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Equatorial Guinea

Equatorial Guinea: Current Path

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Equatorial Guinea: Current Path forecast

Chart 1: Political map of Equatorial Guinea

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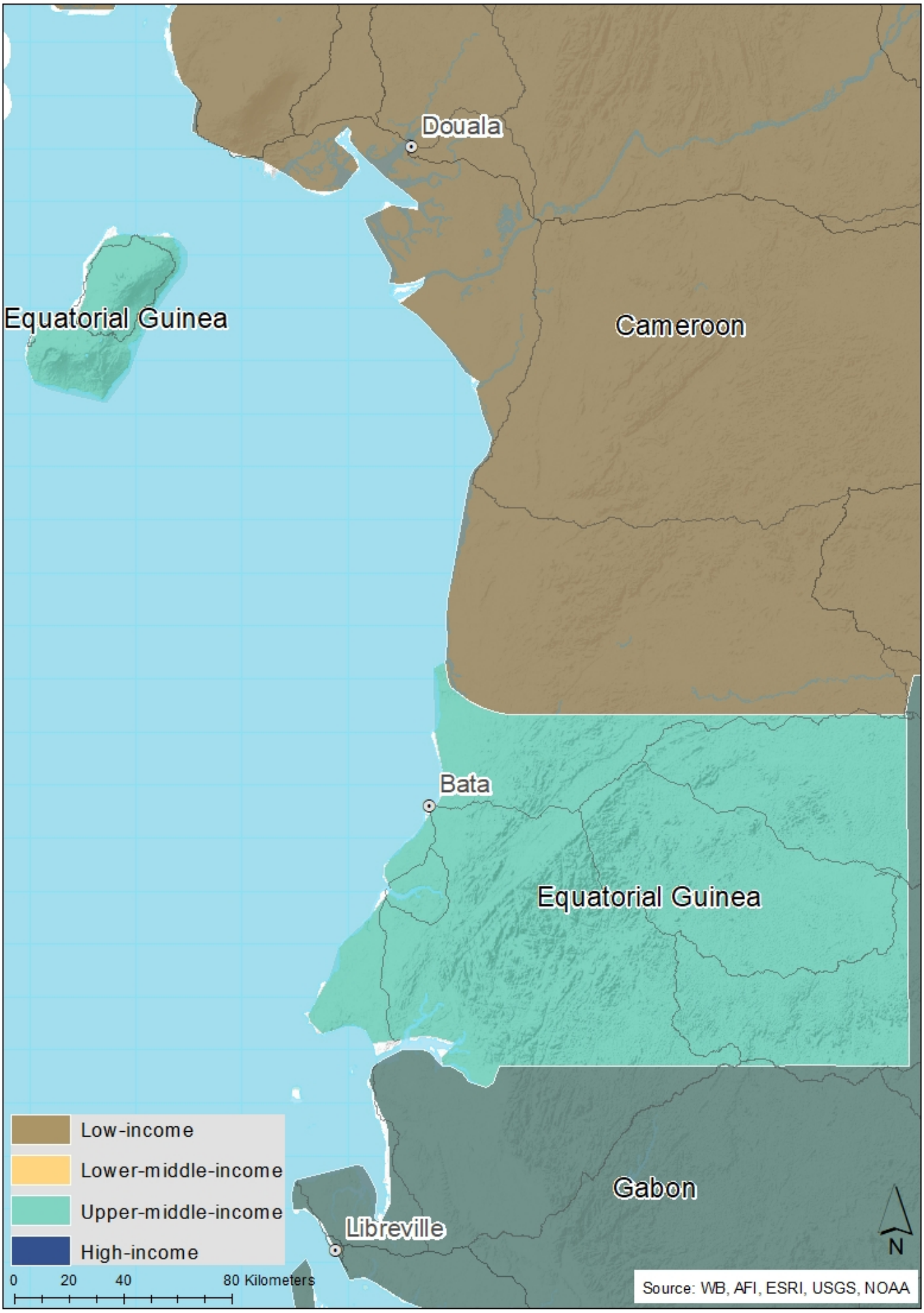

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This page provides an overview of the key characteristics of Equatorial Guinea along its likely (or Current Path) development trajectory. The Current Path forecast from the International Futures forecasting (IFs) platform is a dynamic scenario that imitates the continuation of current policies and environmental conditions. The Current Path is therefore in congruence with historical patterns and produces a series of dynamic forecasts endogenised in relationships across crucial global systems. We use 2019 as a standard reference year and the forecasts generally extend to 2043 to coincide with the end of the third ten-year implementation plan of the African Union's Agenda 2063 long-term development vision.

Equatorial Guinea is the only former Spanish colony in sub-Saharan Africa. It is composed of a mainland, Rio Muni, and small islands including Bioko, where the capital Malabo is located, Annobon, Corisco, Elobey, and others. The country is bordered in the north by Cameroon, to the east and south by Gabon, and to the west by the Gulf of Guinea. Its location just north of the Equator means that the climate is tropical, hot and humid throughout the year with plentiful rain. Equatorial Guinea is fortunate to have arable land and mineral resources including gold, oil, uranium, diamond and columbite-tantalite, and notably petroleum in the 1990s.

Using gross domestic product (GDP) per capita adjusted for purchasing power parity (PPP), Equatorial Guinea ranks at 63rd in the world in 2019; however, the wealth is distributed extremely unevenly, with few people benefiting from the oil riches. The country ranks 145th on the Human Development Index,[1] with less than half the population having access to clean drinking water and around 1 in 12 children dying before the age of five. These large disparities in development indicators and a lack of dependable national data mean that the forecasts on prospects for Equatorial Guinea have a large degree of uncertainty.

Equatorial Guinea is a member of the Economic Community of Central African States (ECCAS) and joined the CFA franc zone in 1985. It is currently classified as an upper middle-income country.

