

**FOR
INFORMATION**

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To: Members of the Executive Board

From: The Secretary

Subject: **Democratic Republic of São Tomé and Príncipe—Poverty Reduction and Growth Strategy**

Board Action: Executive Directors' **information**

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Questions: Ms. Kvintradze, AFR (ext. 34260)
Mr. Nassar, AFR (ext. 38626)

REPÚBLICA DEMOCRÁTICA DE SÃO TOMÉ E PRÍNCIPE

(Unidade - Disciplina – Trabalho)
MINISTÉRIO DO PLANEAMENTO, FINANÇAS E ECONOMIA AZUL
GABINETE DO MINISTRO

Ministry of Planning, Finance and Blue Economy
Água Grande, São Tomé
Caixa Postal nº 168
São Tomé e Príncipe

March 1, 2022

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C., 20431 USA

Dear Ms. Georgieva:

I am pleased to present to you the National Sustainable Development Plan (NSDP), São Tomé and Príncipe's (STP's) medium-term poverty reduction and economic growth strategy for the period 2020 – 2024. The NSDP—the successor to the National Development Plan (2017 – 2021)—is part of our new Poverty Reduction and Growth Strategy (PRGS), which has the necessary elements to promote successful growth and poverty reduction in our country.

Presented and published in January 2020 the NSDP 2020 – 2024 is anchored on four pillars: i) deepening the democratic rule of law; ii) robust economic growth and accelerated job creation; iii) improving the quality of health and social protection; and iv) implementing foreign policy with the aim of promoting development. Our goal is to lift about two-thirds of our population out of poverty through robust, sustainable, and inclusive economic growth by 2030, within the framework of the implementation of the NSDP and the 2030 Agenda.

Since the NSDP's launch, the COVID-19 pandemic has added further strain to our economy. Although the pandemic has affected the progress of the poverty reduction objectives of the NSDP (2020 – 2024), its core pillars remain intact. A second plan entitled "National Socioeconomic Resilience and Mitigation Plan for COVID-19" (also attached) was prepared to establish policy priorities through 2022 with an emphasis on improving the quality of health and social protection. Together, these two documents constitute our new PRGS up to 2024.

Our PRGS has the following strategic objectives to:

- Promote high-intensity labor programs, focused on maintenance and improvement of public goods and services, leading to the generation of rural and urban employment, especially for youth and women.
- Promote the financial inclusion of the population (particularly women and youth) and expanding the banking system in the economy (small businesses), through digital solutions.



- Implement a national business innovation agenda to strengthen the tourism sector, especially encouraging the participation of small businesses.
- Develop conditions for the storage and processing of local agricultural production, to ensure economic growth and food supply.
- Implement a global and coherent strategy to add value to national production (agriculture, livestock, fisheries), targeting both the local market and exports.
- Increase the resilience of small farmers and fishermen, especially women and youth, through the introduction of technologies and practices for sustainable management of natural and marine resources.

The Government of São Tomé and Príncipe is firmly committed to the PRGS. We believe that with our national effort and technical and financial support of our development partners to focus on achieving our PRGS objectives, significant progress can be made in poverty reduction and the Sustainable Development Goals will be achieved.

These plans were prepared through an inclusive approach by the Government which included all groups in our society. The Government conducted multiple consultations among all segments of the São Tomé and Príncipe civil society to provide inputs to prepare the plan. Ideas and suggestions from these consultations informed the logic of the two plans and are reflected in the PRGS targets.

We believe the Memorandum of Economic and Financial Policies (MEFP) of the ECF arrangement is fully aligned with the PRGS. The government looks forward to collaborating with the IMF to achieve the objectives outlined in the PRGS. We authorize the IMF to publish the attached documents on its website.

Please accept, Madam Managing Director, my highest regards.

Sincerely Yours,



Minister Engrácio da Graça

Minister of Planning, Finance and Blue Economy



Democratic Republic of
São Tomé and Príncipe

National Socioeconomic Resilience and Mitigation
Plan
For COVID-19 (PNARME)

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List of Abbreviations

AALRSTP	
ADAPPA	Association for the Development of Livestock and Environmental Protection
AfDB	African Development Bank
AISE	Socioeconomic Impact Assessment
ALISEI	
APCI	Commerce and Investment Development Agency
APD	Public Development Assistance
BC	Central Bank
BCG	Bacillus Calmette-Guerin Vaccine (against tuberculosis)
BCSTP	Central Bank of São Tomé and Príncipe
CADR	Rural Development Support Center of the Ministry of Agriculture
CCIAS	Chamber of Commerce, Industry, Agriculture and Services
CCM	Multisectoral Coordination Committee
CNES	National Health Education Council
CONPREC	National Council for the Prevention and Responses to Catastrophes
CONSAN	National Council for Food and Nutritional Security
COSSIL	Office for the Coordination and Monitoring of the Customs Bidding Procedure
COVID-19	Coronavirus SARS-CoV2
CSOs	Civil Society Organizations
DAF	Administrative and Financial Directorate
DGA	General Directorate of the Environment
DGRNE	General Directorate of Natural Resources and Energy
DITEI	Information Technology Directorate
DOPU	Directorate of Public Works and Urban Planning
DPSSF	Directorate of Social Protection, Solidarity and Family
DSGC	
FAIMO	Labor-Intensive Public Works Projects
FDI	Foreign Direct Investment
FNM	National Drug Fund
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GIME	Highway Maintenance Interest Groups
GoSTP	Government of São Tomé and Príncipe
IMF	International Monetary Fund
INE	Nacional Statistics Institute
INIC	Institute for Innovation and Knowledge
INPG	National Institute for the Promotion of Gender Equality and Fairness
ITC	Information and Communication Technology
LDC	Less Developed Country
MADR	Ministry of Agriculture and Rural Development
MAPDR	Ministry of Agriculture, Fishing and Rural Development
MEES	Ministry of Education and Higher Learning
MJAPDH	Ministry of Justice, Central Government and Human Rights
MJDE	Ministry of Youth, Sports and Entrepreneurship

MOPIRNA	Ministry of Public Works, Infrastructure, Natural Resources and the Environment
MPFEA	Ministry of Planning, Finance and the Blue Economy
MS	Ministry of Health
MSME	Micro-, Small- and Medium-Sized Enterprises
MTCCI	Ministry of Tourism, Culture, Commerce and Industry
MTFSFP	Ministry of Labor, the Family, Solidarity and Vocational Education
PNARME	National Socioeconomic Resilience and Mitigation Plan
PNASE	National Program for Food and School Health
PPP	Public-Private Partnership
PWD	Persons Living with Disabilities
RSS	Health System Strengthening
SDG	Sustainable Development Goals
SIDS	Small Island Developing States
SPCB	Civil Protection and Fire Brigade
SPRS	Directorate of Reintegration and Prison Services
STP	São Tomé and Príncipe
YWD	Youths with Disabilities
UN	United Nations
VIDR	Integrated Disease and Response Surveillance

Introduction

On March 17, 2020 the government of São Tomé and Príncipe declared a state of emergency in response to the COVID-19 pandemic.

As a small island developing state (SIDS), São Tomé and Príncipe (STP) has unique physical, demographic, economic and social features. It is an island and a small one in terms of geographic area and population. Thus, it is fragile, has a small economic base, and is relies excessively on commerce and services, all of which make it particularly vulnerable to crises and shocks.

Consequently, the impact of COVID-19 has been substantial, and it has negatively affected the economy (businesses and family incomes). The most disadvantaged and vulnerable groups have suffered disproportionately, both due to the impact of the pandemic itself and the growing inequalities that threaten to undermine the development gains that had been achieved in the last few years, as well as progress toward achieving the SDGs.

The pandemic exposed even more the structural problems that STP is dealing with for its sustainable development (which demonstrates how dependent STP is on other countries). These challenges for development involve not only the establishment and implementation of short-term economic recovery policies for COVID-19, but also more in-depth medium/long term structural reform policies that attract investments that lead in fact to the sustainable development of São Tomé and Príncipe.

Hence, the National Socioeconomic Resilience and Mitigation Plan for COVID-19 (PNARME), which we are proposing below, is an essential instrument of governance on which to base the policy options to be adopted to address the crisis and steer the public measures toward economic recovery. The Plan is aligned with reform programs that aim to jump-start the economy, lower vulnerability to future shocks and overcome the major inequalities the pandemic has exposed.

Goals and methodology of the National Socioeconomic Resilience and Mitigation Plan for COVID-19 (PNARME)

The National Socioeconomic Resilience and Mitigation Plan for COVID-19 (PNARME) paves the way for an immediate response to the pandemic and a recovery process that will put São Tomé and Príncipe back on the path to sustainable and inclusive long-term development. The Plan was based on the AISE¹ and was led by a group of national specialists with technical assistance from the United Nations and its response framework for COVID-19.² The interventions were grouped into the following five pillars:

1. Protect health systems and contain the virus immediately;
2. Protect individuals and improve equitable access to social protection and basic services;
3. Protect jobs and micro, small and medium-sized enterprises (MSMEs) and those most vulnerable in the informal sector through economic recovery;
4. Ensure that fiscal and financial policies make the macroeconomic structure work for the most vulnerable groups, bolster multilateral and regional responses and raise funds for development;
5. Promote social cohesion and build trust through a social dialogue and political engagement. Invest in resilience and response systems led by the community.

The AISE does more than just address the direct impacts of the pandemic. It also deals with critical structural matters that support the ability of STP to confront the current global crisis and other domestic and international challenges in order to achieve sustainable development and comply with the 2030

¹ AISE –COVID-19 Socioeconomic Impact Assessment

² UN framework for the immediate socio-economic response to COVID-19, April 2020

agenda. It places special emphasis on the most vulnerable groups in society, and in particular on gender, youth and environmental issues.

The National Socioeconomic Resilience and Mitigation Plan for COVID-19 (PNARME) was based on a detailed analysis of the AISE, which underwent a major public consultation process. It was developed on an inclusive basis through working groups and there are pillars. There have been plenary discussions and bilateral meetings throughout the period from November 2020 to March 2021. The domestic interested parties, including the government, civil society representatives and development partners were involved.

The PNARME's approach is holistic, integrated and crosscutting. It aims to maximize and strengthen recovery efforts made by the government, bilateral and multilateral development partners, CSOs, the private sector, academics and media stakeholders. It is aligned with the SDGs and consists of an integrated set of planned goals, outcomes and outputs designed to protect and empower the poorest and most vulnerable groups, and women, girls and youths, focusing on better rebuilding and ensuring that no one is left behind.

The PNARME is planned specifically:

- To ensure recovery that focuses on individuals, based on human rights and a gender perspective to improve equality, nondiscrimination and justice, and at the same time address the capacity issues of holders of rights and obligations;
- To promote sustainable and inclusive development via a commitment to environmental sustainability, solutions based on nature, action to deal with climate and the development of low carbon emissions;
- To support the adaptation to a new normal, creating new social contracts, values and cultures, citizen-government relations, peace and social cohesion, along with more inclusive and sustainable social and economic ecosystems;
- To assist in the general national planning and prioritize and monitor the impact and progress of the recovery measures through horizontal and vertical coordination at the national and local level.

The AISE/PNARME was prepared by a national technical team with technical assistance from the United Nations system. The key domestic interested parties took part in the process: public and private sectors and civil society, as well as all the agencies of the United Nations system, the African Development Bank and World Bank. This involved a series of methodologies, approaches and various data sources, including quantitative and qualitative research on families and the formal and informal sectors, along with document analysis and structured strategic exercises.

São Tomé and Príncipe's response to COVID -19

As an immediate response to COVID-19, the government of STP adopted a national preparation and response plan that introduced a series of preventive and containment measures. All the borders were closed and incoming and outgoing flights in STP were suspended. All entertainment and event venues were shut down and public and private meetings were prohibited. On March 24, 2020, all 209 schools in STP were closed, keeping almost 30,000 children and adolescents at home. The government developed a series of special measures to deal with the health emergency and a socioeconomic plan to address the larger challenges brought on by COVID-19. A National Contingency Plan strengthened the health sector's ability to respond to the emergency by acquiring medical treatments, test kits, testing and laboratory equipment, health specialists and specialized laboratories. Moreover, a field hospital with 50 beds was set up.

A strategy and operational plan was put in place to protect children, and schools sought to continue learning while the schools were closed and to ensure that the conditions for accessing ITCs were met. A package of mitigation and socioeconomic recovery measures was prepared until it was possible to

return to classrooms. It quantified the financial requirements to ensure the provision of basic public services. It also introduced measures to strengthen the resilience of the local economy. It provided for expanding the protection and social security networks, especially for the poorest and most vulnerable families. In addition, it introduced measures to improve collective hygiene in public venues and buildings, as well as for working conditions in the formal and informal sectors. It ensured that inventories of imported essential products were available, namely drugs and food staples. The Central Bank and international partners, namely the IMF and AfDB, intervened to support financial liquidity in the economy, for example, by opening guaranteed lines of credit for the private sector.

The state of emergency (March 17, 2020)³ was downgraded to 'calamity' on June 15⁴ and to 'Alert' on October 1. This was done in order to reopen schools, but with a revised schedule with a more limited number of children in classes. The airport reopened and some international flights resumed. However, due to the persistent economic crisis, most economic support measures were extended until the end of 2020.

It appears that the measures to contain the COVID-19 infection rate in the population have had some degree of success. On March 2, 2021, STP had officially recorded a total of 1,840 cases of COVID-19 (less than 1 percent of the population), but transmission rates were rising and there were 30 deaths. Even though concrete data is not available, it seems that COVID-19 was an "urban crisis," with inadequate living conditions, lack of access to sanitation as well as overcrowding that prevail in STP. These were the main triggers of the virus.

Over and above the immediate impact of the pandemic on health, its broader impact on means of subsistence and the well-being of the people of STP, and in particular those in poor, disadvantaged and vulnerable groups, and on the local economy, are becoming clear. This is raising concerns in terms of their potential consequence for the path of STP's development and graduating to the status of Less Developed Country (LDC), projected for 2024, and meeting the SDGs. The sectors that contribute most to GDP in STP and that support its economic structure are precisely those that were hit especially hard by the pandemic and measures taken to contain it, namely informal sector activities.

The way forward to recovery

Pillar 1 - HEALTH COMES FIRST: protect health services and systems during the crisis and build them back better

The Ministry of Health introduced measures with a price tag of more than \$6 million to prepare and outfit the health units and professionals to manage cases of COVID-19, to prevent and control infections and the general transmission of the virus, and to lower death rates. However, despite the success of these efforts, not only did COVID-19 expose the existing deficiencies in the STP health system, but it also exacerbated many of them. The pandemic interfered with the ability to provide essential health services, from family planning to maternal and neonatal care, the treatment of transmissible and nontransmissible diseases, and the response to emergencies. This interruption meant that direct deaths due to COVID-19 were exacerbated by indirect and avoidable deaths, caused by the pressure the pandemic placed on the health systems. Many routine health services activities, in addition to those directly related to the response to the pandemic, were suspended or slowed, especially at the community level, where social distancing rules limited personal interaction. In addition, the people themselves became fearful of going to the health centers, and the result was that the number of appointments fell by 50 percent compared to normal years and there was an alarming drop in vaccination rates.⁵ The cost of health services paid by families increased as a result of the pandemic, largely due to the shortage of drugs and the costs of laboratory tests.

³ Presidential Decree 3/20, March 17

⁴ Council of Ministers Resolution No. 23/20 of June 15

⁵ BCG vaccination rates fell to 55 percent

The pandemic had a significant impact on the delivery of maternal health and obstetric care and on family planning, with a shortage of some stocks of basic reproductive health products. The average number of new users of family planning was down from 1,131 in 2019 to 903 in the same period of 2020 and the trends for prenatal appointments were similar. There is the risk that the pandemic may lead to more unwanted pregnancies and sexually transmissible diseases.

In 2020, there were cases of malaria in 5 of the 7 districts in STP during an unprecedented period of the year, delayed by about three months. This further impacted morbidity in a people already weakened by the COVID-19 pandemic.

Thus, to protect the health systems and to immediately contain COVID-19 and future pandemics, the national response should implement the following policy options:

POLICY OPTIONS	
1.1:	For vulnerable groups impoverished by the COVID-19 pandemic, provide access to a package of quality essential health services.
1.2:	Provide uninterrupted access to quality drugs and medical consumables for every level of the health system.
1.3:	Develop the capability to detect, investigate, confirm and respond to public health threats and emergencies in accordance with the international health regulation, based on lessons learned and successes in the response to COVID-19.
1.4:	Reorganize primary health care based on a community and integrated services approach in order to bring quality health care closer to the people who need it. Moreover, strengthen prevention and intervention on health determinants with emphasis on vulnerable groups.
1.5:	Provide access to everyone for information they can use to be better involved in protecting and controlling their own health conditions.
1.6:	Develop a central coordination and planning platform in the health sector.

Pillar 2 –PROTECT INDIVIDUALS: Social protection social and basic services

The COVID-19 pandemic was especially burdensome for the poorest and most vulnerable families, whose access to basic services such as education, nutrition, water and sanitation was significantly impacted. The pandemic kept children at home and they required additional supervision and care, which directly impacted the ability of some parents to work and earn the income they needed to support them. In addition, with the schools closed, a significant number of vulnerable children lost access to food support under the National School Food and Health Program, which in turn placed additional responsibility on the parents and their expenses were up. Despite measures taken to facilitate distance learning, the children of more disadvantaged families do not always have access to ITC and an adequate internet connection to take advantage of that opportunity. And hence they risk being left behind in their learning curve.

Even though the social protection programs have been somewhat successful in evening out inequalities, the pandemic exposed the lack of financing, and the substandard coordination of sectoral policies and insufficient coverage, especially in rural areas. The interruption of social services due to the pandemic increased vulnerability and inequities, especially for the poorest groups and the elderly.

Many people do not have access to drinking water, mainly those who live in informal settlements where sanitation and hygiene infrastructure is lacking. The lack of access to adequate water and sanitation (WASH) increases exposure to the virus (and other waterborne diseases) as well as the likelihood of transmitting them.

The pandemic itself and response measures had a different impact on women due to gender inequalities. Women tend to work predominately in the informal sector, which is especially vulnerable

to shocks. In addition, they take on the lion's share of responsibilities and domestic work. With restricted movement, quarantine requirements and unemployment, the result was a substantial increase in domestic violence, rape and sexual abuse of women and minors compared to the same period in 2019. Moreover, protection and security systems, law and order and the justice system were affected by the pandemic because they further restricted the ability of women and girls to find help and assistance.

Thus, to protect individuals and to improve equitable access to social protection and basic services, the national response should implement the following policy options:

<i>POLICY OPTIONS</i>	
2.1:	Expand social protection to reach vulnerable groups (women, the elderly, children, teenage girls and the disabled) as there have been shocks due to losses of income and at-risk situations, especially for those involved in the informal economy, farming and fishing.
2.2:	Collect periodic sectoral statistical data to support results-based program planning.
2.3:	Provide access to drinking water and sanitation for everyone in the country, with special focus on the most vulnerable.
2.4:	Provide ongoing education for all children and adolescents, and ensure that children of vulnerable families in at-risk situations and with special needs stay in school.
2.5:	Manage cases of gender-based violence efficiently.
2.6:	Strengthen the technical capabilities of human resources in the various sectors at the national level, for example, health, social protection, nutrition and education.

Pillar 3 – ECONOMIC RECOVERY: keep jobs, have sustainable income and support small and medium-sized enterprises, small farmers and workers in the informal sector

The impact of the pandemic on businesses and means of subsistence was greater in the sectors more affected by the closed borders or where the risk of COVID-19 contamination is considered high. Hotels and tourism are almost paralyzed, with repercussions on transportation and restaurants and the primary sector, including agriculture, livestock and fishing. The containment measures reduced imported goods, with limited access to export markets and supply chain restrictions that negatively impacted the continuation of business in the formal and informal sectors. This placed job security at risk and exposed many families to deprivations. It caused more difficulties for the poorest and most vulnerable groups, and especially women and youths, who are the main suppliers and merchants in the most affected sectors.

A report prepared by the Central Bank of STP between June 17 and 30, 2020 found that only 14 percent of businesses continued to operate normally during the period from March to April 2020, and small and medium-sized enterprises were most affected, with over 40 percent of them closed temporarily. In terms of business activity, 94 percent of the businesses surveyed mentioned that their business volume was off due to the pandemic from March to May 2020. In addition, 80 percent reported a loss of business volume greater than 40 percent. With regard to jobs, 53 percent of businesses reported that they had fewer employees from March to May 2020. Of that group, 75 percent stated that the figure was greater than 40 percent of their staff.

In this period, unemployment in STP spiked as a result of the pandemic. A survey conducted by the INE in June 2020 revealed that 43 percent of households reported that they were not working, compared to 19.1 percent before the pandemic. Urban households and those headed by women were most affected. A survey by the STP Chamber of Commerce found that the workers at greater risk from the pandemic were employees of smaller companies in the informal sector with fewer than 10 staff members. However, a significant increase in unemployment among those with high levels of education (from 16 to 48.2 percent) suggests that lower-income and unskilled groups were not the only ones that

were impacted. If the impacts of the pandemic continue for some time, unemployment in STP may reach or even surpass the historic high of 16 percent recorded in 2005. Furthermore, the over-representation of women and youths in vulnerable positions and jobs without security, especially in at-risk sectors, and the fact that labor laws and regulations are not enforced, place these groups at greater risk of experiencing the economic impact of the pandemic.

Hence, to protect jobs, the micro-, small- and medium-sized enterprises (MSMEs) and the most vulnerable informal stakeholders for the economic recovery, the national response should implement the following policy options:

POLICY OPTIONS	
3.1	Develop labor-intensive programs linked to maintaining and improving public goods and services and that lead to creating rural and urban jobs, especially for youths and women.
3.2	Promote the financial inclusion of the people (in particular women and youths) and bank penetration of the economy (MSMEs) through digital solutions.
3.3	Implement a national agenda of business innovation to strengthen the tourism sector, especially by incentivizing the involvement of SMEs.
3.4	Develop conditions for storing and processing local farm produce, keeping in mind economic growth and food security.
3.5	Implement a comprehensive and coherent strategy to raise the value of domestic production (livestock and fishing) for the local market as well as exports.
3.6	Improve the resiliency of small farmers and fishers, especially women and youths, by introducing technologies and practices of sustainable management of natural and marine resources.

Pillar 4 – MACROECONOMIC RESPONSE AND MULTILATERAL COLLABORATION

It was expected that economic growth in STP would increase in 2020 after several years of slow performance, but the October 2020 IMF World Economic Outlook projected a 6.5 percent contraction for the year as a result of the pandemic. However, the preliminary results that the Ministry of Finance announced in February 2021 showed a change in the chart, in which an increase in exports of palm oil and a significant flow of direct budget support in response to the pandemic had a positive impact on GDP, which now should be up by 3.1 percent in 2020. Nonetheless, the package of socioeconomic mitigation and recovery measures introduced in response to the pandemic placed even more pressure on public finance. The IMF expects that the public debt will reach 105.2 percent of GDP in 2020, an increase greater than the 2019 position of 93.8 percent. In addition, the urgent need to support health-related projects and other mitigation measures made it necessary to reallocate public spending, with an investment budget that is already limited to the most necessary social and economic infrastructure, which in the long run may create productivity issues and curb FDI.

Supply shocks associated with the pandemic are causing prices to rise for many commodities and essential products. International supply chain disruptions and lower availability of foreign currency for imports mean that STP's dependence on imports of basic necessities caused inflation pressure that as of the end of 2020 reached 9.36 percent compared to 7.7 percent in 2019. Higher inflation has had a negative effect on family buying power, especially for the poorest families, and consequently, on businesses.

The COVID-19 pandemic exacerbated a fiscal scenario that was already challenging. The substantial decrease in economic activity associated with the introduction of tax relief measures to maintain liquidity for businesses and an increase in public spending to deal with the health crisis have had negative impacts on the government accounts. The primary domestic balance, projected at -1.9 percent of GDP before the pandemic, reached -6.3 percent at the end of 2020. The foreign currency shortage in commercial banks and the rapid draining of Central Bank reserves are making it difficult for

businesses and individuals who need foreign currency. This situation was worsened even more by the collapse of the tourism sector. However, the São Tomean trade balance improved due to fewer imports (7.7 percent) and more exports (20.4 percent), in particular as a result of a new palm oil project.

Remittances are an important component of family income in STP, especially for families headed by women and those headed by an elderly individual. Private net transfers were on average 4.3 percent of GDP from 2016 to 2018, falling to 3.8 percent in 2019. According to the World Bank, total remittances are expected to drop by 20 percent in 2020 due to lower wages and employment opportunities for migrant workers, and remittances in STP should be down to 2.0 percent of GDP in 2020.

Hence, to ensure that fiscal and financial policies make the macroeconomic structure work for the most vulnerable groups, bolster multilateral and regional responses and raise funds for development, the national response should implement the following policy options:

POLICY OPTIONS	
4.1	Use resources more rationally and efficiently by reforming fiscal management.
4.2	Accelerate diversification and increase economic competitiveness by attracting domestic and foreign investors and by improving the business environment.
4.3	Facilitate an increase in inter-regional trade by creating conditions for better regional integration of São Tomean businesses.
4.4	Reform government-owned enterprises and make them more efficient and financially sustainable.
4.5	Improve the coordination of investment in modernization and strengthen basic infrastructure. Bolster national sustainable socioeconomic development.
4.6	Strengthen fundraising and provide long-term financing for national priorities.
4.7	Implement structural reforms and increase financial sector resiliency.
4.8	Determine the way forward for the transition to renewable energies by reforming the energy sector.

Pillar 5 - SOCIAL COHESION AND ECONOMIC RESILIENCE

The social and economic consequences of the pandemic will probably have an impact on social cohesion and cause greater inequality and more social tensions. The poor and vulnerable are disproportionately at risk of experiencing difficulties due to COVID-19, with greater gaps between genders and generations, land use development and the urban-rural divide. The erosion of public services and economic pressure may have a negative socioeconomic impact that could occur in terms of the decline of rights, especially for women and youths, and political participation in society.

Sociopolitical dialogue in STP is fragile. Civil society and labor and management are not regularly or routinely consulted or asked to participate in decision-making processes at the central or local government level. Women, youths, the disabled and rural dwellers are rarely consulted or included in dialogue on policies. Even though more than 50 percent of the population are women and 1/3 of households are headed by women, women's participation in parliament, the government, decision-making bodies of the political parties and in business management is still low.

The pandemic brought about many challenges for the most vulnerable groups, and with an infrastructure already weakened for the delivery of services, it is likely that more people will be led into extreme poverty. The World Bank estimates that about 1/3 of the people live below the international poverty line⁶ and more than 2/3 of the people are poor.⁷ The districts of the South, such as Caué and Lemba have higher poverty levels, and rural areas are still confronting exclusion challenges at every level, including basic sanitation, drinking water, schools, justice and hospitals.

⁶\$1.90 per day or less.

⁷Based on the World Bank poverty line standard of \$3.20 per day.

As a SIDS, STP is particularly vulnerable to external shocks and climate changes. The pandemic is exposing the vulnerabilities and weaknesses inherent in the current social protection systems and the urgent need to invest in local infrastructure and develop the human/institutional capabilities of local authorities to prepare and respond appropriately to shocks and see to the needs of the most vulnerable people in an inclusive and participative manner. Actually, the COVID-19 pandemic in STP is more than a public health emergency; rather, it is a test of the government's ability to deliver basic social services, maintain its social contract with the citizens, strengthen social cohesion and resilience, and ensure that no one is left behind.

Thus, to promote social cohesion and build trust through social dialogue and political engagement, and to invest in resilience and response systems led by the community, the national response should implement the following policy options:

<i>POLICY OPTIONS</i>	
5.1	Develop respect for human rights and social cohesion, focusing on women, youths and vulnerable groups through efficient, transparent and impartial administration of justice.
5.2	Deliver basic services closer to the citizens by decentralizing authority and resources.
5.3	Develop conditions so that communities and citizens, especially women, youths and vulnerable groups, are able to express their needs and priorities and have opportunities to take part in decision-making and observe the local development process.
5.4	Develop conditions so that local communities are able to adapt to climate change and strengthen their resiliency to natural disasters.
5.5	Develop conditions so that local communities practice conservation and the sustainable use of natural resources and share the benefits of biodiversity and ecosystems.
5.6	Implement integrated land-use planning. Control and remedy the expansion of informal neighborhoods on the outskirts of urban areas and ensure minimum conditions of hygiene, sanitation and health for the people.

People we must reach

The AISE analysis and the triangulation of information in the most recent studies and other documentation suggest that the weakness in STP and the vulnerabilities of poor and disadvantaged groups are being exacerbated even more by COVID-19. They also show that their low levels of resilience mean that recovery from the shocks created by the pandemic may last longer, which would place them at risk of being left behind. To protect STP's development gains in the last decade to the extent possible, to curb the growing inequalities and to promote more equitable and sustainable recovery, the AISE suggests that the recovery phase should address the needs and priorities of six specific groups:

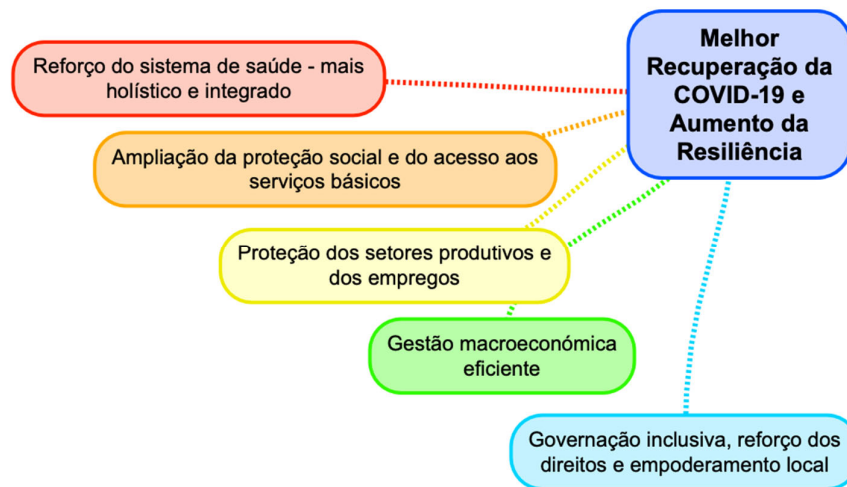
1. **The poor and extremely poor:** the poor and extremely poor are disproportionately represented in the economic sectors that are particularly vulnerable to COVID-19 (agriculture, tourism and informal trade and the services sector). And therefore, they are more likely to lose their jobs or take a reduction in income. The closing of schools created additional responsibilities and costs to care for the children of poor families. This included limiting their opportunities to work to support their families. The lack of access to ITC jeopardizes their ability to access online information and services and to work remotely. The interruption and greater pressure on social protection systems means that the support services on which the poor depend were jeopardized and individuals in their normal support networks were probably affected by the pandemic. The poor are more vulnerable to physical and mental health problems. Living in informal high-density settlements with precarious hygiene and sanitation as well as limited access to drinking water and dependence on informal markets and public transportation exposes the poor to greater risk of contracting COVID-19, other diseases and future shocks.
2. **Women and girls:** Crises, shocks and pandemics tend to worsen existing gender inequalities and vulnerabilities. The COVID-19 pandemic is negatively impacting job security and the income of

women in every sector due to a combination of factors: women have lower levels of education and fewer skills, so that they are over-represented in low-paying jobs, predominately in the informal sector and economic sectors that were heavily impacted by COVID-19; hazardous working conditions for women; loss of or a significant decrease in earnings; the need to reconcile work with child care responsibilities; and they are exposed to the risk of violence, abuse and exploitation. In addition, women are less likely to serve in positions of power and they are under-represented in decision-making processes, so that their needs may not be acknowledged and/or met.

3. **Children, Adolescents and Youths:** Interruptions in routines and learning patterns as a result of the pandemic may negatively impact living opportunities for youths. Children and adolescents of poor families are less likely to have access to ITC to facilitate online learning and space at home to facilitate studying. These factors, together with additional economic difficulties brought on by the pandemic, mean that some children and adolescents may never go back to school, especially those from poor families that may be under pressure to work, often in vulnerable occupations. Prolonged school closures (and dropouts) run the risk of exposing vulnerable children and adolescents to poverty, early pregnancy, child labor and the deterioration of physical and mental health. Overburdened health systems mean that children and adolescents do not have access to services, or that the services they receive are not of the same quality, mainly for sexual and reproductive health. There is the risk that the pandemic could lead to raising the level of unwanted pregnancies and sexually transmitted diseases.
4. **The elderly:** The elderly are more likely to experience underlying health issues and nontransmissible diseases, which raises their vulnerability to infection from COVID-19. Solitude, associated with old age, makes the elderly even more vulnerable and interferes with their ability to seek help or assistance. Many elderly individuals find it difficult to take care of themselves and they depend on relatives or caregivers for their daily needs, which may be jeopardized due to quarantine rules and travel restrictions. This may affect access to vital drugs and treatments and it may cause health and hygiene conditions to deteriorate. It may lead to food insecurity, especially among elderly individuals who rely on caregivers to cook for them or bring them meals.
5. **Persons living with disabilities and mental health problems:** They are particularly vulnerable to COVID-19 and are at greater risk of infection or serious illness due to their underlying medical conditions. Mobility issues may frustrate their ability to take preventive measures. Interruptions of protection and social support measures for persons living with disabilities (PLWD) may lead to more vulnerability, affect physical and psychosocial well-being, reduce autonomy, increase the risk of violence and make it more difficult to access specific requirements. Youths Living with Disabilities (YLWD) were identified as being among the most vulnerable due to their preexisting health conditions and lack of access to services and information (for individuals with vision and hearing disabilities) for preventing COVID-19.
6. **Employees in small businesses and the self-employed:** Smaller businesses are disproportionately impacted by COVID-19 because they are heavily exposed to face-to-face interaction and they tend to employ workers with lower wages; this is another factor that means that COVID-19 affects the poor disproportionately. Small businesses and the self-employed tend to have fewer cash reserves and are at greater risk of not having money and being forced into bankruptcy.

National Socioeconomic Resilience and Mitigation Plan for COVID-19 (PNARME)

The goal is a crosscutting recovery and strengthening or revitalizing the areas covered by the five pillars. The specific purpose is to leave no one behind in this rebuilding process, with special emphasis on the groups most vulnerable to the negative impacts of COVID-19. Thus, the PNARME proposes to address a few fundamental issues which were already difficult to solve before the pandemic. In the short term of two years, the goal is to make STP socioeconomically viable again.



Key:

Strengthen the health system – more holistic and integrated

Better recovery from COVID-19
And increase Resilience

Broaden social protection and access to basic services

Protect productive sectors and jobs

Efficient macroeconomic management

Inclusive governance, strengthen rights and local empowerment

The PNARME is structured around the five pillars of the AISE as follows. It consists of a set of linked results in order to achieve the impact and desired transformational change for a better recovery from the COVID-19 pandemic in STP and to increase resiliency to similar future shocks.

For the overall goals, the PNARME proposes to deliver the following that are linked to the noted Sustainable Development Goals:

GOAL 1:	Holistic, integrated and fully operational health systems that meet the specific health needs of the most vulnerable.
SDG Link	  

GOAL 2:	Adapt, extend and increase services in the area of social protection and basic services.
SDG Link	
GOAL 3:	Protect and improve the productive sectors, and at the same time protect jobs and promote dignified labor.
SDG Link	
GOAL 4:	Efficient and effective macroeconomic management ensures long-term sustainable financing for investment in national priorities.
SDG Link	
GOAL 5:	Inclusive governance, equitable delivery of services, and development based on rights, empowering local communities and strengthening social cohesion and resilience.
SDG Link	

The results of the PNARME at the *project* level are intended to address underlying problems that prevent those involved (as stakeholders who have obligations) from delivering results at the *outcome* level to the people of STP (as holders of the rights).

