suggests that the country's social welfare regime, however, is not effective. Life expectancy in 2016 was among the world's lowest at 57.7. Public expenditure on health has varied from 2% to 3% of GDP in recent years. Public schools lack proper facilities and exhibit extremely high dropout rates. However, the country's large informal sector ensures that people generally have access to social safety nets.

Equal opportunity

3



Although legal provisions are in place to protect all people on Equatoguinean territory, structural discrimination is rife. In addition to women having unequal de facto rights to land ownership and the ban on pregnant schoolgirls and adolescent mothers attending public schools, female literacy (81.6%) in 2000 lagged behind male literacy (94.8%). The official female labor force in 2017 remained steady at 39.3%.

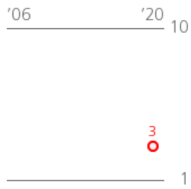
The most egregious problem is female enrollment in schools. According to the World Bank in 2018, the ratio of females to males in secondary schools was 0.7, while the figure dropped to 0.5 for tertiary education. Along with abysmally low gross enrollment ratios (26% for secondary school and 1.8% for tertiary school), the country was among the most unequal in the world.

Regional foreigners, especially immigrants from Cameroon, have for years faced legal and personal discrimination, in addition to arbitrary arrests. President Obiang's decision to close the Cameroonian border in December 2017 under the pretext of the alleged coup attempt is likely to have been in part inspired by a desire to halt immigration, as the border was not reopened until mid-2018.

11 | Economic Performance

Output strength

3



The country's overall economic performance is extremely dependent on the prices and domestic production of hydrocarbons, which have contributed roughly 80% of GDP since the 2000s. Equatorial Guinea's economic output has suffered: The oil price collapse in 2014 sent Brent crude from $93/barrel in June 2012 to $47/barrel in June 2017, while the country's total oil production has predictably fallen. Exxon Mobil-operated Zafiro, among the country's oldest and largest reserves, has aged considerably, dropping to 120,000 barrels per day in 2018. GDP has fallen in tandem with lower export volumes, dropping from $22.4 billion in 2012 to $13.1 billion in 2015 and $12.5 billion in 2017, while GDP per capita (PPP) dropped from $36,288 in 2012 to $29,341 in 2015 and $24,817 in 2017 (according to the World Bank, a decrease of -6.7% in 2017 and -12.0% in 2016).

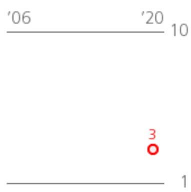
Despite a five-year contraction of roughly 40% (oil prices dropped roughly 50%), unemployment rose from only 5.6% in 2012 to 6.9% in 2017, which highlights both the small size of the formal sector with respect to the informal, as well as the persistently dominant share of government expenditures in the formal sector (15.5% of GDP in 2013 compared to 23.5% of GDP in 2017). Public debt therefore rose from only 6.1% of GDP in 2013 to 28.1% in 2015 and 53.8% in 2017. Dependence on capital-intensive industries means that chronic budget deficits were unlikely to improve, as the country's tax revenues as a percentage of GDP remained among the lowest in the world (8.7% in 2012 and 11.5% in 2015). The conclusion of the IMF's 2018 SMP was that significant improvements need to be made in tax collection and economic diversification.

Punctuating the hyper-dependence of the country's economic output on hydrocarbons, gross fixed capital formation – the value of domestic investment on fixed assets – dropped precipitously from 41.1% of GDP in 2012 to 12% of GDP in 2017, the latter figure being among the lowest in the world. With oil extraction becoming less and less productive, the country has been consuming (mostly imports). The current account balance stood at $529 billion in 2013, while it is projected to be -$201 billion in 2018. This volatility does not bode well for output projections. Despite FDI holding steady at 2.4% of GDP in 2017 – mostly due to the growing, albeit modest gas industry – Equatorial Guinea has remained the paragon model for economic resource curse theories.

Local inflation, however, remained low at 0.7% in 2017.