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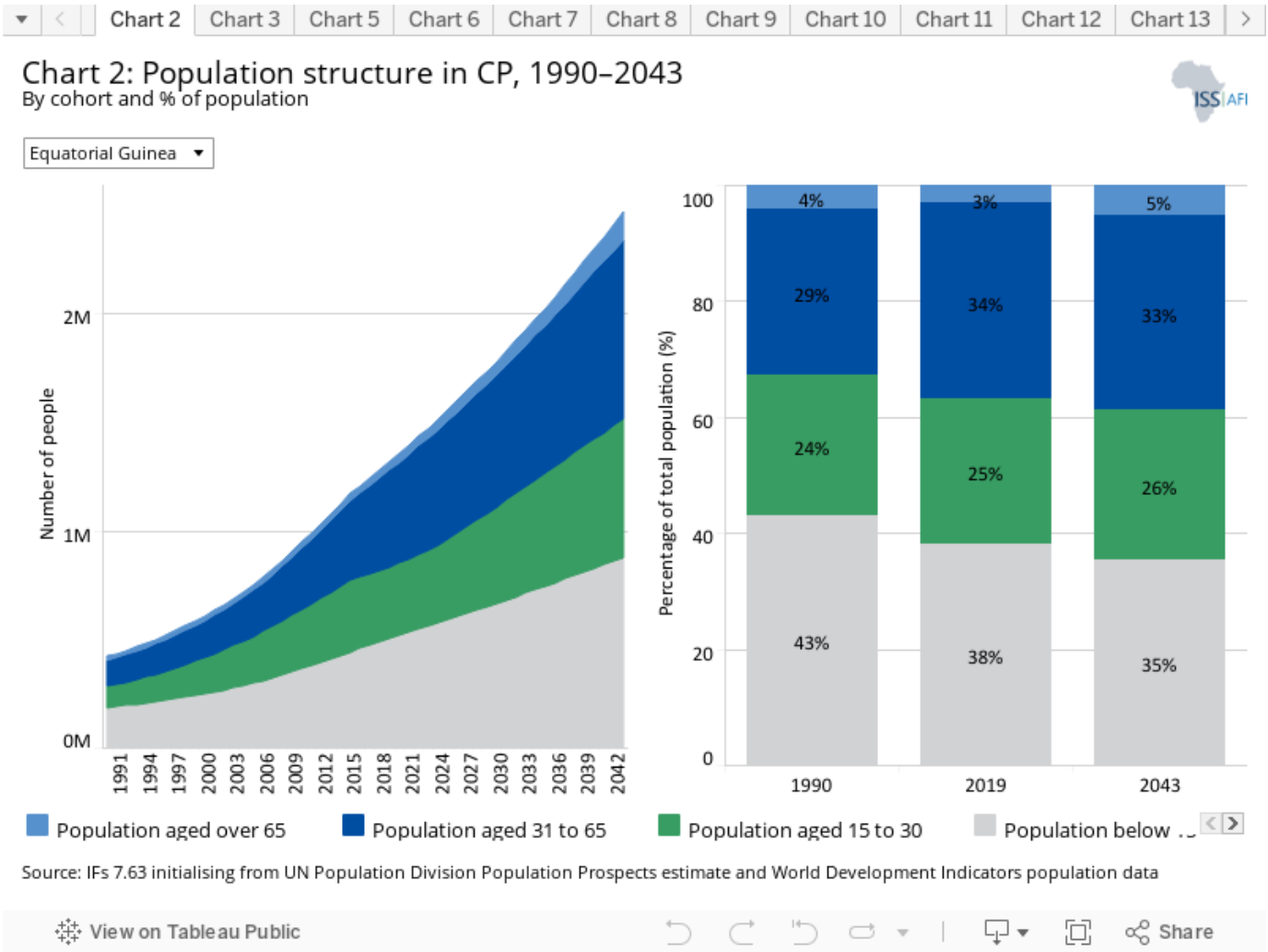
Demographics: Current Path



Equatorial Guinea has a small population: in 1990 it was 419 000 people and increased to 1.356 million in 2019 (eighth smallest in Africa), and it is expected to reach 2.462 million in 2043. In 2019, around 38.1% of the population (501 322 people) consisted of children under 15 years of age; this figure is expected to decline to 35.1% (864 100 people) in 2043. Almost 26% of Equatorial Guinea's adult population was in the age bracket 15 to 29 years in 2019, generally considered to constitute the youth bulge, increasing to 27.4% in 2043. Both numbers are quite low by comparative African standards.

Equatorial Guinea has the smallest population aged 65 and above among Africa's seven upper middle-income countries. Its population aged 65 years and over only constituted 2.87% (37 800 people) in 2019, forecast to increase to 5.3% (129 406 people) in 2043. In Gabon, the portion was 3.6% in 2019; Mauritius had the largest at 12.1% in 2019.

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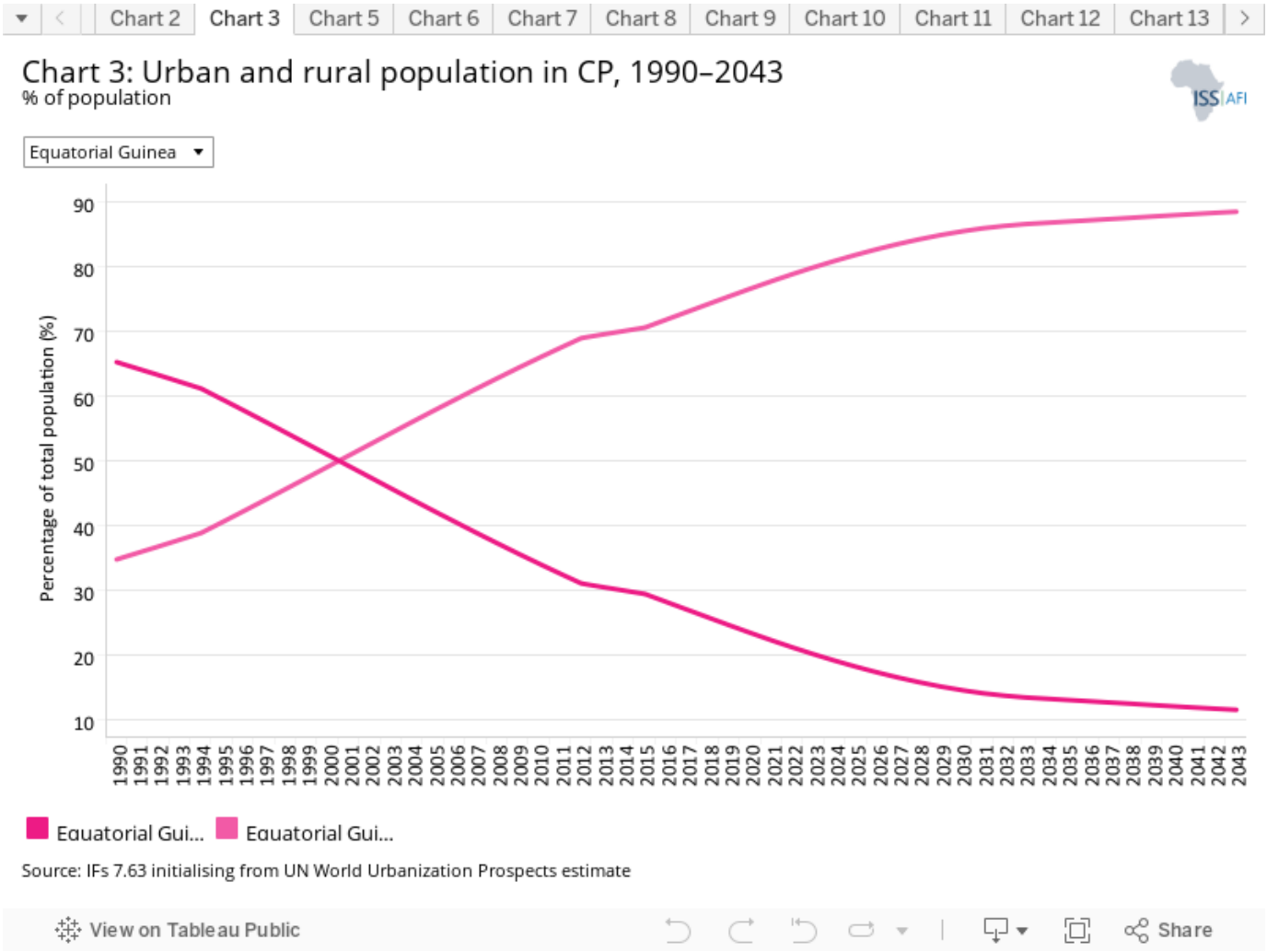

Equatorial Guinea has urbanised rapidly. In 1990, only 34.7% (or 145 600) of its population was considered urban, increasing dramatically to 75.5% in 2019 (fourth most urban in Africa) and is forecast to get to 88.7% (2.183 million) in 2043. At that point it will be the second most urban country in Africa. Gabon will be most urban. Urbanisation, if well planned, offers an opportunity to promote inclusive economy by accelerating the provision of a range of services including education.

