

## 40. Country profile: Sao Tome and Principe



### 1. Development profile

Sao Tome and Principe was “discovered and claimed” by the Portuguese in the late 15<sup>th</sup> century. Africa’s smallest nation is comprised of two tropical islands which lie off the coast of Gabon in the Gulf of Guinea. The local economy has been dominated by various cash crops, produced through slave labour. Independence was achieved in 1975, but democratic governance was not introduced until the late 1980s. Elections were held in 1991 “but frequent internal wrangling between the various political party's precipitated repeated changes in leadership and two failed coup attempts in 1995 and 2003”.<sup>1</sup> A coalition Government was established in 2008 and is expected to bring political stability to the country.

While socioeconomic indicators are generally above regional averages, it is still considered a least developed country. The population is growing rapidly, at 2 percent annually. The literacy rate, 87.9 percent, is one of the highest on the continent and there appears to be gender equality in society. This can be seen by the fact that a female Prime Minister has held office. On the health front, the country has attained universal vaccination of all children. About half of the population has access to healthcare and medicine, and 78.6 percent of births are attended by skilled professionals. Most people have access to potable water which means that waterborne illnesses and sanitation are not as large of problems as they are in other African nations. The Government spends 8.6 percent of its GDP on healthcare.<sup>2</sup>

From sugar to coffee and cocoa, the economy of Sao Tome and Principe has always revolved around cash crops. Since independence, the economy has become increasingly focused and dependent on cocoa but production has declined in recent years due to droughts and mismanagement.<sup>3</sup> The economy relies solely on cocoa exports and donations, making it extremely vulnerable to external shocks.<sup>4</sup> With few natural resources, Sao Tome and Principe has to import all fuels, manufactured goods, consumer goods and most food. Sao Tome and Principe’s external debt is a massive burden, with a debt to GDP

---

<sup>1</sup> *Sao Tome and Principe*. (2010, April 8). Retrieved from US Government, Central Intelligence Agency: <https://www.cia.gov/library/publications/the-world-factbook/geos/tp.html>

<sup>2</sup> *Democratic Republic of Sao Tome and Principe: Humanitarian Country Profile*. (n.d.) Retrieved from IRIN: <http://www.irinnews.org/country.aspx?CountryCode=ST&RegionCode=WA>

<sup>3</sup> *Sao Tome and Principe*. US Government, Central Intelligence Agency.

<sup>4</sup> Ibid.

ratio of over 600 percent.<sup>5</sup> In 2008, economic performance remained strong but inflation increased to 26 percent, “against the background of sharp increase in international oil and food prices that were passed on to domestic consumers.”<sup>6</sup> The country has various opportunities to improve its economic condition in the near future. The nation has great potential as a tourist destination, and oil reserves were recently discovered in the territorial waters and the reserves are being developed jointly with Nigeria. However, production has yet to commence.<sup>7</sup>

<b>Socioeconomic indicators<sup>8</sup></b>	
Population (millions)	.169
GNI per capita, PPP (current USD)	1,850
GDP (current USD) (millions)	193
GDP composition by sector (%)	Agriculture – 14.3 Industry- 15.1 Services- 70.6
GDP growth rate (%)	4.0
percent below poverty line (%)	n/a
Inflation (%)	17
GINI index	n/a
Adult literacy rate (%)	88
Life expectancy (years)	66
Child dependency ratio	72.2
Elderly dependency ratio	6.9
HIV prevalence (%)	n/a
Overseas development aid per capita (current USD)	213
Net official development assistance 2005 (USD Millions)	32.5
Remittances as percent of GDP	n/a
2009 Human Development Index (HDI) ranking	131

## **2. Vulnerability analysis**

### **2.1 External shocks**

Sao Tome and Principe is extremely vulnerable to external shocks, especially fluctuations in international markets. The country is reliant on external sources for everything from manufactured goods to foodstuffs because of its lack of indigenous natural resources. Because of this, rises in oil prices and transportation costs greatly affect the small island nation. In 2008, economic performance remained strong but inflation increased to 26 percent, “against the background of sharp increase in

<sup>5</sup> *Sao Tome and Principe: Country Brief*. (n.d.) Retrieved from World Bank: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/SAOTOMEEXTN/0,,menuPK:382775~pagePK:141132~piPK:141107~theSitePK:382765,00.html>

<sup>6</sup> Ibid.

