

APREFORT

TRANSPARÊNCIA E INTEGRIDADE (TI-PT)



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FIRST MONITORING REPORT OF THE “GOOD GOVERNANCE AND ANTI-CORRUPTION PLAN” OF EQUATORIAL GUINEA AND THE IMF: JANUARY – MARCH 2020

Human Rights and Good Governance Observatory

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Introduction

The Government of Equatorial Guinea signed an [economic reform program](#)¹ with the International Monetary Fund (IMF) in December 2019. These reforms are aimed at improving the country's governance and the fight against corruption.

The program has a total duration of 3 years and the commitments are reviewed every quarter starting from January 2020.

The Observatory on Human Rights and Good Governance as part of the APROFORT Project, led by the Portuguese organization Transparency and Integrity Civic Association and cofounded by the European Union, is monitoring its implementation in partnership with EG Justice NGO.

Methodology

The monitoring is based on transparency from both sides, IMF and Ministry of Finance, to publicly provide the information related to the measures agreed. The methodology includes the following steps: checking the official websites for information; request of information to the parties; verification of the feedback received; and drafting of the report.

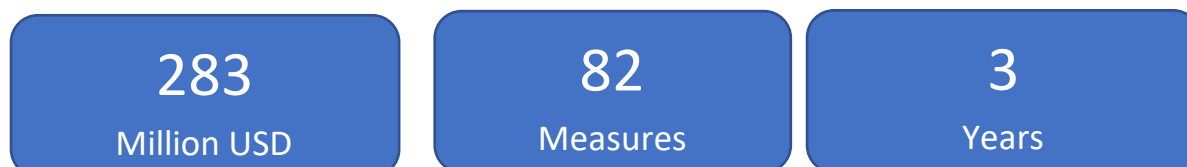
The report tracks each measure and indicates its status by tagging it as “Fulfilled” if the sources confirm it; “Unfulfilled” if the measure is not accomplished or it was only partially achieved; and “Not verified” when the information was received through request of information, but could not be verified through publicly available sources nor be confirmed by the counterpart. The latter may include instances where the nature of the information is not for publication purposes.

About the agreement

The IMF agreed to [disburse US\\$40.4 million](#) upon signature of the agreement, the remaining amounts, \$240 million approximately, will be disbursed in similar tranches according to the successful implementation of the programme.

The agreement includes 82 measures distributed in quarterly milestones. For the first year of the programme, a total of 46 measures were identified, making it the highest rate of measures of the programme in a single year. Major commitments include measures on fiscal transparency, rule of law or social policies. Landmark measures include an asset declaration for all officials and stronger controls of state-owned companies such as conducting and publishing independent audits,

It is important to indicate that the agreement included several “prior measures” that should have been accomplished before the starting of the program. Among them was the request to participate in the EITI process, however the EITI board delayed this review to September 2020². Another prior measure involved the abrogation of a tax amnesty law which appears to remain in place.



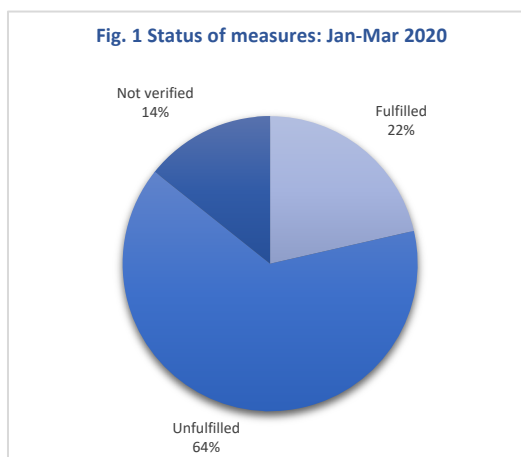
¹ <https://www.imf.org/en/Publications/CR/Issues/2019/12/20/Republic-of-Equatorial-Guinea-Request-for-an-Extended-Arrangement-Under-the-Extended-Fund-48904>

² <https://www.sapo.pt/noticias/atualidade/iniciativa-para-a-transparencia-dos-recursos-5ee8ab1a581e5a79e42c8f8c> (consulted on 24 June 2020)

Status: Jan-March 2020

During this period, we identified 14 measures to be implemented. The research could confirm that only 3 measures were fulfilled and therefore verified. Other 2 measures were indicated by official sources as fulfilled but could not be verified. The remaining 9 measures were not fulfilled (Figure 1 shows these data in percentages).