Chart 4: Population density map for 2019

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Population density in 2019 was 0.5 people per hectare, roughly comparable to South Africa and Madagascar, with three quarters of the population living in urban areas. The largest cities are Bata and Malabo although both have fewer than 200 000 inhabitants.[2]

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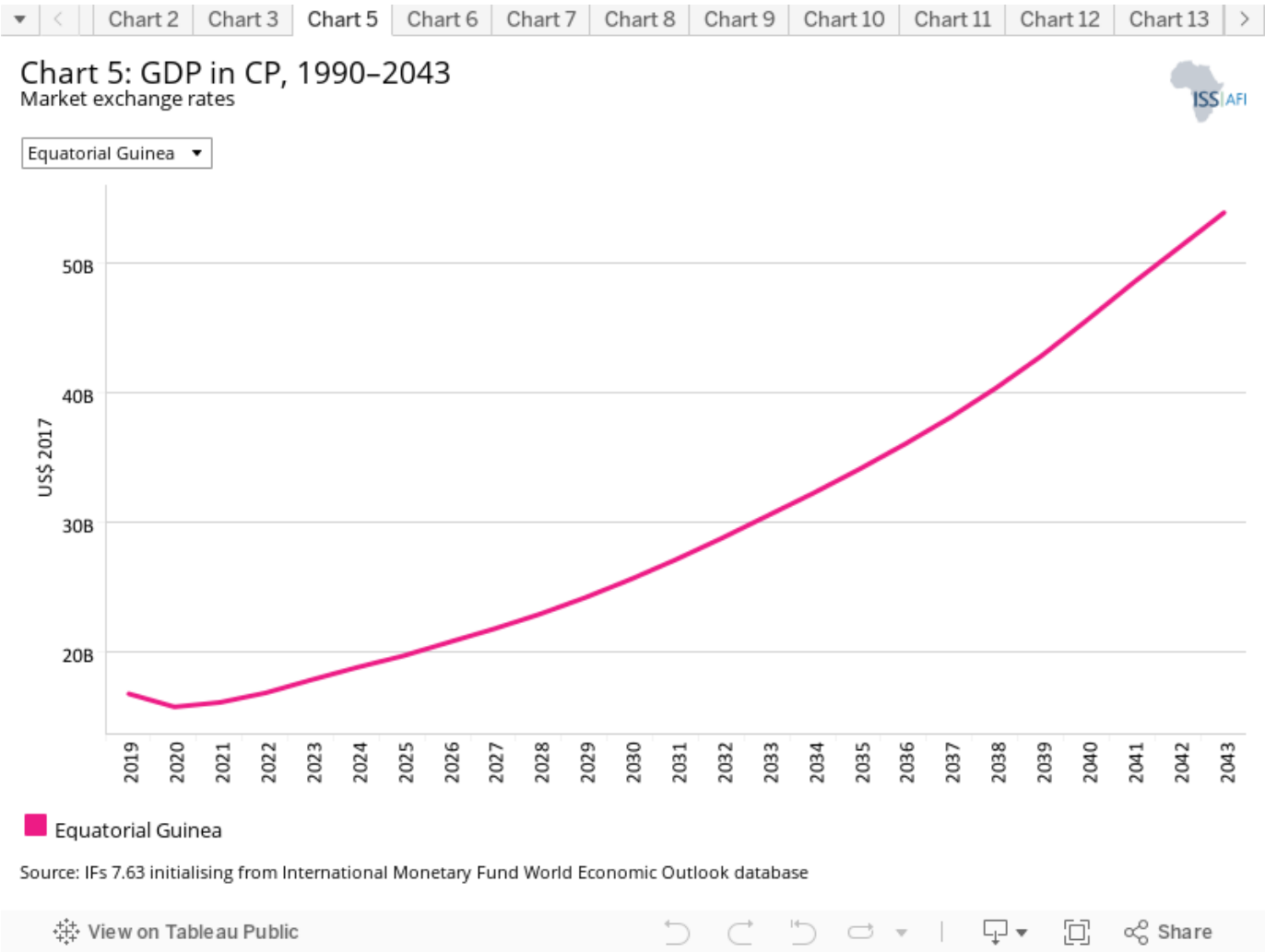
Economics: Current Path



The discovery of oil in 1995 transformed the fortune of the governing elite in Equatorial Guinea. The discovery saw economic growth rates regularly exceed 20% per year until 2008 after which growth slowed. Whereas in 1995 Equatorial Guinea had the fourth smallest economy in Africa, by 2019 it was ranked as the 28th largest and will be 26th in 2043. Little of the wealth has trickled down to the general population, however, and there is a large misalignment between the country's economic status and key development indicators including extreme poverty and inequality.

In addition to oil, Equatorial Guinea is endowed with large tracts of arable land and various minerals, namely gold, uranium, diamonds and columbite-tantalite.[3]

Its dependence upon oil means that Equatorial Guinea is vulnerable to commodity shocks, as occurred with the collapse of the oil price in 2014. Fluctuations of the oil price have also resulted in a significant retraction of the economy over the past six years. The economy peaked in size from 2012 to 2014 and, in the Current Path forecast, will only regain that size in 2029 in spite of population growth. In 2019, the size of the economy was US$16.8 billion and it will grow to US$53.8 billion in 2043.

Equatorial Guinea's dependency on the oil sector, poor economic performance and high levels of corruption raise significant questions and uncertainty relating to the country's long-term development prospects. Key among these are its development outcomes in sectors such as health.

