



Nações Unidas
SÃO TOMÉ E PRÍNCIPE



COMMON COUNTRY ANALYSIS

Sao Tome and Principe

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FOREWORD

This document is the United Nation's collective analysis from the perspective of the Sustainable Development Goals and its promise of leaving no one behind. It is based on the primary and secondary data that has been collected, and an inclusive and participatory process involving stakeholders across the UN system, government, development partners and civil society organizations. Specific consultations have been held with vulnerable groups such as handicapped and rural communities in the most deprived districts, as well as with development partners, and the international finance institutions present in Sao Tome: AfDB, IMF and the WB.

A core team of multi-agencies thematic working groups have been at the center of

the preparation of the document, following the agreed upon methodology, which culminated at the broad consultations on root causes of the development challenges and possible accelerators to achieve the SDGs.

The elaboration of the document has coincided with the finalization of the Graduation strategy for Sao Tome and Principe which is foreseen for December 2024, and the first Voluntary National Report (VNR) on SDG progress, submitted to ECOSOC in June 2022. The intersectoral analysis with a prioritized set of key development challenges will be taken into account for the new Cooperation Framework of the UN covering the period 2023 till 2027, that will sharpen its focus on areas where it has clear comparative advantages and can make the difference.



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EXECUTIVE SUMMARY

Despite a steady improvement of socio-economic indicators over the past decade, in particular health, education and economic growth figures, the pace of sustainable development has waned as the competitiveness of the growth sectors have not been sufficiently based on long term sustainable sources: high and volatile ODA and a surge in FDI related mainly to tourism and an expected oil boom which has not yet materialized, while the fiscal base has remained limited. The transition from a subsistence economy to a service economy has been partially successful, while the role of private sector funding has remained relatively timid due to an inadequate infrastructure. Thanks to increases in social spending to reach well over 30% of the budget, with strong and sustained support of external financing, the important achievements in social indicators have been made possible. Several groups, however, continue to remain behind and have not been able to benefit from the socio-economic development of the past decade. It concerns the people below the international poverty line whose number stubbornly remains at two thirds of the population but also the unemployed women who have had less opportunities than their male peers, women and children who have been subject to violence, the elderly and handicapped who are mostly excluded from socio-economic life. From the perspective of the SDGs, several main cross-sectoral challenges have been identified with possible accelerators that address the root causes of the uneven development trend and seek to fast-track the efforts to achieve the 2030 agenda.

Challenge 1: Weak economy which does not generate enough decent jobs and resources for socio-economic development of the growing population and fund the social protection system

Challenge 2: Quality of education and professional, technical, vocational training

is insufficient to provide decent jobs for the young women and men

Challenge 3: Poor nutrition, hygiene and lack of access to improved sanitation and potable water affect the health and educational outcomes of the poor, in particular women and children

Challenge 4: Delivery of essential health services is insufficient to evolving needs while vulnerable people are not adequately covered by social protection programs

Challenge 5: Adaptation to Climate change and biodiversity conservation are not mainstreamed in policy making and implementation

Challenge 6: Weaknesses in control mechanisms, institutional capacities and core public administration functions affect the effective delivery of services to the population

Challenge 7: Weaknesses in the justice system affect negatively the protection of vulnerable groups and the development of the private sector development.

For each challenge, a set of accelerators has been formulated which could boost the implementation of the SDGs. The Covid-19 pandemic has impacted severely on the tourist economy of the archipelago, and its macro-economic situation, further reducing the fiscal space to transform the economy towards the areas in which STP has its competitive advantages. Climate change is impacting negatively the socio-economic development, in particular for coastal communities. Other external risks which can have a strong effect on the implementation of the SDGs relate to the Ukraine-Russia war, that has caused increases in oil prices and agricultural products thus fueling the inflation and increased cost of living for the population of STP, and may affect future ODA flows. The high dependency on outside aid and imports accentuates this risk. The ongoing off-shore oil exploration requires the country to put in place a strong accountability framework and public

financial management to ensure that, in case oil is found in sufficient quantities, oil revenues are used in a transparent way, in support of the SDGs.

Overall, it has been highlighted that there are strong capacity gaps in data collection

and analysis for assessing the performance of the SDGs as the main household survey dates from 2017. The lack of disaggregated data also hampers the evidence-based identification of the most vulnerable based



1 INTRODUCTION

The Democratic Republic of Sao Tome and Principe (STP) is a Small Island Developing State (SIDS) situated off the western coast of Central Africa. With a limited land area of about 1,000km² and a coastline of just 209 km, STP has the smallest economy of Africa's sovereign states. However, thanks to its rich biodiversity, both on land and in the sea, it qualifies as one of the few carbon-negative countries in the world. The inaccessibility of much of the primary forest that covers more than one fourth of the landmass makes it one of the richest and most diverse forest ecosystems in Africa and a haven for endemic and threatened species. The geographical location of the two main islands Sao Tome and Principe, surrounded by an Exclusive Economic Zone that is 160 times the land surface, explains the country's geostrategic importance.

STP is a very young country and obtained its independence in 1975, after more than 500 years of colonization by Portugal and the exploitation of the plantation economy that dominated socio-economic life on the islands. Since 1990, the country has embarked on a multiparty democracy under a semi-presidential system. It became one of the first African countries to undergo democratic reform with constitutional changes that legitimized opposition political parties and paved the way for free elections in 1991. As of today, STP is being hailed as an example of democratic freedoms in Africa with free and fair elections which have witnessed frequent peaceful transitions of power. Freedom House (2021) rates STP as "free" with a score of 84 out of 100¹. The island of Principe, inhabited mainly by descendants of Cape Verdean plantation laborers, and much smaller in size than the main island of Sao Tome, has certain

autonomy with a regional parliament and government.

Since independence, STP has made huge progress in terms of social development, currently with gross enrollment rates of basic education close to 100%, with better expected school years, life expectancy at birth and maternal mortality rates than the averages of the Sub-Saharan Africa, the LDCs, and the Medium Development countries². The country provides for free education and basic health care and has a social security system for workers in the formal sector. As a result, the Human Development Index (HDI) of STP rose from 0.56 to 0.62 between 2010 and 2019, placing the country close to the average for countries in the medium human development group (0.63). These improvements are also reflected in the increase of average life expectancy from 67.4 years in 2010 to 70.4 years in 2019³.

The economic performance has also made significant progress as measured by GDP, with an increase from \$1,130 in 2010 to \$2,159 per capita in 2020⁴, which is considered a middle-income country. The GNI at PPP even amounted to \$ 4,250 per capita. This is mainly thanks to the foreign investment in tourism and related services sector as well as the investment sprawl based on oil prospects after the first oil explorations started in 2003, although no oil has been found since. The economic growth figures over the past 10 years have averaged around 4.1%⁵. In 2020, despite COVID, growth was at 3.1% strongly boosted by international aid, but this subsided to 1.8% in 2021 according to IMF figures. Thanks to the socio-economic progress over the past decade, the country qualified for graduation by the United Nations from the Least Development

1 <https://freedomhouse.org/country/sao-tome-and-principe/freedom-world/2021>

2 HDR 2020

3 <https://hdr.undp.org/data-center/specific-country-data#/countries/STP>

4 <https://data.worldbank.org/indicator/NY.GNP.PCAP.CD?locations=ST>

5

<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=ST>

Country category during the last three⁶ triennial reviews and a timeline for the official graduation has been proposed for end of 2024.

Nevertheless, despite these positive development gains, the economy has not generated enough quality jobs and the incidence of poverty in STP has remained stubbornly high. A little over one-third of the population (35.6%) lives in extreme poverty on less than the international poverty line of \$1.90 per day, and more than two-thirds of the population is poor, using the higher poverty line of \$3.20 per day, and the country's Gini coefficient has risen from 32.1 in 2000 to 30.8 in 2010 and to 40.7 in 2017, indicating an alarming widening in the inequality gap⁷, which is characteristic of lower middle income countries. A World Bank poverty estimate of IOF data based on consumption aggregates rather than expenditures provides for an extreme poverty of 25.9 %, which is high compared to small island states as Cabo Verde (3.2%) or Comoros (17.6%).

The economic model of the country has been largely based upon tourism and its related services sector in restauration and wholesale/retail, as well as agriculture which mostly consists of subsistence farming but accounts for 70% of rural employment⁸. The Covid-19 pandemic and the Ukraine crisis have greatly impacted the economy. The tourism sector is slowly recovering from the huge drop in tourists in 2020 and 2021 but the impact of the high prices of agricultural and fuel imports is still to be fully felt. Fuel imports are the main source of the increase in debt as the country is fully reliant upon oil for its thermal power generation. Fishing has traditionally been another source of subsistence, primarily artisanal fishing. STP has no national industrial fishing vessels but has signed fishing agreements with European Union, Japan, and China,

which have allowed foreign operators with industrial fishing fleets to exploit the STP waters under license. However, institutional capacity weaknesses, particularly human and technical capacity, and inadequate data systems mean that government is unable to effectively enforce licensing agreements and monitor and control catches. Moreover, harmful, and unsustainable fishing practices by fishermen have led to over-exploitation and depletion of marine resources, forcing artisanal fishermen to go further at sea to fish.

The private sector in STP is small, fragile and comprises mainly informal, micro-enterprises and a small number of medium and large companies in the formal sector. Reforms introduced in the 1990s to liberalize the economy led to the almost total privatization of enterprises, with Postal Services, Airport and Port Administrations and the Electricity and Water Company under state management. Whilst a modest number of small and medium sized national entrepreneurs exist, in general they lack access to capital, and their relative competitiveness is largely a result of the country's inadequate business environment, isolation and insularity. A few entrepreneurs have successfully achieved to market biological/ecological products at international level, such as coffee and chocolate.

STP faces development challenges that are typical of small and insular states, imprinted in its structural multi-dimensional vulnerabilities, and that affect its ability to deal with all sorts of shocks and achieve balanced budgets, with high dependence on imports to satisfy domestic demand, particularly basic consumer goods and fossil fuels. Its remoteness increases production costs and its size and ability to reach production scales curbs the diversification of its economy, making it more vulnerable to

⁶ 2015, 2018, 2021. The graduation by December 2024 was endorsed by UNGA resolution A/RES/73/133

⁷ World Development Indicators
<https://data.worldbank.org/indicator/SI.POV.GINI?locations=ST>.
This is in discrepancy with INE IOF 2017 (48.4).

⁸ STP VNR 2022

external shocks, including those resulting from climate change and global political economy. The humid tropical climate with high level of precipitation and air salinity also affects the cost of maintenance and wear and tear. On the one hand, its small and untrained workforce constrains the efficient production of goods and services at the scale needed to meet the demand of both local and export markets, and on the other hand, there is a need to improve the business environment to propel the attraction of investment and the maturation and expansion of the private sector. The difficulty of providing services to a scattered population imply a high cost of public goods and a high level of public expenditures to provide satisfactory public services, including the provision of adequate levels of energy and water to its citizens and companies, further compounding the high costs of production.

The socio-economic development of STP has been largely funded by Government expenditures, sustained by external aid and government borrowing, as well as by foreign direct investment mostly in the tourism and related services sector. About 97% of the public investment budget is financed through debt and external aid⁹. The country has grown accustomed to relying on foreign resources but national sources of wealth and comparative advantages of the small island state have not been sufficiently exploited.

STP's population of approximately 220,000 in 2021, has grown on average, by 2.1% per annum in the past 20 years, although growth has slightly slowed since 2016. The country has a youthful population with a median age of 18.6 years and with 61% under the age 25¹⁰. Due to its history of plantation economy and contractual laborers in colonial times, more than one third of households are headed by women.

To date, the country has no known market valuable mineral resources, but a good potential exists for the development of petroleum related resources within its territorial waters in the oil-rich Gulf of Guinea. Against this picture, compounded by a delicate context of potential oil discovery, STP will go through important and sensitive legislative elections in 2022, which will decide who will lead the country's development trajectory in a near future, including the eminent Least Developed Country (LDC) graduation, which will prevent the country to access certain inherent facilities that have been supporting development in the last decades. In this critical juncture, the forthcoming government will be called upon to push forward socioeconomic development in a process that will require a change in behavior and a new modality of leadership, but most importantly in the design of a renewed socioeconomic model for the new times to come.

⁹ State Budget 2020

¹⁰ INE IOF 2017

STATISTICS

POPULATION



Estimated Population
(2021): **220,000**

INE IOF 2017



Average population growth
2002 - 2017: **2.1%**

INE IOF 2017



Population median age
(2017): **18.6 years**

INE IOF 2017

POVERTY AND INEQUALITY



Poverty Index (2017): **66.7%**

INE IOF 2017



Extreme Poverty
(2017): **35.6%**

INE IOF 2017



GINI coefficient (2017): **40.7**

WDI 2022



Life expectancy at
birth: **70.4 years**

INE IOF 2017

HEALTH & LIFE EXPECTANCY



Maternal mortality ratio
per 100,000 live births (2017): **130**

MICS 2019



Infant mortality per 1,000
live births (2020): **22.4**

MICS 2019

EDUCATION



Net Frequency Rate
Basic Education: **89.9%**

VNR 2022



Net Frequency Rate
Second Cycle/Secondary
Education: **29.9%**

VNR 2022

WATER AND SANITATION



% of houses connected to
potable water supply
(2017): **21.9%**

VNR 2022



% of population with access
to improved sanitation
(2019): **45%**

VNR 2022



% of population using
open defecation: **45%**

VNR 2022

ELECTRICITY



% Population with
access to electricity: **83.1%**

VNR 2022

FOOD SECURITY



% of households reporting
severe food insecurity: **10%**

INE IOF 2017

MACROECONOMICS



Debt to GDP ratio
(2020): **81.4%**

IMF Data 2022



GNI per capita, PPP
(current international \$)
(2020): **4,250**

WDI 2022



Foreign direct investment,
net inflows (% of GDP)
(2020): **10%**

WDI 2022



Inflation: 2021: **9.5%**

BCSTP 2022

EXPORTS



Main export products:
cocoa beans (**54%**), palm oil (**40%**)

BCSTP 2022

EMPLOYMENT



Estimate % work in
informal sector: **60%**

INE IOF 2017



Social Protection
Coverage: **21%**

INE IOF 2017



Unemployment
(2017): **8.9%**

INE IOF 2017



2 PROGRESS TOWARDS THE UN 2030 AGENDA

The overall vision of STP to achieve the SDGs has been framed in its 2030 Agenda for Transformation, which was adopted in 2015. The 2030 Agenda for Transformation was built on broad consultations with civil society, the private sector and development partners in 2014 that led to the publication of a consensual strategic vision for the country entitled "Sao Tome and Principe 2030: The Country We Want". The Transformation Agenda, which envisages putting the country on the path to sustainable economic and social development, was presented to the country's first International Conference for Investors and Partners held in London in 2015 (STeP IN), and is aligned with the Samoa Pathway, the African Union 2063 Agenda and UN 2030 Agenda and the Sustainable Development Goals¹¹. The National Development Plan (NDP) 2017-2021 translates the overall vision into medium term planning goals.

The approval of the Law for the National Planning System (Law 6/2017), which defines planning mechanisms, processes and responsibilities, provides the legal framework for the implementation of the most recent NDP. The NDP seeks to operationalize the 2030 Transformation Agenda by providing a medium-term reference framework for the country's economic and social development policies and serve as an instrument for resource mobilization. The global objective of the NDP 2017-2021 is "*accelerated economic growth that reduces poverty and protects the environment*" that will contribute to accelerating and entrenching the dynamics of change necessary to achieve the SDGs and is declined in the five strategic objectives which are aligned with the 5 P's of the 2030 agenda¹². However, the NDP has not been fully appropriated and funded at sectoral level, which has jeopardized its implementation. In addition, the plan states

overall objectives to achieve by 2021, without specific goals and targets, hindering its monitoring and evaluation.

In 2020, the country approved a stimulus package of around 6.8 million USD to support the health sector, the economy and social protection in response to the Covid pandemic. This was followed in 2021 by the approval of the Government of the National Plan for Socio-Economic Resilience and Mitigation against Covid 19 (PNARME) to accelerate the SDG implementation and mitigate the socio-economic setbacks that the Covid pandemic generated, which have guided resource allocations by UN agencies.