For realistic planning and implementation, and given the need to focus on raising technical and financial resources, and guided by the priority of each *project* in accordance with the consensus reached by the key stakeholders in each pillar, the response plan provides for implementation in three phases as follows:

Phase 1

Pillar 1 - HEALTH COMES FIRST: protect health services and systems during the crisis and build back better

GOAL 1: Fully operational and integrated health systems that specifically meet the health needs of the most vulnerable.						
<i>Results of the PNARME at the project level to contribute to the outcomes and goal.</i>		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output Priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 1.1	The Ministry of Health (MS) and the National Social Protection Commission (CNPS) are providing access to a package of quality essential health services to vulnerable groups impoverished by the COVID-19 pandemic.				\$550,000	\$327,000
Outputs:						
1.1.1	1 An assessment of actual expenses of households on health care and drugs that will evaluate the situation and propose strategies based on evidence has been conducted.	S	1	MS/RSS	\$30,000	\$4,000
1.1.2	1 An update of the health accounts every two years to monitor health sector spending and propose solutions for the existing financing gaps has been implemented.	S		MS/RSS	\$20,000	\$0
1.1.3	1 An Operating Plan (operating costs, budget and investment plan) has been developed to provide access to the package of essential health services to everyone.	S	1	MS/RSS	\$300,000	\$223,000
1.1.4	1 A strategy for an urgent exemption to out-of-pocket spending on health care and drugs for the vulnerable groups has been developed and is operational.	S	1	MS/RSS	\$200,000	\$100,000
Outcome 1.2	The Ministry of Health (MS), the Pharmaceutical Department and the National Drug Fund is able to provide uninterrupted access to quality drugs and medical consumables for all levels of the health system.				\$100,000	\$0
Outputs:						
1.2.1	1 A program to strengthen national negotiating capabilities and to acquire drugs and consumables is being implemented.	S	1	MS/FNM	\$100,000	\$0
Outcome 1.3	The Ministry of Health (MS) and other public stakeholders in charge are able to detect, investigate, confirm and respond to public health threats and emergencies in accordance with the international health regulation and based on lessons learned and advances made in the response to COVID-19.				\$1,660,000	\$1,050,000
Outputs:						

GOAL 1: Fully operational and integrated health systems that specifically meet the health needs of the most vulnerable.						
1.3.1	1 A program to strengthen the technical ability of health professionals to manage events, epidemiological surveillance, investigation and rapid response, infection control and prevention, case management, treatment protocols, etc., is being implemented.	S	1	MS/VIDR/CNE	\$1,560,000	\$1,000,000
1.3.2	01 A plan to acquire individual protection equipment for health professionals is being implemented.	S	1	MS/RSS	\$100,000	\$50,000
Outcome 1.4	The Ministry of Health is reorganizing primary health care using a community and integrated services approach in order to provide nearby quality health care to those who need it and to strengthen prevention and intervention on health determinants with a focus on vulnerable groups.				\$50,000	\$2,000
Outputs:						
1.4.1	1 An assessment of the health system focused on strengthening primary care and community health activities that reports on the preparation of national policies and district health planning is complete.	S	1	MS/RSS	\$50,000	\$2,000
Outcome 1.5	The government of São Tomé and Príncipe is ensuring that everyone has access to the information they need to play a larger role in protecting and controlling their own health conditions.				\$190,000	\$30,000
Outputs:						
1.5.1	1 A program to strengthen the technical skills of health professionals in communication for health (on health risks for the people and how this can help prevent and control) is being implemented.	S	1	MS, MPFEA	\$80,000	\$10,000
1.5.2	1 A community communication program that includes health messages and technical materials to make the people aware of protection, prevention and control of their own conditions is being implemented.	S	1	MS, MPFEA	\$90,000	\$0
1.5.3	1 A system to manage disinformation that analyzes and monitors knowledge and information on health determinants and bad community practices with adapted messages and counseling is operating.	S	1	MS, MPFEA	\$20,000	\$20,000
Outcome 1.6	The Multisectoral Coordination Committee (CCM) is operating as a central platform for coordinating and planning in the health sector.				\$50,000	\$15,000
Outputs:						
1.6.1	1 Institutional strengthening for operating the CCM, including the specification of its authorities and terms of reference.	S	1	MS/CCM	\$20,000	\$15,000

GOAL 1: Fully operational and integrated health systems that specifically meet the health needs of the most vulnerable.						
1.6.2	1 Operating plan for the CCM (including the regular mobilization of partners for presenting, discussing and revising policies, action plans, outcomes, progress, rules and challenges, in order to mobilize all sectors to improve the conditions and results in STP for better health for all of its citizens) has been prepared and approved and is being implemented.	S	1	MS/CCM	\$30,000	\$0
					Financing needed	Financing gap
					\$2,600,000	\$1,424,000

Pillar 2 – PROTECT INDIVIDUALS: Social protection and basic services

GOAL 2: Adapt, extend and increase social protection and basic services.						
<i>Results of the PNARME at the project level to contribute to the outcomes and goal.</i>		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 2.1	The Ministry of Labor, the Family, Solidarity and Vocational Education (MTFSFP) is expanding social protection to reach vulnerable groups (women, the elderly, children, teenage girls and the disabled) who are experiencing shocks due to loss of income and are in at-risk situations, especially those involved in the informal economy, agriculture and fishing.				\$530,000	\$530,000
Outputs:						
2.1.1	1 An assessment of the costs and needs to adjust the services of the Citizen Social Protection Program to respond to the impacts of COVID-19 (to serve as a basis for government decision-making) has been performed.	S	1	(MTFSFP; MPFEA) (Social Protection Directorate DPSSF; XX)	\$15,000	\$15,000

GOAL 2: Adapt, extend and increase social protection and basic services.						
2.1.2	1 An advocacy plan to incorporate the social programs agenda into the activities of the other ministries (for example, education, health, agriculture, finance and others) to collect data has been designed and is being implemented.	S	1	(MTFSFP; MPFEA, MEES, MS) (Social Protection Directorate DPSSF; XX)	\$15,000	\$15,000
2.1.3	1 An inclusion program for the disabled, strengthening the capacities of NGOs that work with the disabled, support disabled individuals who are bedridden and have no mobility, families and caregivers for the disabled, dissemination of the Framework Law for the Disabled and vocational training for beneficiaries to develop income-generating activities is being implemented.	S	1	(MTFSFP; MEES, MS) (Social Protection Directorate DPSSF; ADSTP, ACASTEP)	\$500,000	\$500,000
Outcome 2.2	The line ministries (Ministry of Labor, the Family, Solidarity and Vocational Education (MTFSFP) and others such as the Ministry of Education and Higher Learning (MEES), Ministry of Health, Ministry of Agriculture, Fishing and Rural Development (MAPDR), and the Ministry of Planning, Finance and the Blue Economy (MPFEA), (...others) are collecting periodic statistical data to support results-based program planning.				\$200,000	\$100,000
Outputs:						
2.2.1	1 A training program on data production and analysis (intended for technicians and sectoral professionals at the central, district and local level, including youths and university students) has been designed.	S	1	(MTFSFP, MS, MPFEA, MEES, MJ) (DPSSF, INE, DPIE)	\$200,000	\$100,000
Outcome 2.3	The line ministries (Ministry of Public Works, Infrastructure, Natural Resources and the Environment (MOPIRNA), Ministry of Education and Higher Learning (MEES), Ministry of Planning, Finance and the Blue Economy (MPFEA), (...others) are providing access to drinking water and sanitation for the entire national population, focusing especially on the most vulnerable.				\$150,000	\$120,000

GOAL 2: Adapt, extend and increase social protection and basic services.						
Outputs:						
2.3.1	1 A detailed analysis of the sanitation system, including mapping of existing infrastructure in localities, schools and health centers with a register of important structures, such as a treatment or pumping stations, with an identification of gaps and constraints, has been produced and approved at the appropriate level.	S	1	(MOPIRNA, MEES, MS, MPFEA, (DPSSF, INE, DPIE)	\$80,000	\$50,000
2.3.2	1 An action plan for the sanitation system (that includes protocols for collaboration with the MEES, MS and MAPDR to jointly identify short-, medium- and long-term action), including 1 fundraising component/strategy, has been produced and approved at the appropriate level.	S	1	(MOPIRNA, MEES, MS, MPFEA, (DPSSF, INE, DPIE)	\$70,000	\$70,000
Outcome 2.4	The line ministries (Ministry of Education and Higher Learning (MEES), Ministry of Labor the Family, Solidarity and Vocational Education (MTFSFP), (...others) are providing ongoing education for all children and adolescents, and are ensuring that children of vulnerable families in at-risk situations and with special needs are staying in school.				\$610,000	\$205,390
Outputs:						
2.4.1	1 An exemption system from fees and making incentive and awareness packages available to children of vulnerable families (children with different vulnerabilities such as children with special needs and teenage girls) who find it difficult to pay fixed school expenses has been designed and is being implemented.	S	1	(MEES, MTFSFP)	\$600,000	\$205,390
2.4.2	1 An assessment to identify adequate hygiene measures to be implemented in schools has been produced and approved.	S	1	(MEES, MTFSFP, MS)	\$10,000	\$0
Outcome 2.5	The line ministries (Ministry of Labor, the Family, Solidarity and Vocational Education (MTFSFP), Ministry of Justice, Central Government Human Rights (MJAPDH), (...others) are efficiently managing cases of gender-based violence.				\$40,000	30,000
Outputs:						

GOAL 2: Adapt, extend and increase social protection and basic services.						
2.5.1	1 A network of service providers (legal, health, social and education) to efficiently manage cases of gender-based violence has been set up and is operational.	S	1	(MTFSFP, MJAPDH, MS, MEES, Prosecutor's Office) (DPSSF, DAE, Counseling Center against Domestic Violence, Hospital)	\$40,000	\$30,000
					Financing needed	Financing gap
					\$1,530,000	\$985,390

Pillar 3 – ECONOMIC RECOVERY: keep jobs, sustainable incomes and support for small- and medium-sized farmers and workers in the informal sector

GOAL 3: Protect and improve the productive sectors while protecting jobs and promoting dignified labor.						
Results of the PNARME at the project level to contribute to the outcomes and goal.		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output priority P (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 3.1	The Ministry of Public Works, Infrastructure, Natural Resources and the Environment (MOPIRNA) is providing labor-intensive programs linked to maintaining and improving public goods and services that are conducive to generating rural and urban employment, especially for youths and women.				\$15,000	\$10,000
Outputs:						
3.1.1	1 A national strategy to build the capacities of workers of High-Intensity Labor Groups (FAIMO), especially in the blue and green economy, has been approved and is being implemented.	C	1	CCIAS	\$10,000	\$10,000
3.1.2	1 A plan to strengthen SME construction capacities (for subcontracting by large companies to implement major public infrastructure works) has been approved by the appropriate authority.	C	1	GIME/Ministry of Public Works	\$5,000	\$0
Outcome 3.2	The Central Bank (BC) and the Ministry of Planning, Finance and the Blue Economy (MPFEA) are promoting financial inclusion for the people (in particular women and youths) and bank penetration of the economy (MSMEs) using digital solutions.				\$30,000	\$5,000
Outputs:						
3.2.1	1 A financial inclusion strategy, including the promotion of the digital financial service by developing business models that subsidize the use of point of sale (POS), debit cards and mobile money has been developed and is being implemented.	C	1	(BC, MPFEA, Commercial banks...others)	\$30,000	\$5,000
Outcome 3.3	The line ministries (Ministry of Tourism, Culture, Commerce and Industry – MTCCI, Ministry of Youth, Sports and Entrepreneurship – MJDE, Ministry of Labor, the Family, Solidarity and Vocational Education - MTFSSFP and the Ministry of Planning, Finance and the Blue Economy - MPFEA) are implementing a national business innovation agenda to strengthen the tourism sector and are providing incentives for SME participation.				\$15,245,000	\$15,245,000
Outputs:						

GOAL 3: Protect and improve the productive sectors while protecting jobs and promoting dignified labor.						
3.3.1	1 A communication and digital marketing campaign that is promoting STP as a COVID-safe destination has been produced and is being implemented.	C	1	(MTCCI, MJDE, MTFSSFP, MPFEA...Chamber of Commerce, others) ... (APCI)	\$30,000	\$30,000
3.3.2	1 A pilot project for young workers/entrepreneurs in the informal sector to enroll in the National Social Security Institute (INSS) is being implemented.	C	1	(Workers Organization, MTFSSFP, MPFEA...others) ... (X, Y Directorate...)	\$100,000	\$100,000
3.3.3	1 A proposal to regulate the work environment with regard to health safety, including for COVID-19, has been approved and is being implemented.	C	1	(CCIAS, MTFSSFP, MPFEA...others) ... (X, Y Directorate...)	\$15,000	\$15,000
3.3.4	1 A program to reinforce private-sector health, hygiene and workplace safety capabilities to deal with COVID-19 is being implemented.	C	1	(CCIAS, MTFSSFP, MPFEA...others) ... (X, Y Directorate...)	\$100,000	\$100,000
3.3.5	Strengthen the line of credit for the private sector, which creates added value for the economy (agriculture, livestock, fishing, tourism, processing)	C	1	MPFEA, MTCCI, MAPDR	\$15,000,000	\$12,000,000
Outcome 3.4	The line ministries (Ministry of Agriculture, Fishing and Rural Development – MAPDR, Ministry of Tourism, Culture, Commerce and Industry – MTCCI, Ministry of Planning, Finance and the Blue Economy - MPFEA) are creating conditions for storing and processing local farm produce, keeping in mind economic growth and food security.				\$10,000	\$10,000
Outputs:						

GOAL 3: Protect and improve the productive sectors while protecting jobs and promoting dignified labor.						
3.4.1	1 An advocacy and awareness campaign for farmers on the benefits of processing has been approved and is being implemented.	C	1	PNASE, CONSAN, CADR, MPFSFP, MEES, MAPDR, MPFEA, LUSIADA UNIVERSITY, INPG, NATIONAL STATISTICS INSTITUTE, HELPO, ADAPPA	\$10,000	\$10,000
Outcome 3.5	The line ministries (Ministry of Agriculture, Fishing and Rural Development – MAPDR, Ministry of Tourism, Culture, Commerce and Industry – MTCCI, Ministry of Planning, Finance and the Blue Economy - MPFEA) are implementing a comprehensive and coherent strategy to increase the value of national production (livestock and fishing). This applies to the local as well as the export market.				\$80,000	\$80,000
Outputs:						
3.5.1	1 A portfolio of products with local and international market potential, including analyses of their value chains and their technical, financial and environmental sustainability, has been developed.	C	1	CONSAN, CADR, MAPDR, MPFEA, INPG, ADAPPA HELPO	\$10,000	\$10,000

GOAL 3: Protect and improve the productive sectors while protecting jobs and promoting dignified labor.						
3.5.2	1 Mapping of farm sector labor is available.	C	1	CONSAN, CADR, MAPDR, MPFEA, INPG, ADAPPA ALISEI	\$20,000	\$20,000
3.5.3	1 A project to incentivize livestock activity, including an awareness campaign, with special focus on youths (specific training /licensing in sector management) has been designed and is being implemented.	C	1	CONSAN, CADR, MAPDR, MPFEA, INPG, ADAPPA and other stakeholders in civil society	\$50,000	\$50,000
Outcome 3.6	The line ministries (Ministry of Agriculture, Fishing and Rural Development – MAPDR, Ministry of Public Works, Infrastructure, Natural Resources and the Environment - MOPIRINA, Ministry of Planning, Finance and the Blue Economy - MPFEA) are increasing the resilience of farmers and fishers, especially women and youths, by introducing sustainable management technologies and practices for natural and marine resources.				\$115,000	\$115,000
Outputs:						
3.6.1	1 A strategy and intersectoral coordination action plan at the national level (based on the dialogue among the stakeholders) to implement a program approach (integrated programs and project) to promote agriculture development has been designed and is being implemented.	C	1	CONSAN, CADR, MAPDR, MPFEA, INPG, ADAPPA	\$15,000	\$15,000
3.6.2	1 A technical training and awareness project for youth on new technologies, sustainable management of natural and marine resources has been designed and is being implemented.	C	1	(MAPDR, MOPIRINA, MPFEA...others) ... (X, Y Directorate...)	\$70,000	\$70,000

GOAL 3: Protect and improve the productive sectors while protecting jobs and promoting dignified labor.						
3.6.3	1 An analytical study and a proposal to update legislation in the agriculture and fishing sector, including the land tenure law, has been produced and is aligned with the principles of sustainable management of existing natural resources.	C	1	CONSAN, CADR, MAPDR, MPFEA, INPG, Lusiada University, National Statistics Institute	\$30,000	\$30,000
				TOTAL	Financing needed	Financing gap
					\$495,000	\$465,000

Pillar 4 – MACROECONOMIC RESPONSE AND MULTILATERAL COLLABORATION

GOAL 4: Efficient and effective macroeconomic management to provide financing for investing in national priorities.						
<i>Results of the PNARME at the project level to contribute to the outcomes and goal.</i>		Term (short: 0-12 months/ medium: 12- 24 / long: 24+)	Output priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 4.1	The Ministry of Planning, Finance and the Blue Economy (MPFEA) is using resources more rationally and efficiently by reforming fiscal management.				\$1,865,000	\$865,000
Outputs:						
4.1.1	1 A program proposed for the transition to budgeting by program and incorporating gender dimensions and SDGs has been approved and is being implemented.	L	1	(MPFEA) (Directorate of the Budget, Treasury, DAF, Accounting and Planning)	\$100,000	\$100,000

GOAL 4: Efficient and effective macroeconomic management to provide financing for investing in national priorities.						
4.1.2	1 Proposed update of the SAFE Law to include best budget management and finance practices (Budgeting by program, citizen budget and the MTEF has been designed and approved by the appropriate authorities).	S	1	(MPFEA) (Directorate of the Budget, Treasury, DAF, Accounting and Planning)	\$50,000	\$50,000
4.1.3	1 Proposed update of the Budget Classification Law to meet the requirements of the Budgeting by Program approach has been designed and approved by the appropriate authority.	S	1	(MPFEA) Directorate of the Budget, Legal Office, GPM, Planning)	\$80,000	\$80,000
4.1.4	1 Proposed update of the statutory and regulatory framework for managing public investment in order to enhance the efficiency and effectiveness of investments has been designed and approved by the appropriate authorities.	S	1	(MPFEA) (Legal Office, Planning)	\$35,000	\$35,000
4.1.5	1 A program to reform the tax system and to implement the VAT has been adopted by the government and is being implemented.	S	1	(MPFEA) (Directorate of Taxation, Customs, Legal Office, GPM, DITEI)	\$1,500,000	\$500,000
4.1.6	1 The online contract management and disclosure platform for information on procurement is operational.	S/M	1	(MPFEA) ... (COSSIL, DITEI)	\$100,000	\$100,000
Outcome 4.2	The line ministries (Ministry of Planning, Finance and the Blue Economy - MPFEA, Ministry of Justice, Central Government and Human Rights - MJAPDH, Ministry of Tourism, Culture, Commerce and Industry – MTCCI) are accelerating diversification and improving economic competitiveness, and they are attracting domestic and international investors by improving the business environment.				\$1,585,000	\$1,585,000
Outputs:						
4.2.1	1 program for electronic governance which streamlines, debureaucratizes and accelerates the delivery of services for both the private and public sector, and especially for women, youths and vulnerable groups, has been designed and is being implemented in priority sectors.	L	1	MPCMCST (INIC), MJAPDH (Central Government Directorate)	\$1,500,000	\$1,500,000

GOAL 4: Efficient and effective macroeconomic management to provide financing for investing in national priorities.						
4.2.2	1 Proposal to update and streamline the statutory framework (Code of Commerce and other related rules) to regulate the rights and duties of businesses that operate in STP has been agreed to by the stakeholders.	S/M	1	(MTCCI, Chamber of Commerce) ... (Directorate X, Y...)	\$15,000	\$15,000
4.2.3	1 Proposal to update and streamline the statutory and regulatory framework and for the business licensing register, and to dissolve companies and in particular solely-owned companies and facilitate the issuance of business licenses, has been agreed to by the stakeholders.	S/M	1	(MTCCI...others) ... (One-stop shop)	\$15,000	\$15,000
4.2.4	1 Proposal to update and streamline the statutory framework for the land register has been agreed to by the stakeholders.	S/M	1	(MTCCI, MJAPDH, MADR, MOPIRNA) ... (Land Tenure Reform, Register)	\$15,000	\$15,000
4.2.5	1 Proposal to update and streamline the statutory framework to resolve the insolvency of businesses has been agreed to by the stakeholders.	S/M	1	(MTCCI...others) ... (Directorate X, Y...)	\$15,000	\$15,000
Outcome 4.4	The line ministries (Ministry of Planning, Finance and the Blue Economy - MPFEA and Ministry of Public Works, Infrastructure, Natural Resources and the Environment - MOPIRNA) are reforming the government-owned enterprises (SoEs) and enhance their efficiency and financial sustainability.				\$415,000	\$415,000
Outputs:						
4.4.1	1 project to restructure the government-owned enterprises in order to improve the delivery of services to the public and establish greater economic-financial sustainability has been approved by the appropriate authority and is being implemented.	S/M	1	(MPFEA, Treasury Directorate MOPIRNA) ... (GEPEP...)	\$400,000	\$400,000
4.4.2	1 urgent agenda proposal in the regulatory framework of government-owned enterprises to obtain greater financial transparency and rendering of accounts has been approved by the appropriate authority and the assembly.	S/M	1	(MPFEA, Treasury Directorate MOPIRNA) ... (GEPEP...)	\$15,000	\$15,000
Outcome 4.5	The line ministries (Ministry of Planning, Finance and the Blue Economy - MPFEA and Ministry of Public Works, Infrastructure, Natural Resources and the Environment - MOPIRNA) are increasing the coordination of investment to upgrade and strengthen basic infrastructure and bolster the PNARME for national sustainable socioeconomic development.				\$1,500,000	\$1,500,000
Outputs:						

GOAL 4: Efficient and effective macroeconomic management to provide financing for investing in national priorities.						
4.5.1	1 program to strengthen human and institutional skills in the airport sector has been designed and is being implemented.	L	1	(MPFEA, MOPIRNA...others) ... (GEPEP, DP...)	\$1,000,000	\$1,000,000
4.5.2	1 program to strengthen human and institutional skills in the port sector has been designed and is being implemented.	L	1	(MPFEA, MOPIRNA...others) ... (GEPEP, DP...)	\$500,000	\$500,000
Outcome 4.6	The Ministry of Planning, Finance and the Blue Economy (MPFEA) is strengthening fundraising and providing long-term financing for the national priorities.				\$70,000	\$70,000
Outputs:						
4.6.1	1 fundraising strategy that identifies and explores new and innovative mechanisms and financing instruments, to include domestic resources, public-private partnerships, foreign direct investment, debt swaps, climate financing and funds from the diaspora has been designed and agreed to by the stakeholders and is being implemented.	S/M	1	(MPFEA...others) ... (Planning Directorate, Treasury, Debt Office, International Cooperation...)	\$35,000	\$35,000
4.6.2	1 plan to strengthen coordination of the development partners, which facilitates better fundraising and synergies in investments and development programs in order to optimize outcomes has been designed and agreed to by the stakeholders and is being implemented.	S/M	1	MNEC Cooperation Directorate (MPFEA...others) ... (Planning Directorate, Treasury)	\$35,000	\$35,000
Outcome 4.7	The Central Bank (BC) and the Ministry of Planning, Finance and the Blue Economy (MPFEA) are implementing structural reforms and increasing financial sector resilience.				\$90,000	\$90,000
Outputs:						
4.7.1	1 proposal to revise/update the Financial Institutions Law to align it with international compliance standards and to facilitate strengthening financial sector supervision has been approved by the appropriate authority and the assembly.	S/M	1	(BC...others) ... (X, Y... Directorate)	\$15,000	\$15,000
4.7.2	1 action plan to revise and strengthen regulations to assess risk and manage assets has been approved by the appropriate authority and is being implemented.	S/M	1	(BC...others) ... (X, Y... Directorate)	\$25,000	\$25,000
4.7.3	1 action plan to implement and monitor compliance with the International Financial Reporting Standards (IFRS) has been approved and is being implemented.	S/M	1	(BC...others) ... (X, Y... Directorate)	\$25,000	\$25,000

GOAL 4: Efficient and effective macroeconomic management to provide financing for investing in national priorities.						
4.7.4	1 action plan to incorporate international standards into the regulatory and supervisory legislation, and specifically those related to money laundering and the financing of terrorism has been prepared and is being implemented.	S/M	1	(MPFEA, BC...others) ... (X, Y... Directorate)	\$25,000	\$25,000
					Financing needed	Financing gap
					\$5,525,000	\$4,525,000

Pillar 5 - SOCIAL COHESION AND COMMUNITY RESILIENCE

GOAL 5: Inclusive governance, equitable delivery of services, development based on rights, empowerment of local communities and stronger social cohesion and resilience.						
<i>Results of the PNARME at the project level to contribute to the outcomes and goal.</i>		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 5.1 The Ministry of Justice, Central Government and Human Rights - MJAPDH is furthering respect for human rights and social cohesion with emphasis on women, youths and vulnerable groups, through efficient, transparent and impartial administration of justice.					\$813,000	\$813,000
Outputs:						
5.1.1	1 program to raise the awareness of the citizens and civil society, especially women, youths and vulnerable groups, for human rights and access to independent and impartial justice, has been designed and is being implemented.	M/L	1	Ministry of Justice, Central Government and Human Rights, Prosecutor's Office, Order of Attorneys-at-Law, CSOs	\$43,000	\$43,000
5.1.2	1 comprehensive assessment of the reforms needed for the justice system in order to make it more efficient and effective in compliance with the requirements of the users of the justice system, including one action plan, has been approved by the appropriate authority and is being implemented.	M/L	1	Ministry of Justice, Central Government and Human Rights, The Courts, Prosecutor's Office, Criminal Investigation Police, National Police, Order of Attorneys-at-Law	\$200,000	\$200,000
5.1.3	1 program to decentralize and computerize justice services to provide greater access to justice, especially for women, youths and vulnerable groups, has been designed and is being implemented.	M/L	1	Ministry of Justice, Central Government and Human Rights, The Courts, Prosecutor's Office, Criminal Investigation Police (PJ), National Police, Order of Attorneys-at-Law, Directorate of Reintegration and Prison Services (SPRS)	\$200,000	\$200,000

GOAL 5: Inclusive governance, equitable delivery of services, development based on rights, empowerment of local communities and stronger social cohesion and resilience.						
5.1.4	1 program to strengthen care services for female victims of gender-based violence and sexual crimes has been designed and is being implemented.	M/L	1	Ministry of Justice, Central Government and Human Rights, Ministry of the Office of the President of the Council of Ministers, Communication and New Technologies, Ministry of Parliamentary Matters, Reform of the government and Decentralization, the Courts, Prosecutor's Office, Criminal Investigation Police, National Police, Order of Attorneys-at-Law	\$170,000	\$170,000
5.1.5	1 Judicial Unit (including the Criminal Investigation Police and SPRS) is operational in the Autonomous Region of Príncipe.	M/L	1	Ministry of Justice, Central Government and Human Rights, The Courts, Prosecutor's Office, Order of Attorneys-at-Law, CSOs	\$150,000	\$150,000
5.1.6	Build a fence (wall) and renovate the building for the integrated justice unit in the district of Caué.	M/L	1	Ministry of Justice, Central Government and Human Rights, the Courts, Prosecutor's Office, Criminal Investigation Police, National Police, Order of Attorneys-at-Law	\$50,000	\$50,000
Outcome 5.2	The line ministries (Ministry of Justice, Central Government and Human Rights - MJAPDH and Ministry of Planning, Finance and the Blue Economy – MPFEA) are delivering basic services closer to the citizens by decentralizing authority and resources.				\$55,000	\$55,000
Outputs:						
5.2.1	1 national inclusive dialogue program on the principles and long-term vision of a decentralization process in STP has been designed and is being implemented.	S/M	1	MJAPDH, MPFEAM, Ministry of Parliamentary Matters, Reform of the government and Decentralization, regional government and local authorities.	\$20,000	\$20,000
5.2.2	1 national decentralization policy and strategy has been approved and is being implemented.	S/M	1	MJAPDH, MPFEAM, Ministry of Parliamentary Matters, Reform of the government and Decentralization, regional government and local authorities.	\$20,000	\$20,000

GOAL 5: Inclusive governance, equitable delivery of services, development based on rights, empowerment of local communities and stronger social cohesion and resilience.						
5.2.3	1 technical orientation framework for district/municipal administrations to implement measures that increase transparency and the rendering of accounts in decision-making and fiscal management has been approved and is being implemented.	S/M	1	MJAPDH, MPFEAM, Ministry of Parliamentary Matters, government reform and decentralization, regional government and local authorities.	\$15,000	\$15,000
Outcome 5.3	The line ministries (Ministry of Justice, Central Government and Human Rights - MJAPDH, Ministry of Planning, Finance and the Blue Economy – MPFEA) are creating conditions so that communities and citizens, and especially women, youths and vulnerable groups, are able to express their needs and priorities and have opportunities to take part in decision-making and monitor the local development process.				\$70,000	\$70,000
Outputs:						
5.3.1	1 mapping of Civil Society Organizations (CSOs) and other key stakeholders at the district and municipal level has been completed by local authorities.	C	1	MJAPDH, MPFEAM, Ministry of Parliamentary Matters, Government reform and Decentralization, Regional government and Local Authorities and the Federation of NGOs	\$30,000	\$30,000
5.3.2	1 program to raise awareness and build the capacities of CSOs, especially those that represent women, youths and the most vulnerable, in strategic and operational planning methods, budgeting, fiscal management, monitoring, and the importance of transparency and the rendering of accounts in governance, has been designed and is being implemented.	S/M	1	MJAPDH, MPFEAM, Ministry of Parliamentary Matters, Government reform and Decentralization, Regional government and Local authorities and CSOs	\$40,000	\$40,000
Outcome 5.4	The appropriate authority (Ministry of Planning, Finance and the Blue Economy - MPFEA, Ministry of Public Works, Infrastructure, Natural Resources and the Environment – MOPIRNA, Ministry of Justice, Central Government and Human Rights - MJAPDH, Municipal Administrations) is creating the conditions so that local communities are able to adapt to climate change and bolster their resilience to natural disasters.				\$640,000	\$640,000
Outputs:						

GOAL 5: Inclusive governance, equitable delivery of services, development based on rights, empowerment of local communities and stronger social cohesion and resilience.						
5.4.1	X (2?) Local development plans that assess the risks of climate change and natural disasters and that identify adaptation/mitigation measures have been prepared and approved by the selected local governments.	S/M	1	(MPFEA, MOPIRNA, MAPRED, GRAP, AALRSTP, District Councils of Água Grande, Caué, Cantagalo, Mé-Zochi, Lobata and Lembá), (General Directorate of the Environment, General Directorate of Natural Resources and Energy, Directorate of Geographic and Land Registration and the Directorate of Public Works and Urban Planning)	\$40,000	\$40,000
5.4.2	1 program to raise the awareness of the communities, and especially the most vulnerable, about climate change and adaptation and mitigation measures, has been designed and is being implemented.	S/M	1	(MOPIRNA, MAPRED, AALRSTP, District councils, DGA, DGRNE, DSGC and DOPU)	\$600,000	\$600,000
Outcome 5.5	The appropriate authority (Ministry of Planning, Finance and the Blue Economy - MPFEA, Ministry of Public Works, Infrastructure, Natural Resources and the Environment – MOPIRNA, Ministry of Justice, Central Government and Human Rights – MJAPDH, Ministry of Tourism, Culture, Commerce and Industry – MTCCI, Municipal Administrations) is creating the conditions so that the local communities practice conservation and the sustainable use of natural resources, and share the benefits of biodiversity and ecosystems.				\$45,000	45,000
Outputs:						
5.5.1	1 program to raise the awareness of local communities about the sustainable management of natural resources has been designed and is being implemented.	S/M	1	(MPFEA, MOPIRNA, MAPRED, GRAP, AALRSTP, District councils of Água Grande, Caué, Cantagalo, Mé-Zochi, Lobata and Lembá), (General Directorate of the Environment, General Directorate of Natural Resources and Energy, Directorate of Geographic and Land Registration and the Directorate of Public Works and Urban Planning)	\$30,000	\$30,000
5.5.2	1 one assessment, including the identification of community projects for conservation and the sustainable use of natural resources has been performed by the municipal governments.	S/M	1	(MPFEA, MOPIRNA, MAPRED, AALRSTP, District councils and DGA)	\$15,000	\$15,000

GOAL 5: Inclusive governance, equitable delivery of services, development based on rights, empowerment of local communities and stronger social cohesion and resilience.						
Outcome 5.6	The appropriate authority (Ministry of Planning, Finance and the Blue Economy - MPFEA, Ministry of Public Works, Infrastructure, Natural Resources and the Environment – MOPIRNA, Ministry of Justice, Central Government and Human Rights – MJAPDH, Municipal Administrations) is implementing integrated land planning and controls and regulates the expansion of informal settlements on the outskirts of urban areas while providing minimum conditions of hygiene, sanitation and health for the people.				\$945,000	\$945,000
Outputs:						
5.6.1	1 statutory and regulatory framework for urban development and construction has been updated and is being implemented.	S/M	1	(MJAPDH, MOPIRNA, MPFEA, MAPRED, AALRSTP, GRAP, District councils), (DOPU and DSGC)	\$175,000	\$175,000
5.6.2	1 orientation framework to ensure that decisions regarding the allocation of land use rights and the issuance of construction permits is more transparent has been designed and is being implemented.	S/M	1	(MPFEA, MOPIRNA, MJAPDH, MAPRED, AALRSTP, GRAP, District councils), (DOPU and DSGC)	\$20,000	\$20,000
5.6.3	1 set of mechanisms to improve the coordination of urban development and to deliver basic services in the expansion areas has been designed and tested in pilot areas.	C	1	(MPFEA, MOPIRNA, MJAPDH, MAPRED, AALRSTP, GRAP, District councils), (DOPU and DSGC)	\$750,000	\$750,000
				TOTAL	Financing needed	Financing gap
					\$2,568,000	\$2,568,000

Phase 2

Pillar 1 - HEALTH COMES FIRST: protect health services and systems during the crisis and build back better

GOAL 1: Holistic, integrated and fully operational health systems that meet the specific health needs of the most vulnerable						
<i>Results of the PNARME at the project level to contribute to the outcomes and goal.</i>		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 1.1	The Ministry of Health (MS) and the Multisectoral Coordination Committee (CNPS) are providing access to a package of essential quality health services for vulnerable groups impoverished by the COVID-19 pandemic.				\$300,000	\$36,000
Outputs:						
1.1.1	1 system that provides access to health care for vulnerable groups is operational in every district.	M	2	MS/RSS	\$300,000	\$36,000
Outcome 1.2	The Ministry of Health (MS), the Pharmaceutical Department and the National Drug Fund is able to provide uninterrupted access to quality drugs and medical consumables for all levels of the health system.				\$165,000	\$55,000
Outputs:						
1.2.1	1 computerized inventory management and distribution system, based on the needs analysis and consumption monitoring has been designed and is operational; the availability of and access to medicines and consumables on the national medicines list has been assessed and is being regularly monitored in all the health units.	M	2	MS/FNM	\$100,000	\$0
1.2.2	1 clinical standards and case management and treatment protocols in accordance with the national list of essential drugs, updated and aligned with international standards, have been developed and are operational in the health services.	M	2	MS/FNM	\$50,000	\$40,000
1.2.3	1 regulatory system to ensure and control quality standards for drugs and medical consumables acquired and consumed in STP is operational.	M	2	MS/FNM	\$15,000	\$15,000
Outcome 1.3	The Ministry of Health (MS) and other public stakeholders in charge are able to detect, investigate, confirm and respond to public health threats and emergencies in accordance with the international health regulation and based on lessons learned and advances made in the response to COVID-19.				\$400,000	\$215,500
Outputs:						

GOAL 1: Holistic, integrated and fully operational health systems that meet the specific health needs of the most vulnerable						
1.3.1	1 Integrated Disease and Response Surveillance (VIDR) System to detect, investigate and monitor public health events with a potential for epidemics is operational at the national and subnational levels.	M	2	MS/CNE	\$100,000	\$15,500
1.3.2	X health units are equipped to isolate patients, protect health care workers and prevent the circulation of pathogens in the health structures, with adequate implementation of infection control and prevention and a safe medical residue management system.	M	2	MS/RSS	\$200,000	\$180,000
1.3.3	1 national action plan to prepare and provide a multisectoral response to public health emergencies in accordance with the International Health Regulation has been finalized and validated by the government and is operational with support from all partners.	M	2	MS/DCS	\$100,000	\$20,000
Outcome 1.4	The Ministry of Health reorganizes primary health care using a community and integrated services approach in order to provide nearby quality health care to those who need it and to strengthen prevention and intervention on health determinants with a focus on vulnerable groups.				\$920,000	\$299,000
Outputs:						
1.4.1	1 package of essential health services based on disease prevention and control priorities (vertical programs that respond to and control diseases are incorporated into an effective care delivery system, with intersectoral action and community involvement) has been implemented with quality at the central level and in all districts.	M	2	MS/RSS	\$200,000	\$170,000
1.4.2	XX pilot projects that include all interested parties with the goal of identifying and implementing assistance reorganization processes to improve access in terms of geography, information and organization and to act on risk factors and environmental behavior have been implemented in the health districts.	M	2	MS/RSS	\$100,000	\$60,000
1.4.3	1 program to strengthen technical capabilities in planning, administrative and financial management and monitoring and evaluation has been implemented at the central and district levels.	M	2	MS/RSS/GEP	\$620,000	\$69,000
Outcome 1.5	The government of São Tomé and Príncipe ensures that everyone has access to the information they need to play a larger role in the protection and control of their own health conditions.				\$55,000	\$15,000
Outputs:						
1.5.1	1 The National Health Education Center (CNES) has the capacity in human, financial and technical resources to design and implement a strategic awareness and mobilization plan for everyone's health and well-being.	M	2	MS, MPFEA	\$40,000	\$0

GOAL 1: Holistic, integrated and fully operational health systems that meet the specific health needs of the most vulnerable						
1.5.2	1 program to strengthen technical capacities for mobilizing intersectoral partnerships for community awareness and the promotion of healthy lifestyles using multisectoral action platforms and plans is being implemented.	M	2	MS, MPFEA	\$15,000	\$15,000
Outcome 1.6	The Multisectoral Coordination Committee (CCM) is operating as a central coordination and planning platform in the health sector.				\$60,000	\$5,000
Outputs:						
1.6.1	The priority health sector plans, namely the National Health Development Plan and the National Action Plan to Prepare for and Respond to Health Emergencies have been developed, approved and disseminated, and they are operational and monitored through the CCM.	M	2	MS/RSS/CCM	\$60,000	\$5,000
					Financing needed	Financing gap
					\$1,900,000	\$625,500

Pillar 2 – PROTECT INDIVIDUALS: Social protection social and basic services

GOAL 2: Adapt, extend and increase services in the area of social protection and basic services.						
Results of the PNARME at the project level to contribute to the outcomes and goal.		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 2.1	The Ministry of Labor, the Family, Solidarity and Vocational Education (MTFSFP) is expanding social protection to reach vulnerable groups (women, the elderly, children, teenage girls and the disabled) who are experiencing shocks due to loss of income and are in at-risk situations, especially those involved in the informal economy, agriculture and fishing.				\$3,610,000	\$1,910,000
Outputs:						

GOAL 2: Adapt, extend and increase services in the area of social protection and basic services.						
2.1.1	1 The Single National Social Register of vulnerable families in at-risk situations (connected to the information systems of other social areas such as health, education and child protection) has been created and is operational.	M	2	(MTFSFP, MS, MPFEA, MEES) (DPSSF, Directorate of Educational Planning and Innovation, Health Planning Directorate, XX)	\$1,400,000	\$700,000
2.1.2	1 portfolio of social programs for behavior change which ensures economic and social sustainability for the beneficiaries of monetary transfer programs (parental education, financial economy, support for the creation of own jobs) has been designed and is being implemented.	M- L	2	(MTFSFP, MS, MPFEA, MEES) (DPSSF, Directorate of Educational Planning and Innovation, Health Planning Directorate, XX)	\$2,000,000	1,000,000
2.1.3	1 draft law to enhance the fiscal space for social protection (> 0.65 percent of GDP), creating a specific allocation in the general government budget, financed by an increase in the percentage of taxes collected for social protection, has been designed.	M	2	(MTFSFP, MPFEA, National Assembly) (DPSSF, XX)	\$35,000	\$35,000
2.1.4	1 strategy to mobilize external financing resources (by results-based program planning to demonstrate the impact achieved by the funds that have been raised) has been completed.	M	2	(MTFSFP; MPFEA) (Social Protection Directorate DPSSF; XX)	\$25,000	\$25,000

GOAL 2: Adapt, extend and increase services in the area of social protection and basic services.						
2.1.5	1 system to monitor social programs (based on creating indicators and variables included in the Single Social Register and with the purpose of measuring the impacts of the programs using pre-identified baselines) has been created and is operational.	M	2	(MTFSFP; MPFEA, MEES, MS) (Social Protection Directorate DPSSF; XX)	\$150,000	\$150,000
Outcome 2.2	The line ministries (Ministry of Labor, the Family, Solidarity and Vocational Education (MTFSFP) and others such as the Ministry of Education and Higher Learning (MEES), Ministry of Health, Ministry of Agriculture, Fishing and Rural Development (MAPDR), and the Ministry of Planning, Finance and the Blue Economy (MPFEA), (...others) collect periodic statistical data to support results-based program planning.				\$500,000	\$350,000
Outputs:						
2.2.1	1 integrated statistical data analysis strategy (including specific variables, disaggregation of data to identify disabled persons and other vulnerabilities related to gender, age, locality and district/region) on the programs is being implemented and to lay the groundwork for future evidence-based planning has been designed and is being implemented.	M-L	2	(MTFSFP, MS, MPFEA, MEES, Ministry of Agriculture) (DPSSF, DPIE, Health Planning Directorate, XX)	\$200,000	\$200,000
2.2.2	1 unit (including trained human resources, focal points for the various sectors and specific technical tools) for statistical data production and analysis has been created and is operational.	M	2	(MPFEA, INE)	\$200,000	\$50,000
2.2.3	1 integrated plan to monitor and evaluate sectoral programs has been designed and is being implemented.	M	2	(MTFSFP, MS, MPFEA, MEES, MJ) (DPSSF Directorate, INE, DPIE)	\$100,000	\$100,000
Outcome 2.3	The line ministries (Ministry of Public Works, Infrastructure, Natural Resources and the Environment (MOPIRNA), Ministry of Education and Higher Learning (MEES), Ministry of Planning, Finance and the Blue Economy (MPFEA), (...others) are providing access to drinking water and sanitation for the entire national population, focusing especially on the most vulnerable.				\$9,030,000	\$4,230,000