<sup>7</sup> *Sao Tome and Principe*. US Government, Central Intelligence Agency.

<sup>8</sup> *Indicators*. (2010). Retrieved from World Bank: <http://data.worldbank.org/indicator>

international oil and food prices that were passed on to domestic consumers”.<sup>9</sup> All of these factors contribute to the deterioration of the country’s terms of trade which will make it even more difficult for the country to purchase necessary goods.

## **2.2 HIV/AIDS**

While prevalence rates are low, the country faces an increased challenge in containing this disease. This was seen as the prevalence rate increased by 300 percent from 0.5 percent to 1.5 percent in pregnant women. However, the government is not idly standing by. AIDS tests are free and the Government provides universal antiretroviral treatment through a programme called Brazil +7.<sup>10</sup> These programmes should help to keep the prevalence rate low and maybe even reverse the increases that have been experienced in recent years.

## **3. Monitoring and evaluation**

The monitoring and evaluation systems for individual sectors are unreliable and do not produce the information necessary to assess progress and conditions. For example, no agricultural census was conducted for at least 10 years, “thereby creating problems for the definition of indicators and targets for the sector and consequently their monitoring and evaluation.”<sup>11</sup> The Statistics units in the Ministry of Economy were also non functional. The National Poverty Reduction Strategy states the objective of M&E activities as “to monitor implementation of the planned actions and assess their impact on improving the living conditions of the population.”<sup>12</sup> Unfortunately, in 2006, the year that the system was to be established, there were several political, economic and social events which derailed implementation plans, “Thus the Poverty Reduction Observatory (PRO), the technical agency responsible for spearheading the implementation of the mechanism, saw little improvement in terms of techniques and stability to coordinate and monitor the sectoral actions planned for the year.”<sup>13</sup> Following the inauguration of the XI constitutional Government, the process of establishing M&E activities was resumed. The Economic and Statistical Observatory for Sub Saharan Africa, “the sub regional institution for NPRS and MDG monitoring information systems,” helped to assess the situation and devise new plans. Apparently, communication problems further delayed the process. The constraints cited as hampering the system are, “Insufficient staff; training needs in project implementation and monitoring by the sectors; nonexistence of data; lack of motivation on the part of the focal points (insufficient salaries and subsidies, lack of equipment); no sectoral coordination and accountability mechanisms.”<sup>14</sup>

---

<sup>9</sup> *Sao Tome and Principe: Country Brief*. World Bank.

<sup>10</sup> *Democratic Republic of Sao Tome and Principe: Humanitarian Country Profile*. IRIN.

<sup>11</sup> *Sao Tome and Principe: Poverty Reduction Strategy Paper Progress Report*. (2008, May). Retrieved from International Monetary Fund: <http://www.imf.org/external/np/prsp/prsp.asp#S>

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

## 4. Social assistance programmes overview

\*All currency conversions are based on 17<sup>th</sup> February 2010 rates.