Overall, monitoring of the SDG progress has been hampered by the lack of institutional mechanism (no intersectoral committee or structure set up by the Council of Ministers), the absence of national SDG targets and indicators, as well as deficiencies in the production of regular and disaggregated statistic data to measure progress. Currently, there is no specific roadmap on achieving the SDGs apart from the broad objectives of the 2017-2021 NDP and the vision document, and irrespective of the broad consultation in their preparation.

Led by the Ministry of Finance, Planning and Blue Economy the country produced its first Voluntary National Review (VNR), in April 2022, to develop a baseline of progress indicators in measuring the achievements of SDGs. The impact of the leadership of this Ministry in achieving the multisectoral challenges of the 2030 agenda and in preventing a silo approach by individual institutions has been reduced by the lack of institutional mandate and political empowerment to steer the various sectors. A summary of progress towards achieving the SDGs is presented in Annex 1. 139 of the 239 global indicators in 2030

¹¹ Alignment analysis carried out by the UN

¹² Idem

Agenda are measured by the National Statistical System, that falls under the Ministry of Finance, Planning and Blue Economy.

The VNR highlights many recurrent challenges, where more and better needs to be done. For example, it notes that the incidence of poverty in STP remains practically unchanged in the past decade, with the worsening of inequality in income distribution. It brings evidence that many Santomeans experience food insecurity, with severe implications for their health, and that the proportion of agricultural areas in which productive agriculture is practiced has decreased.

With regard to health, it states that noncommunicable diseases (NCD) have not received sufficient attention from health authorities while cardiovascular diseases have become the main causes of mortality in STP. At the same time, by the levels that it has been reaching and due to the associated social risks, the consumption of harmful substances has also been a growing concern, particularly alcohol. It states the need for an increased focus of the health system to NCDs and behavioral changes aimed at addressing NCD risk factors without losing sight of combating transmissible diseases which outcomes have been greatly improving .

Concerning the education indicators, the VNR notes that despite the gains with the adjusted net frequency rate in primary education, the secondary school completion rates remain low. In addition, a large proportion of teachers has not received basic teacher training, which jeopardizes the quality of education.

Furthermore, urban planning is poor. Due to the high population growth, urban suburbs are sprawling in a disorderly fashion, and

have problems related to access to reliable energy supply, clean water and sanitation. The collection and treatment of solid waste is of particular concern. Half of the population still practice sanitation outdoors and just little over half had hand washing facilities. The country has made some progress in access to electricity, where the percentage of the population with access reached surpassed 80%, but less than 5% of the energy is generated through clean sources. The VNR shows that there is a long way to go for green energy, and this has implications for cost and quality for both households and businesses, as well as for the environment.

Climate change already produces noticeable effects in STP, e.g., with rapid pace of sea level rise already causing severe coastal degradation and salinization, and an increase in the incidence of extreme weather events and a highly variable climate. The report informs of direct economic loss of millions of dollars due to the current effects of climate changes, with a higher incidence in the services, agriculture, housing and transport sectors.

The VNR also notes that STP reduced official unemployment rates over the past 10 years, however, this relates to the formal sector, which employs less than a third of the working population. Moreover, the report highlights the persisting problem of sexual abuse of minors, gender inequality, high rates of Gender-Based Violence (GBV) and girls' marriage before the age of 15. The problem of early pregnancy of girls is also highlighted. Worryingly the VNR informs that in recent years the subject of corruption has gained much prominence in Santomean society, especially in the public domain. Unfortunately, the report does not provide a set of policy recommendations.

PEOPLE - SOCIAL DEVELOPMENT ANALYSIS

As evidenced in the VNR report, STP has made notable gains in health and education outcomes over the past 20 years. Maternal (130/100 000 live births) and under five mortality rates (16.1/ 1000 live births) have improved substantially, vaccination coverage (98.5%)¹³ is among the highest in the region and malaria, mother to child HIV transmission and filariasis transmission are due to be eliminated in the years to come, and school enrolment rates have greatly improved. Average expenditures for the health and education sectors over 2016-2020 have been at 13.9% and 16.6% of the general government expenditures, well above the ECCAS mean of 5.9% and 12.9% respectively¹⁴.

The Social Protection system has been strengthened over the past years which is an important safety net for the most vulnerable, reaching about 21% of the total population¹⁵. The social assistance scheme includes social transfers to the disabled, people over 60 years old who are not included in the social security scheme and vulnerable female headed households.

The health system, though fragile and highly dependent upon external financing, has shown its strengths thanks to the free health care, the geographical coverage with 40 health facilities and the availability of human resources. There are 0.38 doctors and 2.39 nurses/midwives per 1,000 inhabitants, which puts the country in the 11th position of 47 African countries in terms of the number of physicians per 1,000 inhabitants. Doctors are present in all district health centers. This medicalization of primary care could be a huge asset in front of the rising tide of NCD, with strong external support of specialists and human resources training (Portugal, Brazil, China and Cuba). Overall, improved water and sanitation facilities and clean

environmental practices, including solid waste management, could show a strong positive impact on the health of the population and the progress in eradicating transmittable diseases. Still, only 24.4% of the households meet the SDG criteria for basic domestic water, sanitation and hand washing, especially in rural areas. Around 57% of dwellings do not have any form of improved sanitation based on 2019 figures¹⁶. The lack of wastewater treatment facilities, the poor access to safe water and sanitation infrastructure and sanitary practices, compounded with poor housing standards with large number of family members per housing unit, contribute strongly to the challenge of controlling transmittable diseases such as acute respiratory infections and diarrhea, being the latter the main cause of child mortality.

While relatively good services for transmittable diseases and mother and child health conditions are available due to continuous investment by key partners such as the Global Fund and GAVI, there is no integrated approach to people's health and important services to prevent and control non communicable diseases (NCD) and specialized treatments of NCDs are quasi-inexistent. NCD constitute 70% of total deaths. A strong community prevention and health promotion program, globally recognized as the most cost-effective manner to control NCDs, is not institutionalized nor systematically applied. The high alcohol consumption, mostly locally brewed spirits and palm wine, and low awareness of the impact of environmental pollution on health are some of the causes of the high rate of NCD.

With regard to sexual and reproductive health, STP has an Integrated Reproductive Health Program¹⁷ that covers family planning, prenatal and postnatal care of

¹³ Integrated strategy for Reproductive, Maternal, New-born, Child and Adolescent Health and Nutrition, 2019-2023

¹⁴ STP budget 2016-2020 and World Development Indicators, for 2019.

¹⁵ Data from ILO 2022

¹⁶ Multiple Indicator Cluster Survey 2019

¹⁷ Programa de Saúde Reprodutiva, PSR

pregnant women and children in the first 24 months, vaccination, and nutrition. Family planning services is provided in all 38 health units and at least 5 contraceptives methods are offered. The Contraceptive prevalence rate of modern contraceptives increased from 37,4% in 2014 to 46% in 2019, and the unmet contraception needs women in the 15-19 age group has dropped from 32.7% in 2014 to 27.1% in 2019¹⁸. The early childbearing is still very high, with 22% of young women between 20-24 years who gave birth to their first child before the age of 18¹⁹.

In general, delivery of health services in STP has been impeded by an archaic health infrastructure, equipment and system. Primary health care services rely on obsolete infrastructure, limited equipment, irregular essential drugs availability, poor sanitation and high cost in electricity and transport. The Joint external evaluation of STP's capacity to comply with the International Health Regulations, which took place in May 2019, found limited capacity in all 19 technical areas, except for vaccination. In the 2021 Global Health Security index²⁰, STP ranked 158th out of 195 countries on its level of preparedness to prevent and respond to public health emergencies. The Covid pandemic highlighted the existing weaknesses but also the strengths of the geographical coverage and availability of human resources. STP is among the 10 African countries with the best Covid-19 vaccination coverage. The epidemiological early warning and surveillance system to timely detect, investigate and address health outbreaks and epidemics has been strengthened and shown improvements, as evidenced by the latest Dengue outbreak.

Governance in the health sector requires significant reforms as decision making and resource allocation is currently not informed by evidence. Public resources are allocated to health facilities along public

finance rules and provider payment mechanisms which are not sufficiently adapted to the new challenges in the health system. Based on the findings of a recent evaluation on the progress and obstacles for Universal Health coverage, certain gaps and priorities for system reform have been identified. These are: (i) the need to move from vertical to integrated programs, (ii) the shift from an hospital centered care delivery to a strong network of primary health centers able to deliver health services adapted to the needs of people and closer to their homes, (iii) the reform of health financing that ensures vulnerable people have access to health care without facing financial hardship. These priorities will be incorporated in the new national health development plan 2023-2028.

STP has made progress in improving access to education in recent years, although enrolment in non-formal education and vocational training for out-of-school youth remains a concern, as well as the quality of education in general. Public expenditures in the education and training sector have gradually increased from 8.1% of the total state expenditures in 2016 to 17.5% in 2020²¹. The Government has prioritized the construction and rehabilitation of schools and has considerably improved the numbers of classrooms available and the number of establishments offering the full cycle of classes. As a result, the supply of classrooms relative to the increase in the school-age population has improved for all levels of education.

Enrolment at all levels of education has increased, especially in preschool, the third cycle of basic education (Grades 7–9), and at secondary level (Grades 10–12) over the past decade. An estimated 93% of all students who enter the first year of primary school eventually complete primary education, similar to peer countries. Secondary enrolment is slightly higher than in peer countries, particularly for girls²².

¹⁸ Multiple Indicator Cluster Survey 2014, 2019

¹⁹ <https://data.unicef.org/topic/child-health/adolescent-health/>

²⁰ 2021 Global Health Security index

²¹ STP budget and expenditures 2016-2020

²² Ministry of Education - MEES 2018

However, the enrolment in technical and professional education fields barely reaches 6% and STP has relatively low tertiary enrolment, which, at 13% trails that of Cabo Verde (though outperforms Comoros). The country had 6 vocational training centers, 5 of which public and 1 private, offering a variety of courses in terms of both duration and sectors, and 6 higher education institutions, being 3 public and 3 privates.

Nonetheless, the insufficient and inadequate learning offer, adapted to the needs of labor market has led to a labor market characterized by a shortage of skilled labor. This shortage is broad and includes plumbers and electricians, and people with management and accounting skills (both in the private and public sector). Financial literacy is generally low. The perceptions of young people regarding the quality of the school curriculum leaves many students without the necessary skills and critically, less interested in school and continuing their education²³. In fact, between the ages of 20 and 24, men massively enter the labor market with very low qualifications, reducing their potential access to highly skilled and productive jobs. Also, considering that 71% of people with higher education work in the public sector, the private sector is basically left with low-skilled workers. This is in fact corroborated by INE's survey with MSMEs, in which 86% of owners/employees reported not having had any training in the areas in which they operate²⁴.

Improvements in access to education and in availability of teachers have led to an increase in literacy rates and there is a noticeable generational increase in educational attainment within households across all incomes. However, the increase in enrolment at all levels of education has not yet translated into better quality of education, as witnessed by the relatively high rate of children in primary and secondary education who need to repeat a

year, the low learning outcomes for core subjects such as mathematic/reading/writing and the school dropout rates. As an example, 1.9% and 5.8% of children enrolled in basic and secondary education dropped out of school²⁵. Moreover, the overall secondary school completion rate has decreased from 40.5% in 2017 to 34.3% in 2019 with only 39.7% of girls and 28.9% of boys completing this level. The low quality of education is mainly due to insufficiencies in pedagogical training, as more than 80% of teachers in preschool education, 61% in primary education, and 48% in secondary education do not have adequate formation²⁶. A recent consultation²⁷ on the performance of the STP education system and performance also identified lack of institutional coordination and low monitoring capacity as adjacent causes of the education system performance and consequent school dropout.

In relation to hygiene and sanitation, only 27.2% of schools have access to clean drinking water and provide little, if any, support for menstrual hygiene management leading to 11% of school-age girls reporting being unable to participate in school and social activities during their last term due to lack of adequate sanitary infrastructure. These factors also contribute to high school dropout rates and low enrolment in tertiary education. Moreover, there is a notable difference between the education of children from the richest and poorest families. School transport, uniforms, books and school supplies increase the indirect costs to families of education. About 23% of youth cite a lack of financial means as the reason they are not in school. Nearly one-fifth of poor households with children in school (18.4%) indicate that they had to remove their children from school due to their inability to pay education-related costs. Children from poor households have an enrolment rate for the third cycle of basic

²³ WB STP Systematic Country Diagnostic, 2021.

²⁴ INE IOF 2017

²⁵ Multiple Indicators Clusters Survey 2014

²⁶ RESEN, Education Sector analysis, June 2018

²⁷ UN STP CCA retreat, April 2022.

education (Grades 7–9) or higher that is 1.3 times lower compared to children of non-poor households, and two times lower when it comes to enrolment in Grade 10 or higher²⁸.

Sao Tome and Principe faces the double burden of malnutrition which impacts severely on the health and education outcomes. Around 10% of households reported severe food insecurity with at least one household member skipping a full day of meals due to lack of money. 42% of households experiencing food shortages for a few months of the year, and 26% declaring that they are affected by this problem for almost the entire year²⁹. On the other hand, the WHO-MOH Steps 2020 report on NCDs risk factors reports that 45,2% of surveyed adults presented a ponderal surcharge with 8% of men and 21% of women being obese and therefore at higher risk of cardiovascular and respiratory diseases as well as metabolic problems such as diabetic or hyperuricemia (gout). Similarly the 2022 world obesity report estimates that Sao Tome and Principe will be, by 2030, among the top 10 African countries and the first African SIDS with the highest prevalence of obesity (11%). There are many causes of the poor nutritional status of vulnerable groups, starting by poor diets and high consumption of unhealthy, processed food, of alcohol, sugar, oil and salt due to weak agriculture productivity and a weak supply system with logistical problems, a lack of financial and human resources in the main areas of food security including insufficient number of nutritionists, and a lack of capacity to respond to food security/nutrition crises in emergency situations due to poor information management systems and poor coordination mechanisms. Anemia rates among children under five in STP are 59%, more than 20 percentage points higher than the average rates of its peers and has

increased 3 percentage points between 2010 and 2016. Anemia exacerbates the effects of malnutrition leading to poor growth in children, vitamin and iron deficiencies, and poor educational performance³⁰. The national school feeding and health program (PNASE³¹) is the main national food safety net, benefiting over 50,000 school-aged children (25% of the country's population) and has contributed to improved educational outcomes.

Crowded housing conditions also affect the health and education outcomes. Houses are predominantly constructed of wood and covered with zinc sheets with only 19.2% made of masonry and covered with tiles. STP's growing population is highly urbanized which, in conjunction with the high incidence of poverty, means that a large part of the population is living in high density, poorly planned, informal neighborhoods, in substandard housing with poor hygiene and sanitation, and insufficient basic urban services such as access to clean water. As an example, it takes 49.4% of women an average of 30 minutes to carry water from an improved water source. Overcrowding is a major issue with 43% of residential dwellings having only one room for sleeping, while nuclear families have an average of 4.7 members³². The environmental and health risks associated high density and overcrowded conditions hasten the spread of diseases that disproportionately affect poor and vulnerable groups and particularly young children. High density living and overcrowding can have social, psychological and gender impacts, lead to increased levels of gender-based and domestic violence and sexual abuse.

The national strategy for promoting gender equality and equity³³ promotes the protection of sexual and reproductive health rights in accordance with the

²⁸ World Bank, 2020

²⁹ INE IOF 2017

³⁰

<https://data.worldbank.org/indicator/SH.ANM.CHLD.ZS?locations=ST>

³¹ Programa Nacional de Alimentação e Saúde Escolar, 2012.

³² Census of Population and Housing (INE 2012)

³³ ENIEG III, 2019-2026

program of action of the International Conference on Population and Development and the Beijing Platform for Action, as well as Article 12 of CEDAW. The National Strategy to Combat Gender Violence, 2019-2023, provides for, amongst other things, the elimination of gender-based violence (GBV), an increase in women's participation, and their education and empowerment. Nevertheless, despite apparent progress, gender inequality is persistent and prominent throughout the country, deeply rooted in slowly changing social and cultural norms and a system of patriarchy and discrimination that shape attitudes that are often passed on through the generations. 19.1% of women and 13.8% of men (in the 15 to 49 age group) think it is justified for men to beat women under certain circumstances, and social norms often require women to have their spouse's permission to take measures in relation to their sexual and reproductive health³⁴. Laws against domestic violence, sexual harassment, and rape exist, but for cultural reasons, women tend not to vocalize or report the injustices committed against them, or the barriers they confront, with 96% of women reporting that they have never experienced gender-based discrimination, adding to the difficulty women have in asserting control over their own advancement³⁵. Nonetheless, police reports suggest a significant increase in

gender-based violence against both women and girls during the Covid-19 lockdowns³⁶.