GOAL 2: Adapt, extend and increase services in the area of social protection and basic services.						
Outputs:						
2.3.1	1 program to rehabilitate water supply systems, cisterns and water distribution points (in more vulnerable neighborhoods, rural areas, educational and teaching establishments and health centers) is being implemented.	M-L	2	(MOPIRNA, MEES, MS, MPFEA, (DPSSF Directorate, INE, DPIE)	\$7,000,000	\$3,000,000
2.3.2	1 program to build and renovate health structures, including innovative solutions, in the schools and health centers is being implemented.	M-L	2	(MOPIRNA, MEES, MS, MPFEA, (DPSSF Directorate, INE, DPIE)	\$2,000,000	\$1,200,000
2.3.3	1 PPP strategy to identify sustainable solutions to ensure access to clean and drinking water at the national level has been designed and approved by the appropriate authority.	M	2	(MOPIRNA, MEES, MS, MPFEA, National Assembly)	\$30,000	\$30,000
Outcome 2.4	The line ministries (Ministry of Education and Higher Learning (MEES), Ministry of Labor the Family, Solidarity and Vocational Education (MTFSFP), (...others) are providing ongoing education for all children and adolescents and are ensuring that children of vulnerable families in at-risk situations and with special needs are staying in school.				\$580,000	\$405,000
Outputs:						
2.4.1	1 training program for psychosocial educators (to identify children in situations where there is a risk of violence, malnutrition, etc.) and also to disseminate adequate hygiene measures, has been designed and is being implemented.	M	2	(MEES, MS)	\$70,000	\$35,000
2.4.2	1 strategy to strengthen and expand specialized learning support programs for children with special needs in education has been produced and approved.	M	2	(MEES, MS)	\$40,000	\$30,000

GOAL 2: Adapt, extend and increase services in the area of social protection and basic services.						
2.4.3	1 remote learning strategy has been designed and is being implemented.	M	2	MEES, DPIE, Education Directorates. Min. of Communication	\$430,000	\$300,000
2.4.4	1 proposal for a statutory framework to set up partnerships between the MEES, health institutions and civil society (to capitalize on human resources including psychologists, nutritionists and health personnel) has been produced and approved by the appropriate authority.	M	2	(MEES, MTFSEFP, MS)	\$40,000	\$40,000
Outcome 2.5	The line ministries (Ministry of Labor, the Family, Solidarity and Vocational Education (MTFSEFP), Ministry of Justice, Central Government and Human Rights (MJAPDH), (...others) are efficiently managing cases of gender-based violence.				\$500,000	\$500,000
Outputs:						
2.5.1	1 mechanism (including a multisectoral protocol and a dedicated team) to manage cases of violence and vulnerability has been set up and is operational.	M	2	(MTFSEFP, MJAPDH, MS, MEES, Prosecutor's Office) (DPSSF, DAE, Center for Counseling for Domestic Violence, Hospital)	\$100,000	\$100,000

GOAL 2: Adapt, extend and increase services in the area of social protection and basic services.						
2.5.2	1 plan to strengthen and expand the ecosystem for supporting victims of gender-based violence (anonymous complaint lines, toll-free numbers, creation of temporary homes for victims of gender-based violence and vulnerable families) has been approved and is being implemented.	M-L	2	(MTFSFP, MJAPDH, MS, MEES, Prosecutor's Office) (DPSSF, DAE, Center for Counseling for Domestic Violence, Hospital)	\$400,000	\$400,000
Outcome 2.6	The line ministries (Ministry of Labor, the Family, Solidarity and Vocational Education (MTFSFP), Ministry of Education and Higher Learning (MEES), Ministry of Health (MS), Ministry of Justice, Central Government and Human Rights (MJAPDH), (Ministry of Youth, Sports and Entrepreneurship (MJDE), (...others) are strengthening the human rights technical capacity of the various sectors (health, protection social, nutrition, education) at the national level.				\$2,300,000	\$1,120,000
Outputs:						
2.6.1	1 Vocational Education program, with coverage at the district and community level (in technical areas such as nutrition, special education, psychosocial support, parental and psychological education, sociocultural activities and related areas) has been designed and is being implemented.	M	2	(MTFSFP, MEES, MS) (DPSSF, DPIE, Dir. Of Health Planning)	\$2,000,000	\$1,000,000
2.6.2	1 internship program at the national level to involve youths in social matters and train them has been designed and is being implemented.	M	2	(MTFSFP, MEES, MJ, MJDE) (DPSSF, DPIE, U)	\$200,000	\$100,000

GOAL 2: Adapt, extend and increase services in the area of social protection and basic services.						
2.6.3	1 institutional management plan at the district and community level for staff trained in the technical areas (such as nutrition, special education, psychology, sociocultural activities and related areas) in order to decentralize professionals has been produced and approved by the appropriate authority.	M	2	(MTFSFP, MEES, MS, MPFEA) (DPSSF, DPIE, Dir. Health Planning)	\$50,000	\$20,000
2.6.4	1 strategy and communication plan, including ongoing communication and engagement campaigns to disseminate and raise the awareness of beneficiaries of social protection, nutrition and education programs on the programs and mandates of the various institutions, in partnership with the stakeholder institutions themselves, has been produced and is being implemented.	M	2	(MTFSFP, MEES, MJ, MJDE) (DPSSF, DPIE, IJ)	\$50,000	\$0
					Financing needed	Financing gap
					\$16,520,000	\$8,515,000

Pillar 3 - ECONOMIC RECOVERY: keep jobs, have sustainable income and support small and medium-sized enterprises, small farmers and workers in the informal sector

GOAL 3: Protect and improve the productive sectors, and at the same time protect jobs and promote dignified labor.						
<i>Results of the PNARME at the project level to contribute to the outcomes and goal.</i>		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 3.1	The Ministry of Public Works, Infrastructure, Natural Resources and the Environment (MOPIRINA) is providing labor-intensive programs linked to maintaining and improving public goods and services that are conducive to generating rural and urban employment, especially for youths and women.				\$8,085,010	\$8,085,010
Outputs:						
3.1.1	1 FAIMO multisectoral committee (for coordination, awareness, monitoring/evaluation and fundraising) to develop and implement programs has been approved and is operational.	M	2	Min. Labor / MOPIRINA	\$3,000,010	\$3,000,010
3.1.2	1 strategy to mobilize resources and establish public-private partnerships (PPP) for the Highway Maintenance Interest Groups (GIME) (to strengthen internal financing mechanisms) has been approved and is being implemented.	M	2	GIME/Min. Public Works	\$10,000	\$10,000
3.1.3	1 strategy and action plan to promote employment in the circular economy and green and blue growth has been approved and is being implemented.	M	2	Min. the Blue Economy/ Min. Labor	\$15,000	\$15,000
3.1.4	1 Plan to strengthen the capacity of public employment services to upgrade and computerize services for job seekers has been developed and implemented (Strategy and action plan to promote the circular economy and green and blue growth has been approved and is being implemented).	M	2	Min. Labor/CCIAS	\$5,060,000	\$5,060,000
Outcome 3.2	The Central Bank (BC) and the Ministry of Planning, Finance and the Blue Economy (MPFEA) are promoting financial inclusion for the people (in particular women and youths) and bank penetration of the economy (MSMEs) using digital solutions.				\$150,000	\$150,000
Outputs:						

GOAL 3: Protect and improve the productive sectors, and at the same time protect jobs and promote dignified labor.						
3.2.1	1 project to strengthen the BC's technical ability to control monetary transactions has been approved and is being implemented.	M	2	(BC, MPFEA,...others) ... (Financial Information Unit - UIF, Banks, Treasury)	\$150,000	\$150,000
Outcome 3.3	The line ministries (Ministry of Tourism, Culture, Commerce and Industry – MTCCI, Ministry of Youth, Sports and Entrepreneurship – MJDE, Ministry of Labor, the Family, Solidarity and Vocational Education - MTFSSFP and the Ministry of Planning, Finance and the Blue Economy - MPFEA) are implementing a national business innovation agenda to strengthen the tourism sector and are providing incentives for SMEs.				\$3,000,000	\$3,000,000
Outputs:						
3.3.1	1 program to strengthen the technical capabilities of worker organizations (formal and informal, and young entrepreneurs) for the instruments to bring workers and businesses into the formal sector has been designed and is being implemented (programs to develop national entrepreneurship using incubation methods and mentorship of entrepreneurs).	M	2	(MTCCI, MJDE, MTFSSFP, MPFEA...others) ... (X, Y Directorate...)	\$3,000,000	\$3,000,000
Outcome 3.4	The line ministries (Ministry of Agriculture, Fishing and Rural Development – MAPDR, Ministry of Tourism, Culture, Commerce and Industry – MTCCI, Ministry of Planning, Finance and the Blue Economy - MPFEA) are creating conditions for storing and processing local farm produce, keeping in mind economic growth and food security.				\$305,000	\$305,000
Outputs:						
3.4.1	1 proposal for a logistics project (including processing and storage centers), including financial sustainability studies to mobilize PPPs has been designed and approved by the appropriate authority.	M	2	PNASE, CONSAN, CADR, MPFSFP, MEES, MAPDR, MPFEA, INPG, ADAPPA HELPO	\$20,000	\$20,000

GOAL 3: Protect and improve the productive sectors, and at the same time protect jobs and promote dignified labor.						
3.4.2	1 draft law and implementing regulation on hygiene-health standards for the treatment, packaging and processing of agricultural products has been prepared and submitted to the assembly.	M	2	CONSAN, CADR, MAPDR, MPFEA, INPG,	\$15,000	\$15,000
3.4.3	1 project to provide technical training to livestock producers on how to process and package their products has been designed and is being implemented.	M	2	CONSAN, CADR, MAPDR, MPFEA, INPG, ADAPPA ALISEI	\$200,000	\$200,000
3.4.4	1 program to strengthen the government's monitoring and evaluation capabilities to document the food supply chain system is being implemented.	M	2	CONSAN, CADR, MAPDR, MPFEA, INPG, ADAPPA ALISEI (also HELPO for some activities)	\$70,000	\$70,000
Outcome 3.5	The line ministries (Ministry of Agricultura, Fishing and Rural Development – MAPDR, Ministry of Tourism, Culture, Commerce and Industry – MTCCI, Ministry of Planning, Finance and the Blue Economy - MPFEA) are implementing a comprehensive and coherent strategy to increase the value of national production (livestock and fishing). This applies to the local as well as the export market.				\$3,165,000	\$1,665,000
Outputs:						

GOAL 3: Protect and improve the productive sectors, and at the same time protect jobs and promote dignified labor.						
3.5.1	1 program for small farmers to join associations, and incorporating the gender processing component, has been approved and is being implemented.	M	2	CONSAN, CADR, MAPDR, MPFEA, INPG, ADAPPA and other civil society stakeholders	\$80,000	\$80,000
3.5.2	1 partnership project with international cargo operators to adapt products imported into and exported from STP, including a PPP component to upgrade and optimize the support logistical infrastructure, has been designed and approved at the level of the appropriate authority.	M	2	CONSAN, CADR, MAPDR, MPFEA, INPG, ADAPPA and other civil society stakeholders	\$5,000	\$5,000
3.5.3	1 project to develop mechanisms to facilitate exports, to include the elimination of administrative and certification barriers and to improve the business environment, is being implemented.	M	2		\$3,000,000	\$1,500,000
3.5.4	1 project to facilitate market access for small farmers using an information technology solution and innovation practices (facilitate connections between suppliers and potential buyers, such as the PNASE, for the School Food Program for Domestic Development, existing markets, hotels, etc.), has been approved and is being implemented.	M	2	CONSAN, CADR, MAPDR, MPFEA, INPG, ADAPPA HELPO, PNASE Ministry of Education	\$80,000	\$80,000

GOAL 3: Protect and improve the productive sectors, and at the same time protect jobs and promote dignified labor.						
Outcome 3.6	The line ministries (Ministry of Agriculture, Fishing and Rural Development – MAPDR, Ministry of Public Works, Infrastructure, Natural Resources and the Environment - MOPIRNA, Ministry of Planning, Finance and the Blue Economy - MPFEA) are increasing the resilience of farmers and fishers, especially women and youths, by introducing sustainable management technologies and practices for natural and marine resources.				\$225,000	\$225,000
Outputs:						
3.6.1	1 Management Information System (MIS) for natural and marine resources to strengthen efficiency and institutional accountability and to improve stakeholder coordination has been designed and is operational.	M	2	(MAPDR, MOPIRNA, MPFEA...others) ... (X, Y Directorate...)	\$25,000	\$25,000
3.6.2	1 awareness campaign to promote the proper use of land and forests (introduce organic and sustainable groups and reforestation) and fishing (for example, against improper practices) has been designed and is being implemented.	M	2	Ministry of Agriculture	\$200,000	\$200,000
					TOTAL	Financing needed
						\$14,930,010
						Financing gap
						\$13,430,010

Pillar 4 - MACROECONOMIC RESPONSE AND MULTILATERAL COLLABORATION

<i>Efficient and effective macroeconomic management to provide financing for investing in national priorities.</i>						
<i>Results of the PNARME at the project level to contribute to the outcomes and goal.</i>		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 4.1	The Ministry of Planning, Finance and the Blue Economy (MPFEA) uses resources more rationally and efficiently by reforming fiscal management.				\$2,739,900	\$2,739,900
Outputs:						
4.1.1	1 proposal to revise the statutory and regulatory framework (Organic Law), including strengthening the technical and institutional capability of Research and Sectoral Planning Offices, has been approved by the appropriate authority and is being implemented.	M	2	(MPFEA) (Legal Office, Planning, sectoral GEPs)	\$40,000	\$40,000
4.1.2	1 proposal to revise the statutory and regulatory framework (Procurement Law) has been approved by the appropriate authority and is being implemented.	M	2	(MPFEA) (Legal Office, COSSIL, DAF)	\$35,000	\$35,000
4.1.3	1 program to strengthen institutional capabilities to conceive, design, implement and assess sustainable and resilient development projects has been approved by the appropriate authority and is being implemented in priority sectors.	M	2	(MPFEA) (Budget Directorate, Legal Office, GPM, Planning)	\$50,000	\$50,000
4.1.4	1 integrated IT system to support efficient public sector management and at the National Projects Portfolio at the central, local and regional levels, has been designed and is operational.	M	2	(MPFEA) (Planning, DITEI)	\$400,000	\$400,000
4.1.5	1 IT system for debt management is operational.	M	2	(MPFEA) (Treasury Directorate, DITEI)	\$214 900	\$214 900
4.1.6	1 improved government financial management system has been decentralized to government entities and is operational.	M	2	(MPFEA) (Directorate of the Budget, Treasury, DAF, Accounting and Planning)	\$2,000,000	\$2,000,000

<i>Efficient and effective macroeconomic management to provide financing for investing in national priorities.</i>						
Outcome 4.2	The line ministries (Ministry of Planning, Finance and the Blue Economy - MPFEA, Ministry of Justice, Central Government and Human Rights - MJAPDH, Ministry of Tourism, Culture, Commerce and Industry – MTCCI) are accelerating diversification and improving economic competitiveness and they are attracting domestic and international investors by improving the business environment.				\$4,485,000	\$535,000
Outputs:						
4.2.1	1 proposal to update and streamline the statutory framework for investment, including the Tax Benefits Code, has been agreed to by the stakeholders.	M	2	(MPFEA) ... (APCI, Customs, Taxation)	\$15,000	\$15,000
4.2.2	1 proposal for the statutory and regulatory framework for Public-Private Partnerships (PPPs), including a set of sectoral tools specific to PPP concession holders, has been approved by the appropriate authority and sent to the assembly for approval.	M	2	(MTCCI...others) ... (X, Y Directorate...)	\$15,000	\$15,000
4.2.3	1 proposal to update the statutory framework of the Commerce and Investment Development Agency (APCI), which ensures its operational autonomy, has been approved by the appropriate authority.	M	2	(MPFEA, APCI...others) ... (X, Y Directorate...)	\$15,000	\$15,000
4.2.4	1 project to strengthen APCI capabilities so that it is able to serve as a single point of contact (One-Stop Service Desk) for private sector needs and requirements has been designed and approved by the stakeholders.	M	2	(MPFEA, APCI...others) ... (X, Y Directorate...)	\$150,000	\$150,000
4.2.5	1 project portfolio, including sustainability studies, to promote investment in the blue/green economy, renewable energy, health, bio pharmaceutical and water processing subsectors, has been prepared and disseminated to potential investors.	M	2	(MPFEA, APCI...others) ... (X, Y Directorate...)	\$40,000	\$40,000
4.2.6	1 international payment system has been designed and is operational.	M	2	(MPFEA, SPAUT, MTCCI...others) ... (X, Y Directorate...)	\$4,000,000	\$50,000
4.2.7	1 technical vocational education program to meet the demand for labor in key sectors has been agreed to by the stakeholders and is being implemented.	M	2	(MPFEA, MTCCI...others) ... (X, Y Directorate...)	\$250,000	\$250,000
Outcome 4.3	The line ministries (Ministry of Planning, Finance and the Blue Economy - MPFEA and Ministry of Tourism, Culture, Commerce and Industry – MTCCI) are facilitating the increase in inter-regional commerce by creating conditions for better regional integration of businesses in São Tomé and Príncipe.				\$330,000	\$330,000
Outputs:						

<i>Efficient and effective macroeconomic management to provide financing for investing in national priorities.</i>						
4.3.1	1 strategy to increase regional business integration, including identification of sustainable regional value chains in the CEA and planning for strengthening logical integration, has been approved by the stakeholders and is being implemented.	M/L	2	(MTCCI...others) ... (X, Y Directorate...)	\$300,000	\$300,000
4.3.2	1 strategy to lower tariff and non-tariff barriers to intraregional trade has been approved and is being implemented.	M/L	2	(MTCCI...others) ... (X, Y Directorate...)	\$30,000	\$30,000
Outcome 4.4	The line ministries (Ministry of Planning, Finance and the Blue Economy - MPFEA and Ministry of Public Works, Infrastructure, Natural Resources and the Environment - MOPIRNA) are reforming the government-owned enterprises (SoEs) and enhancing their efficiency and financial sustainability.				\$15,000	\$15,000
Outputs:						
4.4.1	1 proposal to update the regulatory framework for the SoEs to upgrade it and make their management more efficient, including debt control and streamlining resources, has been approved by the appropriate authority and sent to the assembly.	M	2	(MPFEA, Treasury Directorate, MOPIRNA) ... (GEPEP...)	\$15,000	\$15,000
Outcome 4.5	The line ministries (Ministry of Planning, Finance and the Blue Economy - MPFEA and Ministry of Public Works, Infrastructure, Natural Resources and the Environment - MOPIRNA) are boosting the coordination of investment to upgrade and strengthen basic infrastructure and bolster the PNARME for national sustainable socioeconomic development.				\$85,000	\$85,000
Outputs:						
4.5.1	1 action plan to promote investment in sustainable and green infrastructure, including in ITC and e-commerce, has been designed and is operational.	M/L	2	(MPFEA, MOPIRNA, CCIAC...others) ... (GEPEP, DP...)	\$35,000	\$35,000
4.5.2	1 action plan for investment to upgrade auxiliary infrastructure and expand the energy and water network has been designed and is operational.	M/L	2	(MPFEA, MOPIRNA...others) ... (GEPEP, DP...)	\$50,000	\$50,000
Outcome 4.6	The Ministry of Planning, Finance and the Blue Economy (MPFEA) is strengthening fundraising and provides long-term financing for the national priorities.				\$600,000	\$600,000
Outputs:						
4.6.1	1 one program to implement a national system to tax added value (VAT) has been approved by the appropriate authority and is being implemented.	M	2	(MPFEA...others) ... (Tax Directorate)	\$500,000	\$500,000

<i>Efficient and effective macroeconomic management to provide financing for investing in national priorities.</i>						
4.6.2	1 system to collect tax revenue with central coordination that facilitates the efficient preparation of tax reporting as well as internal controls to monitor spending, cash flow and delinquent payments has been designed, approved by the appropriate authority, and is being implemented.	M	2	(MPFEA...others) ... (Tax Directorate, DITEI)	\$100,000	\$100,000
Outcome 4.7	The line ministries (Ministry of Public Works, Infrastructure, Natural Resources and the Environment – MOPIRNA, Ministry of Tourism, Culture, Commerce and Industry – MTCCI, and the Ministry of Planning, Finance and the Blue Economy - MPFEA) are determining the path to transition to renewable energies by reforming the energy sector.				\$60,000	\$60,000
Outputs:						
4.7.1	1 national energy policy has been approved by the stakeholders and is being implemented.	M	2	(MOPIRNA, MTCCI MPFEA) (General Directorate of Natural Resources and Energy, EMAE)	\$30,000	\$30,000
4.7.2	1 statutory and regulatory framework to support the transition to renewable energy has been approved by the stakeholders and is being implemented.	M	2	(MOPIRNA, MTCCI MPFEA) (General Directorate of Natural Resources and Energy, EMAE)	\$30,000	\$30,000
					Financing needed	Financing gap
					\$8,314,900	\$4,364,900

Pillar 5 - SOCIAL COHESION AND ECONOMIC RESILIENCE

GOAL 5: Inclusive governance, equitable delivery of services, development based on rights, empowerment of local communities and stronger social cohesion and resilience.						
<i>Results of the PNARME at the project level to contribute to the outcomes and goal.</i>		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 5.2	The line ministries (Ministry of Justice, Central Government and Human Rights - MJAPDH and Ministry of Planning, Finance and the Blue Economy – MPFEA) are delivering basic services closer to the citizens by decentralizing authority and resources.				\$95,000	\$95,000
Outputs:						
5.2.1	1 technical orientation framework for the municipal administrations on preparing strategic and integrated development plans aligned with the 2030 Agenda in a participative and inclusive manner has been approved and is being implemented.	M	2	MJAPDH, MPFEAM, Ministry of Parliamentary Matters, Government Reform and Decentralization, Regional Government and Local Authorities	\$15,000	\$15,000
5.2.3	1 inclusive local development fund has been designed and tested in pilot districts/municipalities.	M	2	MJAPDH, MPFEAM, Ministry of Parliamentary Matters, Government Reform and Decentralization, Regional Government and Local Authorities	\$50,000	\$50,000
5.2.4	1 e-governance system whose purpose is to improve access to basic services, especially for women, youths and vulnerable groups, has been designed and tested as a pilot system in selected sectors.	M	2	MJAPDH, MPFEAM, Ministry of the Chair of the Council of Ministers, Communication and New Technologies, Ministry of Parliamentary Matters, Government Reform and Decentralization	\$30,000	\$30,000

GOAL 5: Inclusive governance, equitable delivery of services, development based on rights, empowerment of local communities and stronger social cohesion and resilience.						
Outcome 5.3	The line ministries (Ministry of Justice, Central Government and Human Rights - MJAPDH, Ministry of Planning, Finance and the Blue Economy – MPFEA) are creating the conditions so that the communities and citizens, especially women, youths and vulnerable groups, are able to express their needs and priorities and have opportunities to take part in decision-making and monitor the local development process.				\$30,000	\$30,000
Outputs:						
5.3.1	1 set of mechanisms to ensure effective community and citizen participation, and especially that of women, youths and vulnerable groups, in the local development process, has been designed and is operational.	M/L	2	MJAPDH, MPFEAM, Ministry of Parliamentary Matters, Government reform and Decentralization, Regional Government and Local Authorities and CSOs	\$30,000	\$30,000
Outcome 5.4	The appropriate authority (Ministry of Planning, Finance and the Blue Economy - MPFEA, Ministry of Public Works, Infrastructure, Natural Resources and the Environment – MOPIRNA, Ministry of Justice, Central Government and Human Rights - MJAPDH, Municipal Administrations) is creating the conditions so that the local communities are able to adapt to climate change and strengthen their resilience to natural disasters.				\$120,000	\$60,000
Outputs:						
5.4.1	1 local fund for adapting to climate change has been designed and tested in selected local administrations.	M	2	(MPFEA, MOPIRNA, MAPRED, AALRSTP, District Councils and DGA)	\$30,000	\$30,000
5.4.2	1 plan to establish community committees to manage natural disasters and risks, especially in areas at greater risk, to ensure that the most vulnerable people and groups are being served, has been designed and is being implemented.	M	2	(MPFEA, MOPIRNA, MAPRED, AALRSTP, District Councils, community leaders, SPCB at the district level), (DGA, CONPREC)	\$30,000	\$30,000
5.4.3	1 plan to create community networks to provide early warning for natural disasters and other risks has been designed and is being implemented.	M	2	(MPFEA, MOPIRNA, MAPRED, AALRSTP, District councils, community leaders, SPCB at the district level), (DGA, CONPREC)	\$30,000	\$0

GOAL 5: Inclusive governance, equitable delivery of services, development based on rights, empowerment of local communities and stronger social cohesion and resilience.						
5.4.4	1 African Union Convention to protect and assist internally displaced persons in Africa is ratified and legislative policies and changes necessary to adequately protect the rights of individuals and communities in cases of internal displacement due to conflicts, harmful practices, catastrophes or development, have been adopted.	M	2	(National Assembly, MOPIRNA, MPFEA, MAPRED, AALRSTP, District Councils, community leaders)	\$30,000	\$0
Outcome 5.5	The appropriate authority (Ministry of Planning, Finance and the Blue Economy - MPFEA, Ministry of Public Works, Infrastructure, Natural Resources and the Environment – MOPIRNA, Ministry of Justice, Central Government and Human Rights – MJAPDH, Ministry of Tourism, Culture, Commerce and Industry – MTCCI, Municipal Administrations) are creating the conditions so that the local communities practice conservation and the sustainable use of natural resources and share the benefits of biodiversity and ecosystems.				\$90,000	\$90,000
Outputs:						
5.5.1	1 technical orientation framework for the municipal administrations on how to incorporate measures for the sustainable development of natural resources into their local development and operational plans and budgets has been approved and is being implemented.	M	2	(MOPIRNA, MAPRED, AALRSTP, District Councils, DGA, DGRNE, DSGC and DOPU)	\$50,000	\$50,000
5.5.2	1 set of mechanisms to provide greater transparency and rendering of accounts in the use of natural resources has been designed and is operational.	M	2	(MPFEA, MOPIRNA, MAPRED, AALRSTP, District Councils, community leaders, SPCB at the district level), (DGA, CONPREC)	\$15,000	\$15,000
5.5.3	1 set of mechanisms to ensure that the local communities benefit from the sustainable use of natural resources has been designed and is operational.	M	2	(MPFEA, MOPIRNA, MAPRED, AALRSTP, District Councils, community leaders, SPCB at the district level), (DGA, CONPREC)	\$25,000	\$25,000
Outcome 5.6	The appropriate authority (Ministry of Planning, Finance and the Blue Economy - MPFEA, Ministry of Public Works, Infrastructure, Natural Resources and the Environment – MOPIRNA, Ministry of Justice, Central Government and Human Rights – MJAPDH, Municipal Administrations) is implementing integrated land planning and is controlling and remedying the expansion of informal neighborhoods on the outskirts of urban areas and ensuring minimum conditions of hygiene, sanitation and health for the people.				\$250,000	\$250,000
Outputs:						

GOAL 5: Inclusive governance, equitable delivery of services, development based on rights, empowerment of local communities and stronger social cohesion and resilience.						
5.6.1	5 integrated land use plans in selected neighborhoods have been prepared and approved in a participative and inclusive manner.	M	2	(MPFEA, MOPIRNA, PAPRED, AALRSTP, GRAP and District Councils), (DOPU and DSGC)	\$250,000	\$250,000
				TOTAL	Financing needed	Financing gap
					\$585,000	\$525,000

Phase 3

Pillar 1 - HEALTH COMES FIRST: protect health services and systems during the crisis and build them back better

GOAL 1: Holistic, integrated and fully operational health systems that meet the specific health needs of the most vulnerable.						
<i>Results of the PNARME at the project level to contribute to the outcomes and goal.</i>		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 1.1	The Ministry of Health (MS) and the National Social Protection Commission (CNPS) are providing access to a package of quality essential health services to vulnerable groups impoverished by the COVID-19 pandemic.				\$20,000	\$12,000
Outputs:						
1.1.1	1 health sector financing strategy focusing on social and financial protection to expand the people's access to health care and drugs, with a review of copayments of vulnerable families, has been developed and is being implemented.	L	3	MS/RSS	\$20,000	\$12,000
Outcome 1.2	The Ministry of Health (MS), the Pharmaceutical Department and the National Drug Fund is able to provide uninterrupted access to quality drugs and medical consumables for all levels of the health system.				\$1,500,000	\$1,099,900
Outputs:						
1.2.1	1 system for shipping and storing drugs and consumables that provides adequate quality and security conditions is operational.	L	3	MS/FNM	\$1,500,000	\$1,099,900
Outcome 1.3	The Ministry of Health (MS) and other public stakeholders in charge are able to detect, investigate, confirm and respond to public health threats and emergencies in accordance with the international health regulation and based on lessons learned and advances made in the response to COVID-19.				\$350,000	\$190,000
Outputs:						
1.3.1	1 the national laboratory is able to confirm or diagnose the main epidemic diseases and it has a network of laboratories to provide and regularly monitor outcome quality.	L	3	MS/Laboratory	\$250,000	\$90,000

GOAL 1: Holistic, integrated and fully operational health systems that meet the specific health needs of the most vulnerable.						
1.3.2	1 budget line item and 1 emergency inventory to prevent, detect and promptly halt public health emergencies have been created and is available to the MS.	L	3	MS/RSS	\$100,000	\$100,000
Outcome 1.4	The Ministry of Health is reorganizing primary health care using a community and integrated services approach in order to provide nearby quality health care to those who need it and to strengthen prevention and intervention on health determinants with a focus on vulnerable groups.				\$2,500,000	\$2,283,000
Outputs:						
1.4.1	Human resources, equipment, infrastructure, accessibility of green energy and running water, computerization of health services and systems are gradually being strengthened and provide quality and effective health services that are accessible to everyone and are sustainable.	L	3	MS/RSS	\$2,500,000	\$2,283,000
					Financing needed	Financing gap
					\$4,370,000	\$3,584,900

Pillar 2 – PROTECT INDIVIDUALS: Social protection social and basic services

GOAL 2: Adapt, extend and increase social protection and basic services.						
<i>Results of the PNARME at the project level to contribute to the outcomes and goal.</i>		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 2.1	The Ministry of Labor, the Family, Solidarity and Vocational Education (MTFSFP) is expanding social protection to reach vulnerable groups (women, the elderly, children, teenage girls and the disabled) who are experiencing shocks due to loss of income and are in at-risk situations, especially those involved in the informal economy, agriculture and fishing.				\$9,000,000	\$3,000,000
Outputs:						
2.1.1	1 plan to restructure and expand existing income support programs by monetary transfer and social integration is being implemented.	L	3	(MTFSFP, MS, MPFEA, MEES) (DPSSF, Educational Innovation and Planning Directorate, Health, XX)	\$9,000,000	\$3,000,000
					Financing needed	Financing gap
					\$9,000,000	\$3,000,000

Pillar 3 - ECONOMIC RECOVERY: keep jobs, have sustainable income and support small and medium-sized enterprises, small farmers and workers in the informal sector

GOAL 3: Protect and improve the productive sectors, and at the same time protect jobs and promote dignified labor.						
<i>Results of the PNARME at the project level to contribute to the outcomes and goal.</i>		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 3.2	The Central Bank (BC) and the Ministry of Planning, Finance and the Blue Economy (MPFEA) are promoting financial inclusion for the people (in particular women and youths) and bank penetration of the economy (MSMEs) using digital solutions.				\$15,000	\$15,000
Outputs:						
3.2.1	1 draft law to regulate savings of small bank clients and strengthen bank secrecy has been prepared and submitted to the assembly.	L	3	(BC, Banks, MPFEA...others) ... (Legal Office)	\$15,000	\$15,000
Outcome 3.3	The line ministries (Ministry of Tourism, Culture, Commerce and Industry – MTCCI, Ministry of Youth, Sports and Entrepreneurship – MJDE, Ministry of Labor, the Family, Solidarity and Vocational Education - MTFSSFP and Ministry of Planning, Finance and the Blue Economy - MPFEA) is implementing a national business innovation agenda to strengthen the tourism sector, especially by incentivizing the involvement of SMEs.				\$500,000	\$500,000
Outputs:						
3.3.1	1 Government Guarantee Fund to facilitate SME participation in the lines of available credit with discounted interest has been created and is operational.	L	3	(MTCCI, MJDE, MTFSSFP, MPFEA...others) ... (X, Y Directorate...)	\$500,000	\$500,000
				TOTAL	Financing needed \$515,000	Financing gap \$515,000

Pillar 4 - MACROECONOMIC RESPONSE AND MULTILATERAL COLLABORATION

GOAL 4: Efficient and effective macroeconomic management to provide financing for investing in national priorities						
<i>Results of the PNARME at the project level to contribute to the outcomes and goal.</i>		Term (short: 0-12 months/ medium: 12-24 / long: 24+)	Output priority (1 - Max; 2 - Med; 3 - Min)	National Stakeholder	Financing needed	Financing gap
Outcome 4.1	The Ministry of Planning, Finance and the Blue Economy (MPFEA) is using resources more rationally and efficiently by reforming fiscal management.				\$211,900	\$211,900
Outputs:						
4.1.1	1 system to coordinate and manage technical and financing resources made available by the international multilateral and bilateral partners has been agreed to with the 'stakeholders' and is being implemented.	L	3	(MPFEA, MNEC) (Planning Directorate, DITEI, Accounting, Cooperation Directorate)	\$90,000	\$90,000
4.1.2	1 Information system to manage government property has been upgraded and decentralized and is operational.	L	3	(MPFEA) (Government Property Directorate, DITEI)	\$121,900	\$121,900
Outcome 4.2	The line ministries (Ministry of Planning, Finance and the Blue Economy - MPFEA, Ministry of Justice, Central Government and Human Rights - MJAPDH, Ministry of Tourism, Culture, Commerce and Industry – MTCCI) are accelerating diversification and improving economic competitiveness and they are attracting domestic and international investors by improving the business environment.				\$200,000	\$200,000
Outputs:						
4.2.1	1 project to create a commercial court has been approved by the appropriate authority.	L	3	(MTCCI...others) ... (X, Y Directorate...)	\$200,000	\$200,000

<i>GOAL 4: Efficient and effective macroeconomic management to provide financing for investing in national priorities</i>						
Outcome 4.3	The line ministries (Ministry of Planning, Finance and the Blue Economy - MPFEA and Ministry of Public Works, Infrastructure, Natural Resources and the Environment - MOPIRNA) are increasing the coordination of investment to upgrade and strengthen basic infrastructure and bolster the PNARME for national sustainable socioeconomic development.				\$50,000	\$50,000
Outputs:						
4.3.1	1 action plan to invest in upgrading national infrastructure and logistical facilities for international trade has been designed and is being implemented.	L	3	(MPFEA, MOPIRNA...others) ... (GEPEP, DP...)	\$50,000	\$50,000
					Financing needed	Financing gap
					\$461,900	\$461,900

Budget Summary

The total PNARME budget is \$84,314,810, with a gap of financing resources of roughly 68 percent, equal to \$56,989,600. The pillars with the most critical gaps are Pillar 3 (ECONOMIC RECOVERY: keep jobs, have sustainable income and support small and medium-sized enterprises, small farmers and workers in the informal sector) and Pillar 5 (SOCIAL COHESION AND COMMUNITY RESILIENCE).

TOTAL 3 Phases

Pillar	Total Outcomes	Total Outputs	Total Required Financing Resources	%Pillar / Total	Financing gap	
1	6	31	\$8,870,000	10%	\$5,634,000	64%
2	6	31	\$27,050,000	32%	\$12,500,390	46%
3	7	32	\$30,940,010	37%	\$26,410,010	85%
4	8	45	\$14,301,800	17%	\$9,351,800	65%
5	6	30	\$3,153,000	4%	\$3,093,000	98%
PNARME	33	169	\$84,314,810		\$56,989,600	68%

Regarding the phased-in implementation of the PNARME, the budget for Phase 1 is a total of \$27,718,000, roughly 39 percent of the total budget with a financing resources gap of about 79 percent, equal to \$21,967,390. For Phase 1 there is a critical financing gap for Pillars 3 and 5.

Phase 1

Pillar	Total Outcomes	Total Outputs	Total Required Financing Resources	%Pillar / Total	Financing gap	
1	6	13	\$2,600,000	9%	\$1,424,000	55%
2	4	9	\$1,530,000	6%	\$985,390	64%
3	7	14	\$15,495,000	56%	\$12,465,000	80%
4	5	19	\$5,525,000	20%	\$4,525,000	82%
5	6	18	\$2,568,000	9%	\$2,568,000	100%
PNARME	28	73	\$27,718,000		\$21,967,390	79%

The total budget for Phase 2 is \$42,249,910, roughly 61 percent of the total budget with a financing resources gap of roughly 65 percent, equal to \$27,460,410. For Phase 2 there is a critical financing gap for Pillars 3 and 5.

Phase 2

Pillar	Total Outcomes	Total Outputs	Total Required Financing Resources	%Pillar / Total	Financing gap	
1	6	13	\$1,900,000	4%	\$625,500	33%
2	6	21	\$16,520,000	39%	\$8,515,000	52%
3	6	16	\$14,930,010	35%	\$13,430,010	90%
4	7	22	\$8,314,900	20%	\$4,364,900	52%
5	5	12	\$585,000	1%	\$525,000	90%
PNARME	30	84	\$42,249,910		\$27,460,410	65%

The total budget for Phase 3 is \$14,346,900, or about 20 percent of the total budget with a financing resources gap of about 53 percent, equal to \$7,561,800.

Phase 3

Pillar	Total Outcomes	Total Outputs	Total Required Financing Resources	%Pillar / Total	Financing gap	
1	4	5	\$4,370,000	30%	\$3,584,900	82%
2	1	1	\$9,000,000	63%	\$3,000,000	33%
3	2	2	\$515,000	4%	\$515,000	100%
4	3	4	\$461,900	3%	\$461,900	100%
PNARME	10	12	\$14,346,900		\$7,561,800	53%

Monitoring and Evaluation

To monitor progress in implementing the PNARME, which at the technical level will be managed by the General Directorate of Planning in close cooperation with the National Statistics Institute, both in the Ministry of Planning, Finance and the Blue Economy (MPFEA), and the measurement of the achievement of the goals shown in the following table will serve as a reference.

