

IMF Executive Board Discusses the Ex Post Assessment of Longer-Term Program Engagement with São Tomé and Príncipe

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On June 20, 2012, the Executive Board of the International Monetary Fund (IMF) discussed the Ex Post Assessment (EPA) of Longer-Term Engagement with São Tomé and Príncipe.¹

Background

The report reviews the experience of the Fund's longer-term engagement with São Tomé and Príncipe since 2000. It covers three Poverty Reduction and Growth Facility (now Extended Credit Facility) arrangements and one staff-monitored program.

Fund-supported programs played a useful role in helping São Tomé and Príncipe ensure macroeconomic stability and advance key structural reforms, especially in the fiscal area, after a period of important imbalances in the 1990s. Annual real GDP growth has averaged 5 percent a year since 2000 and substantial progress has been made toward meeting the Millennium Development Goals. Satisfactory performance under the programs secured considerable debt relief under the Heavily Indebted Poor Country (HIPC) and Multilateral Debt Relief Initiatives (MDRI), and created space for an increase in pro-poor spending. However, overall program performance was mixed given a modest track record of completion of program reviews and limited success in containing inflationary pressures.

Executive Board Assessment

São Tomé and Príncipe: Selected Economic Indicators, 2000–2011

(Percent of GDP, unless otherwise indicated)

Total revenue, grants, and oil signature bonuses ¹	29.9	36.8	31.9	34.0	34.8	71.6	33.9	165.5	45.4	31.2	38.1	36.7
Total expenditure and net lending	40.0	49.7	42.6	44.1	50.9	40.6	46.5	40.1	31.2	49.6	49.1	47.4
Domestic primary balance ²	1.3	-8.5	-7.9	-9.3	-14.2	-10.1	-9.9	-8.5	-7.0	-8.0	-4.1	-3.4
Overall balance (commitment basis)	-10.1	-12.9	-10.7	-10.1	-16.1	30.9	-12.7	125.4	14.2	-18.4	-11.0	-10.7

External sector

Current account balance

Including official transfers	-18.5	-21.3	-18.7	-14.7	-16.0	-11.0	-25.8	-29.8	-22.0	-25.5	-34.1	-33.1
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Excluding official transfers	-38.8	-45.9	-37.7	-35.2	-36.9	-36.8	-50.0	-46.4	-52.5	-42.9	-56.1	-52.2
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Usable net international reserves³

Millions of U.S. dollars	11.6	13.0	14.3	16.0	10.9	10.6	20.6	22.5	40.9	43.7	38.5	32.7
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Months of imports of goods and nonfactor services	5.3	5.3	5.1	5.1	3.1	2.2	4.5	3.5	6.9	5.7	4.4	3.3
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Sources: São Tomé and Príncipe authorities and IMF staff estimates and projections.

¹ For 2007, includes IDA and AfDB MDRI debt relief as a stock of debt reduction.

² Excludes oil related revenues, grants, interest earned, scheduled interest payments, and foreign-financed capital outlay.

³ Gross reserves excluding (i) the National Oil Account and (ii) commercial banks' foreign currency deposits at the central bank that are needed to meet the reserve requirement for their foreign currency deposits or as application deposits for new licensing.

¹ An EPA is required for all members having longer-term program engagement with the Fund. It is intended to provide an opportunity for the Fund to step back from continuing program relations with a member country to consider an analysis of the economic problems facing the country, a review of progress under Fund-supported programs and forward-looking assessment that takes into account the lessons learned, and presents a strategy for future Fund engagement.

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