12 | Sustainability

Environmental policy
3



With 58% forest cover, the country is among the most biodiverse in the world. A system of national parks nominally helps to ensure that 194 species of mammals, 418 species of birds, 91 species of reptiles and 3,250 species of plants are allowed to thrive. As a member of the Commission of Central African Forests (COMIFAC), a contributor to the Fund for Climate Change in Africa (FCCA) and a relatively recent member of the United Nations Environment Program (UNEP) and the Convention on the Conservation of Migratory Species of Wild Animals (CMS), the country advertises itself as taking an active role in ecological conservation. Its lofty plans to advance ecological tourism are joined by publicized promises to focus on wind, solar and marine energy, as announced by the Ministry of Fishing and Environment and the Ministry of Mines, Industry and Energy. To the latter's credit, the Hydrocarbons Law requires that all extractive companies conduct environmental impact assessments (EIA) and take an active role in conservation.

Despite the government's self-promotion, however, the country appears to have favored meeting one sustainable development goal (SDG) at the expense of another. SDG7 calls for both universal access to affordable, reliable and modern energy services in addition to substantially increasing the share of renewable energy in the domestic global energy mix by 2030. Electrification has been a significant policy priority for the regime. Yet it has come mostly in the form of non-solid fuels such as natural gas. UNEP found that in 2015 there had been no progress on wind power, and that the latest electricity assessment (2012) found that national electrification had reached 66%, 43% of which was in rural areas. While 25% of rural areas used non-solid fuels, this figure was 91% for urban areas. Due to the substantially increased rate of gas-fueled electricity generation, renewable energy usage dropped from 80% of total energy consumption in 1990 to just 7.8% in 2015.

Education policy / R&D

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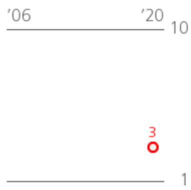


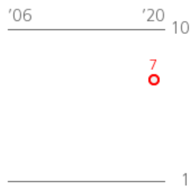
Statistics on educational output and government support are few and far between (given the regime's tightlipped nature), but the data available paint a gloomy picture of public underinvestment. Though the country enjoyed a relatively high literacy rate of 88.3% in 2000, there is little to suggest that this translated into quality public education. The country enjoys a high rate of primary school attendance, according to some reports (statistics vary widely). However, public schools suffer from high dropout rates and low graduation rates. The World Bank reported that in 2018, only 26% of children of secondary school age were attending school, while the percentage for university-age youth attending university was 1.8%. The U.N. Education Index 2017, which measures average years of schooling, gave Equatorial Guinea a value of 0.443, which is low in relation to both world and regional averages.

Many issues invariably stem from abysmal levels of public financing and a repressive atmosphere cause by government intimidation and self-censorship at the university level. Though no verifiable data are available on either budget or R&D outlays, the Pulitzer Center reported that in 2009, a meager 1.97% of the national budget was spent on education. In a 2016 UNESCO workshop at which officials from the National University of Equatorial Guinea (Malabo and Bata) were in attendance, UNESCO determined that the main challenges to the government's goal of advancing biosphere and climate change research were "the lack of financing and infrastructure for research" and "the lack of human resources for R&D."

Governance

I. Level of Difficulty

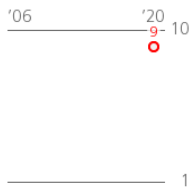
Structural constraints
7



The pursuit of good governance in Equatorial Guinea is constrained by certain structural factors, beyond the corrosive effects of public corruption. Geographically, Bioko Island, which hosts the country's capital city of Malabo (population near 190,000), is 250 kilometers from the country's largest city of Bata (roughly 250,000) on the Rio Muni mainland. Five to six flights per day connect the two cities, but the most affordable connection is via ferry, which takes five to ten hours to make the trip in one direction. In addition, movement within Rio Muni is impeded by poorly drained dirt roads, which are regularly flooded by tropical rains. The islands in the Corisco Bay, especially Annobon, together inhabited by only slightly over 5,000 people, are rarely serviced by ferry. The country's geography itself makes public accountability and the governance difficult.