Goal level indicators	National leaders	Partners
GOAL 1: Holistic, integrated and fully operational health systems that meet the specific health needs of the most vulnerable.		
1.1 Number of persons with access to essential health services (non COVID-19) disaggregated by gender, age group and at-risk populations: a) Vaccination programs; b) Sexual and reproductive health; c) Nutrition programs.	Ministry of Health (MS)	WHO, UNICEF
		UNFPA
		FAO
1.2 Number of health institutions that have received UN support to maintain essential immunization services since the disruption due to COVID-19, disaggregated by type of support.		UNICEF
1.3 Number of health services plans drawn up (and financed) that include measures for the ongoing delivery of essential services.		WHO
1.4 Number of health care providers trained in detecting, referring and adequately managing cases of COVID-19; Infection, Prevention and Control (IPC) and Water, Sanitation and Hygiene (WASH) in health facilities.		UNICEF, UNIDO
1.5 Number of policy and regulatory instruments that address the risk of future pandemics		FAO
GOAL 2: Adapt, extend and increase social protection and basic services.		
2.1 Number of schools that are implementing secure school protocols (COVID-19 prevention and control).		UNICEF, WHO
2.2 Number of teachers and school employees trained in Infection, Prevention and Control (IPC) and Water, Sanitation and Hygiene (WASH) in schools.	Ministry of Labor the Family, Solidarity and Vocational Education (MTFSFP),	UNICEF
2.3 Number of parents/educators of children under 5 who are receiving parental support to improve the care and development of their children.	Ministry of Education and Higher Learning (MEES), Ministry of Health (MS),	UNICEF

Goal level indicators	National leaders	Partners
2.4 Number of social services workers trained in knowledge and specific skills for providing essential service during the COVID-19 pandemic.	Ministry of Justice, Central Government and Human Rights (MJAPDH), (Ministry of Youth, Sports and Entrepreneurship (MJDE), Ministry of Health (MS), Ministry of Agriculture, Fishing and Rural Development (MAPDR), Ministry of Planning, Finance and the Blue Economy (MPFEA), Ministry of Public Works, Infrastructure, Natural Resources and the Environment (MOPIRNA)	UNICEF, IFAD
2.5 Number of current UN-supported measures to address gender-based violence (GBV) during the COVID-19 pandemic that are (a) incorporating prevention and response to violence into the COVID-19 response plans; (b) raising awareness through advocacy and campaigns with messages geared to both women and men; (c) providing an option for women to report abuses and obtain help without notifying the perpetrators; (d) permanently operating shelters for victims of violence and expanding their capacity; (e) providing access to justice and developing the capacity of the key services to prevent impunity.		UN Women, UNFPA
2.6 Number of beneficiaries of social protection plans and services supported by the UN related to the COVID-19 pandemic, disaggregated by type of program, location (rural/urban), gender, age group and at-risk population: (a) financial assistance packages; (b) money for productivity/transfer programs: (c) water and sanitation services; (d) food and nutrition plans; (e) legal aid services; (f) services for the protection of human rights; (g) psychosocial support services.		UNDP
		UNICEF
		FAO, UNICEF
		UNDP
		UNDP, OHCHR
WHO, UNFPA, UNICEF		
GOAL 3: Protect and improve the productive sectors, and at the same time protect jobs and promote dignified labor.		
3.1 Number of countries that are strengthening UN-supported employment policies and a regulatory environment conducive to economic recovery and dignified labor, especially in sectors at high risk for COVID: (a) women; (b) youths (15-29); (c) self-employed workers and household workers (as replacements for informal workers); (d) migrant workers; (e) disabled workers.	Ministry of Public Works, Infrastructure, Natural Resources and the Environment (MOPIRNA), Central Bank (BC), Ministry of Planning, Finance and the Blue Economy (MPFEA), Ministry of Tourism, Culture, Commerce and Industry (MTCCI), Ministry of Youth, Sports and Entrepreneurship (MJDE), Ministry of Labor the Family, Solidarity and Vocational Education (MTFSFP), Ministry of Agriculture, Fishing and Rural Development (MAPDR)	IFAD, ILO, UNIDO
3.2 Number of private-sector and informal-sector workers, including in areas of ethnic minorities, supported by the UN during and after the COVID-19 pandemic: (a) MSMEs, especially those headed by women; (b) private-sector businesses excluding MSMEs; (c) Formal-sector workers; (d) informal sector workers.		IFAD, UNDP, UNIDO
3.3 Number of small farmers supported by the UN during and after COVID-19 to recover and build back better their means of subsistence for a sustainable income.		FAO, IFAD, UNIDO
3.4 Adopt fiscal stimulus packages for the response and economy recovery to COVID-19, i.e. (a) green; (b) gender-sensitive.		IFAD, UNDP, UNIDO UN Women

<i>Goal level indicators</i>	<i>National leaders</i>	<i>Partners</i>
3.5 Number of employees of hiring agencies that complete training on the protection of migrant workers during the COVID-19 pandemic.		IMO, IFAD
<i>GOAL 4: Efficient and effective macroeconomic management to provide financing for investing in national priorities.</i>		
4.1 Number of national socioeconomic impact assessments in response to the COVID-19 crisis, including UN-supported assessments, focusing on at-risk populations: (a) Macro small economic necessities; (b) Assessment on the impact on the labor market; (c) Assessment of multisectoral and sectoral necessities; (d) Fiscal assessment and assessment of the public debt; (e) Assessment of the necessities of human impact for the at-risk population; (f) Assessment of the gender-sensitive impact; (g) cultural industries.	Ministry of Planning, Finance and the Blue Economy (MPFEA), Ministry of Justice, Central Government and Human Rights (MJAPDH), Ministry of Tourism, Culture, Commerce and Industry (MTCCI), Ministry of Public Works, Infrastructure, Natural Resources and the Environment (MOPIRNA), Central Bank (BC)	UNDP
		ILO
		UNDP, FAO, IFAD, UNICEF
		UNDP
		UNDP, UNICEF
		UN Women, UNDP
		UNESCO
		UNDP, UNICEF
		ILO & FAO
		UNDP
		WHO
		UNICEF, ILO, UNDP
		UN Women
		UNESCO
4.2 Number of national policies reported by the socioeconomic impact assessment focusing on the at-risk populations, including UN-supported assessments: (a) socioeconomic policy, including employment; (b) labor market policies, including an assessment of food security; (c) fiscal policy; (d) health sector policy; (e) social protection policy; (f) women's empowerment policy; (g) tourism policy.		
<i>GOAL 5: Inclusive governance, equitable delivery of services, development based on rights, empowerment of local communities and stronger social cohesion and resilience.</i>		
5.1 Number of organizations that obtain institutional capacity building so that governments, employer organizations and workers are able to work together to develop socioeconomic policy responses: (a) employer and business organizations; (b) labor unions.	Ministry of Justice, Central Government and Human Rights (MJAPDH), Ministry of Planning, Finance and the Blue Economy (MPFEA), Ministry of Public Works, Infrastructure, Natural Resources and the Environment (MOPIRNA), Ministry of Tourism, Culture, Commerce and Industry (MTCCI), Municipal Administrations	ILO
5.2 Number of community-based organizations supported to respond to and mitigate the pandemic, combat domestic violence related to COVID-19, racism, xenophobia, stigma and other types of discrimination, prevent and remedy human rights abuses and ensure long-term recovery - including support for means of subsistence and the delivery of basic services - disaggregated by type of community: (a) women's organizations; (b) youth organizations; (c) other community-based and social organizations; (d) social communication and journalistic means.		UN Women
		UNFPA, UNICEF, UNESCO
		UNDP & OHCHR
		UNESCO
5.3 Number of venues for social dialogue, advocacy and political involvement facilitated with the participation of the people and at-risk groups: (a) national; (b) Subnational.		UNDP, UNAIDS, FAO

<i>Goal level indicators</i>	<i>National leaders</i>	<i>Partners</i>
5.4 Number of teenage girls and boys who take part in or lead civic involvement (including online) in programs to better prepare for, respond to and build COVID-19 programs (more resilient, conciliatory, greener and more sustainable).		UNICEF
5.5 Number of risk communication and community involvement messages produced and disseminated, adapted to target groups.		UNICEF
5.6 Number of national, local and community authorities involved that obtain intervention to combat the dual challenges: prevent, reduce and mitigate the impacts of catastrophes related to the context of COVID-19.		UNICEF

DEMOCRATIC REPUBLIC OF



SÃO TOMÉ AND PRÍNCIPE

MINISTRY OF PLANNING, FINANCE, AND THE BLUE ECONOMY

Directorate of Planning

**NATIONAL SUSTAINABLE DEVELOPMENT PLAN OF SÃO TOMÉ
AND PRÍNCIPE 2020-2024**

Prepared by:

José Maria Coelho de Carvalho

São Tomé, November 14, 2019

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ACRONYMS

ACD	Community Development Associations
ACDEG	African Charter on Democracy, Elections, and Governance
ADI	Independent Democratic Action
AGER	General Regulation Authority
AfCFTA	African Continental Free Trade Area
APD/ODA	Official Development Assistance
APEUE	Economic Partnership Agreement with the European Union
AT	Transformation Agenda
AYC	African Youth Charter
BAD/AfDB	African Development Bank
BAU	<i>Business As Usual</i>
BCG	<i>Boston Consulting Group</i>
BCSTP	Central Bank of São Tomé and Príncipe
BM/WB	World Bank
BREXIT	United Kingdom's Departure from the European Union
CACVD	Center for Domestic Violence Counseling
CDSA	District Commissions for Monitoring and Evaluation
CDP	United Nations Committee for Development Policy
CE	Business Confederation
CEDEAO/ECO WAS	Economic Community of West African States
CEEAC/ECCAS	Economic Community of Central African States
CEMAC	Central African Economic and Monetary Committee
CESA	Continental Education Strategy for Africa 2016-2025
CGV/GVC	Global Value Chains
CIET/ICLS	International Conference of Labor Statisticians
CIN/IBC	International Business Center
CNEST	National Statistics Council
CPLP	Community of Portuguese Speaking Countries
CRSA	Regional Commission for Monitoring and Evaluation
CTS	Technical Monitoring Commission
DESA	UN Department of Economic and Social Affairs
DGP	Directorate General of Fisheries
DGS	Directorate General of Health
DISA	Institutional Device for Monitoring and Evaluation
DP	Directorate of Planning
DSP	Sector Directorates of Planning
DTF	Distance to the Border
EDB	Ease of Doing Business
ECF	Extended Credit Facility
EMAE	Water and Electricity Company
EMDE	Emerging Markets and Developing Economies
ENASA	National Airport and Air Safety Company
ENDE	National Strategy for Statistical Development
ENIEG	National Strategy for Gender Equality and Equity
ENRP	National Strategy for Poverty Reduction
EUA/USA	United States of America

FED	<i>Federal Reserve System</i> (US Central Bank)
FMI/IMF	International Monetary Fund
FEC/ECF	Extended Credit Facility
FNUAP/UNFPA	United Nations Population Fund
GCF	Green Climate Fund
GEE/GGE	Greenhouse Gas Effect
GEP	Office of Studies and Planning
GTD	Issue-based Discussion Groups
HIPC	Heavily Indebted Poor Countries
IAH/HAI	Human Assets Index
IDE/FDI	Foreign Direct Investment
IDH/HDI	Human Development Index
IES	Safe Information and Schools
INDC	Nationally Determined Contribution Intentions
INPG	National Institute for Promoting Gender Equality and Equity
INE	National Institute of Statistics
INSS	National Institute of Social Security
IOF	Household Budget Survey
IVE/EVI	Economic Vulnerability Index
JON	Youth in New Opportunity
LDCF	Least Developed Countries Fund
MDFM	Democratic Movement of Forces for Change-Liberal Party
MEES	Ministry of Education and Higher Education
MECCC	Ministry of Education, Culture, Science, and Communications
MLSTP/PSD	Movement for Liberation of São Tomé & Príncipe- Social-Democrat Party
MSA	Monitoring and Evaluation Module
NAFTA	North American Free Trade Agreement
NDC	Nationally Determined Contributions
OCDE/OECD	Organization for Economic Co-operation and Development
ODM/MDG	Millennium Development Goals
ODS/SDG	Sustainable Development Goals
OGE/GSB	General State Budget
OIM/IOM	International Organization for Migration
OMC/WTO	World Trade Organization
OMT/UNWTO	World Tourism Organization
ONG/NGO	Non-Governmental Organizations
ONU/UN	United Nations Organization
OSC/CSO	Civil Society Organizations
PCD	Democratic Convergence Party
PEID/SIDS	Small Island Developing States
PG	Government's Program
PGRSU	Urban Solid Waste Management Plan
PIB/GDP	Gross Domestic Product
PIME	Entrepreneurial Minds Incubator Program
PME/SME	Small and Medium-sized Enterprises
PIP	Public Investment Program
PMD/LDC	Least Developed Countries

PNB/GNP	Gross National Product
PNDS/NSDP	National Sustainable Development Plan
PNE	National Entrepreneurship Program
PNUD/UNDP	United Nations Development Program
PPOSA	Planning Programming Budgeting Monitoring and Evaluation
PPP	Public-Private Partnership
PTF	Technical and Financial Partners
QCC	Framework for Cooperation and Coordination
QDMP	Medium-Term Expense Framework
QOMP	Medium-Term Budget Framework
QL	Logical Framework
RAP	Autonomous Region of Príncipe
RDP	Public Expenditure Review
RDSTP	Democratic Republic of São Tomé and Príncipe
RGPH	General Census of the Population and Housing
RH/HR	Human Resources
RIL/NIR	Net International Reserves
RMIS	Social Inclusion Minimum Income
RS/Samoa	Samoa Pathway
SAFE	State Financial Administration System
S&A	Monitoring and Evaluation
SAMOA	SIDS Accelerated Modalities of Action
SCCF	Special Climate Change Fund
SEM	Global Economic System
SEN	National Statistical System
SIS	Health Information System
SNP	National Planning System
ST	Technical Secretariat
STD	San Toméan Dobra
STISA	Science, Technology, and Innovation Strategy for Africa 2014-2024
STP	São Tomé and Príncipe
TIC/ICT	Information and Communication Technologies
TTT	<i>Training The Trainees</i>
TVETCS	Technical and Vocational Education and Training Continental Strategy
UA/AU	African Union
UDD	Union of Democrats for Citizenship and Development of Change
UE/EU	European Union
UEMOA	West African Monetary and Economic Union
UJE	Union of Young Entrepreneurs
UNDAF	United Nations Development Assistance Framework
UNDESA	United Nations Department for Economic and Social Affairs
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
USD	<i>United States Dollar</i>
VBG/GBV	Gender-Based Violence
HIV-AIDS	Acquired Immunodeficiency Syndrome
ZEE	Exclusive Economic Zone
ZLC/FTZ	Free Trade Zone

PREFACE

If possible, it will be written by the Prime Minister of STP or by whomever he appoints to do so.

...

DRAFT

EXECUTIVE SUMMARY

The National Sustainable Development Plan (NSDP) of São Tomé and Príncipe (STP) 2020-2024 is an instrument for implementing the Government's Program, along with international sustainable development agendas. The primary mission of the NSDP is to bring to life STP's vision of sustainable development, based on the assumption that this model has the greatest potential to produce robust, sustainable, and inclusive economic growth, and thus to accelerate job creation and the construction of a prosperous future for all São Toméans.

The NSDP is the first development plan prepared in accordance with Law No. 6/2017, of March 2017, the Basic Law of the National Planning System; it kicked off a new cycle and model for national development planning and management by replacing the previous plan, ENRP II 2012-2016. It incorporates the experience gained from implementing ENRP II, while seeking to improve upon it, in light of that instrument's shortcomings.

Using the Government's Program as the basis for the NSDP's conception and development, it aligns with both the government's priorities and their planning cycles. In addition, it is the first operational plan for harmonization, integration, and implementation of Vision 2030 for STP and its transformation agenda; the 2030 Agenda for Sustainable Development; the SIDS Accelerated Modalities of Action (Samoa); and Agenda 2063: The Africa We Want.

As a planning tool that brings the Government's Program to fruition, in both programmatic and operational terms, the NSDP focuses on four strategic paths for intervention:

1. Furthering the democratic rule of law;
2. Robust economic growth and accelerated jobs creation;
3. Improvements to the quality of healthcare and social protection;
4. Foreign policy aimed at development.

The Government's Program is a manifesto of its deep concern regarding the deterioration of the country's socioeconomic situation and the human condition of São Toméans, with nearly two-thirds of its population living in poverty. There has likewise been a deterioration in the democratic rule of law, with serious implications for individual freedoms; worsening health care; limited economic activity as a result of the energy sector's dysfunction; declines in leading macroeconomic indicators; and a drop in individual and corporate incomes caused by sudden increases in fees, rates, and the introduction of new taxes.

The NSDP has eight main chapters, which can be divided up into two parts. In the first part, consisting of the first four chapters, the NSDP defines and describes the essence of its strategic framework for sustainable development, based on a diagnostic assessment of the country and its primary development challenges.

The second part, chapters 5, 6, and 7, addresses matters related to their implementation. Chapter 8 contains the main bibliographic references.

The NSDP's chapters are as follows:

1. Diagnosis of the Country;
2. Strategic Framework for the Sustainable Development of STP;
3. Vision for São Tomé and Príncipe;
4. The Strategic Objectives of the NSDP
5. Operational Framework of the NSDP;
6. Financing and Implementation of the NSDP;

7. Risk Analysis;
8. Bibliography.

The diagnosis outlines the country's situation and places it in a global context, as the basis for identifying the main challenges faced for the sustainable development of São Tomé and Príncipe. Thereafter, in coordination with the government's vision of the country's future laid out in its program, the NSDP defines the strategies for overcoming those challenges from 2020 to 2024, formulating objectives and a respective plan for implementation, in order to bring to life the Government's Program, vision, and international agendas during that period.

Chapter 1. Diagnosis of the Country: International Context. The average annual growth rate of the global economy fell from 3.7% in 2007-2011, to 3.4% in 2012-2016. In 2017, the global economy experienced its fastest growth since 2011, at more than 3%, which remained stable in 2018 and is expected to remain at that level until 2020, according to the UN Department of Economic and Social Affairs (DESA).

Given the decline in the global demand for commodities, in addition to internal conflicts, the average growth rate in Sub-Saharan Africa shrank from 5.8% in 2007-2011, to 3.9% in 2012-2016, having fallen to only 1.4% in 2016, the lowest figure recorded since 1994. However, a resumption of economic recovery in Sub-Saharan Africa is ongoing. Growth in the region is estimated to have risen from 2.6% in 2017, to 2.7% in 2018, more slowly than projected, in part due to weaknesses in Nigeria, South Africa, and Angola.

The economies of the Central African Economic and Monetary Community (CEMAC) benefitted from a rise in production and higher oil prices throughout most of 2018.

Despite the global economy's weak performance, global tourism has continued to grow at a stable pace, with its outlook and contribution to social and economic development increasingly important. The flow of tourists jumped 3.9% in 2016, up to a total of 1.2 billion arrivals worldwide. Africa's market was one of the most dynamic, having risen 8% in 2016, with 58 million tourists. The fastest growth occurred in Sub-Saharan Africa, up 11%, while North Africa showed signs of recovery, up 3% for the period.

Long-term forecasts published by the UN World Tourism Organization (UNWTO) indicate that the number of international tourists will be 1.6 billion in 2020, implying an annual growth rate of around 4%. The forecast indicates that Africa, Asia, and the Middle East as destinations will grow at above-average rates.

International tourism is thus one of the world's leading export sectors, representing nearly 30% of global service exports, reaching more than 50% in countries where tourism plays a much more important economic role, such as on islands.

National Context: According to the INE (2015), São Tomé's population is quite young. Those 0 to 25 years old account for more than 62% of the population, and their natural growth rate was 2.76% in 2014. The population has grown considerably in recent decades, which could lead to bigger problems in the long run for the country's development, mainly with respect to access to employment, housing, education, healthcare, transportation, etc. Hence, taking advantage of the **demographic dividend** is a strategic opportunity for realizing the aspirations and goals set out in Agenda 2063 and the 2030 Agenda, a key option for accelerating economic growth and boosting human capital development. In particular, this dividend might create a basis for increasing retirement savings, given that more workers will be earning money, saving, and

investing their incomes, contributing in this way to promoting a more dynamic, inclusive, and sustainable economy.

Social Situation and Profile of Poverty: The country's people still suffer greatly from their limited, internal, island market, with weak purchasing power and insufficient diversification of the economy. The public sector is the leading economic actor, accounting for more than 80% of capital formation and GDP. The national **unemployment** rate is 13.6%, affecting women (19.7%) more than men (9.3%) (CENSUS, 2012). According to the Household Budget Survey (IOF, 2010), 60% of those unemployed were younger than 34 years old, which means this phenomenon mostly affects young São Toméans.

The government, for its part, with the support of its international partners, continues to guarantee free, universal, primary **education**, basic health care, and the right to social security benefits. There is a lack of secondary schools for the complete cycle in every district. Student retention is weak: of the 86% of students who start secondary school, only 15.2% actually make it to the final year. Higher education is very selective, mostly private, and offers programs that do not meet the needs of the country's economy. The authorities need to focus on education quality at all levels in order for this training to align with the labor market.

Household Budget Surveys (IOF, 2010) show that 66.2% of the São Toméan population is **poor**; poverty mostly affects households run by women, 71.3%, versus 63.4% of men; and it affects rural populations more, which is the main cause of the rural exodus.

In terms of **health care**, there aren't enough health professionals, physicians, nurses, midwives, owing to a lack of training, worsened by brain drain, which has a direct consequence in creating a vicious cycle of constant decline in economic conditions in general, and the professional qualifications of the rest of the population who remain in the country. There are no specialist physicians in many districts. Across São Tomé, there aren't enough domestic specialist physicians, so Cuban and Chinese specialists have had to be brought in to work at the Central Hospital of São Tomé. Despite that situation, progress has been made in the battle against malaria and HIV/AIDS, in improving maternal health, family planning, and infant survival rates, with significant access to a vaccination program. Public assistance has played a major role in these developments.

In 2016, 95% of the population had access to clean **water**, with 47% using the water distribution network, and nearly 45% on a basic sanitation system. That same year, 81% of the country was connected to the public **electricity** grid.

Economy: The São Toméan economy is highly vulnerable to exogenous shocks and dependent on Official Development Assistance (ODA), which financed 97.3% of the State Budget in 2019. The economic sector is still weak and highly concentrated, consisting essentially of producing and exporting cocoa, which accounts for roughly 90% of total revenue from exports. The highly informal third sector accounts for around 60% of GDP, employing 60% of the active population, while the primary and secondary sectors each contribute about 20% of GDP.

From 2012-2016, growth was relatively strong, at an average annual rate of 4.2%. However, the São Toméan economy grew 3.9% and 2.7% in 2017 and 2018, respectively, below IMF projections that GDP would expand between 5% and 9% from 2015 to 2020.

São Tomé and Príncipe in the Context of Small Island Developing States (SIDS): as a SIDS, development is one of the biggest challenges that the country faces, and it requires double-digit GDP growth, or else the São Toméan economy will never reach the level of the more dynamic and developed small island state economies, with the promotion of faster, more

sustainable, inclusive, and resilient growth, within the framework of implementing the 2030 Agenda and respective SDGs.

Chapter 2. Strategic Framework for the Sustainable Development of STP points out that the country's main challenge, as a candidate for graduation, is building an economy that has a high level of sustainable, inclusive, economic growth, focused on overcoming key issues, structural vulnerabilities, the economy's limited diversification, weak labor competitiveness, external dependence, unemployment, poverty, gender inequalities and income distribution, recurrent political and governmental instability; the weak, inefficient, and ineffectiveness of central, regional, and local public institutions; few opportunities for emigration and the consequent decline in emigrant remittances. Other important challenges include:

Political and Governmental Instability: political/governmental instability has contributed to blocking the path to the country's development. Consensus must be reached to assure governmental stability as an essential factor to promote sustainable development, social peace, cohesion, and the population's wellbeing. Weaknesses in implementing measures to combat corruption have made that phenomenon increasingly rampant; while the deficits in public administration capabilities have impacted the quality of policies formed for economic, social, and environmental development, slowing its pace and execution, inhibiting monitoring and evaluation, which negatively affects the business environment.

Vulnerability and Resilience: São Tomé and Príncipe faces natural vulnerabilities related to its volcanic origins, its island and archipelagic nature, and its lack of mineral resources. In addition, its small territorial, demographic, and economic size; its isolation from the African continent and major international financial and commercial hubs; and its tiny, fragmented, domestic market; are all characteristics that limit its true possibilities for development. Consequently, its vulnerability to external shocks is an aggravating circumstance, along with the trap resulting from the fact that the economy's performance, evaluated based on national income, generally obscures the country's economic vulnerability.

Agricultural Production: São Tomé and Príncipe imports about 15% of the food it needs. However, it is facing a rural exodus, abandoning of farmlands and the prevalence of traditional cultural and subsistence practices.

Exports of Goods: São Tomé and Príncipe's exports are limited to very few products, only covering around 7.2% of imports.

Imports: Local production is small, which makes São Tomé and Príncipe dependent upon imports to meet most of its internal demand. Dependence is particularly high with respect to strategic goods, such as energy and food products.

High Costs of National and International Transport: The cost of São Tomé and Príncipe's isolation is a major hurdle to its development, and it is even more burdensome on the island of Príncipe, which suffers from dual isolation.

Environment: The abusive extraction of sand has already destroyed dozens of beaches across the archipelago. Illegal logging for civil construction and charcoal production have become worrying, with devastating effects on coastal erosion, changes to climate patterns, and to river flows.

Climate Change: As a small island state, the effects and impacts of climate change are more intense. They manifest mostly through coastal erosion and changes to precipitation patterns, which can cause flooding or prolonged droughts.

Geographic Dispersion: The two islands' fragmented isolation, with very steep, hilly terrain, has weighed heavily on the costs of basic infrastructure, services, and essential goods.

Security: Given its abundance of natural resources, in particular, petroleum and natural gas, the Gulf of Guinea is not free from sub-regional or internal conflicts among neighboring states, which can have nefarious repercussions on the stability of other nations, including São Tomé and Príncipe.

Energy: Dependence on foreign energy is at around 25%, which requires more investment in energy efficiency, alternative sources, and renewable energy.

Economic Vulnerability: This situation is basically the result of the limited productive base for the country's economy. The biggest challenge will necessarily entail broadening the productive base and diversifying the sources of growth, employment, and income to address the high rate of unemployment, especially among the youth and women, and to substitute imports with local products and thus alleviate the external constraint on São Tomé's economy.

Local Development and Endogenous Resources: This is part of the process of democratizing the State and politicizing society. Public policies need to be implemented that enable decentralization providing for greater autonomy, especially financial independence, as well as more training for regional and district autarkies on matters of management and planning for development; in other words, an investment in the territorialization of the instruments for managing development.

The 2030 Agenda and Sustainable Development Goals: As a universal agenda, based on 17 Sustainable Development Goals and 169 targets, to be implemented by all countries, it assumes that SGDs will be integrated into policies, processes, and actions taken in national, regional, and global plans. This challenge has been coherently incorporated into the Government's Program and consequently addressed by the National Development Plan for 2020-2024, through its strategies, programs, and projects.

Chapter 3. Vision for São Tomé and Príncipe: it is every São Toméan's legitimate aspiration to live with dignity in a stable, democratic, inclusive, modern country, providing quality services to the country, the region, and the world. The Government's Program incorporates the 2030 Vision for São Tomé and Príncipe, with a consistent determination to build a new development model based on services that consequently enables **São Tomé and Príncipe to be transformed into a dynamic economy that renders services to the Gulf of Guinea and the world, by the year 2030.**

Located in the Gulf of Guinea, São Tomé and Príncipe is a country blessed with a unique geostrategic and geo-economic position to transform itself into a hub for rendering services, leveraging top-tier tourism, learning and adapting best practices at regional and international levels, in particular among the more developed small island states: tourism, financial, and technological services, digital-economy logistics, entertainment, health care, and other services.

This model has the greatest potential, over the course of the NSDP, to push the annual average economic growth rate to 7%, to add value, to raise incomes, and to accelerate job creation, especially through a strong private sector supported by a framework of appropriate incentives. The government also intends to make STP a true medium-to-high development country within three legislatures.

However, a more immediate and urgent challenge that the government needs to address is the creation of conditions to assure the balance of the current account to guarantee the survival of its resident population, in the face of ongoing declines in Official Development Assistance to the country.

The second medium-term challenge is to assure conditions that enable the country, over the course of the NSDP, to minimize the complex problem of the current account deficit, without jeopardizing the population's normal living conditions.

The third challenge consists of assuring faster, self-sustained, and sustainable development for São Tomé and Príncipe, built on the concept of a dynamic service-based economy that seeks to be among the best socioeconomic performing SIDS, in particular, with respect to GDP per capita and HDI.

Accomplishing these goals is essential for the future, given that actively integrating São Tomé and Príncipe into the global economic system requires a true paradigm shift in development, which should guide and shape the entire process of planning and managing national, regional, and local development, with a broad mobilization of and participation by the private sector, civil society, and communities.

Given its scale and the additional costs it faces owing to its isolation and being an archipelago, São Tomé and Príncipe, from the get-go, cannot be economically successful outside of the context of a major economic opening and closer relationships with the global economic system. As such, the country's performance and economic success necessarily depend on its integration, which requires an assertive, consistent policy of international and regional cooperation, with bilateral and multilateral dimensions, based on a foreign policy aimed at furthering development.

Graph 7: STP – A dynamic economy in the middle of the Atlantic



In addition, STP, like most other Small Island Developing States, suffers from a tremendous shortage of capital; technology; human resources (especially highly skilled HR); higher-level organizational capacity; and markets.

Chapter 4. Strategic Objectives of the NSDP. This chapter lays out the strategy of actively integrating STP into the global economic system, in close cooperation with the Government's Program and the commitments it has assumed, seeking integration and implementation of international sustainable development agendas at national, regional, local, and community levels. A description is given of the specific sector strategies that the government will implement to accomplish each objective.

The first two objectives address the issues of development in economic and environmental terms. The third objective focuses on the problem of social development, while the fourth objective deals with matters of sovereignty, democracy, and diplomacy.

Objective 1. Transform São Tomé and Príncipe into a Dynamic Service-Based Economy: In other words, make STP a benchmark as a service-based economy for the African region and the world, especially the countries on the Atlantic rim. With that, the foundation will be laid for implementing and developing six specialized services as strategic solutions for the country's integration and sustainable, inclusive development.

1. Tourism Sector: All indications are that São Tomé and Príncipe, like nearly every small island state that successfully develops, cannot escape its fate of being a tourist country. Tourism development entails a consolidation of and improvements to existing tourism and a diversification of internal destinations and products, on both islands, seeking key ingredients in the environment, the culture, and its history in the formation of its products.

2. Maritime Sector: With the construction of a port, a logistics service will be created and developed to supply ships from international fleets either passing through or near STP on their routes, including ships sailing in the sub-region of Central Africa and the Gulf of Guinea.

3. Aviation Sector: By expanding and modernizing the São Tomé and Príncipe International Airport, a regional and international logistics airport will be created for both passengers and cargo, given that the country sits in a prime location at the crossroads of major air routes that connect the countries and continents of the Atlantic.

4. Commercial and Industrial Sector: São Tomé and Príncipe has the potential to transform itself into a highly competitive regional and international business hub, in a prime spot for establishing businesses, attracting FDI, and promoting home-grown entrepreneurial initiatives, given that the country is optimally located in the middle of the Atlantic and is safe, stable, and enjoys social harmony.

5. Financial Sector: The opportunity and relevance of creating a regional and international financial hub in STP entail an additional chance for international banks and companies to perform international financial operations based out of São Tomé and Príncipe, assuming the country's competitiveness and its need to support companies that set up shop here, as part of the project of developing a regional and international business hub.

6. Digital Technology and Innovation Sector: São Tomé and Príncipe's geographic isolation, on the one hand, and geostrategic location, on the other, make connectivity a priority. To make the economy more competitive and to improve the quality of life of its inhabitants, the government should absolutely invest in transforming STP into a top-tier country on matters of Information and Communication Technologies (ICT).

However, to assure the success of STP's strategy of actively integrating with the global economic system, it is fundamental that adjustments be made to the local economy so that it can meet external requirements, which including, in particular:

- An economic reform program, in the sense of creating a highly competitive business environment based on trust, which minimizes context costs and reinforces sustainability;
- Reform of the human capital formation system, one of the most important, if not the most important, programs, in the medium to long term;
- **Foreign Direct Investment:** STP's strategy of actively integrating with the global economic system emphasizes the importance of FDI. Hence, attracting FDI as part of the

creation of a regional and international business and financial hub, and much more, is absolutely vital. In fact, this need is not exclusive to STP and developing countries. On the contrary, it is a condition for all dynamic economies, regardless of their size and level of development.

Objective 2. Promote Inclusive Economic Growth and Environmental Sustainability:

This administration has taken office at a time when STP faces a grave socioeconomic situation. Its main concern is to retrieve and return dignity and wellbeing to all São Toméans. That goal will be achieved by implementing a new model of development based on a service economy, anchored by a strong private sector, and supported by the conviction that this model offers the greatest potential and assurances for enabling average annual economic growth to exceed 7%, over the NSDP's timeline. With this in mind, tourism has been chosen as the engine of transformation and a way to create value, adding resources to the agriculture and livestock sector, creative and maritime industries, among others.

Tourism Development and Supports for Growth: As mentioned in the first chapter, despite the global economy's weak performance, global tourism has continued to grow at a stable pace, with its outlook and contribution to social and economic development increasingly important. From 2010 to 2016, the number of tourists who visited the country rose from 8,000 to 29,000, up 263%. However, exploring the tourism potential of São Tomé and Príncipe's natural, historic, and cultural resources is still in an embryonic phase.

Note that, given the potential volatility of this market sector, caution should be exercised in assuming this variable (tourism) as a structural element in response to balance-of-payments concerns, given the lack of adequate policies capable of making this segment resilient to internal and external factors. Emigrant remittances, which have declined in recent years, are a variable that could play a major role in helping to address the balance of payments. As such, it is essential that a consistent policy be implemented to attract and promote the diaspora's participation in STP's development.

Promoting Diversification of Production and Exports, with an emphasis on the following sectors:

Fisheries: Considering that the blue economy is a new approach to development for the maritime sector, given that it represents enormous potential to create countless jobs and add value to STP's development, strenuous efforts should be made to take advantage of marine natural resources as much as possible as a basis for expanding economic activity, while simultaneously training and qualifying the national workforce in this field, bearing in mind that the sustainable use of those resources is relevant from an economic, social, and environmental standpoint.

Agriculture: This sector is strategic for the economic development of São Tomé ad Príncipe, accounting for more than 70% of rural jobs and generating 80% of export revenue. We propose transforming it into a jobs and income-generating sector that creates prosperity, social recognition, respect, and protection for the environment. In addition, we are investing in a shift from subsistence logic to an entrepreneurial mindset, creating mechanisms to make the sector more attractive to young people and the current workforce, by implementing the following strategic measures: agricultural transformation; research and development; rural extension; agricultural planning; agricultural credit; addressing land-ownership issues; agricultural logistics and sales assistance; assistance in organizing the productive class; promotion of income-generating activities; a gradual decentralization of authority to the RAP [Príncipe] and districts;

environmental protection, so that it is no longer viewed solely as a cost to society, assuring the sustainability and quality of the environment; protecting and valuing marine and land-based biodiversity, water resources, and sanitation.

Light Industry: This issue is essentially a product of implementing the commercial and industrial sector program in the NSDP's Objective 1. It fits into the strategy of turning STP into a dynamic economy that provides services to the region and the world, taking advantage of its optimal location in the middle of the Atlantic and its excellent standards of safety, stability, and social harmony. Thus, light industry mostly comes from the country's cultural roots, in particular, its agriculture, ranching, fisheries, culture, creative industries, and light industry for export.

The main priorities seek to create conditions that bolster faster economic growth and create jobs in the various sectors of the economy, especially in terms of the business environment and attracting and retaining FDI; that promote a diversification of the manufacturing base, an increase in productivity and competitiveness of the economy; and a shift from subsistence to entrepreneurial logic, focusing on both the internal market and regional and international market niches.

Entrepreneurship and employability: The biggest obstacle to social and business-oriented entrepreneurship in the country is the trouble that young entrepreneurs have in securing funding and finding training, along with the weakness or total absence of appropriate public policies, namely the adoption of a package of specific incentives for leveraging the sector. In addition, conditions need to be promoted that both stimulate and develop entrepreneurial attitudes primarily among young people. This mentality is essential not only for those who want to set up a new business but also for those who wish to grow quickly in their professional careers; in other words, having the courage to take on risks and major responsibilities.

Culture and Creative Industries: The unique geographic location of São Tomé and Príncipe has made the country culturally very diverse. Cultural life, creativity, and innovation should be preserved and developed through consistent, efficient, cultural policies, in harmony with the development of the country's islands, regions, and districts.

Strengthening the NSDP's Planning and Regionalization: In addition to being an excellent instrument for political and technical dialogue, and for managing development, planning is also a fundamental mechanism for an efficient state and public administration, signaling economic opportunities, directing the government's actions, correcting distortions, dysfunctions, and asymmetries. Plus, it is possible to promote improved ownership by development agents at all levels, better social and institutional mobilization, better commitment and participation, and better governance.

Business Environment: Reforming the business environment will provide companies with proper conditions for freely performing their activities, which does not mean an absence of rules. However, they should be clear, fair, limited to what is strictly necessary, and applied transparently and effectively, and they should not create unnecessary obstacles to wealth building by businesses.

Good Governance: To transform São Tomé and Príncipe into a credible, attractive, and highly competitive country, we propose the goal of getting every good-governance indicator for STP to be at 80 or higher.

Economic freedom: To strengthen trust and make the country competitive, especially in terms of attracting FDI and building the six specialized service sectors that will transform STP into a dynamic economy in the Gulf of Guinea, we have set an objective of improving upon the following variables/indicators of economic freedom: protection of property rights; judicial

efficiency; governmental integrity and fiscal health; freedom to do business; free trade; freedom to perform financial transactions; and labor law. The goal, during the NSDP, is to take STP from being a relatively unfree country and turn it into one that is moderately free, with an indicator of 60 or better.

Modernization and Tax Competitiveness: The constant concern throughout the administration's proposed fiscal reform is addressing the challenge of creating a simple, modern, fair, and efficient tax system that is globally competitive (promoting FDI). The system must be friendly to companies and households in order to attract investments and assure a business environment that encourages business development and the private sector, while effectively improving the population's living conditions.

Improve the quality of budget expenditures: This goal will be accomplished by improving procedures, making improvements to legislation and regulations, investing in streamlining the bureaucracy, and rendering accounts using a computer system that is integrated with the government's financial management.

Funding the economy: We propose defining and implementing a new strategy for funding the economy, seeking out alternative means and sources of financing to promote investment in both the public and private sectors.

Alternative sources of financing for the economy: The government faces the challenge of significantly reducing its dependence on debt in order to finance public spending. One of the ways is by restructuring tax administration to bring in more domestic revenue. Work must also be done to formalize more of the economy and to reduce fraud and tax evasion. We also recommend an agenda of privatizations, concessions, and Public Private Partnerships as part of an economic reform, implementing a strong program to attract and retain foreign direct investment, reforming the government's enterprise sector, and promoting micro-finance as a key instrument for combating poverty.

Infrastructure, Transition, Energy Efficiency and Water: It is important to recognize the key role that infrastructure plays in the inclusive, sustained development process of any country. That is why it is an essential asset without which the primary, secondary, and tertiary productive sectors would not have the foundation to leverage their social, economic, and environmental development.

Land Use and Urbanization: Land is one of the main strategic assets that São Tomé and Príncipe has at its disposal. Hence, land use is a key instrument for the sustainable organization and management of the country's land and its ecosystems, enabling sustainable use of the soil, waters, and natural resources.

Energy Efficiency and Transition: The energy sector has limited production capacity, unstable energy, which is worsened by the power company's operational conditions and its chronic deficit of internal capacities to maintain and refurbish generators. As such, the government is determined to reverse this situation, laying the groundwork for the "country's clean, sustainable electrification" by resorting to water, wind, and solar power sources.

Petroleum: The exploration of hydrocarbons will play a central role in financing the economy and the country's economic growth.

Water: Investment in improving water quality and sanitation to contribute to a higher level of quality for the population's health will help eliminate water-borne diseases and other social constraints.

Protection of the Environment and National Ecosystems: In order to assure the sustainable management of environmental resources, we propose implementation of a set of integrated policies for the sector that focuses on guaranteeing enjoyment by São Toméan society

of a quality environment, as well as working to make the environment more valuable as an asset and a factor of economic competitiveness for the country, ensuring a balance between meeting current needs and those of future generations.

Objective 3. Guarantee Social Inclusion and Protection, Reduce Social Inequalities and Regional Asymmetries: In short, seek to improve living conditions and social inclusion. This goal is part of the government's second major challenge, strengthening social cohesion, by improving the efficacy and operations of the state's action in terms of recovering and restoring the dignity of the São Toméan people through more equity, more social justice, and more programs for social reintegration. It also includes integrating the diaspora into the country's development process, intensive diplomacy to promote and make the state credible, and transforming STP into a world-class location to attract tourism and to do business.

The Elderly: This proposal transforms the health care system by replacing curative illness-based models with integrated care focused on the needs of the elderly, given that a longer and healthier life is an incredibly valuable resource from both an economic and social standpoint.