- 1 STD = 0.00006 USD
- 1 EUR = 1.369 USD
- 1 GBP = 1.57161 USD<sup>15</sup>

Programme# 1: social insurance system	Programme name	Old Age, Disability and Survivor <sup>16</sup>
	Programme components	<ul style="list-style-type: none"> <li>▪ <b>Old-age pension:</b> <ul style="list-style-type: none"> <li>○ The monthly pension is equal to 30 percent of the insured's average monthly earnings in the best 5 of the last 10 calendar years plus 1 percent of average monthly earnings for each year of coverage exceeding 10 years up to 25 years plus 2 percent for each year of coverage exceeding 25 years.</li> <li>○ <b>Deferred pension:</b> The pension is increased by 3 percent for each year of coverage after the normal retirement age.</li> <li>○ The minimum pension is equal to 30 percent of the national minimum wage.</li> <li>○ The pension is paid monthly.</li> <li>○ Benefit adjustment: Benefits are adjusted according to wage increases.</li> </ul> </li> <li>▪ <b>Disability pension:</b> <ul style="list-style-type: none"> <li>○ The monthly pension is equal to 30 percent of the insured's average monthly earnings in the best 5 of the last 10 calendar years plus 1 percent of average monthly earnings for each year of coverage exceeding 10 years up to 25 years plus 2 percent for each year of coverage exceeding 25 years.</li> <li>○ At the normal retirement age, the disability pension is replaced by the old-age pension.</li> <li>○ The minimum pension is equal to 30 percent of the legal minimum wage.</li> <li>○ <b>Constant-attendance allowance:</b> 20 percent of the pension is paid.</li> <li>○ The pension is paid monthly.</li> <li>○ Benefit adjustment: Benefits are adjusted according to wage increases.</li> </ul> </li> <li>▪ <b>Survivor pension:</b> <ul style="list-style-type: none"> <li>○ 60 percent of the monthly pension the deceased received or would have been entitled to receive is paid for one dependent survivor; 80 percent for two; 100 percent for three or more.</li> </ul> </li> <li>▪ <b>Funeral grant:</b> <ul style="list-style-type: none"> <li>○ A lump sum is paid equal to the cost of the funeral.</li> </ul> </li> </ul>
	Programme coverage	<ul style="list-style-type: none"> <li>▪ Employed persons, including civil servants and military personnel.</li> <li>▪ Voluntary coverage for self-employed persons.</li> <li>▪ Exclusions: Household workers.</li> </ul>

<sup>15</sup> *Currency Converter*. (n.d.) Retrieved from Oanda: <http://www.oanda.com/currency/converter/>

<sup>16</sup> Table taext from *Social Security Programs Throughout the World: Africa 2009*. (2009). Retrieved from US Government, Social Security Administration: <http://www.ssa.gov/policy/docs/progdesc/ssptw/2008-2009/africa/saotomeandprincipe.html>

	Beneficiary determination process	<ul style="list-style-type: none"> <li>▪ <b>Old-age pension:</b> <ul style="list-style-type: none"> <li>○ Age 62 (men) or age 57 (women) with at least 120 months of contributions.</li> <li>○ Retirement is not necessary.</li> <li>○ <b>Deferred pension:</b> A deferred pension is possible.</li> </ul> </li> <li>▪ <b>Disability pension:</b> <ul style="list-style-type: none"> <li>○ The insured must be assessed with a permanent incapacity for all work or with an incapacity for usual work of at least a 66.7 percent and have at least 60 months of contributions.</li> <li>○ <b>Constant-attendance allowance:</b> Paid if the insured requires the constant attendance of others to perform daily functions.</li> </ul> </li> <li>▪ <b>Survivor pension:</b> <ul style="list-style-type: none"> <li>○ The deceased was a pensioner or was eligible for a pension at the time of death with at least 60 months of contributions.</li> <li>○ Eligible survivors are the widow(er), children younger than age 18 (no limit with a disability), and dependent parents older than age 62 (men) or age 57 (women) or dependent and disabled.</li> <li>○ The widow(er)'s pension ceases on remarriage.</li> <li>○ Eligible survivors are the widow(er), children younger than age 18 (no limit if disabled), and dependent parents older than age 62 (men) or age 57 (women) or dependent and disabled.</li> </ul> </li> <li>▪ <b>Funeral grant:</b> <ul style="list-style-type: none"> <li>○ The deceased had at least 12 months of contributions or was a pensioner.</li> </ul> </li> </ul>
	Finance	<ul style="list-style-type: none"> <li>▪ <b>Insured person:</b> <ul style="list-style-type: none"> <li>○ 4 percent of gross earnings.</li> <li>○ The insured's contributions finance old-age, disability, and survivor benefits; sickness and maternity benefits; and work injury benefits.</li> </ul> </li> <li>▪ <b>Self-employed person:</b> <ul style="list-style-type: none"> <li>○ Voluntary contributions of 7.5 percent of declared earnings, according to six earnings classes.</li> <li>○ The self-employed person's contributions finance old-age, disability, and survivor benefits only.</li> </ul> </li> <li>▪ <b>Employer:</b> <ul style="list-style-type: none"> <li>○ 6 percent of gross payroll.</li> <li>○ The employer's contributions finance old-age, disability, and survivor benefits; sickness and maternity benefits; and work injury benefits.</li> </ul> </li> <li>▪ <b>Government:</b> None.</li> </ul>