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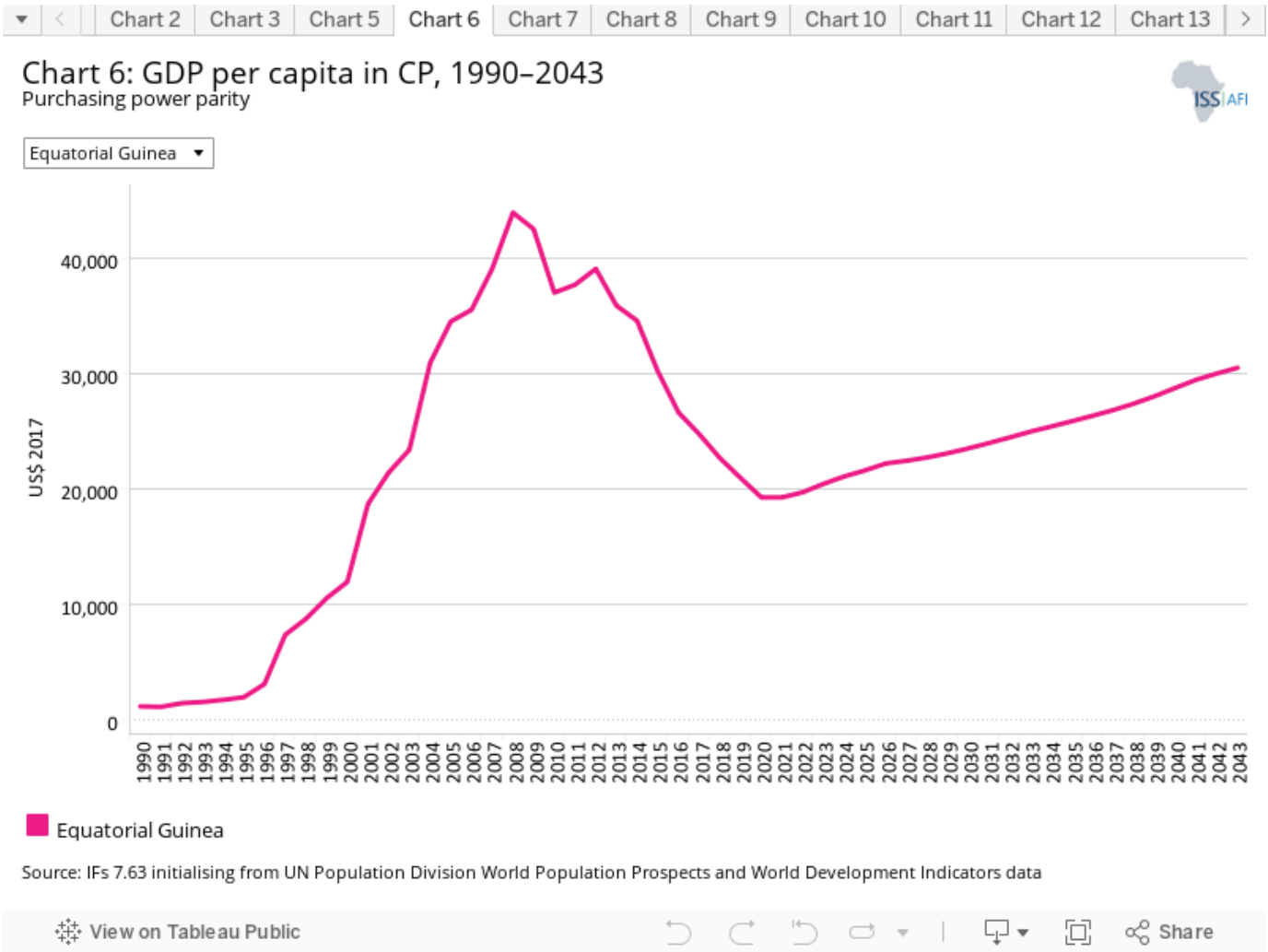
The country has set out ambitious goals in its 2020–2035 National Sustainable Development Plan that aspire to create a more prosperous future for its citizens through diversifying its economy and doing so in a manner that reconciles economic growth with the protection of natural resources.



Although many of the charts in the sectoral scenarios also include GDP per capita, this overview is an essential point of departure for interpreting the general economic outlook of Equatorial Guinea.

The discovery of oil in the 1990s and the associated high economic growth significantly increased the GDP per capita of Equatorial Guinea. Indeed, the GDP per capita increased from US$1 900 in 1995 and peaked at US$44 000 in 2008. Between 2004 and 2015, the country boasted the highest GDP per capita in Africa. However, with the retraction of the economy over the past six years, the GDP per capita declined by more than 50% from its level in 2008 to reach US$20 942 in 2019.

Using GDP per capita, Equatorial Guinea ranked 63rd out of 186 countries globally in 2019 within the IFs system, and fourth highest in Africa, behind only Seychelles, Mauritius and Libya. On the Current Path, GDP per capita is forecast to increase from U$20 942 in 2019 to US$30 522 in 2043 — an increase of 46%.

The reality for the majority of Equatorial Guinea's population is very different, with most of the wealth being amassed by a single extended family and much of the population living in abject poverty. These disparities are generally not captured when using the Gini coefficient, according to which Equatorial Guinea is the ninth most unequal country in Africa, doing

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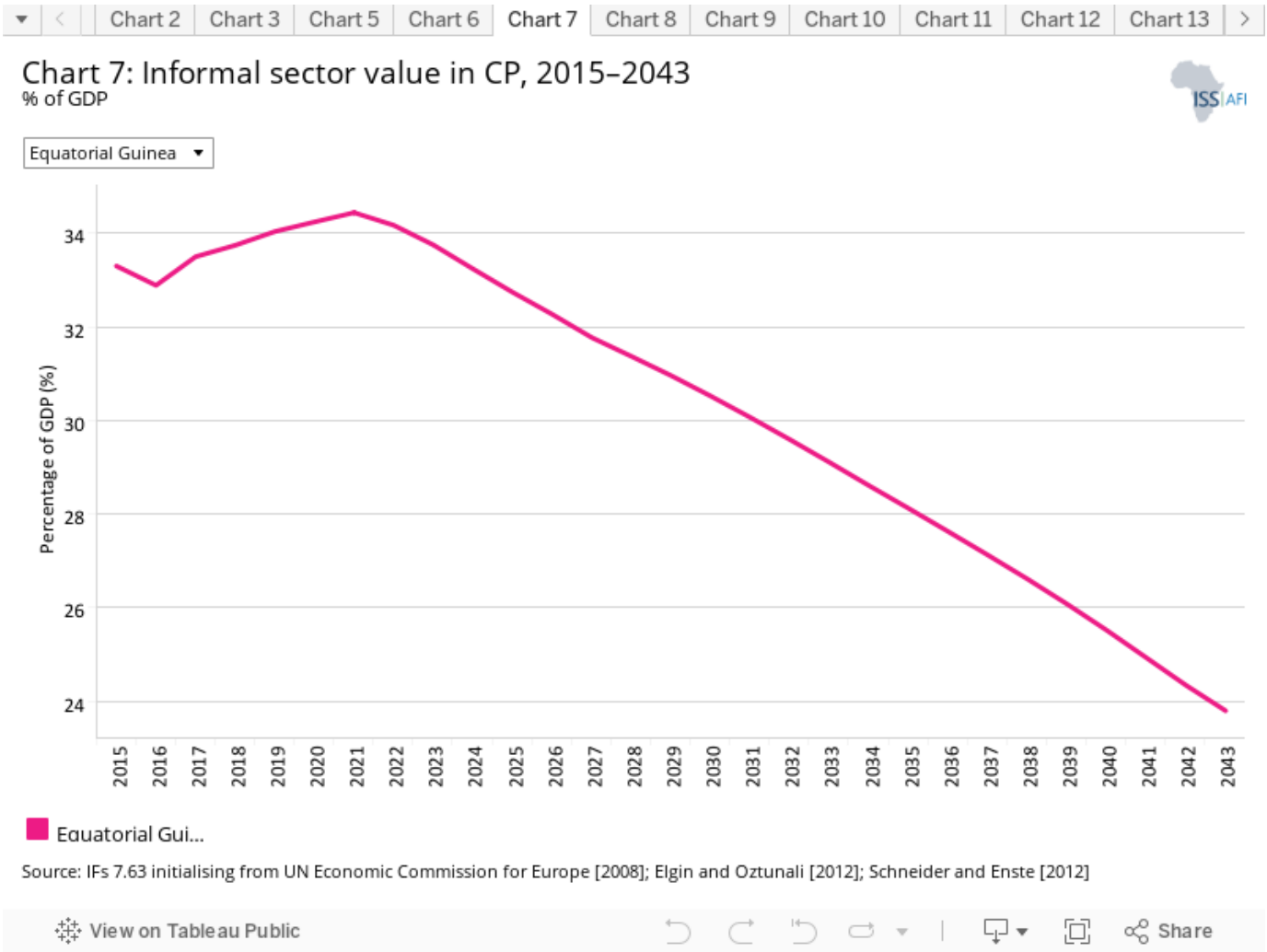
only slightly worse than Botswana and Mozambique.