Education Excellence and Professional Training: The education sector is the government's main budget priority. Investment in a first-rate education and training program is a fundamental instrument for valuing and transforming human capital; an essential condition for employability, competitiveness, and development of working-age individuals; and an indispensable resource during this crucial stage of the country's sustainable, inclusive development. The strategy for promoting education excellence focuses on reforms in all the key areas of education, including eliminating problems that have locked up the system, such as: academic failure; preschool education; basic education; secondary education; quality education; school management; decent work; and professional training (employment and training are highly correlated); lifelong education for youth and adults; and higher education.

Youth: Having a society where the majority is young is not a problem but rather a major opportunity with a positive outlook for the future. As such, it is essential to promote innovative measures that meet their needs and expectations, especially in terms of employment, self-employment, entrepreneurship, housing, training, recreation, sports, associations, and volunteering.

Sports: Sports are a powerful tool for our youth's sustainable development and can address big social issues that affect young people. They are also a factor for mobilization, social cohesion, and community, and an important industry that drives national, regional, and global economies. Sports are thus a factor for development, given how they cut across society and are intertwined with education, health, and wellbeing, tourism, the country's international image, the sports industry, and exporting talent. They also play an important role as a mechanism for young people's social inclusion and civic participation.

Culture: The government intends to implement a cultural policy as part of its NSDP that unites desires, skills, and experiences to promote and develop national culture, entailing and involving public and private parties in close cooperation with and organization of initiatives that create an effective strategy for communication, dissemination, and visibility of São Toméan culture.

Integrated Health Care System and Social Protection: The right to health care is a mechanism that helps avoid poverty and stops it from getting worse. Health care promotes peace and social inclusion, and it bolsters the country's economic growth and development. It is a right enshrined in the São Toméan Constitution, including principles of universal coverage; equal

access to services; and solidarity in financing. Reforms will focus on the following problems/areas: providing care; human resources; governance; financing and managing the sector; procurement; and infrastructure.

In terms of **Social Inclusion and Protection**, reforming the national social security system is of the utmost importance and requires implementing a policy aimed at greater social cohesion, an increase to the minimum survivor pension, and addressing the system's sustainability. Thus, during the administration's first year, it intends to include the Social Inclusion Minimum Income Program (RMIS) into the Public Investment Program (PIP) to combat precarious living conditions and abject poverty.

Gender Equality and Inclusive Development: The country continues to face major challenges in achieving full gender equality, with economic autonomy for women, their participation in politics and decision-making, and gender-based violence. In terms of institutional practices, programs, and policies, despite some progress, weaknesses persist in mainstreaming a gender approach at the sector, regional, and district levels, and in empowering women.

Objective 4. Strengthen Sovereignty, Further Democracy, and Renew Diplomacy for Development: This objective addresses the strategy of furthering and consolidating democracy, strengthening sovereignty, and adopting a new type of diplomacy that focuses on sustainable development.

In terms of **Democracy**, the government's challenge is the urgent need to reestablish and consolidate the pillars of a democratic rule of law, seeking to reorganize the state as a whole; to strengthen democracy and institutions at the national, regional, and local levels; to safeguard rights, freedoms, and the fundamental individual guarantees enshrined in the Constitution and the country's laws.

Thus, **State Reform** encompasses and prioritizes the following areas and issues: reforming and modernizing the justice system; assuring the neutrality and independence of public social communication; guaranteeing mechanisms for greater civic involvement and participation and societal organizations; combating corruption and impunity; building a new prison establishment; adopting a policy for social reinsertion; creating centers for arbitration/redefinition; modernizing records and notary publics; installing computer and copying services; reforming and modernizing public administration.

In terms of **Sovereignty**, reforms revolve around national defense, involving a redefinition of and update to the role of the **Armed Forces**; creating strategic services for handling geopolitical information and policy; **Internal Security** as a fundamental pillar of building democratic societies, an unquestionable factor in development and a vital social, economic, and political asset from a strategic standpoint; strengthening the civil protection system; and addressing road-related accidents.

With respect to **Diplomacy**: at its core, national diplomacy continues to focus on ensuring national sovereignty, the defense and promotion of the country's interests based on a new paradigm that pursues strategic objectives of economic development through the country's safe, advantageous insertion into the global economy. Thus, we are investing in strengthening diplomacy, international cooperation, and the regional and international integration of São Tomé and Príncipe.

In addition, the government and all sectors of São Toméan society must work hard to build and consolidate the country's image as a credible, respectable country in the world, where a culture of good governance, transparency, accountability, and careful management of internally generated resources and those secured through international cooperation prevail. In fact, this management will focus on objectives in terms of development or meeting its population's primary needs, especially those of the country's poorest and most vulnerable groups.

Including the Diaspora in the Development Process: The goal here is to better protect the interests of São Toméan citizens in their respective host countries, while strengthening their ties with their country of origin, and promoting their contributions and commitment to STP's development.

Chapter 5. Operational Framework of the NSDP: The logical framework for the NSDP, the objectives, impact indicators and targets, all seek to demonstrate, in a brief coherent way, the conceptual and methodological framework of the process of drafting and systematizing the NSDP 2020-2024.

The NSDP will be implemented by taking a programmatic approach. Sector and cross-sector programs have been designed and planned out to implement the government's program and vision, along with the 2030 Agenda for the Sustainable Development of São Tomé and Príncipe, over the course of the NSDP timeline.

Those programs are laid out in a matrix in accordance with their nature and objectives to which they contribute, grouped into three pillars: Sustainable Economy, Social Development, and Sovereignty and Democracy.

The NSDP matrix presents a set of 34 programs, plus the General Administration and Management Program, which cuts across the three pillars. There are 19 programs in the sustainable economy pillar; 8 programs in the social development pillar, and 7 programs in the sovereignty and democracy pillar, identifying the objectives to which they contribute.

The NSDP has an estimated budget of 48,280,767,563 dobras (about €1,970,643,574) allocated for accomplishing the four macro objectives, with the following distribution:

Objective 1: 22.5%;

Objective 2: 35.0%;

Objective 3: 27.5%;

Objective 4: 15.0%.

It is important to recall that the NSDP is tied to the Government's Program and seeks to operationalize it, on the one hand; and that, on the other, the plan's programs and pillars are associated with the sustainable development goals (SDGs) to which they contribute.

Pillar 1. Sustainable Economy consists of 19 programs, covering sectors that include finance, infrastructure, agriculture, education, tourism, culture, and the youth, contributing primarily to Objectives 1, 2, and 3 of the NSDP and marginally to Objective 4. Its target budget for the plan's period is 27,761,441,348.73 dobras. It contributes to SDGs 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17.

The **Social Development Pillar** consists of 8 programs, covering education, health care, labor, and the youth. Its programs contribute directly to the NSDP's objectives 1, 2, and 3, with a target budget estimated at 13,277,211,079.82 dobras. It contributes to SDG 1, 3, 4, 5, 8, 10, and 16.

The **Sovereignty Pillar** is composed of 7 programs, which cover the following sectors: defense and internal order; justice; finance; the youth, labor, and foreign business. The pillar's contribution encompasses all of the NSDP's macro objectives (1, 2, 3, and 4) and contribute to SDG 1, 3, 4, 5, 8, 10, 13, 16, and 17, with a target budget of 7,242,115,134.45 dobras.

The **General Administration and Management Program**, which involves all ministries, is designed to manage and support the ministries, including regional delegations, regional governments, and district chambers, with a budget of 9,656,153,512.60 dobras.

Regionalization of the NSDP: São Tomé and Príncipe is a country of regional asymmetries as a result of its isolation and public policies that do not attempt to reduce the costs of its isolation. Young people from the island of Príncipe do not have the same opportunities as those from São Tomé in terms of access to education, knowledge, employment, health care, tourism services, etc. Consequently, regionalization of the NSDP represents a greater commitment by central, regional, and local governments to the quality and transparency of public spending,

financial decentralization, which will result in more resources and better intervention by local authorities in promoting local economies and meeting social demands. The General State Budget (GSB) performs the role of the key instrument in this process for implementation of plans and managing development.

Chapter 6. Financing and Implementation of the National Sustainable Development Plan (NSDP): The General State Budget will provide 31.25% of the NSDP's funding, while 40% will come from the private sector, through a public-private partnership. The remaining 28.75% of the NSDP's total budget, 13,880,720,674.29 dobras (€566,560,027.52), will need to be financed through loans. The government's contribution through the GSB will be 15,087,739,862.82 dobras (€615,826,116.85).

Entities and Implementation Instruments: These are the State, through its central and decentralized administrations, the regional government, district chambers, the private sector, civil society organizations, and technical/financial partnerships.

Operationalization of the Planning System: The NSDP will be operationalized through an integrated approach aligned with medium- and short-term planning instruments defined by the National Planning System.

Roles and Responsibilities: At the central administrative level, monitoring of physical and financial execution of programs, projects, and units, and a performance evaluation will all be carried out by the Ministry of Finance, with the Directorate of Planning (DP) monitoring physical execution and evaluating performance. Financial execution will be carried out by the Directorates of Administration and Finance (DAF), while the Inspectorate General of Finance, the Court of Accounts, and the National Assembly will be responsible for budget oversight and control.

At the sector level, the Sector Directorate of Planning (DSP) or equivalent agency will have that responsibility, supported by a program manager, and will receive technical support from a monitoring and evaluation agent.

Monitoring and Evaluation Mechanism: Monitoring and evaluation will take place using a performance approach, with a technical monitoring component, a technical evaluation component, performance support, performance monitoring documents, an information system for monitoring performance, and performance reviews.

Monitoring Plan: This plan recommends using a logical framework as a programming instrument.

Evaluation Plan: This plan focuses on a long-term planning instrument and a systematic sector and overall evaluation.

Institutional Monitoring and Evaluation Arrangements: The primary mission of the institutional monitoring and evaluation arrangements (DISA) is to formalize and facilitate dialogue among all stakeholders interested in the performance of the NSDP's development actions, in accordance with the plan's key principles, such as: national leadership; solidarity and partnership; results-based management; proactive coordination; equity, and reducing inequality.

Thus, two objectives are attributable to these arrangements: (i) reporting to stakeholders on the NSDP's implementation; and (ii) recommending adjustments, reviews, and updates to the plan.

The agencies:

- 1. Framework for Cooperation and Coordination (QCC)** (in place or to be created by the Prime Minister) between the government and development partners;
- 2. Technical Monitoring Commission (CTS)**, composed of the structures in charge of financial/economic administration (Ministry of Planning, Finance, and the Blue Economy);
- 3. Issue-based Discussion Groups;**
- 4. Office of Studies and Planning of the Ministries** (or equivalent structure);
- 5. District and Regional Commissions for Monitoring and Evaluation**

National Statistics System (SEN): The SEN shall provide information on a pre-determined schedule that meets the needs of producers and users of official statistics to monitor and evaluate the NSDP's strategic sector plans and programs.

Thus, both the capacity for producing data from governmental administration sectors and the SEN need to be developed to respond to the needs for producing specific statistical data for monitoring and evaluation (S&A) of the SDG's and the Samoa Pathway's implementation, namely, with respect to quality, quantity, frequency, disaggregation, distribution, availability, accessibility, systematic integration of data in policies, implementation and systematization of S&A throughout public administration, and systematic use of S&A to evaluate performance and impacts.

Chapter 7. Risk Analysis: Developing economies are subject to cyclical instabilities in their economic growth process, especially Small Island Developing States (SIDS). As such, effective management of economic policies depends on understanding the nature of shocks that affect the economy and their economic interactions, as in the case of the external sector, especially for SIDS like STP, which is economically quite open and financially integrated, as a result of the existing exchange-rate regime and other national characteristics.

In terms of the NSDP, its successful implementation may be frustrated by the occurrence of these and other endogenous or exogenous risk factors, which include: socio-political instability; weak national leadership; weak mobilization of endogenous resources; a persistent shortage of capacity; an unfavorable sub-regional or international outlook; climate-related risks, and humanitarian emergencies arising from epidemic outbreaks.

INTRODUCTION

In 2012, according to data from a Household Budget Survey (IOS), poverty affected 66.2% of the population. The Government's Program notes that the slowdown in economic growth in 2017, a prevailing trend that worsened in 2018, with 2.7% growth of GDP, the country's socioeconomic situation, and the living conditions of São Toméans have all deteriorated significantly.

Furthermore, there was a deterioration in the democratic rule of law, with serious implications for individual freedoms; worsening health care; limited economic activity as a result of the energy sector's dysfunction; declines in leading macroeconomic indicators; and a drop in individual and corporate incomes caused by sudden rises in charges, fees, and the introduction of new taxes. Energy production fell to minimum levels, affecting both business activities and productivity, in general, leaving the population in the dark. The inflation rate of 6.4% in 2014 rose to 9.04% in 2018.

Seeking to reverse this situation, the Government's Program, through the National Sustainable Development Plan (NSDP) of São Tomé and Príncipe 2020-2024, identifies the main challenges to the country's sustainable, inclusive development, presents the government's vision to be implemented during the current legislature and by 2030, aligning it with international agendas, in particular, the United Nations 2030 Agenda and the SAMOA Pathway.

Concomitantly, the government describes and justifies its strategic responses, aimed at implementing a new service-based model of development, specializing in six priority economic sectors: tourism, finance, ICT, maritime, aviation, commerce, and industry.

The National Sustainable Development Plan (NSDP) of São Tomé and Príncipe for 2020-2024 is the first development plan prepared in accordance with Law No. 6/2017 of March 2017, the Basic Law of the National Planning System.

The NSDP inaugurates a new cycle and model of planning and managing national development, replacing the previous national plan (ENRP II 2012-2016) implemented and completed in 2016, incorporating gains from the experience of executing that plan and seeking to improve upon that instrument's insufficiencies and ineffectiveness.

To that end, we intend from the outset to highlight the need and the importance of implementing a program to review the NSDP, namely, its programs and projects, adjusting them to the circumstances and dynamic realities of the recipients that the plan seeks to transform. In this environment, in particular, the main objective is to adopt an instrument, a type of checklist, to review projects that actually contributed to improving the end result, and thus to guarantee quality upon implementation of the development process.

The NSDP's development is based on the Government's Program, but above all it is the first operational plan to harmonize, integrate, and implement the Vision 2030 for Transforming STP and the Transformation Agenda (TA) by 2030; the UN's 2030 Agenda and Sustainable Development Goals (SDG); and the SAMOA Pathway's Accelerated Modalities of Action.

As a planning tool for implementing the Government's Program, in both programmatic and operational terms, the NSDP focuses on four strategic paths for intervention:

- Furthering the democratic rule of law;

- Robust economic growth and accelerated jobs creation;
- Improvements to the quality of healthcare and social protection;
- Foreign policy aimed at development.

In addition, the NSDP seeks to ensure inter-generational equity through the sustainable management of natural resources, combating climate change, and eradicating poverty.

DRAFT

1. COUNTRY DIAGNOSIS

1.1. International Context

The average growth rate of the global economy slipped from 3.7% from 2007-2011, to 3.4% from 2012-2016. Global macroeconomic performance during this period was mostly due to the slowdown among the main emerging economies. Despite these constraints, advanced economies saw their economic activity improve by 0.7%. In the case of the Eurozone, in particular, it rose by 0.2%.

In 2017, the global economy grew stronger as weaknesses associated with the global financial crisis faded, experiencing its fastest growth since 2011 at more than 3%, which remained stable in 2018, according to the UN Department of Economic and Social Affairs (DESA).

Their study notes that improvements to the global economic situation offer an opportunity for countries to concentrate on creating policies aimed at addressing long-term issues. Among them, low-carbon economic growth, reducing inequalities, economic diversification, and eliminating high barriers that hinder development.¹

In contrast, global growth in 2019 is expected to fall to 2.6% in response to declines in both trade and investment that are larger than was expected at the start of the year. Growth should gradually resume in 2020 and 2021, to 2.7% and 2.8%, respectively, based on the continuation of solid global financial conditions and a modest recovery among emerging and developing economies, whose growth continues to be limited by moderate investments. Thus, risks remain solid, reflecting in part the possibility of a new escalation of trade tensions, making it essential for those economies to shore up their political reserves² and implement reforms that boost prospects for growth.³ However, emerging market and developing economies (EMDE) should experience an uptick in growth from 4% in 2019 to 4.6% in 2020-2021. This recovery is the result of the declining impact of previous financial pressures on certain large emerging and developing economies.

From 2012 to 2016, international commodity and fuel prices reversed the upward trends they had experienced from 2007 to 2011. Given the decline in the global demand for commodities, in addition to internal conflicts, the average annual growth rate in Sub-Saharan Africa shrank from 5.8% in 2007-2011 to 3.9% in 2012-2016. In 2016, it fell to just 1.4%, the lowest figure recorded since 1994.

Economic recovery in Sub-Saharan Africa is resuming, though, at a slower pace. Growth in the region is estimated to have risen from 2.6% in 2017 to 2.7% in 2018, more slowly than projected, in part due to weaknesses in Nigeria, South Africa, and Angola. The region faced a more difficult external environment in 2018 due to slower global trade, more restrictive financial conditions, and a stronger U.S. dollar.

Nigeria grew 1.9% in 2018, but oil production dropped in the middle of 2019. Non-petroleum activities also declined as a result of weak consumer demand and conflicts that disrupted agricultural production. In Angola, the region's second largest oil exporter, the economy shrank by 1.8%, given that oil production had fallen.

The South African economy expanded by 0.9% in 2018. It emerged from a technical recession in the second half of the year, in part due to greater activity in agriculture and

¹ Available at: <<http://agenciabrasil.ebc.com.br/internacional/noticia/2017-12/economia-mundial-teve-em-2017-maior-crescimento-em-seis-anos-diz-onu>>. Visited on April 10, 2019.

² In the field of international economics, political reserves refer to international capital stored by governments (euro and dollar) to cover future emergencies and economic instabilities caused by external crises.

³ Available at: <https://www.worldbank.org/pt/publication/global-economic-prospects>. Visited on October 10, 2019.

manufacturing. However, growth remained moderate, given that problems in the mining sector and weak construction activity worsened owing to political uncertainty and low business confidence.

The economies of the Central African Economic and Monetary Community (CEMAC) benefitted from a rise in oil production and higher oil prices throughout most of 2018. The economic activity in respective resource nations was robust, sustained by agricultural production and services, domestic consumption, and public investment.

Many countries in the West African Economic and Monetary Union (UEMOA) grew 6% or more, including Benin, Burkina Faso, Ivory Coast, and Senegal.⁴

Despite a weak global economy, tourism worldwide continued to expand at a stable pace. The future prospects for global tourism, including its contribution to social and economic development, are increasingly important. International tourism saw 900 million tourists travel in 2007, with US\$733 billion in revenue generated in 2006. The flow of tourists jumped 3.9% in 2016, up to 1.2 billion total arrivals worldwide.

Africa's market was one of the most dynamic, having risen 8% in 2016, with 58 million tourists, recovering from declines in the preceding two years. The fastest growth occurred in Sub-Saharan Africa, up 11%, while North Africa showed signs of recovery, growing 3% for the period.

Long-term forecasts published by the UN World Tourism Organization (UNWTO) indicate that the number of international tourists will be 1.6 billion in 2020, implying an annual growth rate of around 4%. This forecast indicates that destinations in Africa, Asia, and the Middle East will grow at above-average rates, while projections for more mature destinations in Europe and America point to below-average growth.

International tourism is thus one of the world's leading export sectors, accounting for nearly 30% of global service exports, a figure that rises to more than 50% in countries where tourism plays a more important economic role, such as on islands.⁵

1.2. National Context

1.2.1. Geography

The island of São Tomé was discovered on December 21, 1470, by two Portuguese navigators, Pedro Escobar and João de Santarém, who were financed by a rich mercantilist, João Gomes.

With an area of 1,001 km², the Democratic Republic of São Tomé and Príncipe (RDSTP) is a small island archipelago of volcanic origin, located in the Gulf of Guinea, 300 kilometers west of Gabon, and 240 km from Central Africa. With an Exclusive Economic Zone (EEZ) of 160,000 km², it is one of the smallest states in the world, and the second smallest in Africa, after the Seychelles islands. The islands comprising the archipelago are volcanic in origin, with very rugged terrain, high rainfall, and quite fertile soil.

It is the closest country to being the center of the world—the intersection point between the equator and the Greenwich meridian—at a latitude and longitude of 0.0:0.0, placing it in a prime geostrategic position, particularly in view of the new challenges that the Central African sub-region are facing.

⁴ Available at <file:///C:/Users/jose/Documents/Backup1Zema/STP.GEconomicAfricaSubsariana2019.pdf>. Visited on April 10, 2019.

⁵ Available at <<http://www.exedrajournal.com/docs/S-tur/02-Sandra-Carvao-32.pdf>>. Visited on April 11, 2019.

1.2.2. Population

Demographic Dividend: The São Toméan population is quite young and has grown considerably in recent decades. This fact could create major issues in the long run for the country's development, especially with respect to access to employment, housing, education, health care, transportation, etc. Hence, taking advantage of São Tomé and Príncipe's demographic dividend now is a strategic opportunity to materialize the aspirations and goals set in Agenda 2063 and the 2030 Agenda.

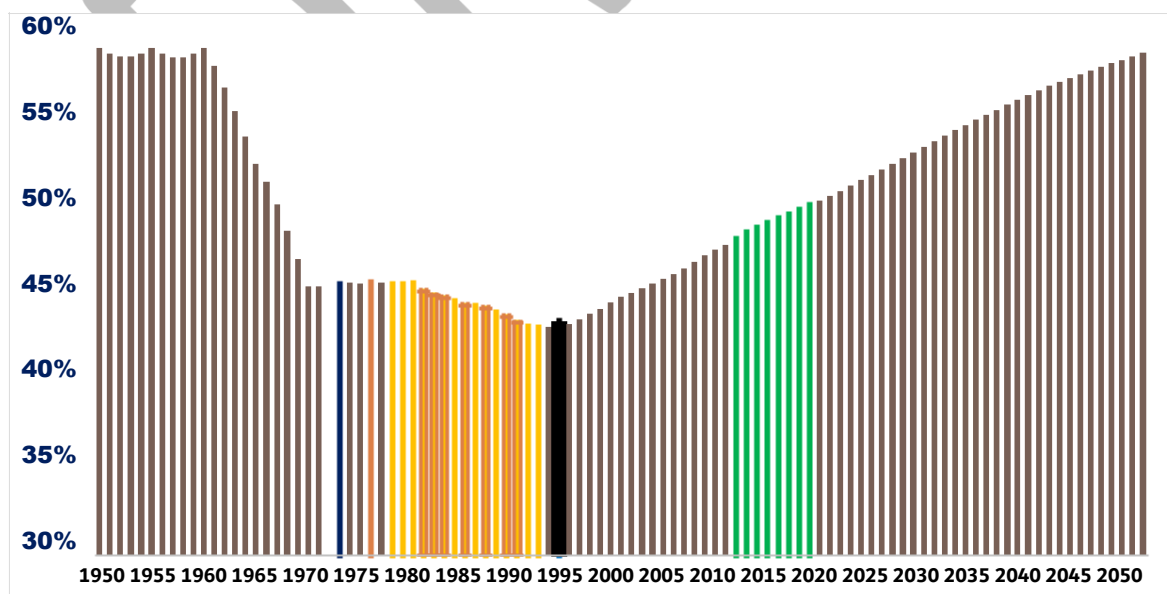
Consequently, STP must engage in transforming its enormous young population into an asset for development, making it a unique instrument for accelerating economic growth and increasing the development of human capital.

From 1975 to 1994, the country witnessed a negative change in its economic sustainability ratio, which fell from 46% in 1975 to 43% in 1994. However, 1994 also marks the year in which things changed, and the threshold of the start of growth in the economic sustainability ratio (ESR), when the demographic dividend window (or demographic opportunity window) opened for São Tomé and Príncipe. The ESR is trending upward, from 43%, to 50% in 2016; in other words, one actual producer for two actual consumers, according to the graph below.

The economic sustainability ratio measures the effect of age structure over the population's capacity to contribute to current output. ESR is calculated based on the profile of consumer spending and labor-derived income. An analysis thereof enables political decision-makers to take decisions for effective implementation of the right economic policies to boost productivity, to balance training and employment, efficiency in the health care system, and sustainability in reforms for good governance.

The country saw the window of opportunity open in 1994, likely as a result of the start of a multi-party system; the distribution of agricultural lands; the creation of private and public enterprises; the construction and remodeling of primary and secondary schools in the country; the announcement of the existence of the possibility of exploring petroleum; and certain other factors as well.

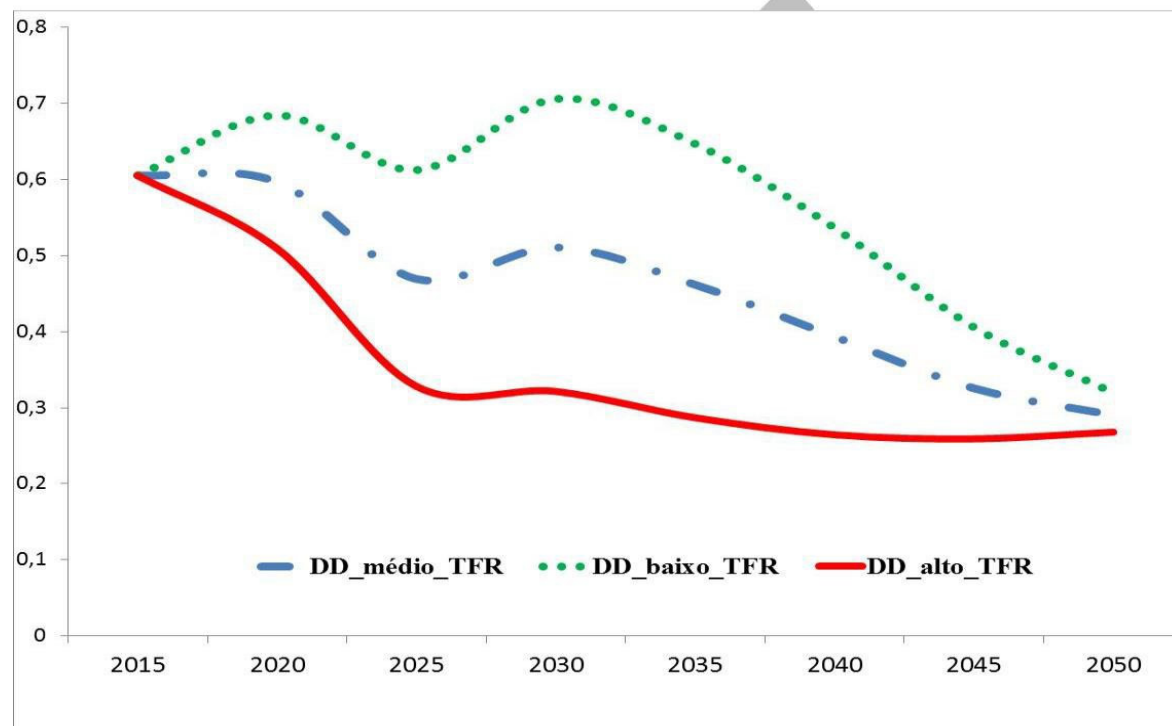
Graph 1: São Tomé and Príncipe's Economic Sustainability Ratio over Time



Source: Calculations: NTA, CREFAT 2016: demographic dividend of São Tomé and Príncipe

This graph indicates that if all the variables remain constant, the economic sustainability ratio may continue its upward trend from 2015 to 2050, the date when it would reach its ideal situation. In fact, the potentially active São Toméan population has been progressively growing in relation to the inactive population, due to the large percentage of young people in the country, thus establishing the start of the demographic bonus period. This period indicates that policy measures to create and promote jobs on a mass scale should be encouraged. Consequently, São Tomé and Príncipe should favor sustainable employment policies for young people.

Graph 2: Projected Demographic Dividend of São Tomé and Príncipe



Source: Calculations: NTA, CREFAT 2016: demographic dividend of São Tomé and Príncipe

In particular, the demographic dividend may lay the foundation for greater retirement savings, since more workers will be earning, saving, and investing their income, thus contributing to the promotion of a more dynamic, inclusive, and sustainable economy.

Therefore, taking advantage of the demographic dividend by investing in young people has the potential to result in long-lasting solutions to key issues that the challenges of development and meeting the population's needs have posed for successive administrations, and change the country's path toward a new development paradigm as part of the integration and implementation of the 2030 Agenda.

Table 1: Population Growth Projection 2012-2035

	2012	2015	2020	2025	2030	2035
Total Population	178739	189819	210240	233090	258184	284293
Dependence Ratio	0.8	0.8	0.7	0.6	0.6	0.56
Population 15-64	54.6	56.5	59.9	62.9	63.8	64.6

Source: Prepared by the authors based on a summary of demographic indicators from 2012-2035, INE.

According to official data from the National Institute of Statistics (INE), the country's total **population** rose to 194,006 inhabitants in 2015, slightly more than 50% of whom are women, with those under 25 accounting for more than 62%. The population's natural growth rate was 2.76% in 2014.

1.2.3. Politics

During the 15 years following the country's independence (1975 to 1990), São Tomé and Príncipe lived under a single-party Marxist-influenced political system whose legitimacy derived from the struggle for national independence.

According to the **Constitution of September 10, 1990**, revised in 2003 and in force since 2006, the country is now a parliamentary democracy with a semi-presidential regime in which executive power is exercised by the Prime Minister, head of state, with the President of the Republic representing the country in international relations and sharing certain authorities on matters of diplomacy and national defense.

The President is elected for a five-year term and may be re-elected once. The Prime Minister is proposed by the majority party and named by the President. Legislative power is exercised by the National Assembly, 55 of whom are members elected via universal suffrage to four-year terms.

From the advent of the multi-party system in 1991 until 2014, the prevailing political culture was one of instability, with the corollary of countless changes in administrations. On October 12, 2014, however, the country held free and transparent legislative and municipal elections which allowed the Independent Democratic Action (ADI) party to win a large majority in Parliament and for the first time govern with stability, ending one complete four-year cycle of the legislature in 2018.

Presidential elections were held in 2016, resulting in a victory for a candidate supported by the ruling party. In legislative elections held in October 2018, the ADI won a simple majority, which did not enable it to form a government, since the party receiving the second-most number of votes, the MLSTP-PSD, entered into a parliamentary agreement with a coalition of the PCD-MDFM-UDD, which made the current administration, led by the MLSTP-PSD, viable for the next four years.

Women's political participation serving terms in the National Parliament rose from 3.6% in 2006 to 18.1% in 2010. However, in the current legislature, their participation fell back to 12.72%, far from the 30% target set by the resolution adopted by the National Assembly in 2009. In the Executive Branch, only four women are members of the administration in its 13 ministries and state secretariats.

Despite the aforementioned political and governmental instability, this post-1990 political context enabled the country to speed up the pace of reforms needed to leverage its process of transformation aimed at sustainable development. However, even though São Tomé and Príncipe has made progress on its human development indicators (HDI), its vulnerabilities to external shocks, its heavy reliance on official development aid, and the weakness of its environment and economic fabric, are all serious threats to its status as a middle-income country.

Thus, striving to take control over the country's development risks, in 2014 the government joined the G7+, an association of “fragile states” that approved a *New Deal* as a commitment for those countries to build peaceful nations, to work toward eradicating poverty, and to promote sustainable development.

In terms of democratic governance, the trend is globally positive, but civic inclusion and participation, especially by women, need to improve and become more widespread. According to the Mo Ibrahim Index, which evaluates governance in Africa, in 2015, the Democratic Republic of São Tomé and Príncipe was ranked 13th out of 54 countries on the continent. Nonetheless, STP improved its ranking to 12th, as the second most highly ranked Portuguese-speaking country, according to the 2018 Mo Ibrahim index. With respect to Transparency International's corruption perception index, STP was ranked 66th out of 174 countries in 2015. In 2018, the country moved up to 64th out of 183 countries, with a score of 46.

Administratively, STP is divided into two territorial administrations corresponding to the two main islands: São Tomé and Príncipe, with the latter having the status of an autonomous region. The island of São Tomé has an area of 850 km² divided into six districts: Caué, Lembá, Lobata, Mé-Zóchi, Água Grande, and Cantagalo, home to more than 90% of the country's total population and a population density that exceeds the national estimated density of 197.70 inhabitants/km², in 2018,

The island of Príncipe has 142 km² of area and a population of about 7,000 inhabitants, less than 10% of the country's total. The Autonomous Region of Príncipe (RAP) consists of a single district called Pagué; a single urban center, the city of Santo António; and a regional assembly and government elected to four-year terms.

It is important to note the political will that exists to implement and further the process of politically and administratively decentralizing the country. However, that reform has been put off in the face of the challenges posed by a scarcity of resources, namely, financial, technical, and human ones, in both quality and quantity.

In terms of reforming public administration, one of the administration's big challenges is taking and implementing measures aimed at improving electronic governance, especially strengthening the government's transparency and efficacy at both the local and national level. However, the ambition of moving to electronic governance requires that the country meet a few fundamental prerequisites, such as:

- Adopting a strategic framework and a financial mechanism that enable the transition to be outlined coherently and consistently;
- Adapting the legal environment, namely on matters of regulating electronic transactions and signatures, cybercrime, and protection of private and other types of data;
- Improving infrastructure, enabling access to electronic communication networks (telecommunications, computer equipment) throughout the country and at reasonable prices;
- Adopting a policy for harmonization and synergy among the various computer systems of the administrations, hence the need for interoperability to be developed;
- Developing a device for infrastructure and electronic network security;
- Evaluating the skills of civil servants and citizens and training them as necessary to use information and communication technologies (UNDAF 2017-2021).

1.2.4. Social Situation and Profile of Poverty

The country's population still suffers greatly from being a limited domestic island market, with weak purchasing power and insufficient diversification of the economy. The public sector is the leading economic actor, accounting for more than 80% of capital formation and GDP. The government's limited capacity to mobilize internal resources has created an obstacle to providing services, while low wages have encouraged the best personnel to seek well-paid jobs outside of the public sector, and even outside of the country. Unemployment, estimated at around 13.6%, mostly affects young people and women. On the other hand, the government continues to guarantee free, universal, primary education, basic health care, and the right to social security benefits.

São Tomé and Príncipe is ranked above average for Sub-Saharan Africa on the Human Development Index (HDI) and has made progress in improving other social indicators. Even though STP is 143rd out of 187 countries on the HDI, its index has positively changed at an average annual rate of 0.68%.

Gross schooling in primary education is 118%, with 114% the gross rate of schooling for girls, and 122% the gross rate of schooling for boys, according to the MECCC Statistical Bulletin of 2017. Life expectancy is 68.6 years for women and 64.5 years for men, according to the UNDP Human Development Report of 2017. The infant mortality rate for children under five years old is 51 out of 1,000 live births.

According to the Third National Report on the Millennium Development Goals, STP had accomplished at least three of the eight MDGs:

- Universal Primary Education, with a net schooling rate of 98% in 2015, versus 80% in 1990;
- Reduction of infant mortality to 38 per 1,000 live births in 2015 versus 89 per 1,000 live births in 1990;
- Reduction of the maternal mortality rate of 76 per 100,000 births in 2015 versus 151.3 per 100,000 live births in 2005.

The report also points out that the trend toward MDG 6 is likewise positive, with an HIV/AIDS prevalence rate of 0.5% in 2015 versus 1.5% in 2009, as well as zero deaths from malaria in 2014 on the entire island of São Tomé, with the island of Príncipe in the process of eradicating it (UNDAF 2017-2021).

Household Budget Surveys (IOF, 2010) reveal that since 2001, leading poverty indicators have remained high nationally, at the district level, and in the Autonomous Region of Príncipe. Said survey shows that 66.2% of the São Toméan population is poor; poverty mostly affects households run by women, 71.3%, versus 63.4% of men; and it affects rural populations more, which is the main cause of the rural exodus.

Table 2: Poverty Ratio by Sex and District

	Poverty Ratio		
	Men	Women	Total
Água Grande	65.8	71.7	68.3
Mé-Zochi	52.2	63.9	56.6
Cantagalo	65.4	67.0	65.9
Caué	84.7	83.7	84.5
Lemba	72.2	77.4	73.7
Lobata	59.9	83.2	67.8
Príncipe	68.6	77.7	71.4
Total	63.4	71.3	66.2

Source: IOF 2010, INE STP

The latest update of the **Poverty Profile**, published in December 2012 by the United Nations Development Program (UNDP) and the INE,⁶ reveals that key poverty indicators remain high and sets the threshold for absolute poverty at an expense of less than STD 30,071 per person, per day (IOF, 2010).⁷ In addition, poverty appears negatively correlated with education levels; strongly correlated with one's employment status; much less predominant among the actively employed than among the inactive and unemployed, who make up the poorest socioeconomic group. The average size of poor families is 5.3 individuals, while non-poor families are made up of 3.3 people.

The analysis of **inequality indices** showed that the poorest 20% earned only 7.9% of all national income, while the richest 20% earned 41% of that income.

The main barrier to female participation in decision-making was shown to be the heavy burden of domestic tasks that women must bear, especially among the economically unfavored population.

In terms of jobs, the national **unemployment rate** is at 13.6%, affecting women (19.7%) more than men (9.3%) (CENSUS, 2012). That high unemployment rate, along with a 9.04% inflation rate in 2018, was a factor in the imbalance and deterioration of household purchasing power, and consequent worsening of the poverty index.

According to data from the OIF (2010), unemployment was also more pronounced among young women, aged 15 to 24, at 25.3%, than among young men in that same age range, at 21.4%. Unemployment was highest (32.7%) among individuals under 24, and 60% of all jobless people were younger than 34, meaning that this phenomenon mostly affects young people.

Women account for the majority of informal workers, mostly in commerce and services. As such, they are the most exposed to precarious poorly paying jobs, without social protection (UNDAF 2017-2021), while men are likely to be employed as salaried workers in the public or private sector. Consequently, women's access to the labor market is limited, making them the largest segment of the economically inactive population.

In terms of the **minimum monthly wage**, which is equal to roughly US\$45, 30.1% of income received by workers gets paid at rates below that minimum, with 44.5% for women and

⁶ Prepared based on the survey of household living conditions (IOF, 2010), the most recent benchmark survey.

⁷ New approach based on the cost of basic needs (CBE), which are vital food and non-food items.

20.8% for men. The vulnerable employment rate is estimated at 40.1%, with a greater incidence among women (50.8%) than men (33.5%) (IOF, 2010).

In 2014, the country reached its goal of **universal schooling** for children of both sexes, with a net primary schooling rate of 97.9%. However, the quality of basic education is quite modest, with a failure rate of 12% in 2010, and 57.5% of teaching faculty made up of non-professionals.

At the **secondary education** level, the inability to retain students is alarming. According to data from 2011, of the 86% of young people who begin, only 15.2% reach their final year of school. The gross schooling rate in secondary education is 89% for boys and 101% for girls, according to MECCC data from 2017. This rate in São Tomé and Príncipe is slightly higher for girls at this education level. Nonetheless, these rates during the second year of secondary education fall for both boys (58%) and girls (71%).

Technical and professional education barely exists and only reaches 2% of young people who drop out of conventional schooling (data from 2011). This major limitation on admission capabilities goes for higher education as well, made worse by inadequate training for the labor market's needs, a predominance of private institutions, and the relatively high cost of public higher learning, equal to 45% of the education sector's current spending in 2010. The 2010 IOF estimated that only 6% of the population had secondary or higher education levels; the literacy rate among people 15 years or older was 87.7%, with 93.8% of men and 82.1% of women.

The percentage of the population aged 15 to 24 who were neither in the education system nor employed is estimated at 29.1%, with 45.8% of women and 18% of men, reflecting the difficult situation in which this part of the population lives, especially young women (IOF, 2010).

The **early childbearing** rate in STP is very high, with adolescent pregnancies at 37.5%; in other words, more than one-third of teenagers nationwide have children, according to a Demographic and Health Survey conducted in 2008-2009. In the districts of Água Grande and Lembá, cumulative early childbearing exceeds more than half of girls aged 12 to 18.

