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SÃO TOMÉ AND PRINCÍPE

JOINT IDA-IMF STAFF ADVISORY NOTE

ON THE

POVERTY REDUCTION STRATEGY PAPER

March 3, 2005

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INTERNATIONAL DEVELOPMENT ASSOCIATION
AND
INTERNATIONAL MONETARY FUND

SÃO TOMÉ AND PRINCIPE

Poverty Reduction Strategy Paper
Joint World Bank-IMF Staff Advisory Note

Prepared by the Staffs of the International Development Association (IDA) and the International Monetary Fund (IMF)

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March 3, 2005

I. Overview

1. **This first full Poverty Reduction Strategy Paper (PRSP) [1] prepared by the government of São Tomé and Príncipe builds on the strategy laid out in the interim PRSP (I-PRSP).[2]** The full PRSP capitalizes on the lessons from the I-PRSP and on previous efforts, mainly the 2000-2001 UNDP/ILO/WB survey of living conditions and UNDP's 1991 and 1995 poverty analyses. The first Annual Progress Report of the PRSP will be carried out in the first quarter of 2006.

2. **The PRSP sets an ambitious policy agenda—with an overall cost of about US$210 million for the first seven years of implementation.** The main long-term objectives are the following:

- reduce the percentage of São Tomé and Príncipe's population living in poverty (54 percent) by one half by 2010 and by more than two thirds by 2015;

[1] This JSAN is based on a review of the PRSP, which was promulgated by the President of the Republic in January 2003, and an update of the government strategy approved by the Council of Ministers and issued in January 2005. The PRSP was not submitted earlier to the Executive Boards of the IMF and World Bank because the macro-framework was insufficiently developed to put the poverty reduction strategy into full perspective. In this document, references to the PRSP include the original PRSP and the update.

[2] EBD/00/29, includes both the I-PRSP and the JSA, presented to the IMF Executive Board on April 6, 2000. IDA/SecM2000-167 includes the I-PRSP and the JSA and was presented to the World Bank Board on April 12, 2000.

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- provide access to basic social services for the entire population by 2015; and
- reduce the gap in social indicators across urban and rural populations, gender and geographical locations.

3. **The full PRSP is a result of an extensive consultative process by domestic and foreign stakeholders.** The process was managed by a steering committee chaired by the Prime Minister and consisting of representatives of government and civil society. Numerous workshops were organized for civil society, political parties and others in the six district capitals on the island of São Tomé and on the island of Príncipe. A PRSP unit was set up in the Ministry of Planning and Finance to ensure the implementation and monitoring of the PRSP.

4. **The PRSP provides a reliable framework for reducing poverty in São Tomé and Príncipe.** The main strengths of the PRSP are in: (i) providing a poverty diagnosis and a comprehensive private-sector-led development strategy for São Tomé and Príncipe; (ii) paying special attention to cross-cutting issues, notably governance; and (iii) identifying detailed indicators to monitor progress in poverty reduction.

5. **The staffs share concerns identified by domestic and foreign stakeholders in a number of areas where further analysis would be desirable.** In particular, the PRSP could benefit from: (i) prioritizing actions among and within sectoral strategies and making them fully consistent with the annual fiscal budget and the overall medium-term poverty alleviation strategy, (ii) launching an in-depth analysis of the impact of potential oil revenues on the economy; and (iii) making an assessment of the redistributive effect of the proposed reforms, including taxation, land redistribution, and privatization. The staff also supports further work in securing good governance and fighting corruption, especially in the context of rising oil revenue. Trade policy is another area that merits attention, particularly given the emphasis of the PRSP on the need for non-oil investment and the diversification of production and exports.[3]

II. Poverty Diagnosis

6. **The PRSP paints a stark picture of poverty in São Tomé and Príncipe.** The 2000-01 UNDP/ILO/WB survey of living conditions and the UNDP poverty reviews show that 54 percent of the population lives in poverty: 39 percent are poor and 15 percent are extremely poor. Poverty has geographical and gender characteristics: poverty is deeper and more widespread in the rural areas; and households headed by women have a lower consumption than those headed by men. The survey of living conditions identifies the most vulnerable groups and confirms an accelerating urbanization (55 percent of the total

[3] In the next PRSP annual progress report, the authorities should also review report the findings of the upcoming Diagnostic Trade Integration Study.

population in 2000 lived in the capital compared with 44 percent in 1992). It also provides insights into the non-monetary aspects of poverty and the domestic and foreign factors that are obstacles to poverty alleviation. However, the PRSP analysis is based on reference reports using different statistical methodologies and the 2001 survey suffered from a lack of disaggregated consumption expenditure data to calculate an absolute poverty line.

7. **The PRSP rightly considers that combating social exclusion is also fundamental for reducing poverty.** It identifies women, the elderly, and the young (especially the street children) in need of special support. In this context, it envisages improving the access of women and the young to literacy programs and occupational training; creating production and marketing cooperatives; and enhancing micro-credit assistance to help them carry out income-generating activities.

8. **Looking ahead, the staffs encourage further analysis of poverty and support the government's intention to conduct two surveys aimed at improving the present household and expenditure data.** The analysis should focus on a review of income and coping strategies at the household level across provinces, including the allocation of government and donor resources, access to basic infrastructure, and vulnerability to food insecurity and natural disasters. The surveys' results are to be used to monitor progress toward reaching the PRSP goals and Millennium Development Goals (MDGs).

III. Priority Public Actions

9. **Priority public actions to reduce poverty, increase access to social services to support reaching the MDGs, and shrink the geographical social and gender gaps** are based on the following strategic pillars: (i) maintain macro-stability while supporting accelerated and broad-based economic growth; (ii) increase population access to basic social services, particularly basic education and health; (iii) strengthen public institutions and foster good governance; and (iv) devise mechanisms for monitoring and updating the strategy.

A. Maintaining Macro-stability and Supporting Broad-Based Growth

10. **The PRSP acknowledges that attainment of its poverty reduction objectives will depend critically on maintaining macroeconomic stability.** Starting from this premise, the PRSP, as updated in the annex recently submitted by the authorities to the Bretton Woods institutions, is consistent with the financial policies underpinning the government's forthcoming request to the IMF Executive Board of a three-year arrangement under the Poverty Reduction and Growth Facility[4]. The PRSP medium-term macroeconomic outlook,

[4]The authorities' readiness to engage in PRGF program discussions with the Fund staff, as well as ongoing work at the Ministry of Planning and Finance regarding the identification of pro-poor budgetary spending represent credible efforts by the authorities to take ownership of the process and implement the PRSP, while taking into account the need for substantial fiscal consolidation and the fulfillment of the poverty alleviation objectives.

assumes an average growth rate of 4.3 percent during 2005-07, a declining inflation rate, and broadly stable NIR, supported by a strong fiscal consolidation effort based on the enactment of revenue enhancing measures (see Tables 11 and 12 in PRSP update document) and the control over public expenditures, while safeguarding pro-poor spending; a prudent monetary policy aided by the introduction of indirect policy instruments; a flexible exchange rate arrangement; and the implementation of a comprehensive structural reform agenda that includes a new investment code to promote private investment.

11. **The authorities expectation is that a program with the Fund would catalyze needed financing from other international financial institutions and donors to further accelerate investment and economic growth in São Tomé and Príncipe.** Preliminary analysis conducted by the authorities indicates that the country would need to grow at an average rate higher than 8 percent per annum (i.e., almost twice the average growth rate projected by the staff for 2005-07) during the next decade to meet the PRSP's ambitious poverty reduction targets. Staff is of the view that while attainable, this growth rate will be contingent upon the authorities succeeding in attracting a higher level of private investment and additional donor support. Accordingly, the government is engaged with possible development partners, including, in particular, the World Bank, UNDP, the African Development Bank, and the US-led Millennium Challenge Corporation, with a view to attract further investment, boost the economy's supply response, and reach the high-growth path that would secure achieving the PRSP's poverty reduction targets. A donors' roundtable, tentatively planned for the second half of 2005, could assist in securing adequate financing of the poverty reduction strategy while minimizing recourse to domestic inflationary financing and keeping the growth of the country's external debt in check.

12. **The updated PRSP includes an action plan in which guaranteeing debt sustainability is part of the poverty reduction strategy.** In this regard, the government created in late 2003 an external debt management unit at the central bank. However, the unit still needs to develop its analytical capacity and establish systems for the regular dissemination of debt statistics to the public. The staffs support these endeavors, especially given the country's very high indebtedness.

13. **A policy area that will merit attention as the PRSP implementation moves ahead is the impact of the upcoming oil era on the economy.** Provided a successful exploration campaign, beginning in 2010-12, São Tomé and Príncipe's economy will be to a significant extent driven by developments in the emerging oil sector. The staffs **consider that the Oil Revenue Management Law adopted in December 2004 is highly transparent and lays the foundation for a prudent use of the resources within the framework of the country's poverty reduction strategy.** On the way forward, the authorities should give attention to challenges they may face, such as, the potential for Dutch disease issues that could hamper the growth of the nonoil economy and the importance of maintaining donor support until the start of oil production. In this respect, the staffs strongly support the government's broad-based discussions and information campaigns on the recently-approved Oil Revenue Management Law.

14. **The PRSP highlights that increasing labor productivity and diversifying income-generating activities, especially in rural areas, is critical for reducing poverty.** The government's strategy emphasizes needed improvements in basic roads and marketing infrastructure for agricultural products and extension services, the development of downstream agro-industrial activities, as well as tourism and fishing networks in the archipelago. However, most of the actions related to these policies—which are listed in Appendix I of the full PRSP—will need to be costed and prioritized to assess their impact on macro-stability, growth and poverty.

B. Securing Basic Services and Infrastructure

15. The need to provide basic education, health, and other basic services is extensively noted in the PRSP. Key sectoral policies are summarized below:

16. **Education.** The strategy on education emphasizes three broad areas for action: mandatory six-year primary education enrollment and promotion of adult literacy programs; access to education irrespective of gender or income level; and occupational training to meet the country's development needs. To address these goals, the PRSP proposes to increase the share of education in the government budget and the relative budgetary allocation for primary education. This in turn will help increase and equip classrooms in order to phase out two and three shift teaching, reduce regional and income disparities, retain more teachers through better training and higher salaries, and decentralize the education system. The staffs are in agreement with the strategy on education, which contains interventions with specific objectives, strategies, sustainability plan and a preliminary costing of the interventions.

17. **Health.** The health sector strategy, a focal point in the government's **development** efforts, aims at universal and equitable access to health care and reduction in mortality and morbidity. To achieve these goals, the PRSP envisages an increase in the budgetary allocation for health. This will allow for a restructuring of basic health services, refocusing care on preventive approaches and on the diseases with highest morbidity, guaranteeing access to specialized (tertiary) care, and improving national nutritional levels. The staff supports the strategy, which contains interventions with specific objectives, strategies, sustainability plan and a preliminary costing of the interventions.

18. The PRSP gives due emphasis to **malaria** as the main cause of death in São Tomé and Príncipe. It also recognizes the danger of ignoring the low but potentially serious **HIV/AIDS** risks. While the document lacks an analysis of how malaria and HIV/AIDS impact poverty, gender and economic growth, the action plan (see Appendix I of the PRSP) lists measures to reduce morbidity of both diseases. Strategies for HIV/AIDS and malaria were developed, costed, and adopted in 2003 and 2004. An anti-malarial campaign was launched in the first half of 2003; the campaign emphasizes prevention via education, use of mosquito nets, and spraying.

19. **Utilities and Infrastructure.** The PRSP comprehensively covers infrastructure issues, especially for telecommunications, water and sanitation, transport, and energy.

- **Telecommunications**—while a single company still dominates, the government intends to liberalize the market by end 2005 to foster investment, improve service, and reduce rates.

- **Water supply**—the government strategy foresees more connections, improved quality, and proper maintenance. This is to be supplemented by improvements in sanitation, envisaging additional latrines and ensuring proper disposal of towns' solid waste and polluted waters.

- **Transportation**—the PRSP notes that poor quality rural roads, as well as limited air and sea traffic, restrict the transport of products and people, hampering private sector growth and income creation. Accordingly, the strategy sets an ambitious agenda for repair and maintenance of roads; reform of the air traffic protocol (through an "open sky" policy and modernization of the airport); and the development of airports and sea transport.

- **Energy**—the PRSP envisages increasing electricity supply and service in São Tomé and Príncipe through enhanced private sector participation in the sector and reform of the finances and management of the water and electricity company (EMAE).

20. **Overall, the staffs commend the government's objectives as regards the health and education strategies and the public utilities and infrastructure projects. However, the PRSP acknowledges – and the staffs concur – that low institutional and human capacities constitute constraints to achieving the country's development goals. With this view,** the staff recommends that future work in all three sectors benefit from further focus on: (i) prioritizing actions based on sound technical analysis, especially as regards to water, sanitation and transport, given the heavy investment costs; (ii) ensuring that the budgetary costs of the sectoral strategies are consistent with the government's overall fiscal envelope; (iii) increasing institutional and human capacity through systematic training, professional development, and reinforced managerial capacity in the various sectors; and (iv) fully implementing the recently adopted telecommunications law and strengthening the existing regulatory authority.

C. Public Sector Reform and Governance

21. **The PRSP recognizes that good governance has a significant impact on poverty reduction in São Tomé and Príncipe.** The strategy stresses the need to consolidate the rule of law, including constitutional reforms to remove potential sources of conflict among the branches of the government. Other measures considered include basing the National Assembly on proportional representation, reforming and reinforcing the judiciary by training judges and civil servants in modern law and methods; establishing specialized courts; updating the legal framework to remove obsolete laws dating back to colonial days; and empowering law enforcement.

22. **The PRSP envisages a reorganized public sector to increase its efficiency and transparency.** The government would seek to eliminate overlapping functions between agencies; decentralize and strengthen local government structures; withdraw from productive activities; and reform the civil service to enhance the provision of public services. In addition, the PRSP emphasizes that efficient and transparent public expenditure management is critical for a successful implementation of the anti-poverty agenda. In recognition of this, the budgetary process (formulation, execution and monitoring) is being reformed using HIPC-AAP guidelines and further supported by IMF and World Bank technical assistance to improve transparency and governance, and better target public spending including pro-poor.

23. **The staffs support the government's intention to promote a responsible, effective, and transparent management of public resources.** The government is moving ahead with major reforms to improve procurement, inventory and accounting practices of government assets, receipts, and expenses. In this regard, the government will shortly begin the implementation of an integrated budget and treasury information system. Another key action in this area is the strengthening of the internal and external audit of government agencies by empowering the Auditor General's Office. The government also would benefit from adopting clear reform strategies and implementing action plans in the Ministry of Justice and at the Secretariat of the State for the Reform of the State (including civil service).

D. Targets, Indicators and Monitoring

24. **The authorities have centered the monitoring of the PRSP implementation on indicators they consider essential and monitorable.** In the staffs' view, and given the limited human and institutional capacity in São Tomé and Príncipe, the PRSP provides a fairly comprehensive set of indicators and targets for monitoring and evaluating the sectoral strategies, especially in education, health, and infrastructure. The set of medium- and long-term targets broadly tallies with the MDGs. Some of the poverty targets, however, are more ambitious—particularly the 50 percent drop in poverty targeted by 2010—and will require major sustained efforts and financial support.

25. **The staffs support the government's efforts to enhance the quality and availability of poverty indicators in the context of a comprehensive program of statistical capacity building.** Efforts are needed to upgrade the national income accounts, balance of payments statistics, and government finance data, with the aim of ensuring adequate design and monitoring of policies that impact the poor. Annual indicators (such as the budget allocations for education, health, and agriculture) should be complemented with information from household surveys and employment data.

26. **The staffs also support the government's reinforcement of its PRSP unit to enhance implementation and monitoring.** This would provide more transparency in planning and spending decisions and reduce intra-governmental tension over policy priorities. The staffs consider that building an effective accountability framework for the PRSP process will require the government to: (i) enhance close consultation with civil society organizations and donors and contact with the media (including through greater

public availability of data); (ii) report transparently and regularly (publicized quarterly and annually progress reports) on PRSP implementation; and (iii) ensure the recommendations from the PRSP reports are adequately reflected in the subsequent year's budget.

IV. Conclusion

27. **The Bank and Fund staffs believe that São Tomé and Príncipe's full PRSP contains substantial improvements over the I-PRSP presented to the Boards in terms of quality of the process and content of the document.** The staffs consider São Tomé and Príncipe's PRSP a credible but highly ambitious poverty reduction strategy. The authorities will need to address the identified shortcomings, however, to make the strategy fully operational and assure its effectiveness. Specifically they need to :

- undertake further in-depth analysis in poverty diagnostic, providing a sustained reliable base for monitoring and evaluation;

- undertake further analysis as to the consequences of the petroleum economy and assess the redistributive effect of proposed fiscal and structural reforms on poverty alleviation;

- cost and prioritize sectoral strategies, investment and action plans in the priority sectors identified in the PRSP, including agriculture, fisheries, infrastructure, governance and justice to make them fully consistent with the annual fiscal budget and the overall medium-term poverty alleviation strategy;

- succeed in attracting a substantially higher level of private investment and additional donor support to achieve the desired high GDP growth rate targets until oil production starts;

- Enhance institutional capacity to ensure the full implementation and monitoring of the PRSP.

28. Furthermore, implementation will in particular require prioritizing and monitoring progress in structural reforms in a context of price stability. In the view of the staffs, the commitment of the highest levels of government will be crucial for a successful implementation.

29. Do the respective Executive Directors of the Fund and the World Bank concur with the broad directions of São Tomé and Príncipe's PRSP and the staffs' identification of priority areas of action and the related recommendations for strengthening the PRSP over the coming years?

DEMOCRATIC REPUBLIC OF SÃO TOMÉ AND PRÍNCIPE

Ministry of Planning and Finance

NATIONAL POVERTY REDUCTION STRATEGY

Final Version
São Tomé, December / 2002

LIST OF ABBREVIATIONS

ABP – Attitude, Behavior, and Practice
ACBF – African Capacity Building Foundation
AFD – French Development Agency
AfDB – African Development Bank
AIDS – Acquired Immune Deficiency Syndrome
BCG – Vaccination against Tuberculosis
BCSTP – Central Bank of São Tomé and Príncipe
CAEC – Central African Economic Community
CCIAS – *Câmara de Comércio, Indústria, Agricultura e Serviços* [Chamber of Commerce, Industry, Agriculture and Services]
CFA – African Financial Community
CNE - *Centro Nacional de Endemias* [National Center for Endemic Diseases]
CST - *Companhia Santomense de Telecomunicações* [São Tomé Telecommunications Company]
DCS – Health Care Directorate
DPAF – Planning, Administration, and Finance Directorate
DPT – Vaccination against Diptheria, Pertussis, and Tetanus
FAC – Aid and Cooperation Fund (French Cooperation)
FENAPA-STP - *Federação Nacional dos Pequenos Agricultores de São Tomé and Príncipe* [National Federation of Small Farmers of São Tomé and Príncipe]
GDP – Gross Domestic Product
GIEPPA - *Grupo de Interesses Económicos das Palaiês e dos Pescadores Artesanais* [Economic Interest Group for Vendors and Artisanal Fishermen]
GSTP – Government of São Tomé and Príncipe
GTIP – Inter-Project Working Group
HIPC – Highly Indebted Poor Countries
HIV – Human Immuno-deficiency Virus
IEC – Information, Education, and Communication
IFAD – International Fund for Agricultural Development
IMCI – Integrated Management of Childhood Illnesses
IMF – International Monetary Fund
INE – National Statistics Institute
LCP/DR – Poverty Reduction/Rural Development Project
MARAPA - NGO - Sea, Environment, and Artisanal Fishing NGO
MEJC – Ministry of Education, Youth and Culture
MICS – Multiple Indicator Cluster Survey
MPF – Ministry of Planning and Finance
NGO – Non-Governmental Organization
NICT – New Information and Communication Technologies
NLTPS – National Long-Term Perspective Studies
NPRS – National Poverty Reduction Strategy
OGE – General State Budget
ORS – Oral Rehydration Serum

INTRODUCTION

1. The National Poverty Reduction Strategy Paper represents the result of analyses of the country's current situation as well as a set of proposals designed to rout the causes of poverty São Tomé and Príncipe in the medium to long term, based on creating the conditions that make development viable and promote the welfare of the population.