STP has ratified the Convention on the Rights of the Child and the African Charter on the Rights and Welfare of the Child, and in 2016 the Government adopted the National Child Protection Policy. A National Child Rights commission has been established to coordinate the implementation of the policy but is not yet operational. Notwithstanding, STP has successfully increased birth registration with 98% of children in the 1 to 5 age group registered, but the children from the poorest families still have lower birth registration rates. Despite these successes, the challenge remains to reach the 1 to 2% of children that are unregistered especially considering that 13% of children live in households that do not include their biological parents. More than half of all children living in households without a biological parent live with grandparents and almost half of children in the most populated districts of Água-Grande and Mé-Zochi have at least one parent living elsewhere. In comparison to most other countries in the region, STP has a lower proportion of children living with both biological parents and a much higher proportion of those living only with their biological mothers as one third of households are female headed.

PROSPERITY - ECONOMIC TRANSFORMATION ANALYSIS

Despite an average economic growth surpassing 4% in the last decade (2010-2019), STP remains a country reliant on low-productivity activities in the primary sector, particularly in agriculture and fisheries, with a predominantly informal sector. The undiversified and limited sized economy, with its high dependence on

cocoa beans and palm oil exports and tourism, is unable to generate sufficient decent employment opportunities and income sources across the entire territory. This is largely the result of inadequate linkages between public and private investment, territorial and local value-chains development, a poor environment

³⁴ MICS 2019

³⁵ World Bank, 2021

³⁶ United States Department of State, 2021

for promoting private entrepreneurship and business innovation and diversification, poor logistics/transportation links, a small

market of consumers and limited financial inclusion.

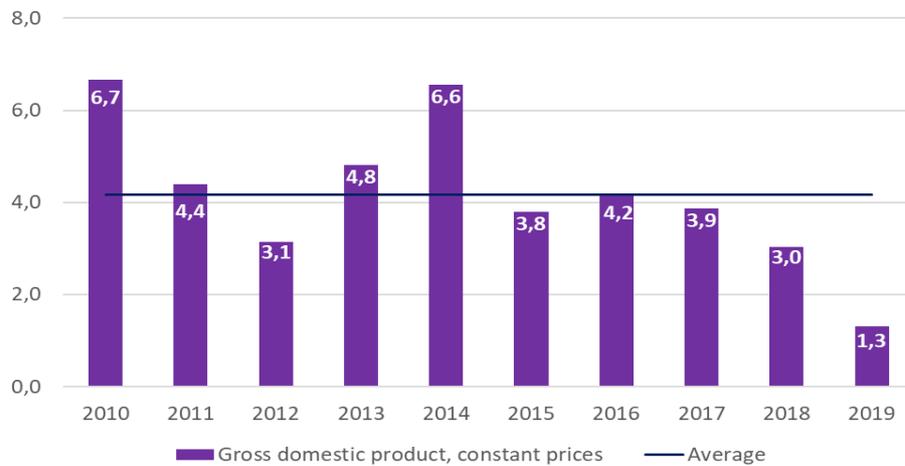


Figure 1: Growth of GDP in %, per year, WBI 2020

STP’s narrow economic base means that services and government expenditure are the main drivers of economic growth. Services have contributed over 70% to GDP for almost 2 decades with a strong performance in the wholesale and retail commerce, and restaurants and accommodation services, which have benefited from tourism growth. Although it has great economic potential and

contributes significantly to rural employment, agriculture contributes barely 10% to GDP, reflecting the very low productivity of the sector, and manufacturing around 5 %.

Other productive sectors with growth potential including fisheries, construction, and public works, particularly roads and urban infrastructure, which are beneficiaries of public investment programs.

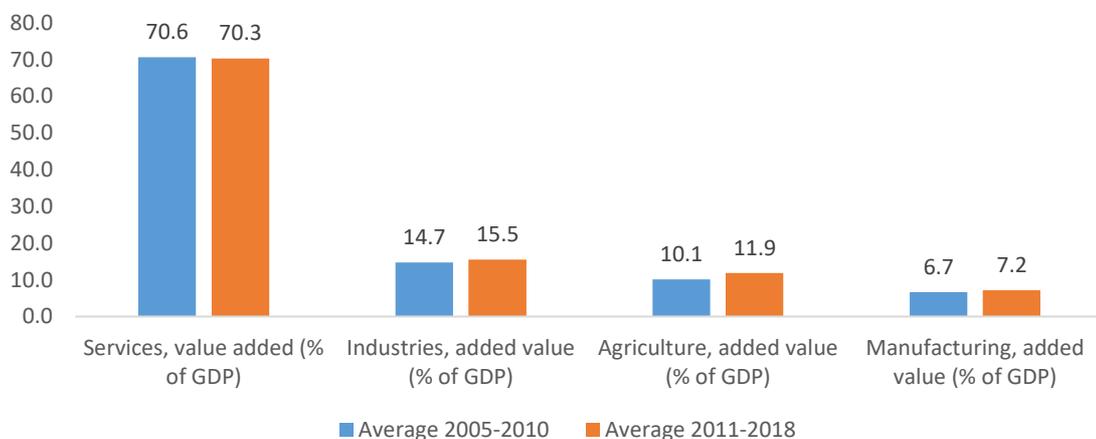


Figure 2: Contribution to GDP, % by Sector, WBI 2020

To date, the country has no known market valuable mineral resources, but in the medium term there is a good potential for the development of petroleum related resources within its territorial waters, as prospection drilling have begun in 2022. This can present a great opportunity for extra wealth generation in the country that, depending on the government approach, strategy, and leadership for this sector, could be translated in catalytic public investments in keys social development driving sectors.

With a rich terrestrial and marine biodiversity, unique ecosystems, a secure and tranquil atmosphere in the cities and the countryside, a friendly population and a rich history and culture, the country has great potential to further develop the tourism sector. Cognizant of this potential

the STP Government considers tourism to be a priority sector and supports and incentivizes investments in this sector, that directly contributed to about 14,2% of the jobs in 2016³⁷. It is estimated that tourism accounts for 14,8% of the GDP (2016)³⁸ based on services provided to an average of 33,000 international tourists in the three years previous to the Covid-19 (WB data 2022). Covid-19 has greatly impacted the tourism which dropped by 70% in 2020/2021 but is slowly picking up with an estimated arrival of 15,000 international tourists in 2022³⁹. According to UNWTO data, the tourism value chain comprised about 290 establishments in 2018, including hotels and similar, restaurants, travels services and other related, and tourist expenditure averaged 67,6 million US\$ per year between 2016 and 2018⁴⁰.

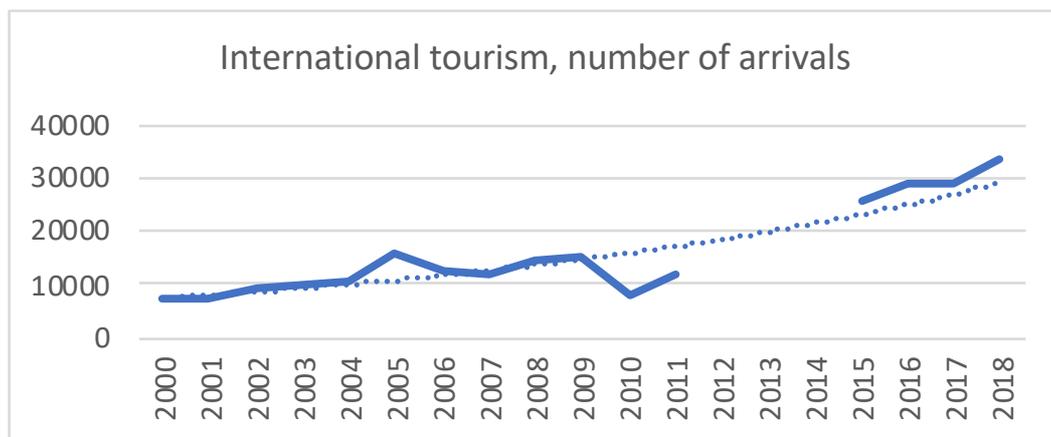


Figure 3: Number of international arrivals of tourist from 2000-2018, Ministry of Tourism

Although the tourism value chain has become an important source of employment and economic growth for STP, its development is hampered by poor infrastructure (energy, transportation, public signs, access to tourist sites etc.), weak service level, limited health services and the high price of air ticket⁴¹. In addition, the Government sectoral planning in

tourism is very weak with insufficient intersectoral coordination, monitoring and very limited financial resources.

Apart from a few commercial farms specialized in niche marketing of ecological coffee and chocolate, agriculture in STP is mainly carried out by family producers practicing mixed farming

³⁷ 2018 STP Tourism Strategic Plan

³⁸ Idem

³⁹ Consultation with Ministry of Tourism, 2022

⁴⁰ UNWTO indicators <https://www.e-unwto.org/doi/abs/10.5555/unwtotfb06780100201620202220>

⁴¹ <https://www.e-unwto.org/doi/abs/10.5555/unwtotfb06780100201620202220>

⁴¹ 2018 STP Tourism Strategic Plan

but centered around at least one cash crop, normally intended for subsistence, surplus supply to local market and for export (cocoa, pepper, coffee). These plots average 2 to 3 ha in size and sectoral reports inform that the institutional support for farmers to improve their productivity, including agricultural extension services, research and development and animal/plant health services, is inadequate. There is limited access to warehousing and cold storage facilities and export promotion services are poor. According to the last agricultural census of 1990, more than 50% of the arable land in the country is used for cocoa production. Since the beginning of the large-scale commercial exploitation of palm oil in 2019, exports of palm oil have become the second largest export product, with 31.9% of export value in 2021⁴². Almost 50% of food consumed in the country is imported and the reliance of food imports which have recently suffered from increased prices due to the ongoing Russia-Ukraine war. Nationally produced cereal peaked 4,500 metric tons in 1996 but reached only 941 MT in 2018⁴³.

Fisheries is another source of economic growth and employment, mostly informal, and artisanal fishing practices. STP has no national industrial fishing vessels but has signed fishing agreements with European Union, Japan, and China, which have allowed foreign operators with industrial fishing fleets to fish in its waters under license, to explore an estimated catch capacity between 11 and 29 thousand tons of fish per year⁴⁴. However, irrespective of the evident potentiality of this sector, for its exclusive economic maritime zone alone, investments in the sector have been frail, resulting in antiquated and inadequate landing infrastructure, a lack of cold storage facilities and availability of ice, which makes the conservation and export of fresh fish unfeasible. This means that

local fishermen are limited to catching what they can sell. Further compounding the lack of investments, the institutional capacity weaknesses, particularly human and technical capacity, and inadequate data systems mean that government is unable to effectively enforce licensing agreements and monitor and control catches. Moreover, harmful and unsustainable fishing practices by fishermen are leading to over-exploitation and depletion of marine resources.

As previously mentioned, the private sector in São Tomé and Príncipe remains small, fragile, and composed mainly of informal micro-enterprises and a small number of medium and large companies in the formal sector⁴⁵. The business environment remains weak, despite Government's efforts. In particular, STP was ranked 148th out of 190 countries in 2019 on the facility of starting a business, according to the last World Bank's Doing Business report. The entrepreneurial skills of young people and women are weak, partly because of a very limited supply of non-financial services and of institutions promoting entrepreneurship. Even though a modest number of small and medium sized national entrepreneurs exist in STP, their relative competitiveness is largely a result of the country's isolation and insularity, with little opportunities and little institutional support to expand to external markets⁴⁶. 84% of companies, employing 87% of total employees in the formal private sector are located in only 2 of the 7 administrative districts: Água-Grande (in which the capital is located) and the adjacent district of Mé-Zóchi. Small private companies lack adequate access to finance and financial services, as banks cater mainly for the medium-sized and large companies. This is a result of the low financial literacy, a lack of knowledge of the banking system and centralization of financial institutions, the slowness of procedures, the high costs of banking

⁴² BCSTP, 2022

⁴³ WDI, 2022.

⁴⁴ Information from Director of Fishery, recent stock take are not available, only wide estimates, Blue Talk STP June 2022.

⁴⁵ São Tomé and Príncipe, A Country Economic Memorandum, 2004.

⁴⁶ Private Sector Development Strategy for São Tomé & Príncipe, MECI, July 2015

services and a low level of financial education resulting in few bankable business plans. More than 60% of small enterprises and 85% of micro enterprises do not have bank accounts, and of the general population, only 61.1% of men and 38.9% of women have a bank account⁴⁷. This is in contrast with the high mobile phone penetration rate (87% in 2018⁴⁸) and the generally good internet access. A national Financial Inclusion Strategy was developed and adopted in June 2021 to provide a framework to support the expansion of financial services. The strategy focuses on digital financial services, inclusive green finance, financial inclusion of women, and consumer empowerment, and its quality implementation is paramount to leverage the development of the private sector.

Transportation, which is central to any archipelagic economy, is a major constraint in the achievement of the SDGs. This is clearly evidenced by the inadequate private and public domestic transport services (air, terrestrial and maritime), poor infrastructure, lack of connections with other countries, including in the nearby African region, and the high cost of airfares, airfreight and freight shipping. Only two international airline companies provide limited flights to 3 cities: Lisbon, Accra and Luanda. In addition to issues related availability and cost, regional and international transport also suffer from poor logistical performance (especially for air cargo). Air and maritime connections between the country's two main islands are particularly irregular and insufficient, compounding the double insularity of the island of Príncipe, further slowing its socioeconomic development which can clearly be linked to transport intensive industries of tourism and blue economy. The country does not have a deep sea port nor the export facilities at sea and airport

to drastically increase the volume of exports. The domestic road infrastructure is basic, but maintenance is a challenge, in particular because of the growing impact of climate change, as was evidenced by the recent floods in 2021/2022. The latest logistics performance index report of the World Bank, which measures the quality of trade and transport-related infrastructure (in a scale from 1=low to 5=high) scored STP in 2018 at 2.33.

More than 50% of the working population is self-employed, of which 57% are women and 46% men. Women are less represented in salaried work (42% compared to 54% for men), indicating a higher degree of vulnerability, especially since a significant proportion of the self-employed operate in the informal sector, which provides more than 60% of the total jobs⁴⁹. The formal sector does not generate sufficient jobs for the fast-growing population which is linked to the weaknesses in the business environment for private sector, the mismatch between required skills of formal jobs and level of training/education of job seekers and the economic governance. This also explains that only 21% of the working population is covered by social protection. Public sector employment stands at 17% of formal employment⁵⁰.

Trade is relatively limited. Exports amounted to around 14 million USD in 2020, mainly to Europe, while imports have been tenfold that amount (136 million USD)⁵¹. The main countries of imports are Europe, China, Japan and Angola. Trade with Africa is almost absent and the chance of the AfCFTA to be able to transform the Saotomean economy is slim. The country's trade is mainly oriented towards Europe with minimal trade levels with the African continent. The current airport and seaport are inadequate for the transformation of the economy that is

47 BCSTP financial inclusion survey report, 2019, https://bcstp.st/Upload/New_DOC/Relatorio_Inquerito_IF.pdf

48 Source: AGER - Autoridade Geral de Regulação

49 National Employment Policy Document, MAES, 2017

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<https://govdata360.worldbank.org/indicators/haa733075?count>

ry=BRA&indicator=42305&countries=STP&viz=line_chart&years=2000,2017

51

<https://unctadstat.unctad.org/countryprofile/generalprofile/engb/678/index.html>

required to fulfill the goals of STP’s vision document. The current port in the center of Sao Tome is shallow and containerships are not able to reach the seaport, while it lacks cargo certification to ship directly to Europe, and thus cargo must go through Angola, adding huge cost to trade. The airport has infrastructure and security concerns, which hinders expansion.

The inefficiency of the electricity supply and the high dependency on oil for the power generation are the main source for the current debt distress. Renewable energy accounts for less than 5% of the total energy mix, while the country has

huge potential for hydro-electric power generation. Its exploitation at large scale would require a trade-off with environmental concerns to maintain the dense biodiversity of the islands. Smaller hydro-electric installations could ease the burden on the hydrocarbon power generation but are relatively costly. The reform of the electricity sector towards more efficiency and less dependency on oil is key to the economic transformation as it would reduce the debt burden.

