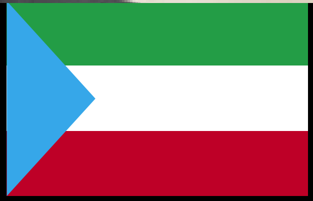
President Teodoro Obiang Nguema Mbasogo

Equatorial Guinea

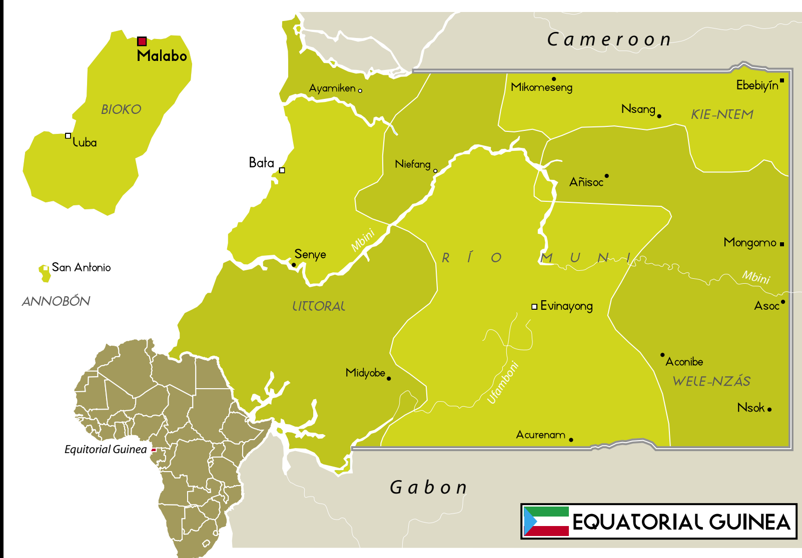


An IC Special Report

Building the dream

Equatorial Guinea: Facts and Figures

President: **Prime Minister:**	Teodoro Obiang Nguema Mbasogo Miguel Abia Biteo Borico
Government:	Multiparty democracy, universal suffrage. Legislative and Presidential elections every five years. The Democratic Party of Equatorial Guinea and its allies won 98 out of 100 seats in the People's National Assembly in April 2004. President Obiang re-elected in December 2002.
Land area:	28,052km^2 (equivalent to Belgium).
Geography:	Located north of the Equator between Cameroon and Gabon. Mainland, Rio Muni, in the continent, and a group of islands of which Bioko is the most important.
Population:	700,000
Annual population growth:	2.43%
Life expectancy:	55 years
Fertility rate:	5.5
Capital:	Malabo (population 150,000)
Languages:	Spanish, French, Fang, English
Religions:	95% of the population are Roman Catholics. Traditional beliefs are also followed.
Literacy rate:	75%.
Climate:	■ Tropical, with high humidity and abundant rainfall. The average temperature is 25 degrees centigrade in Bata and Malabo at sea level. Lower temperatures occur at higher altitudes. ■ The mainland has two seasons: dry from November to May, and rains from June to October. The island of Bioko has numerous microclimates and some parts receive over 10m of rain a year.
Currency:	CFA, €1=CFA656 (£1 = CFA950) Member of the Banque des Etats de l'Afrique Centrale (BEAC). The CFA is pegged and fully convertible against the euro.
The Press:	*Ebano* – state-owned. *La Opinion* – private, weekly. *La Nacion* – private. *La Gaceta* – monthly .
Television:	Television Nacional – state-run
Radio:	Radio Nacional de Guinea Ecuatorial – state-run. Radio Asonga – private
Time:	GMT + 1
Telephone:	Country code 240
Internet domain:	.gq
GDP per capita:	$5,857
GDP:	$4.1bn
Real GDP growth rate:	14.2% in 2003, 21.2% in 2004
IMF/GDP growth rate estimate:	48.1% for 2005
Main trading partners:	US, Spain, France, China, Cameroon, Gabon, UK
Exports:	$3.4bn
Imports:	$1.7bn
Major exports:	Oil, timber, cocoa, coffee
Major imports:	Food, clothing, petroleum products, automobiles, machinery, iron and steel
Chief natural resource:	Oil
Other natural resources:	Timber, cocoa, palm oil, gold, uranium, iron ore.



Equatorial Guinea

Building the dream

Overview

The lon

By **Anver Versi**, Editor of African Business

2005 will go down in history as the 'Year of Africa'. Never before in modern times has so much world attention focused on the continent and so many commitments made to change the status of Africa. It is therefore also fitting that 2005 exposed, in the clearest, starkest and most dramatic fashion, the villainy, cloaked in highly respectable robes, that is the cause of so much of Africa's misfortunes.

The unlikely stage of this spectacular 'unmasking' has been the tiny but immensely wealthy state of Equatorial Guinea. The drama began when an unremarkable airplane made what seemed a routine touchdown in Harare, Zimbabwe, in March 2004.

What the plane contained was anything but unremarkable. Zimbabwean officials, tipped off by alert South African intelligence officers, discovered, lurking in the belly of the aircraft, one of the vilest plagues still infecting the continent – the cult of the mercenary.

Of all men who carry arms as a profession, none is as low as the mercenary. Those who belong to this creed are inspired by nothing more than greed. They make a profession out of killing for gain. These are the hard-eyed, heartless men who will slaughter innocent people for a handful of silver.

Since the era of independence in the 1960s, they have run riot throughout the continent – burning, killing and looting for their paymasters. They have overturned governments, assassinated leaders, created mayhem and caused wars. Many of these 'dogs of war' were themselves killed or apprehended but their paymasters remained in the shadows.

When the attempted coup in Equatorial Guinea was nipped in the bud as a result of great intelligence cooperation among various African states, the covers began to come off. The leaders, caught red-handed, began to sing. What a song they had to sing.

Simon Mann, in overall charge of the operation, was a product of some of the most privileged and respected institutions in Britain – Eton and the military academy at Sandhurst. He had been an officer of the elite British SAS.

He circulated among the upper crust of British and white South African societies. He owned magnificent houses and counted the high and mighty in politics and the arts among his friends.

One of his closest friends was none other than Mark Thatcher, son of the formidable former British Prime Minister, Margaret Thatcher. Mark Thatcher was (and still is) a lord of the realm – you address him as 'Sir' – and the very epitome of British respectability.

This is the set that lives behind high walls and access to them is by invitation only. No one looks too closely at how they finance their lavish lifestyles – after all they are the 'best people' aren't they?

g road home

President Teodoro Obiang Nguema has initiated one of the most remarkable economic transformations in Africa.

"But as the pieces of the attempted coup began to fit together and as confessions began to flow, the masks began to slide. Behind the front of respectability and moral high ground lay the real face – cold, calculated murder. Behind the façade of big business were common criminals out to loot a whole country."

Reality behind the masks

But as the pieces began to fit together and as confessions began to flow, the masks began to slide. Behind the front of respectability and moral high ground lay the real face – cold, calculated murder. Behind the façade of big business were common criminals out to loot a whole country.

Mark Thatcher made a plea bargain with the South African authorities and was let off with a paltry fine; Simon Mann and his gang were jailed in Zimbabwe before being released fairly recently, while their man in Equatorial Guinea, Nick du Toit, - a former member of the special forces unit of the South African Defence Force used by the apartheid government in the fight against the ANC – has all of 36 years in which to learn a new trade under the watchful gaze of Equatorial Guinean prison warders.

The exiled politician, Severo Moto, who was to be installed as a puppet president in place of Teodoro Obiang Nguema while the cabal filled their pockets, denied any links with the mercenaries and fled Spain to hide in Zagreb, Croatia because, he claims, the Spanish authorities and businesses want him dead.

This story ended happily for Equatorial Guinea and Africa, thanks to sharp work by various African intelligence agencies, otherwise today the country might have gone down the same civil conflict road as Angola, Sierra Leone, Liberia and the DRC.

It highlights the dangers facing resource-rich African nations in an unscrupulous and greedy world. It calls for more vigilance and greater exchange of intelligence among members of the African Union.

It also calls for more solidarity on a continental basis. It was shocking that when news of the attempted coup came out, Africa did not stand up to condemn it with one voice; some countries hummed and hawed. If you have a quarrel with your neighbour, it does not mean you should invite a foreigner to burn his house – the flames will soon be licking at your own thatch.