The information on **violence against women** is limited in STP, but there is some evidence that the most common form in the country is domestic physical violence, with the victims frequently being women and children. It is important to note that, although the law protects all citizens against any type of violence, enforcement is weak, given the limited capacity of the police forces in terms of training, equipment, and facilities (vehicles, radios, etc.). Moreover, male-dominant cultural behavior is frequently cited as the underlying cause that explains this type of violence. It is built socio-culturally through tastes, attitudes, and bans, and it is further cultivated and encouraged within the contemporary São Toméan family.

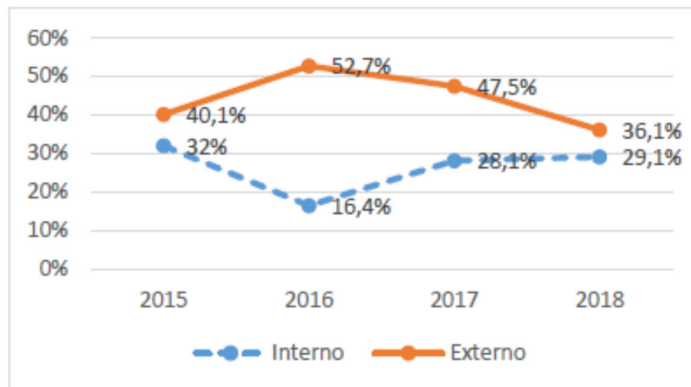
According to data from 2016, 95% of the population had access to clean water, with 47% using the water distribution network, and nearly 45% on a basic sanitation system. That same year, 81% of the country was connected to the public electricity grid.

In terms of **access to electricity and water**, considerable progress has been made in recent years through the government's efforts, with the support of development partners. Thus, the number of customers of the Water and Electricity Company (EMAE) doubled in the past 10 years, from 21,544 to 40,775. More than 80% of the São Toméan population is estimated to have access to power now, with 97% of the population having access to a better source of water.

São Tomé and Príncipe's HDI over a 10-year period rose from 0.52 in 2006 to 0.56 in 2016, demonstrating the positive impact of various public policies aimed at the population's quality of life. Likewise, the incidence of malaria has fallen significantly over that 10-year period, from 48.0 to 11.6, in 2016.

With respect to social spending in terms of expenses as a percentage of GDP and as a percentage of the General State Budget (GSB), domestically funded spending has been gradually declining in recent years, while foreign-financing for spending has been on the rise, as can be seen in the table below:

Graph 3: Weight of Domestic and Foreign Funding allocated to Poverty Programs



Source: SAFE and OGE

In 2015, the weight of domestic funding allocated by the government to poverty programs was 32%, while foreign funding was 40.1%. In 2018, both domestic (29.1%) and foreign (36.1%) funding declined.

Source: INE

São Tomé and Príncipe has a well-structured **social security system** that provides civil servants, salaried private-sector workers, and the self-employed with a certain level of health care, education, and social assistance, assured by tax funding. Introduced in 2004, this system has been dealing with a major challenge in terms of stability, owing to uncertainties about both its private and public financing.

The country is expected to continue improving its labor code to get it up to the level required for a more flexible labor market, better adapted to a world with nonstop technological change. A labor court needs to be set up in the country in order to offer better guarantees and faster responses in resolving labor disputes. In addition, regulatory frameworks need to be created for protection and to combat child labor.

Gender inequality and disparities: Gender issues are laid out in development plans and strategies, including the National Poverty Reduction Strategy II 2012-2016. Since 2007, the government has had a National Strategy for Gender Equality and Equity (ENIEG), and it created a National Institute for the Promotion of Gender Equality and Equity (INPG) to implement this strategy. However, the objectives, results, and targets set have not translated into political measures or specific programs that might actually attenuate the disparities between the sexes.

More than 50% of the country's population is female, and one-third of households are headed by women, single mothers, or women living with a companion in an "open union". Women's participation in Parliament, the government, and diplomatic missions, in the decision-

making bodies of political parties, and in the management of companies remains insignificant, given their share of the population, their education levels, and their contributions to the economy.

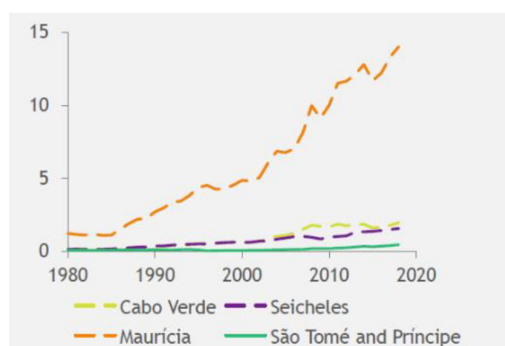
1.2.5. Economy

The São Toméan economy, like those of most Small Island Developing States (SIDS), is heavily penalized by the country's fragmented isolation, scarcity of natural resources, and low absorption capacity. Hence, the country is highly vulnerable to exogenous shocks and dependent upon Official Development Assistance (ODA), which funds more than 90% of investment spending, on average 93.6% from 2012 to 2015, and 97.3% of the General State Budget of 2019.

Graph 4: STP's Dependence on Official Development Assistance

STP's economic growth is very limited, and the country depends on external assistance

GDP (US\$ billions)



97%
GSB donations

Dependence on foreign aid is extremely high

Source: World Economic Outlook (April 2019), IMF; GSB 2019; Interviews

Source: *BCG-Boston Consulting Group*

The economic sector is still vulnerable and highly concentrated, consisting essentially of cocoa production and export, which accounts for roughly 90% of total revenue from exports and thus constitutes the country's main source of capital inflows.

The service sector is the most dynamic and creates the most jobs, though not enough to address the growing demand for employment. According to official data, commerce makes up the most significant part of the country's Gross Domestic Product (GDP), with the private sector playing its biggest role in this sector.

Tourism is the main component of service exports and its contribution as a source of capital inflows exceeds that of product exports. However, tourism's contribution to GDP remains deficient, despite the country's natural potential and cultural diversity.

The highly informal third sector accounts for around 60% of GDP, employing 60% of the active population, while the primary and secondary sectors each contribute about 20% of GDP, according to the latest data.

The foreign vulnerability of São Tomé's economy is the result of a combination of several factors, such as:

- High foreign public debt (US\$270 million, which corresponds to 63% of GDP, in 2018),⁸ and the high risk of its sustainability;
- A limited base of exports concentrated among very few agricultural products. Cocoa, the main export, has been declining considerably;
- Dependence on Foreign Direct Investment (FDI), foreign aid, and loans;
- Being very open to global markets, essentially because of a high rate of imports.

ODA was up and down from 2010 to 2014. In 2011, the country received an estimated US\$ 72.4 million in aid. After falling in 2012, it rose slightly to US\$ 52 million in 2013, and then declined again to US\$ 38.6 million in 2014.

Table 3: Type of Aid Disbursed 2011-2016, in millions of dollars

Year	2011	2012	2013	2014	2015	2016
ODA	91,102,754	63,545,047	53,267,810	66,617,527	92,020,461	70,262,494
Donations	44,136,788	40,759,571	40,089,857	49,023,374	56,593,125	60,474,275
Credit	46,965,967	22,785,476	13,177,953	17,594,152	35,427,337	9,788,218

Source: Directorate of Planning

São Tomé and Príncipe successfully reached the **Debt Reduction Program Completion Point** for countries that belong to the HIPC in 2007,⁹ a condition for the São Toméan authorities to put policies in place, with the support of their development partners, aimed at stabilizing the macroeconomic framework and promoting equitable growth while reducing poverty. These policies accomplished good results and enabled the country to graduate from the group of least developed countries, with per capita income of US\$ 2,026.97 (INE, 2018). During that same period, GDP was US\$ 422 million.¹⁰

With respect to implementing the IMF's Extended Credit Facility (ECF) agreement with São Tomé and Príncipe, after having missed its targets at the end of 2016, the government adopted corrective measures and met all five of the performance criteria by the end of June 2017. It terminated an IMF funding program at the end of 2018 worth US\$ 6.2 million, which covered the period from 2015 to 2018. However, in 2019, the IMF determined that the São Toméan public debt was out of control, having reached such a serious level that it required implementation of three very difficult and urgent measures. According to the IMF, the solution for controlling the country's public debt entails: (i) increasing tax revenue to cover spending; (ii) cutting fuel subsidies; and (iii) balancing the accounts of the Water and Electricity Company (EMAE), whose revenue only covered 50% of supply, with both technical and commercial losses (stolen power and water) making the situation worse. The country's indebtedness at this time is 90% of GDP.

From 2012 to 2016, growth was relatively strong, with an average annual rate of 4.2%, supported mainly by an increase in foreign direct investment, the launch of new donor-funded projects, and improvements to tax revenue and tourism revenue. However, in 2017, the São

⁸ In December 2017, this indicator was US\$ 292.2 million, equal to 71% of GDP. Available at: <http://www.bcstp.st/Banco-Central-STome-Principe?y=er3XsfhwD%2Bbaw7zrGqewmQ==>. Visited on September 19, 2019.

⁹ Debt Relief under the Heavily Indebted Poor Countries Initiative (HIPC).

¹⁰ Available at: <https://data.worldbank.org/country/sao-tome-and-principe?locale=pt>. Visited on October 17, 2019.

Toméan economy grew 3.9%, and 2.7% in 2018. The national economy's poorer performance in relation to 2016 was due to difficulties in raising foreign funds to implement investment programs. Public investment fell from 15.5% of GDP in 2015 to 10.1% in 2017, while current spending fell from 18.2% of GDP to 16.2%, during that same period.

In terms of the **business environment**, São Tomé and Príncipe was 166th out of 183 countries, according to *Doing Business* 2016. Also according to *Doing Business* 2019, STP fell to 170th out of 190 countries, with its ease-of-doing-business score at 45.14.¹¹

Economic growth trended upward, with a 4% average rate of GDP growth was from 2010 to 2014, and 4.2% in 2016. The IMF's projections pointed to GDP growth varying from 5% to 9% from 2015 to 2020, which has already been upended by this indicator's downward trend to 3.9% in 2017, and 2.7% in 2018, respectively.

With the implementation of the **Economic Cooperation Agreement** between Portugal and São Tomé and Príncipe in 2010, which supports fixed exchange rate parity between the local currency and the euro, inflation has been progressively brought under control, having fallen from 13% in 2010 to 6.4% in 2014, and 3.96% in 2015, its lowest level yet. However, 2016 saw this trend reversed, with significant continuous increases in inflation to 5.12%, 7.69%, and 9.04% for 2016, 2017, and 2018, respectively, running counter to the IMF's projections for that period.

Efforts to improve **tax revenue** and to control public spending shrunk the **overall deficit** from 11% of GDP in 2012 to less than 3% in 2016.

However, the limited diversification of the São Toméan economy and high sensitivity to the global demand for and price of cocoa, its leading export, have meant that the **current account balance** is structurally at a deficit, with the exception of official transfers, even though it has been progressively improving since 2012. Hence, it went from 39.4% of GDP in 2012 to 36.6% in 2014, followed by 25.2% in 2015, and 20.5% in 2016.

Capital expenditures, limited by structural weaknesses in the capacity to mobilize and absorb funding, were 12.2% of GDP on average from 2012 to 2016.

Foreign direct investments (FDI), which fell considerably after reaching record levels in 2008 and 2010 (US\$ 79 million and US\$ 51 million, respectively), recovered somewhat, rising from US\$ 11.3 million in 2013 to US\$ 23.2 million in 2014, then US\$ 25.9 million in 2015, and US\$ 21.2 million in 2016, US\$ 34.2 million in 2017, and finally, US\$ 30.8 million in 2018.

The net present value of the country's **foreign debt** rose from 30.7% of GDP in 2012 to nearly 40% in 2015. Though, it slid back to 36.2% in 2016, according to estimates from the Ministry of Finance and the IMF. At the same time, the debt service dropped from 9.5% of exported goods and non-factor services in 2013 to 5% in 2014, followed by 3.8% in 2015, and

¹¹ Available at: <<https://www.doingbusiness.org/en/rankings>>. Visited on September 19, 2019.

3.2% in 2016. In September 2016, the nominal **stock of external debt** accounted for 80.7% of GDP, whereas in 2014 it was 72.5%.

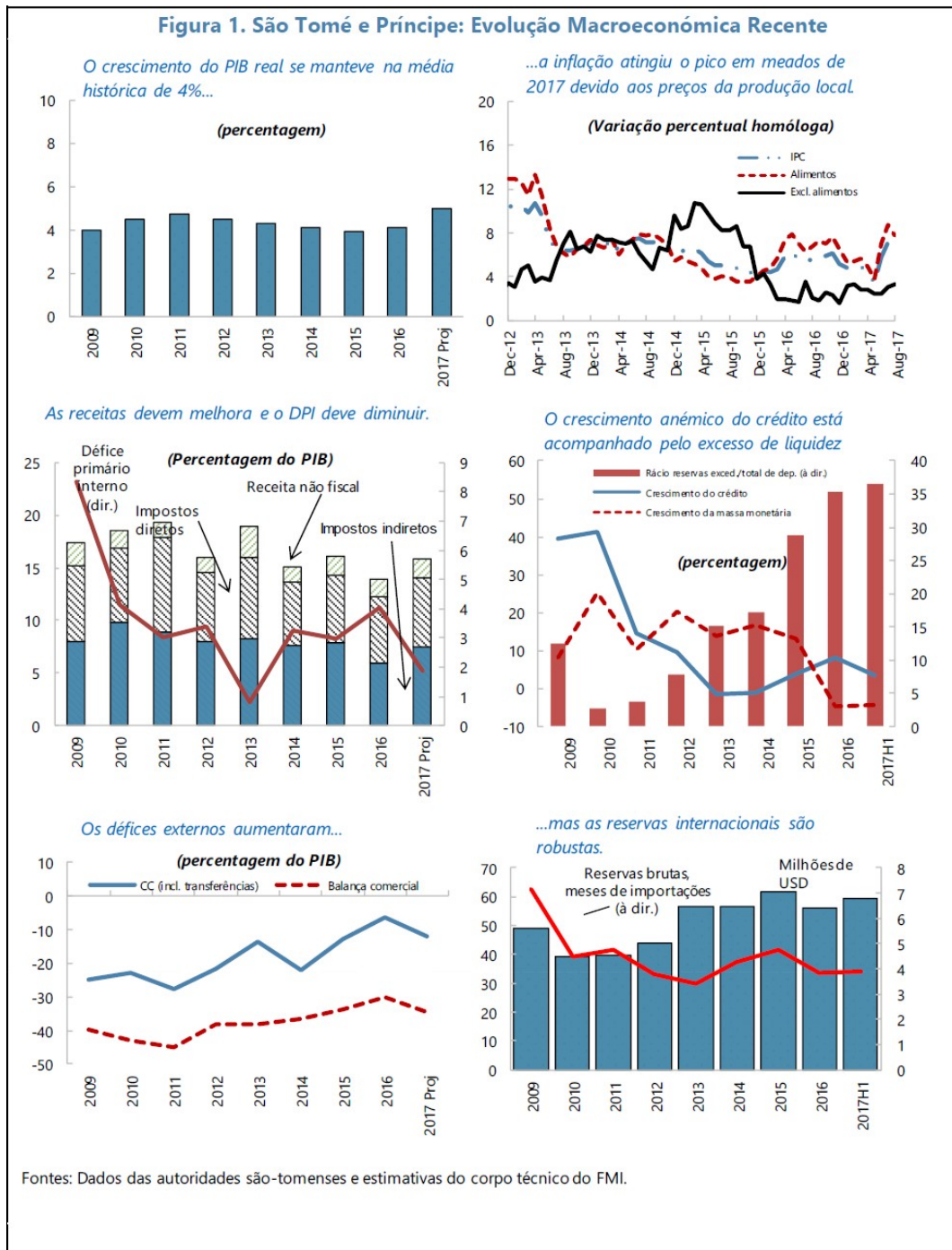
In September 2018, **public debt** valued at the exchange rate at that time was around US\$ 309 million, which amounted to a 5.7% increase over the total from the same period in 2017. In terms of structure, 84.6% of the government's debt is foreign, while domestic debt accounts for 15.4% (BCSTP, 2018).

Gross foreign exchange reserves, though relatively modest, rose steadily from the equivalent of 3.4 months of imported goods and non-factor services in 2013 to 3.9 months in 2014, then up to 5.2 months in 2015, before settling in at 4.2 months in 2016. Net foreign reserves were US\$ 46.53 million in December 2017, but fell precipitously in September 2018 to US\$ 34.26 million.

However, according to the Central Bank, in June 2019, gross foreign reserves were at US\$ 70.3 million, which amounts to increases of 11.2% and 1%, respectively, in relation to December 2018 and the preceding month. Consequently, net foreign reserves (NFR) rose to US\$ 40.3 million, as a result of US\$ 3.4 million in funding arriving from the European Union. This result boosted NFR by 3.6% for the month and 41.1% in relation to December 2018.

The table below shows the change in key macroeconomic indicators from the implementation period of the National Poverty Reduction Strategy II (ENRP) until 2017.

Graph 5: Change in Key Macroeconomic Indicators



Source: IMF

1.3. São Tomé and Príncipe in the Context of SIDS

Small Island Developing States (SIDS) are a set of 38 countries that are members of the United Nations, located in the Caribbean, Pacific/Atlantic/Indian Oceans, and Mediterranean and South China Seas.

The United Nations Department for Economic and Social Affairs (UNDESA) currently recognizes 51 small developing states and island territories in monitoring the sustainable development of SIDS; that is, in addition to the 38 countries mentioned above, it monitors another 13 non-UN territories that belong to regional commissions.

Although SIDS differ in terms of the territorial and population sizes, as well as their political orientations, their fundamentally similar trait is being vulnerable island and archipelagic territories. Consequently, they continue to be a special case for sustainable development in light of the unique, specific vulnerabilities that limit their ability to meet objectives in the three dimensions of sustainable development: economic, social, and environmental.

Along with their small populations and territories, they are relatively isolated or have remote locations; small domestic markets; limited resources and bases for export; susceptibility to external economic shocks; vulnerability to environmental threats and the effects of climate change; exposure to frequent natural disasters caused by external natural phenomena; a scarcity of natural resources; excessive dependence on foreign trade; a lack of economies of scale; and high costs of transportation infrastructure and administration.

However, this acknowledgement of constraints and challenges specific to SIDS' development must be coherent and consistent with the circumstance that, for those few countries that are able to overcome these challenges, both ownership and leadership of the process at the national, regional, and local levels are crucial in those respective SIDS; and active, committed, international cooperation is indispensable for their sustainable development.

The conditions and vulnerabilities require extra effort, namely in terms of investment in infrastructure, communications, transport, energy, water, and sanitation. In addition, the decision-making capacity of existing institutions must be equally developed and strengthened.

In the specific case of São Tomé and Príncipe, development is one of the biggest challenges that the country faces. It requires double-digit GDP growth, or else the São Toméan economy will never reach the level of the more dynamic and developed small island state economies, with the promotion of faster, more sustainable, inclusive, and resilient growth, within the framework of implementing the 2030 Agenda and respective SDGs. That can only be achieved through a broad alliance of people, governments, civil society, and the private sector working together so that the country is able to reach the future it desires for both present and future generations.

Table 4: Comparison of HDI and GDP p.c. of STP with medium to high-level SIDS

COUNTRY	GDP p.c.	HDI	Development Level
São Tomé and Príncipe	US\$ 1.715 (est. 2016)	0,574 (UNDP, 2015)	Medium
Cabo Verde	US\$ 6.940 (est. 2018)	0,654 (UNDP, 2017)	Medium
Mauritius	US\$ 18.950 (est. 2018)	0,790 (UNDP, 2017)	High
Seychelles	US\$ 27.640 (est. 2016)	0,772 (UNDP, 2014)	High
Singapore	US\$ 90.500 (2017)	0,932 (UNDP, 2017)	Very High
Cyprus	US\$ 23.352 (est. 2016)	0,869 (UNDP, 2017)	High
Barbados	US\$ 16.500 (est. 2018)	0,800 (UNDP, 2017)	High
Malta	US\$ 33.215 (est. 2014)	0,839 (UNDP, 2014)	High
Trinidad and Tobago	US\$ 32.520 (2017)	0,784 (UNDP, 2017)	High
Bahamas	US\$ 25.175 (est. 2018)	0,807 (UNDP, 2017)	High
St. Kitts and Neves	US\$ 23.240 (est. 2014)	0,752 (UNDP, 2014)	High

Source: Prepared by author based on <https://www.suapesquisa.com/paises/>

The country has its own vulnerabilities arising from its limited population and market, the high cost of international transport, limited diversification of its economic activity, concentration of exports on a single product (cocoa), and dependence on imports.

In addition, this situation is aggravated by STP's limited capacity for planning and management in its public administration at the central, regional, and local levels; weak institutional capacity for managing and using available resources; weak qualification of its human resources made worse by brain drain; no overall strategy for development associated with the deficient application of foreign aid in creating and modernizing infrastructure, and a technical inability to create a favorable environment for private sector investment.

2. STRATEGIC FRAMEWORK FOR THE SUSTAINABLE DEVELOPMENT OF STP

2.1. Major Challenges

As a Small Island Developing State (SIDS) and candidate for graduation to being a low-medium income economy, São Tomé and Príncipe's biggest challenges are building an economy that has a high level of sustainable, inclusive, economic growth, focused on overcoming key issues, structural vulnerabilities, limited economic diversification, weak labor competitiveness, external dependence, unemployment, poverty, gender inequalities and income distribution, recurrent political and governmental instability; weak, inefficient, and ineffective central, regional, and local public institutions; few opportunities for emigration, and a consequent decline in emigrant remittances.

2.2. Political and Governmental Instability

Despite the substantial progress made by establishing a democratic political system over the past few years, there is still a lot to do in terms of good governance in the country. Constant political/governmental instability has contributed to hindering its development process. As such, consensus must be reached in relation to this major challenge, considering that the assurance of governmental stability is an essential factor in promoting the sustainable development of this archipelago and the wellbeing of its population.

The slow pace of implementing the decentralization process is tied to the existence of municipalities that do not have the political or technical skills, much less the financial means, necessary to provide effective services to local communities.

Rural areas continue to face exclusion challenges at all levels, including access to sanitation, potable water, schools, and hospitals. Decentralization, with respect to decision-making, lacks evidence, in particular, in terms of transferring greater autonomy to members of district and regional governments. The general perception is that the São Toméan political class is still reluctant to adopt political measures aimed at a broad, profound reform and modernization of central, local, and regional public administration.

In addition, the budget for rural areas remains insufficient in light of current needs and the needs of a young, upwardly mobile population. However, the authorities are making strides through efforts aimed at improving living conditions in the field, with the following measures: support for underserved families experiencing extreme poverty; a school meals program; a vaccination program; and an increase in the General State Budget of the funding allocated for the social sector.

Weaknesses in the enforcement of anti-corruption measures have made that phenomena even more rampant. One of the key indicators of democracy and good governance is the degree of organized civic participation in the process of making decisions that affect citizens' living conditions, and the ability of public authorities to render accounts on managing the resources that the population has entrusted to them.

Accountability of government services refers to the idea of being held accountable, that is, having control and oversight of civil servants. Therefore, it should be understood as a matter of democracy and should accompany progress on democratic values like equality, human dignity, participation, and representativeness. Hence, the more advance the democratic stage, the greater interest there is in accountability.

Inefficiency and ineffective governmental action at the national and local levels prevent adequate monitoring of administrative practices and the quality of resolving conflicts of interests among parastatal enterprises.

It is understood that the current governmental model seeks and proposes to make its actions more transparent in governmental practices and rendering public services. To do so, there must be better quality in the government's relations with society, companies, civil society organizations, and citizens in general.

In terms of health care, there are not enough health professionals, doctors, nurses, or midwives, owing to a shortage of training, worsened by the brain drain to Angola, Mozambique, and Portugal. This phenomena can be explained by the fact that neither salaries nor social conditions in the country are very attractive. The brain drain has a direct consequence on creating a vicious cycle in which there is an ongoing deterioration of economic conditions in general, and professional qualification of the rest of the population that remains in the country, in particular.

There are no specialist physicians in many districts. Across São Tomé, there are too few domestic specialist physicians, so Cuban and Chinese medical experts have had to be brought in to work at the Central Hospital of São Tomé. This situation explains the challenges that the country is facing with respect to health care.

Despite that reality, progress has been made in the battle against malaria and HIV/AIDS, in improving maternal health, and in the fields of family planning and infant survival rates, with significant access to a vaccination program.

However, authorities need to focus on the quality of education at all levels in order for training to align with the labor market. The development and strengthening of national capacities at all levels is a critical challenge for the country's leaders.

Weaknesses in public-administration capabilities have impacted the quality of policies formulated for economic, social, and environmental development, slowing its pace and execution, inhibiting monitoring and evaluation, which negatively affects the business environment. The challenge is to put into motion a sustainable process to strengthen capacities, centered on improving human resource management, training and developing human resources, improving work methods and processes, along with working conditions.

This weakness is even more pronounced in the production of disaggregated administrative data and the cross-sector integration of gender into sector plans, programs, and policies. Given that reliable, timely data and information that are both available and disaggregated are essential to the process of planning and managing sustainable development, the national agencies that produce and use statistical data deserve special attention.

The striking deficiencies in terms of infrastructure limit the country's potential growth and trade. Estimates of transport costs in São Tomé are 30% to 40% higher than those in Libreville, in Gabon. Transport and communication costs are burdensome owing to the country's limitations with respect to connectivity and accessibility. As an island nation, the country depends solely on aerial and maritime means for the circulation of goods and people and Information and Communication Technologies (ICT) for digital connectivity. Most infrastructure programs in large part are funded by foreign aid, owing to the government's limited capacity to mobilize sufficient funding domestically.

Therefore, STP faces an array of challenges, notably a high unemployment rate, under-trained public administration, excessive bureaucracy, insufficient training of its human resources, major imbalances and social/territorial asymmetries, an unfavorable image for attracting direct private investment from abroad, persistent political/governmental instability, no unified strategic vision for development, a recurrent dispersion of scarce resources, a very tiny market, insufficient socioeconomic infrastructure, the private sector's limited capacity, among other factors.

The World Bank (2018) has also highlighted the long-term challenge for São Tomé and

Príncipe of passing ambitious plans for achievable actions that will make the economy more dynamic.¹² It also notes that the lack of current data on poverty undermines efforts made to reduce poverty in the country. Data from the latest household survey were collected back in 2010.

2.3. Vulnerability and Resilience

São Tomé and Príncipe faces natural vulnerabilities related to its volcanic origins, its island and archipelagic nature, and its lack of mineral resources. In addition, its small territorial, demographic, and economic size; its isolation from the African continent and major international financial and commercial hubs; and its tiny, fragmented, domestic market are all characteristics that limit its true possibilities for development. Consequently, its vulnerability to external shocks is an aggravating circumstance, along with the trap resulting from the fact that the economy's performance, evaluated based on national income, generally obscures the country's economic vulnerability.

Therefore, São Tomé and Príncipe will have to come up with innovative strategies and human, technological, financial, and organizational ways to attenuate and overcome the impact of its structural vulnerabilities, building sustainable resilience within the framework of implementation of the 2030 Agenda and the SAMOA Pathway:

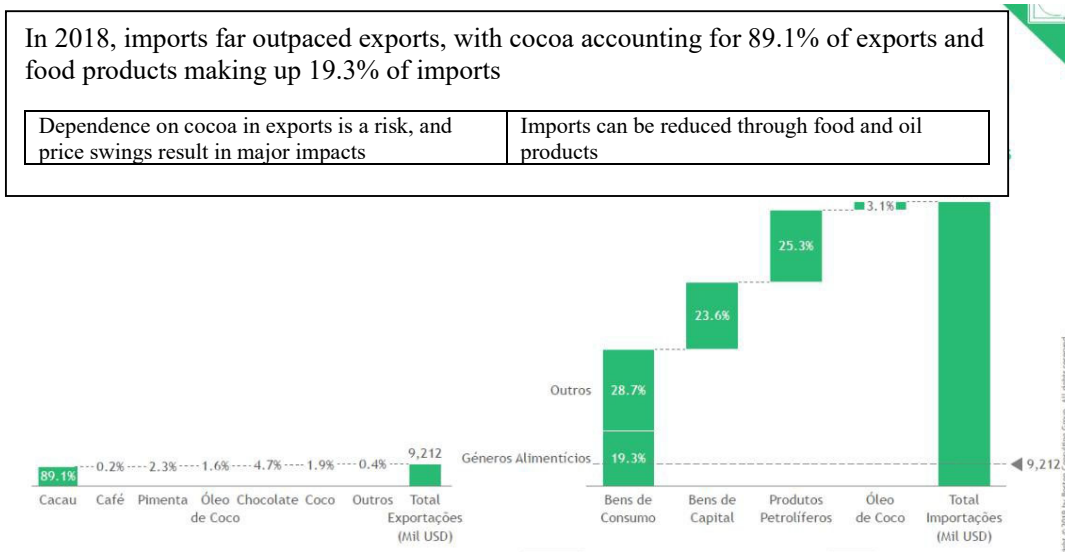
Agricultural Production: São Tomé and Príncipe benefits from its exceptional geographic situation, favorable climate conditions, volcanic lands, fertile soil, and pleasant temperatures for producing cocoa and other products. However, STP imports nearly 20% of the food that its population requires. The rural exodus, abandonment of farmlands, prevalence of traditional and subsistence (agricultural) cultural practices, absence of or deficient technical support for farmers, lack of a credit system and other incentives aimed at encouraging the development of family farming and small agribusiness, have all contributed to the sector's poor performance and the increase in food and nutritional insecurity, which is one of the leading aspects of poverty in the country, and in rural areas, in particular.

Exports of Goods: São Tomé and Príncipe's exports are limited to very few products, only covering around 7.2% of imports.

Imports: Local production is small, which makes São Tomé and Príncipe dependent upon imports to meet most of its internal demand. Dependence is particularly high with respect to strategic goods, such as energy and food products.

¹² Available at: <https://www.worldbank.org/pt/country/saotome/overview>. Visited on October 15, 2019.

Graph 6: Comparison of the Country's Imports and Exports in 2018



Source: BCG-Boston Consulting Group

High cost of domestic and international transport: The cost of STP's isolation is a considerable obstacle to its development. According to a study by the AfDB (2010), additional costs created by isolation are estimated at around US\$ 24.5 million a year, equal to 14% of GDP. Four percent are directly related to maritime-based import and export conditions; 3% to air transport of passengers; 4.5% to energy; and another 2.5% to telecommunications.

The report highlights the fact that these additional costs are even more burdensome for the island of Príncipe, which suffers from double isolation, evident in its terrible infrastructure, difficulty in gaining access to budget funds and foreign aid, with a negative impact on the cost of living. However, even though they are high, the costs of isolation can be lowered quite a bit through the right strategic economic policies, especially ones that focus on developing the private sector.

Environment: The abusive extraction of sand has already destroyed dozens of beaches across the archipelago. Illegal tree cutting for civil construction and charcoal production have become worrisome, with devastating effects on coastal erosion, opening up clearings in forests estimated at hundreds of square meters of protected area, thus turning into a series and growing threat to the forests and ecosystems of São Tomé and Príncipe. Current laws are not being enforced, and even when wrongdoers are caught in the act, they go unpunished. Despite considerable progress in implementing biodiversity conservation policies, the country still faces major vulnerabilities in terms of institutions, the law, oversight, monitoring, and scientific knowledge, resulting in an ongoing decline in its terrestrial and marine biodiversity in at least two of its main components: species and ecosystems.

Climate Change: The global response to climate change focuses on the urgent need to lower greenhouse gas emissions. In 2010, governments agreed, in the Cancun Agreements, to lower these emissions so that the global temperature would not exceed 2 degrees Celsius (CQNUMC Decision 1/CP.16, 2010). More recently, in response to decisions 1/CP.19 and 1/CP.20, countries informed the convention of their “Nationally Determined Contributions” (NDC).

São Tomé and Príncipe prepared its Intentions of Nationally Determined Contributions (INDC) in 2015 and ratified the Paris Accord on climate on November 2, 2016. After ratification, the INDCs became NDC, with the country having initiated the process of implementing its NDC by preparing an ambitious, comprehensive plan to advance its mitigation and adaptation actions.

Given the geographic and social characteristics that exacerbate vulnerability to climate change, adaptation, risk reduction, and resilient development are priorities for the country. In addition, actions to lower greenhouse gas emissions are also among national commitments, in order to contribute to the global effort to lower greenhouse gas emissions.

STP conditionally committed to support the international community in a reduction of 24% of emissions in the 2030 BAU (*Business As Usual*) Scenario. Mitigation actions focus on increasing the share of renewable energies in the national electric system to 47%, 37% of which are hydroelectric and 13% are solar power. However, implementation of measures to mitigate and adapt require funding, access to technology, and a strengthening of capacities originating from foreign aid.

The areas that need support include expanding the supply of renewable energies; sustainable land management; conservation and restoration of forest resources; strengthening the knowledge and skills to understand and manage climate risks; lower climate and catastrophe risks; promoting resilient development; mechanisms, processes, and capacities for the coordination of, access to, and management of funding; communication and awareness of parties at all levels.

Within this context, STP's government joined the NDC Partnership in November 2016, and with its support, it developed the NDC National Implementation Plan based on existing national processes, bringing together mitigation and adaptation actions, along with cross-sector and structural actions to enable a transition to a resilient, low-carbon development model.

Since São Tomé and Príncipe is a low-medium income small island state, the effects and impacts of climate change are more intense. They manifest mainly through coastal erosion, changes to precipitation patterns, which can cause flooding or prolonged droughts, affecting citizens in their daily lives and the country's businesses and economy, given its impact on key sectors: infrastructure, tourism, fishing, agriculture, and livestock.

Geographic dispersion: The two islands' fragmented isolation, with very steep, hilly terrain, has weighed heavily on the costs of basic infrastructure, services, and essential goods. In addition, it diminishes internal connections and synergies, creating an obstacle to the circulation of people and goods across national territory. The islands are unified by air and sea transport, coupled with the costs of isolation that come with it for the business environment.

Security: Given its abundance of natural resources—petroleum and natural gas in particular—the Gulf of Guinea is not free from internal or sub-regional conflicts among neighboring states, which can have nefarious repercussions on the stability of other nations, including São Tomé and Príncipe. The strategic location, size of the coastline, and exclusive economic zone all make the country particularly exposed to new threats, such as terrorism, drug and human trafficking, international crime, illegal immigration, maritime piracy, counterfeiting, and money laundering, etc. Consequently, concerns about security put heavy pressure on the state budget.

Energy: Foreign energy dependence is around 25%. More than 80% of installed capacity for producing energy relies on imported fossil fuels, representing an enormous financial burden for the country.

For STP to reach its goals of social and economic transformation, it must reduce or even eradicate this vulnerability by developing alternative sources of energy, such as renewable ones. The current capacity of renewable energy output in the country is around 5%.

Solid Waste: Small island states like São Tomé and Príncipe face growing difficulties in managing solid waste due to isolation and distance from major recycling centers and a limited number of inhabitants. Proper waste management is of particular importance owing to the limited amount of land and the urgent need to improve health levels for sustainable development.

At present, the responsibility in São Tomé and Príncipe for waste collection and transport falls to district chambers and the Regional Health Service in the Autonomous Region of Príncipe. In the capital city of São Tomé, which has around 80,000 inhabitants, containerization and collection are not only insufficient but are limited to the city's main streets, which results in much of the waste being littered on the ground.

In the rest of the city and the district of Água Grande, there is no containerization or collection by district services, which results in a proliferation of trash heaps in the proximity of houses, schools, markets, and hospitals. In the surrounding districts, the situation is even worse, with the exception of Caué and Me-Zochi, where projects recently financed by the European Union and bilateral partners introduced means that enabled collection for 20% of those districts. However, the waste's final destination, including hospital waste, is likewise improper, since it is treated exactly the same as all the rest.

According to the Urban Solid Waste Management Plan (PGRSU) 2018-2023, the main causes of the current situation are as follows: (i) obsolete legal framework; (ii) scarcity of financial, technical, and human resources for proper, integrated waste management; (iii) lack of coordination, planning, and clear authority among the sector's institutions; (iv) the existence of inadequate and insufficient infrastructure. In addition, within a context of profound, generalized poverty, the environment's health has yet to become a priority for decision-makers and the population in general, which negatively impacts public health (through water-borne, respiratory, and skin diseases) and has not been sufficiently studied, so authorities underestimate it. The potential for creating green jobs associated with waste management has not been considered at all by authorities, which is a huge opportunity missed for inclusive socioeconomic and environmental development.

In light of the above, we propose a plan of action aligned with the National Plan for Integrated Urban Solid Waste Management, which is built upon four strategic pillars:

1. Strengthening the legal and institutional framework, which includes: (i) revising and updating the existing legal framework; (ii) Enforcement of DL 64/2013 - Environmental Impact Fee; (iii) sector coordination; and (iv) strengthening capacities for waste management.
2. Improvements to the waste management system, which include: (i) developing district waste management plans; (ii) adopting a program to eliminate garbage dumps and indiscriminate heaps of trash; (iii) making investments in infrastructure and equipment (dump sites run in the districts, building or buying containers, acquiring transportation);
3. Sustainability and green jobs, which entails: (i) creating green jobs; (ii) developing integrated solutions (substituting chemical fertilizer with organic compounds, reducing GGG, costs, and increase farmer earnings); and
4. Environmental information and communication, considering that communication for behavioral change is fundamental for the success of environmental policies.

2.3.1. Economic Vulnerability

This vulnerability is mainly due to the limited productive base of the country's economy. The biggest challenge will necessarily entail broadening the productive base and diversifying the sources of growth, employment, and income to address the high rate of unemployment, especially among the youth and women, and to substitute imports with local products and thus alleviate the external constraint on São Tomé's economy.

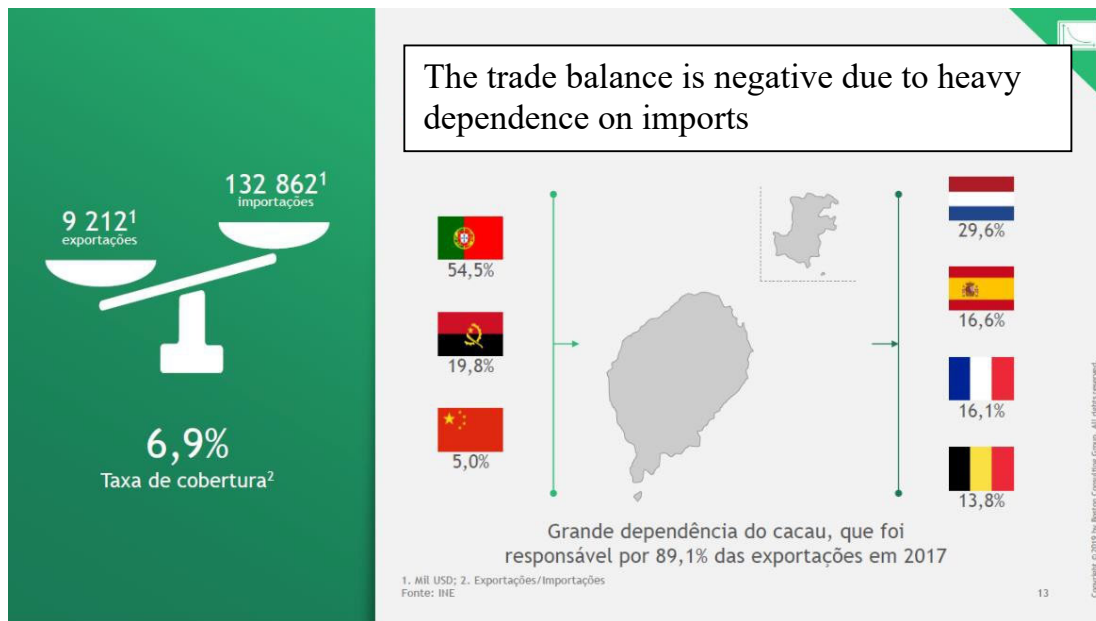
In addition, STP faces other significant challenges, two of which need to respond simultaneously to the challenge of assuring the resident population's survival in the medium term, using endogenous resources, considering the downward trend in the volume of Official Development Assistance (ODA), and the challenge of faster self-sustained development to respond to the legitimate aspirations of the São Toméan people at a higher standard of socio-economic-environmental wellbeing.