Poverty and disease also play a primary role in limiting the reach of government. While three-quarters of the population are estimated to live below the poverty line, the country suffers a particularly high rate of HIV infection. UNAIDS estimated that in 2017, approximately 50,000 (4%) adults over the age of 15 were living with HIV. Malaria is also widespread. Most fevers test positive for malaria. Other common tropical ailments (e.g., sleeping sickness) abound. Performance is deeply affected by these structures, as many people often find themselves in a poverty trap compounded by cycles of debt and disease. Lastly, a relatively undereducated populace means that common understandings of government administrative norms remain limited. Government officials are not, however, selected on merit but rather loyalty and familiarity with the ruling clan. Though most of the structural constraints on governance performance do not result directly from government actions, they almost all suffer unduly from government inaction and corruption.

Civil society traditions
9

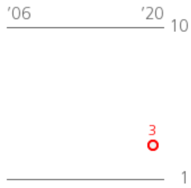


In Equatorial Guinea, civil society organizations (CSOs) have only been juridically permitted to operate since the 1979 coup. At that time, churches such as the Reformed Presbyterian Church of Equatorial Guinea and limited-issue organizations, such as the Red Cross, began to work on local and social matters. Pressure to liberalize from the IMF and other international organizations in the 1990s led to a handful of legal reforms, including the rights to association, unionization and freedom of the press. Vagueness in the laws, however, has effectively restricted civil society to NGOs. According to the now-banned CEID, of the roughly 250 CSOs active in 2010, 50% were NGOs, 23% were "community groups," 19% were cooperatives and 8% were associations. The majority (70%) of CSOs had 10–20 members, limiting political participation.

According to EG Justice, community groups and associations are protected neither by the liberalization laws nor by presidential decree. The Law of General Associations 1992, though formally permitting their existence, requires CSOs to notify the government at least 72 hours before each meeting they hold. The law also authorizes “specially designated representatives” to monitor CSOs and seize documents if a criminal offense is suspected. CEID reported that roughly one-third of CSO members were unfamiliar with the laws governing their operation.

CSOs in Equatorial Guinea are frequently subject to harassment, as well as imprisonment and even physical abuse of their members, especially if they criticize the government. Arbitrary laws and a particularly repressive regime ensure that little civic engagement exists beyond the local level.

Conflict intensity
3



Ethnic conflict has been a source of sporadic violence. Destabilizing and extreme violence occurred under the former Macías regime. In recent memory, reports suggest that Fang vigilante groups abuse Bubi (indigenous to Bioko Island) with impunity, a cycle of violence which began when Spanish overlords favored the commercialized and relatively educated Bubi to assist in administering the colony. Today, many Bubi harbor resentment toward the Fang-dominated regime which remains, if not expressly violent, then noxious toward Bubi prosperity. The Bubi comprise only 7% of the country’s total population and the Fang – indigenous to Rio Muni – comprise 86%.

The ruling Essangui clan, however, is only one among 67 ethnic Fang clans in Equatorial Guinea. Intra-ethnic competition exists, but is tempered by patronage as the ruling clan is able to wield influence through its ability to use oil rents to buy loyalty. Intra-clan competition (i.e., among those institutionally capable of power-grabbing) is conflict-laden. The years-long sibling rivalry between Oil Minister Lima and Vice President Teodorin became more heated with Teodorin’s meteoric rise in the regime and First Lady Constancia’s preference for his succession. A palace coup may be a more likely scenario than a coup due to foreign intervention or by the political opposition.