The attempted coup in Equatorial Guinea reinforces the African Union's plea to developed nations to clean up their own house and provide more transparency in the activities of some of the shadiest organisations in the world who currently maintain expensive offices on the main streets of their capitals.

President Obiang wants, rightly, the United Nations to put in place mechanisms to prevent such activities in the future. He said: "It is not conceivable that, in the 21st Century, we still have to suffer such destabilising activities. There is no way that a group of mercenaries can try to overthrow legitimate governments of sovereign states and kill innocent people for purely personal financial interests. There are people and powers who still regard Africa as a cow to milk, with

Equatorial Guinea

Building the dream

"The first fruits of the country's oil wealth are beginning to materialise, in the form of a massive infrastructural development programme. As other articles in this Special Report show. The country resembles a huge construction site with new roads, schools, dispensaries, hotels, flats and commercial properties going up."

no regard for the populations, the countries or the governments. Institutions like the UN ought to protect our continent from such upheavals."

Africa is open for business; it is not open to plunder.

The long road

Fortunately, the mercenary storm passed over Equatorial Guinea without causing too much damage. The legislative elections, which were scheduled for April 2004, only one month before the coup attempt revelations, were not postponed as many expected they would be.

The ruling Democratic Party of Equatorial Guinea won 98 out of the 100 National Assembly seats. The opposition parties were better organised this time around but are still short of viable alternative policies. President Obiang has said he would like to see the opposition succeed in gaining more seats in order to entrench a culture of debate and discussion in the country.

Meanwhile, the first fruits of the country's oil wealth are beginning to materialise, in the form of a massive infrastructural development programme. As other articles in this Special Report show, the country resembles a huge construction site with new roads, schools, dispensaries, hotels, flats and commercial properties going up. The port of Luba is undergoing a major redevelopment and on completion will be the most modern facility in the oil-rich Gulf of Guinea basin and the main international airport in Malabo now has a new terminal.

Civil engineers say that once the infrastructural 'skeleton' has been laid, it will be fleshed out with more urban developments as the pace of economic activity picks up.

Qualified young Equatorial Guineans are returning home to fill a growing number of posts and, for the first time in the country's history, a middle class is taking shape.

In assessing Equatorial Guinea's economic performance today, it should be remembered that at independence from the Spanish in 1968, this was a dirt-poor little territory, partly on the mainland and partly on islands offshore.

Laying the infrastructural skeleton. The country will be unrecognisable once the framework has been fleshed out with new construction.

Like the Portuguese, the Spanish were perhaps the least benevolent of all the colonial powers. They constructed a few architecturally interesting buildings for their own use but otherwise did little or nothing to improve life for the locals.

The main economic activities consisted of chopping down and exporting hardwoods from the rainforests, some coffee and cocoa plantations and fishing. The locals were treated as little better than slaves and often forced to live in the most appalling conditions.

At independence, Equatorial Guinea, isolated from the rest of West Africa because of its unique colonial history, the Spanish language and its location, was one of the most backward countries on the continent.

The vast majority could not read or write and were prey to all sorts of superstitious beliefs, some of them fostered by Catholic priests.

The conditions were ideal for the sort of strong-man, dictatorial leader that such an environment usually produces. In this case, the leader turned out to be Francisco Macias Nguema, the most dominant member of an increasingly powerful clan. Encouraged by Spain, he ruled like a medieval monarch in a time capsule.

In 1979, Macias Nguema who had turned into an utter despot, was overthrown by Teodoro Obiang Nguema Mbasogo but the struggle for power continued to simmer underneath the surface.

But with the country still desperately poor and with some of the lowest literacy rates in Africa, early attempts to introduce multiparty politics (in 1993) soon degenerated into confrontational winner-takes-all politics.

In the circumstances, Obiang's Democratic Party of Equatorial Guinea, by far and away the best organised and marshaled of the plethora of other parties, swept the board; in 1966 Obiang was elected president with 99% of the vote.

Star waiting to shine

In March 1996, Mobil Oil Corporation announced that it had discovered sizeable new oil and gas reserves offshore. The scramble for Equatorial Guinea's oil was on, although interest early on was patchy as the extent of the reserves was uncertain and off-shore extraction technology was expensive and cumbersome. In addition, other areas of West Africa provided more attractive alternatives.

It was not until 1999, with the discovery of the Ceiba deepwater field, that interest in the country's acreage reached fever pitch and exploration investment soared.

Therefore actual net revenues of any size from royalties did not begin to flow into the country until the late 1990s. Henceforth the country can expect a steadily rising revenue flow from both oil and gas. Most of the money is being ploughed into infrastructure – both commercial and social – and it will take a few more years before this translates into tangible improvements for all the country's citizens.

If Equatorial Guinea can remain politically stable and fight off attempts by outside forces to pounce on it – as happened during the failed coup attempt – there is little doubt it will become one of Africa's brightest economic stars. ■

Creating the country of tomorrow

By **Neil Ford** with additional reporting by **Omar Ben Yedder** from Malabo

Over the past decade, Equatorial Guinea has experienced economic growth on a scale rarely seen in Africa or indeed anywhere else in the world. The combination of a string of oil discoveries and the country's limited population has resulted in annual GDP growth fluctuating between 13% and 66% over the past few years.

The IMF predicts that growth in 2005 will reach a massive 48% (not as much as the 72% growth the country enjoyed in the late 1990s but high enough to retain the country's status as the fastest growing economy in the world).

This will not only permit the government to put its finances on a much firmer footing but it will also enable the kind of infrastructural investment that is vital if the economy is to develop a broader base.

It is impossible to discuss the economy of Equatorial Guinea without discussing the oil sector. The country's oil boom has revolutionised the national economy, with total state revenues rising more than tenfold between 1994 and 2000. Moreover, revised production sharing contracts (PSCs) have boosted the state's share of oil sector earnings from 13% to 20%, so revenues should continue to rise rapidly for the foreseeable future.

Oil exports account for 90% of total export revenues and should stay at around this level despite some attempts at diversification. Although imports have also risen sharply as a result of oil industry requirements, the country is able to boast a large balance of payments surplus. At the same time, inflation has been kept under control and the government has built up its foreign exchange reserves. Equatorial Guinea's decision to join the Bank of Central African States (BEAC) and CFA franc zone in 1988 has provided a high level of economic stability.

Aside from the financial benefits of oil production, the country's hydrocarbon riches also bring Equatorial Guinea more influence in the international arena.

As well as promoting its role within Central and West Africa, through such organisations as the Gulf of Guinea Commission, the country has been awarded observer status by the Organisation of Petroleum Exporting Countries (OPEC).

This ranks Equatorial Guinea alongside such oil powers as Russia, Norway and Angola at the oil sector's top table. Such prominence cannot hurt the country's efforts to attract investment across a wide range of sectors.

Education is a government priority and considered key to Equatorial Guinea's long term development.

Domestic issues get priority

There has been a deliberate effort to ensure that the local population gains from this economic boom. Oil companies operating in Equatorial Guinea today are now required to make a much greater contribution to the social development of the country.

The government has also put in place policies to ensure that local businesses are involved in all sectors of the economy and not disadvantaged by foreign interests.

There is a new emphasis on decentralisation and regional organisations are invited to share the decision making processes with Malabo. Considerable investment has been made to develop internal communications and link the major cities with smaller towns and the countryside.

One example of this effort to knit the country together is the decision to hold national celebrations at different locations each year. This turns the spotlight on regions which might otherwise go unnoticed. National funds for infrastructural and human resource development usually follow. The celebrations and associated activities stimulate local economies and provide a showcase for both local and foreign private investors.

Equatorial Guinea

Building the dream

"On education, President Obiang has commented: "We have concentrated on the core social needs. One of these is to increase the number of skilled professionals in the country. By 2008 we will have people specialised in 1,000 professions. When we achieved independence in 1968 we had none."

Education, health are the key

Health and education are considered by the government to be of paramount importance. Some 40% of the nation's annual budget is devoted to these two major sectors.

Enrolment in schools, colleges and universities has increased out of all recognition from a few years ago. Promising students receive generous grants to study abroad and a considerable number of young Equatorial Guineans regularly return home brandishing degrees gained in countries such as Spain, Russia, Cuba, US, France and the UK. These young graduates are in heavy demand to fill an ever increasing number of posts in the state and private sectors.