With respect to survival, an analysis of the balance of payments shows that the balance of goods is a structural issue at a profound deficit, given that STP imports most of the goods that it consumes, in particular, essential goods, such as food, energy products, chemical/pharmaceutical products, lab and medical/surgical supplies, and it does not have a large enough export base for goods.

The continuous, systematic decline in the economy's output means that the country does not have a strategy for encouraging and diversifying internal production and exports. Consequently, the State is unable to collect enough taxes required for the normal functioning of its institutions and to promote inclusive, sustainable development, creating jobs and income, especially for young people and women. In addition, the drop in production has made the cost of living (inflation) worse for São Toméans, slashed the growth targets for GDP from 3.9% in 2017 to just 2.7% in 2018, respectively, and worsened the State's public debt.

In light of this situation, STP must develop and implement a strategic plan to reduce its dependency on imports and increase its exports, seeking to improve the country's balance of trade during the NSDP 2020-2024, thus reversing a trend could result in the country's economic collapse.

Graph 7: The Country's Highly Imbalanced Trade Balance



Source: BCG-Boston Consulting Group

A balance can only be achieved with the help of external transfers, in particular, ODA's contribution through donations, i.e., direct donations, food and budget aid, emigrant remittances (although they have been declining in recent years), and taking on foreign public debt to finance development projects.

Resorting to and depending on ODA to balance the current account have greatly inverted the fundamentals for taking on foreign public debt, making it an inevitable condition for external balance in the short term, rather than a resource to fund sustainable development programs, based on self-sustained growth.

This is one of the traps for the São Toméan economy, which tends to repeat itself and require redoubled efforts, considerable coordination, and perseverance to be overcome.

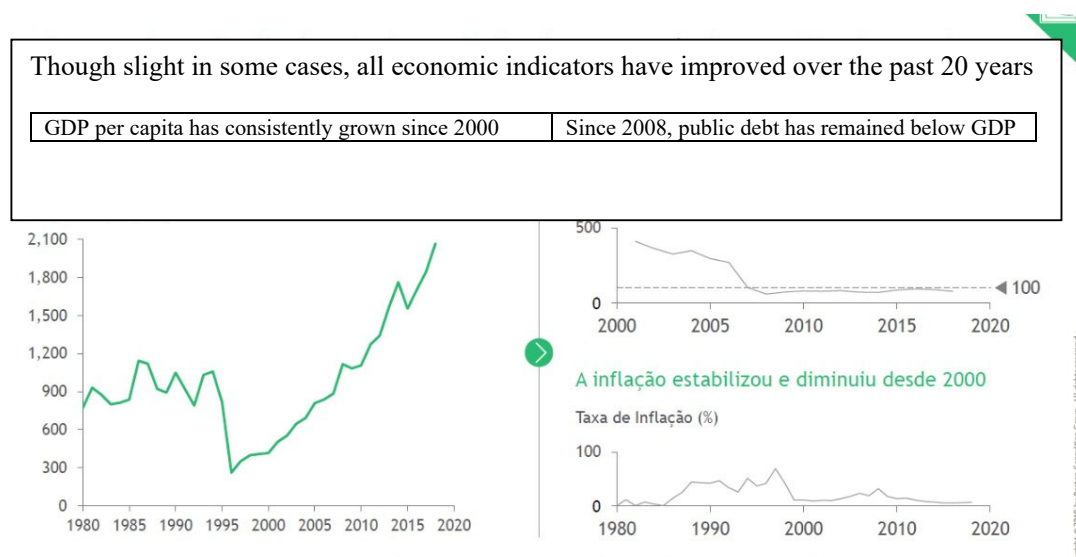
In the medium term, the outlook for São Tomé's economy has been relatively good according to the macroeconomic framework for 2017-2020, defined by the IMF technical mission in April of 2017, though modest for the speed of sustainable, resilient, and inclusive economic growth in the framework of implementation of the 2030 Agenda.

That outlook could be much better if work on the two main projects, the transshipment port, and the new international airport, were to begin in the next two years, given the progress already made with respect to mobilization of private funding. In that case, economic growth would be much more sustained, which would enable the government to be more ambitious in terms of its goals of reducing poverty and improving the living conditions of its population. As such, the macroeconomic framework would then be revised for the remaining implementation period of the NSDP 2020-2024.

Growth and Inflation: the relatively sustained pace of growth from 2012 to 2016 (4.2% a year, on average) should have been even better during the 2017-2020 period. Instead, the real growth rate of GDP in 2017 was 3.9%, a downward trend expected to continue in 2018. According to the current administration and NSDP 2020-2024, resumption of economic growth may occur starting in 2020 and could reach 7% or more by 2024.

With respect to inflation, it is expected to remain in check, thanks to the currency being tied to the euro, plus the limited rise in the prices of basic goods. According to projections, the annual average rise in prices will be 4% in 2017 and 3% from 2018 to 2020.

Graph 8: Economic Indicator Trends in Recent Years



Source: BCG-Boston Consulting Group

Public Finances: Efforts to improve the mobilization of tax revenue and to lower the government's debt are expected to enable the internal primary deficit to decline from 1.8% of GDP in 2017, to 1.5% in 2018, and 1.4% in the two years thereafter.

The overall commitment-based deficit is expected to be further contained by the outlook for external financing of investment. Hence, according to forecasts, this deficit would be just 1.3% of GDP in 2017, i.e., a 1.5 point drop in relation to 2016, while in the two years thereafter it would worsen to 4.5% in 2018 and 4.2% in 2019. In 2020, the overall balance is expected to be a slight surplus of 0.3% of GDP.

External Sector and Debt: The current account deficit, apart from official transfers, should grow in 2017 to reach nearly 31% of GDP; that is, more than 10 points over its level in 2016, before falling to 23.6% of GDP in 2018, 21.6% in 2019, and 5.2% in 2020.

This situation is the result of importing a substantial number of goods and non-factor services in 2017 (up 16.6%, while exports only rose 6.7%). External financing is expected to rise considerably in 2017, thanks to a forecast major inflow of FDI (US\$ 46.7 million, according to the BCSTP's projections at that time) and a clear increase in public investment over donations and loans (18.1% of GDP vs. 13.6% in 2016).

The external debt's NPV should increase until it hits 38.3% and 39.4% of GDP, respectively, in 2017 and 2018, owing to the growth of public investment over external funding. Thereafter, it is forecast to fall to 37.9% of GDP in 2019, and 35.4% in 2020.

Monetary Projections: From 2017 to 2020, the money supply is expected to expand by 6.2% a year, on average, thus favoring the development of credit for the economy, which should increase normally in order to support growth. Thus, it should grow from 4.6% in 2017 to 5.2% in 2018, before rising to 7.5% in 2019 and 2020; in other words, an annual average of 6.1% over this period.

In this case, the pace of monetary expansion would be consistent with the goals for gross foreign-exchange reserves, which are expected to rise regularly until reaching 6.4 months of imported goods and non-factor services, i.e. US\$ 103.5 million in 2020, and 5.3 months on average from 2017 to 2020.

The local currency remains tied to the euro. As such, the nominal exchange rate continues to be STD 24.500 per 1 Euro. In relation to the dollar, the dobra—like the euro—is expected to depreciate by nearly 5% in 2017 and 0.3% in 2018, before appreciating slightly in 2019 and 2020.

Table 5: Leading Economic Indicators 2015-2020

Table 1. São Tomé and Príncipe: Leading Economic Indicators, 2015-20
(Annual percent variation, unless otherwise noted)

	2015	2016		2017		2018		2019	2020
		EBS/16/114		EBS/16/114		EBS/16/114			
	Actual	2nd eval.	Est.	2nd eval.	Proj.	2nd eval.	Proj.	Proj.	Proj.
National Income and Prices									
GDP at constant prices	4,0	4,0	4,1	5,0	4,0	5,5	5,0	5,5	5,5
GDP deflator	4,9	...	6,3	...	2,7	...	3,5	4,0	3,7
Consumer prices									
End of period	4,0	5,5	5,1	3,0	6,0	3,0	5,0	4,5	4,0
Average from period	5,3	5,4	4,6	4,2	5,6	3,0	5,5	4,7	4,2
Foreign Trade									
Exported goods and nonfactor services	1,7	7,2	7,4	10,6	2,7	6,6	7,6	7,3	6,3
Imports of goods and nonfactor services	-18,6	2,7	-0,4	11,9	8,4	8,1	5,6	6,5	5,6
Exchange rate (Dobras per USD; end of period)	22.424	...	23.438	...	...	...	...	...	...
Real effective exchange rate (devaluation = -)	0,7	...	6,6	...	...	...	...	...	...
Money and Credit									
Monetary base	37,5	10,3	5,0	6,8	1,5	7,2	5,1	3,5	3,5
Money supply (M3)	13,1	11,4	-4,8	6,8	-0,2	7,2	8,7	9,7	9,4
Credit for the economy	3,8	7,1	8,3	4,8	3,4	5,2	5,8	9,2	8,9
Velocity (GDP/M3; end of period)	2,6	2,5	3,0	2,5	3,1	2,5	3,1	3,1	3,1
Central bank reference interest rate (%)	10,0	...	10,0	...	...	...	...	...	...
Average rate of bank loans (as a %)	23,3	...	19,6	...	...	...	...	...	...
Average rate of bank deposits (as a %)	6,9	...	4,1	...	...	...	...	...	...
Government Financing (as % of GDP)									
Total revenue, donations, and oil signing bonus	28,0	31,1	29,4	30,1	24,6	30,3	28,3	28,2	28,4
D/q: tax revenue	14,3	13,5	12,2	15,0	13,0	15,5	13,4	13,7	13,9
Non-tax revenue	1,5	2,3	2,3	1,4	1,5	1,4	1,6	1,6	1,6
Donations	11,5	14,7	14,8	13,7	10,1	13,5	13,3	12,9	12,8
Total expenses and net lending	34,3	29,5	32,1	31,8	29,5	32,7	30,8	31,1	30,6
Personnel expenses	8,9	8,7	8,8	8,5	8,5	8,4	8,3	8,2	8,1
Current expenses excl. interest and wages	0,8	0,7	0,4	0,8	0,7	0,7	0,5	0,7	0,7
Treasury-financed investment spending	8,5	6,6	7,9	7,9	7,0	7,6	6,8	6,8	6,8
Donor-financed investment spending	0,7	0,7	0,6	1,1	0,3	1,8	0,3	0,6	1,2
Social expenditures related to HIPC initiative	14,8	11,9	14,0	12,8	12,8	13,7	14,6	14,3	13,3
Internal primary balance	0,6	0,9	0,2	0,6	0,2	0,5	0,2	0,7	0,5
Overall balance (commitment base)	-3,0	-2,0	-4,0	-1,8	-1,8	-1,5	-1,0	-1,0	-1,0
	-6,3	1,6	-2,7	-1,7	-4,9	-2,4	-2,4	-2,7	-1,8
External Sector									
Current account balance (% of GDP)									
Including official transfers	-12,6	-8,9	-6,0	-11,3	-12,2	-12,1	-7,2	-7,0	-6,2
Excluding official transfers	-25,2	-23,6	-20,8	-25,2	-22,3	-25,8	-20,5	-19,9	-19,0
VA of external debt (percent of GDP)	39,7	36,2	31,5	38,3	30,5	39,4	31,2	30,7	29,8
External debt service (% of exports)	3,8	6,8	3,4	6,0	4,7	5,6	4,7	5,5	5,2
Exports of goods and nonfactor services (US\$ million)	89,9	96,4	96,5	106,6	99,2	113,6	106,7	114,5	121,7
Gross international reserves									
US\$ million	61,9	58,7	55,9	63,9	58,7	68,9	64,4	67,1	68,5
Months of imported goods and nonfactor services	4,8	4,2	4,0	4,3	4,0	4,3	4,2	4,1	3,9
National Petroleum Account (US\$ million)	10,3	11,5	11,5	9,3	11,7	7,6	10,6	9,0	7,6
Memorandum									
GDP									
Billions of Dobras	7.018	7774,0	7.769	8.248	8.300	8.839	9.019	9.891	10.816
US\$ million	317,7	352	350,8	374,7	375,0	402,5	417,7	459,8	503,5

Sources: Data supplied by STP authorities and estimates and projects from the IMF's technical team.

1. Mid-point of the BCSTP rate

2. Excludes revenue related to petroleum, donations, interest earned, scheduled interest payments, and capital expenses financed using external funds.

3. As a percentage of exports of goods and nonfactor services.

4. Gross international reserves exclude the National Petroleum Account, hard currency deposits of commercial banks in the BCSTP that are earmarked to meet RMC requirements for submission of requests for licensing and to meet capital requirements.

5. Imported goods and nonfactor services, excluding imported investment goods and technical support.

Source: IMF

2.4. Endogenous Resources and Local Development

This topic is part of the process of democratizing the state and politicizing society. Public policies need to be put in place that enable decentralization, providing for greater autonomy,

especially financial independence, as well as more training, for regional and district autarkies on matters of management and planning for development; in other words, an investment in the territorialization of the instruments for managing development.

It is clear that the development and consolidation of regional and district power require more financial, technical, human, and organizational resources in order to better take on and exercise competencies and authorities that have already been decentralized. However, above all, it is an opportunity to kick off a new phase of decentralization focused on valuing home-grown potential aimed at accelerating local, regional, and national economic growth, reducing social inequalities and local and regional asymmetries; and promoting inclusive, sustainable development.

An inventory at the local and regional level of existing environmental goods, tourism-, historic-, cultural-, and heritage-related resources, as well as technical and organizational capacities, is essential for acknowledging, managing, and developing territories on behalf of their populations.

The abandoned plantations of São Tomé and Príncipe are probably among the country's most desired local sites/properties, with a unique historical, social, economic, cultural, and architectural value that need to be redeveloped, rehabilitated, and have new uses/functions found for them, for production, housing, and ethnic or cultural tourism.

The regional development plans prepared in the NSDP will be mechanisms for dialogue, mobilization, decentralization of resources, competencies, and authority, efforts and involvement by regional and district powers in their execution.

In addition, they will be mechanisms for strengthening resources and response capacities, for identifying business opportunities, and for implementing a vision shared by central, regional, and district powers in both São Tomé and Príncipe.

2.5. The 2030 Agenda and Sustainable Development Goals

The Summit of Heads of State and Government regarding the post-2015 world culminated in the adoption by the United Nations General Assembly of a resolution titled “Transforming our World: the 2030 Agenda for Sustainable Development” (A/RES/70/1), dated September 25, 2015. As a universal agenda based on 17 Sustainable Development Goals and 169 targets to be implemented by all countries, it assumes that SGDs will be integrated into policies, processes, and actions taken in national, regional, and global plans.

In words of former UN Secretary-General Ban Ki-Moon, “The 17 Sustainable Development Goals are our common vision for humanity and a social contract among world leaders and the people.”

For his part, António Guterres, the current UN Secretary-General, identified support for sustainable development as one of the three priorities for his term at the helm of the UN, along with promoting peace and an internal reform of the organization.

In fact, it is worth recalling that this agenda is universal, to be implemented by all countries, not just developing ones, as was the case with the Millennium Development Goals (MDG) from 2000 to 2015.

The 17 Sustainable Development Goals and 169 targets demonstrate both the scale and ambition of this new universal agenda: they take into account the legacy of the MDGs and seek to make progress on what they did not achieve. They seek to assure human rights for all and to achieve gender equality and the empowerment of women and girls.

The SDGs and targets are integrated and indivisible, global by nature and universally applicable. They balance the three dimensions of sustainable development: the economic, the social, and the environmental, taking different realities, capacities, and national development levels into account while respecting national policies and priorities.

The targets are defined as global ideals, but with each government defining its own national targets, guided by a global ambition but taking national circumstances into account. Each government is also going to decide how these ideal global targets should be incorporated into their national planning processes, policies, and strategies. It is important to recognize the relationship between sustainable development and other relevant ongoing processes in economics, society, and the environment.

The challenges and commitments involved in these large conferences and summits are interrelated and require integrated solutions. A new approach is needed to address them effectively. Sustainable development recognizes that eradicating poverty in all its forms and dimensions, combating inequality within and across countries, preserving the planet, creating sustained, inclusive, and sustainable growth, and promoting social inclusion, are all related to and interdependent upon one another.

The 17 SDGs have changed the development approach in the following ways:

- They integrate the three dimensions of sustainable development: the economic, the social, and the environmental.
- They are based on universal goals and targets to be implemented by all countries, not just developing ones;
- They have a larger dimension for combating inequalities and promoting human rights as an overarching concern for all SDGs;
- They entail a new dynamic of combining efforts by a multiplicity of stakeholders, including nongovernmental organizations (NGOs), the private business sector, academia, social partners, and other members of civil society, cooperation among parliament, the government, regional, and local authorities. Consequently, we are dealing with a challenge that involves everyone.

The new agenda of the United Nations for 2030 is a plan of action centered on the 5Ps: people, planet, prosperity, peace, and partnerships, with the final objective of sustainable development and eradicating poverty, within which all countries and other stakeholders take on their own responsibilities with respect to its implementation, emphasizing that no one should be left behind.

Incorporation of the 2030 Agenda into national strategies, plans, and policies is set out by subject areas, identified as the 5Ps:

Figure 1: Plan of Action Centered on People, Planet, Prosperity, Peace, and Partnerships



- *People* (SDG 1, 2, 3, 4, 5, and 6): translating the determination to end poverty and hunger in all their forms and dimensions, assuring that everyone is able to realize their potential with respect to dignity and equality in a healthy environment;
- *Prosperity* (SDG 7, 8, 9, and 10): guaranteeing that everyone is able to enjoy a prosperous and personally fulfilling life, assuring that economic, social, and technological development occur in harmony with nature;
- *Planet* (SDG 11, 12, 13, 14, and 15): reinforcing the conviction of the need to protect the planet from degradation through sustainable patterns of consumption and production, sustainable management of natural resources, and urgent measures to combat climate change, meeting the needs of both present and future generations;
- *Peace* (SDG 16): highlighting the determination to promote peaceful, fair, and inclusive societies, free from fear and violence, and recalling that there can be no sustainable development without peace, nor peace without sustainable development;
- *Partnerships* (SDG 17): mobilizing the means necessary for implementation of the 2030 Agenda through a revitalized global partnership for sustainable development, strengthening the spirit of global solidarity, focused on the poorest and most vulnerable, with the participation of all countries, all stakeholders, and all people, leaving no one behind.

The new goals and targets in place since January 1, 2016, guide the decisions that will be taken until 2030. Every country faces specific challenges in its pursuit of sustainable development. The most vulnerable countries, and in particular, African nations and Small Island Developing States, deserve special attention. There must be robust national ownership and leadership at the

national level.

The **São Toméan government has listed its priorities as 5 (+2) Sustainable Development Goals**, within the framework of implementing the 2030 Agenda:

- Goal 1: End poverty in all its forms, everywhere;
- Goal 8: Promote sustained, inclusive, and sustainable, economic growth, full productive employment, and decent jobs for all;
- Goal 9: Build resilient infrastructure, promote inclusive, sustainable industrialization, and foster innovation;
- Goal 13: Take urgent measures to combat climate change and its impacts;
- Goal 14: Conserve and sustainably use the oceans, the seas, and marine resources for sustainable development;
- Goal 15: Protect, restore, and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and the loss of biodiversity;
- Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, responsible, and inclusive institutions at all levels.

2.6. Integration of International Sustainable Development Agendas

- 2030 Agenda: SDGs
- *Samoa Pathway*: subject areas
- Agenda 2063: The Africa We Want

As a signatory to the 2030 Agenda for Sustainable Development, embodied in the Sustainable Development Goals (SDG), the Small Island Developing States Accelerated Modalities of Action (Samoa Pathway), and Agenda 2063: The Africa We Want, São Tomé and Príncipe is committed to integrating them into its national, sector, and sub-national plans, strategies, and policies, along with implementing and monitoring them. This challenge has been duly incorporated into the Government's Program and consequently included in the National Sustainable Development Plan (NSDP) 2020-2024 through sector and subject programs and subsequent projects.

The *Samoa Pathway* recognizes the nefarious impacts of climate change and rising sea levels in the efforts that SIDS are making to achieve sustainable development, and for their own survival and viability. The *Samoa Pathway* also appeals to strengthening global partnerships to support its implementation, and to SIDS so that they create resilience and take ownership of their own sustainable development.

The developed framework has identified and agreed upon a basis for action in certain priority areas, as follows:

1. Sustained, inclusive, equitable, and sustainable, economic growth, with decent work for all;
2. Climate change;
3. Sustainable energy;
4. Lowering risks of disasters;
5. Oceans and seas;
6. Food security and nutrition;
7. Water and sanitation;
8. Sustainable transport;

9. Sustainable consumption and production;
10. Management of chemical products and waste, including hazardous waste;
11. Health and non-transmissible diseases;
12. Gender equality and training for women;
13. Social development:
14. Biodiversity;
15. Invasive forest species;
16. Means of implementation, including partnerships.

The approach to social and economic development, food security, lowering the risk of disasters, and ocean management, which are all addressed by the *Samoa Pathway*, fully align with the SDGs.

As mentioned above, the UN's **2030 Agenda for Sustainable Development** is the product of joint efforts by governments and citizens from around the world to create a new global model aimed at ending poverty, promoting prosperity and wellbeing for everyone, protecting the environment, and combating climate change. SDGs shall be implemented by all countries and cover an array of interconnected areas, such as: equitable access to education and quality health care services; creating decent jobs; energy and environmental sustainability; conservation and management of the oceans; promotion of effective institutions and stable societies; and combating inequality at all levels. The Agenda seeks social, economic, and environmental development and to end poverty on a global scale by 2030 through the following SDGs:

Figure 2: The 17 Sustainable Development Goals



1. No poverty;
2. Zero hunger and sustainable agriculture;
3. Good health and wellbeing;
4. Quality education;
5. Gender equality;
6. Clean water and sanitation;
7. Affordable clean energy;
8. Decent work and economic growth;
9. Industry, innovation, and infrastructure;
10. Reduced inequalities;
11. Sustainable cities and communities;
12. Responsible consumption and production;
13. Action against global climate change;
14. Life below water;
15. Life on land;
16. Peace, justice, and strong institutions;
17. Partnerships and implementation;

“Agenda 2063 - The Africa We Want” is a strategic framework for socioeconomic transformation of the African continent over the next 50 years. It was built with a set of priorities in mind, seeking to accelerate implementation of past and current continental initiatives aimed at sustainable development and growth. It is based on the Africa Union's vision of: “an integrated, prosperous, and peaceful Africa, driven by its own citizens, representing a dynamic force in the international arena”, and it sets out seven aspirations for the continent, resulting from extensive public consultation:

- 1. A prosperous Africa, based on inclusive growth and sustainable development;
- 2. An integrated continent, politically united and based on the ideals of Pan-Africanism and the vision of Africa's Renaissance;
- 3. An Africa of good governance, democracy, respect for human rights, justice, and the rule of law
- 4. A peaceful and secure Africa;
- 5. An Africa with a strong cultural identity, common heritage, shared values, and ethics;
- 6. An Africa whose development is people-driven, relying on the potential of African people, especially its women and youth, and where children are treated with care;
- 7. Africa as a strong, united, resilient, and influential global player and partner.

On the threshold of implementing the 2030 Agenda on Sustainable Development and Agenda 2063, African heads of state and government declared 2017 the year of **“Harnessing the Demographic Dividend through Investments in Youth”**, addressed by one of the African Union's roadmaps of the same name.

The **roadmap** developed at the request of African Union heads of state and government highlights and outlines essential urgent measures to be taken and implemented to transform the enormous potential of Africa's young population (the youth explosion) into a demographic dividend. It likewise serves as a guide for African nations toward ambitious yet crucial aspirations and goals to complement the aforementioned agendas.

The **demographic dividend** is defined as the benefit a country may enjoy because a relatively large portion of its population is working age, resulting from a decline in birth rates, through effective investment in health care, empowerment, education, and employment, by taking public actions and the public sector's participation. Harnessing the demographic dividend is an enormous opportunity to make young people more resilient and to overcome the fundamental underlying causes of the major challenges that Africa faces, including forced migration, radicalization, and violent extremism.

The AU Agenda 2063 makes multiple appeals for investment in youth and women, seeking to realize its vision of an Africa where development is conducted by people, enabling the potential of its women and youth, and the inclusion of this demographic dividend issue on the 2030 Agenda for Sustainable Development was one of Africa's main contributions on behalf of that agenda.

The context and fundamentals of that AU contribution are closely tied to the UN's World Population Outlook (2015 Revision), according to which the African continent's population reached 1.2 billion in 2015 but is projected to grow rapidly to 1.7 billion by 2030, 2.5 billion by 2050, and 3 billion by 2063. Consequently, Africa's share of the global population will increase from 16% in 2015 to more than 29% in 2063. It is also worth noting that nearly 46% of the 1.3 billion person increase in Africa's labor force from 2015 to 2063 will come from people aged 15 to 34, at an average rate of 12.1 million a year.

With a rapid transformation of age ranges and decline in dependency ratios, the potential exists for economic growth driven by a rise in revenue from labor and increased savings. This reality could result in **improvements to human capital** for the following reasons: (i) low fertility rate associated with delays in the first pregnancy and a longer interval between births, improving both maternal and infant health; (ii) lower youth-dependency ratio of enabling more investment per child; and (iii) lower birth rates increasing the potential for women's employment and empowerment.

How successful African governments are at transforming education and strengthening skills, health care, wellbeing, potential, employment, and entrepreneurship will be determined by this march toward progress, peace, and sustainable development. Key investments in youth today are crucial for Agenda 2063 and for elevating Africa to the status of a strong influential player worldwide.

Africa has grown at a very slow pace (3.7% in 2016) compared to its potential, because it has yet to explore the potential strengths of its youth. Although some countries have performed better, economic growth has not occurred in labor-intensive areas.

The demographic dividend continues to be central to realizing the aspiration of Africa's economic transformation. It is clear that the population dynamic, with appropriate investments, will play a major role in facilitating high, inclusive growth and reducing poverty. If duly harnessed, the enormous population of young people will undoubtedly drive the continent toward greater social, economic, and environmental achievements.

Hence, a series of urgent, important measures have been prioritized in the realm of human resources, specifically for this youth:

- Major investments in health care, specifically access to family planning;
- Reduction in mortality and birth rates;
- Elimination of gender inequality that limits women's right to decide on the number of and interval between children;
- Better access to quality education along with meeting the labor market's requirements;
- Instituting macroeconomic measures that facilitate the creation of jobs and entrepreneurship, including the removal of barriers that inhibit business, which are central to economic transformation;
- Creating a proper description of countries aimed at assuring that policymakers take evidence-based decisions during their country's development planning. This attitude will help overcome the current challenges that Africa faces, in which the young are vulnerable to fundamentalism, extremism, forced migration, etc.

To facilitate the effective implementation of key measures and the proposals in this roadmap, the fundamental principles set out in Agenda 2063 and the 2030 Agenda for

Sustainable Development must be prioritized, in particular with respect to a development approach focused on populations and a commitment not to leave anyone behind.

Areas identified for concentrating key investments have been broken out into four crucial, interconnected pillars, aligned with the AU's relevant, strategic, political instruments and frameworks, seeking to position countries to harness their demographic dividend and assure full implementation of Agenda 2063 and the 2030 Agenda for Sustainable Development.

Considering the diversity of national contexts, the proposed key measures are expected to serve as a guide for what will actually be implemented in light of local priorities. The aforementioned pillars are as follows:

- Pillar 1: Employment and Entrepreneurship;
- Pillar 2: Employment and Skills Building;
- Pillar 3: Health and Wellbeing;
- Pillar 4: Rights, Governance, and Empowering Youth.

The recommendation is that as Africa and its member-states implement this pathway, consistent measures be adopted to assure that gains are sustained.

Therefore, *“Africa should harness its population structure and its enormous natural resources to coordinate and expand investments in human development and social protection, seeking to achieve higher sustainable levels of equitable shared growth and to create jobs; to increase agricultural production and food security; to accelerate the pace of regional integration; and to strengthen the capacities of governments and institutions for better economic and social governance.”* (HAMDOK, A. 2016).

The **São Tomé and Príncipe Government Program** demonstrates the alignment of its strategy with international agendas and presents the following major commitments to its legislature through the four strategic pillars and their development:

1. Furthering the democratic rule of law;
2. Institutional reforms arranged with other sovereign agencies;
3. Civil society's involvement and participation;
4. Modernization of public administration;
5. Modernization of the justice system;
6. National security and defense: strategic concept and broad sense;
7. Robust economic growth and accelerated jobs creation;
8. New service-based model of development;
9. Annual average economic growth in excess of 7%;
10. Education excellence and professional training;
11. Public finance and fiscal policy: macroeconomic stability;
12. Agriculture, livestock, food security, and forests;
13. Infrastructure, transition, energy efficiency, and water;
14. Protection of the environment and national ecosystems;
15. Improvements to the quality of healthcare and social protection;
16. Foreign policy aimed at development;

The Government Program's commitments are globally aligned with international agendas and contribute to accomplishing the targets set out therein, as shown in the table on the page below:

Table 6: Alignment of the Government's Program with International Agendas

2030 Agenda: SDG	Samoa Pathway: topics	Agenda 2063: Aspirations	Priorities for the Legislature
1	1,13	1,6	1,5,10,16
2	6	1	12,7
3	11	1,3	15
4	13	1	4,5,8,10
5	12	6	No reference
6	7	1	12,13,14
7	3	1	13
8	1	1,6	7,8,9,10
9	1,2	1	8,10,13,14,
10	1,12	6,5	15
11	2,4,8,10	1	13,14,15
12	1,3,7,9,10	1	12,13,14
13	2,3,14	1	13,14
14	5,10,14,15	1	6,14
15	14,15	1	6,12,14
16	13	3,4	1,2,3,5,6,7,10,15,16
17			
	2,3,10,14,16	2,7	2,3,4,7,10,11,16

3. VISION FOR SÃO TOMÉ AND PRÍNCIPE

3.1. Foundations

“São Toméans live with dignity in a stable, democratic, and inclusive country that is in the process of modernizing, providing quality services to the region and the world” (São Tomé and Príncipe 2030: The Country We Want).

It is clear that the Government's Program is perfectly aligned and in harmony with the vision laid out in the *São Tomé and Príncipe 2030: The Country We Want* report for the country by the end of the decade. The determination to build a **new service-based model of development**, in accordance with the country's vocation and potential, from the standpoint of its economic fundamentals and its geographic location, is both coherent and consistent.

3.2. Transforming STP into a Dynamic Service-based Economy

Located in the Gulf of Guinea, São Tomé and Príncipe is a country blessed with a unique geostrategic and geo-economic position to transform itself into a hub for rendering services, leveraging **top-tier quality tourism**, learning and adapting best practices at regional and international levels, in particular among the more developed small island states: tourism, financial, and technological services, digital-economy logistics, entertainment, health care, and other services.

In addition, the project to transform STP by 2030 into a dynamic economy that renders services to the countries in the Gulf of Guinea, and the world, includes creating and developing services in strategic sectors for the country's development, namely maritime and aviation, by building a port, extending and modernizing the current international airport, creating a duty-free zone, and efficiently taking advantage of the opportunities that information and communications technologies (ICT) infrastructure might be able to offer.

According to the government, this model has the greatest potential, over the course of the NSDP, to push the annual average economic growth rate back above 7%, to add value, to raise incomes, and to accelerate job creation, especially through a strong private sector supported by a framework of appropriate incentives. The government also intends to make STP a true medium-to-high development country within three legislatures.

Another challenge to be addressed in this legislature is strengthening social cohesion by improving the efficacy and operations of the government's actions, in the sense of restoring and returning dignity to São Toméans, focusing on more equity, more social justice, and social reintegration.

As such, the country must accept as an essential and urgent obligation the challenge of promoting education excellence and a high level of training human capital that is compatible with the requirements of this model of development.

However, it is important to point out that the valuation of São Tomé and Príncipe's geo-economic location necessarily entails creating a reliable country with low context costs, in order to make it attractive to external investment.

Creating a reliable, low-cost environment necessarily involves considerable reforms that are capable of changing the current state of doing business in the country, economic freedom indicators, and good governance indicators.

In this regard, there is full awareness of just how low the level is for business in São Tomé and Príncipe,¹³ which is why there is a proposal, within the NSDP, to improve the business environment and to attract and retain foreign direct investment (FDI), a vital resource for accelerating economic growth and above all helping to create new jobs in the country.

The government is committed to doing everything it can to improve the business environment in STP, especially with respect to the ability to enforce contracts, resolve insolvencies, register property, obtain loans, and protect small investments. All these aspects will be consolidated into the justice system reform.

Only by adjusting the country's internal conditions to the new requirements of the external environment can São Tomé and Príncipe be transformed into a competitive country capable of maximizing its resources to overcome three essential challenges:

The first, immediate, and most urgent challenge the government needs to address is the creation of conditions to assure the current account balance to guarantee the survival of its resident population in the face of ongoing declines in Official Development Assistance to the country.

The second medium-term challenge is to assure conditions that enable the country, over the course of the NSDP, to minimize the complex problem of the current account deficit, without jeopardizing the population's normal living conditions.

The third challenge consists of assuring faster, self-sustained, and sustainable development for São Tomé and Príncipe, built on the concept of a dynamic service-based economy that seeks to join those SIDS with the best socioeconomic performance, in particular, with respect to GDP per capita and HDI.

Accomplishing these goals is essential for the future, given that actively integrating São Tomé and Príncipe into the global economic system requires a true paradigm shift in development, which should guide and shape the entire process of planning and managing national, regional, and local development, with a broad mobilization of and participation by the private sector, civil society, and communities.

As a small island state and archipelago that is particularly vulnerable in terms of its social, economic, and environmental structure, São Tomé and Príncipe should set a national emergency goal of getting its political, social, and economic stakeholders, led by the government, to agree on a platform of understanding, a broad consensus regarding the major issues of national development, an agreement that enables stability, so that reforms can be carried out and evaluated before they are discarded. A place where administrations and their ministers are not focused on overturning everything that their predecessors did, without first carefully reviewing the results obtained.

Accomplishing these goals is essential for the future, given that actively integrating São Tomé and Príncipe into the global economic system, as a strategy shared by the São Tomé and Príncipe 2030: The Country We Want report, the Transformation Agenda for 2030, and the Government's Program, requires a true paradigm shift in development, which should guide and shape the entire process of planning and managing national, regional, and local development, with a broad mobilization of and participation by the private sector, civil society, and communities.

The strategy in question is based primarily on formulating and implementing thorough reforms, as duly explained in the Government's Program, in order to create the trust in the country needed for its economy, to minimize context costs, and to assure the stability and sustainability of its development.

¹³ “*Doing Business* 2018”, whose motto is “Reform to Create Jobs” ranks São Tomé and Príncipe 169th out of 190 countries, with a score of 44.84, compared to 86.55 for first place.

Another important issue is the need for a strong commitment to balanced regional and local development and concomitant valuation of the islands and their endogenous resources, capable of reversing the migration that has taken hold of the country, especially on the island of São Tomé, and to address the root causes of that phenomenon.

That migratory movement, mainly from the fields to the cities, is responsible for some of the prevailing social tensions that have emerged in the face of the government's difficulty in responding adequately and effectively to its responsibilities in the areas of security, combating poverty, in particular, with respect to access to jobs, food, health care, education, housing, clean water, energy, sanitation, and communications, making it hard to improve indicators of poverty and extreme poverty.

3.3. STP's Active Integration into the Global Economic System

At the turn of the twentieth to the twenty-first century, global transformations resulted in significant trends in the context of long-term economic globalization, such as the extraordinary growth in the international flow of goods, services, intangible assets, capital, and heightened competition in the international system. Most importantly, the revolution in information technology and the means of communication provided a basis for large manufacturing and financial groups to globally integrate management and production processes.

According to indicators from recent studies by the Organization for Economic Cooperation and Development (OECD) and the World Trade Organization (WTO), global value chains reflect a new international division of labor, built upon the way in which countries integrate themselves into global production: as raw-material exporters, which are used in other countries' exports; or as exporters of high-value-added final goods.

Opening up to trade has been a key element in the success of growth and development strategies. No country has managed to maintain sustainable long-term growth without being a part of the global economy. Access to foreign markets enables greater economies of scale and more specialization, while access to cheaper and a wider variety of inputs, including more efficient services, opens the way to new production possibilities. FDI has also become an essential contributor to both economic growth and the results from exports (for instance, foreign offices are now responsible for 75% of trade from China). Enabling people to be more mobile can contribute to a transfer of skills, as well as to investments for developing countries, especially in light of the role that diaspora communities play.

However, although trade is a necessary condition for development, it is not sufficient. Trade can encourage growth and reduce poverty, depending on an economy's structure, the right time frame for measures that open up trade, and complementary policies. Internal reforms are essential to support trade- and investment-based growth. The economic performance of least developed countries is frequently hindered not only by poorly diversified economies and export bases, inadequate services and infrastructure, or the absence of appropriate skills, but also by political factors related to poor governance, corruption, fraud, a lack of protection for human rights and transparency, weak administrative capacity, ineffective tax policies, large-scale tax evasion, insufficient redistribution instruments, weak frameworks in terms of social and environmental policies, non-sustainable exploration of natural resources, security threats, and a lack of stability.

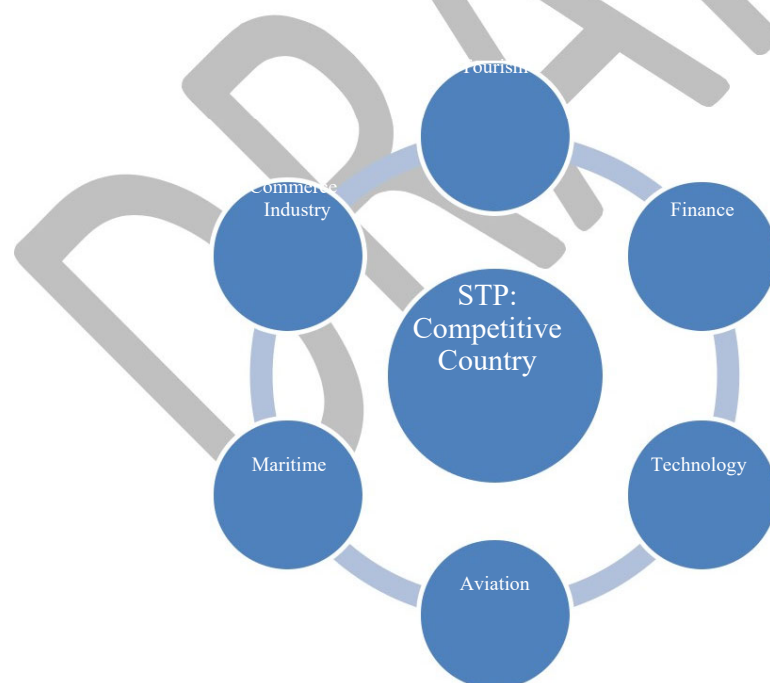
Proactive action is the essence of active integration, which also entails forward-looking analysis and timely preparation of conditions to best embrace the changing forces of the environment and to gain strength.