	<b>Legal framework</b>	<ul style="list-style-type: none"> <li>First law: 1979.</li> <li>Current law: 1990 (social security).</li> </ul>
	<b>Administrative framework</b>	<ul style="list-style-type: none"> <li>Ministry of Health, Labour, and Social Security provides general supervision.</li> <li>National Institute of Social Security administers the program.</li> </ul>

Programme #2: social insurance system, cash benefits only	<b>Programme name</b>	<b>Sickness and Maternity<sup>17</sup></b>
	<b>Programme components</b>	<ul style="list-style-type: none"> <li><b>Sickness benefit:</b> The benefit is equal to 60 percent of the insured's average daily earnings in the last 2 months and is paid after a 3-day waiting period for up to 360 days.</li> <li><b>Maternity benefit:</b> The benefit is equal to 100 percent of the insured's average daily earnings in the last 12 months and is paid for 30 days before and 30 days (45 days for multiple births) after the expected date of childbirth.</li> <li><b>Special leave:</b> The benefit is equal to 60 percent of the insured's average daily earnings in the last 2 months. The benefit is paid without a waiting period for up to 360 days; the benefit may be extended for an additional 180 days for the same child 12 months after the end of the first benefit period.</li> <li><b>Medical benefits:</b> No statutory benefits are provided. <ul style="list-style-type: none"> <li>Medical care is provided under the public health program.</li> </ul> </li> <li><b>Medical benefits for dependents:</b> No statutory benefits are provided. <ul style="list-style-type: none"> <li>Medical care is provided under the public health program.</li> </ul> </li> </ul>
	<b>Programme coverage</b>	<ul style="list-style-type: none"> <li>Employed persons, including civil servants and military personnel.</li> <li>Exclusions: Self-employed persons and household workers.</li> </ul>
	<b>Beneficiary determination process</b>	<ul style="list-style-type: none"> <li><b>Cash sickness benefits:</b> The insured must have at least 3 months of coverage with at least 60 days of paid contributions immediately before the incapacity began; a total of at least 3 months of paid contributions if the insured had not contributed in the 12 months before the incapacity began.</li> <li><b>Cash maternity benefits:</b> The insured must have at least 360 days of coverage and at least 10 months of paid contributions before the expected date of childbirth.</li> <li><b>Special leave:</b> Paid to a parent to provide care for a sick child younger than age 3 or a child of any age with a disability. The insured must have at least 3 months of coverage with at least 60 days of contributions immediately before the leave began.</li> </ul>

<sup>17</sup> Ibid.

	<b>Finance</b>	<ul style="list-style-type: none"> <li>▪ <b>Insured person:</b> See source of funds under Old Age, Disability, and Survivors, above.</li> <li>▪ <b>Self-employed person:</b> Not applicable.</li> <li>▪ <b>Employer:</b> See source of funds under Old Age, Disability, and Survivors, above.</li> <li>▪ <b>Government:</b> See source of funds under Old Age, Disability, and Survivors, above.</li> </ul>
	<b>Legal framework</b>	<ul style="list-style-type: none"> <li>▪ <b>First law:</b> 1979.</li> <li>▪ <b>Current law:</b> 1990 (social security).</li> </ul>
	<b>Administrative framework</b>	<ul style="list-style-type: none"> <li>▪ Ministry of Health, Labour, and Social Security provides general supervision.</li> <li>▪ National Institute of Social Security administers the program.</li> </ul>