Companies are encouraged to involve Equatorial Guineans in their businesses. Foreign experts are expected to work shoulder-to shoulder with locals and pass on technical and managerial skills. By the end of 2007, it is anticipated that Equatorial Guineans will have sufficient expertise to manage and run complicated oil platforms and other facilities.

The cityscape of the country is undergoing a remarkable transformation with new roads, hospitals, ports, schools, stadiums and hotels either under construction or newly completed.

President Obiang's pet project, Malabo II, is to be a totally new city within the capital. The idea is to make a break with the country's difficult past and focus on a brighter future. Over 2,000 new houses are to be built, along with shops, schools, dispensaries and other community facilities. The new development will assist in the financing and provision of better services, such as policing, water and sanitation, waste collection, etc, to the old city.

Malabo II should also ease some of the pressure on rental costs in the city, some of the highest compared to those of neighbouring countries. The number of visitors arriving in the capital, Malabo, which is relatively small, has increased rapidly in recent years sending rental prices for good properties skywards as demand has soared.

The cost of living is also high. Foodstuffs, mostly imported from Europe, command inflated prices in the local supermarkets. This is the simple rule of supply and demand working and a result of the huge influx of foreign visitors to the country.

On education, President Obiang has commented: "We have concentrated on the core social needs. One of these is to increase the number of skilled professionals in the country. By 2008 we will have people specialised in 1,000 professions. When we achieved independence in 1968 we had none."

The provision of health care, the other top priority, has also substantially improved in recent years. Every citizen now has a hospital within 50km of their home. Senior medical staff are predominantly foreign including Cuban, Chinese and African doctors. But President Obiang has been keen to emphasise that in 2003, over 90 Guineans went abroad to train to be health workers and doctors.

The number of health clinics and hospitals has increased. They are clean and well run, although most are still basic. In the short term, more resources are being devoted to basic health education, with prevention and treatment programmes to tackle the high rates of malaria.

The provision of clean water and improved sanitation facilities for rural communities is also being prioritised. Thankfully the HIV/Aids rate is

The young generation

Paciencia: "There are now many opportunities for young people in this country."

PACIENCIA (BELA) MBA LOPEZ, a bubbly and dynamic 25-year-old, is one of an increasing number of young Guineans returning home after spending time abroad. Bela returned after studying in Spain and the US. She obtained a grant to study International Management in Pittsburgh, Pennsylvania.

Coming back was not easy as so much had changed. But the fact that more and more of her friends are returning has softened the blow. She now works for Tommy Technologie, a construction company. "There are so many opportunities for a young ambitious person," says Bela. "The work is hard but rewarding. I've been given many responsibilities, and am in the process of reorganising the whole business structure. But it's not easy changing old habits. It is a question of mentalities." Axana Esono Arakelian is another successful young Guinean to return home after a spell abroad. A lawyer working for international oil and gas services company Schlumberger, and also a partner in a local law firm, 23-year-old Axana (pictured above) spent five years in Russia where she learnt Russian and studied International Law. When she first returned in 2002, she had difficulty finding a permanent job. She got some placement work at the Ministry of Justice which sent her to attend conferences and seminars around Africa and to South Africa to perfect her English. It was her knowledge of English, as well as her specialty in law, that ultimately landed her current job with Schlumberger. Axana oversees all the personnel contracts and looks at everything to do with legal documentation. She is part of a young team made up of professionals from all over the world.

She is happy to see a greater number of foreigners working in EG, although she hopes to see more nationals in the future. "We do not have enough people qualified in certain disciplines," she says. "It's not that we are not capable but we need foreigners with certain skills. Slowly we are building a varied and skilled workforce and I am sure we will see more locals doing the jobs which expats are occupying today."

The government is actively encouraging the youth to gain experience abroad. It has formed partnerships with various universities in different countries and has put in place a number of exchange programmes. Axana thinks these efforts are commendable: "We are lucky in that respect and we have seen many Guineans come back for good jobs with responsibilities. In that respect, we have gone a long way. From a professional perspective, we are acquiring invaluable professional experience. I think this has been very positive and bodes well for the future." And even though Malabo is no New York or Moscow, both Axana and Bela seem to have slotted back into the life quite easily. Malabo is a small city, with a growing number of bars, cafes, nightclubs and casinos to enjoy. Bela stresses the importance of networking in Equatorial Guinea: "I have just come back so I am still learning and looking around. The only thing that is required is the will to work. Networking and knowing people will open up a whole new world of opportunities."

They have one simple message to their peers abroad: "Finish your studies, get some experience and come back to EG. There are so many things that still need doing. Let's work together to make this place better."

Cocoa was, in the past, the country's main agricultural product.

comparatively low in the country, but the government is maintaining a rigorous prevention campaign.

Agriculture's vital role

Hydrocarbons aside, timber makes by far the biggest contribution to the economy and accounts for around 4% of GDP.

The country's first sawmills were set up in the 1920s and the sector has gone from strength to strength, although improved logging controls and a thorough replanting programme are required if the industry is to face a secure future. Despite this, the sector has also grown over the past few years, both in terms of production and revenues.

Today's oil economy bears little comparison to the agricultural economy that dominated during the colonial and post-colonial periods. Cocoa was the biggest money spinner for many decades but production fell by 90% during the Macias years and many farmers have opted out of cultivating the crop because of generally low prices. Coffee production has also fallen, from over 9,000 tonnes in 1960 to less than 1,000 tonnes today. Although the two crops are the biggest exports after oil and timber, their contribution to the national economy is tiny in purely financial terms. Nevertheless, most people are employed within the agriculture sector, either in subsistence farming or commercial agriculture.

With this in mind, oil revenues are now used to subsidise farmers as part of a large-scale rural development programme. This has encouraged farmers to remain on the land and continue their activities. The government is keen to guarantee food stability and quality by building controlled temperature food storage facilities.

Industrial spin-offs

It would be all too easy to categorise Equatorial Guinea as an oil economy with a non-oil sector that comprised merely the remnants of the colonial economy. Until fairly recently, the country had a very limited industrial sector but success in the oil and gas arena has provided a number of spin-offs in terms of industrial capacity. In 2001, the Atlantic Methanol Production Company (Ampco) completed construction of a $450m methanol plant on Bioko Island, which now produces 20,000 barrels a day (b/d) of methanol using 120m cubic feet a day of natural gas from the Alba field, although its capacity is somewhat higher.

In addition, the plant produces liquefied petroleum gas (LPG), solvents, building materials, chemicals and fuel additives. The largest stake in Ampco is owned by the Alba field operator, Marathon (45%), while Noble Affiliates (45%) and the government of Equatorial Guinea (10%) hold the remaining equity.

In addition, Marathon Oil and Compañía Nacional de Petróleos de Guinea Ecuatorial (GE Petrol) have signed an agreement to develop a $1.4bn LNG plant at Punta Europa on Bioko, close to Malabo. The project which has been named Equatorial Guinea LNG Holdings Limited, remains on track to begin first shipments of LNG in the fourth quarter of 2007.

In June, Mitsui & Co and Marubeni Corporation agreed to take 8.5% and 6.5% stakes in the venture, leaving Marathon with 60% equity and GE Petrol the remaining 25%. On the marketing side, it is expected that British firm BG will purchase the plant's entire output of 3.4m tonnes a year over a period of 17 years for export to the state of Louisiana in the US.

The president and chief executive of Marathon, Clarence Cazalot, commented: "This sale of a portion of our interest in the Equatorial Guinea LNG project clearly demonstrates that Marathon and GE Petrol have together created and progressed a valuable world class project."

The Minister of Mines, Industry and Energy, Atanasio Ntugu Nsa,said: "We believe our expanded partnership is an important sign of the international business community's confidence in our LNG Project, our economy and the substantial investment potential that exists in Equatorial Guinea.

This project is enabling us to more fully develop our abundant natural resources while providing long term economic, social and environmental benefits to the people of Equatorial Guinea.

We look forward to working with our new partners as we seek ways to achieve continued economic growth."

Apart from the mortality of hydrocarbon fields, oil prices and therefore revenues tend to vary enormously, creating destabilising influences in even the most prosperous economy. It is therefore vital that Equatorial Guinea builds on the success of its methanol and LNG projects to inject an element of diversification into the economy.

