



REPUBLIC OF EQUATORIAL GUINEA
MINISTRY OF FINANCE, ECONOMY AND
PLANNING

EQUATORIAL GUINEA

GOOD GOVERNANCE AND ANTI-CORRUPTION ACTION PLAN

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GLOSSARY

AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
ANIF	National Agency of Financial Investigation
ASYCUDA	UNCTAD Automated System for Customs Data
CEMAC	Central African Economic and Monetary Community
COBAC	Central African Banking Commission
DG	General Directorate
DGIC	General Directorate of Taxes and Contributions
e-GDDS	Enhanced General Data Dissemination System
EG	Equatorial Guinea
PEP	Politically exposed person
PFM	Public Financial Management
SOE	State Owned Enterprises
TSA	Treasury Single Account
UNCANC	The United Nations Convention against Corruption

EQUATORIAL GUINEA—GOOD GOVERNANCE AND ANTI-CORRUPTION ACTION PLAN

1. Strengthening governance and anti-corruption in Equatorial Guinea (EG) is a necessary precondition for our government policy to unlock inclusive and sustainable national growth. As highlighted by the International Monetary Fund among others, governance weaknesses and corruption have significant negative effects on inclusive growth¹ and on the state functions that are most relevant to economic activity.²

2. **We have ample scope to strengthen fiscal governance vulnerabilities and reduce the risk of corruption in Equatorial Guinea.** On the revenue side, in relation to natural resources (especially oil and gas), governance challenges can result in seepage of revenues before they reach the national budget. On the expenditure side, there are vulnerabilities in: (i) the process of public investment in all its phases, namely planning, allocation, procurement and control, while noting that the process was recently strengthened, including by establishing the Certification Committee, and we are working on operationalizing a system of tracking and control of expenditures; (ii) the financial oversight system, with absence of external controls and weaknesses in internal controls, characterized by the lack of coordination, attributions and sufficient resources allocated to these controlling entities; (iii) in the area of procurement, for example in the due diligence procedures applicable to contractors and in the sanctioning systems, which create opportunities for by-passing formal and established procurement processes. Uncontrolled spending is an important factor³ in the significant increase in our debt stock (from 7.9 percent GDP in 2010 to 43.3 percent in 2018). In the area of transparency and controls, public financial management (PFM) systems are in need of significant improvement.

3. **We face important governance challenges in the area of rule of law, notably regarding implementation, transparency and enforcement of laws.** We have an evident implementation deficit, which expresses itself in a failure to enact implementing regulations and failure to empower institutions. In terms of transparency, we have recently launched, in addition to an official website with up-to-date information, the national data summary page, which publishes economic data in line with the IMF's Enhanced General

¹ IMF, Staff Discussion Note, Corruption, Costs and Mitigating Strategies, May 2016 also the World Development Report (World Bank 2017a) argues that Sustainable Development Goal (SDG) # 16 (peace, justice, and strong institutions) "holds important instrumental value because the attainment of the goal will aid in the attainment of all the other SDGs.

² IMF Executive Board Approves New Framework for Enhanced Engagement on Governance; April 22, 2018. <http://www.imf.org/en/News/Articles/2018/04/21/pr18142-imf-board-approves-new-framework-for-enhanced-engagement-on-governance>

³ Part of the rise in the debt ratio is driven by the collapse in GDP since 2010.

Data Dissemination System (e-GDDS) standard.⁴ However, there are still deficiencies in public data reporting. Furthermore, claims enforcement remains a significant challenge, with market trust in the legal enforcement system, notably the courts, appearing suboptimal.

4. Governance challenges also affect market regulation and the business climate. A diversification of the economy requires strong and accountable institutions and the creation of a level playing field. To that end, we established a one-stop shop for registering companies, which became operational in early 2019 and may reduce the time frame required to establish a business. Remaining challenges to businesses include the lack of automatization of public registers, and of the revenue and customs services – and their potential for abuse.