Data on the size of the informal sector in Equatorial Guinea is scarce.[4] In 2019, the size of the informal economy in the country was estimated at 34% of GDP (US$5.71 billion). In the Current Path forecast, it will decline to 23.8% of GDP in 2043 but will increase in size to US12.81 billion.

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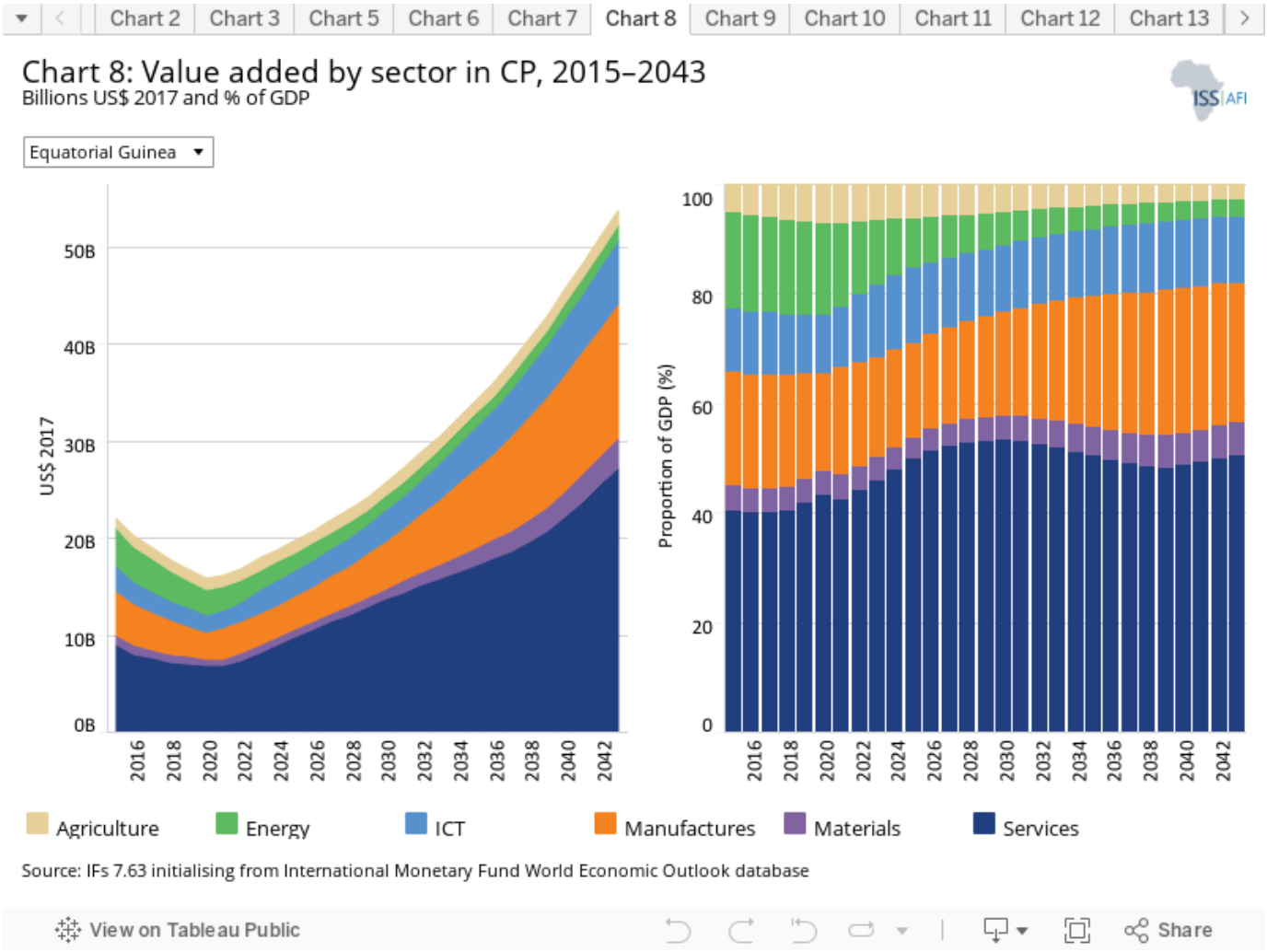

The IFs platform uses data from the Global Trade and Analysis Project (GTAP) to classify economic activity into six sectors: agriculture, energy, materials (including mining), manufacturing, service and information and communication technologies (ICT). Most other sources use a threefold distinction between only agriculture, industry and services with the result that data may differ.

In 2019, the service sector contributed to 42% of Equatorial Guinea's economy (GDP), followed by manufacturing at 19.3%, energy at 17%, ICT at 10.8%, agriculture at 6.9%, and materials at 4.4%. By 2043, services will contribute 51.8% and manufacturing 24.9%, with agriculture declining to 2.4%, slightly below energy at 2.7%.

The IFs estimate for the contribution from agriculture is higher than from the African Development Bank [5] which has it at less than 2% in 2011 because of differences in the aggregation of economic sectors.