Background

2. This paper is prepared in response to a perception of the problems facing the country in several areas and which have contributed to a situation of widespread poverty.

3. A UNDP document on the poverty line in São Tomé and Príncipe, prepared in 1994, collected some data on the poverty situation in São Tomé and Príncipe. Its findings indicated that 40 percent of the population lived below the poverty line and close to 30 percent in extreme poverty. This situation worsened between 1994 and 2000.

4. STP public debt climbed steadily between 1992 and 1999 from US$172 million to US$294 million, as a result of which the government established public debt reduction as one of its chief priorities.

5. In that context, with technical assistance from the World Bank and the International Monetary Fund, the government prepared the Poverty Reduction Strategy Paper in November 1999. The draft was submitted to the development partners and civil society at various levels, to ensure that there was national consensus on its content and implementation.

6. Owing to the good performance of macroeconomic stabilization policies between 1998 and 2000, STP reached decision point of the HIPC Initiative in December 2000 and, as a result of negotiations with bilateral and multilateral partners, part of the accumulated debt was forgiven and the financial resources allocated to external debt service were used in priority projects aimed at poverty reduction.

7. Between them, the São Tomé authorities and the Bretton Woods institutions—the World Bank and the International Monetary Fund—set two conditions for the country to reach conclusion point of the HIPC Initiative in 2003: consolidation of the good macroeconomic performance and a national poverty reduction strategy, through a participatory process involving all the stakeholders in the country.

National poverty reduction strategy

8. Based on the analysis of the situation of poverty and identification of its key determinants, this paper sets forth São Tomé and Príncipe's strategic plan for poverty reduction based on five pillars:

   - Reform of public institutions, capacity building, and promotion of a policy of good governance;
   - Accelerated and redistributive growth;

- Creation of opportunities to increase and diversify income for the poor;
- Human resource development and access to basic social services;
- Adoption of mechanisms to monitor, assess, and update the strategy.

9. An **Action Plan** is attached to put these strategic pillars in place, which proposes to reduce poverty by a horizon of 2015, through compliance with the following general objectives:

    - attain a GDP growth rate of 5 percent starting in 2003;
    - reduce by half the percentage of the population of São Tomé living in poverty by 2010, and reduce this figure to less than 1/3 by 2015;
    - provide the entire population with access to basic services by 2015 and help improve their quality of life;
    - considerably reduce the social and gender gap between districts and between these and the Autonomous Region of Príncipe, as well as between urban and rural populations;
    - promote and build institutional capacity and a policy of good governance.

10. The political will to embrace these options, political stability, and properly functioning democratic institutions; with these advantages, São Tomé and Príncipe would be able to achieve the desired results.

Organizational Chart and Participatory Process

By Decision 4/2001 of the Prime Minister and Head of Government, it was determined on June 29, 2001 that a National Poverty Reduction Strategy would be drafted and the basic mechanisms and procedures adopted for compliance with that decision.

The organizational chart for drafting the national poverty reduction strategy envisaged the following:

- Steering and Supervisory Committee, chaired by the Prime Minister and Head of Government;
- Government/Civil Society/Private Sector Concertation Committee, chaired by the Minister of Planning and Finance;
- Government/Development Partners Concertation Committee, chaired by the Minister of Foreign Affairs and Cooperation;
- Drafting Committee, chaired by the Minister of Planning and Finance;
- Permanent Secretariat for Coordination, as the support body for the Drafting Committee in all activities related to drafting the strategy.

As a complement to this chart, all national sectors of activity were required to collaborate with the Permanent Secretariat for Coordination, making available any information needed for the smooth flow of work.

The methodology used in that process considered it very useful to draw on past experience at various levels in the country, thus ongoing projects and programs were reviewed and the proposed components of the provisional strategy established between the government and the Bretton Woods institutions. Also taken into account were the experiences of countries that had achieved rapid results in preparing poverty reduction strategies, drawing inspiration from the case of Mauritania in particular.

As part of this participatory process, thematic groups were formed, each one headed by a member of the Drafting Committee, assisted by a consultant-facilitator hired for the task, and comprising technical staff, including foreigners working in São Tomé and Príncipe, and representatives of the private sector and civil society.

The six thematic groups created reviewed the following topics:

- Growth potential, macroeconomic framework, environment;
- Opportunities for increasing and diversifying the income of the poor;
- Education, literacy, training;
- Health, nutrition, population;
- Governance, decentralization, participation, communication, information;
- Analyzing and monitoring poverty.

The organs of sovereignty, public administrators, autonomous institutions, political parties, labor unions, employer associations, the various religious denominations, civil society in general, bilateral and multilateral partners, at various levels—national, regional, district, etc.—were requested to give their opinions at each stage of the process, making critical assessments, offering suggestions and proposals, which were successively incorporated into the four preliminary versions of the paper, as applicable.

Workshops were also organized in the capital of the autonomous region Príncipe and in district capitals in São Tomé, which contributed as well to the diversity and the consolidation of proposals for action formulated, taking into account the degree of participation in each one.

After drafting and presenting the fourth version, the strategy paper was then submitted to the Council of Ministers and the President of the Republic for consideration at meetings, which served to provide clarifications and were opportunities for raising awareness about the importance of implementing the PRSP within the established time frame.

Next, in the context of preparing the National Poverty Reduction Strategy Validation Seminar, preliminary

talks were held with national experts, representatives of political parties, local governments, churches, nongovernmental organizations, and civil society in general, thereby providing yet another opportunity to test whether these groups identified with the proposed actions for implementing the strategy.

Finally, on December 10, 2002, in keeping with the approved timetable, the National Poverty Reduction Strategy Validation Seminar was held in São Tomé and Príncipe, with the formal opening ceremony chaired by the President and attended by the President of the National Assembly, Prime Minister and Head of Government, ministers, and senior public administration officials, representatives of the diplomatic corps, international organizations, and development partners of São Tomé and Príncipe.

National experts, representatives of political parties, employer associations, labor unions, the churches and religious denominations, women's, youth, and artists' associations, nongovernmental organizations, the national police, and the armed forces were also sufficiently well-represented and involved at the National Strategy Validation Seminar.

The formal closing session was chaired by the Prime Minister and Head of Government.

1. POVERTY IN SÃO TOMÉ AND PRÍNCIPE: AN ANALYTICAL REPORT

1.1. Centralized economy period

11. After winning national independence on July 12, 1975, São Tomé and Príncipe kept the colonial productive structure inherited from the Portuguese with almost no alterations until 1987. The economy was based on a cocoa monoculture, which came to be run by state farms after the Roças nationalizations of September 30, 1975. The state became the principal producer, with a concentration of over 90 percent of the country's agricultural land. Similarly, health and all other sectors, both social and economic, were centralized under the government of São Tomé.

12. From the early 1908s, the decapitalization of state farms and the extremely low living standards of agricultural workers in all social spheres (housing with no decent amenities for cohabitation, hence overcrowding, no basic sanitation, no sanitation services to state farm outbuildings), combined with low wages, led to an irreversible rural exodus.

13. Wage earners (whole families in some cases) abandoned the state farms in numbers that would accelerate the process of disorganized urbanization of the second half of the 1980s and the beginning of the 1990s. The result was a compounding of rural poverty with urban and suburban poverty.

1.2. Economic liberalization

14. The liberalization of the economy started in 1985. In 1987, the first structural adjustment program was officially launched with financing from the World Bank in the amount of US$17 million. A similar agreement was reached with the IMF (June 1989) for a loan of SDR 2.8 million.

15. Agriculture was one of the first sectors of the economy to benefit from WB credit. All in all, the results fell far short of the objectives targeted. An ambitious program to privatize agricultural and non-agricultural public enterprises was introduced, leading to the partial or total liquidation or privatization of the vast majority of public enterprises. Between 1988 and 1997, real GDP growth was positive but remained below population growth, thus the process of real impoverishment continued, though the GDP growth rate finally caught up with population growth in 1998.

16. Despite positive trends in some macroeconomic indicators, the country's external debt situation more or less deprived it of any external negotiating capacity. In 1992-1999, the debt increased at a fast rate, moving from US$172 to US$294 million, of which US$168.1 million was multilateral debt and US$125.9 million was bilateral debt, as shown in the table below:

Table 1: Development of São Tomé and Príncipe's External Debt

Period under review	1992	1993	1994	1995	1996	1997	1998	1999
External debt stock	**172.0**	**185.4**	**205.5**	**238.0**	**229.5**	**238.3**	**275.7**	**294.0**
Multilateral	111.1	**122.4**	142.9	159.3	162.3	162.9	162.3	168.1
Bilateral	60.9	63.0	62.6	78.7	67.2	75.4	113.4	125.9

Source: First National Seminar on External Debt Analysis and Strategy (October 19-31, 2000)

17. In 2000, the economic situation of São Tomé and Príncipe continued to be very difficult. There was a huge fiscal deficit, the burden of the external debt and its service became increasingly heavy, export revenue declined owing to a fall in prices on the international market. The primary balance ratios of the state budget shrank progressively from 1996 to 2000 and continue to be negative, making it difficult for the government to take any meaningful action in the social area and on behalf of the poor using its own resources. Interest on the debt also trended upward, thereby aggravating the government's financial situation.

18. However, the government's efforts produced encouraging results in some important indicators: i) the inflation rate dropped sharply to 9.6 percent (from 80.5 percent in 1997); ii) the exchange rate to the dollar (US$) stabilized (with a parallel market differential of less than 5 percent). Based on the results obtained in terms of economic and financial rehabilitation, the country was able to secure the conditions for negotiating the issue of the external debt and debt sustainability with its bilateral and multilateral partners and reached the decision point of the HIPC Initiative in December 2000.

19. Thus, from 2001, the country has been benefiting from the financial resources released from payment of the debt, which have been used to finance projects and actions in the social sector (health and education) and in infrastructure. It should be noted that, besides the rural sector, these are the sectors hardest hit by poverty in São Tomé and Príncipe.

1.3. General characteristics of poverty

20. The first attempts to measure poverty in the country date back to the late 1980s and the first half of the 1990s. Indeed, the "Report on the Poverty Line " (1987-1990) funded by UNDP and published in January 1991 and the "Poverty Line in São Tomé and Príncipe" (1991-1994) published in March 1995 provided the first elements of poverty analysis. Both studies used the cost of basic needs (CBN) method. A number of estimates were made in the absence of more reliable data, which compromised the reliability and compatibility of the statistics with later studies. Nevertheless, the worsening of the situation is noticeable in the external manifestations of poverty ("street children" phenomenon, abandonment of minors, decline in the gross enrolment rate at the basic education level, etc.).

21. The survey of household living conditions, which was the basis for defining the "Profile of Poverty in São Tomé and Príncipe" (November 2000 to February 2001) used the average returns (AR) method, and determined that the poverty line in São Tomé and Príncipe was Dbs. 2,.638,618 per year (around US$294/year). This amount covers the barest minimum—daily meals and some nonfood expenses (clothing, housing, fuel for preparing meals).

22. Thus, the income available for other basic expenditure, especially education and health of the household, are practically nonexistent.

23. In the case of housing, three important factors must be stressed (a): **-i)** the fact that the share of the poor's resources allocated to this basic need diminished during the period 1991-1994 from 6.3 percent to 2.7 percent; **-ii)** property ownership arrangements–the poor are merely tenants, with very tenuous property

relationships, as the parties normally have an honor commitment with nothing in writing, much less a contract, making it possible for landlords to demand that tenants vacate the property within three weeks; and, **-iii)** there are no recent comparison factors, as a result of which developments in the situation of the poor with regard to housing over the last seven years are unknown.

1.3.1. Developments in monetary poverty and living conditions

24. The "Report on the Poverty Line" (1987-1990), funded by UNDP and published in January 1991, reported that the situation in the health services had worsened considerably due to the lack of resources needed to import medicine and materials, and to improve the existing infrastructure. Diseases such as malaria and cholera, which had practically disappeared, re-emerged with a vengeance and became endemic, culminating in the cholera epidemic of 1989. Infant mortality had risen. Poverty began to be visible, affecting 41 percent of the total population in 1990, up from 36 percent in 1987.

25. A second study financed by the same institution (UNDP) "The Poverty Line in São Tomé and Príncipe" (1991-1994), published in March 1995, confirmed the trend. In fact, the index rose to 48 percent in 1992.

26. This report identified the socioeconomic groups most vulnerable to poverty, namely:

    i) agricultural workers;

    ii) low-level civil servants;

    iii) fishermen and vendors;

    iv) female heads of household; and

    v) senior citizens living alone (over 60 years old).

27. More recently, the study on the "Profile of Poverty in São Tomé and Príncipe" (November 2000-February 2001), conducted with the technical support of the ILO and funding from UNDP and AfDB, published in May 2001, confirmed the rural exodus and the resulting accelerated urbanization. Thus, the urban population, estimated at 44 percent of the total population in 1992, rose to 54.5 percent in 2001, according to the third RGPH. Close to 1/3 of Sãotomean families are headed by women. Families with 4-7 members make up 57 percent of the total population while bigger families (with 8 or more members) total 26.7 percent.

28. According to the same study, **53.8 percent of the total population in the country lives in poverty,** more so households headed by women (55.7 percent) than those headed by men (53 percent). 15.1 percent of São Tomé's population lives in extreme poverty. The average size of a household is inversely proportional to its income; thus the average household with 6.43 persons is extremely poor, while families with 3.78 members are considered not poor.

29. Regarding the poverty of basic living conditions (access to education, health, drinking water, environmental sanitation, and housing), the study concluded that 11.8 percent of the population had never been to school. It was also found that illiteracy increases with the degree of poverty; 9.6 percent of the nonpoor

population is illiterate in comparison with 12.9 percent of poor people and 15.9 percent of the extremely poor. In the area of health, the study observed that health care increases with income levels. Thus, 23.2 percent of nonpoor sick people visited a doctor in a private clinic, as opposed to just 8.7 percent of poor sick people, and only 2 percent of the extremely poor. There situation of pipe-borne water nationwide is disastrous; only 19.6 percent of the total population has access to pipe-borne water. 9.2 percent of extremely poor households have pipe-borne water in comparison with 13 percent of poor households, and 25.5 percent of nonpoor households. Environmental sanitation is also in a lamentable state. A mere 16 percent of households in São Tomé have septic tanks connected to a public sewer system. 69 percent of the people relieve themselves in the open air.

30. Combining the results of the last two surveys of household living conditions yields the following results:

Table 2: Structure of Poverty Line Expenditure in São Tomé and Príncipe

(in percent)

Type of Expenditure	1991	1992	1993	1994	2000/2001		
					Extremely Poor	Poor	Non-Poor
Food	**73,0**	**74,6**	**75,0**	**84,1**	**81,7**	**79,1**	**66,17**
Education	0,8	1,9	2,0	1,2	1,2	1,6	2,09
Health	3,1	3,9	4,3	3,1	3,2	3,5	5,33
Housing (renting a home)	6,3	5,7	5,4	2,7	___	___	___
Other expenses	16,8	13,9	13,3	8,9	13,9	15,7	26,41
TOTAL	100	100	100	100	100	100	100

Sources: Data for 1991-1994 taken from "The Poverty Line in São Tomé and Príncipe (1991-1994)" UNDP, March 1995; data for 2000/2001 taken from "Profile of Poverty in São Tomé and Príncipe" (November 2000 to February 2001) AfDB, May 2001.

1.3.2. Geographic inequalities

31. The study "Profile of Poverty in São Tomé and Príncipe" (November 2000-February 2001) found that almost 2/3 of the total population (more precisely, 64 percent) live in the central region (Água Grande and Mé Zochi districts) of the country. Similarly, it found great disparities in the distribution of average per capita consumption expenditure with 1/3 (precisely 32 percent) less in rural areas than in urban areas.

32. The focal points of poverty are primarily the northern region (Lemba and Lobata districts)–70.6 percent of the population in the region, followed by the southern region (Cantagalo and Caué districts)–65.1 percent of the population of the region, then the autonomous region of Príncipe—(60 percent of the regional population), and next the central region, with 46.4 percent of the population.

1.3.3. Social and gender inequality

33. The unequal distribution of average per capita consumption between town and country is also observed in relation to gender. This consumption is 11 percent lower for households headed by women.

34. Average per capita consumption is 42 percent higher for the self-employed socio-professional category (craftspeople, businesspeople, proprietors of small non-farming businesses, etc.) than for the poorest people (farmers—crops and livestock—and fishermen). Consumption declines increasingly as one moves further away from the capital.

35. Similarly, average per capita consumption is inversely proportional to household size; it is 2.3 times higher for single-person households than for households of 10 or more.

1.4. Determinants of poverty

1.4.1. Economic determinants

36. **Internally**, the economy is facing the following problems: low production and productivity; persistently high inflation; inability to generate employment; persistently unstable value of the domestic currency; inability to systematically guarantee the mechanisms for financial stability; inadequate socioeconomic infrastructure; rural exodus; unequal access to national resources.

37. **Externally,** the regional integration policy has been unsuccessful, there is a great dependence on external aid, and the burden of previously contracted debt is heavy.

38. The macroeconomic indicators(*) reveal how fragile the São Tomé economy has been during the last decade. In the 1996-1999 period, per capita GDP declined sharply and an unfortunate trend in inflation rates was observed as they rose to 80.5 percent in 1997. From this date, as a consequence of the austerity measures to stabilize the economy, inflation dropped to 9.6 percent in 2000. Previously, governments had already implemented austerity measures to ensure financial stability, thereby initiating some improvement in the situation. Subsequently, as these measures were abandoned, the situation began to deteriorate.

39. **In the rural areas,** the poverty situation is conditional upon two key sets of factors: structural factors and cyclical factors.

40. **The structural factors** are:

- relief of the majority of workable agricultural land, which limits the crops that can be grown as well as the possibilities of mechanization;
- increasing difficulty and cost of retaining farm hands;
- poor infrastructure;
- small size of the domestic market, combined with the obvious scarcity of financial resources and skilled human resources;
- high costs resulting from the isolation of a small insular country;
- inapt legal framework for the sector (inappropriate forestry and land laws).

(*) Source: Central Bank of São Tomé and Príncipe

41. **The cyclical factors** are:

- an economic policy that discourages agricultural production and facilitates competition with local output;
- no specific policies that offer protection or incentives;
- inefficient management and use of financial resources;
- no coherent policy on credit and incentives to the sector;
- skewed productive structure, with foreign exchange earnings coming from a single export product—cocoa;

42. Nowadays, there is heavy population pressure on the land and, as a result, a large number of households received less than 1.5 hectares, with some beneficiaries being assigned no more than 0.5 hectares, when the average lot size stipulated for each farmer is 2.1 hectares. This practice has become widespread, in contradiction with the criteria originally established in the PPADPP and laid down in the law stipulating the share of land to be allocated to small farms and medium-sized enterprises.

43. Initially, in 1993-1995, there was a moderate increase in cocoa production with the distribution of farmland, owing to more efficient harvesting. Subsequently however, as a result of the combined effect of the failure to use phytopharmaceuticals to combat mildew (*phytophotora palmivora*) and other pests and diseases (only 22 percent of farmers use pesticides) and the forceful resurgence of cocoa thrips (*rubrocinctus*) starting in 1998, caused by the indiscriminate felling of trees, there was a marked decline in cocoa production.

44. Cocoa, which used to be the main income earner for households (73 percent in 1999 as opposed to 66 percent in 2000) and which was selling on the international market at prices higher than US$2000/ton c.i.f., experienced a 50-percent price cut in a declining trend that started in 1998. Thus, the cocoa paste produced by farmers plunged to Dbs. 1000.00/kg from the Dbs. 2,300.00 price at which it had been sold, causing a drastic income losses.

45. In respect of food crops, despite efforts made by farmers to diversify their production to obtain new and additional income (banana, taro, millet, cassava, fresh horticultural products), they did not receive proper compensation given the distribution and marketing constraints.