5. We have put in place several legal and institutional pillars of the anti-money laundering (AML) and anti-corruption systems, but the overall effectiveness remains weak. The 2010 anti-money laundering and combating the financing of terrorism (AML/CFT) Central African Economic and Monetary Community (CEMAC) directive is being implemented in EG and the National Agency of Financial Investigation (ANIF) has been created. The United Nations Convention against Corruption (UNCAC) was also ratified in May 2018 and a related draft law is being developed. EG also ratified the African Union Convention on Prevention and Combating Corruption in October 2019. On February 5, 2004, Parliament approved the Law on Ethics and Dignity in the Exercise of the Public Function in Equatorial Guinea, requiring asset declarations of senior public officials. However, the implementation of the asset declaration system has been largely ineffective. The overall effectiveness of the AML and anti-corruption regimes is low. The anti-corruption prosecutor's office in charge of investigation and prosecution lacks the necessary capacity and resources to undertake its functions. Confiscation of proceeds of corruption and money laundering is not currently being undertaken. Very few corruption cases were investigated and did not result in convictions and confiscations.

6. In order to address these vulnerabilities, we would need to undertake reforms in the following areas:

- Strengthen the PFM system by applying the standards set at the regional level and enhance transparency and accountability. The reform would ensure a budgetary control system with capacity to oversee execution of expenditures and revenues. Specifically, the system would allow to track annual and multiannual related infrastructure commitments. Further measures include strengthening the role of the revenue administration and the customs services. We would strengthen PFM by implementing the Budget Law and the Treasury Single Account, streamlining and

⁴ See <https://www.guineaecuatorialpress.com/estadistica.php> for the official website and <http://equinea.opendataforafrica.org/jvakil/national-summary-data-page-nsdp> for the national data summary page.

regularizing revenue and expenditure, providing significant enhancement of transparency and accountability through empowerment of auditing agencies, regularizing financial administration (by operationalizing the Treasury Single Account), and enhancing the publication of reliable statistics. Further fiscal aspects will be addressed by reviewing the tax and customs administration.

- Strengthen the rule of law through an effective implementation of existing laws, and enhance public data access on laws, orders and judicial decisions, as well as on the administration and efficiency of the courts.
- Enhance the business climate by simplifying the procedures for starting a business, including through the full implementation of the one-stop shop directive, the computerization of the commercial and land registries, as well as the revenue and customs services.
- Bolster the AML/CFT framework, by upgrading the legal framework and enhancing its effective implementation.
- Strengthen anti-corruption efforts, including by adopting a comprehensive anti-corruption law in line with international standards, implementing a system for asset declarations and a code of ethics for senior public officials, and strengthening the investigations, prosecutions, and convictions of perpetrators of corruption and confiscate their ill-gotten proceeds. This would be part of an overall policy objective to strengthen the role of institutions.

7. The above reforms will be prioritized and fully implemented through the measures outlined below, and a mechanism will be put in place by the government to monitor progress on these measures. The Ministry of Finance will designate a contact point to review periodically (every six months) the implementation of these measures and issue a report to the Minister of Finance and the Government. The report will also be shared with the relevant stakeholders (the IMF, the World Bank, the African Development Bank, other donors) in order to coordinate their efforts in supporting the government's governance agenda.

A. Fiscal Governance

Strengthen public financial management by applying the standards set at the regional level and enhance transparency and accountability. The reform would ensure a budgetary control system with capacity to oversee execution of expenditures and revenues. Specifically, the system would allow to track annual and multiannual related infrastructure commitments. Further measures include strengthening the role of the revenue administration and the customs.

Table 1. Fiscal and Public Financial Management Measures

Measure	Main characteristics	Objective	Priority
Undertake a Fiscal Safeguard Assessment with FAD support	A Safeguard Assessment report is produced by FAD and transmitted to the authorities.	Enhance fiscal transparency	High
Develop and implement a system to track expenditure.	The system should be fully implemented to ensure the transparency and efficiency in expenditure among all concerned agencies.	Enhance expenditure efficiency and transparency	High
Adopt a medium-term fiscal framework to strengthen budget preparation and coordination on public investment	A medium-term fiscal policy perspective should be also developed, with targets consistent with the program. Establishing a multiannual framework for budgeting to ensure that new commitments are undertaken only if fiscal space is available after taking account of forward year commitments under the existing infrastructure projects.	Enhance budget preparation	Medium
Redefine the architecture of the internal audit system and establish a mechanism to coordinate internal and external control and audit institutions	A new architecture of the internal audit system is proposed as well as the coordinating mechanisms between the internal and external control. The external audit is made operational.	Enhance internal and external controls	High
Improve monitoring of domestic arrears and set	An independent audit should be conducted to validate the overall amount of real arrears, including the type and features of the financial instruments to be used to clear accumulated arrears. Staff should offer	Improve monitoring of arrears	High