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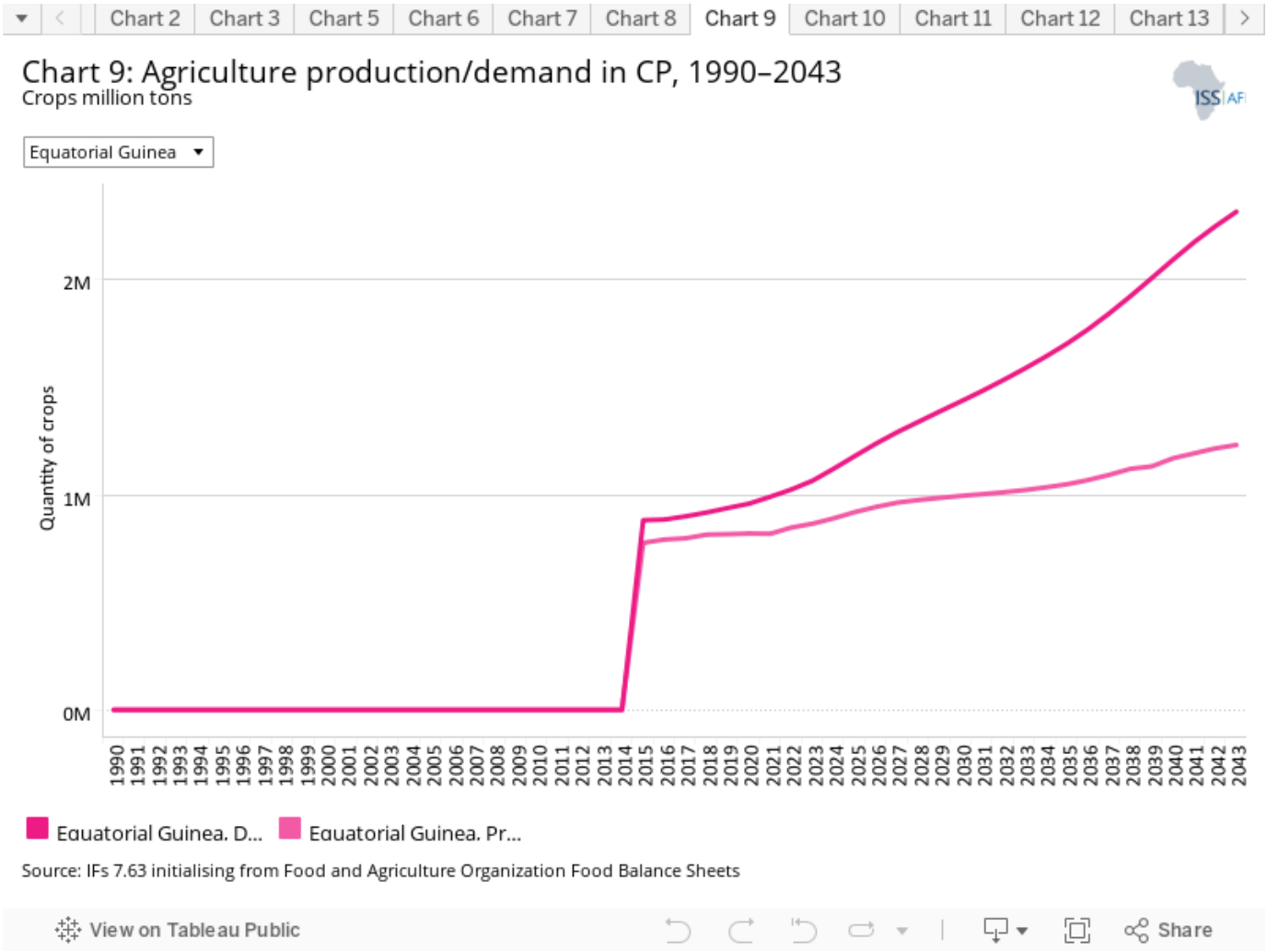

The data on agricultural production and demand in the IFs forecasting platform initialises from data provided on food balances by the Food and Agriculture Organization (FAO). IFs contains data on numerous types of agriculture but aggregates its forecast into crops, meat and fish, presented in million metric tons. Chart 9 shows agricultural production and demand as a total of all three categories.

Before independence, Equatorial Guinea exported cocoa, coffee and timber, but the contribution of the agriculture sector has steadily declined since the discovery of oil, particularly cocoa and fishing.[6] According to the African Development Bank[7] the agriculture sector accounted for less than 2% of GDP. The estimate in IFs for 2019 is at almost 7% because of differences in the aggregation of economic sectors.

Around 6.3% (177 million hectares) of Equatorial Guinea's land area is used for crops, 3.7% (104 000 hectares) is used for grazing, 56% (1.6 million hectares) is covered by forests, and 1.4% (40 000 hectares) is used for urban settlements. Just over 9 000 hectares are irrigated. Much of the agriculture sector consists of subsistence farming, which suffers from decades of neglect in spite of various efforts to improve matters. In 2015, the Government of Equatorial Guinea and the FAO signed a US$31.5 million partnership agreement to promote agricultural development in Equatorial Guinea.[8]

Agricultural (crop) production in 2019 stood at 0.82 million metric tons, below the domestic demand at 0.94 million metric tons. The gap between agricultural production and demand is forecast to widen across the forecast horizon. By 2043, crop production and demand are forecast to be 1.23 million metric tons and 12.32 million metric tons, respectively. This is equivalent to excess demand of 1.1 million metric tons that will likely be met through imports.

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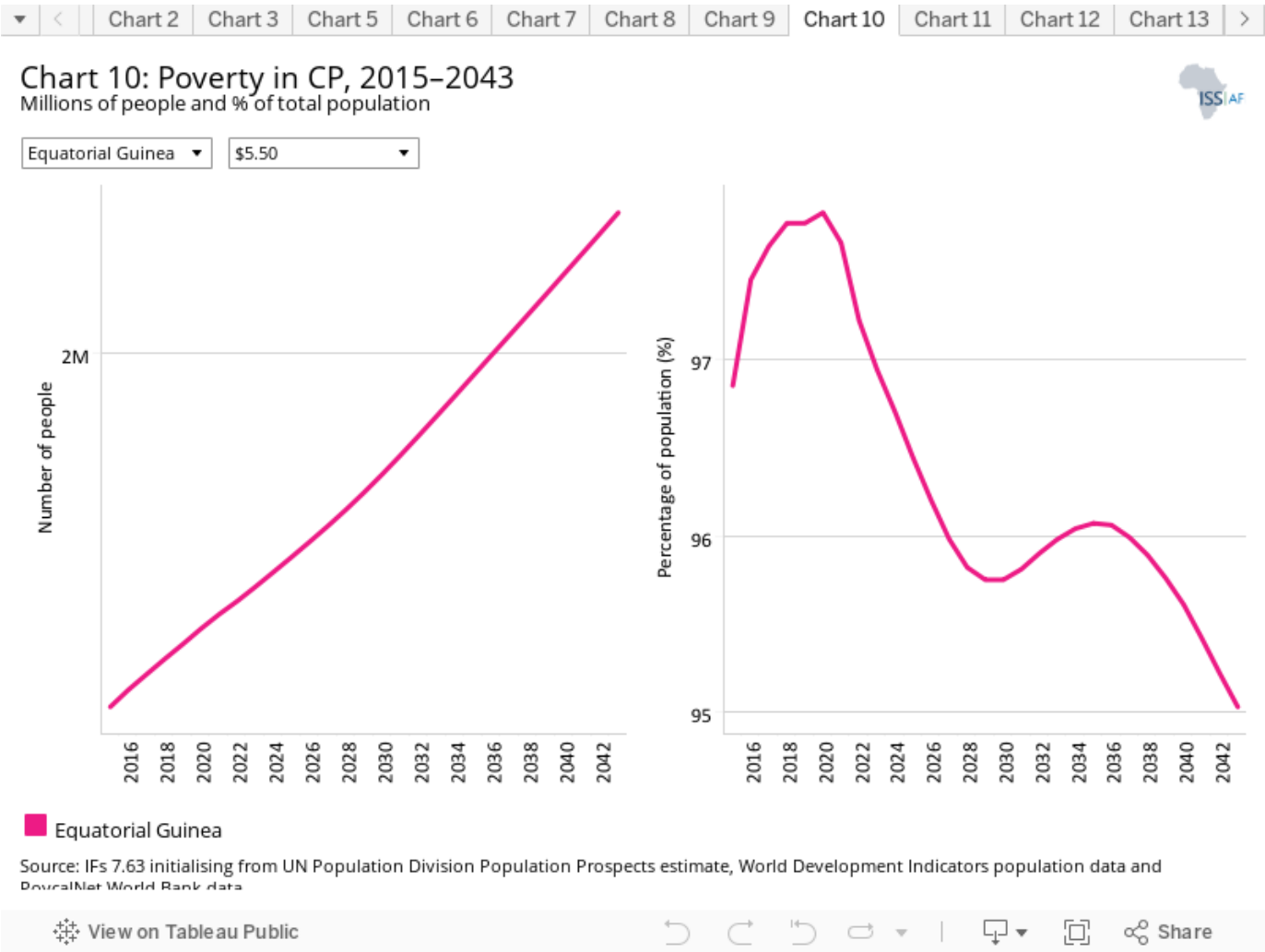
Poverty: Current Path