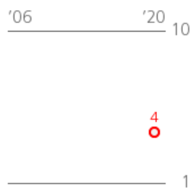
II. Governance Performance

14 | Steering Capability

Question Score

Prioritization

4

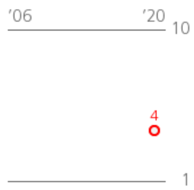


The ruling class's strategic priorities are not oriented toward democracy and only partially at best toward a market economy. However, since power and strategizing are highly concentrated among only a few members of the ruling clan, the ability to maintain strategic priorities is relatively strong. Concentration and centralization are maintained through regular cabinet reshuffles and empowerment of national security agencies led by close relatives of President Obiang. Effective political opponents do not exist. Therefore, no stalemates or transitions are able to impede coherent strategic actions. Crises such as alleged and attempted coups d'états are used by the regime to suppress political dissent.

Policy priorities are generally agreed upon and serve almost exclusively to ensure the regime's survival and enrichment. These include expansion of the flagging hydrocarbons sector wherever and whenever possible, especially the gas industry, the procurement of bilateral lenders – especially from China – and a series of measures to win approval from the IMF and acquire multilateral loans. Organization of these priorities is often disrupted, however, by the growing schism within the ruling family between supporters of Vice President Teodorin as successor of his father to the presidency and supporters of longtime Oil Minister Lima. Teodorin has often been subject to prosecution and lawsuits by Western governments, such as France and the United States. He has displayed unwavering preference for non-Western aid and investment. Lima, however, regularly courts major oil corporations such as Total and Shell for their superior technological capacity to exploit the country's gas and remaining oil reserves. Teodorin has also used his position as vice president to deny Lima funds to travel and pitch investment opportunities.

Implementation

4

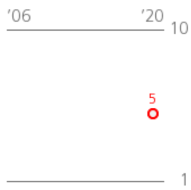


The extent to which the government achieves strategic priorities has depends on particular projects' impact on the regime's longevity and prosperity. Only in the past few years have internal factions disrupted this pattern, as Teodorin has acquired power and Chinese investors influence. The regime's most important priority, the revival and expansion of the hydrocarbons sector, suffers from both structural setbacks and impulsive decisions by cabinet members. In October 2018, Lima obeyed orders from President Obiang to hold off on further discussions with British Ophir Energy on the future of the formerly promising Fortuna floating liquefied natural gas (LNG) train. As the global supply of LNG increased with American output, Ophir has found it difficult to secure partners for its project. Another priority, enforcement of existing local content laws, operates incongruently with that of reviving the hydrocarbons sector, as the vague laws are implemented arbitrarily and inconsistently. Also, the sudden departure of GEPetrol Chief Executive Antonio Engonga Oburu (presumably to make way for a favorite of Constancia) complicated efforts to procure new contracts in the oil sector. Despite Teodorin's attempted disruptions of Lima's efforts to court major Western oil corporations, Lima began drafting a plan in December 2018 to bolster the country's mining sector. It is unclear however the extent to which mining is a viable replacement for oil.

Priorities inspired by the need for IMF loans have been complicated by Teodorin's misdeeds, corruption and subordination to regime's top priority of self-enrichment. In March 2018, Obiang named Lucas Nchama, former director of the BEAC, to help secure IMF funds, but the IMF remains reportedly concerned that its loans will end up in the hands of the profligate Teodorin. The stated goal of diversifying away from hydrocarbons and toward fisheries, agriculture, downstream energy (such as petrochemicals), improving the business climate and promoting tourism have fallen short of full realization. Electrification has improved thanks to the construction of the Chinese-financed Djibloho Dam in 2012, but its effects are limited.

Policy learning

5



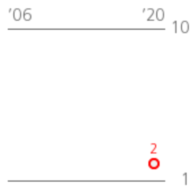
There are no institutionalized mechanisms for learning from past experiences or encouraging innovation and flexibility in policy-making. The regime has, however, learned how to ensure and prolong its survival and prosperity, though difficulties controlling Teodorin's public behavior betray weaknesses in this area. Observation and knowledge exchange take place with only a handful of NGOs and bilateral aid agencies and only with respect to deprioritized policy goals, such as improvements in education and environmental sustainability.

