Interview/Finance and Budget

« The economy of Equatorial Guinea is dynamic: this dynamism is the engine of our country »

Martin Crisantos Ebe Mba, Minister of Finance and Budget, shared with* African Markets *his thoughts as a passionate advocate of the opportunities his country has to offer in the way of investment, firmly believing in the sustainable continuation of Equatorial Guinea's development.

African Markets: *What are the reasons for the falloff in GDP growth in 2010, one of the lowest GDP's since the beginning of oil exploitation, with a worrisome rate of 1.2% in 2010, whereas in 2004, Equatorial Guinea posted a peak of 38%? What has been the impact of this decline on the 2011 budget? What will be the framework of the 2012 budget?*

Martin Crisantos Ebe Mba: The low GDP growth rate for 2010 is due to a decline in petroleum derivative products, for which the rate was 7% lower than 2009. This phenomenon arose from technical problems that have since been resolved: in 2011, this production was restored to its normal level. Whereas projections for 2011 were based on a growth rate of 2%, we ended the year with growth that amounted to 8% due to the fact that, at the beginning of 2011, the price per barrel of oil was USD 68, compared to USD 105 by the end of the year.

The 2011 budget was not affected by the world economic crisis. Petroleum and non-petroleum earnings exceeded the 15% planned for in the budgetary law, all of this due to good management, as well as to support measures adopted by the government.

With regard to the 2012 budget, it has been approved with a budget surplus of 2% of GDP. This budget includes a set of measures that will expedite its execution. Figuring prominently among them is the strengthening of fiscal and customs administrations.

Despite the drop in hydrocarbon production in 2011, are we going to witness a recovery of the growth rate, and if so, of what size? What are your projections for 2012 as far as GDP is concerned?

The growth rate has improved considerably as a result of the frenzy of activity in the sector of port, airport, and road infrastructure, which reflects the implementation of the plan for the industrialization of productive sectors. For 2011 and 2012, the startup of production at nine oil fields, together with strengthening of the sectors of commerce, tourism and transportation, will cause growth rates to climb to 8% and 9%, respectively.

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Although Equatorial Guinea does not have a debt problem thanks to its budgetary surplus and its foreign exchange reserves, why did its foreign debt nonetheless amount to nearly 5% of GDP in 2010 , that is, 307 billion FCFA, owed to the Banque des États d'Afrique Centrale (BEAC)?

In the framework of international cooperation, Equatorial Guinea has signed agreements with friendly countries. To this end, it signed an agreement with the Chinese government to finance large projects for the construction of infrastructure all over the country, such as construction of a hydroelectric plant and transmission and electrification lines from Malabo to Bata… These infrastructure projects, whose profitability is guaranteed, should generate earnings in the future that will make them self-financing. However, in terms of GDP percentage, the financing cost of these projects is very low and does not present any risk of breaching the terms of CEMAC criteria for multilateral convergence.

Are you expecting to make an effort to modify the poor standing of Equatorial Guinea in the World Bank's ranking for Doing Business – improvement of business climate – with the loss of 3 points between 2010 and 2011, from 161st to 164th place? The reasons cited are construction permits, export licenses, the high perceived level of corruption, complicated administrative procedures and an unpredictable legal environment. Does the government seriously intend to tackle all these problems?

Our ranking in the Doing Business index does not reflect the current dynamism of our economy, but we are aware of the need to improve our position, above all if we wish to attract more private investors who are welcome to come and explore the remarkable opportunities our economy has to offer, with modern infrastructure and, above all,