Oil is likely to remain the dominant force in the country for a long time to come but investing in the rest of the economy will enable a larger proportion of the Equatorial Guinean population to access the benefits of the oil boom. Oil wealth can provide the building materials required to construct a strong economy but it cannot provide a strong economic base on its own.

Equatorial Guinea is very much work in progress – but work is progressing at full steam and the country of tomorrow will bear no resemblance to the country of a decade ago. ■

Non-Oil sectors – comparative figures

Forestry/Timber
1968: 340,000 metric tonnes
1979: 1,000 metric tonnes
1996: 811,000 metric tonnes
2004 Estimate: 600,000 metric tonnes

Today timber accounts for 5% of export revenue. Production has been controlled as it was estimated that the country was losing 0.6% of its forest annually. A forestry action plan to tackle deforestation and replanting has been implemented with the backing of the African Development Bank.

Cocoa
1968: 38,000 metric tonnes
1979: 6,000 metric tonnes
1996: 4,000 metric tonnes
2004 Estimate: 5,000 metric tonnes

Production increased in the 1980s but fell as world cocoa prices collapsed and farmers turned to better paid jobs. Subsidies have helped curb this trend.

Coffee
1968: 8,500t (although this figure is distorted by coffee smuggled from Gabon and Cameroon)
1979: 100t
1996: 7,000t
2004 Estimate: 10,000t

Fishing
1968: 5,000 people employed, with tuna and shellfish exported
1979: none. Illegal to work in the fishing industry
1996: 3,700t
2000: 7,000t
In 2003, the government pledged the diversification and development of agro-fisheries production, including food conservation, food processing, transportation and marketing.

Livestock
1968: self-sufficient in beef and dairy products
1979: non-existent. Livestock raising had all but disappeared
2004 Estimate: cattle herd was estimated at 5,000 head. The African Development Bank has supported poultry raising schemes and the country is well supplied with chicken and eggs.

Today agriculture, fishing and farming employ around 70% of the population

Mining
There are unexploited deposits of gold, manganese, uranium, titanium and iron ore.

"The international airport in Malabo, numerous road projects including interstate links with neighbouring countries, the re-development of Equatorial Guinea's two sizeable deepwater ports at Luba on Bioko and at Bata on the mainland – are all playing a role in a much needed general improvement to overall infrastructure."

Construction

Rise of a new maritime power

By **Neil Ford** and **Stuart Price**

The rapid growth of the oil sector has resulted in a construction boom in Equatorial Guinea. New oil sector facilities have been required, while new hotel capacity has had to be provided. Bioko in general and Malabo in particular are likely to have changed beyond all recognition by the end of the current decade.

The construction boom has seen the regeneration of the country's air, land and maritime transport links as well as the main urban areas.

The international airport in Malabo, numerous road projects including interstate links with neighbouring countries, the re-development of Equatorial Guinea's two sizeable deepwater ports at Luba on Bioko and at Bata on the mainland – are all playing a role in a much needed general improvement to overall infrastructure.

Prior to the country's change of fortunes, its roads and other transport networks were loosely maintained and often inadequate. That is changing at a rapid pace.

The influx of foreign civil engineering and construction companies has seen the mushrooming of projects in the sectors crucial to handling and maintaining Equatorial Guinea's growth over the coming years.

In addition, improved infrastructural facilities, such as increased power generating capacity and new port facilities should benefit both the oil and the non-oil sectors.

An industrial zone is being developed around Luba port.

Transport

The transport sector has been the focus of much of the new investment, with projects aimed both at improving links within the country and easing transport with the rest of the world.

Ports: Although Bata on the mainland is the principal port for agricultural and forestry exports and Malabo has been upgraded to increase capacity, the government opted to build a new port at Luba, on Bioko, in order to provide services to the oil sector.

Luba Freeport, some 40km south-west of Malabo, is the centrepiece of the country's infrastructural investment. The port offers a 200-metre deepwater quay and oil sector handling facilities, with room for the development of bunkering and storage services.

Given that a large proportion of Gulf of Guinea oil sector activity takes place offshore, Luba can become an oil services facility for the wider region serving as the main supply base for the wider West African oil exploration and extraction industry.

Finding itself strategically placed in the Gulf of Guinea, and blessed with naturally deep water, Luba has a minimum depth of 10m allowing it to comfortably handle both oceangoing ships as well as oilfield supply vessels.

The government awarded the contract to develop Luba to the Channel Islands-based British company, Incat Petroleum Services in 2001. In April of the following year, Luba Freeport Ltd (LFL) created a Joint Venture alliance with GEPetrol, the national oil company of Equatorial Guinea, which concentrates on government interests in the project.

Work commenced in September 2002 and by April of the following year, a 110m long quay and an initial 50,000sqm warehouse and storage capacity for American oil company Amerada Hess were officially opened by President Obiang.

Since then, development at Luba has continued and through its agreed concession with the government of Equatorial Guinea, Luba Freeport Ltd has increased its quayside capacity, established fuel storage and distribution at the Luba Oil Terminal, servicing areas, cargo storage, work and machine shops.

In addition to these facilities, it also boasts fabrication, maintenance and repair facilities and an oilfield logistics base.

Moreover, in the longer term the government hopes that a more general industrial zone will build up around the port and so has set up an Autonomous Free Zone for the import and export of materials to and from Equatorial Guinea and transit cargo for other destinations outside the Republic.

This is likely to benefit both the local population and the economy as a whole given the expected rise of potential revenue of this tax exempt area. (*See box: Luba – the only real Freeport in West Africa*).

Roads: One such project is the paving of the ring road around Malabo that links the airport and the inner areas of Bioko Island.

Work on the three-lane dual highway was begun by Fitzpatrick Equatorial Guinea, which was established as a separate company from, but in partnership with, British company Fitzpatrick International.

Work began on the $167.62m Malabo Highway project in mid-2004 and is expected to reach completion by May 2007.

In addition to the main highway, the service and exit roads provide for further potential expansion and there are possible future plans to connect the bypass with Malabo town.

This will open up a large supplementary area for development which will include both link and service roads in addition to the main thoroughfare.

The British company Emerson Moore Geosciences Ltd is conducting geo-technological surveys and investigations along the proposed route of the Malabo Highway, reviewing the ground structure and conditions where the roadway is due to run.

A road rehabilitation and maintenance project – funded by the African Development Bank – between Malabo and the town of Luba was recently completed. The Malabo-Luba road can now handle the increased traffic and is helping to revitalise socio-economic activity in the area.

Malabo Airport

Equatorial Guinea's main airport, Malabo International, has also had new life breathed into it with the opening of a new terminal building in October 2003.

Built by the French construction company Bouygues, the airport can now handle the increase in capacity and deals with a growing clientele, requiring improved and faster services.

The country has experienced a significant rise in the number of its annual visitors, from 47,000 a year in 1997, to more than 300,000 in 2003.

Malabo International accommodates all the main flights both to and from Europe and is served by Iberia, which has flights from Madrid, and Cameroon Airlines which operates frequent flights from London, Paris and Rome. Other airlines serving Equatorial Guinea include Air Gabon, KLM, Swiss and Spanair.

Other projects at Malabo International include enlarging the parking facilities, widening the pavements and there is talk of an additional aircraft hangar and redevelopment of the runway.

Telecommunications

The government has decided not to deregulate the telecommunications sector, possibly because of the small size of the domestic market.

However, France Telecom has owned a 40% share in the national telecoms operator La Sociedad Anonima de Telecomunicaciones de la Republica de Guinea Ecuatorial (GETESA) since 1997. According to figures for 2004, the company serves around 9,000 landline customers and over 28,000 mobile customers.

Power: National generating capacity has been tripled by the completion of the 10.4MW Punta Europa gas-fired plant next to the Ampco facility. Using 3.5m cubic feet of gas a day supplied by the Zafiro field, the plant is another strand in the government's strategy to make the most of its oil and gas riches.

Prior to its completion, Bioko relied upon the 1MW Riabo hydroelectric plant, while the mainland province of Rio Muni continues to source its electricity from the 4MW oil-fired power plant.

Rio Muni possesses considerable hydroelectric potential but it seems more likely that any new generating capacity will be gas fired. The power sector remains controlled by the state owned Empresa Nacional de Energia Electrica de la Republica de Guinea Ecuatorial.