PLANET – ENVIRONMENT AND ENERGY ANALYSIS

The outstanding value of the natural heritage of STP has been acknowledged by global conservation organisations such as World Wildlife Fund (WWF) and Conservation International with the country listed as one of the world’s 200 biodiversity hotspots. STP is classified amongst the countries with the highest levels of endemic species in the world, mainly birds,

amphibians, plants, bats, reptiles, butterflies and mollusks distributed in different terrestrial and marine ecosystems and habitats. A quarter of landmass in STP is covered by primary forest (see figure 9).

#	Name	Príncipe Island			Sao Tomé Island			Total		
		Area (ha)	Distribution (%)		Area (ha)	Distribution (%)		Area (ha)	Distribution (%)	
1	Native Forest	3,478.50	25.0%	90.8%	22,607.80	26.4%	85.5%	26,086.30	26.2%	86.2%
2	Secondary Forest	4,926.96	35.4%		26,120.30	30.5%		31,047.26	31.2%	
3	Shade Plantation	4,237.13	30.4%		24,418.25	28.5%		28,655.38	28.8%	
4	Non-Forest	1,274.41	9.2%	9.2%	12,423.30	14.5%	14.5%	13,697.71	13.8%	13.8%
	TOTAL	13,917	100.0%	100.0%	85,569.65	100.0%	100.0%	99,486.65	100.0%	100.0%

Table 1: Forest area in São Tomé in 2014 (Soares 2017) and Príncipe in 2016 (Freitas 2019)

The ecological wealth of STP is also recognized by United Nations Educational, Scientific and Cultural Organization (UNESCO) through its Man and the Biosphere Programme, which resulted in

the designation of a large part of the country’s territory as a biosphere reserve in 2012, including the entire island of Príncipe, and its islets Bom Bom, Boné do Jóquei, Mosteiros, Santana and Pedra da

Galei, and Tinhosas Islands, as well as the Obô Natural Park on the island of São Tomé, which represents 30% of its land area. Nevertheless, the people of STP rely heavily on forest resources and deforestation is increasingly leading to erosion and environmental degradation. In recent years, STP has strengthened the legal framework for the management of forest resources and conservation of biodiversity. The degradation of mangroves through encroachment and illegal harvesting is leading to a proliferation of invasive, salt tolerant vegetation causing coastal erosion and leading to the destruction of the coastal infrastructures. Hunting and the use of wildlife resources are an important part of life in rural communities and contribute to nutrition and food security, but the fast-increasing population puts additional strains on sustainable forest management. The Ibrahim Index of African Governance ranks STP in 9th place in the category 'sustainable environment' and its stewardship of the environment is considered to be 'slowly improving' over the period 2010-2019⁵².

Forested areas as a percentage of total territory have declined from 60.5% in 2010 to 55.4% in 2021 and the number of threatened species has grown from 70 to 116 over the same period⁵³. Habitat loss is resulting from over-exploitation of forests and large-scale commercial agricultural production, such as palm oil or vanilla tree plantations. Wood remains the main input used in the residential construction, and this constitutes one of the greatest environmental threats to the forests.

STP has made significant progress in electricity supply, reaching 83% of the population in 2019, of which 83.3% of the urban population and 81.8% of the rural population, although still lower than peer Cape Verde, with 94% in the same year (WDI, 2020). However, the country relies on imported oil for thermal power generation, which produces 95% of electricity, with only

5% originating from clean sources (hydroelectric power). The high price of electricity combined with frequent power outages means that families depend on alternative energy sources, mostly charcoal or diesel generators for wealthier families. Irregular access to electricity means that biomass consumption (wood-energy and agricultural waste) remains an important source of energy at the household level and in small-scale commercial sectors. Furthermore, 46% of households use polluting fuels and technologies for cooking, with only 3% using clean fuels and technologies for cooking and lighting. Kerosene is a frequent recourse for lighting in both poor households (42.1%) and relatively non-poor households (31.8%). In rural areas, 73.9% of households remain dependent on firewood or charcoal for cooking (compared to 34.6% in urban areas) which is one of the main threats to ecosystem and biodiversity conservation⁵⁴.

Currently, only 20% of waste in STP is collected by public and private services with the remaining 80% burned or dumped on slopes, cliffs and abandoned land. Recycling is very limited, with a few small-scale initiatives by NGOs. The 2nd National Plan for Integrated Solid Waste Management (2018-2023) identifies the main causes for the current critical situation in the sector as being: (i) an obsolete legal, regulatory and institutional framework; (ii) a lack of financial, technical and human resources for an adequate integrated waste management at local and regional government level; (iii) Lack of coordination, planning and clear attributions in the sector institutions; and (iv) inadequate and insufficient infrastructure.

In recent years, changes in climate have affected the length of the rainy season period, the amount and frequency of rain and resulted in higher temperatures. The most recurrent hazards are droughts, floods and severe storms, including

52 Mo Ibrahim Foundation (2020), "Ibrahim Index of African Governance: Index Report"

53 UNDESA "World Statistics Pocketbook, 2021.

54 INE MICS 2019

increasingly intense storms, rain related flooding and landslides, and sea level rise. STP is particularly vulnerable to coastal and river flash floods following heavy rainfall. The convergence of these hazards from 2014 to 2021 resulted in widespread flooding across coastal communities that destroyed homes and caused loss of lives⁵⁵.

People who rely on agriculture for their livelihoods have been worst affected and put their food and nutrition security at serious risk. The lack of irrigation systems to mitigate the impact of climate change and increases in pest and diseases affecting fruit, vegetables and staple foods, have impacted on agricultural production and reduced the incomes of rural families in STP. Moreover, these factors have resulted in food production being insufficient to meet domestic demand making local produce expensive compared to imported alternatives. As a result, the population is increasingly preferring to purchase imported food products over those that are locally produced. STP's fisheries are also vulnerable to climate change. The potential severity of the impact is not fully understood but includes acidification and rising sea temperatures, and the impacts are likely to be initially seen on fish stocks themselves but later marine and coastal ecosystems on which much marine biodiversity depends will be impacted. An ongoing study of the WB on the impact of climate change on African marine fisheries estimates that by the end of the century, STP's maximum catch potential could decrease by 40%. Pollution and coastal development present additional threats with waste affecting yields and contaminating catches⁵⁶. These weather hazards are not only causing coastal and soil erosion and the destruction of infrastructure but are also resulting in an increase in diseases and

malnutrition, in particular for poor communities⁵⁷.

On the other hand, STP's climate vulnerability deeply contrasts with its low level of greenhouse gas emissions (GHG) and its status as a net carbon sink that contributes to global CO² removal. In July 2021, STP submitted an updated Nationally Determined Contribution (NDC), the result of a participatory process, that contemplates a 27% reduction in emissions by 2030 to be achieved by increasing its target of renewable energy generation from 26 MW to 49 MW and by reducing power grid losses and decarbonizing the transport sector. The NDC's implementation plan seeks to reduce climate-related risks and increase community resilience, but its 150 million USD budget has not been funded so far.

The country is also signaling the will to push a transition to blue economy, to address overfishing, marine pollution, and climate change and maximizing the social and economic benefits of oceanic resources over the long term⁵⁸, but again this will require a paradigm shift that changes the pattern of public and private investments and the evaluation of development proposals and monitoring that prioritizes criteria related to sustainability, and financial resources that are not present.

Despite the efforts to strengthen the environmental legal and regulatory framework, STP's capacity to implement sustainable management of its natural resources is challenged by (i) weak organization/planning of agricultural sector due to lack of data, low access to land for vulnerable people, weak rural services, lack of transformation support, (ii) low organization of fishing sector, coastal areas and oceans, due lack of coastal planning, lack of security and surveillance, inefficient practices and poor

⁵⁵ According to the National Strategy for Disaster Risk Management (2016),

⁵⁶ World Bank, Systematic Diagnostic on Prosperity for all Santomeans': Priorities to end poverty, promote growth and build resilience in São Tomé and Príncipe, September 2021.

⁵⁷ Deodato Xavier Dias Da Costa Neto, focal Point for Health and Environment/Climate Change and National and International Conventions at the Ministry of Health, March 2021.

⁵⁸ Estratégia de Transição para Economia Azul em São Tomé e Príncipe, 2019.

access to credit, (iii) over-exploitation of forests, due to lack of policies and incentives, weak institutional capacity both technical and financial, lack of monitoring and surveillance, lack of construction

alternatives, and (iv) dysfunctional mechanisms for climate change response, due to frail institutional capacity, including inexistence of early warning system as well as insufficient waste management system.



PEACE - GOVERNANCE ANALYSIS

Sao Tome and Principe is considered an example of democracy and peace in the central African region⁵⁹. The multi-party democratic system, under semi-Presidential system similar to Portugal's political system, introduced since 1990 has led to calm and fair elections, multiple peaceful transfers of power to rival parties for Government leadership or for the post of President, the formation of a coalition Government between various political parties and the slowly strengthening of maturity of the democratic institutions. Presidential elections took place in 2021 and legislative elections in September 2022. Regarding the judicial branch, Supreme Court judges are appointed by the National Assembly and Constitutional Court judges are nominated by the President but elected by the National Assembly for 5-year terms. For the first time, a mandatory quota of 30% of women in electable seats has been agreed upon and put into law. The current number of female MP's stands at only 12 % and has dropped compared to the previous legislature. Civil society organizations, social media and the press enjoy a relatively high level of freedom, though the media sector is poorly developed. This is confirmed by the Freedom House ranking of 2021 in which STP scores highly (84 out of 100)⁶⁰.

Political stability has been strengthened over the past years. The first 2 decades of democratic transition have been marked by many changes in Government composition and Prime Ministers, fueled by the prospects of oil discoveries which never materialized but raised the stakes. For the second time in history, a government manages to complete its full term. The first being from 2014-2018.

The Government of STP is devoted to multilateralism and the country is part of the Small Island Developing State community⁶¹ though it never played a very active role in this forum. It is slowly assuming more responsibilities in the international field. Most recently, STP was elected to the presidency of the CPLP (Communities of Portuguese-speaking Countries) for 2023 to 2025. STP was reluctant to accept the position due to its difficult economic situation, but was encouraged to accept by its peers, especially representatives of Portugal and Angola⁶².

Governance challenges remain abundant in a new democracy. The governance system as stipulated in the Constitution is based on a social contract between the population and the state. The backbone of democracy to uphold the constitution is an effective rule of law that protects the freedoms and rights of the citizens and guarantees access to justice.

A first challenge exists at the level of the state/citizen social contract as the state is seen by the population as the provider of wealth and services. Tax payments are minimal and international aid is seen as the solution to all problems. The political environment is hampered by a permanent latent conflict, mutual distrust among the main political players, and precarious social cohesion linked to the poverty and poor social indicators of the general education in all areas of life, except health and education.

The entire political agenda is at present marked by expectation of the existence of oil, with exploratory drilling underway in its

⁵⁹ "São Tomé and Príncipe holds regular, competitive national elections and has undergone multiple transfers of power between rival parties" in Freedom House (2021)

⁶⁰ <https://freedomhouse.org/country/sao-tome-and-principe/freedom-world/2021>

⁶¹ São Tomé and Príncipe is one of the 38 members of UN considered as "Small Island Developing States (SIDS)"

⁶² See for example : "Portugal reitera "Apoio total" à presidência são-tomense da CPLP em 2023" & "São Tomé assumirá a próxima presidência da CPLP"

territorial waters⁶³. The history of exploitation of natural resources in Africa has shown that natural resources may be a curse but can also be a blessing if good governance and social cohesion are guaranteed⁶⁴.

STP suffers from fragile governance and a political mode of action that is characterized not so much by a "winner takes all" approach as by a "once you lose you lose all" view. This makes elections not just competitive but increasingly a matter of political survival. Symptomatic of the heightened politicization and lack of national political consensus on fundamental matters was the controversial approval of the current electoral laws at the end of 2020⁶⁵. The 2018 elections showed a hardening of positions, with the country experiencing electoral violence for the first time.

Social cohesion is affected by growing economic inequality but is also a corollary of the State/Citizen social contract being weak. From their perspective, the citizen does not see the benefits in their social contract with the State, with poor and inefficient service delivery. The social contract on the citizen's side is also weakened by low tax collection and a growing parallel economy. Paradoxically, despite weak social cohesion and electoral participation remains high, with 8 out of 10 electors casting ballots⁶⁶.

The second challenge is at the level of the rule of law institutions, which are still young and a large inflow of fresh resources will put pressure on them, in particular the justice system which is relatively weak. Widespread perception of corruption and the lack of credibility and independence of

the justice system are signs of a weak social cohesion. The President of the Republic stated in January 2022 that "The country is caught in a web of corruption, which has become institutional"⁶⁷. A few months later, in April, São Toméan civil society launched the country first Corruption and Governance Report and Index which concluded that "corruption and bribery are seen as common practice in a country where political power controls the administration and justice."⁶⁸ The latest Afrobarometer survey in the country (2018) confirms the perception of corruption, with 65% of those surveyed believing that the government handles fighting corruption badly (up from 46% in 2016), and 61% perceiving corruption as having increased (up from 48%), and 80% of respondents being concerned about possible retaliation if they report corruption⁶⁹.

The unevenness of the rule of law and the justice system is the main challenge for the fight against corruption and the implementation of the development agenda and the sustainability of peace in the country. There is a perception that there is neither equality before the law nor equity in the application of the law. In addition, there is frequent arbitrariness, a lack of procedural and legal transparency, and a lack of independent instruments for oversight of the justice sector. The politicization of justice is one of the factors adding to political instability and economic fragility. The several divergent decisions on the Rosema brewery case⁷⁰, conflict over the constitutional agreement which resulted in the delay of the second round of

63 Projecto Jaca" inaugura a busca de petróleo na ZEE de São Tomé e Príncipe"

64 See for example Polterovič, Viktor M., Vladimir V. Popov, and Alexander Tonis. 2010. Resource abundance: a curse or blessing? New York, NY: United Nations, Dep. of Economic and Social Affairs.

http://www.un.org/esa/desa/papers/2010/wp93_2010.pdf.

65 "São Tomé e Príncipe: Presidente veta polémica revisão da Lei Eleitoral

66 See for example "São Tomé e Príncipe: Resultados provisórios dão vitória nas legislativas à ADI"

67 See for example "O país está enclausurado numa teia de corrupção, que passou a ser institucional"

68 See : Índice de Corrupção e Governação em São Tomé e Príncipe (ICG – STP) 2021.

69 See Afrobarometer Project. Afrobarometer 7 Merged 34 Country Survey 2016-2018 [dataset]. Version 1. International: Afrobarometer [producer and distributor, 2021]. <https://www.afrobarometer.org/countries/sao-tome-and-principe/>

70 See for example "Demissão de 3 juízes conselheiros do Tribunal Constitucional"

the presidential elections⁷¹, and the detention of members of former governments⁷², are some of the examples illustrating the weakness of the rule of law.

The present state of the rule of law excludes vulnerable members of the population from justice. Women, youth, the elderly, disabled people, and the poorest face great difficulties, costs, and disincentives in accessing the justice system. This applies particularly to residents in remote or rural areas. Furthermore, the still emerging civil society⁷³ faces structural weaknesses in becoming a dominant voice, and in addition there are deficient institutional spaces to channel their voice to the organs of sovereignty.

As is the pattern in SIDS countries, STP faces rising emigration, with an estimated 20% of Sao Tomeans living abroad⁷⁴. The diaspora already represents 12% of voters⁷⁵. Emigrants have been increasingly vocal and present in the national political discussion, but mainly via social networks and not in an institutional forum. The political and civic inclusion of youth

remains a challenge. Despite their demographic importance the youth have a limited presence in national bodies, parliament, or local government. Similar to women, their participation and inclusion has been low.

On human rights, the country has made great progress over the past years with the ratification of key treaties and the alignment of domestic legislation with human rights conventions. An example is the Penal Code which was updated in 2021 to enhance the Code's alignment with international human rights conventions. Due to capacity constraints, reporting to 6 of the main Human Right treaties and bodies is behind schedule⁷⁶. The latest Universal Periodic Review⁷⁷ (third cycle) took place in 2021 and its recommendations relate mainly to the inclusion of the vulnerable in socio-economic life, gender-based violence, access to justice and the inclusion of people with disabilities⁷⁸. Weaknesses were also recorded in the absence of an independent human rights institution to monitor the human rights situation and make recommendations. The next UPR review for STP will be in January 2026.