46. In the area of environmental protection, the fact that certain legislative (regulatory) measures were not taken in a timely manner resulted in critical problems for the sector, namely:

a. In the use of forestry resources:

- **i)** over-exploitation of shade forest species with high commercial value; **ii)** encroachment on forested areas to produce coal; **iii)** degradation of the system of shading cocoa crops, causing a violent attack of cocoa thrips in 1998; **iv)** escalation in the number of loggers using chain saws and causing massive waste in processing the wood (65-70 percent);

b. In the environment:

- **i)** deforestation of mountain slopes to plant food crops, thereby increasing the incidence of erosion; **ii)** improper land use without taking into account the land's production potential; **iii)** loss of biodiversity.

47. The rich and varied biodiversity of flora and fauna is under threat. The wildlife is becoming less diverse and the dense forest is thinning out because its use has not been properly thought out or controlled, and this has led to its impoverishment.

48. As regards livestock rearing, despite major efforts targeting the sector—the significant local genetic potential, good natural pastureland, and the introduction of better grasses and animal feed for the different species—, the sector has not significantly improved, not only in terms of farmers' yields, but also in terms of daily diet. The vast majority of households in farming communities (86 percent) eat meat less than once a week.

49. In fishing, fishermen did not fare well. The coordination and organization of interventions in the field under the various infrastructure programs and projects did not work out as was expected.

50. The emergence of an agricultural class with little or no capital raised doubts about how these new agrarian structures could be financed to enhance the value of the land distributed and intensify the process.

51. From 1997 onward, access to credit through decentralized rural funds was limited to short-term financing, without taking into account the objective needs of the farms and the respective recipients.

52. The difficult living conditions in rural areas had a negative impact on women, particularly those receiving plots of land.

1.4.2. Socially

53. In recent years, education and training have received considerable amounts of funding from both international cooperation partners and from domestic sources. During the period 1990-1995, external assistance represented 12.5 percent of the resources for education and 14.5 percent for training.

54. In the 2000–2001 school year, 22,270 students were enrolled in primary school—11,577 boys and 10,689 girls.

55. The percentages reflecting the distribution of the school population by district in the country are high for the districts of Água Grande and Mé Zóchi (39 percent and 40 percent in 2000-2001), but are still at the 7- and 4-percent levels for Lembá and the autonomous region of Príncipe, respectively.

District	1999-2000 School Year	2000-2001 School Year
Água Grande	39 percent	40 percent
Mé-Zóchi	26 percent	25 percent
Cantagalo	9 percent	9 percent
Caué	4 percent	4 percent
Lobata	10 percent	11 percent
Lembá	7 percent	7 percent

District	1999-2000 School Year	2000-2001 School Year
Príncipe	4 percent	4 percent

Source: Preliminary Study of the School Map, 2000

56. The existence of secondary schools in all the districts of the country does not mean that they are easily accessible to the entire school-age population at that level of education. Geographic dispersal, poor accessibility, the scarcity and high cost of transportation, are factors that determine access to education.

57. All school facilities are overcrowded, and the state has been unable to ensure that buildings are repaired and that more are constructed to meet the growing demand.

58. Teachers at almost all levels of education have a relatively low level of academic qualifications overall, and have practically no teacher training.

59. Virtually nonexistent public transportation and the sometimes considerable distances that children have to travel are conditions that affect their attendance at classes and are at the root of the high proportion of school dropouts.

60. **In the area of health,** the main problems arise in prevention of such diseases as malaria, acute respiratory ailments, and dysentery, which are the main causes of mortality and morbidity in the population.

61. Malnutrition is also one of the primary causes of death among children under 5 years old, estimated at around 15 percent.

62. Nutritional anemias—iron deficiency—resulting in low hemoglobin levels have been detected in more than 60 percent of the population surveyed. The index of premature births (low birth weight) stands at 15.2 (MICS/2000).

63. Furthermore, the supply of drugs in São Tomé and Príncipe is flawed and unstable. The drug supply system is affected by a number of deficiencies within the health system.

64. Up until 1960, 60.9 percent of **the population** of São Tomé was in the 15-59 age group. This trend was reversed in 1970, with the result that 46.9 percent of the population was in the 0-14 age group in 1991 and 42.1 percent in 2001.

65. This proportion of youth in the population added to the over-65 population (4.4 percent in 1991 and 4.3 percent in 2001) led to a high dependency rate (51.3 percent in 1991). A young population also implies greater demand for infrastructure and social services and heavy pressure on the labor market.

66. The urbanization process is observable mostly in the Água Grande district, followed by Mé-Zóchi. The Água Grande population grew from 15 percent of the total population in 1960 to 36.5 percent in 1991 and 37.7 percent in 2001. According to the last census, the populations of Água Grande and Mé-Zóchi combined represent 63.2 percent of the total population.

1.4.3. Politically and Institutionally

67. Throughout the last 12 years, there have been repeated institutional conflicts and long periods of political instability. The country had been through nine different governments by October 2002.

68. As a consequence of successive crises and the inability to make decisions, the state has lost its authority and public order is not well maintained.

Ill-adapted democratic institutions and weak decision-making power

69. The current number of deputies in the National Assembly is not consistent with the need for a more efficient state apparatus, based on a realistic view of the country, the size of the territory, its population, and current economic and financial capacity.

70. The changing governments, all with different compositions, are followed by appointments, dismissals, and reassignments of technical staff in the ministries. Partisan political motives, cronyism, nepotism, favoritism, and family ties take precedence over criteria of competency and seniority.

71. The courts face a lack of qualified professionals, reduced budgetary resources, insufficient or inappropriate physical resources and equipment to perform their functions. Although the law on the creation of the Audit Court has been passed, the court is still not functional.

Poor management of public assets

72. In the General State Budget, expenditure is not always programmed based on specific objectives defined in accordance with priorities. There is no rigor in the commitment of current expenditure. There is no guarantee of transparency in the procurement of goods and services and the award of contracts for public sector agency or institution projects. Local government institutions receive aid from their counterparts under partnership or twinning arrangements, over which there is no control.

Inadequate decentralization system

73. Now, a decade after the start of the decentralization process, local political and administrative structures have not been able to provide effective support to the population in solving its problems of law and order, housing, and employment.

74. By law, local and regional elections take place every three years. However, after the local elections of 1992 and the regional elections of 1995, no other local government elections were held.

75. It has been realized that the way the country was divided is not realistic for an area 1001 km2, with less than 140,000 inhabitants and limited available resources.

Limited public administration capacity

76. Public administration is characterized by inefficient service, weak decision-making capacity on the part of managers, no criteria on relationships and on accountability in the organizational structure of the units, insufficient skilled professionals, low wages, nonobservance of working hours, frequent absenteeism, lack of ethics in service to the public.

77. Since 1997 a new civil service statute was adopted (Law 5/97). However, there are still periodic changes in the structure of units as their managers are transferred, and the criteria for personnel training are unclear. The statute itself is considered to be poorly thought out and needs to be reviewed.

Little participation by civil society

78. Economic initiative groups and associations to lobby for or manage infrastructure and public services have been created. Although some participatory efforts in cultural, social, political and economic life are remarkably dynamic, civil society continues to be poorly organized and not very active.

79. A telephone network covers virtually all inhabited areas but poor people still have limited access to it. The use of Internet services is restricted mostly to senior public administration officials, the private sector, and a very small percentage of the urban population mostly resident in the capital, though the number of users increases annually.

80. Radio continues to be the best means of communication. About half of all households have radios. The reviews are more mixed for the written press. As a significant portion of the population is illiterate, one media challenge in the poverty reduction strategy is to tailor information and radio and television programs to the specific target groups.

2. POVERTY REDUCTION STRATEGY TOWARD 2015

2.1. Strategic vision in the short, medium, and long terms

81. Taking into account the main determinants of poverty and based on an optimistic scenario derived from national long-term perspective studies, the strategy seeks to significantly reduce poverty by the horizon of 2015, through optimal use of the country's human, natural, and physical resource potential, as well as bilateral and multilateral cooperation.

2.2. Overall medium- and long-term objectives

82. By implementing the actions established in each of its pillars, the strategy should achieve the following overall medium- and long-term objectives:

- Reduce the percentage of the São Tomé population (53.8 percent) living in poverty to half by 2010 and to less than 1/3 by 2015;
- Provide access to basic social services for the entire population by 2015 and promote improvement in the quality of life;
- Considerably reduce the social and gender gaps between the districts in São Tomé and between these and the autonomous region of Príncipe.

5. The actions under the different pillars of the strategy are responsive to the targets set in pursuit of the **Millennium Development Goals** (MDGs), provided that the government is committed to the process of reaching these targets.

2.3. Basic pillars of the strategy

83. Besides recognizing that economic growth is key to poverty reduction, given the effect it has of creating employment and income that can be invested in sectors which directly or indirectly help improve the living conditions of the poor, the promotion of a policy of good governance was selected as an absolute priority.

84. This strategic option seeks to respond to the need to consolidate the democratic rule of law and defend human rights, customize and build the capacity of institutions and public administration agencies, strengthen mechanisms for accountability and reporting, and promote a culture of participation by citizens in making decisions to solve their problems.

85. This choice of priorities seeks to ensure that the conditions are present for a viable commitment to the poverty reduction strategy and to making any adjustments required as the socioeconomic situation and levels of poverty in the country change.

6. Thus, a poverty reduction strategy in São Tomé and Príncipe revolves around the following five basic pillars:

- Reforming public institutions, capacity building and promotion of a policy of good governance
- Accelerated and redistributive growth
- Creating opportunities to increase and diversify income
- Developing human resources and access to basic social services
- Mechanisms for monitoring, assessing, and updating the strategy

2.3.1. Public institution reform, capacity building, and promotion of a policy of good governance

86. In light of the current situation, the pillar of the strategy that refers to promoting good governance to reduce poverty over the medium and long terms (by 2015), revolves around the need to:

- maintain political stability;
- consolidate democratic institutions;
- strengthen transparency and accountability in the management of public assets;
- amend policies on decentralization and reorganization of regional and local governments;
- promote active involvement of the private sector and civil society in the design and execution of measures that benefit poor populations;
- highlight the role of communications and information in the process of poverty reduction.

2.3.2. Accelerated and redistributive growth

87. Agricultural development is and should continue to be an essential component of growth, diversifying production, marketing, employment, and stemming the tide of rural exodus.

88. The recovery of the productive sectors is based on the following three poles: development of the primary sector as a factor in increasing national production, creating employment, and diversifying the secondary sector; enhancing the development of tourism and fishing in the archipelago; promoting new sectors of export-oriented growth.

2.3.3. Creating opportunities for increasing and diversifying income

89. In the next 15-20 years, the fundamental objective of all government action in this regard should be, first of all, to establish a stable economic and institutional environment by defining policies that are properly framed and designed to build and develop rural and urban areas, and which revolve around:

- production growth and diversification;
- guaranteed food security;
- improved socioeconomic conditions for people in rural, urban, and peripheral areas (small villages and localities);
- natural resource conservation;
- promotion of women and youth;
- development of export capacity.

2.3.4. Developing human resources and improving access to basic social services

Education, Literacy, Training

90. The strategy targets the following overall objectives for education, literacy, and training:

- eradicate illiteracy;

- make school enrolment mandatory for 6 years;
- provide equal opportunity for entering and completing secondary school;
- train human resources to meet the country's development needs.

91. Some guiding principles for implementation of the reforms to achieve these objectives, taking into account the need to reduce poverty:

- address the problems in order of priority;
- base decision-making on reliable data and information;
- view capacity building as one of the stakes (training, modernizing services, improving management);
- promote the principle of responsible solidarity.

Health

92. The strategic vision of the health situation involves a qualitative improvement in the state of health of populations and their well-being. To that end, it is based on the **National Health Policy** (PNS), which recognizes that health care is a social good and therefore a factor of development, social justice, and poverty reduction.

93. The national health system will have to guarantee the health of the population of São Tomé by formulating and implementing policies that seek to reduce the risk of disease and other ailments, establishing the conditions for universal and equal access to interventions and services that promote, protect, restore, and maintain health, mindful of the determinants and prerequisites for such well-being.

2.3.5. Creation of mechanisms for monitoring, assessing, and updating the strategy

94. Based on past experience with laudable but costly initiatives which fell by the wayside, namely the National Long-Term Perspective Study, there is a risk that *ad hoc* initiatives will take precedence over requirements for consistency in monitoring, assessing, and constant updating, which the national poverty reduction strategy requires. This legitimate concern justifies the inclusion of **mechanisms for monitoring, evaluation, and updating of the strategy as another strategic option**.

2.4. Risks of the strategy

95. First, it requires political stability and the normal functioning of institutions, which are also intrinsic components of the strategy itself. It is important that, in the short term, the causes of the institutional conflicts that occurred in the past be removed.

96. Secondly, to attain the objectives of this strategy, there must be involvement and commitment on the part of all the organs of sovereignty, as well as the principal agents of development, both public and private, to creating the momentum for implementation of the various stages of the strategy, in a participatory, coherent, and organized framework, without losing sight of the need for systematic control,

which is difficult to achieve in situations where confidence in and among members of the executive branch has been eroded.

97. The participation/commitment of bilateral and multilateral partners is also of paramount importance, as they must make available the necessary resources and other support for funding and implementation at each stage.

98. And, finally, in view of the fact that initiatives in the area of oil are ongoing, there is the risk of conflict with certain actions taken under the new guidelines for governance, which are incompatible with the strategic vision advocated for poverty reduction within the established time frame.

99. These risks may still be overcome, as long as the political will for implementation remains firm, and provided that efforts at consensus building among various social agents are revived in order to reach a consensus on priority actions in each successive stage.

3. PUBLIC INSTITUTION REFORM, CAPACITY BUILDING, AND PROMOTION OF A POLICY OF GOOD GOVERNANCE

3.1. Consolidation of the democratic rule of law

100. Prerequisites of consolidation of the democratic rule of law are:

- Broad consensus on constitutional review, in order to clarify ambiguous provisions, namely those concerning the separation of powers and functions of each organ of sovereignty, and to remove potential sources of conflict among institutions;
- Restoration of the authority of the government by building capacity for law enforcement and maintenance of public order in a democratic society, and through initiatives to inform the public and raise awareness about standards of civic and moral conduct;
- Reorganization of the National Assembly based on acceptance by consensus of the need for it to be commensurate with the size of the country and to guarantee effective representation in accordance with the most realistic political/administrative divisions. In that connection, serious thought needs to be given to defining the job profile of a deputy, in order to guarantee more balanced representation of the various constituencies or electoral districts.
- A respectable and proportionally representative number of women should be encouraged and become the norm. Furthermore, this position should be strengthened with training initiatives to ensure that parliamentarians are qualified in the different areas that require their intervention within the framework of the National Assembly's specific missions, including those of its various commissions.
- Design and establishment by law of the composition of government, basing the demands of central government on economic, social, and cultural realities and on the human and financial resources available for its effective operation. With this in mind, the key ministries that must be part of the composition of any government should be determined.
- Strengthening of the judicial system and structures, with a view to promoting their effectiveness, closer contact with vulnerable and unprotected citizens, and public confidence in the independence of the judiciary. For this purpose, it is imperative that the justice system be treated with the dignity it deserves, as well as its magistrates, administrative, or technical personnel. Administration of justice in the context of strategic poverty reduction should not only give precedence to the protection of basic human rights and guarantee safety, but it should also help promote the equality of citizens before the law, combat gender discrimination, violence against women, and corruption.

101. This brings to mind the military and paramilitary forces in particular. The problems they pose in the context of a small, insular country should be given special attention and should be the subject of an exchange of views among the diverse actors in the country's political, social, and economic life.

102. This exercise in reflection should lead to the adoption of a country-specific strategy of national defense, which is compatible with poverty reduction efforts and facilitates the offering by consensus of a package of services that would effectively guarantee the sovereign rights of the nation of São Tomé.

3.2. Promotion of responsible, effective, and transparent management of public assets

103. Public asset management is one of the areas where results could determine whether intervention is targeted to the poorer or more vulnerable social groups.

104. But inefficient management of public assets and deficiencies in the functioning of the courts are usually cited among the problems facing the country.

105. Thus, for good economic governance consistent with the goals of poverty reduction, a national poverty reduction strategy must include the following measures:

- "Broadcast" through the media and other means of communication, the importance and need for responsibility, transparency, and accountability in the management of public assets;
- Strengthen the mechanisms for preparation, drafting, approval, and execution of the General State Budget, taking into consideration that budgetary choices must have an impact on strategic poverty reduction actions;
- Promote accountability and periodic reporting by government revenue collection departments;
- Accelerate the establishment and operation of the Court of Audit and provide it with the human and physical resources that would enable it to function independently, particularly in the areas of combating fraud and corruption;
- Proceed to inventory all public assets and allocate them to revenue collectors, who are responsible for regular accounting.

3.3. Adjust the decentralization process and reorganize local government

106. With a view to long-term decentralization, one must not lose sight of the size of the country, the number of inhabitants, or its economic potential, which should form the basis for mapping out the new political and administrative divisions, to avoid unnecessary costs associated with the proliferation of representation structures at the local level.

107. In this area as well, problem solving seems to be more affected by political will than the obstacles encountered in the laws regulating the existing local government structures and operations. Taking the current situation into account, the strategy considers the following actions pertinent:

    - Review and/or update legal instruments, the Constitution, and the law on political and administrative divisions, which govern the organization, structure, and functioning of the local government authorities;

- Urgent need to create a local government inspection unit, which is essential for the government to exercise supervision under the law. This unit would have specific functions not covered by the existing Financial Inspectorate;
- Create mechanisms for internal coordination within government in response to the need to work together in land and environmental development;
- Study and establish procedures to execute the proposed deconcentration of basic social services for constituents in the districts, and make these services more accessible to the public;
- Define support mechanisms at the Chambers' request when they do not have their own resources to implement projects;
- Plan, prepare, and organize elections at the regional and local government levels, with a view to reinstating regular democratic processes, respecting the will of the electorate;
- Support the local governments so that, in conjunction with the private sector and organized civil society, they can play a fundamental role in the socioeconomic, cultural, and environmental development of the localities, taking into account the aspirations of the respective populations.

3.4. Resize and modernize public administration

108. Successive diagnostic studies of public administration in the country pointed to a number of institutional constraints, including ineffective human resource management, unsuitable or unapplied administrative processes, poor statistical information systems, and weak coordination of aid.

109. An effort to reorganize and modernize public administration should review in the short and medium terms:

- Adjustment to the government's new missions as it withdraws from the productive sphere;
- Effective decentralization of services, to bring them closer to the public, taking into account capacity building to meet the needs of the population in reorganizing regional and local government services;
- Precise guidelines on the mission and functioning of each institution to avoid overlapping;
- Adequate staff development and training as needed for proper administration;
- Acquisition of adequate physical resources and capital goods;
- Institutionalization of mechanisms for regular reporting at every possible level;
- Wage levels that are more compatible with the qualifications demanded, as a means of instilling discipline and efficiency and overcoming vulnerability to corruption, and to restore the dignity of the civil service;

- Mandatory organization and periodic updating of statistical data on developments in the different sectors, with technical assistance and supervision from the National Statistics Institute.

3.5. Promotion of civil society and its active involvement

110. With a view to revitalizing organized civil society and fostering its involvement in promoting good governance, in partnership with the government and the private sector, the following must be taken into account:

- Build the technical and organizational capacity of the representatives of civil society by providing concrete support, namely in the areas of social and cultural infrastructure (cultural and recreational centers, meeting halls, libraries, etc.), credit and professional training policies;
- Development of a strategy for NGO intervention in response to poverty reduction strategy priorities;
- Promote dialogue on questions requiring consensus;
- Promote a public awareness and mobilization campaign that would have the advantage of enabling active involvement in all the issues concerning initiatives to improve the living conditions of the poor.

3.6. Development of mechanisms for access to information and communication and promotion of a culture of participation

111. The strategy of participation and communication regarding poverty reduction in São Tomé and Príncipe will require close coordination with information, education, and communication (IEC) campaigns. In that regard, the strategy must envisage:

- Promoting an interactive campaign of advocacy and IEC that is broad in scope;
- Increasing the access of poor communities to information so that they can participate in monitoring local activities;
- Improving the quantity and quality of information that reaches the public;
- Diversifying the media through the responsible contributions of private agencies;
- Improving the operation of government agencies;
- Normalizing the operation of the Superior Press Council;
- Incentives to promote a love of reading in schools and communities;
- Promoting the use of new information and communication technologies (NICT) in the localities (mobile telephones, Internet, etc.).