For its most important strategic priorities, such as reviving hydrocarbons, the regime has long relied on advice and connections provided by U.S. law firm Greenberg Traurig and U.S. consultancy group Centurion, the latter of which has regularly advised Lima. It is difficult to conjecture whether the regime's adeptness at declaring normative priorities while pursuing self-interest is the result of these agencies or real, albeit coincidental, learning. For less prioritized strategies, such as diversification and fiscal stability, the regime has relied on the IMF, most recently through its SMP which concluded in mid-2018.

15 | Resource Efficiency

Efficient use of assets

2



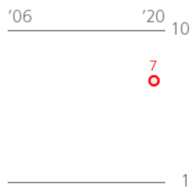
The government makes very little use of available human resources. This is partially because it is a rentier state dependent on exports and foreign expertise. Usually, foreign advisers are favored over indigenous talent. Administrative posts are commonly filled with supplicants and members of the ruling clan. No decisions regarding dismissals or hiring escape political consideration.

The budget is relatively balanced and debt, though rising fast, seems regularly serviced via the country's fast-depleting reserves. But, as the regime remains among the most opaque in the world, little to no information exists on the allocation of budget resources. Analysts are forced to make conjectures. Plans to reduce deficits are hampered by the regime's insistence on greasing the wheels of patronage to remain in power. Budget expenditures have not declined, despite repeated requests from the IMF.

No reforms or procedures have been instituted to streamline administration or make use of local assemblies.

Policy coordination

7

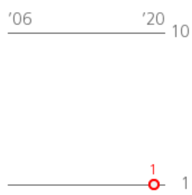


Equatorial Guinea is subject to a personalist and highly centralized style of policy coordination. The constitution grants President Obiang the power to convene a Council of Ministers, which enjoys considerable powers to direct state policy. As it is filled with the president's closest kin, all of whom defer unquestioningly to him, a certain level of coherence is to be expected. Friction between competing policy objectives is likely resolved either in the Council of Ministers or personally.

Clashes between the oil ministry (a redundancy with the Ministry of Industry and Energy) and the vice president's office, in charge of national defense and security (a redundancy with the Defense Ministry), appear to be resolved in this manner, despite outward signs of friction. Other potentially competing ministries (e.g., the Ministry of Agriculture) defer to the person of the president, and thus have no capacity to interfere with policy goals.

Anti-corruption policy

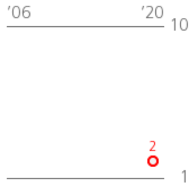
1



No institutional mechanisms exist to support the prosecution of corruption. There is no auditing of state spending or regulation of party financing. The regime has successfully deflected international calls to join the EITI and even intimidates members of the EITI's local steering committee. In addition, the ruling PDGE receives extralegal financing that opposition parties do not. Access to information by citizens is severely restrained by the ruling clan's monopoly on all media outlets, as well as by internet blockages, precluding the possibility that widespread knowledge of the regime's criminality can be adequately interpreted and used constructively. Instead, foreign governments must carry out prosecutions of unlawful gains and embezzlement.

16 | Consensus-Building

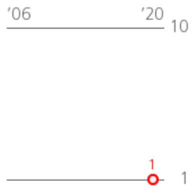
Consensus on goals
2



There is no consensus on the adoption of democracy by any political actors with influence or resources. The degree of control over resources exercised by the ruling clan is extreme, relative to the small size of the voting population. Real opposition typically masquerades as civil society actors, and even so are marginalized. The Equatoguinean diaspora is not sufficiently organized or well-endowed to have significant political clout.

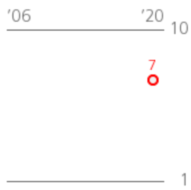
There appears to be a growing interest in a market economy from within the ruling clan as a backstop to further decline in the hydrocarbons sector. Very marginal improvements to the abysmal business climate reflect this, but real consensus is still desperately lacking. All relevant actors with political clout stand to benefit from the status quo, which is a particularly predatory brand of state-led capitalism.