up an arrears clearance plan	to assist the government with drafting the Terms of References of this audit. Setting-up an arrears clearance plan will also help with their monitoring.		
Implement the conditions for the adoption of the treasury single account (TSA)	Migrate gradually all government accounts from commercial banks to the TSA.	Improve cash control and management	High
Rationalize the procedures for the enforcement and control of expenditure mainly on multiannual commitments	Aligning with some of the best international practices, such as the implementation of a centralized system of controls for spending approvals where the Finance Ministry has full control of all spending decisions; the reduction of the number of ‘direct-payments’ ordered by the Principal paymaster (the President) bypassing the Ministry of Finance; and the implementation of a comprehensive commitment control system	Enhance budget execution procedures	High
Improve government accounting	Set up the Public Accounting unit	Enhance fiscal reporting	High
Strengthen the public procurement process	Align procedures with best international practices, such as the inclusion in tender notice for documents the grounds for exclusion, the bid evaluation criteria, the assessment of bidders, and the main terms and conditions of the contract	Improve public investment management	High
Transposition of PFM CEMAC directives into domestic laws	The six CEMAC directives are: 1) the code of transparency and good governance, 2) the budget law, 3) the general public accounting regulations, 4) the government budget classification, 5) the government chart of accounts, and 6) the government flow-of-funds table.	Enhance and align fiscal regulations to regional fiscal framework	Medium

Set up a government website with sufficient details about the ministries, agencies and state owned enterprises (SOEs), and related financial data.	Establish a government website, properly organized and structured, with public access ensured.	Enhance fiscal transparency	High
Publish the internal and external debts, assets, natural resources, and financial obligations ⁵	Publish on the website fiscal data in a timely and detailed manner, starting with quarterly budget outturns and budget annual liquidation.	Enhance fiscal transparency	High
Publish the audit and reconciliation reports conducted on arrears and for the oil and gas companies oil reconciliation ⁶	Publish on the Government website the international-audit-firm oil and arrears reconciliation reports	Enhance fiscal transparency	High
Publish the capital spending undertaken by project	Publish on the government website a table with all capital spending projects. This includes projects coordinated and/or undertaken by GE-Proyectos as well as other projects monitored by other entities.	Enhance fiscal transparency	Medium

⁵ Starting 2018.

⁶ Starting from the 2017 external audit.

Publish all SOE annual accounts	Publish on the government website a list of all the SOE annual accounts	Enhance fiscal transparency	Medium
Publish SOE's audits	Publish on the government website all audits of SOEs.	Enhance fiscal transparency	Medium

Table 2. Customs, Tax Policy, and Tax Administration

Measure	Main characteristics	Objective	Priority
Rollout the ASYCUDA platform according the current timeline	Paired with a secure process for information gathering or declaration combined with a method for direct payments to the treasury.	Enhance the capacity and governance of the customs	High
Submit a membership application to the World Customs Organizations	Adhere to the World Customs Organization customs rules and introduce the latest international proposals for the customs organization. These customs rules and procedures would help to entrench the reforms efforts and modernization at the customs.	Enhance the capacity and governance of the customs	High
Amend Tax Amnesty Law	Repeal provisions of the 2017 tax amnesty law that prescribes forgiveness of outstanding tax obligations. Instead, add provisions for the use of payment plans that preserves the principal debt amount, but incorporates penalties and interest on the outstanding tax liability.	Improve tax policy	High
Enforce existing penalties for non-compliance with tax rules	Strengthen enforcement of existing tax rules.	Improve tax compliance	High
Reduce ad hoc tax exemptions	Eliminate all ad hoc exemptions by fully implementing the provisions of Decree 134 of 2015. In addition, to increased	Improve tax compliance	High