There are numerous methodologies for and approaches to defining poverty. We measure income poverty and use GDP per capita as a proxy. In 2015, the World Bank adopted the measure of US$1.90 per person per day (in 2011 international prices), also used to measure progress towards the achievement of Sustainable Development Goal (SDG) 1 of eradicating extreme poverty. To account for extreme poverty in richer countries occurring at slightly higher levels of income than in poor countries, the World Bank introduced three additional poverty lines in 2017:

- US$3.20 for lower middle-income countries
- US$5.50 for upper middle-income countries
- US$22.70 for high-income countries.

The last poverty rate data available for Equatorial Guinea is for 2006, according to which extreme poverty stood at 76.8%, and serves as initiation point for subsequent forecasts within IFs.[9] Within IFs, 83.2% of Equatorial Guinea's population (1.094 million people) lived below US$1.90 and 97.8% below US$5.50 in 2019. In the Current Path forecast, extreme poverty in 2043 will be 73.3% (at US$1.90) and 95% (at US$5.50). Child poverty is particularly high. A 2012 report from the African Development Bank reads as follows: 'Equatorial Guinea faces serious challenges in the fight against poverty and income inequality. The most recent estimates suggest that three quarters of the population live on less than 2 US dollars

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(USD) per day. The 15 to 24 age group, single women and large one-parent families with at least six children are the hardest hit. These categories account for 79% of households or 89% of the population.'[10]

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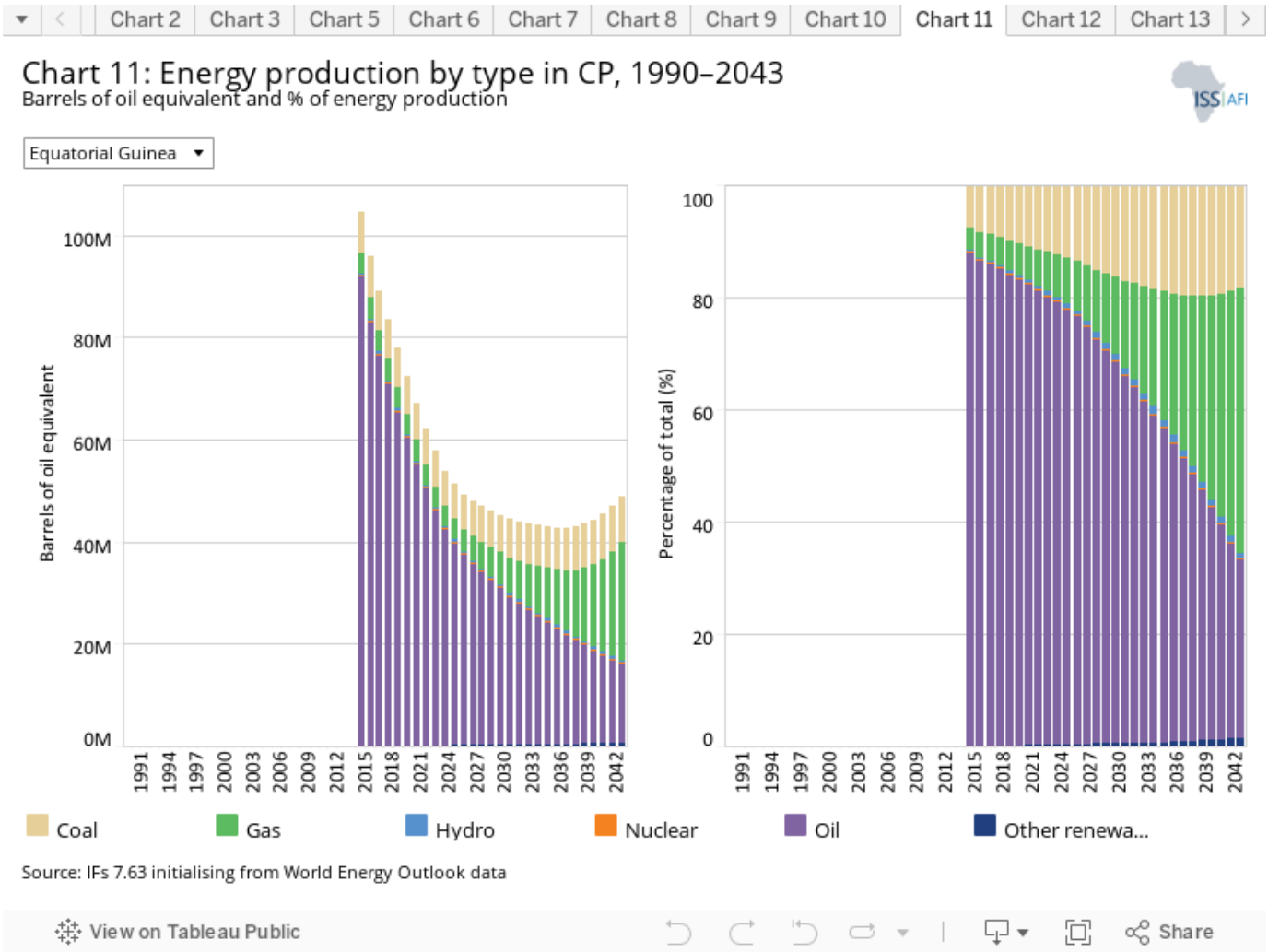
Carbon Emissions/Energy: Current Path



The IFs platform forecasts six types of energy, namely oil, gas, coal, hydro, nuclear and other renewables. To allow comparisons between different types of energy, the data is converted into billion barrels of oil equivalent (BBOE). The energy contained in a barrel of oil is approximately 5.8 million British thermal units (MBTUs) or 1 700 kilowatt-hours (kWh) of energy.