71 See for example "Eleições em STP: Tribunal Constitucional voltará a analisar o recurso de Delfim Neves"

72 See for example "São Tomé e Príncipe: Díficil acordo entre Polícia Judiciária e Ministério Público."

73 NGOs including organizations that focus on human rights and governance issues are free to operate in STP. The Federation of NGOs in STP has over one hundred members, focusing largely on poverty, education, health, and gender, but few have sufficient resources or capacity to have a sustained and lasting impact on public policy.

74 In the absence of updated census, see for example Global Knowledge Partnership on Migration and Development

75 See for example "123.302 é o número total de eleitores inscritos para as eleições presidenciais são-tomenses de 18 de Julho"

76

https://tbinternet.ohchr.org/_layouts/15/TreatyBodyExternal/La...teReporting.aspx

77 The [Universal Periodic Review \(UPR\)](#) is a unique process which involves a review of the human rights records of all UN Member States. The UPR is a State-driven process, under the auspices of the Human Rights Council, which provides the opportunity for each State to declare what actions they have taken to improve the human rights situations in their countries and to fulfil their human rights obligations.

78 UN Human Rights Office, Universal Periodic Review - Sao Tome and Principe

3 POPULATION GROUPS LEFT, OR AT RISK OF BEING LEFT BEHIND

The concept of “leaving no one behind” goes beyond traditional notions of poverty (monetary poverty) and requires a deeper and multi-dimensional analysis to combat discrimination and rising inequalities, requiring the identification of patterns of exclusion, vulnerability and inequality as a means to identifying those people or groups who are already, or at risk of being,

excluded and discriminated against. Analysis based on a review of relevant literature and consultations with public sector, civil society and development partners, indicate that a significant proportion of the population of STP faces, or risks, exclusion and marginalization. These have been identified as following:

POOR PEOPLE AND THE EXTREME POOR

Between 1990 and 2019, STP’s HDI score increased by 38.3% achieving a value of 0.62, placing the country in 135th place out of 189 countries and territories. However, STP’s HDI is still slightly below the average for countries in the medium human development group (of 0.631), although above the average for Sub-Saharan Africa

(0.547) and LDC (0.538). When adjusted for inequality, STP’s HDI falls to 0.52, a loss of 10% due to inequality in the distribution of the HDI dimension indices. Nevertheless, STP performs slightly better than its peers, with the score for medium development countries being of 0.46 and for Sub-Saharan Africa of 0.38.

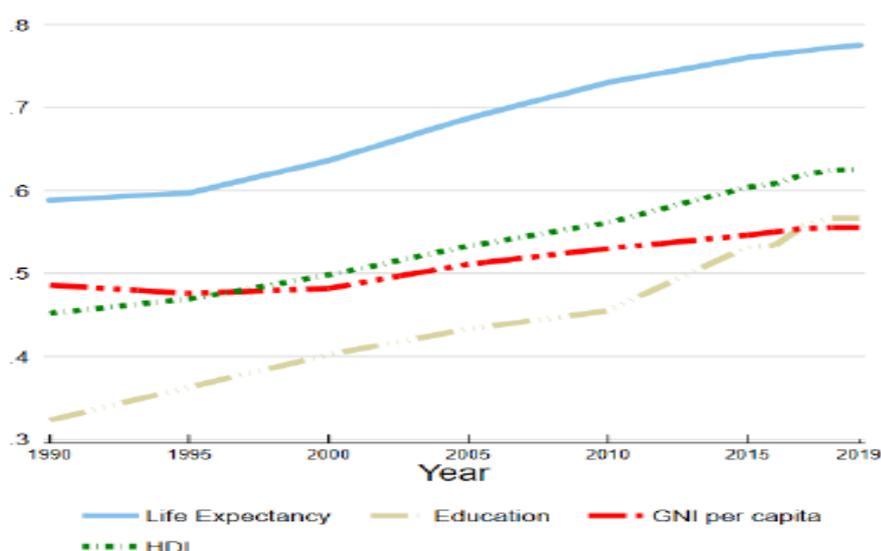


Figure 4: Trends in São Tomé and Príncipe's HDI component indices 1990-2019

STP HDI improvements are largely attributable to an increase in average life expectancy, improvement in GNI per capita

from \$3,338 in 2010 to \$4,250 in 2020, and an increase in the expected and average years of schooling from 10.6 to 12.7 and

from 4.9 to 6.4 respectively over the period 2010 to 2019⁷⁹. These development gains have led the country to be enlisted for LDC graduation status by 2024.

However, and on the other hand, the country's Gini coefficient has risen from 30.8 in 2010 to 40.7 in 2017⁸⁰, indicating that the inequality gap is widening at an alarming rate, meaning that a sizeable proportion of STP's population is not sharing in the benefits of the country's progress on human development. Statistical averages such as the GNI per capita conceal the inequality. This means that, despite the previously identified development gains, the country still faces serious human development challenges in terms of the eradication of extreme poverty and malnutrition, in which little progress has been achieved since 2001⁸¹.

Poverty rates have remained stubbornly high, practically unchanged, marginally increasing in 2017 (66.7%), compared to 2010 (66.2%)⁸². Poverty is relatively evenly spread across the territory although slightly higher in urban than rural areas (26.8% and 24.4% respectively). Urban areas and the districts of Caué and Lembá in the south and south/west have markedly higher levels of poverty. Some 46% of households comprising couples with children and 23% of households composed of extended families are poor. Female-headed households are poorer than their

male equivalents with a poverty rate of 61.6% compared to 55.8%⁸³. The incidence rate of extreme poverty in STP is 35.6% based on the expenditures data of the 2017 household survey, implying that the total per capita expenditure of 35.6% of individuals in STP is less than the cost of the food basket that provides the minimum caloric requirements, corroborating the significant prevalence of food insecurity in the country.

The picture looks a bit different when looking at the multidimensional poverty, with 11.7% of the population multidimensionally poor. The concept of multidimensional poverty is measured by each person's deprivations across 10 indicators⁸⁴ in three equally weighted dimensions: health, education and standard of living. The most recent global report in 2021⁸⁵ indicates that in STP 11.7% of the population (about 25,000 persons) are multidimensionally poor, including some 2.1% (4,500) severely (multidimensionally) poor, while an additional 17% are classified as vulnerable to become multidimensionally poor (36,200). Overall, the monetary poor and the multidimensionally poor constitute the most vulnerable group of people in STP, comprehending all other groups, which, to some extent, are the consequence of the high level of poverty.

WOMEN

Women have a lower labor force participation than men (41.4% women/74.4% men) and higher unemployment rates (7.9% for women/4.1% for men). They are greatly

underrepresented in the small formal private sector, but overrepresented in the public sector and in the most vulnerable types of employment, particularly in the informal sector and in domestic work and

⁷⁹ HDR, 2020

⁸⁰ WDI 2022

⁸¹ WFPCSP (2019-2024) - UNDP. Reports on Human Development: Human Development Indicators <http://hdr.undp.org/en/countries/profiles/STP>.

⁸² INE IOF 2010, 2019.

⁸³ INE IOF 2019.

⁸⁴ Nutrition, child mortality, years of schooling, school attendance, cooking fuel, sanitation, drinking water, electricity, housing and assets.

⁸⁵ 2021 Global Multidimensional Poverty Index (MPI) <https://hdr.undp.org/content/2021-global-multidimensional-poverty-index-mpi#/indicies/MPI>

unpaid work, typically in family enterprises, and the distribution of GNI reveals a significant gender wage gap, with women's GNI per capita, being less than half that of men. Women continue to bear a disproportionate burden of domestic work and childcare, and in poor families, particularly in rural areas, collect water and wood for fuel, further limiting their opportunities to participate in the labor force⁸⁶.

In the 2019 HDR, São Tomé and Príncipe was attributed a Gender Inequality Index (GII) value of 0.537, ranking it 133rd out of 162 countries, and a female HDI value of 0.590 (compared to 0.651 for men) resulting in a Gender Development Index (GDI) value of 0.906. This is above the Sub-Saharan average but below the GDI value of peer country such as Cabo Verde.

	F-M ratio	HDI values		Life expectancy at birth		Expected years of schooling		Mean years of schooling		GNI per capita	
	GDI value	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Sao Tome and Principe	0.906	0.590	0.651	72.8	68.0	12.8	12.6	5.8	7.1	2,462	5,439
Cabo Verde	0.974	0.655	0.672	76.2	69.5	13.0	12.4	6.0	6.6	5,453	8,573
Sub-Saharan Africa	0.894	0.516	0.577	63.3	59.8	9.5	10.6	4.9	6.7	2,937	4,434
Medium HDI	0.835	0.567	0.679	70.8	67.9	11.7	11.4	5.3	8.1	2,530	9,598

Table 2 : São Tomé and Príncipe's GDI for 2019 relative to selected countries and groups

CHILDREN AND YOUTH

Low coverage of social protection programs limits the country's capacity to mitigate the effects of severe poverty that is one of the main factors leading to child labor. Although child labor declined in the period 2014 and 2019, it is still prominent especially in the poorest households and in rural areas for children aged 12 and older. In 2019, about 20.7% percent of children ages 5–17 worked, of which 13.9% worked under dangerous conditions. The second most common reason given for school-age children not attending school is that it is too expensive, cited by more than one-quarter (27%) of those in the poorest 40%⁸⁷.

Despite efforts to raise awareness of its negative impact on child development, 84% of children experience violent discipline, 70% are exposed to psychological aggression, and 14 % experience severe physical punishment. There is cultural ambiguity in relation to some forms of sexual exploitation of children, including the growing problem of transactional sex

with minors, partially explaining the country's high rate of precocious pregnancy. Despite STP's commitment to justice reform and prioritizing the issues of crime, domestic violence, and the sexual exploitation and abuse of minors, the capacity to investigate and prosecute these crimes is extremely limited. This is exacerbated by the lack of an integrated case referral system between the social protection, health, and justice services.

As mentioned before, STP has a young population with 61% under the age 25, however this group is critically not studying or working (unemployment rate of 21.3% for age group 15-24-year). They are not pursuing education as they lack the financial resources or believe the available school curricula are not relevant, and consequentially are entering the professional life with none or poor technical qualification, absorbing the informal or less productive job openings, with all negative consequence therein implicated⁸⁸.

86 INPG 2017

87 INE and UNICEF 2020

88 INE IOF 2017.

PEOPLE WORKING IN THE INFORMAL SECTOR

Most of STP's population (above 60%) works in the informal sector and is much poorer than those working in the formal sector, in precarious urban jobs related to domestic services, retail and transportation or in small scale agriculture or fishery production, including working as farmers, fishermen or selling the related products (known as *palaiés*⁸⁹).

The INE 2017 household survey used social security contributions as a proxy for

working in the formal sector, and of the total respondents at working age, 21% are covered by social security while 68.7% informed not to be contributing to social security. The survey also identified that those employed in the informal sector have a poverty rate of 63.8%, against a poverty rate of 47.4% for those working in the formal sector, establishing a clear relation between informality and poverty.

PEOPLE LIVING IN THE RURAL AREAS AND IN THE ISLAND OF PRÍNCIPE

The analysis above has disclosed that the households in rural areas have lower performance for basic domestic water, sanitation and hand washing. Also, that poorer households in rural areas, have poorer health outcomes, and are heavily dependent of forest resources such as firewood for cooking. They suffer from the consequences of lack of proper infrastructures related to health, education, transport and from weak institutional support, rural services, transformation support to their income generation activities, such as fisheries and agriculture, which are increasingly impacted by climate change, with losses of production and of incomes for rural families. They have less

access to financial services for both family and businesses' finances.

Regarding the island of Príncipe, the issues identified in previous paragraph are aggravated by an insufficient air and maritime connections, further slowing its socioeconomic development. Although the socio-economic situation does not differ greatly from Sao Tome Island, Príncipe Island is left behind on certain aspects such as access to justice, cost of logistics resulting from the poor connections, and high cost of construction and access to quality education and health⁹⁰, which is due to the double insularity.

ELDERLY AND PEOPLE WITH DISABILITIES

According to the INE, only 5% of the population of STP are aged 60 years or over. However, elderly people have a number of pre-existing vulnerabilities resulting from a variety of factors that are linked to a significant decline in their income following retirement age, including lack of pensions for having worked their

whole life in informality, which may push them to work as much as possible, even after retirement age. On average, 49.4% of the total income of households headed by an elderly person comes from remittances⁹¹. Elderly people are also more likely to suffer from underlying health conditions and non-communicable

⁸⁹ Informal seller in the streets.

⁹⁰ UM RC Príncipe mission report, May 2022.

⁹¹ INE IOF 2017

diseases, which as previously mentioned is the first cause of mortality in STP. People with disabilities face specific challenges of physical access to education, health and government facilities. Few buildings have been equipped to allow easy access for people with disabilities. In addition, they are not well represented in the formal labor market, and often depend on family

support and the social protection system, which has a specific fund for the handicapped. The database of the single social registry "Cadastro Unico" that includes around 30 000 of highly vulnerable people in need of support indicates that 12.9 % of them have either visual, motoric or mental deficiencies.



4 FINANCIAL LANDSCAPE

The financial landscape in STP is characterized by the dominance of public domestic and international finance, with low volumes of private finance. From the inflows captured, the public domestic and international ODA finance account for

30.0% of GDP, while the private financing through FDI, remittances and credit account for 8.7% of GDP in 2019.



Figure 5: STP Financing flows in 2019, % of GDP

Fiscal revenue has been an important source of budget financing in STP, representing 13.1% of GDP in 2020 (Figure 6). However, when compared with other African SIDS it reveals that tax revenue in

STP is low as fiscal revenue constitutes 19.9% of GDP in Mauritius and even 33.5% in Seychelles. STP has significant space to widen its fiscal base, especially given fast-rising inequality.

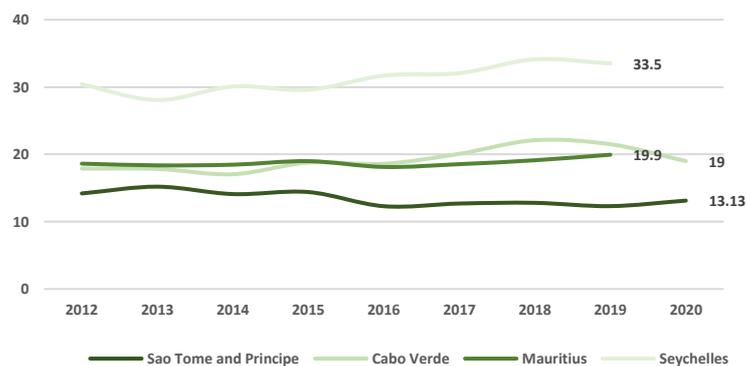


Figure 6: Tax revenue comparator countries (% of GDP), WBI 2020

SDGs are currently mainly funded through the public resources and ODA. 80% of resources for development come from these two sources, while FDI, remittances and private credit make up the remaining 20%. The investment budget is funded 97% by ODA and loans as Government income is barely sufficient to meet the cost of

salaries and operational cost of the public administration. The analysis of the state budget shows that over the past 5 years, the allocations to social sectors has increased from 28.6 to 38.9 %, well above the average of Sub-Saharan Africa countries, while the budget to the economic areas have diminished from

22.1% to 15.2%. Allocations to environment remain very low at barely 1 % of the state budget⁹².

STP has benefited from debt relief under the HIPC and MDRI⁹³ initiatives, and its debt to GDP ratio declined from 125% in 1999 to 57% in 2008 (World Bank, 2018). Nevertheless, the stock of public debt as percentage of GDP has shown an increasing trend and reached 87.4% in 2020. In recent years, this trend has been driven mostly by domestic public debt, due to the rising contingent liabilities of state-owned enterprises (EMAE⁹⁴ and ENCO⁹⁵). The IMF report on debt sustainability has indicated that country is under debt distress although STP's public debt is considered sustainable thanks to the level of 'concessional', low debt service indicators and expected strengthening of domestic revenue with the introduction of VAT later in 2021 (IMF, 2021)⁹⁶. Macroeconomic stability will be important with the anticipated graduation from least developed country status in December 2024 and the gradual replacement in the long term of concessional finance with non-concessional loans.