and publish the list of all exemptions granted during the fiscal year	transparency in this area, publish in a budget annex each year an estimate of the value of all exemptions granted during the previous years.	and fiscal transparency	
Enhance domestic coordination between state audit and the General Direction of Taxes and Contributions (DGIC)	Improve coordination between the Secretary of State for Auditing and the DGIC especially in relation to measuring the compliance of hydrocarbon companies with domestic tax laws.	Improve tax compliance	Medium
Foster tax paying culture	Develop a systematic program for fostering a tax paying culture in Equatorial Guinea. This program should comprise the following components: <ul style="list-style-type: none"> • A public communication strategy; • Simplification of the tax system and ease of paying taxes; and • Enforcement of sanctions for non-compliance with tax obligations. 	Improve tax compliance	High
Improve the governance of the DGIC	Strengthen the institutional structure and management of the DGIC. This should include creating stability in the management. The institutional structure should also be reviewed. Additionally, give specific attention also to human resource management and development.	Improve the capacity of tax administration	High

B. Rule of Law

Strengthen the **rule of law** through an effective implementation of existing laws, and enhance public data access on laws, orders and judicial decisions, as well as on the administration and efficiency of the courts.

Table 3. Rule of Law Measures			
Measure	Main characteristics	Objective	Priority
Set up a website for each court	Publish on the website for each court (judiciary) the number of serving judges and staff, and for each work unit (prosecution) the number of prosecutors and staff.	Increase transparency and accountability in the government administration	High
Publication and dissemination of court decisions	Publish on the website all Supreme Court decisions and all corruption decisions, if any, and commercial decisions commencing January 2018.	Improve efficiency, foster independence	High
Publication and dissemination of laws, orders, decrees	Set up a website for the Official Gazette and publish on that website all laws, orders and decrees applicable in Equatorial Guinea	Increase transparency and accountability in the government administration	High
Publish staffing numbers on each court's website	Publish the number of vacant positions for each court and work unit.	Improve efficiency of courts	Medium
Publication of performance data of the judiciary	Publish on the website the statistics about corruption cases, AML/CFT cases, insolvency cases, foreclosure cases, land cases for the past three years and every year thereafter.	Improve efficiency, foster independence	Medium
Publish on the government website	Publish the internal and external debts, natural resource	Increase transparency	High

all data required to be published by the CEMAC Code of Transparency	concessions ⁷ , winning construction bids awarded by Ge-Proyectos, ⁸ and financial obligations of the government (in line with the CEMAC Code of Transparency) – for the past three years, and yearly going forward.	and accountability in PFM	
Publish the audit of the accounts of the state-owned oil and gas companies	Publish on the Government website the external audits to be performed by an internationally reputable firm, in accordance with the SMP	Increase transparency and accountability in PFM	High
Publish on the government website statistics on the production and export of extractive industries for each oil concession	This should be mandated in the domestic law transposing the CEMAC Code of Transparency	Increase transparency and accountability in PFM	High
Publish a register of all SOEs	Publish on the government website a register of all SOEs, including Statutes, and names of management.	Increase transparency and efficiency in government administration	High
Publish all SOE annual accounts	Publish on the government website a list of all the SOE annual accounts for the past three years, and yearly going forward	Increase transparency and accountability in government administration	High
Publish SOE audits	Publish on the government website all audits of SOEs	Increase transparency	High

⁷ These are three six-column tables with information on: the name of the concession holder; the mother company; the beneficial owner; the operator company; the commencement and expiry date of the concession

⁸ This is a seven-column table with information on: the value of the contract, the contractor parties, the amount paid out to date, the status of the project, whether an audit has been conducted and by what agency.

	undertaken by the State Auditor for the past three years, and yearly going forward. ⁹	and accountability	
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C. Regulatory Framework

Enhance the **regulatory framework and the business climate** by simplifying the procedures for starting a business, including through the full implementation of the one-stop shop decree and the computerization of the commercial and land registries, as well as the tax (see above) and customs services.