National Stadium

In addition to the airport expansion, Bouygues is also building a new national stadium which is due to be completed in time for Equatorial Guinea's joint bid with Gabon to host the Africa Nation's Cup.

Elsewhere, European Union funded projects have enabled Equatorial Guinea to forge road links with its neighbours Cameroon and Gabon. According to Alain Micouin from the EU's delegation in Gabon, getting across the Ntem River, which runs parallel with the borders between these three countries, has always been a significant obstacle to the free movement of goods and people in the region.

"The boats operated by companies in Gabon and Cameroon are not satisfactory and rapidly degrading, frequently breaking down, and are often not operational for long periods of time if not months," says Micouin. "The European Union has financed two bridges, one 180m and the other 145m, and an 18km road is due for completion in August of this year."

Such projects, Micouin believes, will further boost the economy of this particular area and beyond. "Fixed links will kick-start the activity and commercial exchanges in the region, as well as continuing modernisation of roads." ■

"A road rehabilitation and maintenance project – funded by the African Development Bank – between Malabo and the town of Luba was recently completed. The Malabo-Luba road can now handle the increased traffic and is helping to revitalise socio-economic activity in the area."

The only real Freeport in West Africa

Comment: Howard McDowell – CEO Luba Freeport Ltd

PHASE ONE WAS the 110m of quayside and the Trident Hess facility and was completed in March 2003. Since then we have built facilities for MI Schlumberger, NARCO, created a transit area, workshop and fabrication areas. Phase two will see a 180m quay extension and the ExxonMobil facility to be completed. It is scheduled to be finished by March of next year. At present there is 200m of quayside and by completion of the overall project there will be just over 1km.

The third phase is a further extension of the quayside of around 350m, plus several other client facilities and one particular company is interested in container terminals. A total waste management programme will also be brought in as part of the phase three development.

Ongoing construction at Luba will continue for the next seven-10 years. There is still a lot of work to be done. Phase one and two were just essential requirements and client-based works, but there is a lot of development to be included in the other phases.

Incat Petroleum Services was involved in the initial construction phases, but since then, funding has been sourced by a variety of people interested in financing the project. The government owns 37% of Luba Freeport and 67% will go out to independent freeholders.

Other companies involved have included clients ranging from ExxonMobil, Amerada Hess, Marathon, the major oil companies and major subcontractors.

Luba Freeport is the only real Freeport in West Africa. There are no duties payable for materials coming into the port. We are getting a lot of interest from countries with the idea of using Luba Freeport as a regional hub, to bring in West African cargo to store in Luba without paying customs duties and then exporting them as and when required around the West Africa coast. One of our biggest clients operating here, Single Buoy Moorings, is operating this exact scenario. They store cargo here for all of West Africa; Angola, Gabon, Nigeria and take it out as and when they require it.

"A plan to gradually increase production capacity has been drawn up and two new platforms are being used to make the most of the 12 new wells that have been drilled. As a result, LPG output on the field is expected to reach 7,500 b/d by the end of 2005"

The oil industry

The star of the Gulf of Guinea

By **Neil Ford**

The explosion in oil exploration and production in the Gulf of Guinea has been one of the main developments in the global oil and gas sector over the past few years. New discoveries have triggered a re-evaluation of the region's prospects and investment has poured in.

As a result of its location at the heart of the Gulf of Guinea, Equatorial Guinea has benefited more than most. Ever since the Ceiba deepwater field was discovered in 1999, interest in Equatorial Guinean acreage has soared and large-scale investment has been rewarded by a string of new finds.

Gabon and Congo-Brazzaville had long been Sub-Saharan Africa's third and fourth biggest oil producers, after Nigeria and Angola, but Equatorial Guinea is already in the process of overtaking both of its neighbours. As established fields in mature producers such as Congo-Brazzaville and Gabon have begun to become exhausted, Equatorial Guinea has led a wave of new producers in the region that have catapulted the Gulf of Guinea to global prominence.

Equatorial Guinea's first major hydrocarbon find was the Alba field on Block D, which was developed by CMS Energy, although the company sold its oil assets to Marathon Oil at the end of 2001.

Despite its oil riches, the field is primarily a condensate field. Around 17,000 barrels a day (b/d) of condensate and 4,500 b/d of liquefied petroleum gas (LPG) are extracted from 250m cubic feet of wet gas a day, before the remainder is piped to the Ampco methanol plant for processing.

A plan to gradually increase production capacity has been drawn up and two new platforms are being used to make the most of the 12 new wells that have been drilled. As a result, LPG output on the field is expected to reach 7,500 b/d by the end of 2005, while Alba will also be used to supply the new liquefied natural gas (LNG) plant planned for Punta Europa on the main Equatorial Guinean island of Bioko.

ExxonMobil's Zafiro field, which was discovered in Block B close to major Nigerian oilfields in 1995, quickly overtook Alba in terms of output and is believed to still yield more than Ceiba. Field development was fast tracked despite the fact that it was considered to contain just 35m barrels of economically recoverable crude oil before production


Offshore oil output is set to reach 380,000 b/d by 2006.

began. Today, ExxonMobil holds a 71.25% stake in the block production-sharing contract (PSC), Devon Energy 23.75% and the government of Equatorial Guinea the remaining 5% equity. Before the Ceiba find offshore Rio Muni, Equatorial Guinea was considered of limited interest to the oil and gas sector, and most activity and indeed production was concentrated on areas closely related to the Niger Delta.

However, Triton Energy was attracted by the country's deepwater prospects and it was here that the Ceiba discovery was made, prompting a major reassessment of the country's hydrocarbon prospects. That the find was made just as more general interest in deepwater Gulf of Guinea was beginning to erupt, ensured that Equatorial Guinea's discovery hit the industry headlines.

Triton Energy's Equatorial Guinean assets proved too much of an attraction for large oil companies to resist and the company was taken over by Amerada Hess for $3.2bn in 2001.

Production on Ceiba in Block G has increased less rapidly than expected since 1999 and so the US independent drew up plans to boost production on the field and also to invest in new exploration on the rest of the block. In August 2004, the government of Equatorial Guinea approved a $1.1bn development plan that is expected to yield substantially increased output from the block by the end of 2007.

Total national oil production rose rapidly from just

17,000 b/d in 1996, on the back of the development of the Zafiro field, before doubling between 1999 and 2001 to 200,000 b/d, partly as a result of production on Ceiba but also as a result of the continued development of Zafiro. Output has already topped 300,000 b/d and is projected to push towards 380,000 b/d by the end of this year. Despite the fame of Ceiba, Zafiro still accounts for both a greater share of national reserves and production and ExxonMobil's Early Production System is being used to increase production on the field to 300,000 b/d.

The government has discussed the possibility of reining in output in order to extend the production-to-reserves life ratio of the three main fields but it has not yet introduced any regulatory measures to put this into practice.

At the same time, it has high hopes of further major discoveries to reduce the country's reliance upon those fields that have already been developed. Australian firm Roc Oil is undertaking substantial exploration work on Block H, while the discovery of the Ceiba field did not prove to be a false dawn for Equatorial Guinean deepwater, as further discoveries have been made across Block G, including the Akom, Abang, Elon Okume and Oveng finds.

Foreign oil companies, mostly from the US, undertake exploration work. Aside from the developers of the main three fields, other investors in the country's oil sector are Chevron Texaco, Atlas Petroleum, Vanco Energy and Devon Energy, all of the US, plus Petronas of Malaysia and Tullow Oil of Ireland through its Energy Africa subsidiary. Although there are no domestic upstream operators, state owned GE Petrol acts as an 'interface' between the oil companies and the government.

Making the most of gas

Unlike some other Gulf of Guinea oil producers, Equatorial Guinea has decided at a fairly early stage in its development to make the most of its gas reserves. The Atlantic Methanol Production Company (Ampco) methanol plant and the planned Punta Europa LNG facility are both major investments in non-oil hydrocarbon development.

As with the oil sector, the lack of thorough exploration over a long period of time means that not enough is known about Equatorial Guinea's gas riches to accurately assess the size of the country's reserves. Although there is no official estimate, most analysts are confident that there are at least 5 trillion cubic feet (tcf) of natural gas in Equatorial Guinean waters and the figure could easily be a great deal higher than that.