STP public financial management is rated poor by the World Bank. Its 2019 Public Expenditure and Financial Accountability (PEFA)⁹⁷, based on an assessment of performance for the period 2016–2018, found significant weaknesses across all facets of public financial management. The PEFA found no strong links between the Government's strategic development plans, the medium-term fiscal frameworks and annual budgets. The World Bank (2021) concludes that STP's development is compromised by its low capacity to plan, formulate policy, coordinate implementation, monitor performance, and introduce corrective measures. Planning

and budgeting are generally inadequate and do not allow for the budget to be used as a strategic and credible instrument for control and decision-making. Government forecasts of revenues and expenditures, particularly over the medium term, are neither effective nor realistic, constraining the ability of the government to elaborate a credible cash flow plan. This leads to low budget execution, especially in the social sectors, and large budget variances in both revenue and expenditure categories meaning that the budget cannot be used effectively as a tool to discipline the management of STP's public resources.

ODA plays a critical role in financing STP's development, and it is also a valuable source of grants and loans for the country, a trend that is likely to continue for the medium-term. ODA represented 96.3% of the country's investment budget in 2020, equivalent to 96.3 million USD, with only 3.7 million USD available for investments through domestic resources. Similar to other SIDS, the ODA per capita is relatively high (around 275 USD/capita). Investments in the health and education sectors are highly dependent on ODA, but also the agricultural sector a main recipient of ODA. Portugal has been the main donor to Sao Tome, followed by the EU and Japan. The World Bank and African Development Bank have strengthened their cooperation with Sao Tome with increasing funding allocations, while the IMF has deployed an international head of office to be based in Sao Tome Island, which shows a growing interest for STP, although the funding portfolio is projected to shift with less grants and more concessional loans over the years to come.

⁹² Calculated from STP budget 2016-2020

⁹³ HIPC - Highly Indebted Poor Country Initiative and MDRI - Multilateral Debt Relief Initiative

⁹⁴ EMAE's (state-owned electricity & water company)

⁹⁵ Nacional Oil Distribution Company

⁹⁶ The IMF debt sustainability analysis model does not include arrears to Angola (US \$36 million) and to Italy (US \$24.3 million) since the efforts to reach an agreement with the representative

Paris Club agreement is under way. It also excludes Nigeria debt (US\$30 million), as there is no signed contract with repayment conditions between the two countries. The model includes Domestic arrears to CST (US\$6.1 million), EMAE (US\$3.5 million), and other private domestic suppliers (US\$35.4 million). It includes also the EMAE's debt to ENCO of US\$104.4 million, EMAE and ENCO (IMF 2021).

⁹⁷ Link to WB PEFA

The private financial sector in STP is still small, concentrated, undiversified⁹⁸ and shallow. It comprises of 4 banks, mostly owned by foreign investors, that account for 98% of total financial sector assets, and 4 small firms offering microfinance products. The total assets of the banking system declined from 79% of GDP in 2013 to 47% in 2019. The aggregate 'soundness' indicators of the banking system have shown signs of improvement in recent years, namely in terms of solvency (29% in 2020), robust provisions and liquidity (49% in 2020). However, the situation of Non-Performing Loans continues to be a matter of concern (29.6% in 2020) as it makes the cost of credit high, and banks are, in general, not providing sufficient credit to the private sector⁹⁹. This is particularly critical as the availability of credit, is a key driver for private sector investments and for financing SDG related investments¹⁰⁰. Moreover, when broken down by sector, a large portion of credit provided by banks to private sector is directed towards trade related activities such as construction (37%), consumption (20%) and business services (19%). Agriculture and fisheries combined received only 3% of the total loans provided by banks in 2019 indicating that banks do little to finance productive investment¹⁰¹.

Foreign direct investments (FDI) are low and concentrated in oil and tourism related sectors. The investment climate in STP remains challenging. The World Bank's former Doing Business Index for 2020¹⁰² ranked STP in 170th place out of 190 countries, a drop from 160th position in 2016. Indicators show that the greatest difficulties for private enterprises are related to their ability to enforce contracts, resolve insolvencies, proceed with property registrations, access credit, protect minority investors and obtaining electricity. As illustrated in the Figure 7, STP has experienced significant declines and fluctuations in its FDI inflows. In 2019, FDI contributed only 5.6% to GDP (equivalent to US\$24.9 million). Moreover, whilst FDI contribute to a significant share of external financing for STP, its links to the SDGs are marginal and need to be strengthened (INE 2021). In this context, it is crucial that the country focuses on identifying and attracting FDI in key sectors for sustainable development such as renewable energy, education, health, water and sanitation, and on improving the general business climate.

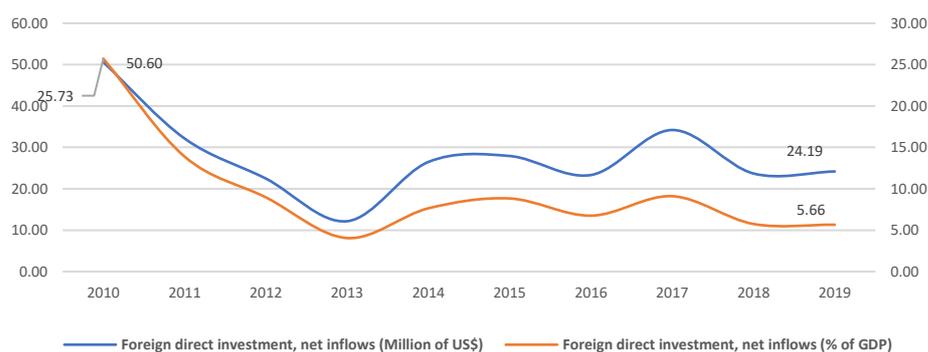


Figure 7: FDI flows 2010-2019, World Bank WEI and CBSTP

⁹⁸ Commercial banks provide conventional financial services, such as savings and checking accounts, money transfers, debit cards, and loans.

⁹⁹ Intermediation ratio 53% in 2020 (Central Bank Indicators 2020)

¹⁰⁰ According to the finance theory while excessive credit to private sector can pose risks, its availability can be key driver for sustainable development and job creation. Country with credit to private sector between 70 and 100% of GDP, is considered with

well-developed financial system and country with credit to private sector of GDP less than 15%, means that firms and households has very limited access to credit for investment and income generation.

¹⁰¹ BCSTP, WDI 2020

¹⁰² Doing Business 2020 Report: Available at <https://www.doingbusiness.org/en/reports/global-reports/doing-business-2020>

Over the last decade, remittances have declined from 8% of GDP in 2013 to 1.8% of GDP in 2020, significantly lower than peer countries (Cabo Verde 14.4%, WDI). This decline has had a larger impact on female-headed and elderly-headed households as the main recipients of remittances in STP.

According to the household survey (INE, 2020), remittances account for 40% and 49.4% respectively of the total income of these households. However, it is important to note that this data is not capturing remittances that come through the informal economy.

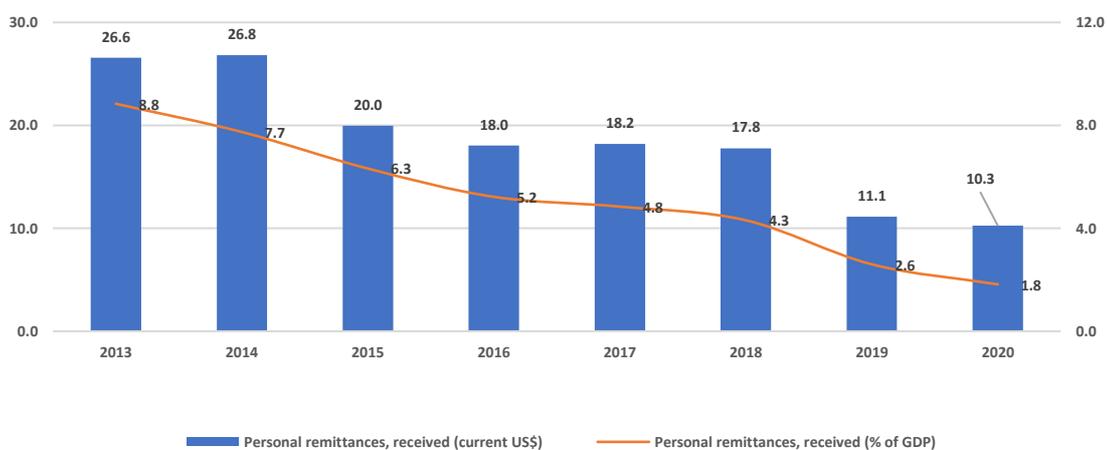
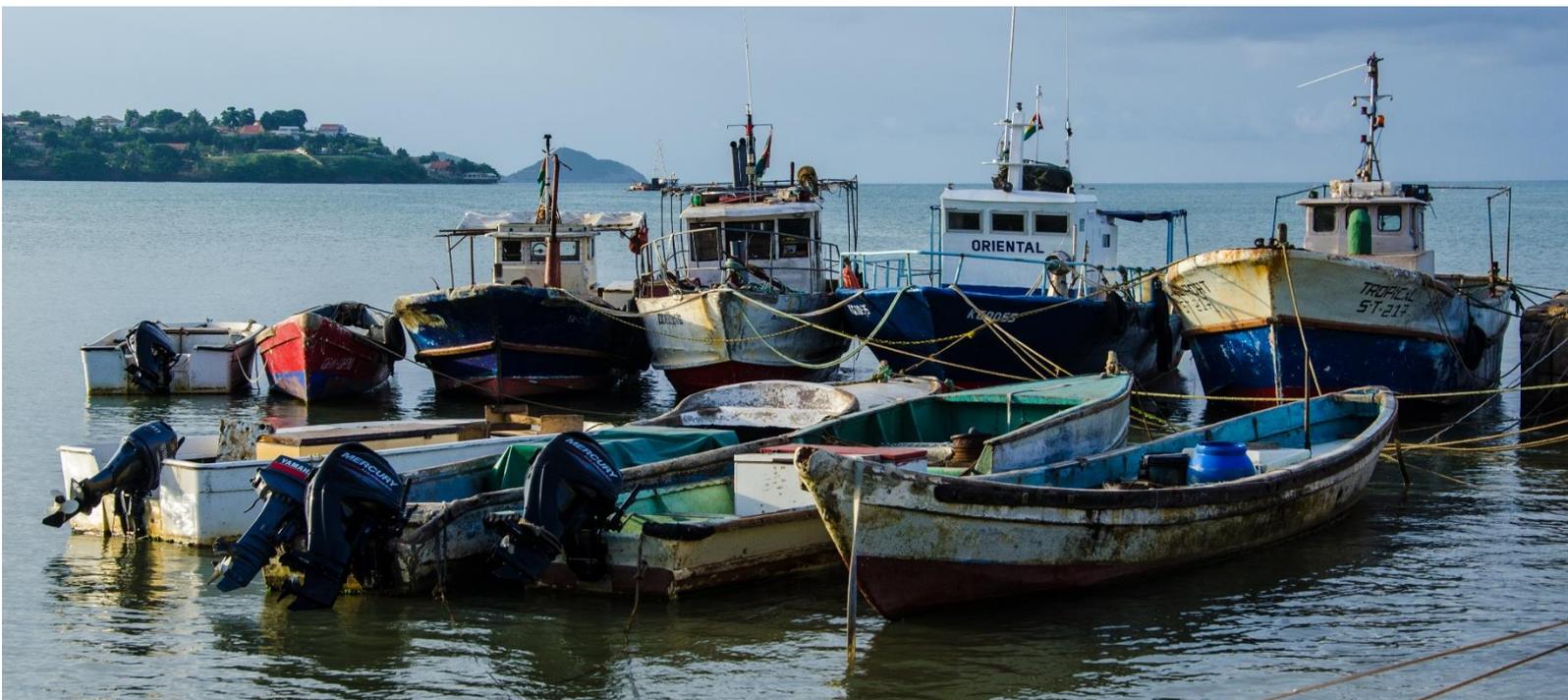


Figure 8: Remittances flows 2013-2020, World Bank WEI and CBSTP



5 ANALYSIS OF THE MAIN MULTIDIMENSIONAL RISKS TO SDG ACHIEVEMENT

VULNERABILITY OF BEING A SMALL ISLAND STATE SUFFERING THE IMPACT OF CLIMATE CHANGE

The first group of risks for STP results from it being a Small Island Developing State (SIDS) with multi-vulnerabilities. They are vulnerable economically because they have small domestic markets, little diversified and heavily dependent on external trade, with high transportation cost. Their social vulnerability results from the rapid population growth that places stress on the provision of basic services and employment opportunities. Their environmental vulnerability is due to a fragile natural environment, which is highly vulnerable to the effects of climate change, especially the rise in sea level. SIDS have insufficient resilience to cope with the increasing incidence of natural disasters

such as -storm surges, droughts, and landslides. STP is partially self-sufficient thanks to a rich biodiversity and subsistence farming/fishing sector, but has also become increasingly vulnerable, in particularly environmentally under the impact of climate change. This is manifesting itself in the rapid sea level rise already causing severe coastal degradation and salinization, in an increase in the incidence of extreme weather events and in a highly variable weather, putting coastal communities at risk and in particular the poorest communities.

UKRAINE-RUSSIA WAR

The impact of the Ukrainian-Russia war has hit the country hard, mainly due to the generalized rise in prices of goods, in particular food and oil. The country is highly dependent upon imports. Increasing oil prices will increase the domestic debt through EMAE, and thus, the fiscal space for the government. Angola and STP are the two countries with the highest percentage of food products in the Consumer Price Index in Africa. Although the country has benefited from the increase in prices of palm oil, the second most important export product, the high oil prices have caused a surge in prices overall, including transport cost. Higher transport cost increases the prices of export products with loss of

competitiveness, but more importantly, the cost of imported good increases. Imports are 7 to 10 times more important in value than exports for the archipelago. The double insularity of Principe has an even greater impact on prices. The increase in prices will affect the purchasing power of the citizens, with few possibilities of the government to compensate this after the Covid exceptional support measures under a tight fiscal situation. The Ukraine-Russia war may also shift development funding to the rebuilding of Ukraine. Considering the country's high dependence on ODA, this could have a severe impact on the country's path to achieving the goals of the 2030 agenda.

REGIONAL DYNAMICS IMPACTING THE PEACE AND SECURITY OF STP

STP has sovereignty over a substantial part of the Gulf of Guinea, a key maritime area for the transportation of crude oil from the two largest African producers, Angola, and Nigeria. It is also a coveted maritime area for piracy, especially piracy of goods, but also susceptible to other illicit trade, such as drugs and illegal fishing. Sao Tome and Principe is vulnerable to being a territory that can eventually be used for various illicit trafficking, which benefits from weak surveillance capacity, as well as limited capacity to monitor and investigate financial flows. This situation is a high risk, both in terms of security and in terms of negative impact on the shipping industry, which pays high insurance premiums for vessels. STP has no land borders but is not immune to the political, economic and

security dynamics existing in the Central African region. STP is a member country of ECCAS (Economic Community of Central African States) and engages with the agenda of this organization. As peace and democracy in neighboring countries can have a contagious effect, so too can conflict in the region. Remarkably, STP has sidestepped conflicts, although neighboring countries have had decades-long civil wars and more recently the region has seen the rise of armed non-state groups, hate speech and religious intolerance. As emphasized in the peace resolutions approved by the UN security council in 2016, the peace agenda must be based on prevention, which requires a permanent evaluation of country contexts and meticulous watchfulness.