	<b>Programme name</b>	<b>Work Injury<sup>18</sup></b>
	<b>Programme components</b>	<ul style="list-style-type: none"> <li>▪ <b>Temporary Disability Benefits:</b> <ul style="list-style-type: none"> <li>○ The benefit is equal to 100 percent of the insured's average daily earnings in the 2 months before the disability began for the first 30 days and 90 percent of average daily earnings from the 31st day up to the 360th day; thereafter, 75 percent of average earnings.</li> <li>○ The benefit is paid for up to 24 months.</li> </ul> </li> <li>▪ <b>Permanent Disability Benefits:</b> <ul style="list-style-type: none"> <li>○ <b>Permanent disability pension:</b> The pension is equal to 50 percent of the insured's average monthly earnings in the best 5 of the last 10 calendar years plus 2 percent for each year of coverage exceeding 25 years.</li> <li>○ The minimum pension is equal to 30 percent of the legal minimum wage.</li> </ul> </li> <li>▪ <b>Workers' Medical Benefits:</b> <ul style="list-style-type: none"> <li>○ Medical benefits: No statutory benefits are provided.</li> <li>○ Medical care is provided under the public health program.</li> </ul> </li> <li>▪ <b>Survivor Benefits:</b> <ul style="list-style-type: none"> <li>○ <b>Survivor pension:</b> 60 percent of the monthly permanent disability pension the deceased received or would have been entitled to receive is paid for one survivor; 80 percent for two; 100 percent for three or more.</li> <li>○ The widow(er)'s pension ceases on remarriage.</li> <li>○ Eligible survivors are the widow(er), children younger than age 18 (no limit with a disability), and dependent parents older than age 62 (men) or age 57 (women) or dependent and disabled.</li> <li>○ <b>Funeral grant:</b> A lump sum is paid equal to the cost of the funeral.</li> </ul> </li> </ul>

<sup>18</sup> Ibid.

	<b>Programme coverage</b>	<ul style="list-style-type: none"> <li>Employed persons, including civil servants and military personnel.</li> <li>Exclusions: Self-employed persons.</li> </ul>
	<b>Beneficiary determination process</b>	<ul style="list-style-type: none"> <li><b>Work injury benefits:</b> There is no minimum qualifying period. Accidents that occur while commuting to and from work are covered.</li> </ul>
	<b>Finance</b>	<ul style="list-style-type: none"> <li><b>Insured person:</b> See source of funds under Old Age, Disability, and Survivors, above.</li> <li><b>Self-employed person:</b> Not applicable.</li> <li><b>Employer:</b> See source of funds under Old Age, Disability, and Survivors, above.</li> <li><b>Government:</b> See source of funds under Old Age, Disability, and Survivors, above.</li> </ul>
	<b>Legal framework</b>	<ul style="list-style-type: none"> <li><b>First law:</b> 1979.</li> <li><b>Current law:</b> 1990 (social security).</li> </ul>
	<b>Administrative framework</b>	<ul style="list-style-type: none"> <li>Ministry of Health, Labor, and Social Security provides general supervision.</li> <li>National Institute of Social Security administers the program.</li> </ul>

<b>Programme# 6: welfare and social services</b>	<b>Programme name</b>	<b>Education for All - Fast Track Initiative Program<sup>19</sup></b>
	<b>Programme overview</b>	<ul style="list-style-type: none"> <li>"The Grant will allow for the scaling up of ongoing education interventions under the SSSP. It will particularly contribute to: (i) improve access and equity of primary education, particularly in rural areas; (ii) improve quality and efficiency of basic education; and (iii) capacity building for quality sectoral management".<sup>20</sup></li> </ul>
	<b>Programme components</b>	<ul style="list-style-type: none"> <li><b>Improving access and equity to primary education:</b> This component will finance the construction and equipment of additional 22 classrooms in primary education in order to definitely eliminate the triple shift and considerably increase the number of schools that offer a full six-year of primary education. In order to enhance the prospect of success of the new entrants to primary education, particular attention will be devoted to pre-school education. Therefore, the Grant will finance the construction and equipment of 24 new classrooms to expand pre-school coverage, and the rehabilitation of 12 existing pre-schools. Mobilization campaigns will be carried out to urge parents to enrol early their children in pre-school and in primary education. The Grant will also finance specific actions to reach out to children with special needs. This includes the creation of a department in the MoE in charge of special education, as well as the development of a strategy to meet the needs of this special group of children.</li> <li><b>Improving the efficiency and quality of basic education:</b> This component will support the development of new curriculum and textbooks for</li> </ul>