Anti-democratic actors
1



In Equatorial Guinea, there are no political actors with enough clout to initiate reform. Given the regime's extreme control over institutional and financial resources, any reformers with clout would undoubtedly be subject to co-optation or face repression. The ruling class is the most important obstacle to reform.

Cleavage / conflict management
7

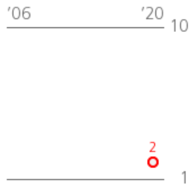


Despite the regime's excessive control of domestic political affairs, it is in fact interested in de-escalating any potential social cleavages that might affect political stability. Cleavages are not reflected in the party system, which is de facto a single-party structure, despite nominal opposition parties that owe allegiance to the ruling PDGE. Ethnic differences present perhaps the greatest threat to national solidarity and political stability. The Bubi (representing a small minority) are either severely repressed or discouraged through state violence, while the regime-controlled media downplay or ignore the significance of ethnic identities. Potential class conflicts are prevented through rhetoric about the nation being a single family or by classifying working-class agitation as criminal activity.

Beyond group-based cleavages, the most significant political cleavage is in the ostensibly monolithic Mongomo-based Fang ruling faction, which is full of schisms and dissent.

Perhaps the closest the government came to involving CSOs in the political process was in 2008, when Equatorial Guinea became a candidate member of the EITI. The process provided an insight into how domestic and, allegedly, foreign journalists are regularly intimidated, and in the latter case, even deported.

Civil society participation
2

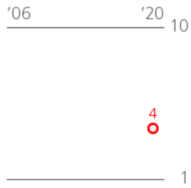


Local CSO appointees to the EITI National Committee report having experienced intimidation and willful obstruction. In 2010, the prime minister requested an extension to complete EITI requirements, but the EITI board denied the request, citing the lack of CSO autonomy, while welcoming a new application, which the country has not made.

Charity, scientists and community-based organizations are involved in depoliticized issues, such as HIV prevention or environmental concerns. Even then, they face conflicting government attempts to preempt any programs that the local population might see as a potential reason to oppose the regime.

Historically, the Bubi have been the victims of mass violence, amounting to genocide, and discrimination, along with political dissidents and rivals. From 1978 – 1979, former President Macías Nguema systematically targeted, brutalized and murdered the self-determining Bubi en masse. The former president was the only individual tried and convicted for these crimes, while current President Obiang in 2006 denounced the former practice of appointing a Bubi as prime minister.

Reconciliation
4



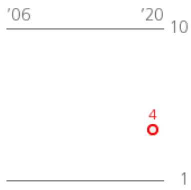
Throughout its brief history, the regime has often called for "national dialogs" as a means to improve its international image and placate certain elements of the political opposition. After each national dialog, the commitments the regime made to opening the political system were never realized in practice. Olive branches are only extended when international outcries reach a crescendo. Following the alleged coup attempt in December 2017, 21 dissidents of the opposition Citizens for Innovation were arrested, leading to harsh criticism by international watchdogs such as Amnesty International. In June 2018, President Obiang promised to launch a national dialog to ease tensions, with the opposition conditioning their participation on the release of all political prisoners. This occurred in October 2018. Even so, no political freedoms were granted; nor was democracy strengthened.

Amnesty was granted to politically critical artist Ramón Esono Ebalé via judicial acquittal in February 2018. It is suspected that Ebalé's release, after months in jail, was the result of pressure from several international organizations.