112. More so than for rest of the national anti-poverty strategy, the success of this pillar in particular is predicated on the promotion of a far-reaching and intensive literacy campaign, including education on health and cultural, moral, and ethical values throughout the country (civic education). This action, combined with an extensive information process, involving the media, will help improve the capacity for intervention by citizens and will enhance overall participation.

4. ACCELERATED AND RE DISTRIBUTIVE GROWTH, ENVIRONMENT, AND MACROECONOMIC FRAMEWORK

113. Divestment by the state, its liberalization of the productive sectors, as well as its intervention as an implementer in the infrastructure sector, creates considerable opportunities for the private sector, to the extent that the government fosters a favorable environment for private enterprise.

4.1. Stimulate private sector development

114. The main sections of the action plan that intersect with promoting the private sector are:

a) Deepening the reform of the legal and judicial framework for business, namely by revising labor law to adapt it to the new economy, revising the investment code, and implementing a set of measures to improve the environment for the private sector, such as improving domestic transportation infrastructure; diversification and safety of the means of communication with the outside world; finding ways to reduce factor costs; consolidating the banking and insurance sector; simplifying administrative procedures; or improving investment incentives;
b) Developing trade relations, leading to a policy of more open economic and financial cooperation, in particular with the countries of the subregion;
c) Continued tax reform to make taxation simpler and more flexible for enterprises;
d) Enhancing the jurisdiction of the regulatory authorities and its applicability to telecommunications; passing acts implementing the law on competition; and establishing market regulation mechanisms;
e) The government's commitment to a firm policy in the main priority sectors, in particular agriculture, livestock, and tourism, with a view to augmenting growth, diversifying production, diversifying and increasing job opportunities and income by means of suitable labor-intensive policies.

4.2. Savings and investment

115. All aspects of the economic and financial context, such as market size, limited infrastructure, low levels of saving, and an ill-adapted credit system have discouraged economic operators from investment projects.

116. Thus the government, in conjunction with civil society, will take action to create an environment conducive to private investment and domestic saving.

4.3. Sectoral strategies of the key traditional economic sectors and subsectors [1]

4.3.1. Agriculture

117. Given the magnitude of the problems in rural areas, the strategy seeks to increase productivity to meet the challenge of substantially reducing the underdevelopment and poverty of rural areas, based on the following:

i. Diversify agricultural production and exports;

Chapter 1 [1] (See Chapter 5: Opportunities to increase and diversify income for the poor).

ii. Ensure rapid development of agricultural production on family farms;
iii. Develop sectors related to agriculture (processing, transport, canning, marketing, services, and techniques, etc.);
iv. Support agricultural extension, acquisition of inputs and farm work animals, and their use in the productive process;
v. Establish and apply standards for the protection of natural resources;
vi. Provide basic infrastructure;
vii. Implement agricultural training.

4.3.2. Livestock

118. Development of the sector will be based on small family farms and medium-sized agricultural plants. Government intervention will have the following priorities: dissemination of techniques as a priority for farmers rearing small ruminants, poultry, and pigs; strengthening health protection; organizing the supply of drugs; reinforcing local and general authority to take action against robbery and destruction of productive areas by loose animals; adoption of an integrated position on agricultural promotion; improvement of the conditions for preserving, marketing, and processing livestock products.

4.3.3. Forests and forestry

119. The objectives in this area are to lay the institutional and technical foundations for overall effective forestry management; combat excessive and uncontrolled logging; and ensure the timely renewal of forestry resources. To achieve these objectives, the following strategic guidelines will have to be followed: review the legal framework for forestry management and strengthen the institutional capacity of the sector; promote operations involving community management of forested areas; adopt technical measures to replenish and conserve forestry resources.

4.3.4. Tourism

120. The government already has a **Strategic Tourism Development Plan** (PEDT), which envisages a market study with one of its guiding principles being to make the sector one of the key motors of increasing and diversifying the national income by 2005.

121. The objectives/strategies aim to significantly increase the sector's contribution to GDP, from 5 to 7 percent starting in 2003, promoting tourism as one of the sectors driving growth in the medium term; develop employment directly in the sector and maximize its spin-off effects; recognize the value of natural, architectural, and sociocultural resources; develop ecotourism and seaside tourism; create the conditions necessary for the involvement of private initiative in the sector.

4.3.5. Industry and the production line

122. In light of the situation in the industrial sector, the primary sector—agriculture, livestock, forestry, and fishing—must remain one of the key components of growth, employment creation, and supply of raw materials for agroindustry. This would make it possible to boost government revenue and the opportunity for private enterprise, which would result in increased value added and reduced unemployment and poverty.

123. The objectives/strategies are as follows: to contribute to the acceleration of growth by diversifying production; to reduce the country's dependency on export revenue from cocoa in order to develop export flows of nonagricultural goods and services; to reduce unemployment in urban areas by promoting activities centered on agriculture; to encourage foreign trade and investments; to provide support for income-generating sectors; to take action to incorporate STP in the regional and subregional economic zones.

4.3.6. Fishing and fisheries resources

124. Given its potential, it is necessary to establish a policy for the sector that seeks to increase its share of GDP as well as create employment, self-employment, and household income. As such, the objectives and strategies are the following: contribute to the animal protein supply for the population; improve the living and working conditions of fishing communities; create organizational and institutional structures adapted to the needs and realities of the sector, with a view to implementing the master plan for fisheries and to coordinating activities; create a strategic framework of reference and build the sector's institutional capacity; develop the conditions for production and marketing of artisanal fishing; promote the balanced management of fisheries resources.

4.3.7. Infrastructure

125. The quantity and quality of infrastructure for the various stages of the development process in RDSTP are key to the strategy of economic and social recovery. The guideline here is enhancement of the capacity to manage, maintain, and preserve infrastructure, proposing for the purpose a public investment policy that is fully consistent with production development priorities.

Telecommunications

126. The **Telecommunications Master Plan** was prepared in 1989 and is being revised, taking into account the numerous changes in technology and international regulations, as well as internal institutional developments. Following the creation of the São Tomé Telecommunications Company (CST) in 1990, development of the sector has been closely linked to the concession contract signed with the Ministry of Social Infrastructure and Environment (MESA), which grants a monopoly of new services to this operator for 20 years.

127. The objectives/strategies for development of the sector are: to enable the public and private parties involved in the sector to deal with the technological and economic risks of the telecommunications market; to improve the reliability of the network and the level of national and international telecommunications infrastructure; to reduce the cost of market prospecting and rates as a means of helping businesses grow; to develop basic telephone services in rural areas; to provide incentives to the private sector to invest in the telecommunications sector; to improve the quality of service of local operators; to reduce the cost of international communications; to diversify the existing products on the market; to expand rural telephony and develop the regulatory capacity of the government in this sector.

Energy

128. This is one of the major problems to be solved in order to guarantee a sequential productive process and provide energy to the population at an affordable cost.

129. In recent years, the government of RDSTP made a great effort to increase potential thermal energy sources, having acquired generators that substantially improve the energy supply for public lighting and household and industrial use.

130. The objectives and strategies are: to meet the population's basic energy needs; to help develop the productive sectors by introducing measures to guarantee supply and reduce the cost of the energy supplied; to produce energy with minimal foreign exchange expenditure; to strengthen the management capacity of the water and power distribution company (EMAE), giving priority to technical maintenance services and enhancing the independence of the company's management; to restore and establish the security of the network; to optimize the economic advantages of energy production and distribution technologies; to review and progressively expand installed capacity.

Water

131. One of São Tomé and Príncipe's greatest natural resources is the abundance of water. There are probably some 12 mineral water springs at various points in the country, according to a survey conducted in 1990/91.

132. The objectives/strategies are: to increase access by the population to the public water supply system (AAP) by connecting households and installing standpipes; to improve the quality of the water, particularly in the EMAE network; to develop infrastructure and determine environmental sanitation measures, in particular as regards stillwater management, given the negative impact of diseases such as malaria; to develop the existing urban drinking water supply system; to strengthen the capacity to protect water sources and control quality; to define a maintenance policy for AAP systems (EMAE, municipalities, settlements); to develop infrastructure for disposing of solid waste and polluted water in the major towns; to promote the construction of stand-alone sanitary facilities (latrines) and hygiene measures in rural areas.

Transportation and communications

133. The transportation and communications infrastructure was built in colonial times to support the productive structure of the old plantations. With the disappearance of coastal shipping and railroads on the plantations and in the coastal areas of the country, the roads became the almost exclusive mode of domestic transportation.

134. The objectives/strategies are: to repair and maintain roads to meet the demands of production (distribution of goods, especially) and society (access to remote areas); to strengthen the marine network of São Tomé and Príncipe with a view to the integrated development of both islands; to develop international sea and air transportation in response to the need to diversify the economy and end the archipelago's isolation; to define and implement a policy of conservation of the primary road network (SENAE) and rural roads; to improve the operating capacity of the São Tomé port; to promote projects by private operators for the development of sea transportation between each of the islands of the archipelago and between

the archipelago and the outside world; to liberalize air traffic; to enhance air safety; to develop planning capacity in the sector.

4.3.8. Nontraditional sectors: free zones and oil

135. The studies and arrangements made in the last 10 years have shown that STP has two potential resources as yet unknown and unexplored: a prime location in the Gulf of Guinea and hydrocarbons.

136. Tapping these two potential resources, on the one hand, could provide the government with the revenue to establish a modern and efficient public administration and infrastructure and, on the other hand, could create job and income-earning opportunities conducive to reducing poverty.

Free zones

137. Since the early 1990s, when successive governments started promoting activities related to free zones and recognizing their importance for the development of the country, laws on free zones were passed.

138. However, the government needs to adopt effective policies to revive the process of activating the free zones and, as part of its functions, the Free Zone Authority must proceed to gradually develop activities and services that would take advantage of the archipelago's geographic location.

Hydrocarbons (oil, natural gas, etc.)

139. The existing hydrocarbon potential and its commercial viability are not yet known for sure. In May 1997, an agreement was reached between the government and the U.S. firm ERHC, resulting in the establishment of a mixed capital company (49 percent ERHC; 51 percent STEPETRO, representing the state). Within the framework of that agreement, ERHC gave the government US$5 million, which was budgeted in 1998 and 1999. Next, a contract was signed with Mobil New Exploration Ventures Group, which conducted seismic prospecting in January 1999. A technical commission on oil was also established with a view to studying the case and drawing up a management strategy for the São Tomé economy in the oil age.

140. To date, negotiations have already been conducted culminating in the demarcation of maritime borders with neighboring countries, namely Gabon and Equatorial Guinea. In addition, the STP government has already had negotiations with Nigeria concerning the problems related to oil exploration in areas considered to be common, and joint exploration is under way.

141. This leads us to conclude that, for the future, the economic growth of STP will depend not only on traditional resources, external aid, and foreign investment, but also on resources from the exploration of hydrocarbons.

4.3.9. Trade, international, regional, and subregional integration

142. The importance of trade in the São Tomé economy is all the more significant because the primary and secondary sectors of the economy are not in a position to produce enough to satisfy all the population's needs for primary commodities and other goods.

143. In this context, the country's economic openness is a key to its development. For this reason, along with sectoral policy action, there must be an overall strategy to enhance RDSTP's integration in the regional and world economy.

4.3.10. Environment

144. RDSTP has very little land space, only 1001 km2. Its territorial sea is not extensive and the exclusive economic zone is vast. In each of these zones, there are inert substances and marine life that the country requires to meet its many needs: trade, food, housing construction, medicine, etc. Some of these natural resources are renewable and others not, hence the need to conserve the nonrenewable resources because their total disappearance would be very damaging for the future of the country.

145. The objectives/strategies are: to preserve the forests, which have considerably deteriorated as a result of tree felling without replanting new species; to protect the coast, where the problem is the removal of sand for construction; to preserve the countryside, fauna, and architectural assets, which are essential to the quality of life of the population and to a policy of tourism development.

4.4. Macroeconomic framework

146. The recent economic history of São Tomé e Príncipe reflects the importance the authorities have placed on a stable macroeconomic framework for economic growth. In early 1998, a series of macroeconomic policy and adjustment measures were implemented, which contributed to fiscal consolidation, reduced inflation, advanced the process of liberalization of the economy, and lowered the differential between the exchange rates on the official and parallel markets.

147. Despite the progress made, the external vulnerability of the economy continues to be a concern. The burden of the public external debt is high and per capita income is very low, in addition to which, structural problems continue to pose problems for economic growth and private investment.

148. Under the strategy, poverty reduction will only be possible through real GDP growth, for which the participation of all sectors of the society, particularly those that can generate income and employment opportunities for the poor is vital. Access to credit and productive assets is also extremely important.

149. The economic growth strategy is based on expansion of the private sector and diversification of production. The public sector is still dominant and accounts for almost 70 percent of national production. The challenge is to create conditions that would enable the private sector to be the engine of growth and employment creation. For that purpose, a broad-based privatization program has already been put in place, a new investment code has been prepared, and more extensive and business-friendly fiscal reform is about to be concluded.

150. With a view to increasing export revenue and creating new employment opportunities for the poor in the rural areas, the government prepared sectoral strategies for the agriculture, infrastructure, and tourism sectors.

151. To facilitate accelerated economic growth, the government will make its policies within a macroeconomic equilibrium framework derived from structural reforms

that target private sector development and economic diversification. The medium-term macroeconomic framework (2003-2005) sets the GDP growth rate at 5 percent for the period and projects a reduction in inflation from 9.2 percent in 2002 to 8 percent in 2003 and 4 percent in 2005. The nominal exchange rate will continue to be market-determined. By adopting these objectives, the government will create a favorable environment for the NPRS and will reach decision point under the HIPC Initiative more easily.

152. The government will give the highest priority to ensuring that the primary deficit is in line with the macroeconomic framework. This objective, which guarantees fiscal discipline, diminishes the threat of inflation resulting from the scarcity of financial resources in the country and the limited capacity to absorb expenditure, and also creates an environment conducive to the development of private sector activity.

153. For the period 2003-05, fiscal policy will be conducted with a view to maintaining the primary deficit, including the HIPC Initiative, at 7 percent of GDP. To attain this goal, the government will continue its efforts to raise revenue from oil-related activities and will adequately control primary expenditure. As regards revenue, the tax system is to be simplified and tax and customs exemptions will be limited. Financial and customs inspection and audit units will be strengthened to better combat fraud and corruption. On the expenditure side, the government will prioritize programs related to poverty while current expenditure, exclusive of interest, shall be set at 10 percent of GDP for the period 2003-05. Wage bill expenditure will be set at 9 percent of GDP.

154. The reduction in inflation, which most heavily penalizes the poor, will be backed by the central bank, which will control the growth of domestic assets by sterilizing a large proportion of the resources coming from the oil sector. Credit to the private sector is expected to increase in line with the economic growth estimated in the Poverty Reduction Strategy and also by means of open market operations to be started in 2003. In this way, broad money would increase at a rate consistent with the maintenance of gross international reserves equivalent to four months of imports. To that end, banking supervision will be enhanced.

155. The structural reforms prepared with the assistance of the IMF and WB, include a wide range of measures to make public policy more efficient and transparent. These include, notably: privatization of public enterprises; continuous adjustment of the prices of oil derivatives, as well as water and energy, to reflect production costs while protecting the most vulnerable groups; and various reforms to strengthen the education and health services.

156. The São Tomé and Príncipe economy could be dominated by oil-related investments. The government estimates that the licensing round for oil exploration in the joint exploration zone with Nigeria could take place in 2003; investments in oil exploration will be stepped up in 2003-06 and exploration will begin in 2006. During that period, the current account deficit (excluding official transfers) may be four times greater than GDP with massive flows of foreign direct investment. As offshore oil exploration and funds go into a special account, the inflationary pressure will be minimized and the dobra, in real effective terms, might even appreciate slightly.

157. The government is determined to distribute the wealth derived from oil exploration equitably between this generation and future ones. Considering that oil reserves are limited, the government has firmly decided to conserve this wealth for future generations as well. To that end, there will be transparent management of the fund in which all income from oil exploration will be deposited and the results of the periodic audits will be published. Basically, the government intends to ensure the efficient, transparent, and effective management of these resources, which contribute to reducing poverty, improving living conditions for citizens, and guaranteeing saving, within the framework of action envisaged for sustainable and lasting human development.

158. In the short and medium terms, São Tomé and Príncipe will continue to depend on external assistance and concessional credit to finance its external account deficits, which are clearly manifested in the wide gap between imports and exports. Overall, the export diversification strategy could improve the trade balance. There are already some promising results, for example, in the production of beer, palm oil, flowers, fish, taro, coconuts, and tropical fruit, in addition to small ruminants. As long as the situation continues to be delicate, São Tomé and Príncipe will need the support of the international community to finance the balance of payments deficit. The required flows of assistance are estimated at US$5.1 million for 2003, US$4.8 million in 2004 and US$4 million in 2005. These inflows of capital will be supplemented by direct foreign investment.

5. OPPORTUNITIES TO INCREASE AND DIVERSIFY INCOME FOR THE POOR

159. The strategy to achieve progressive development of the poor population will have to be implemented by the sectors and subsectors of agriculture, livestock, fishing, industry, trade, tourism, and services and revolves around six major objectives, namely:

1) Increased and diversified production;

2) Guaranteed food security;

3) Improved socioeconomic conditions for the population in rural, urban and peripheral areas (small villages and localities);

4) Conservation of natural resources;

5) Development of women and youth;

6) Promotion of goods and services exports.

5.1. Increased and diversified production

160. The rural world is the greatest employer (over 50 percent) and virtually the sole producer of export revenue, but it also has the highest incidence of poverty. As a result, the government is stepping up a number of measures in partnership with the local governments and nongovernmental organizations (NGOs) in each district with a view to:

- Fostering economic activities that generate employment, self-employment, income, promoting the emergence and development of microenterprises in agricultural, livestock, and forestry production, industrial processing, cottage industry, trade, and services;
- Helping to improve the population's diet by increasing productive activity, technical-occupational training, education, and health;
- Reducing the socioeconomic disparities between the two islands and the various districts, seeking to adopt a plan of physical land management in which spaces in the national territory will be used, to the extent possible, in accordance with their environmental advantages, natural suitability, and socioeconomic infrastructure;
- Creating four poles of socioeconomic development in accordance with the national physical development plan and the natural and human potential of each district, namely in the capital, in Lembá, in Portalegre and in the autonomous region of Príncipe;
- Supporting policies on urban and environmental development, and restructuring of rural areas;
- Developing ferry services;
- Acquiring the proper equipment to supply the necessary energy for each stage of general and agroindustrial development;

- Implementing an irrigation program that includes the construction of reservoirs (micro-dams) for use when rainfall is low and in periods of prolonged drought, taking steps to prevent the possible negative effects on public health, such as the proliferation of mosquitoes, which are vectors of malaria;
- Supporting small farmers in gaining access to factors of production;
- Regulating the ownership rights of small farmers who received plots of land;
- Providing incentives, credit, support with agricultural implements, and extension;
- Furthering customs, fiscal, financial, and agrarian reform;
- Laying the foundations of a new model of infrastructure management, in particular in the water, energy, and communications sectors;
- Implementing free zones;
- Rehabilitating the social and economic infrastructure (highways, rural roads, water, energy, sewage, research and survey stations);
- Exploring the country's natural resources in a balanced and rational manner;
- Reviving and making profitable the former training centers that still exist (CATAP, Água Izé, Uba Budo, Polytechnic Center, and others).

5.1.1. Guaranteed food security

161. Food security must be achieved by increasing local food production, better distribution of food, adoption of policies to reduce the prices of local products, increasing their supply while maintaining quality so that they can be competitive with other imported goods, and education for consumption of local products first and foremost.