<sup>19</sup>Table drawn from *World Bank- Projects & Operations*. (n.d.) Retrieved from World Bank: [http://www.wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&siteName=WDS&entityID=000104615\\_20081106170958](http://www.wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&siteName=WDS&entityID=000104615_20081106170958)

<sup>20</sup> Ibid.



		<p>primary education, following the work done so far through the SSSP. The Grant will finance the reform and printing of new manuals and teachers' guides for 5th and 6th grades. The Grant will also support teacher training activities, by supporting the expansion and equipment of the teacher training schools, the development of new pre-service and in-service training curricula, teacher training for pre-school and primary education teachers, training of inspectors and pedagogical supervisors. Block grants will be made available to schools to develop specific pedagogical projects aimed at improving students' learning achievements.</p> <ul style="list-style-type: none"> <li>▪ <b>Capacity building for quality sectoral management:</b> This component will support building of management capacity both at the central and at the district levels in order to improve the quality of services and the efficient use of resources. The Grant will finance training programs for key staff of the MoE (central and district levels), according to training program that will be developed. It will support the improvement of education planning through the development of a school map and of a new model of school supervision, and the timely collection, analysis, and publication of education statistics. It will also support the financial and personnel management at central and district levels.<sup>21</sup></li> </ul>
	<b>Programme duration</b>	<ul style="list-style-type: none"> <li>▪ The programme will be run from 2008 to 2010.</li> </ul>
	<b>Financial commitments</b>	<ul style="list-style-type: none"> <li>▪ Education for All - Fast Track Initiative: USD 3,600,000.<sup>22</sup></li> </ul>
	<b>Administrative framework</b>	<ul style="list-style-type: none"> <li>▪ The Government of Sao Tome and Principe will administer the programme.</li> </ul>

<b>Programme# 7: welfare and social services</b>	<b>Programme name</b>	<b>Social Sector Support Project<sup>23</sup></b>
	<b>Programme overview</b>	<ul style="list-style-type: none"> <li>▪ <i>"The project will improve the delivery of basic health and education services through increased collaboration between the public sector, civil society and communities and the strengthening of institutional capacity to operate light decentralized systems with improved strategic planning, management and monitoring as well as equitable access to and better quality of these services".</i></li> </ul>
	<b>Programme components</b>	<ul style="list-style-type: none"> <li>▪ <b>Delivery of basic education services;</b> <ul style="list-style-type: none"> <li>○ Improve access to education for both genders.</li> <li>○ Finance school construction and further capacity building programmes to ensure adequate service is provided.</li> </ul> </li> <li>▪ <b>Delivery of basic health services;</b> <ul style="list-style-type: none"> <li>○ Improve access to healthcare for all citizens.</li> <li>○ Promotes healthy living and preventative measures.</li> <li>○ Further capacity building programmes for healthcare.</li> </ul> </li> <li>▪ <b>Addressing cross-sectoral issues:</b> HIV/AIDS and Malaria. <ul style="list-style-type: none"> <li>○ Finance programmes and services that help to reduce infection rates of infectious diseases.</li> </ul> </li> </ul>

<sup>21</sup> World Bank- Projects & Operations. World Bank.

<sup>22</sup> Ibid.

<sup>23</sup> Table drawn from Ibid. World Bank- Projects & Operations. World Bank.

		<ul style="list-style-type: none"> <li>○ Further capacity building of those who work to stop the spread of diseases.</li> </ul>
	<b>Financial commitments</b>	<ul style="list-style-type: none"> <li>▪ International Development Agency Credit: USD 5,000,000.</li> <li>▪ International Development Agency Grant for Debt Vulnerable: USD 1,500,000.</li> </ul>