POTENTIAL DISCOVERY OF OIL

Oil discoveries in sufficient quantities to commercially exploit can be a blessing for the country in which peace has always prevailed and which is graduating to a middle-income country. However, as we have seen in so many oil-rich countries, it also increases the pressure on the financial management and transparency of the use of resources. The country adhered to IATI from the early stage of possible oil discoveries in the joint economic zone with Nigeria, which never materialized. A robust regulatory framework and law on the use of oil resources, with establishment of a sovereign wealth fund, have been put in place, hailed as good practices. The results of the drilling are foreseen in August 2022, just before the electoral campaign. The confirmation of the presence of sufficient quantities of oil for exploitation will overshadow the campaign, as more resources will be available to redistribute, well before the first barrel of oil will be exported. As in previous elections, it is foreseen that external political patronage

will play a big role in the upcoming elections, in particular if the stakes are high. This can destabilize the democratic process and polarize society, fueled by the discontent of a large part of the population that has been excluded from the socio-economic boom of the past decade. The confluence of the eroding social cohesion due to high cost of living and the tensions around large oil discoveries could split and polarize the society. The last legislative elections witnessed electoral violence which had not been seen before. Oil can be a lever for development in the country and reducing the Island's dependence on foreign aid, it can also be a reason to accentuate divergences and splits in society. In any scenario, the country will benefit from strong governance institutions, inclusive, transparent and with strong control mechanisms for the monitoring of public accounts, and a justice system that is not vulnerable to politics and economic power.

6 CONCLUSIONS – CROSSCUTTING CHALLENGES AND ACCELERATORS

The analysis undertaken in this CCA places the achievement of the SDGs and the analysis of underlying causes of why certain groups are left behind at its core. STP's widening inequality, persistent poverty, limited social mobility and rising costs of living, further compounded by the increasing cost of living, linked to the Ukraine Russia war and the long-term impact of Covid-19, are undermining social cohesion. This is further exacerbated by the inadequacy of basic services such as water and sanitation, health, electricity, waste management, housing and urban planning.

Seven interrelated key development challenges have been identified which address the social cohesion of the archipelago, which require a broad intersectoral approach to define the policy choices and catalytic investments to accelerate the attainment of the SDGs. The complexity of the sustainable development agenda is compounded by the multi-vulnerability of a small island state with a very small market, high transportation cost due to its isolation, macro-economic vulnerability with relatively high debt and low fiscal base and a limited landmass to develop industrial activities. In addition, the country is very vulnerable to external shocks such as the Covid-19 pandemic has shown, but also to climate change. The below seven challenges impact the sustainable development and underpin social cohesion of the archipelago.

When addressing these challenges, the local mentalities and characteristics of this small insular society should be taken into consideration, with the existence of certain abhorrent patriarchal and sociocultural norms and practices (such as early marriage, teenage pregnancies, gender-based and sexual violence), the laid-back "leve-leve" attitude and the personal character of political and economic power distribution that permeate into the public

administration decision-making, having a polarizing effect on society. This makes the complexity of achieving the SDGs even more challenging.

Challenge 1: Weak economy which does not generate enough decent jobs nor resources for socio-economic development

The economy is small, inadequately diversified and highly vulnerable to shocks while the technical and financial capacity of operators is weak. For the majority of the population, income is generated through low-productivity subsistence farming, fishing and other informal activities. The subsistence agriculture, however, cannot satisfy domestic demand both in terms of quantity and price, and most food products are imported. A minority of the working population is engaged in formal high productive sectors such as tourism, services and manufacturing. This explains why only 21% of the population is covered by social security, and why two thirds of the population is still considered poor. Apart from informality and low productivity, the labor market is characterized by skills mismatches and shortages. Domestic fiscal resources are able to cover the salaries and operational cost of the Government, but the investment budget is almost entirely funded by loans and ODA. The private sector is small, and the investment climate is poor due to weaknesses in regulations, in the justice system and in the financial sector, as well as a deficient, costly and unreliable electricity sector that is the main source of the debt distress of the country, reducing prospects for mobilizing more financing for development. Most micro and small enterprises do not have bank accounts, similar to the majority of the population which is not part of a formal banking system. SDGs have been largely funded by state resources and ODA, which have brought tangible results in the social

sectors, but have been largely insufficient to make a difference in the transformation of the economic model. The social protection system protecting the most vulnerable cannot be locally sustained if the economy is not generating more fiscal income. Despite the huge disadvantages of a small island state, STP has some unique comparative advantages that could boost the implementation of the SDGs.

Some of the accelerators that have been identified concern: (i) reform of electricity sector and transition to renewable energy, (ii) financial inclusion to provide better access to financing including mobile banking ; (iii) review of the regulatory framework for the private sector and its enforcement through the justice system; (iv) fiscal reforms to increase the tax base and to improve the tax collection system; (v) entrepreneurship development in lucrative value chains and (iv) innovative mechanisms to involve diaspora in development.

Challenge 2: Quality of education is insufficient to provide decent jobs to young women and men in particular

Numerical and mathematical literacy is low as well as retention rates in secondary education. The education system does not provide the social mobility for poorer kids to access to higher education and better opportunities. Poorer children face high dropout rates as their parents are unable to assume the cost of education. Tertiary education, research and professional, technical and vocational training opportunities are very limited but have a direct impact on the labor market. The low-productivity economy can only be transformed by a marked improvement in the quality of education. The skills that are required by the private sector, such as IT, mathematics and vocational competencies, are difficult to find. With 61% of the population below 25 years and a median age of 18.6 years, the labor market is unable to absorb the large number of unskilled youths with poor educational ratings. The double insularity

of the island of Principe offers an additional challenge to quality education and to access tertiary education. A better educated population with the right skills for the future requirements in public and private sector has an impact on all the development challenges identified in this CCA.

Some of the accelerators that will be able to transform the education system concern: (i) improvement teacher capacities and school management; (ii) digitalization in educational learning methods; (iii) introduction of healthy behaviors, life skills and entrepreneurship in education; (iv) increased investment in professional, vocational training; (v) partnerships with tertiary institutions.

Challenge 3: Poor nutrition, hygiene and low access to improved sanitation and clean water affect health and educational outcomes of the poor

Poor people rely on subsistence-farming, fishing and forest products but face malnutrition challenges. 10% of the population is in severe food insecurity and 59% of children under the age of 5 are suffering from anemia, causing stunting and learning problems. 8% of adult men and 21% of adult women are obese and at higher risk of cardiovascular, pulmonary and metabolic problems such as stroke and diabetes. Most dwellings do not have any form of improved sanitation, 45% of the population practice open defecation and only 24% meet the SDG criteria for basic domestic water and sanitation and hand-washing facilities. Almost half of all women spend at least half an hour every day in fetching water from a potable water source. In urban areas, wastewater treatment is lacking and poor sanitary practices, including solid waste management, are a growing cause of transmittable diseases. These reasons directly impact the health and educational outcomes of the poorer households. The south-western districts of Caue and Lemba are the poorest and most affected.

The accelerators that could improve the nutrition, water and sanitation situation concern among others: (i) improved local production and commercialization of local food products, (ii) investment in adequate water/sanitation in schools and health clinics; (iii) improved urban planning; (iv) solid waste management, wastewater treatment and recycling investments.

Challenge 4: Delivery of essential health services is insufficient to evolving needs while vulnerable people are not adequately covered by social protection programs

The health sector has benefitted from important external investments but access to adequate health services, treatment and medicines remains a challenge for many São Tomeans. On the other hand, prevention at the community level is not sufficiently institutionalized and the high consumption of locally-brewed alcohol, drugs use by adolescents, poor nutrition and low physical activity impact on the high rate of NCDs, accounting for 70% of deaths in the country. Social protection programs and safety nets are not sufficiently comprehensive to provide adequate coverage for the vulnerable groups. This impacts on the children's, adolescents and youth's ability to develop their full potential and to contribute to the future socio-economic development of the country.

The accelerators for an improved health system concern, among others: (i) digitalization of health care systems and interlinkage with social registry; (ii) community health prevention programs; (iii) production and management of evidence-based health data to inform policies and resource allocations, (iv) capacitated health workers and availability of basic health equipment in clinics; (iv) improved laws and systems to ensure availability of quality drugs and medical products to people; (v) Expanded social security system.

Challenge 5: Adaptation to Climate change and biodiversity conservation are not

mainstreamed in policy making and implementation.

Climate change has shown its damages to the socio-economic infrastructure and livelihoods sustained by agriculture and/or fishing. Expanding economic activities to support inclusive and sustainable growth while maintaining biodiversity needs to consider the potential impact of climate change and natural hazards which have already led to major socio-economic losses for the country. To cover the future cost to fund adaptation measures addressing the vulnerability and strengthening the resilience of communities, more resource mobilization is required, while appropriate policy changes are being implemented. With a small tax base, STP continues to be heavily reliant on ODA and private financing for climate funding. The bioserve in Principe puts additional strains on construction and development of economic opportunities, as regulations for biodiversity conservation do not allow for exploitation of raw materials such as sand from the beach or stone dust, and thus specific finance mechanisms should be put in place to compensate for the conservation of the rich biodiversity system.

Accelerators: (i) evidence generation and evidenced-based planning for climate adaptation; (ii) improved protection of land and marine biodiversity; (iii) green bonds and climate adaptation and resilience financing; (iv) increased capacity for preparedness, early warning and response to disasters

Challenge 6: Weaknesses in control mechanisms, institutional capacities and core public administration functions affect the effective delivery of services to the population

Transparent, effective, inclusive and accountable institutions play a crucial role in advancing poverty eradication. Institutional capacity weaknesses, linked to the educational weaknesses, are underpinning many of STP's development challenges. In all sectors, the capacity to

formulate evidence-based policy, plan, coordinate implementation, and monitor performance is poor. In addition, there are significant capacity weaknesses across all facets of public financial management which hamper the capacity of the Government to mobilize budget aid and external financing, as well as a general lack of reliable and disaggregated administrative data. The public administration requires a modern work ethic that puts merit and efficiency above solidarity with social networks in allocating jobs, contracts and resources. This will enhance the returns on public investment, create stronger institutions and greater accountability in service delivery and financial management. Potential oil discoveries, which can be an important source for sustainable growth, will put great pressure on the existing governance systems.

Some of the accelerators that have been identified concern: (i) improved PFM systems; (ii) improved digitalization of public services and data; (iii) inter-sectoral coordination and approaches; (iv) Improved results-based management and core administrative functions of planning, budgeting, implementation and monitoring, (v) strengthened anti-corruption and IATI compliance for oil revenue management, and (vi) strengthening of civil society and local actors.

Challenge 7: Weaknesses in the justice system affect negatively the protection of vulnerable groups and the development of the private sector development

Women, youth, vulnerable groups, the elderly, disabled people, and the poorest face great difficulties in accessing and obtaining justice particularly in rural areas and in Principe island, which relies on the main island of Sao Tome for the justice system. The incidence of violent and sexual abuse of women and children is a major concern and the lack of integrated justice, law and order and social services means victims of violence have little protection or access to treatment.

Negative social norms further undermine these efforts. Private sector is also strongly impacted by the insufficiencies of administrative courts to settle disputes and uphold property and contractual rights. This also explains the low level of FDI in the country. The negative public perceptions of the dysfunctional justice system erode the social cohesion, and in the long term, the stability of the state.

Some of the accelerators that have been identified concern: (i) digitalization of the justice system; (ii) strengthened role of attorney general; (iii) training of judges; (iv) improved women political and civic participation; (v) review of legal framework to enhance independence of justice and rules of ethical conduct, and (v) Improved access of rights holders to justice and integrated GBV services.

These seven challenges will form the basis of the discussion on the UN's comparative advantages and its new Cooperation Framework. The analysis has been based on available statistics, research and analytical documents. However, there are strong capacity gaps in data collection for assessing the performance of the SDGs. The main reference document is the Household Budget Survey of 2017, which is the only tool used to calculate poverty and employment outcomes. A Multiple Indicator Cluster Survey (MICS) was carried out in 2019, mostly on social data. The last population census dates from 2011 and population figures for today are based on extrapolations. Sao Tome produces national accounts, but only on the production side, but not on consumption or income side. The main reason for the production of such limited statistics relates to the relative high cost for such a small country. This also hampers an in-depth assessment of the level of implementation of the SDGs, as highlighted in the VNR report of STP. A full Census has been planned for 2023 which will be a unique opportunity to gather the disaggregated data on consumption, income, employment and social indicators.

ABBREVIATIONS

AfCFTA - African Free Trade Agreement
AfDK - African Development Bank
COVID - Coronavirus Disease 2019
CLTS - Community-Led Total Sanitation
AIDS - Acquired Immunodeficiency Syndrome
BCSTP - Central Bank of São Tomé e Príncipe
COMPRAN - Project on Commercialization, Agricultural productivity and nutrition
CSO - Civil Society Organization
DHIS - District Health Information Software
EMAE - Water and Electricity Company
ENCO - Nacional Oil Distribution Company
FAO - The Food and Agriculture Organization
FDI - Foreign Direct Investment
GBV - Gender Based Violence
GDP - Gross Domestic Product
GNI - Gross National Income
HDI - Human Development Index
HIV - Human Immunodeficiency Virus
HDR - Human Development Report
ICT - Information and Communication Technology
ILO - International Labor organization
INE - National Institute of Statistics
IMF - International Monetary Fund
IOF - Household Budget Survey (Inquérito aos Orçamentos Familiares)
IWMP - Integrated Water Management Program
LDC - Least Developed Country
MICS - Multiple Indicators Clusters Survey
MRV - Measuring, Reporting, Verification
NDC - Nationally Determined Contributions
NFMS - National Forest Monitoring System
NWFP - Non-wood Forest Products

NCD - Non-Communicable Diseases
ODA - Official development assistance
RCO - United Nations Resident Coordinator's Office
SDG - Sustainable Development Goal
PFM - Public Financial Management
SIDS - Small Island Developing State
STP - São Tomé e Príncipe
UN - United Nations
UNCT - United Nations Country Team
UNDAF - United Nations Development Assistance Framework
UNDP - United Nations Development Program
UNESCO - United Nations Educational, Scientific and Cultural Organization
UNFPA - United Nations Fund for Population
UN-Habitat - United Nations Human Settlements Programme
UNHCR - United Nations High Commissioner for Refugees
UNICEF - United Nations International Children's Emergency Fund
UNIDO - United Nations Industrial Development Organization
UNSDCF - United Nations Sustainable Development Cooperation Framework
UNV - United Nations Volunteers Programme
UPR - Universal Periodic Review
US\$ - US Dollar
VAT - Value Added Tax
WASH - Water, Sanitation and Hygiene
WB - World Bank
WDI - World Development Indicators
WFP - World Food Program
WHO - World Health Organization

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ANNEXES

ANNEX 1 – AGENDA 2030 SUMMARY OF PROGRESS ACHIEVED 2015-2021

SDG	Summary of Progress Achieved 2015-2021	
	<p>End poverty in all its forms everywhere</p>	<ul style="list-style-type: none"> • Between 2010 and 2017 poverty (defined as US\$1.90 per day) in STP reduced by about 10 percentage points, from 35.6% to 25.9%. • The 2017 Household Survey recorded the incidence of extreme poverty at 47% (INE, 2020). • Female-headed households are poorer than their male equivalents with a poverty rate of 61.6% compared to 55.8%. (INE, 2020). • The most recent available data (2014) indicates that 22.1% of the population (47,000 people) are multidimensionally poor while an additional 19.4% are classified as vulnerable to multidimensional poverty (41,000). • The share of the population that is multidimensionally poor, adjusted by the intensity of deprivation, is 0.092 substantially below the average for SSA of 0.299.
	<p>End hunger, achieve food security improve nutrition and promote sustainable agriculture</p>	<ul style="list-style-type: none"> • There was a reduction in the prevalence of undernutrition (moderate and severe stunting) in children under five years of age from 17.2% in 2014 to 11.7% in 2019. With regard to the prevalence of malnutrition, the situation worsened from 2.4% in 2014 to 4.5% in 2019.
	<p>Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> • The rate of infant mortality has reduced from 24.0 per 1,000 live births in 2016 to 22.4 per 1,000 live births in 2020. • The proportion of births assisted by a health professional increased from 92.5% in 2014 to 95.4% in 2019. • In the same period, the coverage rate of prenatal care at the first consultation increased from 97.5% to 98.1%. In 2019, about 98% of women aged 15-49 received antenatal care at least once from skilled health personnel. • The percentage of births attended by a skilled attendant, increased from 92.5% in 2014 to 96.8% in 2019. • There is a consistent decrease in maternal mortality in STP, which went from 100 deaths per 100,000 live births in 2009 to 74 in 2014. In terms of maternal and neonatal mortality, the country is close to achieving the global target. • In 2019, the country registered 41 new cases of HIV, which corresponds to a rate of 0.2 per 1,000 inhabitants and a decrease of about 29% compared to the previous year. • Between 2016 and 2020 the incidence of TB decreased by 27%, from 162 cases per 100,000 inhabitants to 118 cases.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- Malaria is no longer the main cause of morbidity and mortality in the country. In 2020, only 1,944 were registered, a decrease of about 21% compared to the previous year. During those two years no deaths were recorded. The goal of eliminating this disease in the country by 2025 is achievable.
- Non Communicable Diseases are currently the main causes of mortality in the country, especially cardiovascular diseases.
- The country has recorded an improvement in the use of contraceptive methods by women aged 15 to 49, currently married or in a consensual union, from 34.4% in 2014 to 49.7% in 2019.
- In 2019, about 94% of children aged 12-23 months received all recommended immunizations before their first/second birthday against diphtheria, tetanus and pertussis (DTP) and 93% against pneumococcal (conjugate) immunization.