17 | International Cooperation

Effective use of support

4

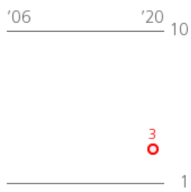


For the government, economic and political development serve the overarching goal of remaining in power and benefiting financially from that. As all strategies are adapted to this goal, so is the regime's disposition toward international partners. The regime approached the IMF in June 2017 for help achieving fiscal solvency (resulting in an SMP concluded in 2018). It also aggressively pursued membership in OPEC, to which it applied in January 2017, after the regime aligned its oil production with the production of cartel members in late 2016. Lima's Lobbying in Saudi Arabia bore fruit in May 2016, when the country was admitted as OPEC's 14th member. The regime strategized that its newly acquired partners would further encourage Chinese interest in its hydrocarbons sector. As one of Equatorial Guinea's bilateral lenders, the Industrial and Commercial Bank of China, extended a $2-billion aid package in 2015 in exchange for concessions to Chinese investors. The money was given directly to the government.

Although courting Chinese investment helps maintain the regime, the country's largest partners remain major U.S. oil corporations, which are more subject to international scrutiny than China is. This explains the regime's continued face-saving cooperation with the IMF, the recommendations of which appear to fall on deaf ears because they contravene the regime's patronage politics. President Obiang and Vice President Teodorin employ a familiar strategy of using international bipolarity to their advantage. International assistance is a means of rent-seeking.

Credibility

3



The government enjoys little credibility with the international community. Human rights violations have led to strident calls for political reform by intergovernmental organizations such as the EU, the IMF, the UNHRC, and the Community of Portuguese Speaking Countries (CPLP) to which Equatorial Guinea belongs. Criticism has also come from bilateral partners such as the United States and France, which have successfully sued and prosecuted Vice President Teodorin, respectively. The harshest critiques of the regime come from well-regarded NGO watchdogs, such as Human Rights Watch and Amnesty International. Unfulfilled commitments to human rights conventions have been exposed by not only journalists and watchdogs, but by the UNHRC's Universal Period Review, which confirmed multiple violations and made recommendations ranging from banning torture to guaranteeing childhood education. The country's accession to the U.N. Security Council (UNSC) as a non-permanent member in 2018 was met with harsh criticism from various international organizations. The regime used the publicity to promote reform of the UNSC as part of their membership in the committee of Ten.

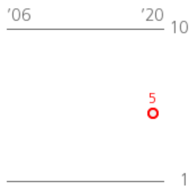
In a more recent loss of credibility, President Obiang granted refuge to former Gambian President Yahya Jammeh in late 2017, despite opposition from several international organizations, NGOs and even local civil society.

As a non-member of the WTO, the country is not subject to that body's dispute resolution mechanisms. Neither is the country party to the ICC. The regime is not, however, opposed to using the International Court of Justice (ICJ) in its ongoing case against France for confiscating its holdings in Paris, which French courts found were procured illegally. In early 2017, Equatorial Guinea and Gabon agreed to have a border dispute arbitrated before the ICJ, indicating that the Equatorial Guinea is ready to comply with the court's decision.

President Obiang has sought to discredit the very international watchdogs and NGOs who have been the most critical of the regime's human rights abuses. Not long after the alleged 2017 coup, the president called on African nations to expel international organizations because they threaten their sovereignty.

Equatorial Guinea remains an unpredictable and unreliable member of the international community.

Regional cooperation
5



President Obiang is a self-styled pan-Africanist. It serves the regime's interest to forge strong relationships with more autocratic members of the regime to protect against "interference" in internal affairs.

In October 2017, the government lifted visa requirements for CEMAC members and ratified the bloc's free movement convention, after 15 years of inaction. Around the same time, the government advertised itself as a refuge for regional autocrats by offering sanctuary to Jammeh after his resignation in January 2017. Since Equatorial Guinea is not party to the ICC, Jammeh was able to escape extradition. Obiang was applauded by regional allies and the African Union (AU) itself. President Obiang hosted Uganda's President Yoweri Museveni in August 2017 and awarded him the country's highest honor (the Great Collar of Independence Award) for his contributions to the pan-Africa cause. In April, the two heads of state signed bilateral agreements on energy and diplomatic cooperation. President Obiang's close ties with former Zimbabwean President Robert Mugabe has continued to yield benefits, as Zimbabwe regularly lends military support to the regime.