It is worth noting that information was provided by the Ministry of Finance, but no response could be received from the IMF.



Fulfilled measures

The research surfaced that the following measures were fulfilled.

- As agreed regarding customs administration, the Government approved a [system to secure the collection or declaration of information](#) and combine it with a direct payment to the Treasury.
- In line with the CEMAC transparency code, the Government [published information](#) about the [production and export of extractive industries](#)³.
- The Ministry of Finance published the list of [state-owned companies](#), including their management, as agreed in the programme.

Not verifiable measures

- The Government committed to request a fiscal transparency assessment from the IMF. The Ministry of Finance feedback indicated that this request was made. However, the research could not find a public source for verification purposes nor the execution of such assessment. The counterpart did not provide a response.
- The Government also committed to “create and adopt a spending tracking system”. While the feedback from the ministry of finance indicated that the system was in place, the research could not find a public source for verification purposes nor the counterpart provided a response.

Unfulfilled measures

During the research 9 measures were deemed unfulfilled. Two of which were still considered not fulfilled despite the information provided by official source, these 2 are the following:

- The Government committed to audit the arrears and establish a settlement plan. While the audit was conducted, there was not a settlement plan available or was still pending. It should also be noted that the audit or its results were not published or made available.
- A second measure considered to be fulfilled by the official sources was related to the promotion of a “payment mindset”. While the Government initiated a communication campaign, the measure also required to simplify the tax system, ease the payment of taxes, and apply sanctions for noncompliance with tax obligations. The research could find scanned tax forms for downloading on the Ministry of Finance’s website, but no indication of a simplification of the overall system. No information was provided or found regarding the sanctions.

³ It should be noted that it was required to provide statistics and all the concessions. Although the data was published, it is still needed to verify if all the concessions were included.

Finally, a total of 7 measures were not fulfilled nor challenged by the counterparts through the request of information:

- The Government did not publish internal and external debts, assets, natural resources, and financial obligations. While the Government published a [“Summary of state Financial Operations”](#), this does not fulfil the measure⁴.
- The Government committed to request the adherence of the National Agency for Financial Investigations (ANIF) to the Egmont Group to promote international exchange of information to “facilitate actions against criminals and their assets”. This measure was not achieved in the period monitored⁵.
- One of the key measures for this period was related to passing an anticorruption law in line with the “United Nations Convention Against Corruption” requirements. According to official sources, the bill was approved by the government in May. It is now meant to move to Parliament and Senate for approval⁶.
- The Government admitted having bank accounts abroad to guarantee the payments of loans. The measure agreed with the IMF required the Government to replace them with the central bank’s accounts (the BEAC). This was not accomplished.
- Another non accomplished measure relates to holding “household income and expenditure surveys to collect better data on the poverty rate and other social indicators”. While [plans where underway](#) for this purpose⁷, this measure could be the most impacted by the COVID-19 pandemic and therefore not achieved.
- To improve the fiscal policy framework, the Government agreed to strengthen the management of special funds (accounts) created with hydrocarbon revenues. This measure was not accomplished.
- Finally, the Ministry of Finance agreed to publish “monthly fiscal data, as well as monthly data on the hydrocarbon sector (exports, prices, production and government revenue)”. This was not published during any of the months of the duration of the programme in the period monitored.

Conclusions

The analysis shows that most of the measures were not achieved, 64%, which becomes 78% if those non verifiable ones are included. While we understand that the COVID-19 pandemic had an impact on government’s priorities, still by mid-March, when the pandemic was declared by the World Health Organisation, the level of achievement was very low.

While it is commendable that important information on exports and imports of oil and gas are now published, it is concerning that a key legislation, namely the anticorruption law, was not passed.

⁴ <https://minhacienda-gob.com/tabla-de-operaciones-financieras-del-estado/> (consulted on 24 June 2020)

⁵ <https://egmontgroup.org/en/membership/list> (consulted on 24 June 2020)

⁶ <https://www.guineaecuatorialpress.com/noticia.php?id=15464> (consulted on 24 June 2020)

⁷ <http://www.inege.gq/index.php/apertura-del-seminario-taller-sobre-la-formacion-de-delimitacion-y-enumeracion-de-la-ii-encuesta-nacional-de-hogares/> (consulted on 24 June 2020)

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