Measure	Main characteristics	Objective	Priority
Fully implement the one-stop-shop directive	Provide one-stop shop services through the website (filing documents, making payments, accessing the commercial registry - see below)	Minimize steps to register a company, enhance transparency and, minimize interface between market participants and government agents	High
Automatize the customs services.	Provide services through the website (filing documents, making payments)	Minimize steps to make payments, enhance transparency and minimize interface between market participants and government agents	High
Automatize the land registry	Provide services through the website (filing documents, making payments)	Minimize steps to make payments, enhance transparency and minimize interface between market	Medium

⁹ This is one four-column table for each year with information on: which SOE were audited and which were not; which SOE got a discharge and which did not; which SOE obstructed auditing (by refusing access to premises, books).

		participants and government agents	
Automatize the commercial registry	Provide access to individuals to an automated system when registering and updating company information. Provide online access to the public to non-confidential information.	Ensure that beneficial ownership is collected and updated accurately and made publicly available	High

D. AML/CFT

Enhance the AML/CFT framework, by upgrading the legal framework and enhancing its effective implementation.

Table 6. AML/CFT			
Measure	Main characteristics	Objective	Priority
ANIF to apply for Egmont membership	ANIF becomes member of Egmont to enhance the international exchange of information	International cooperation and exchange of information delivers intelligence and facilitates action against criminals and their assets	High
Enhance the use of financial intelligence related to corruption for financial investigations	ANIF to enhance its capacity to receive, collect and analyze and disseminate financial intelligence related to corruption.	Improve the detection and action against corruption and related money laundering cases	High
Improve compliance by banks and other financial institutions in implementing measures related to politically exposed	The ANIF will develop guidance to assist financial institutions in identifying domestic PEPs and beneficial owners of	Strengthen the implementation of the AML framework to prevent the misuse of the financial sector to	Medium

persons (PEPs) and beneficial owners	clients (both physical and legal persons)	launder the proceeds of corruption.	
Enhance the cooperation between the ANIF and Central African Banking Commission (COBAC)	The ANIF will develop and implement proper arrangements to facilitate cooperation and exchange of information between the ANIF and COBAC to improve the quality of inspections.	Enhance the COBAC inspections of financial inspections based on ANIF feedback on compliance	Medium
Publication of annual reports by the ANIF	ANIF will publish an annual report on its activities, budget and resources, and main achievements. The report will include typology studies on main laundering of proceeds of corruption schemes.	Enhance the transparency of ANIF	Medium

E. Anti-Corruption

Strengthen anti-corruption efforts, including by adopting a comprehensive anti-corruption law in line with the international standards, implementing a system for asset declarations and a code of ethics for senior public officials, and strengthening the investigations, prosecutions, and convictions of perpetrators of corruption and confiscating their ill-gotten proceeds.

Table 7. Anti-Corruption

Measure	Main characteristics	Objective	Priority
Adopt an anti-corruption law in line with international obligations under the UNCAC	In line with international obligations under the UNCAC, the law will criminalize corruption offences, enhance preventive measures including those related to asset declarations of senior public officials, conflict of interest, and access to public information, and strengthen the investigative and prosecutorial capacity and powers, enhance the role of courts specialized in anti-corruption, and bolster channels of international cooperation.	Bring the domestic anti-corruption framework in line with international best practices	High
Effectively implement the anti-corruption law by sequencing priority areas	<p>Improve the capacity (e.g., budget, personnel, training) of the anti-corruption prosecutor's office to allow it to act efficiently and without undue influence against perpetrators of corruption offenses and their illegal proceeds.</p> <p>Improve the capacity of criminal courts to allow them to act</p>	Enforce against corrupt offenses domestically and on the international level	Medium

	<p>against corruption offenses.</p> <p>Provide the anti-corruption prosecutor's office with the capacity to seek and provide legal assistance for international cooperation in an appropriate and timely manner to pursue corruption and related money laundering cases which have transnational elements.</p>		
<p>Set up and implement a comprehensive asset declaration regime for senior public officials, their family members and associates, and a requirement to publish their asset declaration.</p>	<p>In line with international best practices, all high-level officials are required to file their assets and income declarations. Assets and income should include those held in EG and abroad, legally and beneficially owned. Declarations should be reviewed. Sanctions should be imposed against those who do not file their declarations. Commitment to make any further revisions to the disclosure system as needed to ensure that it is effective, in agreement with IMF</p>	<p>Improve the detection of corruption and prevent conflict of interests by high-public officials</p>	<p>High</p>

	<p>staff. For that purpose, the current decree on asset declarations will be amended in line with international best practices, and the implementation of the system is sequenced in the coming two to three years to ensure its full implementation.</p>		
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