162. Per capita food production will grow at a rate higher than the population growth rate, resulting in better incomes for rural populations and, consequently, greater access to imported commodities. This objective will be attained through:

a) Support for marketing, preserving, and processing of foodstuffs, improved quality and sanitary conditions;

b) Improvement in storage, conservation, processing, and marketing systems for foodstuffs, exploring new regional and international markets;

c) Incentives and support for horticultural production, making good-quality seeds available and dissemination of appropriate technologies;

d) Incentives or support for livestock production, focusing on small animals through a development plan that includes improving the stock and distribution of animals to farmers, and dissemination of husbandry techniques;

e) Improvement in the varieties of crops and cultivation techniques used through research and extension;

f) Research and experimentation into animal feed rations, based on local components;

g) Government financing, in the form of incentives, to develop, repair, and construct social welfare infrastructure in rural areas;

h) Support for supplies of inputs and other materials.

5.1.2. Improvement in the socioeconomic conditions of the population in rural, urban, and peripheral areas (small villages and localities)

163. The social development of the poorest peoples well as an increase in their material well-being through education, skill, and health levels is a good way to channel the nation's financial resources into creating basic infrastructure and even investment in agriculture, forestry, and livestock, and in other activities, such as fishing, small processing industries, cottage industry, and tourism. This could be a powerful and compelling stimulus for poverty reduction in the country.

164. In that connection, there must be coordinated and intense action on the part of all public services to:

- improve the conditions of households and housing;
- ensure the social development of women and children;
- implement small local projects, change the current diet, and educate the population on hygiene, sanitation, and public health;
- establish an adequate network of child care centers and primary health care units;
- guarantee access to basic education for children, particularly girls;
- develop literacy courses for adults;
- improve the conditions of occupational training;
- orient underemployed manpower toward other activities;
- offer incentives for the construction and/or rehabilitation of water distribution systems thereby eliminating the supply of water from rivers, and of toilet and washroom facilities so that the population need no longer meet its physiological needs in the open air;
- motivate people to join the socioeconomic process;
- disseminate and develop cultivation methods for traditional products and new products that would rapidly improve daily diet and household income;
- promote social mobility and occupational training by all available means, namely a large-scale education program covering all levels, creation of a network of accelerated occupational training centers, and establishment of a coherent policy on employment and wages;
- reduce regional imbalances by transferring to the districts the capacity to research and make decisions on interventions;
- guarantee public access to quality health care.

5.1.3. Conservation of natural resources

165. This objective seeks to maintain the natural resource balance through acceptable levels of use of these resources, taking into account their rate of renewal. In the forestry sector, in addition to the objectives already stated, the following policy measures for growth must be taken:

a) Ensure the renewal of forest resources;

b) Meet the national demand for wood;

c) Restructure the wood cutting industry;

d) Promote tree planting on distributed plots of land, using species of economic interest that are already adapted to the conditions in the country, in combination with the plan to combat erosion.

5.1.4. Development of women and youth

166. Regarding youth, the need for a development strategy is recognized and the following actions must be studied and implemented:

- a credit system for youth to carry out income generating activities, namely manufacturing craft products, creating microenterprises, livestock rearing, small processing units, small stores;
- occupational and job market training;
- creation of youth cooperatives for production and marketing.

167. Concerning women, in addition to the measures articulated in the previous points, the following is envisaged:

- introduction of a national micro-credit program for rural women and those in the informal sector;
- support for the establishment of production and marketing cooperatives, and for strengthening the existing associations;
- development of literacy and occupational training programs in the agricultural, commercial, industrial, and services sectors;
- better understanding of the status of women in the informal sector;
- establishment of community child care centers in various regions of the country.

5.1.5. Promotion of goods and services exports

168. Owing to the small size of its population and their purchasing power, the country's domestic market cannot absorb all production, therefore it is imperative to implement a general strategy to develop economic activities that would end the country's relative isolation. Its key features would be: **i)** renewed support for export growth and promotion; **ii)** professionalism among economic operators; **iii)** extricating the archipelago from its enclave and trade diversification.

169. However, out of concern for the weakness of the national business sector, faced with a lack of information and technical expertise, the government should support

private sector implementation in the industry, trade, and services sectors, in addition to the above-mentioned agriculture, livestock, fishing, forestry, and tourism sectors.

5.1.6. Industry

170. The fundamental objectives should be to set up and develop industries that would cater to domestic and external consumption, in particular through:

- Producing and refining edible oils, either by making the EMOLVE agroindustrial complex profitable and modernizing small oil plants, or by installing and/or modernizing copra processing plants;
- Processing cocoa paste and dry cocoa adds considerable value, guaranteeing an increase in income for small farming households. There are some efforts under way in this area, and these should be expanded and supported as community economic activities;
- Producing juices, preserves, and jams;
- Producing cassava flour and ''*bombom*'' flour by processing cassava. It should be noted that some initiatives related to exports of these products have been successful;
- Producing sugar cane brandy (currently produced by rural households in substandard technical and sanitary conditions), improving its manufacture both qualitatively and quantitatively;
- Producing tomato paste and concentrate;
- Creating a domestic base for animal feed by setting up animal ration plants using copra, fish, and other local products as inputs;
- Developing the fish salting process, to produce goods for export as well;
- Supporting the handicraft sector in producing quality articles made of coconut palm (mats, bags, twine, etc.);
- Introducing appropriate technologies for sawing wood that allow the remnants and waste these units currently produce to be used;
- Industrial use of mineral water for commercial purposes;
- Increasing local production of beer and soft drinks and improving quality standards, so that products of this kind would not have to be imported;
- Using animal products by developing the production of sausages and stuffed meat products;
- Developing the ice factory.

171. Policy measures should also be adopted to:

- Coordinate the development of industry with other economic activities, particularly with regard to the creation of economic and social infrastructure;
- Develop and revive industrial sectors, promoting their balanced growth and strengthening their competitiveness;
- Improve the sectoral composition of industry;
- Fuel or support the creation of industrial poles of regional development, mindful of the specific conditions of particular regions and the requirements for overall development.

5.1.7. Trade and Services

172. This sector faces the following constraints:

- Competition from the informal sector, which is proliferating due to poverty and rural exodus;
- Little or no prospects for industrial growth that justify investing raw materials in the production of consumer goods as substitutes for traditional consumer imports;
- No policies on restricting imports;
- Inability to access alternative markets and failure to identify new export goods and services;
- Outdated legislation on commercial activities and absence of proper policies for implementing a consumer protection system;
- No mechanisms to support the development of small local business, nor any proper network that would guarantee access to supplies for the rural population.

5.2. Political measures

173. Of the multiplicity of actions to be taken by the state and private sectors, special emphasis should be placed on the following:

- Alternative market studies to guarantee better use of the external market;
- Negotiations between the STP government and other governments of arrangements for the free movement of persons and goods between countries, with a view to regional and international integration;
- Drafting of legislation to regulate and provide a legal framework for commercial activity and to protect the rights of the consumer;
- Tailoring a policy mainly to supporting small business, in partnership with the Chamber of Commerce, Industry, Agriculture and Services, and the private sector in general, as key partners in the development process.

5.3. Policies to Promote Microfinancing and Microenterprises

174. The government will form partnerships with economic operators individually or in groups, to:

- consolidate the rural savings and loan associations that already exist in rural communities;
- create credit unions of merchants, farmers, craftspeople, and fishermen;
- set up teams of local professionals trained in the methodology and techniques of microfinancing, to support and monitor the growth of microfinance funds;
- implement a national microcredit program;
- strengthen existing associations and production and marketing cooperatives;
- promote activities that create employment and self-employment;
- develop occupational training in the areas of agriculture, livestock, fishing, trade, agroindustrial construction, integrated into the general school curricula;

- conduct a study aimed at assessing basic needs in terms of occupational training in the sectors under reference;
- draft a framework law, which defines the role and different types of partners in occupational training activities;
- draft a national policy and action plan for occupational training, covering the capital and other localities.

5.4. Safety nets for the poorest and most vulnerable

175. The incidence of poverty in STP (1 in every 2 Sãotomean lives below the poverty line) and its severity (15.1 percent of the population lives in conditions of extreme poverty) has had a more marked effect on the most vulnerable groups.

176. This fact further justifies the implementation for a relatively long period (up to 10 years) of specific policies and programs to protect the most vulnerable populations. The government's strategy in this area should have two facets: **(i)** the general, meaning **food security**, and **(ii)** the specific, namely **combating social marginalization** in urban areas.

177. The elderly, who make up almost 5 percent of the country's total population, are almost always systematically left out of all processes in the country, with the exception of election campaigns. There is the need to design, draft, and implement a **National Policy for Senior Citizens,** to provide them the support needed for their proper integration into society and validation as social beings.

6. DEVELOPMENT OF HUMAN RESOURCES AND IMPROVEMENT IN BASIC SOCIAL SERVICES

6.1. Education, Literacy, Training

6.1.1. Education

178. Intervention in the area of education, as a means of improving access to basic social services, must take into account the following:

- decentralization of the education process and greater inclusiveness of all the agents involved;
- prioritization of basic education and improvement of the effectiveness and quality of teaching;
- adoption of positive discrimination measures for children from low-income households;
- linkage of education, training, and employment systems, to prepare children, youth, and adults for working life.

6.1.2. Literacy

179. Interventions in this area are:

- conduct of a study on the status of literacy in the country and survey and coordination of literacy initiatives;
- revival of literacy initiatives related to training/preparation for working life/apprenticeship in a trade or vocation;
- community involvement in initiatives to combat/prevent illiteracy, resorting to IEC/social mobilization to make communities aware of the relevance and importance of education;
- coverage of children who never went to school (coordination with the STP school map);
- support for nonformal basic education initiatives and inclusion in formal education of children and youth who learned to read and write in these programs;
- creation of post-literacy mechanisms (community leadership, IEC, interest centers, etc.);
- training of specialists and leaders to use the proper teaching techniques.

6.1.3. Training

180. The strategy in this area is predicated upon close coordination between education and training, to develop the capacity for self-employment, providing sound, practical, and lasting knowledge. The schools should produce individuals with an enterprising spirit, capable of creating their own employment and employment for others.

181. To this end, consideration needs to be given to the adoption and implementation of a structure for the education system whereby graduation from one level would create access to a branch of training at home or abroad (practical, technical/occupational, secondary or higher).

182. With the aim of reducing poverty, intervention in the area of training seeks to:

- Promote measures for incorporating youth in occupational training and creating the conditions for establishing microenterprises of young men and women;
- Organize nonformal education for entry into the world of work;
- Adopt a training plan based on a study of the labor market and manpower needs;
- Analyze the operating structures of the occupational education subsystem and expand its scope (diversification, level of training);
- Promote the science and technology in school curricula and teacher training;
- Adopt a training program for instructors giving preference to domestic training, to avoid the risks associated with training abroad (brain drain, costs without returns);
- Train specialists in a number of areas (human resources, promotion of microenterprises).

6.2. Health, Nutrition, and Population

6.2.1. Health[1]

National Health Policy

183. The National Health Policy (PNS) recognizes the social nature of health services as a factor of development, social justice, and poverty reduction.

General Objectives

184. The general health objectives in the area of poverty reduction are centered on increasing the life expectancy of the population, equitable access for all to proper and good quality health care, thereby contributing to a decline in the current levels of mortality and morbidity.

Specific Objectives

185. The specific objectives are as follows:

- create the conditions whereby the population can independently assume attitudes, behaviors, and practices that help improve and maintain their health;
- restructure and organize basic health services to better respond to demand, guaranteeing equitable access to health care;

Chapter 2 [1] Actions considered and proposed in the area of health are complementary to those stated in the Report on Health and Poverty in São Tomé and Príncipe, August 2002 (Koffi Ekanmian and Mohamed Didi).

- take comprehensive action to combat the diseases that contribute most to morbidity/mortality in the country;
- devise and implement promotional, preventive, and protective measures targeting population groups, namely, young children, teenagers, young adults, women of child-bearing age, workers, and senior citizens;
- help improve the nutritional status of the population, particularly in the target groups;
- guarantee access to specialized (tertiary) care by improving the quality of services provided by the Dr. Ayres de Menezes Hospital;
- assist the national effort to eliminate the environmental factors that contribute to the poor quality of life of the population and influence its development.

6.2.2. Population Policy

186. It is imperative to define a population policy that focuses on improving the living conditions of the people and encompasses all actions in the areas of education, health, environment, poverty relief, etc., which affect population and development.

6.3. Water

187. A large portion of the population, mainly in rural areas, still does not have access to drinking water and uses river water or water from existing springs without any protection or control.

188. The strategy here seeks to increase the rate of access to water supply systems for the public and to improve the quality of water supplied to both urban and rural areas.

6.4. Sewage

189. There are still serious problems with environmental sanitation that are a major threat to public health and have had the following effects, among others:

- high morbidity and mortality rates related to water-borne diseases;
- proliferation of vectors of malaria and other diseases:
- threat of epidemics related to unhealthy conditions;
- environmental pollution caused by trash and human waste having a serious impact on health and the economy.

190. In light of this, the following objectives have been established in accordance with the National Environmental Plan for Sustainable Development:

- raise to 100 percent the rate of coverage of solid waste collection and transportation in urban and peri-urban areas;
- provide sanitary facilities to 100 percent of houses nationwide;
- properly inventory all swamp areas in São Tomé and Príncipe so that a coherent policy on such areas can be defined;
- rehabilitate old drainage systems for disposing of rainwater in the city of São Tomé and construct new systems;
- promote a campaign of healthy habits and lifestyles.

7. MECHANISMS FOR IMPLEMENTATION, MONITORING AND EVALUATION OF THE STRATEGY

7.1. Mechanisms for monitoring, evaluation, and updating

191. The NPRS is an ambitious project, notwithstanding its relevance and the urgent need for its implementation. However, its execution touches almost all sectors of life in the country and poses a challenge for coordination between the state, the private sector, and organized civil society, taking into account current institutional weaknesses and volume of resources required for the task. **A general coordination** unit is needed to make the connections and have an overview of all the actions to be taken.

7.2. Poverty Monitoring and Evaluation System

192. The design, preparation, and definition of indicators needed to monitor poverty depends first of all on the information requirements stipulated, in light of the specific objectives of the policy to combat poverty in the country.

193. It is therefore highly advisable to create an adjustable and flexible structure, which can evolve over time to better respond to the demands of the stages ahead, and designed to take on projects and studies on a regular and ongoing basis. It should also be able to act as the institution that monitors, coordinates, assesses, and periodically updates the strategy (NPRS), in cooperation and partnership with other national, regional, and international institutions, as it would be responsible for setting up and coordinating the Poverty Monitoring and Evaluation System in the country.

194. However, given the country's current constraints, particularly as regards financial, and logistical difficulties and weaknesses linked to the reporting of statistical data, it might be advisable to use the existing capacity in the Economic Planning Directorate of the Ministry of Planning and Finance initially, and to organize a team to install **Poverty Monitoring and Evaluation System** units throughout the country. These would evolve into an autonomous structure with its own authority, responsive to the duties and functions for which it was created.

7.3. Measurement of poverty and the different data needed to assess its development in the country

195. The type of information needed on monetary poverty, living conditions, and potential is based on a certain number of indicators that reflect income and consumption levels, the food situation, education, health and sanitation, housing, and other basic needs.

196. Thus, in order to scrupulously meet the medium- and long-term objectives of the strategy (NPRS) **Quantitative Objectives for Reducing Poverty** in the country were developed (see Annex 2) for measuring, monitoring, and assessing the problem in São Tomé and Príncipe. Naturally, this is only one basis for the work, to which the missing data will have to be added and improvements made in areas where they are needed.

7.3.1. Indicators for monitoring and evaluation of the status of poverty in the country

197. Monetary indicators, such as the poverty line, make comparisons over time possible and track developments. Specific analyses can then be made, such as measuring the new poor (those falling below the poverty line) or the ex-poor (those rising above the poverty line), to show the origin of poverty and make the relationship between different forms of poverty, etc. The indicators that make it possible to monitor other forms of poverty, such as monetary poverty, are integrated in a Poverty Monitoring, Tracking, and Assessment System in the country (see Annex 3). This system will be used to connect and incorporate in an operating system all the institutions, entities, agencies, and social partners who, by their nature of their work, are addressing the issue of poverty.

7.3.2. Action Plan

198. The proposed action plan to address the problems, situations, challenges, and issues concerning the different dimensions of poverty in the country is given in Annex 1.

The External Debt Reduction Initiative (HIPC Initiative)

1. Throughout 1999, the government worked on attaining program objectives, particularly in the macroeconomic sphere. The climate of relative political stability throughout the period made it possible to complete negotiations with the IMF, which led to the signature of a Poverty Reduction and Economic Growth Program in the first half of 2000. That program, scheduled over three years, should enable São Tomé and Príncipe to meet the conditions for renegotiating its external debt under the HIPC Initiative.

2. Based on the positive results achieved in macroeconomic management, the country reached decision point under the HIPC Initiative on December 21, 2000.

3. This achievement enabled the country to use the financial resources earmarked for external debt service in the areas of national life defined by the government at this stage (health, education, and infrastructure).

4. Consequently, a number of process and performance indicators must be designed, defined, and constructed to measure the impact of allocating these financial resources to priority intervention programs and projects geared towards particular regions or target population groups.

5. According to the Annual Activities Report of the HIPC Funds Control Committee, during 2001, the financial resources deposited in the HIPC account, which the country received as a result of debt relief from the WB and the AfDB, amounted to Dbs 23,617,936,868.97.

6. During the same period, Dbs 19,364,648,218.75 were disbursed. It should be noted that this amount also included the reincorporation of January's debt to the AfDB/FAD (Dbs 2,203,986,668.00), which was not considered an actual HIPC expenditure. There is an available balance (on a cash basis) of Dbs 4,253,288,650.22.

7. These resources were effectively used in the areas defined above (education/training, health, and infrastructure).

8. According to information provided by the Secretariat of the HIPC Funds Control Committee, Dbs 20,779,506,863.50 had been used as at October 2002. These financial resources were deployed in education (Dbs 3,392,190,663.50), health (Dbs 8,630,489,693.50), infrastructure (Dbs 7,545,830,398.00), and other sectors (Dbs 1,210,996,108.50).

9. A total Dbs 31,909,943,000.00 was allocated to the HIPC Funds for 2003. These funds are expected to be allocated as follows: education (Dbs 9,904,449,000.00), health (Dbs 9,111,011,000.00), infrastructure (Dbs 11,944,483,000.00), and other (Dbs 950,000.0).

8. BUDGETARY IMPLICATIONS OF THE NPRS

8.1. Prior Issues

199. This chapter addresses the budgetary framework for the resources needed to implement the Action Plan. Budget projections were made for the period 2003-2010 (8 years). However, the analysis of the budgetary implications of the NPRS was restricted to the period 2003-2005.

200. The principal limitations and factors determining projections are as follows:

(i) **Exogenous factors**: The degree of uncertainty of the macroeconomic projections to 2015, taking into account the world economic outlook and its impact on the availability of resources for development assistance and tourism flows;

(ii) **Endogenous factors**: The impact of the inclusion of oil resources in the economic and social matrix, as regards economic growth and redistribution of national income. The most optimistic scenarios point to a radical change in the structure of macroeconomic indicators starting in 2006, which makes it impossible to construct homogenous and consistent statistical series for more than two to three years ahead. This limitation highlights the pressing need for cyclical indicators and economic monitoring;

(iii) The spread of **HIV and other endemic diseases** could be a factor that belies population projections and resource allocation;

(iv) Changes in **attitudes and behaviors** as regards the individual motives of citizens and the ruling class in terms of consumption patterns, understandings on equity, equality, opportunities, etc.

(v) One must still take account of the **conceptual** limitations of the indicators used, namely the concept of per capita GDP, which does not reflect the changes in income redistribution in the NPRS target groups.

(vi) Even taking into account these limitations, the budgetary impact of the strategy, as measured by the weight of the priority sectors in the PIP and OGE 2002, is an adequate indicator confirming the importance the government places on the poverty reduction strategy in its policy mix.