Whatever the eventual size of the country's gas reserves, there is plenty of room for expansion in the gas sector as some associated gas is still flared that could be used for processing.

In addition, new finds continue to be made. Last year, Marathon and its partner Noble Energy announced a new gas and condensate find on Block D, close to the Alba field, named the Deep Luba discovery. A company spokesperson commented: "Potential development scenarios, including production through the existing liquids operations of the Alba field and the future liquefied natural gas development on Bioko Island, will be considered upon completion of testing."

Despite growing interest in making the most of the region's gas resources, there is still relatively limited demand for gas in West and Central Africa and so the government of Equatorial Guinea intends to focus upon gas processing as a means of promoting export.

Both new LNG and LPG production capacity is to be developed. In the longer term, the government is also keen to expand its processing facilities to absorb gas from elsewhere in the Gulf of Guinea. Nigeria intends to ban gas flaring by 2008 and so oil producers are eagerly identifying possible projects to absorb gas from associated fields. Equatorial Guinea has the potential to make the most of this opportunity.

"Unlike some other Gulf of Guinea oil producers, Equatorial Guinea has decided at a fairly early stage in its development to make the most of its gas reserves. The Atlantic Methanol Production Company (Ampco) methanol plant and the planned Punta Europa LNG facility are both major investments in non-oil hydrocarbon development."

Technology aids Equatorial Guinea's deepwater development

IT IS DIFFICULT to assess how high oil production can rise in Equatorial Guinea. The official estimate of the country's oil reserves stands at just 1.28bn barrels but the actual figure is almost certainly in excess of 3bn barrels. Exploration efforts across a large number of blocks could steadily push that figure higher over the next few years.

New exploration work has suggested that Alba's reserves may be much greater than originally expected, possibly as high as 1bn barrels of oil equivalent, although much of this takes the form of natural gas liquids (NGLs).

On the gas front, most recent estimates put reserves on the Alba field alone at 4.4tcf, while Block D contains a series of other economically viable gas fields that could be developed to feed the country's growing gas processing sector. It seems likely that there is enough gas to supply more than the single train planned for the Punta Europa LNG plant.

One thing that Equatorial Guinea has on its side is the amount of maritime acreage it possesses. Deepwater acreage accounts for 48,000 square kilometres of the country's 60,000 square kilometres of maritime territory, giving Equatorial Guinea a larger deepwater area than many much bigger African states with established oil industries.

Given the high success rate of deepwater exploration in the Gulf of Guinea, the still relatively unexplored nature of much of Equatorial Guinea's territory, and the number of successes which have already been recorded, further discoveries seem probable.

Technological advances over the past decade have made a great deal of deepwater field production economically as well as technically viable. While ten years ago it cost around $12 to produce a barrel of Gulf of Guinea deepwater oil, that figure has fallen below $6 today and should continue to fall.

It is this new technology that should push oil production in Equatorial Guinea much higher. Definitions of the line between shallow and deep water vary between 200 metres and 500 metres, but it is perhaps most accurate to define the differences between shallow, deep and ultra deepwater according to the technology applied. At present, fixed production platforms operate in anything up to 400 metres of water, so that semi-fixed or floating platforms are needed in deepwater.

Floating platforms utilising tanker loading have provided the biggest breakthrough and floating production, storage and offloading systems (FPSOs) are increasingly being used throughout the Gulf of Guinea, including in Equatorial Guinea.

FPSOs are generally not permitted in many other parts of the world, including the Gulf of Mexico, because of fears of collision, pollution and hurricane damage. However, hurricanes are not likely in the Gulf of Guinea and there is no FPSO regulation in the region. Production in 1,000 metres of water is now commonplace, while water depths in excess of 2,000 metres are technically if not generally economically feasible. Equatorial Guinea possesses plenty of maritime territory that falls into this category.

Looking ahead, the Gulf of Guinea's low hurricane risk allows the use of FPSO barges, while floating production, drilling, storage and offloading systems (FPDSOs) may be utilised in the country over the next few years.

Equatorial Guinea should benefit from these and other technological advances, as increasing amounts of its deepwater acreage are opened up. In the longer term, technological advances are likely to make exploration and production in the ultra deepwater around the southern island of Annonbon economically feasible.

Equatorial Guinea

Building the dream

"The International Court of Justice (ICJ) ruling on the sovereignty of the Bakassi Peninsula has opened up the way for the resolution of Equatorial Guinea's maritime boundaries with Cameroon and Nigeria; "

Boundary resolutions release vast new acreages

A couple of breakthroughs have been made on the one problem that has clouded offshore oil and gas development in Equatorial Guinea. Undetermined maritime boundaries to the north and south deterred oil companies from investing in what was otherwise highly desirable acreage.

Firstly, the International Court of Justice (ICJ) ruling on the sovereignty of the Bakassi Peninsula has opened up the way for the resolution of Equatorial Guinea's maritime boundaries with Cameroon and Nigeria; and secondly, more rapid progress is being made on determining the sovereignty of territory in Corisco Bay that has long been disputed by Gabon and Equatorial Guinea.

Given the importance of offshore oil and gas reserves to the country, the issue of maritime sovereignty is of great interest to investors. Oil companies are obviously loathe to invest in areas with uncertain or disputed sovereignty because of the risk that agreements could be declared null and void and acreage taken away from them before they can enjoy the fruits of their exploration labours.

While the fate of the Bakassi Peninsula hung in the balance, the tripoint – or point at which the maritime boundaries of Equatorial Guinea, Cameroon and Nigeria meet – could not be fixed. This, therefore, impacted upon the delimitation of Equatorial Guinea's boundaries with both nations, and upon the attractiveness of large areas of prospective acreage for investment.

Uncertainty over the issue led to a dispute between the Equatorial Guinean and Nigerian governments. Nigeria and TotalFinaElf, the operator of Nigerian Block OPL 102, claimed that Zafiro was an extension of Total's own Ekanga field, which lay just three kilometres to the north.

Equatorial Guinea responded by arguing that some of the Ekanga wells had been drilled in its maritime territory. Although a final treaty delimiting the boundary has yet to be signed – and is unlikely to be as long as the Bakassi dispute endures – the two governments signed a treaty in April 2002 whereby they agreed to jointly develop the two associated fields.

Although the results of the ICJ decision – which largely transfers ownership of the Peninsula to Cameroon – have yet to be implemented, diplomats from all three countries now have a firm basis for delimiting their common maritime boundaries. Disputes such as the Ekanga/Zafiro affair can be avoided and more acreage opened up for exploration.

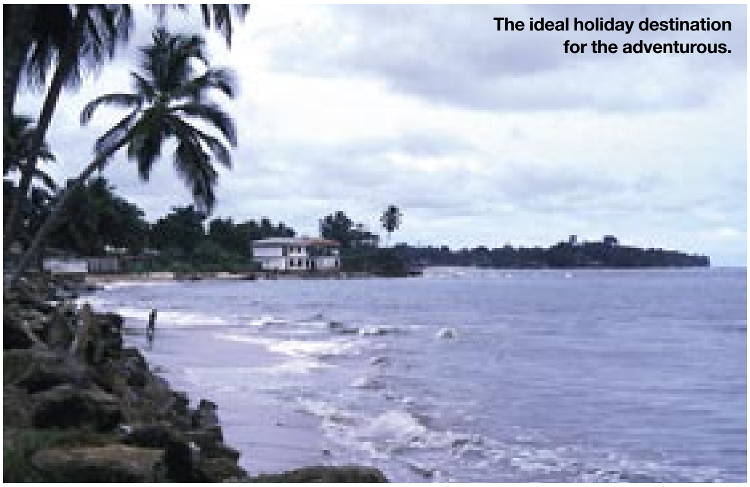
The situation in Corisco Bay is somewhat different, as uncertain sovereignty has so far dissuaded major investment in the area. Gabon recognises Equatorial Guinean ownership of the three inhabited islands in Corisco Bay: Corisco Island, Elobey Chico and Elobey Grande, but the dispute centres on the sovereignty of the uninhabited islands of Cocotiers, Congas and Mbagne in Corisco Bay. Initial bilateral discussions were held in 2002 under the auspices of the Gulf of Guinea Commission, while the UN later arranged talks between President Obiang and President Omar Bongo of Gabon.