This competency should be understood as the country's internal ability, a type of marketing capacity to understand external stakeholders, producing responsive reactions to demands and/or anticipating them, arming the country with the right strategies considering the uncertainties of the foreign environment, which normally has a direct impact on the country's performance.

Given its scale and the additional costs that it has to face because of its isolation and being an archipelago, São Tomé and Príncipe, from the get-go, cannot be economically successful outside of the context of a major economic opening and closer relationships with the global economic system. As such, the country's performance and economic success necessarily depend on its integration, which presupposes an assertive, consistent policy of international and regional cooperation, with bilateral and multilateral dimensions, summarized in the fourth pillar of the Government's Program: foreign policy aimed at furthering development.

This proposed, active integration of São Tomé into the global economic system is based on the concept of São Tomé and Príncipe as a *Dynamic Service-based Economy in the Middle of the Atlantic*, at a crossroads that joins the continents of the Atlantic, as shown in the graph below:

Graph 9: São Tomé and Príncipe: A dynamic economy in the middle of the Atlantic



Given the global economy's current conditions, compared to the national economic reality, but above all the country's potential and the proposed objectives, six strategic opportunities or programs have been identified, covered within the concept of São Tomé as a *Dynamic Service-based Economy in the Middle of the Atlantic*, as part of the implementation and development of specialized services in six key sectors:

1. Construction of a port, with the creation and development of a logistics service that supplies ships from international fleets that either pass through or near STP on their routes, including ships sailing in the sub-region of Central Africa and the Gulf of Guinea (maritime sector).

2. Expansion and modernization of the São Tomé and Príncipe International Airport, with the creation of a regional and international airport as a logistics hub for passengers and cargo, bringing together the continents and coastal nations of the Atlantic (aviation sector).

3. Localization of companies and transformation of São Tomé and Príncipe into a regional and international business hub that attracts FDI and promotes home-grown entrepreneurial initiatives (trade and industrial sector).

4. Creation of a regional and international financial hub (financial sector).

5. Tourism development, through the consolidation of and improvements to existing tourism, and a diversification of internal destinations and products, so that tourism becomes an industry that exists across both islands and encounters the key ingredients in the environment, the culture, and its history in the formation of its products (tourism sector).

6. Development of a logistics-focused digital economy (digital and innovation sector).

The operating conditions of the São Toméan economy need to be upgraded meet international requirements, which include:

a) An economic reform program, aimed at creating a highly competitive business environment based on trust, which minimizes context costs and reinforces sustainability;

b) A reform of the human capital formation system, one of the most important, if not the most important, programs in the medium to long term, to assure the success of the strategy for actively integrating São Tomé into the global economic system.

4. STRATEGIC OBJECTIVES OF THE NATIONAL SUSTAINABLE DEVELOPMENT PLAN (NSDP)

This chapter sets out the government's vision for the sustainable development of São Tomé and Príncipe through 2030 and describes the objectives proposed by the National Sustainable Development Plan (NSDP) for 2020-2024, based on the strategy of actively integrating São Tomé and Príncipe into the global economic system, focusing on sustainable development and taking advantage of present and future opportunities in a process to be implemented within the framework of the NSDP and the 2030 Agenda.

Consequently, these goals are aligned with the Government's Program and vision, as well as with international development agendas and commitments made by the government of São Tomé and Príncipe within the framework of those agendas.

There is a description of the specific sector strategies that the government will implement to accomplish each objective.

It is this Administration's ambition that STP become a medium-high developed country by the end of three legislatures, i.e., by 2030. In fact, public investment is main driving force in microstates. Since internal resources are scarce, the government will do its best to mobilize official development aid, preferably in the form of donations, from both traditional partners and others, and will only in exceptional cases resort to concessional loans. With this measure, it is also seeking to reduce its foreign debt and to consolidate the budget.

4.1. Objective 1: Transform São Tomé and Príncipe into a Dynamic Service-based Economy

4.1.1. São Tomé and Príncipe a Quality Service Providing Country

Private investments must be mobilized to support inclusive growth in São Tomé and Príncipe. The strategy will concentrate on promoting investments to prepare the labor force for a high-quality service-based economy and making ongoing structural reforms to attract private investments, promote sustainable growth, and build physical and digital connectivity.

Hence, STP expects to build a partnership framework with its leading bilateral and multilateral partners seeking to actively and continuously pursue opportunities related to financial products and consulting services that result in private-sector-led solutions focusing on Public Private Partnerships (PPP) in infrastructure, transport, energy, telecommunications, financial institutions, and tourism.

This strategy shall also include subject areas such as intensifying human-capital development for inclusive service-oriented growth, improving education and basic skills to better equip children for employment opportunities now and in the future, strengthening social protection, social inclusion, and access to micro and small businesses, making a better environment for a more diversified economy, improving fiscal and macroeconomic resiliency, and laying the groundwork for private-sector-led growth.

4.1.1.1. Tourism Sector

Everything indicates that São Tomé and Príncipe, like nearly all small island states that succeed in their development efforts, cannot escape its fate of being a tourist country. Even a small island state like Singapore, which has hit upon alternatives for making its economy viable by valuing its geo-economic location, has tourism as a key factor in its economy, contributing nearly 50% to GDP.

As mentioned in the preceding chapter, the maritime economy and aviation economy are essential vectors for actively integrating STP into the global economic system, with the potential to spur other business sectors, including manufacturing. However, given the country's characteristics, the government's proposal of selecting tourism as the main pillar of the São Toméan economy is fully coherent and completely consistent with how dynamic this industry is worldwide. Tourism, for its part, is a strategic sector for STP's development, in terms of investing in, promoting, and focusing on exports.

Graph 10: Tourism Diversifies the Economy: The tourism value chain



Apart from its wide array of options, quality tourism is a major challenger to every other primary or secondary sector because of its cross-sector impacts, which enable the possibility of creating an assortment of service clusters that come with challenges for the country to address in the following areas:

- Creation of a National Tourism Authority in charge of promoting, valuing, and ensuring the sustainability of tourism, unifying all the institutional competencies related to tourism development, from supply to demand. This agency must have a special relationship with other public agencies, economic/cultural stakeholders, etc. in the country and abroad, committed to and focusing on a plan to make tourism one of the pillars for economic growth of São Tomé and Príncipe;
- Education, training, and the right technical instruction for the sector's professionals, namely in foreign languages (English, French, etc.), which provide opportunities to gain access to the leading regional and international practices;
- Modeling and developing project proposals to present to potential partners;

- Hiring consultants/experts with know-how in ecotourism, nature tourism, and leisure in general;
- Training expert guides in respective areas or subject matters;
- Preparing all communities and the society in general for participation;
- Preserving and promoting STP's cultural heritage and traditional values;
- Increasing economic benefits for local communities;
- Undertaking continuous marketing efforts to diversify the supply of tourism and for niche and emerging markets;
- Building adequate basic infrastructure, primarily in terms of energy, water supply, sanitation, telecommunications, airports, a dockable port, a marina, and road networks;
- Quality health care and basic sanitation;
- Quality agricultural, marine, and livestock products, and artisanal products;
- Better accessibility; and
- Promoting the creative industry to make creative goods and services, focusing on culture and art: artisanal products, festivals, celebrations, cultural sites, etc.

Tourism is almost always related to cultural production. It currently exists through the numerous segments that have sought to identify specific niches in the consumer market. Among the modalities that focus on valuing culture and identifying historical/cultural heritage—historical restoration and conservation of uses and customs, ancestry, tradition—there is **(sustainable) ethnic tourism**, which is based on geography and territory and fits into the paradigm of sociocultural, economic, and environmental sustainability.

São Tomé and Príncipe may be able to explore this tourism segment by focusing on different immigrant communities who historically have participated in the social formation of the São Toméan people. These communities conserve their traditions as a way of preserving their identity. Though adapted or reinvented by the new local reality, these diaspora communities are the focus of ethnic tourism, which favors creating specific tourism currents to learn about, experience, and integrate with the various communities.

It is a proposal that seeks to incorporate sociocultural sustainability and socioenvironmental responsibility, among other things both to assure development and to value cultural heritage, manifested in the tangible, intangible, and environmental assets of these locations. Hence, this proposal may help reduce territorial and social imbalances, and eliminate environmental disparities in accordance with the principle of environmental sustainability, social equality, and economic growth, lessening sociocultural impacts, especially in the country's *roças*¹⁴ (former *roças*).¹⁵

¹⁴ Roça is the name used in São Tomé and Príncipe to refer to an agricultural or livestock facility with characteristics inspired in the agricultural explorations of landowners in medieval Mediterranean Europe. It is similar to the term “plantation” in English. It started with coffee growing but developed much more with cocoa farming. They once covered more than 90% of the archipelago and the arable land, employing nearly the entire labor force on the islands, becoming a monoculture and the only source of foreign revenue, which determined the life, social relations, housing, medical care, medications, and salary levels of the majority of inhabitants. The entire society and the landscape of this small island state was (and still is) heavily scarred by the establishment and operation of *roças*. Available at: <http://www.cnmc.gov.st/images/Documentos/Plano-Multissetorial-de-Investimentos-de-So-Tom-e-Prncipe-2017.pdf>. Visited on November 1, 2019.

¹⁵ Bear in mind that as long as human misery reigns in certain areas, such as the former *roças*, for instance, the concept of sustainability in tourism, as well as the economic, social, and environmental dimensions, will remain merely theoretical. In practice, the quality of the environment depends on the quality of life, in terms of health, education, nutrition, and housing, among other factors, which for now are based on (traditional) economic

This model may be an option in terms of diversification and qualification of the supply of tourism products and services, and to counterbalance the prevailing trend in the country and beyond, which is globalization-related tourism: mass tourism that tends toward an international homogenization of culture and an artificial preservation of local ethnic groups and attractions, with ready-made packages, set hours, and for the most part, simulations of the attractions.

Even though sun/surf/sea tourism accounts for nearly 30% of global tourism and is undoubtedly important for a country with the natural geographic characteristics of São Tomé and Príncipe, it is essential to recognize that STP, as a tourism destination, has clear potential in other market segments, namely adventure tourism, historic tourism, nature tourism, mountaineering, rural/urban tourism, events, sports, medical tourism, etc.

Tourism in the archipelago of São Tomé and Príncipe has been gaining in importance, not only for the country's economy but also for the national outlook, owing to the supply of tourism products with unparalleled value. From 2010 to 2016, the number of tourists who visited the country rose from 8,000 to 29,000, up 263%. Despite significant and encouraging growth, exploration of the tourism potential of São Tomé and Príncipe's natural, historic, and cultural resources is still in an embryonic phase.

Tourism is an important activity, and it is growing. In 2018, the tourism sector (lodging, restaurants, and the like) accounted for a modest direct contribution of 3% to the country's GDP. Whereas in terms of employment in 2016, tourism contributed directly to 14.2% of jobs on the archipelago.

Among the country's leading incoming markets, the most significant is the Portuguese market, which accounts for 43% of all international arrivals on the islands. Angola leads the list of non-European arrivals, with a significant 15.3% share. France was another European nation in the top five markets in 2016, with a market share of 6.2%. The United States and the United Kingdom rounded out the ranking of the top five countries of origin for tourists who visited São Tomé and Príncipe.

STP is now receiving more and more attention from international investors and is a major bet on becoming one of the leading ecological tourism destinations on the African continent.

In a context in which variables historically responsible for covering the structural deficit in the balance of goods have fallen into continuous decline, in particular, ODA, tourism has become decisively important for the São Toméan economy, requiring that conditions be created to maintain its growth in a sustained way.

That objective entails and requires consolidating current sun/surf/sea destinations, which need significant investments in security, the sustainability triangle (economic, social, and environmental), and marketing, and likewise in planning the development of destinations and harmonizing the actions taken by the government, the region, the districts, and businesses.

Therefore, promoting and developing tourism as a platform for actively integrating STP into the global economic system are justified by the fact that the government recognizes the potential of tourism to become the prime lever of economic growth and a way to balance public accounts, making it a strategic sector for the country's development. Moreover, it entails simultaneously accomplishing two goals: the first is transforming tourism into the main source of alternative funding for the balance of payments in the medium term, replacing the decline in ODA flows.

development. Consequently, society's creativity and management need to be assured when leveraging tourism activities, as part of a commitment to a new humanism in a participatory democratic political system, aimed at trying to end the misalignment of pragmatic speech, individual behavior, and environmentally correct public policies.

The second consists of making São Tomé and Príncipe a global reference as a destination when it comes to sustainable tourism, taking advantage of the experience of the island of Príncipe being a UNESCO World Biosphere Reserve already well-known among source markets. Therefore, as mentioned above, the essential objectives are: diversification of products based on geography, history, culture, etc.; and diversification of source markets, destinations, operators, host infrastructure, and reducing/eliminating seasonality.

Hence, to improve the tourism supply and attraction, the following actions are being proposed, in addition to those mentioned above:

- Implement the national tourism strategy with the necessary adaptations and creativity;
- Modify the existing legal framework and transform the current structure of the Directorate of Tourism into an institute;
- Improve the business environment for attracting FDI to the various tourism domains; Ecotourism (itineraries for production, cocoa, coffee, palm oil, etc.), ecotourism (itinerary and palm wine, and perhaps *aguardente*), agricultural tourism, medical tourism to the country;
- Attract foreign direct investment to the sector by improving the business environment and duly promoting the country's image abroad.

Quality tourism, more than just sea, surf, and sand tourism, requires that the country prepare and provide a supply of multiple tourism products in the areas of biodiversity, national culture, national languages, among other specificities.

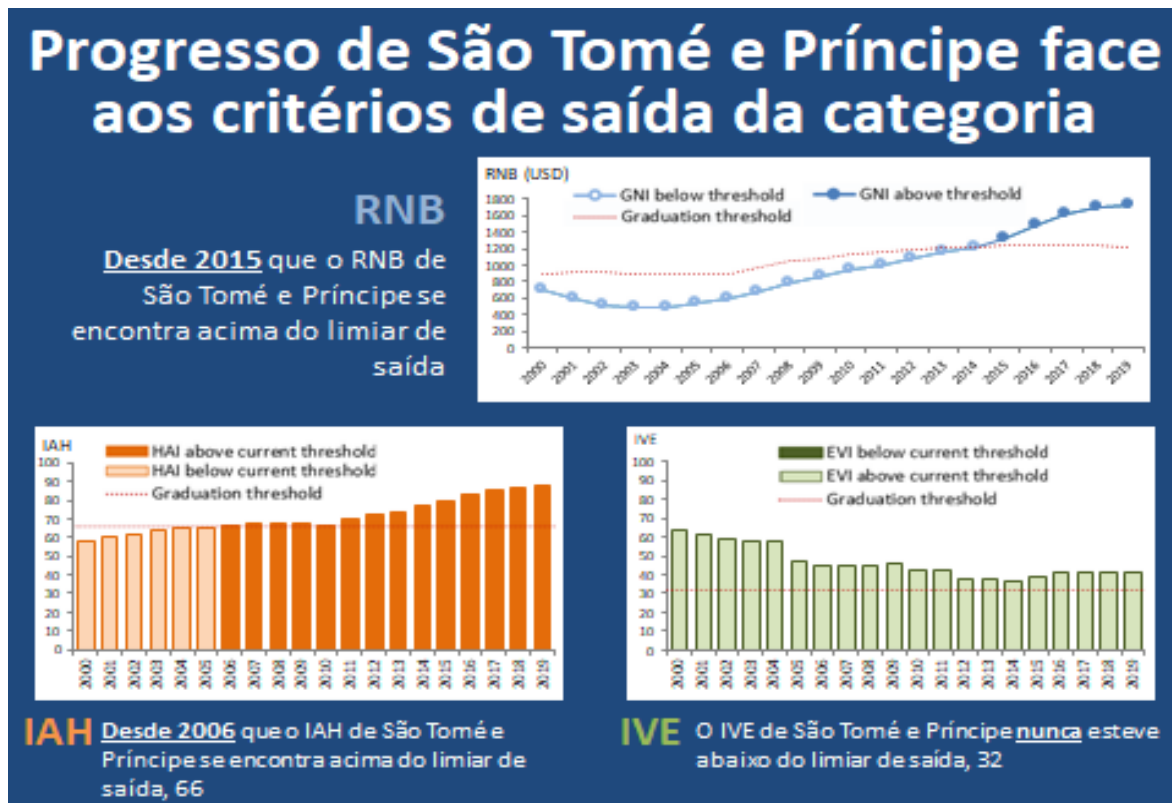
Despite its pleasant climate, São Tomé and Príncipe still faces two big challenges when it comes to the demand for tourism: high prices and average distance to countries of origin.

In light of these challenges, it is worth noting that as part of the process of **São Tomé and Príncipe's graduation**, Resolution No. 67/221, dated March 26, 2013, enacted by the UN General Assembly on the smooth transition for countries that have graduated off the list of least developed countries, emphasizes that this process is an important milestone for the country in question, since it means there has been significant progress made in at least a few of its development goals.

According to the UN's Committee for Development Policy (CDP), least developed countries have low income and suffer from serious structural constraints on their development in economic, social, and environmental terms. Measurements of these structural impediments to sustainable development were developed based on the construction of three indices/criteria: income per capita, which measures income per each inhabitant; the human assets index, which measures human development; and the economic vulnerability index, which measures the economy's structural vulnerability to shocks.

In terms of the progress made by São Tomé and Príncipe with respect to the criteria for graduating from the category of least developed country, the graphs below show that since 2015, STP's GDP has been above the escape threshold; since 2006, the Human Development Index has been above the escape threshold (66); and the Economic Vulnerability Index was never below the escape threshold of 32.

Graph 11: STP's Progress on Criteria for Moving Out of the LDC Category



Source: United Nations Committee for Development Policy

Therefore, STP's eligibility to move out of the least developed countries category depends upon meeting two of the three criteria to do so, resulting from triennial reviews from 2016 and 2018 regarding GDP per capita and the Human Development Index. Hence, graduation was recommended in 2018, which is now scheduled for 2024.

The Government of São Tomé and Príncipe is optimistic about the country's graduation. It recognizes the benefits of graduation, understanding that it is an opportunity and a challenge for STP to consolidate the irreversibility of the gains achieved and to establish new partnerships for financing its sustainable development. However, the government is also aware that without an adequate strategic response, the country could face certain constraints, namely those arising from a less favorable trade system and development assistance flows not aligned with the new priorities and realities.

As such, the UN General Assembly has reiterated the importance of assuring that a country's graduation from the status of least developed country does not interrupt the progress made by the country in terms of development, recognizing that the graduation process must entail considerations regarding the right incentives and support measures.

In fact, the General Assembly has exhorted graduating countries and bilateral/multilateral development and trade partners to continue intensifying their efforts in accordance with the rules of the World Trade Organization (WTO) for full implementation of Resolution 59/209 dated December 20, 2004, regarding the relevance of adopting a strategy for a smooth transition for countries graduating from the list of least developed countries.

Therefore, the main message or recommendation for São Tomé and Príncipe is the need for the country to implement a development strategy that includes losing specific support provided to least developed countries within the framework of the process for its graduation.

More specifically regarding support for the transition process, the CDP recommends the following actions:

- Follow General Assembly Resolution 67/2011 to assure continued support;
- Improve the understanding of support measures available for LCDs, seeking greater facility in preparing a smooth-transition strategy;
- Use a single source of information, the Gradjet Platform,¹⁶ www.gradjet.org, for the best information about what happens before, during, and after leaving the category, providing contacts, information, and suggestions regarding what to do in each stage of the transition process;
- Strengthen interagency technical support in preparing for a smooth transition;
- United Nations Task Force for Graduation.

Subsequently, the CPD identified three main areas for supporting LCDs, in this case, STP, seeking to overcome their structural constraints for sustainable development. They are:

1. Bilateral and multilateral Official Development Assistance;
2. Preferential trade and special treatment measures at the WTO, including preferential treatment for services and providing services;
3. Other supports seek to address:
 - Limitations on STP's financial contribution (Secretariat of the United Nations, International Labor Organization, United Nations Industrial Development Organization, Inter-Parliamentary Union, World Meteorological Organization);
 - Financing and support for United Nations system travel;
 - Targeted support for research, policy analysis and advocacy, intergovernmental processes.

4.1.1.2. Maritime Sector

There are countless economic activities tied to the maritime industry, most of which are far from being efficiently, profitably, and sustainably explored within the country. Transport, ports, logistics, shipping, construction, ship maintenance and repair, fishing, aquaculture, sports, leisure, tourism, heritage, culture, defense, security, renewal energy, mining resources, biotechnology, etc.

A new vision and a new paradigm need to be adopted for this sector, which should be based on three complementary pillars: knowledge, valuing/exploring the sea's natural resources and promoting their use; and protecting natural systems.

¹⁶ On October 26, 2018, a new site for least developed countries was officially launched at UN headquarters in Geneva, Switzerland. *Gradjet*, developed by the Secretariat of the UN Committee for Development Policy (CDP), will help governmental authorities in least developed countries understand what it takes to move out of the least developed countries category and lay the foundation for future actions. It is also to be used by the wider development community and anyone interested in LCD graduation. Adapted to each country, showing what graduation means in that context, the site demonstrates what happens before, during, and after a country leaves the category, with contacts, information, and suggestions about what to do during each stage.

These pillars must be implemented within a sustainable development framework that assures not only economic value and wellbeing for future generations, resulting from knowledge and use, but also a quality environmental legacy.

This investment in the maritime economy is both correct and consistent with the potential ocean of opportunities that the sea represents for STP, which should become a true, clear, national plan for a future that all São Toméans undoubtedly would prefer.

Hence, a study needs to be done to better understand these opportunities for São Tomé and Príncipe, in light of the business plan being developed for the supply industry (*bunkering*) for STP's future port. The potential market will be determined by the ships that sail through the country's exclusive economic zone and/or at latitudes close to it. Transshipment is another potential market for the country.

This program's success would require the government to take on the role of promoter, with the private sector's heavy involvement, especially for developing infrastructure, operating the various related services, providing investment and financing.

4.1.1.3. Aviation Sector

São Tomé and Príncipe boasts a unique location at the crossroads of major aerial routes that connect the continents of the Atlantic. There are some basic conditions that the country must meet to be able to establish itself as an air traffic hub of passengers and cargo, including:

- Building a modern, large-scale international airport; and
- Conducting studies to analyze and evaluate this potential market using data and information on flights (number of aircraft and passengers) that pass through the country's air space every day, plus the traffic to and from São Tomé and Príncipe, mostly from tourism. The potential traffic to and from Africa, connecting South America, North America, and Europe, should also be taken into account.

In addition to these market conditions, consideration should be given to the cumulative gains and challenges to be addressed in civil aviation, namely air transport, over the course of its recent post-independence history, focusing on the existence of the following components:

- A national airline;
- International airport;
- Airport services, namely handling, catering, and providing fuel;
- Aerial accords signed with other countries;
- Becoming a member of the ECCAS, a region of air space open to São Toméan companies;
- The capacity of hotels in conditions to be able to serve the aviation sector;
- Compliance with international air safety standards;
- Climate conditions (if exceptional) are relevant to flight operations because they provide both airlines and passengers with predictability and engender trust.

The existence or creation of these and other conditions necessary to enable STP to transform itself into a regional and international air traffic hub makes this project one of the most important for the country, owing to its direct, indirect, and induced effects on the economy. It will raise its level of international competitiveness and make the country a focal point in the Atlantic.

According to data from the National Airport and Air Safety Company (ENASA) for the winter of 2017-2018, there were six airlines operating in the country, from Lisbon/Acra, Luanda, Libreville, the island of Príncipe, and Cabo Verde (island of Sal) in 2019.

The country's main challenge in this area is developing a strategy to attract new routes from those markets, creating new dynamics in air connections to and from the archipelago and contributing to increasing the flow of passengers and tourists in the region. As such, airfares could be lowered and the number of visitors could increase.

4.1.1.4. Commercial and Industrial Sector

São Tomé and Príncipe has the potential to transform itself into a highly competitive regional and international business hub, in a prime spot for establishing businesses, attracting FDI, and promoting home-grown entrepreneurial initiatives, given that the country is optimally located in the middle of the Atlantic, and is safe, stable, and enjoys social harmony. Since there are only two islands, mobility conditions between the islands and Africa are good, with options to Europe, via Portugal, four times a week. However, the country needs better infrastructure, especially telecommunications, transport (air, maritime, and road), energy, water, and sanitation.

The country also needs to invest in training human resources and preparing them to acquire the right skills for performing any type of task. It enjoys exchange-rate stability as a result of an exchange-rate cooperation agreement with Portugal, which sets a fixed parity for the dobra with the euro. It has a good standard of health, especially public health, with a near absence of endemics. It maintains good relations with the European Union, the United States, Africa, and Brazil; and it is a member of CPLP and the ECCAS.

Even though these are the basic conditions to turn STP into an important location for businesses to be set up and operated, other investments are necessary in the three areas of competitiveness mentioned in the preceding chapter: trust; context costs; and sustainability. The goal of the program: Transforming STP into a regional and international business hub is to work on the three issues mentioned above, giving priority to improving the business environment, taking action on variables to improve indicators related to doing business, good governance, economic freedom, and sovereign risk.

The **Trade Sector** suffers from multiple constraints. This reality exists because of the precarious nature of the inter-sector economy, resulting from limited economic infrastructure, a lethargic, undercapitalized business class, and a business environment that still needs improvements. However, with this new path that the country's economic development will follow, the government will pay special attention to matters related to fostering exports by identifying and exploring markets, along with new agreements with development partners.

To that end, efforts will be made to carry out the following actions:

- Strengthen business skills through training, instruction, and a specialized work force, along with exchange programs with countries known for their skills in order to share experiences;
- Promote new trade models between São Tomé and the Autonomous Region of Príncipe, and among districts, exploring each unit's potential;
- Define a trade policy that enables strategies to be developed for the progressive integration into the regional and global economy, taking its geostrategic and geo-economic position in the Gulf of Guinea into account;
- Develop a credit system and other financing mechanisms that assure the profitability of commercial activities;

- Further relations with ECCAS and CEMAC to benefit from the provisions to extend a free trade zone (FTZ);
- Further and improve negotiations with the APEUE - Economic Partnership Agreement with the European Union in regional terms, in light of the country's characteristics.

São Tomé and Príncipe's **industrial base** is very limited, obsolete, and faces an array of difficulties. As such, a series of measures aimed at reducing and/or eliminating barriers should be carried out, in light of the following proposal:

- Carry out an exhaustive survey of the current industrial base (micro manufacturing);
- Find mechanisms to help solve many existing problems;
- Draft laws or improve current ones regarding protections for domestic or foreign investment;
- Define a national policy for industry based on innovation, competitiveness, and sustainability; and
- Take actions to train small and medium-sized manufacturing owners.

Additional important measures to help turn this proposal into a reality include:

- Exploring the country's EEZ and coastline with potential for fishing, seafood processing, trade, and tourism, given STP's traits as an island and archipelagic nation;
- Actively attracting labor-intensive, export-oriented, light manufacturing, namely by completing construction of the port, which will be a major strategic asset in this process. The solution also entails using the country's natural wealth and investing in social and economic infrastructure, a platform for various services, which attract private-sector investments;
- Strengthening the private business sector, noting that its dynamism and intensive use of labor have the potential to impact other sectors by supporting the dissemination of learning and technology, creating jobs, and increasing the domestic demand for agriculture, livestock, fishing, and informal services. The creative economy can offer: a good, a product, a new service, and even a better relationship;
- Increasing the productivity of small farmers and their place in the field, which entails support by the government, local autarkies, and international cooperation aimed at obtaining loans, production factors, training for new growing and irrigation practices, better accessibility, technical and animal husbandry support, organization into cooperatives, or other forms of association that allow for better organization, productivity, and income; and
- Promoting the processing of domestic agriculture for a growing urban population; for instance, with the cereal milling units, oil presses, production of palm oil, palm wine, dairies, slaughterhouses, among others. Investment in these types of initiatives is feasible for a country that imports a lot of food, energy, and construction products.

4.1.1.5. Financial Sector

São Tomé and Príncipe's less-developed reality is also very clear in the vulnerability of its financial system. In 2014, the financial market was run by eight banks (a central bank, which oversees and dictates the country's monetary rules, one investment bank, and six commercial banks) with limited capacity to intervene in the economy, considering their limitations in terms of capital resources both individually and collectively.

Most of the banks in question were attracted by the widely announced joint exploration of petroleum between Nigeria and the archipelago, back in 2006. But with waning business tied to the oil industry on the maritime border between the two countries, the banks injected tens of thousands of euros in 2012. Four years later, losses started accumulating from the slow recovery of capital, mainly when political/institutional problems arose in subsequent years. As a consequence, some of those banks went bankrupt.

To make the situation worse, the financial system was also struggling to survive with the low price of oil in producer countries that support the São Toméan General State Budget, as in the case of Nigeria, Angola, and Gabon. It now appears that the country will soon only have five banks left.

This proposal to transform STP into a regional and international financial hub is closely tied to the previous project to transform the country into a regional and international business hub. As such, the arguments and justifications underlying the first project's opportunity and relevance are likewise valid for the second. A financial hub is thus an essential component for any regional and international business hub.

In addition, the urgency and relevance of creating a regional and international financial hub in STP entail an additional chance for international banks and companies to perform international financial operations based out of São Tomé, assuming the country's competitiveness and need to support companies that come to set up shop here, as part of the project of developing a regional and international business hub.

4.1.1.6. Digital Technology and Innovation Sector

São Tomé and Príncipe's geographic isolation, on the one hand, and geostrategic location, on the other, make connectivity a priority matter. To make the economy more competitive and to improve the quality of life of its inhabitants, the government should absolutely invest in transforming STP into a top-tier country on matters of Information and Communication Technologies (ICT). For this reason, an ICT policy needs to be developed based on leading international practices, to encourage greater use of ICTs across all sectors, including within the government.

The government's policy for the ICT sector highlights strategic measures aimed at education, training, and research in science and technology. However, policies and strategies need to be integrated that concomitantly concentrate efforts on other key areas like: infrastructure; legislative and regulatory frameworks; developing human resources; the ICT industry; etc.

More than the just digitalizing the country across an array of sectors, especially the economy, which is needed, this proposal to transform the digital and innovative sector of São Tomé and Príncipe means making it a country where digital economy services, products, research, investment, production, and distribution take place, and not just consumption of those goods and services.

It is an objective that requires a bold, consistent strategy, investing in innovation and becoming part of the global centers and networks of digital-technology research and production. Conditions need to be established in basic support sectors, such as telecommunications, for instance,

Although the development of a digital component is primarily something done by the private sector, its success depends on the state's role as a leader, promoter, and partner *par excellence*. The government's role is especially essential in coordinating private initiatives, creating incentives, promoting alliances, external partnerships, and training.

Graph 12: Financing the Economy: The State's role versus the private sector's role

Partner State	Share risk with the private sector Facilitate access to foreign capital Mobilize development banks Modernize financial legislation		Private Sector Private with more PND financing ➤ Operationalize sector action ➤ National investment ➤ FDI
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As a highly qualified human-capital-intensive sector, its success depends overwhelmingly on the quality and the scope of reforms of the human resource training system, in particular, reforms to the education system.

That outlook is corroborated by the government's understanding that investment in production, scientific innovation, and technology is closely tied to the process of any country's socioeconomic development. In light of that fact, the following measures have been proposed for implementation:

- Development of a strategic plan for the country's digital transformation;
- Investment preferentially in human capital and the quality of individuals, in particular the youngest, without neglecting the institutional conditions that enable them to get the most of their work;
- Encouraging people to undertake master's and doctorate programs at top institutions with international partners;
- Creating mechanisms to attract future São Toméan researchers who wish to contribute on this qualitatively demanding path, in light of the scientific model being developed in the country;

- Creating conditions to encourage and foster partnerships among research centers and businesses, in order to develop applied research programs and to promote the creation of jobs and work;
- Fostering a culture to create competitions aimed at research projects in all scientific areas, enabling better planning of activities and stable finance for the most competitive ones;
- Launching a competitive program to support better-quality doctorate programs, with a structure and assurance of profitability;
- Supporting scientific dissemination programs and encouraging young people to get involved in science;
- Fast-tracking legislative provisions that facilitate the inclusion of public sector researchers into the private sector and value transfer of technology activities;
- Supporting post-graduate training of technicians and researchers;
- Redefining criteria for allocating scholarships, as well as education priorities;
- Defining and implementing a model for financing higher education, aimed at greater stability and predictability, as well as consideration of the activity's quality factors and incentives for making it better;
- Identifying modalities of incentives, with the financial sector, that can facilitate access to credit for young students who want to finance their own educations, beyond scholarships provided by the government.

4.2.1.7. [sic] Foreign Direct Investment

STP's strategy of actively integrating with the global economic system emphasizes the importance of Foreign Direct Investment (FDI). Hence, attracting FDI in terms of creating an international business center and international financial hub, and more, is absolutely vital. In fact, this need is not exclusive to São Tomé and Príncipe or less advanced nations. On the contrary, it is a condition for all dynamic economies, regardless of their size and level of development.

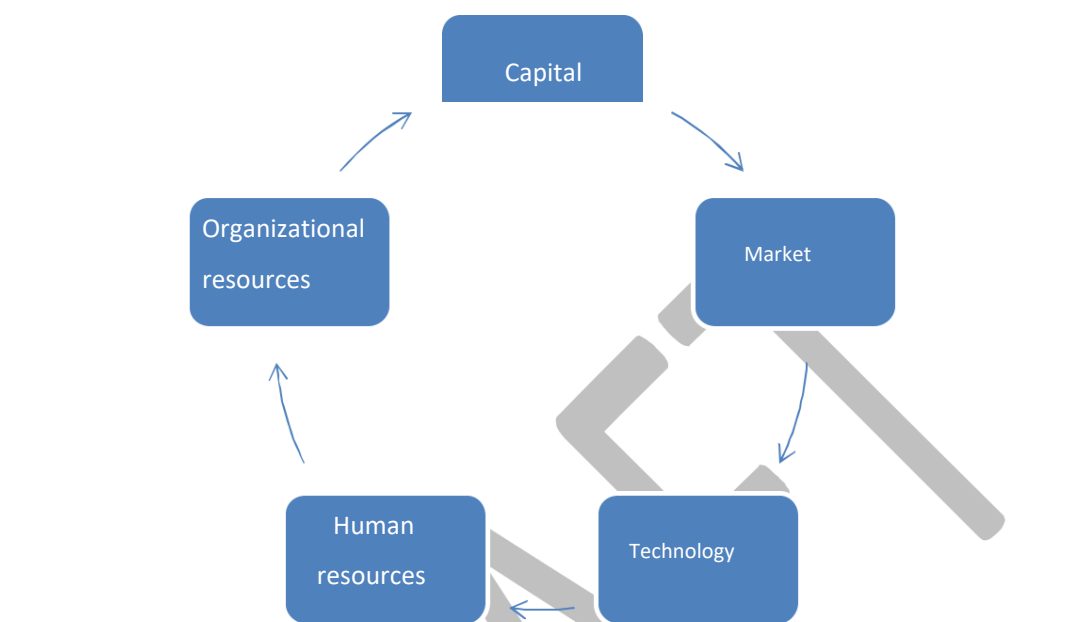
In terms of the irregular growth of FDI and its decline in STP, the variables responsible for this situation must be sought out internally, rather than abroad, in order to be able to devise the right strategy and solutions to increase its flow. Everything points to the problem residing in the business environment, rather than a lack of investment opportunities or funding.

This thesis is corroborated by the Government's Program, in which attracting FDI is fundamental for the economy, especially for creating new jobs. The government, however, recognizes that the obstacle to pursuing this plan is the problematic business environment.

In fact, *Doing Business 2018*, whose motto is "Reform to Create Jobs", ranks São Tomé and Príncipe 169th out of 190 countries, with a score of just 44.84, compared to 86.55 for first place. As such, the government's proposal is doing what it can to improve the business environment in STP, mainly with respect to its ability to enforce contracts, address insolvencies, register property, obtain loans, and protect small investments, problems that, according to the government, will be solved in the realm of reforming the justice system.

São Tomé and Príncipe, like most small island developing states, suffers from a shortage of capital, technology, human resources (especially highly qualified professionals), higher-level organizational and market capacity, a pentagon of factors illustrated in the figure below.

Graph 13: Resources that Depend upon STP joining the global economic system



With respect to human resources, in particular, the NSDP shares the theory with those who believe that the accumulation of human capital is very similar to the accumulation of physical capital (Solow model, 1993): the more resources dedicated to accumulating capital, in its broadest sense, the greater its output will be in the future. A high level of schooling is an indicator of workers with greater abilities and more productivity, which, for their part, increase the capacity for producing an economy's goods and services. An abundance of well-educated human resources also facilitates the absorption and production of technology.

FDI, for its part, has the virtue of enabling this pentagon of resources, and by doing so, determining direct, indirect, and induced effects on all aspects of social and economic life, along with improving macroeconomic variables, such as GDP, the balance of payments, employment, income, and public revenue.

Within the scope of the NSDP, it is fundamental for São Tomé and Príncipe's diplomatic agenda to prioritize a deepening of multilateral and bilateral economic relations; that is, actively endeavoring to create political and cooperative conditions that enable STP's active integration into the global economic system.

As such, some of these diplomatic priorities may entail expanding upon political and cooperative relationships with the dynamic nations of the Atlantic, in particular, the countries of the ECCAS, the European Union, Portugal, Brazil, NAFTA (North American Free Trade Agreement), the United States, Southern Africa, namely, Angola and South Africa, without neglecting major partners like China and others.

In terms of implementing the African Union's Agenda 2063, special mention must be given to the African Continental Free Trade Area (AfCFTA) for economic integration, signed on March 21, 2018, at the African Union's special summit in Kigali, the capital of Rwanda. The AfCFTA is the first step in creating the world's largest free trade zone.

The agreement was official launched at the AU summit in Niger, in July 2019, with the announcement of both Nigeria and Benin having signed on, leaving Eritrea as the only country out of the 55 in the AU that has yet to sign. The AfCFTA took effect on May 30th of this year, as part of the process that by 2028 calls for establishing a common market and an economic and monetary union for Africa, which is why the creation of single African passport is also underway.

During its initial phase, the agreement will lead to the elimination of tariffs on 90% of products. The AU's objective is to create the largest free trade zone of this type in the world, with a market estimated at US\$2.5 billion [sic?], and continental gross domestic product of US\$2.5 trillion (55 member-states), equal to € 2.03 trillion. The zone will strengthen Africa's fragmented markets and presence on the international scene, with a single unified voice, in negotiations with other blocs, enabling the development of a continent with nearly 1.2 billion inhabitants.

At this time, African nations trade 16% of their goods with one another, a figure well below the 65% traded among European countries. However, the African Union believes that by 2022, the agreement will result in a 60% increase in internal trade on the continent. It has been noted, though, that many prerequisites that could compromise this zone have been neglected, such as the lack of infrastructure for transporting merchandise.

In São Tomé and Príncipe, the convention is expected to be ratified soon, in the hope that its implementation will bring a new outlook for the growth of the African continent and for the country's sustainable, inclusive development. Therefore, it is clear that STP needs to strengthen and consolidate its integration and cooperation within the ECCAS sub-region, the Gulf of Guinea, and the African Union as a whole.

In this case, the United Nations committee is coordinating this integration process of the five island nations, namely, Cabo Verde, the Island of Comoros, Mauritius Islands, the Seychelles, and São Tomé and Príncipe, considering that ratification of the agreement is fundamental for the free trade zone in Africa to accomplish the expected results. Hence, it is essential for member states to do their best, through effective, integrated, national strategies aimed at maximizing the benefits of this agreement.

Among the opportunities offered by the free trade zone, STP will seek to boost its exports to the region, broaden its market, increase the consumption of products from the region, modernize its economy, attract foreign investments, and strengthen the negotiation capacity of national stakeholders.