8.2. Priority Action Areas

201. Education, health, infrastructure (roads, energy, and water), agriculture and rural development, good governance and economic and financial policies were defined as strategic sectors of the NPRS and warranted more detailed budgeting for the following reasons:

i. The initiatives and actions of citizens and institutions require that the administration take the appropriate measures, which would necessitate a change in behaviors. This is particularly true for action in the areas of **good governance,** drafting legislation, and access to justice. **Deconcentration** and decentralization involve the enhancement of local authority, which promotes greater interaction between populations and institutions in the fight against poverty through socioeconomic development.

ii. Financial and macroeconomic policies are fundamental for ensuring better allocation of domestic resources, and transparency in the preparation and implementation of the budget and the PIP. The efficiency of the fiscal machinery is an important factor of the policies for **redistributing the wealth** generated by productive process in which the poorest segments of the population contribute the most.

iii. **Human resource development** is the main contributing factor in the identifying specific actions to be implemented by economic agents and institutions. Education and health are vital components of the behaviors and skills that foster efficiency in work, increased production of goods and services, and their distribution. In connection with education, basic education and literacy, in addition to technical-occupational training, are important in the NPRS.

iv. The availability of **infrastructure**, in particular roads, energy, and water is the determining factor in implementation. It facilitates the mobility of factors of production, improves the productive process, expands the market, mostly access to basic health and sanitation services. Tourism, which is of crucial importance to development, was also considered vital to the NPRS owing to the high gross value added it generates and the natural environment the country offers. It is also assumed that economic **growth** driven by the private sector is a prerequisite of poverty reduction. At the same time, if poverty reduction policies are properly implemented, they contribute decisively to economic growth.

v. Taking into account that the majority of the poor population lives in rural areas, in addition to giving priority to the income generation component (agriculture, livestock, forestry), living conditions can only be improved by human development and the creation of **community infrastructure.**

202. The selection and ranking of priority actions was based on the following criteria:

(i) the recognition, coming out of the consultative process undertaken with beneficiaries and civil society, that the action contributes to well-being;

(ii) ability to generate sustainable economic growth and vital importance to sectoral strategies;

(iii) economic, financial, and institutional viability—the actions promote a sound social and political climate and macroeconomic stability.

8.3. Impact of the oil economy

203. In the short term, revenue from "leasing blocks" cannot have a direct impact on the real economy and consequently on GDP growth. In the initial years (2003-2006), as there will be no prospects for export production, the impact will be felt only on domestic demand and investment variables. As a result of the excess liquidity in the economy, the prices of essential items could soar in the absence of sufficient internal production capacity. This scenario may create pockets of poverty with a higher incidence among rural populations, urban dwellers with low levels of education, senior citizens, and women.

204. The most optimistic scenario is based on the hypothesis that resources from the oil sector are injected into the national economy primarily for: (i) development of human capital (basic education, training, health); (ii) strengthening the rural economy through community infrastructure, ensuring that population distribution is

balanced, and avoiding imports of goods that are produced locally at lower prices and that have a strong impact on the formation of gross value added;
(iii) acquisition and construction of basic equipment that promotes productivity and an "economic base" that is balanced and diversified—energy, support services for the oil economy (light metal mechanics, repairs, transportation), agricultural techniques, the hospitality industry; and finally (iv) development of innovation and management capacity in business and institutions.

8.4. Required resources

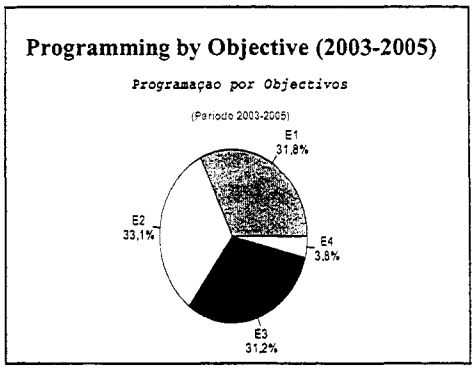
205. Taking into account the principles and criteria stated above, actions under the NPRS were allocated the following resources by objectives (PILLARS):

Programming by Objectives and Priority Sectors
(value in thousands of US$)

PILLARS/SECTORS	TOTAL 2003 - 2010	percent	PERIOD 2003 - 2005	percent
1 – Institutional Reform, Capacity Building, and Good Governance	2,109.4	1.1	948.0	1.5
incl.:				
▪ Justice	919.4	0.5	262.0	0.4
2 – Economic and Redistributive Growth	45,165.4	22.3	20,025.7	31.8
incl.:				
▪ Energy	29,252.0	14.4	7,488.0	12.0
▪ Water and Sanitation	11,226.8	5.5	9,480.0	15.1
3 – Income-Generation Opportunities	106,999.4	52.8	20,804.9	33.1
incl.:				
▪ Agriculture, livestock, fishing, forestry	52,921.2	26.1	12,222.1	19.4
▪ Infrastructure	54,078.2	26.7	8,582.7	13.6
4– Access to Basic Social Services	46,280.9	22.8	19,631.1	31.2
incl.:				
▪ Education	22,836.7	11.3	7,876.5	12.5
▪ Health, Nutrition, and Population	19,851.2	9.8	10,491.6	16.7
▪ Employment, Training, and Solidarity	3,593.0	1.8	1,263.0	2.0
5 – Analysis, Monitoring, and Assessment	2,035.6	1.0	1,472.1	
• TOTAL	**202,590.7**	**100**	**62,881.8**	
Percentage of total			31.0	
Per capita investment (US$)				

206. In the short term (2003-2005), the actions that generate income, centered on basic infrastructure and primary sector activities, absorb 64.9 percent of the resources. Activities related to access to basic social services account for 31.2 percent of the total, with education and health having virtually the same weight.

207. Another important factor to recall is the change in the relative weight of expenditure on education and health, which represented, respectively, 9 percent and 7 percent of current expenditure in the OGE and are now estimated at 13 percent and 17 percent.



208. Noticeably, only 31.0 percent of the total cost of the actions planned is concentrated in the period 2003-2005, which is indicative of the difficulties with medium-to-long-term planning and the underlying limitations on execution capacity in the sectors in the initial stages of implementation of the strategy.

Programming by Type of Resources

(in thousands of US$)

CATEGORIES OF EXPENDITURE	TOTAL 2003 – 2010	percent	PERIOD 2003 – 2005	percent
1 – Civil Engineering	107,006.3	52.8	26,987.5	42.9
incl.:				
▪ Classrooms	12,056.2	6.0	2,131.2	3.4
▪ Health Infrastructure	3,820.4	1.9	509.9	0.8
▪ Road Infrastructure	49,308.7	24.3	6,124.2	9.7
▪ Water and Sanitation	12,673.4	6.3	10,784.6	17.2
2 – Goods	36,960.6	18.2	10,669.0	17.0
incl:				
▪ Plant Material	13,353.0	6.6	1,415.7	2.3
▪ Foodstuffs	1,159.7	0.6	379.5	0.6
▪ Textbooks and Education Supplies	1,030.5	0.5	397.0	0.6
▪ Medicine, Equipment, and Health Supplies	5,469.1	2.7	1,638.7	2.6
3– Services	26,323.8	13.0	11,548.9	18.4
incl.:				
▪ National Technical Assistance	15,318.0	7.6	3,244.5	5.2
▪ International Technical Assistance	7,026.7	3.5	6,000.5	9.5
▪ Studies	1,539.6	0.8	1,146.6	1.8
▪ Legislation	705.3	0.3	599.4	1.0
▪ Information Systems	1,734.1	0.9	558.0	0.9
4 – Training	7,968.8	3.9	2,628.1	4.2
incl.:				
▪ Teacher Training	2,022.7	1.0	311.3	0.5
▪ Occupational Training	5,703.8	2.8	2,169.4	3.5
5 – Other resources, n.i.e.	24,331.2	12.0	11,048.3	17.5

TOTAL	**202,590.7**	**100**	**62,881.8**	**100**

8.5. Sources of Financing

209. The budget was broken down by sources of financing only in 2003. If this exercise is to be continued in subsequent years, the Medium-Term Expenditure Framework (MTEF) must be in place.

210. Implementation of the activities planned for 2003 will require raising US$22,519,727 with sources of financing divided as follows:

Sources of Financing	Amount in US$	Percent
Treasury	240,671	1.07
HIPC Funds	2,678,930	11.90
Guaranteed External Credits	4,712,655	20.93
Guaranteed Grants	10,013,282	44.46
Resources from Public Enterprises	151,000	0.67
Activities without financing – credits and grants to be mobilized	4,723,190	20.97
Total	**22,519,728**	**100.00**

ANNEXES

ACTION PLAN

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Poverty reduction program	Reduce the percentage of the poor population (below the poverty line) from 53.8 percent to less than 1/3 by 2015	Conduct national surveys to determine and periodically assess the poverty situation in São Tomé and Principe	Every three years	Achievement prevision of the first national inquiry in 2005 on the poverty profile update	National inquiry carried out on the poverty profile update
		Study the relationship between family size and structure and poverty	2005	Elaboration prevision of the report based on the results of the national inquiry	Report elaborated on the poverty profile
		Conduct a study on the urban and suburban poverty situation	2005	Achievement prevision on the study of urban and suburban poverty	Study carried out on urban and suburban poverty
	Reduce all forms of poverty	Implement priority actions under the National Poverty Reduction Strategy (NPRS)	2005/2006	In process	Percentage of actions carried out Report elaborated on the implementation of the ENRP
PILLAR 1: REFORM OF PUBLIC INSTITUTIONS, CAPACITY BUILDING, AND PROMOTION OF A POLICY OF GOOD GOVERNANCE					
Regulatory and constitutional	Consolidate the state subject to the democratic rule of law	Revise the Constitution, aiming in particular at adjusting the size, jurisdiction, and structure of the organs of sovereignty		In process. Constitutional examination took place in 2003.	The revised Constitution takes effect in 2006
		Establish the Council of State	2005/2006	In process	State Council created and in full function
		Establish the Constitutional Council	2005/2006	In process	Constitutional Council created and in full function

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
National Assembly	Capacity building in the legislative branch	Revise the composition of the legislative branch to reflect the new political and administrative divisions and the need to represent regional and local governments	From 2006	Elaboration prevision on the study of representativity in regional and local collectivities in 2006	Study carried out on National Assembly reform
		Redefine the role of parliamentary commissions (Bylaws)	From 2006	Revision prevision of the Regiment in 2006	Regiment reviewed
		Strengthen procedures for control of public assets, accounts, and budget	2005	In process. With technical support from the IMF and the World Bank.	Report on the budgetary control procedures adopted Number of fiscal initiatives completed
		Organize training programs and study visits	2004-2005	In Process.	Number of training actions and study visits made
		Provide the library with an adequate documentary base to meet the research requirements of members of parliament, civil servants, and technical experts	2005	To be included in the budget for 2005/2006	The library was equipped The document fund was organized and inventoried
		Reactivate information services covering parliamentary activities	2005	Prevision of constructions for the creation of space; residency of personnel	Number of communiqués and periodic publications on parliamentary activities
Government	Streamline the structure of central government	Establish the size, composition, responsibilities, and scope, reflecting the key sectors	2005/2006		Adapted structure takes effect
		Establish organic relations (vertical and horizontal) between the Prime Minister and each agency of the government and between the ministers and the relevant departments	2005/2006		Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Restore the authority of the government and maintain democratic public order- — establish clear rules for the functioning of the institutions and the discharge of their respective duties, strengthen police and enforcement institutions, and respect for the hierarchies involved	2005/2006	In progress. Creation of radiophonic programs of moral and civic education. Education prevision for the population in the government program. Training for agents of the national police and the provision of materials and equipment	Campaigns and actions carried out on consciousness-raising. Rules of operation for the adopted institutions.
		Conduct a seminar on the role of the military and paramilitary forces in the context of poverty reduction	2005	Organization by the Ministries of Defense, Planning and Finance	Symposium carried out on the participation of the defense and security forces in the process of poverty reduction
Justice	Strengthen the organization and operation of the courts	Revise the Basic Law on the Judicial System, including the establishment of specialized courts	2005	In progress. With portuguese cooperation	Revision program elaborated on legal instruments
		Update obsolete laws and other outdated instruments originating in the colonial era	2005/2006	In progress. With Portuguese cooperation..	Penal Code and of penal process revised
		Establish and apply a program of training and specialization for magistrates and justice system staff, including training instructors	2005/2006	In progress. Financed by the OGE.	Program of training elaborated
		Adapt remuneration policies for magistrates and justice system personnel to reflect their job specifications	2005		Remuneration policy revised

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Update and strengthen the Justice Inspectorate	2005	In progress. Inspector named since 2001. Lack of human resources and material goods	Inspection reinforced with human resources and material goods
		Promote mechanisms to provide access to information and to give citizens access to the justice system (legal aid, etc.)	2005		Mechanisms of access and information created
		Support the National Electoral Commission and the relevant technical office	From 2005	In progress. Local and regional elections expected in 2005	Local and regional elections carried out
Management of public assets	Promote responsible, effective, and transparent management of public assets	Promote implementation of the National Chart of Accounts	2005	In progress.	General accounting manuals elaborated, disseminated and applied
		Complete as soon as possible the process of implementing the Court of Auditors	2005	Accounting Tribunal was established in 2003. Reinforcement of institutional capacity in progress.	Accounting Tribunal installed and in operation
		Strengthen oversight and control institutions	2005	In progress. Legislation on the financing of political parties approved. Electoral legislation revised	Tributary reform carried out. Framework organized and habilitated for inspection and audit personnel
		Establish anticorruption legislation	2005/2006		Investment code updated Exemption policy revised
		Improve conformity of revenue and expenditure with existing regulatory texts	2005/2008	Tax update. Inventory update for urban property in progress.	Management accounts elaborated and published

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Redefine mechanisms to manage external aid	2005	In progress. MNECC Initiatives for the activation of the Foreign Aid Coordinating Committee and the agreement with the development partners	Aid coordinating committee reformulated Reports elaborated on the agreement with the partners.
		Process and disseminate statistical information on the status of external aid for development	2005	Cf. previous	Report elaborated on the status of foreign aid
		Conduct an annual inventory of public assets, appoint revenue collectors and require regular reporting	2005		Number of tax collectors named. Annual inventory carried out.
		Promote a broad information campaign on the need for transparency, efficacy, and accountability regarding public assets	2005	In progress. In 2004 there were seminars carried out by the Accounting Tribunal and the National Assemply.	Report on the campaign carried out
Decentralization	Adapt the process of decentralization and adjust local governments accordingly	Revise the law in respect of political and administrative divisions	2005/2006		Legislation revised on the political-administrative division
		Revise the framework laws and supplementary laws on the process of decentralization and autonomous management for regional and local government units	2005/2006	In progress	Framework legislation on autarquies revised Legislation on local finances revised
		Define forms of oversight and management of relations between the central, regional, and local authorities	2005/2006		Cf. Previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Organize and hold regional and local government elections as provided by law	2005		Elections carried out
		Establish mechanisms to support consolidation of regional and local powers	2005	Initiatives in progress including a new law on regional finances	Structure and technical framework of support and decentralization created
		Build the human, material, and organizational capacity of the decentralized units of government to manage infrastructure and services	2005/2007	Cf. Previous	Institutional capacity reinforced Material means and equipment acquired
		Promote a framework of permanent, continuous training for elected officials and civil servants of regional and local governments	2005/2007	In progress. Training actions with the support of Portuguese cooperation.	Number of frameworks formed.
Public Administration	Redesign and modernize public administration	Tailor public administration to its mission in a context of economic liberalization	2005-2006	In progress. Compatibilization with the macroeconomic framework for 2005-2007	Adapted organigram created Adequate training carried out Effective percentage rationalized
		Streamline staffing and strengthen capacities as required for efficient government action	2005/2006	Cf. previous	Number of personell put together Intervention appraisal of the private sector carried out in the local and regional economy
		Initiate a new revision of the current Civil Service Statutes to adapt them to the government's new situation	2005		Revised by-laws of the state's function

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Apply the Civil Service Statutes accordingly	2005-2006		Report revised on the application of the by-laws
		Provide the staff with computer equipment and other resources required for them to properly discharge their respective duties	2005/2007	In compatibility with programming organized by goals and priority sectors included in the ENRP	Report on the equipping procedures carried out
		Introduce instruments for systematic assessment of civil servants	2005		Evaluation instruments in use
		Revise the wage scale for appropriate remuneration of civil servants, and to meet requirements for efficiency and to combat corruption	2005	Made compatible with the economic framework for 2005-2007	Salary table revised
Civil society	Promote civil society and its active involvement in the process of poverty reduction	Establish a framework to provide service, promotion, and support for organizing in association with the Office of the Head of Government	2005		Response framework created
		Restore to proper functioning the Council on Social Consensus	2005	In progress. The temporary installation is inadequate. In preparation of the headquarter rehabilitation. Budgetary limitations. Training carried out and Equipment acquired with the support of BIT	Annual report made on the functioning of the institutions.
		Organize training campaigns for active involvement in the fight against poverty	2005	In progress.	Number of training campaigns carried out
		Enhance the quality of management and professionalism in nongovernmental organizations (NGOs)	2005	In progress.	Evaluation made on the intervention capacity of NGOs

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Communication and information	Develop the mechanisms for access to information and communication and promote a culture of participation	Extend radio and television coverage to the entire national territory	2005	In progress. Equipment and training with support of Portuguese cooperation.	Evaluation of the degree of radio and television coverage in the national territory
		Prepare informational and educational radio and television programming in support of the fight against poverty	2005/2007	In progress. Program initiatives introduced. Need for coordination.	Number of programs carried out. Report on the impact of the programs together with the target population
		Install public telephone booths in the most remote localities	2005	In progress	Number of functioning telephone poles placed
		Conduct a seminar on the role of the media in the fight to reduce poverty	2005		Seminar carried out on the contribution of Social Communication for poverty reduction
PILLAR 2: ACCELERATED AND REDISTRIBUTIVE GROWTH					
Growth	Accelerate growth and achieve a GDP growth rate of over 5 percent	Promote the private sector and diversify production	2005/2007	In progress	Report on the private sector's promotion
		Promote the productive sectors: agriculture, livestock, fishing, forestry, tourism, services, trade, industry, and production	2005/2007	In progress. The revision expected of investment and dissemination codes. Diffusion of micro-credit boxes.	Number of micro-credit boxes established. Balance of the support given to associations and producers
		Revise the legal and regulatory framework to stimulate access to productive services and promote foreign investment	2005	In progress. New investment code elaborated, waiting for approval.	Investment code approved and in application.

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Develop economic infrastructures (energy, roads, transportation, telecommunications, water, and sanitation)	2005/2007	In progress. Made compatible with the programming organized by goals and priority sectors.	Model report made of each sector.
		Improve the supply and efficiency of services	2005/2007	Cf. previous	Cf. previous
		Increase the rate of production and export capacity	2005/2007	Cf. previous	Cf. previous
		Diversify production	2005/2007	In progress. Pepper and vanilla projects. Promotion of agricultural and livestock production cooperatives.	Implementation report of each of the projects
		Give priority to credit to the economy	2005/2007	In progress	Report on credits granted
Macroeconomic framework for growth	Maintain a single-digit inflation rate and provide a macroeconomic environment conducive to lasting and sustainable development	Feasibility study on integration into a monetary area	2006/2007		Study carried out on the integration of the monetary zone
		Monetary policy: stringent control of currency issues	2005/2007	In progress	Report to the Central Bank on the situation
		Foreign exchange: stabilize exchange rates and replenish the exchange reserves	2005/2007	In progress. Made compatible with the macroeconomic framework for 2005-2007	Cf. previous
		Strengthen the capacity of the central bank	2005	In progress. With technical assistance from the IMF and the World Bank.	Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Budget and fiscal affairs: increase revenue, streamline public capital and current expenditure; control wage bill expenditure while permitting changes to reflect the cost of living, production, and productivity; redirect public expenditure to basic social services; maintain a current external deficit/GDP ratio of less than 3.6 percent, and a primary deficit/GDP ratio, including the HIPC Initiative, of 7 percent of GDP	2005/2007	In progress.	Cf. previous
	Guarantee debt sustainability	Public debt: monitor the work of the unit of the central bank and institutions responsible for monitoring debt with a view to its sustainability; methodology for the treatment of external debt Encourage periodic dissemination of statistics on developments in the external debt	2005/2007 2005/2007	In progress. Made compatible with the macroeconomic framework for 2005-2007.	Report to the Central Bank on the situation.
		External policy: reduce the external deficit	2005/2007	In progress	Cf. previous
		Open the financial sector to other banks	2005/2007	In progress. Re-opening of Banco Equador. Establishment of Afriland First Bank e National Investment Bank	Cf. previous
		Finalize the study on development of the financial sector	2005/2006	In progress.	Cf. previous
		Provide training in various areas for the banking sector	2005/2007	In progress.	Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Update computer equipment	2005/2007	In progress.	Cf. previous
		Update and apply studies to measure migrants' remittances saving	2005/2006		Cf. previous
		Establish a framework to foster development and diversification of the financial sector	2005/2007	Made compatible with the macroeconomic framework for 2005-2007	Cf . previous
		Provide training in the area of balance of payments	2005/2007	With support of the IMF and the World Bank	Training actions carried out Number of frameworks created
		Arrange support with international technical assistance in the balance of payments area	200	Cf. previous	Report on the actions taken
		Stimulate saving, investment, and productivity	2005/2007	Made compatible with the macroeconomic framework for 2005-2007	Cf. previous
	Maintain adequate tax pressure	Revise the tax system and improve coverage	2005/2007	In progress	Expected taxes and report on the collections carried out
	Improve the purchasing power and productivity of the most vulnerable population groups	Provide support for families intending to develop their factors of production	2005/2007	In progress. Concession of micro-credits.	Number of families who benefited
		Execute public investments with the most vulnerable population groups in mind	2005/2010	In progress.	Report on the investments made.
		Implement local government units and support for the people to enable them to solve their own production problems	2005/2010	In progress. Includes the financial support of PNUD. (Support Project of the Base Initiatives in regards to Local Governance and Poverty Reduction)	Report on the project made.