In January 2004, the two governments agreed to mediation through a Canadian lawyer, Yves Fortier, the special representative on the dispute of UN secretary-general Kofi Annan.

President Obiang announced that oil sector exploration was a definite possibility and in July 2004 the two governments signed a Memorandum of Understanding agreeing
to UN mediation towards a long-term resolution and pledged joint oil exploration of the area.

One possible solution is the creation of a joint development zone (JDZ) that would enable the two countries to share in any hydrocarbon wealth in the area. This kind of cooperative solution has been adopted by countries like Nigeria and Sao Tome & Principe, and Guinea-Bissau and Senegal, and would enable rapid licensing of the territory in question. ■

Tourism – still virgin territory



The ideal holiday destination for the adventurous.

EQUATORIAL GUINEA is a land of contrasts and change – wide, unspoilt beaches, spectacular mountains, romantic colonial architecture side by side with traders selling the latest DVDs and mobile phone accessories and offices equipped with the latest technology.

For anyone wanting to get off the beaten track, Equatorial Guinea, a virgin country in terms of tourism, offers the perfect location for the intrepid traveller.

So far tourism has been very much oriented around the business traveller. A Hilton hotel is being built, and there are two international conference centres with villas to house guests and heads of state.

The minister of information, tourism and culture, Alfonso Nsue Mokuy, is keen to point out that he does not want to lose the country's unique appeal, its authenticity. "Visitors want to enjoy nature, and ecological tourism. We provide a tourism product that is reasonably priced and has more to do with discovering nature than five-star hotels."

The main island was originally called Formosa, meaning 'beautiful' in Portuguese.If the white sand beach of Arena Blanca is special, the island, with its own microclimate, is reminiscent of the West Indies. Formed by two solid volcanoes, with peaks of over 3,000m, the island is home to some rare wildlife.

You can still find some traditional villages. The best markets and handicrafts are on the mainland. At Ureka, a small village, it is possible to see one of the planet's last spawning grounds of large sea turtles.

A magical and mystical country

Omar Ben Yedder interviews **Bacar Abdouroihamane** the UN Resident Coordinator and UNDP Resident Representative in Equatorial Guinea

UNDP representative Bacar Abdouroihamane: "We work hand-in-hand with government."

African Business: What is your role here?
Bacar Abdouroihamane: We assist the Government in implementing projects aimed at improving livelihoods as well as encouraging rural community development. We advise the Government on administrative and judicial reforms, on environmental protection, on integration of women into development, on how to improve the human resource capacity at school and university levels.

We work hand in hand with the Government and that is crucial because we rely financially on the Equatorial Guinean government. Since the discovery of oil and gas, Equatorial Guinea is no longer classified as a poor country. As such, the UN can no longer justify providing financial assistance without a cost sharing of programmes and projects with the Government, even if it has the profile of a poor country in the strictest terms of the definition. Where we can help effectively is in mobilising partners from bilateral and multilateral as well as the private sector and so they benefit from our experience in initiating and implementing projects that will have a positive impact on the population.

AB: Can you give us examples of the projects you have been involved in?
BA: We focus our assistance on the promotion of the rural communities. We have a series of projects to improve people's standard of living. More specifically, we focus on local development projects providing micro credits to cooperatives to produce and get involved in income generating activities.

For instance we are helping to set up a cooperative run by women in a poultry farm. They have started an egg production unit, which has already changed the make up of the village. This project enabled them to invest money to improve their homes and to start building a school. They have also bought a satellite dish giving them access to a new media which makes them feel less isolated.

Now they need better communication (roads) to commercialise their production and make themselves and their products more accessible to the mass market.

AB: Where is this village?
BA: On the road between Bata and Mongomo, in the mainland. In another similar project, we helped the people of a village transform their school and their health centre.

You now have many regional and sub regional hospitals but they are not sufficiently used by the population. The problem is that in some villages people are still attached to local traditions and local ways of treating illnesses. So these isolated zones need to benefit from the modern facilities in the cities.

We extended our assistance to the fishing sector where we are supporting cooperatives. As a result we have noticed catch increases by using more adopted techniques. The villagers have also started smoking the fish, creating more added value and generating more revenues. The cooperatives are able to pay back the loan and also fuel activity further down the economic chain.

These are some of the successes which we have been able to share with the people and this is how we engage them in the development process.

These new sources of revenue allow the families to give their children better education and medication as well as access to products which they could not afford before.

AB: Were the people receptive to the projects and your suggestions?
BA: I would like to stress that the projects are peoples' projects. We help them to identify, formulate the projects and also assist them during the implementation stages. Once this is done they then

"We are helping to set up a cooperative run by women in a poultry farm. They have started an egg production unit, which has already changed the make up of the village. This project enabled them to invest money to improve their homes and to start building a school"

Equatorial Guinea

Building the dream

"There are things here today that you would not have dreamt of seeing when I first arrived. We have seen tremendous change"

became eligible for micro credits; so in a sense it is a sort of joint venture.

AB: Do you promote particular industries?

BA: Other than timber and, today, oil and gas, there were no major industries in this country and the economy was in many ways very limited. We encourage local producers to diversify their crops both in terms of quality and type.

We are not involved in the timber industry. However producing higher quality wood, transforming it locally, creating added value would increase and also create new jobs and enrich the workers in rural areas and cities. With their incomes they can finance some basic needs.

AB: What are the biggest changes you have noticed in the country over the past few years?

BA: Just look at the number of cars, there are so many vehicles compared to two years ago. There are things here today that you would not have dreamt of seeing when I first arrived. We have seen tremendous change, even though there is still a long way to go. The emphasis has been on the physical and economic infrastructure – such as roads, ports, and airports.

There is still progress to be made in social infrastructure, education, water, health, sanitation and environment protection. The real challenge is to change the living conditions of the people and protect them from diseases (malaria, typhoid, TB, HIV/AIDS).

Salaries are higher today with the booming of a service industry. The oil and gas industry has created numerous jobs. Human resources are the key to development.

All children should attend and complete the primary school cycle. Adults need to be retrained and women need to play a more important role in the economy. Ultimately the aim is to increase human dignity and address sustainable development challenges.

AB: Is there a model on which you base your strategies?

BA: One model? No, because there is not a perfect model. Each country has its strengths and weaknesses. But we are encouraging the decision makers to go and visit other countries which have been in a similar position – in the Middle East, Asia, South America – to learn from their experiences and avoid their mistakes and build the country from their successes. I know that an official delegation has recently visited a country in the Caribbean, and that more journey and study tours are planned.

AB: What attracts you to Equatorial Guinea, what makes this a special place for you?

BA: It is a country that is both magical and mystical. Magical in the sense that when you come here, you discover things totally out of the ordinary. Not many people had heard about Equatorial Guinea (before the news of the attempted coup hit international headlines) and those who had tended to confuse it with one of the two other Guineas in Africa – Guinea Bissau and Guinea Conakry.

But once on the ground here, you quickly realise the enormous challenges that the government, the people and partners in development have ahead of them – and for an international development practitioner, this is extremely interesting. These challenges, the people, the different living conditions and many other things give the place a particular charm.

AB: Are you saying that conditions are improving fast?

BA: Yes, in large part thanks to the important revenues generated from oil and gas extraction. As I said, things have changed greatly and mainly for the best, but one cannot and should not expect changes overnight.

The people of Equatorial Guinea were forced to live in extreme poverty for over two centuries and you cannot eliminate this overnight. It's a slow process and a matter of will. It depends on the will of the leaders of this country and the willingness of implementing this goodwill into action. There is a need to work hard and above all a long-term vision – and patience. ■

Fishing cooperatives are adding value to their catch by smoking it and thereby increasing their incomes.

Singularly 'singular'

EQUATORIAL GUINEA has been given a number of new names, such as Africa's Dubai, Eldorado or the new Kuwait. This is misleading. There is rapid economic growth, and many opportunities have arisen from the oil windfall, but Equatorial Guinea is a far more open country than you might first suspect.

Being different is something which gives Equatorial Guineans a sense of identity. The people of Equatorial Guinea pride themselves on being 'singular'. By this they mean their country, their peoples and their culture are unique.