Regional diplomacy is also guided by resources, recently that of gas. Efforts to build energy-based alliances and continental influence were enhanced yielding greater progress than in years prior to 2017. At least four memorandums of understanding (MoUs) based on energy cooperation were signed with regional counterparts in 2017. In March 2017, Oil Minister Lima and his South Sudanese counterpart agreed on terms for Equatoguineans to train oil executives in Juba. In April 2017, President Obiang visited Mozambique and reached an agreement with President Filipe Nyusi to assist Mozambique's fledgling hydrocarbons sector, seemingly in exchange for greater influence in the CPLP. In June 2017, Lima signed an agreement with his Ghanaian counterpart to supply Ghana's ports with Equatoguinean liquefied natural gas (LNG). During a state dinner held in Malabo in August 2017, Ghanaian President Akufo-Addo announced the reinstatement of the Permanent Join Commission of

Cooperation between the two countries, begun in 2010. The gas diplomacy of 2017 was rounded off in mid-September in Ouagadougou, when Oil Minister Lima agreed to supply gas to Burkina Faso through the Ghanaian port of Tema.

Gas diplomacy continued in March 2018 as a bilateral agreement reached with Mozambique promised cooperation in hydrocarbons development. In November 2018, Sudan received President Obiang for wide-ranging talks on bilateral and multilateral cooperation. President Obiang's campaign to win regional allies was also demonstrated in a January 2018 visit to Abuja to strengthen bilateral cooperation with Nigeria. In June 2018, Equatorial Guinea reopened its border with Cameroon after months of closure following the alleged coup attempt.

Strategic Outlook

Political stability in Equatorial Guinea is dependent on the ability of the ruling clan to co-opt and eliminate potential opponents, which can only continue if nationally controlled resource rents continue to flow to state-owned (and certain private) enterprises. But as the hydrocarbons sector continues its decline and as Vice President Teodorin prepares to succeed his father as president, political fragmentation and further violence in the medium term are real possibilities. Bilateral and multilateral partners must act fast and determinedly to preempt further waste and impoverishment.

The United States continues to wield considerable influence over the Equatoguinean regime. But as U.S. interest in Equatoguinean oil wanes thanks to its own boon, the United States Justice Department should seek to enforce existing legislation, namely the Foreign Corrupt Practices Act, which prohibits companies under U.S. jurisdiction from engaging in corrupt practices abroad. The Kleptocracy Asset Recovery Initiative can also be used to strategically target corrupt Equatoguinean officials with assets in the United States, as was done during the prosecution of Teodorin in 2012. France's efforts to prosecute illicit holdings within its jurisdiction should likewise be aggressively pursued by its European counterparts, especially countries (e.g., Switzerland) where Equatorial Guinea regime keeps many of its assets.

The IMF should remain committed to disbursing funds only in the event that the government drafts a clear plan for democratization and developing free markets. All multilateral loans should be conditional on Equatorial Guinea's re-admission into the EITI, which would help begin shifting norms toward transparency and open accounting.

Transparency and recovering foreign assets are necessary but insufficient to guarantee the beginnings of transformation. With a population kept in the dark, thanks to state-controlled media and harsh suppression of any political dissent, the AU, which voted to give Equatorial Guinea a seat on the UNSC, should invite political actors to organize a national dialog at a neutral location, where foreign journalists are free to report progress and pitfalls free from state intimidation. Invitations should be extended to the country's vocal, but disorganized diaspora in the United States, France and Spain. The dialog should occur as a series and granted a secretariat by the AU to ensure its continuity. The objectives should be humble and crafted so as to encourage dialog, and not necessarily results in the short term. Only in the medium term can timetables for political transformation be reasonably expected, including unambiguously written constitutional amendments, the acceptance of foreign election observers and a free media.

It is uncertain whether these reforms would yield significant transformations, especially in an international economy increasingly dominated by non-Western concessional loans. But they would certainly help to circumscribe the actions and strategies of a regime that has become infamous for wanton corruption and human rights abuses.