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Support development of food crops and restore civil engineering activities	2005/2010	In progress.	Report made on the situation.
Promotion of the private sector	Establish a favorable environment for the private sector	Provide training and development for the private sector	2005/2007	In progress.	Cf. previous
		Revise the Private Investment Code	2005		Cf. previous
		Establish enterprises		In progress.	Cf. previous
		Improve mechanisms for granting bank credit	2005/2007	In progress.	Cf. previous
		Diversify production and promote exports	2005/2010	In progress.	Cf. previous
		Implement processing industries and link them to development of the tourism and other sectors	2005/2010	Made compatible with the goals of economic growth	Cf. previous
		Increase the momentum of partial privatization of land	2005/2010	In progress.	Cf. previous
		Organize professional and economic and financial cooperation activities with other countries in the sub region	2005/2010	In progress. Agreement with CEMAC	Cf. previous
		Promote export sectors: free zones, hydrocarbons, tourism, fisheries, and agriculture	2005/2010	In progress	Cf. previous
		Implement a public administration a Unique window to serve the private sector	2005/2006		Unique window created
		Devise a national strategy on promotion and development of the private sector	2005/2007	Orienting document to be approved by the government	Strategy elaborated.
Agriculture	Increase and diversify agricultural production and exports	Continue land reform	2005	In progress.	Report on the situation

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Coordinate and expand extension activities	2005	In progress. Need for greater intervention on the part of the Agricultural Directive	Cf. previous
		Rehabilitate and construct new rural roads	2005/2007	In progress. Made compatible with the General State Budget.	Road extensions rehabilitated and constructed
		Create a sustainable system for maintenance of rural roads and management of other community infrastructures in rural areas	2005/2006	In progress. With partial help of the European Community	Road maintenance system created.
		Study on establishment of an agricultural credit system	2005		Study carried out
		Define an agricultural credit policy (adapt the statutes of savings and loan associations and credit unions, harmonize lending terms and train managers of these institutions)	2005/2006		Policy of Agricultural Credit adopted
	Guarantee food security	Organize participants to improve conditions for the supply of factors of production, harvesting, primary marketing, and processing of agricultural goods	2005/2010		Report on the level of organization achieved Number of pilot projects implemented
	Promote efficient natural resource management	Continue research and development activities and pilot projects aimed at food production and export diversification	2005/2010		Report on the actions carried out by the I&D.

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Reorganize agricultural education—merger between the CATAP (agricultural school) and CENFOPA (training center), and execute priority programs	2005/2007	Partnership projects from friend nations	Agricultural instruction reorganized and training centers in operation
Livestock	See Pillar 3 of the Strategy: create opportunities for the poor		2005/2007		
Forestry	See Pillar 3 of the Strategy: create opportunities for the poor		2005/2007		
Industry, crafts, trade, and services	See Pillar 3 of the Strategy: create opportunities for the poor		2005/2007		
Tourism	Substantially increase the sector's contribution to GDP (target of 5-7 percent in 2005);	Execute the occupational training program for the sector	2005/2007	In progress. Made compatible with the Strategic Plan for Tourism Development	Number of individuals trained in the area of tourism (see final training report)
		Acquire equipment and rolling stock for the sector	From 2006		Equipment acquired
		Undertake promotion campaigns with selected countries	2005/2007	In progress.	Report on the campaigns
		Track measures dependent on other sectors (protection of areas of interest to the tourism sector, policy on infrastructures, and on public health)	2005/2007	In progress.	Attendance initiatives initiated

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	Promote tourism as a growth sector in the medium term	Promote tourism (ecological and seaside resorts)	2005/2007	In progress.	Promotion initiatives started.
Energy	Ensure that the population's basic energy requirements are met and contribute to the development of the productive sectors	Strengthen commercial management of the public enterprise EMAE	2005/2006	In progress.	Report on the measures taken.
		• Rehabilitate the metering center [*Central de Contador*]	2005	With intervention of the private sector	Completion and Rehabilitation of the Hydro-Electromechanical Center
		• Rehabilitate low and medium tension networks	2006/2007	Find financing.	Networks rehabilitated
		• Update the master plan	2006	Yet to be completed.	Directive Energy Plan updated
		• Conduct or update feasibility studies on future investments: transfer of plant in the capital	2005		Studies carried out
		• Abade III, Yô Grande, and Rio Papagaio hydroelectric project	2005/2010		Report on the situation
	– Diversify energy sources for production that minimizes foreign exchange outlays	• Build a new electricity plant with financial proceeds from the transfer of the thermal plant	2007	Prospects of negotiations with interested private investors	Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	– Review and gradually increase installed capacity	• Build microstations in rural areas (1. Bernardo Faro and Olivares Marim; 2. Santa Catarina and neighboring communities; and 3. António Soares /Santa Margarida)	2008/2010		Cf. previous
		• Build Abade III hydroelectric plant	From 2006	Prospects of negotiations with interested private investors	Cf. previous
		• Feasibility study on state divestment and options for development in the sector	2005	In process (only that which relates to production)	Study carried out
		• Technical and economic study on fuel substitution or change	2005/2007		Cf. previous
Transportation	– Rehabilitate and protect conservation of land resources to reflect production requirements (distribution, in particular) and social requirements (servicing isolated areas)	• Accelerated implementation of the program to rehabilitate rural roads (see Agriculture)	2005/2010	Made compatible with the state's General Budget.	Conclusion of the rehabilitation constructions of 88 kilometers of rural routes
		• Strengthen technical and management capacity of SENAE	2005/2007	In progress. With support of the European Union	Evaluation, framing and training of staff affected the auditing carried out (see final report)
	– Strengthen São Tomé and Principe's maritime network to ensure integrated development of the two islands	• Strengthen operational capacity at the port of São Tomé (lifting equipment, ship maintenance infrastructure, management capacity building, etc.)	2005/2006	In progress	Report on the situation
	– Develop international air and sea transportation	• Preliminary study on the sectoral transportation strategy (against the backdrop of preparing a master plan for transportation after 2002)	2005/2006		Study completed on a structure of management and recommendation for the establishment of a Roads Fund

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Prepare and implement standards and regulations	2005		Norms elaborated and in place
		• Monitor the activity of ferry operators (inter-island and between the archipelago and the continent)	2005/2007		Report on the situation
		• Start updating the inventory of rural roads	2005/2007		Inventory completed of the National Roads Network (see final report)
Telecommunications	– Develop basic telephone service in rural areas	• Develop the public service to lead the sector	2005/2010	In progress.	Report on the situation.
		• Diversify existing products on the market	2005/2010	In progress.	Cf. previous
		• Extend rural telephony	2005/2010	In progress.	Extension obtained.
		• Clarify the institutional scheme for management of the radioelectric space (control of use of the radioelectric spectrum, control of industrial equipment, licensing, etc.)	2005		Regulatory authority created.
		• Expand and consolidate the telecommunication network	2005/2007	In progress.	Number of operators in service Technical report on the situation.
	– Reduce costs of exploration and tariffs to assist in the development of enterprises	• Revise tariff policy—contract between the telecommunication company (CST) and the state	2005		Tariff policy revised
		• Expand the Internet accessibility	2005	In progress	Technical report on the situation.

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Water and sanitation	– Increase the level of access to community water supply systems for the population (AAP), private connections, and drinking fountains	• Update the master plan for water	2006		Directive plan updated.
		• Rehabilitate drinking water supply systems in urban areas	2005/2007		Urban network improved Number of families who benefited
	– Improve the quality of water, and particularly at the level of the water and power distribution company (EMAE) system	• Information, education, and communication (IEC) activities for health focusing on water use and conservation	2005	In progress.	Number of consciousness-raising actions carried out
		• Regular chemical and bacteriological control of the public water system and microsystems supplying rural areas	2005	Permanent	Technical report on the situation
		• Develop infrastructures to remove polluted water and waste in the key urban centers	2005	Permanent	Cf. previous
		• IEC activities in the area of sanitation (latrines and septic tanks)	2005	In progress	Cf previous
	– Develop infrastructures and verify measures focusing on environmental sanitation	• Capacity building for the EMAE (quality control, conservation, and repair of infrastructures; and commercial and financial management	2005	In progress	Cf. previous
		• Install AAP microsystems in rural areas and pursue activities to rehabilitate supply systems for agricultural communities	2005/2007	In progress	Cf. previous
		• Strengthen the capacity to protect water sources quality control	2006		Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Environment	– Protect depleted soils	• Regulate the legal framework for environmental conservation while ensuring that the following texts are enforced:	2005		Diplomas regularly approved
		• Regulation on the Framework Law on the Environment	2005	Perspective of the Ministry of Natural Resources and Environment	Cf. previous
	– Preserve forests that have undergone substantial degradation as the result of uncontrolled felling of trees	• Apply the international conventions on biodiversity, climate change, and desertification	2006		Report on the observation of the Convention
	– Protect coasts damaged by the removal of sand for use in construction	• Regulation on the Law relating to the Extraction of Inerts	2006		Diplomas regularly approved
		• Regulation on the Law on Solid Waste	2005		Diplomas regularly approved
	Preserve landscapes, wildlife, and the architectural heritage—essential factors in improving the living conditions of the population and for a policy to develop tourism	• Decree defining protected areas in the national territory	2005/2006		Decrete approved
		• Ratify international conventions such as the one governing trafficking in wildlife species	2005		Conventions ratified
		• Other measures in connection with the national environmental plan for sustainable development	2005/2010		Report on the situation
PILLAR 3: CREATION OF INCOME-EARNING OPPORTUNITIES FOR THE POOR					
Management of land in the public domain	– Improve the framework for legislation on and distribution of government land	• Study a legal statute governing different forms of land use, ownership, and exploration	2005/2006		Study made
		• Revise the current land law	2005/2006		Land Law revised
		• Promote community involvement in participatory management of rural areas and the environment	2005/2007		Report on the development of rural communities

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Implement a rural property register	2006/2007		Rural cadastre made
		• Prepare a land use plan for rural areas with participation of the beneficiaries of government land schemes	2006		Plan of land use made
Agriculture	– Increase income and reduce poverty in rural areas	• Implement the program on participatory support for family farms and artisanal fishing activity (PAPAFPA)– IFAD financing	2005-2010	In progress	Report on the structural process of the rural areas that considers development according to gender, community, association and regional federation.
		• Support family farms in the development of Robusta and Arabica coffee growing (3,000 ha) and improvement of the relevant processing technology	2005-2007		Report on family agriculture
		• Study the "coconut chain" with a view to the reviving plantations and development of production	2006-2007		Study made
		• Support coconut palm plantation restoration (5,000 ha)	2005-2010		Report on the situation
		• Support small farmers in production and marketing of peppers	2005-2010	In progress. With partial help of the Spanish Cooperation.	Report on the production and commercialization of pepper.
		• Feasibility study on production of odoriferous plants on family farms	2005		Study made
		• Study the "cocoa chain" with a view to organizing and developing inter-professional linkages	2005		Study made
		• Implement the program to replant shade trees on cocoa and coffee plantations (5,000 ha)	2005/2010		Report on the re-planting of shade trees

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Implement the cocoa replanting program on small farms (2,000 ha)	2005/2010		Report on the planting of cocoa
		• Implement the replanting program for cocoa plantations (4,000 ha)	2005/2008		Cf. previous
		• Program to support production and technology for biological cocoa processing (1,600 ha)	2005/2010	In progress; Specialized NGOs working with approximately 20 agricultural communities in north Sao Tome	Report on the production of biological cocoa
	– Guarantee food security	• Develop rice and horticultural production	2005/2008		Conclusion of the planting and technical assistance in the harvest fields
		• Project to support and develop family farm horticultural production and marketing	2005/2008		Report on the development of the project
		• Project to support and develop fruit production	2005-2006	In progress. With partial support of friendly nations	Cf. previous
		• Project to support agricultural diversification and development of roots and tubers		Concluded	Cf. previous
		• Support for development of tubers (cassava) and roots	2005		Cf. previous
Livestock	– Develop potential for livestock production	• Project to support development of livestock farming		Concluded	Report on the development of the project
		• Project to support the development of livestock farming (Phase II)	2005/2008	Yet to begin	Cf. previous
		• Poultry farming project	2005	In progress.	Cf. previous
	– Infrastructure to support increased marketing of	• Establishment of small abattoirs in the district capitals	2005/2007		Number of slaughter houses constructed and in operation

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	animal production	• Study on technical and economic feasibility of privatizing veterinary medicine	2005/2006		Study made
		• Study on expansion of exports of small ruminants to Gabon	2005		Cf. previous
		• Project to use draft animals in rural communities	2005		Project elaborated
		• Program for genetic improvement and selection of traditional short cycle breeds	2005-2007	In progress	Report on the development of the program
		• Revision of the livestock health and sanitary code to enhance the role of health and sanitary inspectors	2006		Code revised of livestock sanitation
Forestry	– Proceed with the improvement of forest management and protection	• Implement a replanting program for export quality forest species	2005-2008		Report on the development of the program
		• Improve sawing and waste recycling technologies	2005/2007		Report on the techniques used
		• National forest inventory	2007-2008		Forrest inventory carried out
		• Prepare and implement hunting regulations	2006		Regulations made and approved on the use of forest resources
		• Strengthen the corps of forest rangers	2005-2007		Recruitment and training of 12 forest rangers
		• Enhance the technical and financial capacity of the Forestry Directorate for preparation and monitoring of programs	2005/2007		Report on the function and efficiency of the sector
Fisheries	– Increase catch levels to ensure food security	• Implement the Neves Fisheries Complex		Concluded. With support of Spanish cooperation.	Wharf construction 50% concluded (See Annual Report of Activities)

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Import fishing equipment		Permanent	Invetory of imported fittings
		• Extend credit to private artisanal fishermen	2005/2010	In progress.	Balance of credits granted
		• Construct and permanently use fish concentration devices (FCDs)	2005/2007	In progress	Operational DCPS in beaches where fishermen participated in the initiative
		• Extend use of new types of canoe	2005	In progress	Report on the use of new types of canoes
		• Establish a database for the fisheries sector	2005	In progress by the Fishing Directive	Database installed for the collection of statistical data on fishing in the pilot beaches (Santa Catatrina and Neves, Angolares, Porto Alegre and Malanza, Gamboa Beach and Ponte Velha, Messias Alves Beach and Príncipe) Conclusion and presentation on the Annual Statistical Report on Fishing
		• Improve fish preservation and marketing (purchase of freezing facilities)	2005/2007	In progress	Report on the situation
		• Institutional support for the Fisheries Directorate	2005/2006	In progress. Financed by the State General Budget.	Report on the functioning and efficiency of the sector.
		• Support for GIEPPA, the umbrella group for fishermen and fishmongers' associations	2005/2008	In progress	C. previous
		• Study tours	2005/2008	In progress	Number of visits carried out

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Rural infrastructure	– Upgrade rural infrastructure	• Study on establishing more concentrated settlements in line with the new land rehabilitation plan (social and economic infrastructure, water, street planning, environmental sanitation, and electrification of rural areas)	2005/2007	In progress	Study elaborated
		• Enhance management capacity (SENAE)	2005/2007	Only for coordination and follow-up activities	Report on the functioning and efficiency of the sector
		• Program to build and/or rehabilitate roads for production in rural communities and areas (85 Km): Phase 1		In progress. With the support of the government of France and the European Union.	Report on the development of the program
		• Program to build and/or rehabilitate roads for production in rural communities and areas	2005/2008	Depending on financing.	Cf. previous
		• Program to build and/or rehabilitate asphalt roads	2005/2008	With partial financing from the European Union.	Cf. previous
		• Build and/or rehabilitate water supply systems in rural localities and communities	2006/2008		Report on the situation.
		• Build and/or rehabilitate environmental sanitation systems	2005/2008	In progress	Cf. previous
		• Program to build housing in rural communities	2005/2010	In progress	Number of lodgings constructed
		• Study on the use of alternative construction materials to wood	2005		Study made
Program in support of the primary sector	– Research in applied agronomy	• Support for the Agronomy and Technological Research Center (CIAT)	2005/2007	Made compatible with the State's General Budget	Report on the functioning and efficiency of the sector
		• Prepare a long term national plan for agrarian research	2005		Plan made

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Program on conservation and restoration of soil fertility	2005/2008		Report on the development of the program
	– Training	• Program on basic training in agriculture for youth and adults in rural areas	2005/2007		Cf. previous
		• Literacy in rural areas	2005/2007	In progress. With partial support from the government of Brazil	Number of people who were taught how to read
	– Plant and animal protection	• Rehabilitate the center for quarantine and entry control for chemicals and products of animal origin	2005	In progress	Center rehabilitated
	– Marketing and processing of food products	• Study on potential for production, marketing, exploiting the value, and exporting domestic food products	2005	In coordination with the "Integrated Framework for Trade-Related Technical Assistance" of the World Bank	Study made
		• Project in support of women for processing and marketing of agricultural, livestock, and fisheries products	2005		Report on the development of the project
	– Rural credit	• Support the development and consolidation of decentralized local savings and loan associations	2005/2010		Number of saving accounts in operation
		• Develop pilot projects and activities to provide incentives for youth and adolescents to settle in rural areas	2005/2010		Report on the actions taken
		• Support associations and cooperatives for small farmers in the implementation of economic, social, and cultural activities and initiatives	2005/2010		Balance of intitiatives developed

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	Extension	• Promote and support the strengthening of participatory agricultural, livestock, and fisheries extension work in partnership with movements and associations in the sectors	2005	In progress	Report on the actions developed
PILLAR 4: HUMAN RESOURCE DEVELOPMENT AND ENHANCED ACCESS TO BASIC SOCIAL SERVICES					
Education	- Expand and improve the quality of six-year basic education	• Ensure that all those of school age enroll, regularly attend and stay in school	2005	In progress	Gross rate of primary schooling (by region, district, age and gender) Approval rate in the 4th grade Repproval rate
		• Prevent students from dropping out of school	2005	In progress. Reactivation of the Global Nutritional Program (Reactivação do projecto do Programa Alimentar Mundial – PAM); bread and milk for the schools; school manuals; school stipends with the support of Brazil)	Rate of school dropouts.
		• Build and equip classrooms and kindergartens to eliminate the three-shift system	2005/2010	In progress.	Number of classrooms constructed and equipped by region and district
		• Produce schoolbooks	2005	In progress.	Number of school manuals produced and distributed