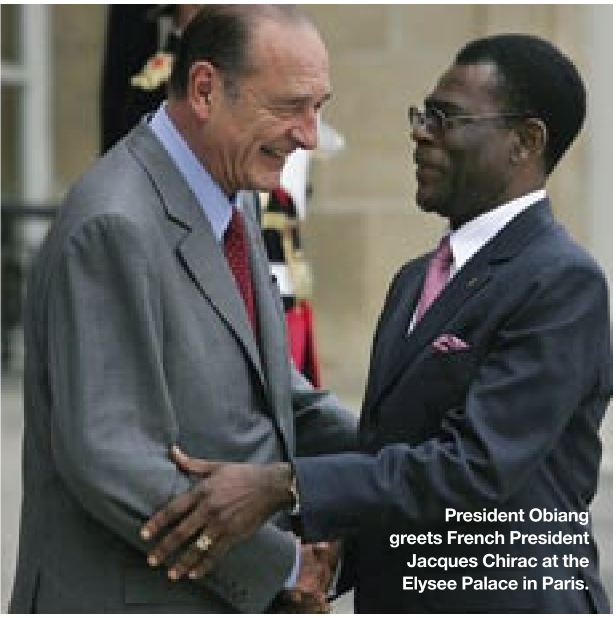
Malabo has its own microclimate, and is very different from the rest of Africa. It is blessed with extremely fertile volcanic soil. The capital is an eclectic mix, with some impressive colonial Portuguese and Spanish buildings.

Venture outside the main towns and you will discover some traditional villages and communities, with very friendly people. At first they may appear quiet and shy, but if you engage in conversation with a simple 'hello' they will smile and be happy to talk to you.

What also differentiates Equatorial Guinea from much of Africa, and most modern capitals for that matter, is that the country is very safe for the visitor. Violent crime is almost unheard of and even petty theft is rare. Admittedly Malabo is relatively small, and as everyone knows almost everyone it would be difficult for a criminal to go undetected. For that reason, you can walk the streets at any time, day or night, in complete safety. The fact that it is small actually works to your advantage – it is easy to network and meet the right people quickly.

The world comes calling

By **Omar Ben Yedder**



President Obiang greets French President Jacques Chirac at the Elysee Palace in Paris.

The government of Equatorial Guinea is today involved in a number of public-private partnerships with companies from many countries. American companies are predominant in the oil and gas sector; a Yugoslav firm is involved in building some of the road infrastructure; a French one is building the national stadium; Scandinavians are involved in transport, and the Chinese have taken stakes in agriculture and fishing.

Equatorial Guinea was the only Spanish colony in Africa. Traditionally, most of the trading activity took place with Spain. Over the years relations have been tumultuous, but the historical links with Spain endure. There are many Spanish companies and expatriates operating in the country.

Given the role of oil in the economy, the US is the country's most important trading partner. Equatorial Guinea has established good relations with the US government and business world. US citizens do not require a visa to visit the country. Today a growing number of Equatorial Guineans go to study in the US.

The country also enjoys full diplomatic and business relations with the United Kingdom. French has become the second official language in the country.

In 1983, Equatorial Guinea joined the Economic Community for Central African States (today known as CEMAC) soon after President Obiang took office.

Under the Marxist regime of Macias Nguema there was a rapprochement between Equatorial Guinea and the USSR, Cuba and China. Despite the liberal approach and free market policies of Obiang's government, the country still enjoys good relations with both China and Cuba. Trade with China has in fact grown considerably over the last decade.

China provides Equatorial Guinea with doctors, health workers and medicine. Cuba has an even longer relationship with Equatorial Guinea. Today, there are a number of Cuban doctors in Equatorial Guinea and many students are sent to Cuba's universities.

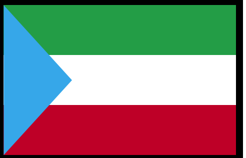
President Obiang is a fervent pan-African advocate. The relationship with Morocco has always been a special one. The president's private guard is from Morocco. In 2001, diplomatic relations were established with Libya.

President Obiang has been a keen supporter of African liberation movements. Equatorial Guinea has actively sought to establish diplomatic and economic relations with African countries. There are South African companies drilling for petroleum and gas offshore in a joint partnership with Equatorial Guinean companies.

Equatorial Guinea has also played a more active role in regional politics and has hosted several summits, including that of the heads of states of the CEMAC in June 2002. The border dispute with Gabon over the island of Mbagne appears to be in the process of being amicably resolved. South Africa and Zimbabwe were instrumental in neutralising the attempted coup which took place earlier in the year. Today there are many African nationalities working in Equatorial Guinea, notably French-speaking people from Mali, Senegal, Cameroon and Gabon. ■

"Given the role of oil in the economy, the US is the country's most important trading partner. Equatorial Guinea has established good relations with the US government and business world. US citizens do not require a visa to visit the country."

President Obiang, with President Thabo Mbeki of South Africa, is a fervent advocate of Pan-Africanism.



Visitor's Guide

Getting there

The first step is to contact the nearest Equatorial Guinean diplomatic mission to get a visa. US citizens do not need a visa to go to Equatorial Guinea.
A visa costs approx $95.

There are embassies and consulates in the following capitals:

USA: Washington
China: Beijing
France: Paris
Spain: Madrid
Cuba: Havana
Russia: Moscow
Cameroon: Douala
Gabon: Libreville
Nigeria: Abuja
Morocco: Rabat
Ethiopia: Addis Ababa

It is worth contacting your country's embassy in Equatorial Guinea as it will often have a commercial attaché who can offer useful advice.

There are many flights to Equatorial Guinea. The main airlines with regular scheduled flights are: Iberia, Spanair, Swiss, KLM, Air France, Cameroon Airlines and Air Gabon.

There are also two local airlines which fly to neighbouring African countries.

There are also some special flights on chartered airlines.

Once there

Malabo is the capital city where, currently, most of the business activity takes place. But 75% of the population lives on the mainland, and Bata is the main commercial port.

It is easy to get advice on opening a business. There are various ports of call to assist investors.

The Ministry of Economy offers general advice. Particularly useful for small and medium sized enterprises.

Two consultancy firms, Ernst and Young and Price WaterhouseCoopers, can help you set up business and offer administrative, financial and accounting advice.

A lawyer can also be very helpful. A small solicitor's firm, Bugete, has assisted a number of businesses. The lawyers speak French, English and Spanish.

It is important to stay a few days in Equatorial Guinea to get a feel of the place. Networking is easy and crucial. Malabo is a relatively small place. Going to one of the bars in the evenings to unwind will allow you to meet many expatriates and locals.

Opening hours

Administration: 09.00 – 16.00
Banks: 08.00 – 14.30
Companies: 08.00 – 18.00
with a two-hour lunch break
Shops: 09.00 – 13.00 and then 16.00 – 20.00

Banks

There are four main commercial banks in Equatorial Guinea

BGFI Bank – central African bank
CCEI Bank – local bank part of the Afriland Group
Commercial Bank of Equatorial Guinea (CBGE)
Societe Generale – an affiliate of the French banking group

Health

A Yellow Fever vaccination certificate is compulsory to enter Equatorial Guinea. It is a malarial zone, and malaria-prophylactics are essential.

There is a large chemist, Farmacia Central, opposite the Town Hall in Malabo, as well as other pharmacies in town.

What to wear

The weather is hot and humid. Light linen is advisable. During the day short-sleeved shirts are recommended.

A suit and tie is advisable for official meetings.

In the evening long sleeves and light coloured clothes are recommended to escape mosquitoes whose numbers rise during the wet season.

In Malabo: Main hotels

The following hotels are all equipped with air-conditioning, satellite TV, laundry facilities, bar and restaurant. Room rates are from $100.

Bahia: +240 09 24 92
Bantu: +240 09 81 24
Stella: +240 09 80 53
Ureca: + 240 09 33 19
(A Hilton is under construction in Malabo).

Restaurants

Le Paris – new French restaurant.
Pizza Place – good for pizzas and tapas. Also a venue to have a drink and watch live European football. Popular with the locals and expatriates.
Bantu – good Chinese restaurant.
Club Nautico – located near the old port, the terrace offers a magnificent view of the bay. Good seafood.

Going out

There are many cafes and bars. In the evening, the locals like to go to the clubs and casinos. Everything is within walking distance. ■

An IC Special Report on Equatorial Guinea produced by the Communications Department of IC Publications and published simultaneously in the July 2005 issues of *African Business, New African* and *The Middle East* magazines
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