In 2019, Equatorial Guinea had the 12th largest oil reserves in Africa (around 2% of the oil reserves of Libya, which is the largest in Africa) and the tenth largest reserves of gas (around 1% of the gas reserves of Algeria, which has Africa's largest gas reserves). While, in 2019, it had oil reserves equivalent to 15 years of oil production, gas production will last much longer. In that year, it produced 66 million barrels of oil and, in the Current Path forecast, will produce 16 million barrels in 2043 as its current reserves become depleted. Recently, additional gas reserves have been discovered and the country is actively engaged in extending exploration and investments in the sector, but the size of its confirmed reserves are quite small. Gas production was 4 million barrels (oil equivalent) in 2019, increasing to 23 million barrels in 2043. Measured in million barrels of oil, gas production will overtake oil production in 2042.

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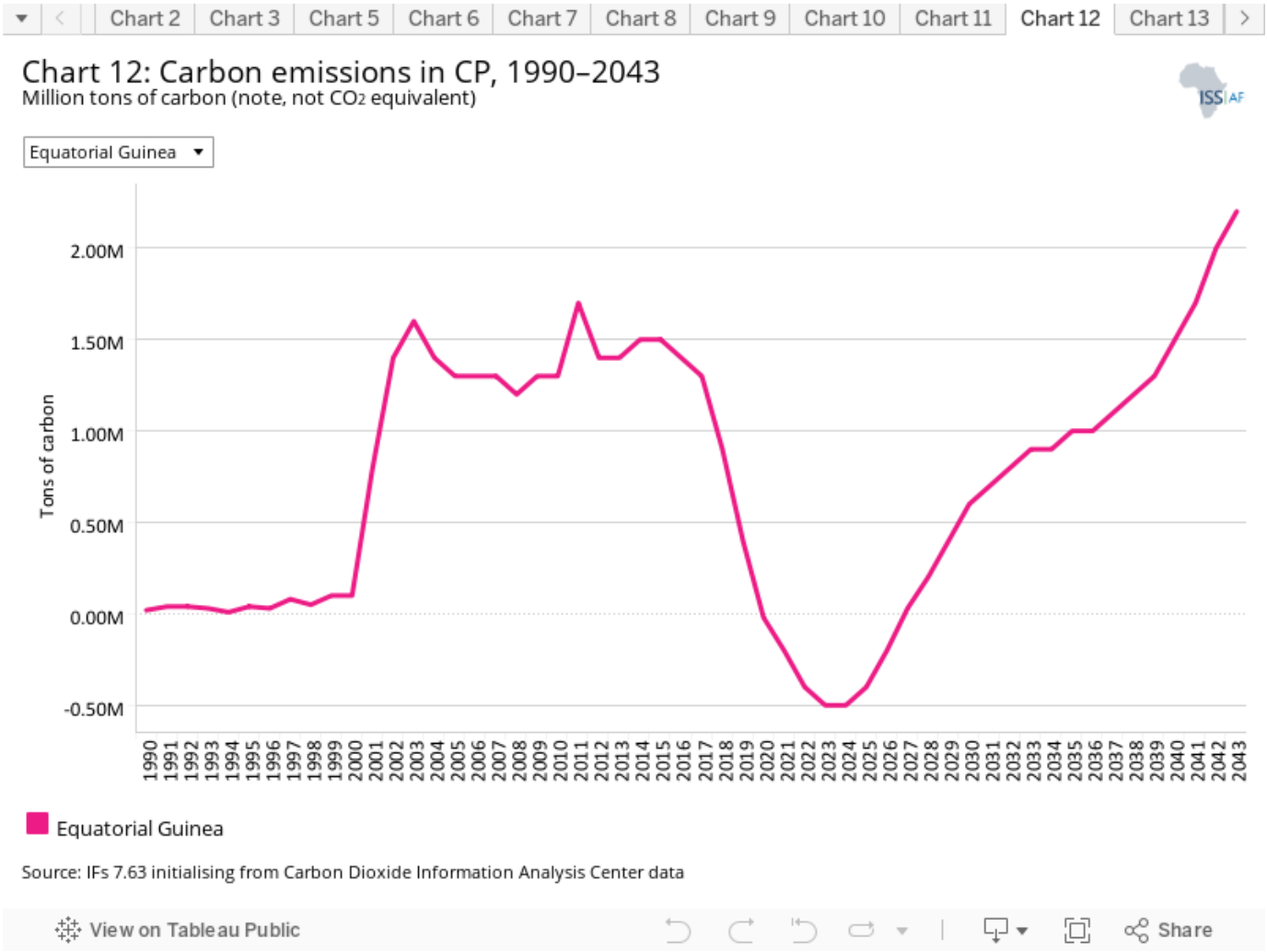

Carbon is released in many ways, but the three most important contributors to greenhouse gases are carbon dioxide (CO2), carbon monoxide (CO) and methane (CH4). Since each has a different molecular weight, IFs uses carbon. Many other sites and calculations use CO2 equivalent.

Because of its small population and large forest area, Equatorial Guinea contributed very little carbon to the atmosphere prior to the discovery of oil in 1995. Even in 2019, its contribution is only at 438 000 tons per annum, expected to increase to 2.2 million tons in 2043. Because of its large forests, the IFs forecast is that Equatorial Guinea currently absorbs more carbon that it releases and will only again become a small net contributor as from 2027.

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Endnotes

1. UNDP, Human Development Indicators.
2. World Population Review, Population of Cities in Equatorial Guinea (2022).
3. World Bank, The World Bank in Equatorial Guinea.
4. We initialise our forecast from the estimate in L Medina, A Joneis and M Cangul, The Informal Economy in Sub-Saharan Africa: Size and Determinants, IMF Working Paper AP/17/156, July 2017, 30.
5. African Economic Outlook, 2012, 2,
6. African Economic Outlook, 2012, 2.
7. African Economic Outlook, 2012, 2.
8. FAO, Equatorial Guinea invests $31.5 million in agricultural development, FAO Regional Office for Africa, 6 October 2015.
9. World Population Review, Poverty rate by country 2022.
10. African Development Bank, OECD, UNDP, UNECA, African Economic Outlook 2012, 11.

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About the authors

Dr Jakkie Cilliers is the ISS's founder and former executive director of the ISS. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria oce of the ISS. His 2017 best-seller Fate of the Nation addresses South Africa's futures from political, economic and social perspectives. His three most recent books, Africa First! Igniting a Growth Revolution (March 2020), The Future of Africa: Challenges and Opportunities (April 2021), and Africa Tomorrow: Pathways to Prosperity (June 2022) take a rigorous look at the continent as a whole.

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