Achieve gender equality and empower all women and girls

- Remarkable progress has been made in the early childhood development index with the percentage of children in the 36 to 59 group on track for development in at least three of the four areas (reading-calculation, physical, socio-emotional, learning) increasing from 54.5% in 2014 to 62.9% in 2019.
- The adjusted net attendance rate for basic education in 2019 was 90%, for 1st cycle secondary education 55% and for 2nd cycle secondary education 30%.
- Participation in organised learning (1 year before the age of entry into school) was 74% in 2019.
- The attendance rate in the 4-17 years age group increased from 86% in 2015 to 90.8% in 2020.
- In the same period, the enrolment rate in higher education for the population aged 19-23 years, increased from 35.4 % to 43.5 %.
- Improvement in the legal and institutional framework relating to gender equality are notable, for instance the creation of the Interinstitutional Commission responsible for implementing the "Integral Public Policy for a Dignified Life for Women".
- STP is close to achieving the goal of eliminating disparity between the sexes in basic education regardless of the economic well-being of the families as evidenced by the 2019 Gender Parity Index, which stood at 1.02.
- However, many challenges persist in terms of gender equality, especially in terms of access to the labour market, income and the political participation of women.
- Case of domestic violence, child sexual and gender based violence are showing increases



Ensure availability and sustainable management of water and sanitation for all

- In 2020, about 85% of Santomeans had access to improved water sources and 62.5% had access to basic sanitation.
- In 2019, about 98% of household members used an improved drinking water source located on the premises, available when needed, an increase of 4% on 2014 data.



Ensure access to affordable, reliable, sustainable, and modern energy for all

- However, only about half (54%) of households in STP had hand washing facilities, where water and soap are present and about 45.5% of household practice open defecation.
- Access to electricity has increased from 69% in 2014 to 83% in 2019.
- The country is investing a transition to clean energy (hydropower) and is increasing the production capacity of the Contador River plant from 1.4 MW to 3 MW.
- Nevertheless, currently only 5% to energy is generated from renewable sources



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- Economic growth has been insufficient for the country's development needs, especially in terms of job creation.
- The country's competitiveness is low and the annual GDP variation rate per employee has been decreasing since 2017.
- Informality is high, especially in the primary sector. The formal sector employs less than a third (31.7%) of the working population, which means that most of STP's population works in the informal sector.
- There have been improvements in the unemployment rate in the country, having reduced from 13.6% in the 2012 Census, to 8.9% in 2017.
- Tourism is considered a strategic sector for STP's development. However, in 2018 it only contributed 4.6% to the economy.
- The added value of the country's incipient manufacturing sector as a percentage of GDP has decreased from 1,588 Dobras in 2015, to 1,449 Dobras in 2017.
- Value added in manufacturing per capita has grown from 1.25 in 2015 to 1.42 in 2017.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- There are many constraints at the level of port and airport infrastructures in terms of quality.
- In terms of air transport, the average number of passengers per year for the period 2017 to 2019 was 113,000 peaking in 2018 at 124,000. passengers.
- In terms of maritime transport, Maritime transport the volume of goods transported increased from 163,390.7 tonnes in 2017 to 187,679.3 tonnes in 2020.
- The percentage of the population covered by a mobile network was 93%, with 191,178 thousand people covered with the 3G network, which represents an increase of around 4% compared to 2017.
- The added value of the country's incipient manufacturing sector as a percentage of GDP has decreased from 1,588 Dobras in 2015, to 1,449 Dobras in 2017.
- Value added in manufacturing per capita has grown from 1.25 in 2015 to 1.42 in 2017.



Reduce inequality within and among countries

- STP's Gini Coefficient has risen from 32.1 in 2000 to 40.7 in 2017
- There are regional disparities in terms of access to clean water and sanitation, ICT, and employment.
- LGBTI people are not protected by law.
- Physical access for people with disabilities is not universally guaranteed
- The labour share of GDP, including remuneration and social protection transfers from 2014 to 2017 remained virtually stationary at around 41% per annum.
- The proportion of people living in households with an income below 50% of median income in 2017 was 17.0%, higher than the 8% recorded in 2010.



Make cities and human settlements inclusive, safe, resilient and sustainable

- 72.8% of the population of STP lives in urban areas in non-classic housing or in housing with lack of housing conditions.
- Urban areas are poorly planned with persistent problems relating to sanitation, sewage treatment, solid waste disposal and rainwater drainage.
- The proportion of people directly affected by disasters has increased from 0.18 per 1000 inhabitants in 2017 to 0.28 in 2019.



Ensure sustainable consumption and production patterns

- STP has elaborated a number of strategies and plans to promote sustainable consumption and production:
 - Strategy for the Transition to a Blue Economy.
 - Agricultura, fisheries and rural development policy
 - Policy for sustainable consumption at regional level
 - Plan for Sustainable Consumption and Production
 - Plan for the Development of Low Cost Energy



Take urgent action to combat climate change and its impacts

- STP has adopted a National Strategy and National Action Plan for Adaptation to Climate Change.
- STP's updated Nationally Determined Contribution (July 2021), contemplates a 27% reduction in emissions by 2030.
- Mitigation measures include a proposed increase in renewable energy production, a reduction in power grid losses, and the decarbonization of the transport sector.



Conserve and sustainably use the oceans, seas and marine resources for sustainable development

- STP lacks the conditions that allow it to assess its maritime ecosystems including the quality of water on the beaches.
- STP has ratified the main international conventions applicable to the sea, including the UN Convention on the Law of the Sea for the conservation and sustainable use of the oceans and their resources in 2017



Protect, restore, and promote sustainable use of terrestrial ecosystems,

- There have been gains in terms of sustainable forest management. Between 2015 and 2020, the proportion of illegal deforestation reduced from 64.6% in 2015 to 53.9% in 2020.

sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

- The country has 4 important sites for mountain biodiversity covered by protected areas.
- In 2012, the island of Príncipe was classified, by UNESCO, as a World Biosphere Reserve. The country has been striving to maintain this classification.
- Levels of homicide have decreased from 2017 to 2020 for both men and women. In 2020, zero female homicides were registered
- Levels of physical and psychological violence have dropped over the period 2017-21 but sexual violence has marginally increased
- In 2019, 83.5% of children in the age group of 1 to 14 years were subject to physical punishment or psychological aggression with girls slightly more affected.
- Transparency International, placed STP in 64th position in the 2019 Corruption Perception Index with a score of 46 points.
- According to Global Corruption Barometer - Africa 2019, 55% Sao Tomeans think the government is doing badly in terms of corruption.
- In 2019, the births of 98.6% children under 5 were registered without significant variation according to gender, means of residence and age. All deaths are registered
- The country conducted a population and housing census in 2012 and plans are being made to conduct a further one in 2023.
- Persons in need of international protection have no access to refugee status determination procedures and other forms of subsidiary protection
- Stateless persons and persons at risk of statelessness are not identified and protected due to the absence of statelessness determination procedures and policies aimed at preventing and reducing statelessness.
- Government revenue as a proportion of GDP has been stable at 31% over the period 2017-21 despite the Covid Pandemic.
- In 2020 85% of Government finance came from external sources
- ODA represented about 32% of GNI in 2002 and has fallen sharply to about 12.3% in 2019.
- From 2015 onwards, there has been a fluctuation in the level of FDI, which peaked in 2019 at about US\$ 57 million, more than double the 2015 figure.
- In 2017, international remittances to STP totalled an amount of about US\$ 19.6 million, representing about 6.3% of GDP.
- STP has accessed the Green Climate Fund and the Global Environment Fund.

ANNEX 2 - MULTI-DIMENSIONAL RISK TO SDG ACHIEVEMENT IN STP

SDGs	Risk Area	Threats/Risk Factors
16	Democratic space, peace, security & political stability	Erosion of trust and political polarisation
		Limited impact and effectiveness of decentralisation reforms
	RISK ASSESMENT	Few formal mechanisms, channels and opportunities for Civil Society engagement and dialogue and to hold government account
	Probability: HIGH	Potential social unrest and political instability due to failure to capture the demographic dividend
	Impact: MEDIUM	Weak advocacy for the interests of women and youth in the political arena
		Lack of media plurality and independence
16	Governance, institutional capacity, data & information management	Weak political leadership to undertake bolder and needed reforms
		Weak capacity of the public sector to plan, formulate policy, coordinate implementation, and monitor performance
	RISK ASSESMENT	Weak capacity to produce the data and evidence required to underpin development policy, programme development and to monitor progress
	Probability: HIGH	Poor integration and coordination between sectors regarding the implementation of development programs (SDGs)
	Impact: HIGH	Weak linkages between strategic plans, the medium-term fiscal framework and sector annual budgets
		Weak capacity of public financial management, low budget execution rates and frequent budgetary reallocations, focus on short term fixes to the detriment of more sustainable longer-term actions and solutions
16	Justice, rule of law & human rights	Low credibility and effectiveness of the justice system due to the slow administration of justice and the use of antiquated management systems
		Difficulties in accessing and receiving justice particularly in remote and rural areas
	RISK ASSESMENT	Limited free legal aid due to lack of funding
	Probability: HIGH	Limited capacity of police and criminal investigation services
	Impact: HIGH	Inexistence of an integrated criminal statistics system and forensic analysis capacity
		Limited safeguarding and promotion of human rights
		Negative social norms undermining the safeguard the human rights, particularly for women, girls and children
		Incidence of violent and sexual abuse of women and minors
1	Social cohesion, social protection, equality and non-discrimination	Increasing urbanization, poorly planned and informal neighbourhoods, in substandard housing
		Rising cost of living and widening inequality
		Deteriorating access and quality of health services, poor quality housing and inadequacy of basic services such as WASH, electricity, waste management, and urban planning
	RISK ASSESMENT	Inadequate reach of social protection and social safety nets
	Probability: MEDIUM	Poor sectoral integration of social safety nets

SDGs	Risk Area	Threats/Risk Factors
5	Impact: HIGH	Limited social mobility
		Child labour, especially in the poorest households and in rural areas for children aged 12 and older
	Gender equality & women's empowerment	Patriarchal and sociocultural norms and practices reinforcing gender inequality
		Prevalence of gender-based and sexual violence, including the sexual abuse and exploitation of young girls. Lack of formal mechanisms for women to vocalize or report the injustices committed against them, or the barriers they confront
	RISK ASSESSMENT	Prevalence of early marriage and teenage pregnancies
	Probability: HIGH	Women and girls assume greatest responsibility for unpaid, domestic and caring work, particularly of children and the elderly
	Impact: HIGH	Unequal participation of women and girls in the social, economic, political and policy life of the country
		Women do not exercise full control of their sexual and reproductive health choices
2		Women are underrepresented in tertiary education and have lower access to financial services and technology
		Inexistence of gender sensitive state budget for the operationalization of gender markers and indicators across all sectors.
	Food security, agriculture, and land	Climate change and natural disasters reducing rural incomes and increasing poverty and food insecurity
		Poor data and management in the agriculture and fishing sectors
	RISK ASSESSMENT	Inexistence of a modern and digitized land registry, undermining the equitable distribution of land and risk conflicts
	Probability: HIGH	Difficult access to land by young farmers and women
	Impact: MEDIUM	Low agricultural productivity by smallholder farmers, impacting domestic demand and market prices
		Weak agro value chains due to a low-level processing capacity and inadequate storage facilities (for both agriculture and fishing)
3		Inadequate agricultural infrastructure, availability of inputs and support services resulting in low productivity
		Poor transport networks undermining the commercialization of surplus and cash crops
		High food imports causing price fluctuation
	Public health	Fragile health system
		Weak health system management, needing reform to regain quality, affordability, sustainability, and acceptability
	RISK ASSESSMENT	Health infrastructures becoming obsolescent and unsafe
	Probability: MEDIUM	Limited capacity to comply with International Health Regulations in all 19 technical areas
	Impact: MEDIUM	Rise of non-communicable diseases (NCD)
	Poor health data production and management, impacting health sector planning, resource management and patient care	

SDGs	Risk Area	Threats/Risk Factors
		Poor health services access by the poorer households, particularly in rural areas
		Frequent shortage of drugs and medical products, with unaffordable prices for the greatest part of the population
		Weak public capacity to respond to health emergencies
4	Education, training & human resources	Slow improvements in the quality and relevance of education curricula versus market needs
		Limited basic infrastructure in some schools (improved sanitation, and key resources like books and other learning materials)
	RISK ASSESMENT	Increased school dropout
	Probability: HIGH	Limited access to school for children with disabilities
	Impact: HIGH	Limited professional, technical and vocational training
		Limited access to tertiary level education
		Increased barriers for access to education opportunities for children of the poorest families
12, 13	Environment, natural resource management, climate change & disaster risk	Fast-growing population, illegal logging, and land degradation
		Over-exploitation of forest resources, on which the poorest heavily depend
	RISK ASSESMENT	Over-exploitation and depletion of marine resources due to harmful and unsustainable fishing practices
	Probability: MEDIUM	Weak institutional, human technical and financial capacity and inadequate data systems and monitoring to sustainably manage and safeguard natural resources
	Impact: MEDIUM	Increasing natural hazards due to climate change
		Weak financial and technical capacity to mitigate climate change impacts and strengthen resilience
		Limited management of solid waste and waste valorisation (recycling)
6, 7	Infrastructure and access to social services	Limited access to essential basic services like safe drinking water and sanitation by poorest households contributing to the increased incidence of malnutrition and communicable diseases
		Infrastructure deficiencies impacting on the quality of public service delivery particularly in the health sector
		Deficient production and distribution of electricity
	RISK ASSESMENT	Low share of renewable energy production
	Probability: HIGH	High costs and unreliability of electricity transferred to business and domestic consumers
	Impact: MEDIUM	High use of polluting fuels and technologies for cooking and lighting by poorest households
		Low connectivity and high costs of international transport (ports and airports) impeding economic development
		Limited road transport infrastructure and local transport services constrain access to markets, inputs, and economic opportunities (agriculture and fishing sectors)
8	Economic development and economic inclusion	Small, fragile, inadequately diversified economy, highly vulnerable to shocks

SDGs	Risk Area	Threats/Risk Factors
		High dependence on low-productivity activities in the primary sector with a small and predominantly informal commercial sector
	RISK ASSESSMENT	Limited economic growth, highly dependent of agriculture, tourism, oil-fuelled foreign direct investment (early 2000s), and government expenditure
	Probability: HIGH	High spatial asymmetry in economic activity
	Impact: HIGH	Economy unable to generate sufficient employment opportunities across the entire territory, particularly for women and young people
		Private sector lacking access to capital, entrepreneurial experience and business acumen
		Fragility and vulnerability of the largely informal sector
		Labour force technical inequalities and disparities (gender, geographical)
		Inadequate business and regulatory environment not encouraging or facilitating investment, business growth and job creation
		The labour market is characterized by a high vulnerability (50% of all jobs considered vulnerable)
		Underdeveloped financial system limiting private sector development
		Potential offshore oil discovery that can lead to political and social unrest
16	Regional and global trade and influences	Low international transport infrastructure and connectivity impeding the development of regional trade
	RISK ASSESSMENT	Weak private sector unable to integrate regional and global value chains
	Probability: MEDIUM	
	Impact: MEDIUM	
17	Local, regional & global partnerships & resource mobilisation	Small tax base for capital investment projects, heavy dependence on ODA
	RISK ASSESSMENT	Graduation from LDC status could detrimentally impact access to development aid and concessional finance
	Probability: HIGH	Weak institutional capacity to manage ODA flows and ensure they are effectively and to attract FDI
	Impact: HIGH	Weak ownership of development programmes could impact sustainability