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Establish closer relations between schools and communities	2005	In progress.	Number of initiatives made to bring schools and communities together
		• Implement a management information system (establish a database)	2005	In progress.	Database created
		• Promote participation, by the national and education authorities, in management of education	2005		Report on the actions of promotion taken
		• Train six-year basic education instructors	From 2006		Number of teachers trained
		• Organize retraining for basic education instructors	2005	In progress.	Number of training organized
		• Train trainers	2005	**In progress.**	Number of trainers trained
		• Enhance the system of school assessment and inspection	2005	**In progress.**	Report on evaluation and inspection
	- Improve the quality of the secondary system and its linkages with occupational education	• Establish criteria for payment of registration, enrollment, and fees	2005	In progress.	Criteria defined for tuition payment, enrollment and fees. Gross rate of schooling at the high school level. Number of professional training programs with the support of disadvantaged students

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Assist the underprivileged with materials and exempt them from fees (scholarships, travel grants, and housing for students)	2005	In progress.	Number of students who benefited from the support program. Number of access to student dormitorics
		• Construct and equip classrooms	2005-2010	**Seeking funding**	Report on the situation
		• Implement the twelfth year of education	From 2006	**In preparation with the support of friendly nations**	Cf. previous
	- Enhance management, planning, and financing of the education system	• Revise the legislative framework to include explicit provisions on the functions of the various units involved	2005	In progress.	Legislative framework revised
		• Revise the Law on the Foundations of the Education System	2005	**Seeking fundiung**	Base Legislation on the Educational System revised
		• Institutionalize teaching careers	2005/2006	**In preparation**	Teacher training institutionalized
		• Institutionalize São Tomé and Principe associations responsible for education	2005	In preparation	Report on the situation
		• Train technical experts in statistical techniques for data analysis	2005/2007	**Seeking funding**	Number of experts trained
		• Complete school mapping	2005	In progress.	School diploma completed
		• Train personnel in programming public expenditure on education	2005	**Seeking funding**	Number of personell trained
		• Reformulate the school curriculum	2005		School curriculum reformulated

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Improve the school assessment system	2005	Seeking technical support and funding	School evaluation system in the process of reformulation
Literacy	- Eradicate illiteracy	• Conduct a study on the illiteracy situation with a view to implementing a national literacy program	2005	**In prepartion**	Study on illiteracy carried out Number of training actions carried out Number of teachers trained
		• Train teachers to eradicate illiteracy	2005-2007		Literacy rate (global, by gender, professional category) Number of adults who were taught to read Report on the situation
		• Produce literacy manuals: workbooks and other educational support materials, audiovisual aids, magazines, etc.	2005		Number of manuals produced and distributed
		• Broadcast radio programs to combat illiteracy	2005		Number of programs elaborated and distributed
Training	- Train human resources to meet São Tomé and Principe's development	• Adopt a training program for trainers	2005		Program adopted for training trainers

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	requirements	• Promote socioprofessional training initiatives for youth	2005	Seeking funding	Number of initiatives carried out for professional training
		• Establish partnerships in the framework of occupational training	2005	Seeking funding	Partnership agreements established
		• Coordinate all existing incentives	2005		Coordination level verified
		• Rehabilitate and restore existing training centers	2005-2007	Seeking funding	Number of professional training centers rehabilitated
		• Implement specialized training activities in the areas of crafts, trade, industry, agriculture, and tourism	2005/2007		Number of specialized training actions in progress Number of participants engaged in specialized training actions in progress
Health, nutrition, and population	- Establish conditions for the population to become autonomous and adopt attitudes, behaviors, and practices that help improve and preserve their health through enhanced social mobilization and information and education for health	• Implement IEC activities in schools, health services, and communities, using a wider variety of channels and services	2005/2007	Seeking funding	Number of IEC actions developed
		• Broadcast and promote educational messages targeting adolescents, men, and women on issues related to health protection, including the fight against disease; nutrition; sexuality; reproductive health; and gender	2005/2007	In progress; seeking new partners	Number of educational messages produced and divulged

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Conduct regular community information and education campaigns on health promotion and protection using a variety of media	2005		Number of target communities for the information and education campaigns
		• Involve the communities in health issues	2005/2007		Report on the situation
	- Restructure and organize basic health services through an enhanced institutional framework and intervention capacities at different levels of care to more effectively meet the demand created and to guarantee citizens equal access to health care	• Revise the Organic Law on Health	2005		Cf. previous
		• Prepare and implement the Basic Law on Health	2005/2006		Basic health legislation in place
		• Revise legislation on pharmaceuticals and health financing mechanisms	2005		Pharmaceutical legislation revised and adopted
		• Gradually implement health infrastructure in the districts according to the health map	2005/2007	In progress.	Number of infrastructures constructed and revised
					Number of technical staff trained
		• Gradually provide the various health units with the required staff and equipment	2005/2007	In progress.	Health centers equipped
					Manuals and forms available in all health units
		• Gradually provide health units with low-cost essential medicines	2005/2007	In progress.	Hospitals and Regional Health Centers equipped with essential medicines
					Accessibility of medicines at a low cost
		• Provide the National Health Service with cost recovery mechanisms	2005/20007	**In progress.**	Cost recovery mechanisms in place

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Promote the establishment of health insurance systems as well as social insurance and mutual systems	2005/2007		Report on developed actions
		• Put the health information system into operation	2005/2007		Cf. previous
		• Establish incentives for private medical practice and value and enhance access to traditional medicine	2005	**In progress.**	Actions of promotion developed
		• Establish health oversight and inspection services	2005/2007		Auditing and inspection services created
	- Integrated implementation of activities in support of the fight against diseases that are the greatest factors contributing to the morbidity and mortality rate in São Tomé and Principe, including HIV/AIDS	FIGHT AGAINST MALARIA • Adequately manage cases of malaria at all levels (public and private)	2005-2010	**In progress**	Strategic plan adopted for the reduction of malaria Number of malaria cases registered/treated Mortality rate / malaria
		• Epidemiological supervision of chemoprophylaxis for pregnant women and non-immune persons	2005-2007		Report on the available study Malaria prevention in progress

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Combat vectors through environmental sanitation and hygiene, destruction of larvae, and widespread use of impregnated mosquito nets	2005/2007	**In progress.**	Report on the study of the available vector Number of sanitary brigades in operation Number of early-childhood teachers and educators trained Pest extermination of insect incubation grounds carried out Cartography and characterization of existing incubation grounds Number of agents created Quantity of equipments and materials acquired Distribution of mosquito nets Number of distribution posts available Number of impregnated (chemically-treated) mosquito nets distributed Number of spraying campaigns Report on the study of popular acceptance

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		FIGHT AGAINST STDs and HIV/AIDS			
		• Integrate activities against STDs with various types of services and at all levels using the syndromic approach	2005-2007		Number of actions against the DSTs developed
		• Prepare the strategic plan to fight HIV/AIDS	2005	Concluded. (Awaiting approval and implementation) – seeking funding	Policy document and strategic plan elaborated / adopted
		• Conduct information and awareness campaigns through the media, NGOs, health workers, educators, etc.	2005/2007		Number of radio and television programs produced / divulged Number of communities made aware of the issue Number of consciousness-raising campaigns made
		• Increase condom use among youth, particularly in high-risk groups	2005/2010	In progress.	Report on the situation.
		• Acquire and distribute condoms	2005	In progress. Seeking for new partners.	Number of condoms distributed.
		• Purchase and distribute anti-retrovirals and increase their accessibility to HIV- positive pregnant women to reduce vertical transmission	2005/2007	Seeking funding.	Number of HIV-positive pregnant women who are part of the project/strategy

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Provide counseling for carriers and patients with STDs and HIV/AIDS	2005	In progress.	Number of carriers who will avail themselves counseling services Number of people who pass on the decease unaware that they're HIV positive
		FIGHT AGAINST TUBERCULOSIS • Redefine the strategy to fight tuberculosis	2005	**In progress.**	Policy and strategic plan document elaborated
		• Adequately manage tuberculosis cases at the community level	2005/2007		Number of detected / treated cases. Reports carried out on the counseling actions
		• Strengthen epidemiological capacity and monitoring	2005/2007	In progress.	Quantity of medicines, equipments and consumable products acquired Number of technical staff trained
		• Prevention through BCG immunization (included in child health programs)	2005/2007	In progress.	Rate of vaccination coverage
	- Develop and implement promotional, preventive, and protective activities aimed at target groups of the population, and particularly	CHILDHOOD SURVIVAL • Implement the Integrated Management of Childhood Illness (IMCI) strategy in all health units, including activities to fight malaria	2005	Seeking new partners	Actions of the AIDI (Integrated Attention to Childhood Illnesses) strategy in progress

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	children, adolescents, youth, women of child-bearing age, workers, and the elderly	• Provide health units with essential medicines and oral rehydration serum in connection with the IMCI strategy	2005		Report on the development of actions
		• Provide infrastructure with equipment and materials for immunization and treatment of common childhood diseases	2005/2007	Seeking financing	Childhood mortality rate (of children under 5 years of age)
		• Prevention through immunization against the major childhood diseases	2005	In progress.	Number of babies delivered assisted by qualified health personnel
		• Integrated activities to develop school health in partnership with the MEJC [(*Maternidade Escola Januário Cicco*]	2005	In preparation.	Number of actions developed.
		INTEGRATED CARE FOR ADOLESCENTS AND WOMEN			Mortality rate of mothers
		• Provide integrated reproductive health care in health units (prenatal, postnatal, contraception, STD/AIDS, nutrition, counseling, etc.)	2005-2007	Partial support by the United Nations – seeking new partners	Number of pregant women who use medical facilities Number of baby deliveries assisted in medical facilities Fertility rates by region and district
		• Strengthen basic obstetric care in the districts and improve the supply of emergency obstetric care	2005	Seeking funding	Report on the situation
		• Implement the strategy of double protection to reduce the incidence of unwanted pregnancy and STD/AIDS	2005/2007	In progress.	Report on the development of the strategy.

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	- Help improve the nutritional status of the population, particularly the target groups	• Promote consumption of foods rich in iron, folic acid, and vitamin A, as well as periodic supplements for the high-risk population with vitamin A and other micronutrients	2005/2007	In progress.	Rate of childhood mortality due to malnutrition (of children under the age of 5)
		• Epidemiological and nutritional monitoring in all health units and in the communities	2005/2007		Number of children who benefited from the support of the nutritional recuperation program
		• Promote breast feeding exclusively to six months of age, specifically in the communities	2005		Number of children who benefited from the vitamin A supplements
		• Multi-sectorial integration for food and nutrition security issues	2005/2007		Report on the integration actions developed
	- Guarantee access for citizens to specialized (tertiary) care by improving the quality of services at the Dr. Ayres de Menezes Hospital	• Strengthen the intervention capacity of the central hospital	2005	Seeking financing	Number of infrastructures rehabilitated Quantity of medicines, consumable products and reactive agents acquired and available Number of enabling actions carried out Number of enabled frameworks
		• Equip the national health service with a reference and cross reference system	2005	Made compatible with the framework of the State's General Budget of 2005	Reference and counter-reference system in use

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	- Contribute to the national effort to eliminate environmental conditions that lead to a poor quality of life for the population and hobble development	• Prepare standards and mechanisms to monitor drinking water supply and environmental conservation efforts	2005/2007		Accompanying norms to the sanitary actions in use.
PILLAR 5: ANALYSIS, MONITORING, AND EVALUATION OF POVERTY					
Mechanisms for monitoring and evaluation of the NPRS	- Promote a framework for monitoring, evaluation, and periodic updating of the NPRS	• Establish an NPRS coordination unit	2005	Proposal elaborated for the creation of an implementation structure; Dispatch proposal submitted to be approved.	Legal diploma of the institutional framework for the implementation of the strategy (ENRP) approved by the Council of Ministers
		• Establish a network of cooperation with national technical experts to conduct specific consultations in the framework of the NPRS	2005	After the creation of the implementation structure.	Report on the situation
		• Establish and periodically update a database on poverty in São Tomé and Principe	2005	With support of the PNUD Expectations of DEVINFO use.	Matrix elaborated of the measures and indicators (Execution Matrix) to evaluate the ENRP's implementation

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Promote coordination of initiatives and activities under the NPRS	2005		Indication and/or designation carried out of antennas in the relevant ministries and institutions as to guarantee the implementation process of the ENRP
Poverty reduction program—living conditions	– Gradually improve living conditions for the poor populations in urban and rural areas in the next 15 years	Use the results of the general population and housing census (RGPH/2001) to define and assess the status of São Tomé and Principe's housing regime	2005		Report elaborated on the housing situation
		Conduct a three-year assessment of changes in São Tomé and Principe's housing situation	Every three years		Cf. previous
		• Update the weights used in the consumer price index (CPI)	2005		Update made
		• Survey on household living conditions (ICVF)	2005		Survey carried out
	– Improve health conditions of the poor through the promotion of basic health coverage for all	• Implement a system of indicators to measure changes in the country's health situation	2005/2006	Seeking funding	System of indicators established
	– Improve transportation and road access conditions for poor populations	• Conduct studies on the impact of transportation expenditure on household budget expenditure of the poor	2005/2006	To be prepared by the National Institute of Statistics (Instituto Nacional de Estatística, INE)	Studies made
Poverty reduction program—potential	– Define and assess the deficit in terms of material potential for the poor	• Conduct studies on the physical or financial capital deficit that affects material poverty and the effort required to move above the poverty line	2005/2007	Seeking funding	Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	– Define and assess the deficit in terms of human potential for the poor	• Conduct studies on the human capital deficit (level of health and education) that affects material poverty and the effort required to move above the poverty line	2005/2007	Seeking funding	Cf. previous
	– Define and assess the deficit in terms of social potential for the poor	• Conduct studies on the social capital deficit (networking, better employment, occupational training, area of information, etc.) that affect material poverty and the effort required to move above the poverty line	2005-2007	Seeking funding	Cf. previous
Program to reduce the non-economic dimension of poverty	**Human poverty reduction** – Reduce social poverty	• Conduct studies on weakening or strengthening trends in social ties within the family in São Tomé and Principe, the problem(s) of social integration, social exclusion processes, and various forms of abandonment	2005	Seeking funding.	Cf. previous.
		• Produce and disseminate social indicators on poverty trends	2005/2007		Indicators produced and divulged.
	– Reduce cultural poverty	• Conduct a study on the influence of exogenous factors and current problems in assumption of specific national cultural practices and values (difficulties in practicing specific traditions, refusal to share certain cultural expressions, failure to acknowledge one's identity, etc.)	2006/2007	Seeking funding.	Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	– Reduce political poverty	• Conduct a study on the level of citizens' involvement in major decisions and in the problems that affect the future of São Tomé and Principe (whether or not they can participate in difficult decisions, difficulty or inability to join associations, practice of human rights violations, among many others)	20005/2006	Seeking funding.	Cf. previous.
	– Reduce ethical poverty	• Conduct a study on the situation (or deterioration) of moral and ethical values in society (increase in violence, delinquency, and corruption; loss of common values in society; among many others)	2005	Seeking funding.	Cf. previous.

Appendix 2. Quantified Objectives for Poverty Reduction Indicators and Goals[2]

NPRS Objectives/Objectives and indicators			4th Draft NPRS §	Sources of Information	Unit	Reference status		Indicative Targets		
						Date	Indicator	2005	2010	2015
1. General Objectives – Reduction in Poverty[3]										
Population – projections reflect an annual growth rate of 2.5 percent				INE – General population and housing census (RGPH) – August	Thousands	2002	145	156	177	200
Spatial population distribution	Urban: Of which poor		§ 50	Poverty profile study, 2000-2001. UNDP-AfDB-ILO, May 2001	Percentage of the population	2001	55.6 60	56 50	58 30	60 20
	Rural: Of which Poor		§ 50	Poverty profile study, 2000-2001. UNDP-AfDB-ILO, May 2001	Percentage of the population	2001	44.4 80	44 70	42 40	40 25
Poverty incidence[4]	Urban areas	P0 P1 P2		Poverty profile study, 2000-2001. UNDP-AfDB-ILO, May 2001 *Pauvreté et santé* – August 2002	Percentage of the population	2001	45.0 14.9 6.8	37*	22*	15*
	Rural areas	P0 P1 P2		Poverty profile study, 2000-2001. UNDP- AfDB- ILO, May 2001 *Pauvreté et santé* – August 2002	Percentage of the population	2001	64.9 24.7 12.4	57*	33*	20*

- [2] n.e. = Figures not estimated.
- n.a. = Figures not available.
- * Estimated.
- [3] See definitions in section 1.3 of the NPRS and specialized bibliography (PRSP, World Bank – Monitoring and Evaluation).
- [4] Po= Poverty incidence (national average = 53.8 percent); P1= depth of poverty; P2 = intensity of poverty.

NPRS Objectives/Objectives and Indicators		4th Draft NPRS §	Sources of Information	Unit	Reference status		Indicative Targets		
					Date	Indicator	2005	2010	2015
Population income at the poverty line. Projections based on growth rates in GDP – IMF (02-05=5 percent); (06-10=37.3 percent) and (11-15=5 percent)		§ 36	Survey on household living conditions (INE, November 2000-February 2001)	Thousands of dobras per year per capita US$ per year per capita	2001 2001	2,639 294	357*	1,742*	2,223*
Poverty profile	Poor population	§ 47	Poverty profile study, 2000-2001. UNDP-AfDB-ILO, May 2001	Percent	2001	53.8	51.1	26.9	17.7
	Population at poverty line	§ 47	Poverty profile study, 2000-2001. UNDP-AfDB-ILO, May 2001	Percent	2001	38.7	37.5	19.4	12.8
	Population in extreme poverty situation	§ 47	Poverty profile study, 2000-2001. UNDP-AfDB-ILO, May 2001	Percent	2001	15.1	14.3	7.5	4.9
Share of expenditure on food in the household budget	Poor	§ 55	INE – Consumer Price Index	Percent	2001	74.8	n.e.	n.e.	n.e.
	Extremely poor	§ 55	INE – Consumer Price Index	Percent	2001	79.1	n.e.	n.e.	n.e.
Share of expenditure on health, education, and housing in the household budget	Poor	§ 55	INE – Consumer Price Index	Percent	2001	5.1	n.e.	n.e.	n.e.
	Extremely poor	§ 55	INE – Consumer Price Index	Percent	2001	4.4	n.e.	n.e.	n.e.

NPRS Objectives/Objectives and indicators	4th Draft NPRS §	Sources of Information	Unit	Reference status		Indicative Targets		
				Date	Indica-tor	2005	2010	2015
2. Economic and financial policy – acceleration in economic growth								
Average annual growth rate in GDP		IMF – October 2002	Percent	2002	5.0	5.0	37.3	5.0
Per capita gross national product		IMF estimates – October 2002	US$	2002	443	519	1,558	1,988
GDP deflator		INE	Percent	2001	8.6%	n.a.	n.a.	n.a.
Share of private consumption in GDP		INE	Percent	2001	87.9%	n.a.	n.a.	n.a.
Share of investment in GDP		INE	Percent	2001	24.1%	n.a.	n.a.	n.a.
External sector								
Exports (f.o.b.)		IMF (October 2002)	Millions of US$	2002	6.5	6.4	393.0	n.a.
Imports (c.i.f.)		IMF (October 2002)	Millions of US$	2002	27.2	180.8	175.0	n.a.
Coverage rate (Exports/Imports)		IMF (October 2002)	%	2002	23.4%	3.5%	124.6%	n.a.
Budget								
Current domestic revenue Percentage current revenue in GDP		Ministry of Planning and Finance (MPF)	Billions of dobras Percent	2001 2001	95.6 17%	20%	25%	30%
Current expenditure		MPF	Billions of dobras	2001	92.2			
Overall balance – general gov. budget		MPF	Billions of dobras	2001	-158.9			
Macroeconomic stability – prices and exchange								

NPRS Objectives/Objectives and indicators	4th Draft NPRS §	Sources of Information	Unit	Reference status		Indicative Targets		
				Date	Indica-tor	2005	2010	2015
Inflation rate (in percent)		IMF estimates IMF – October 2002	Percent	2002	9.2%	4.0	3.0	3.0
Average annual rate of change in the Dobra vis-à-vis the U.S. dollar		Central Bank of São Tomé and Principe (BCSTP)	Dobras	2001	8,842			
Exchange rate differential between the dobra and the U.S. dollar (parallel and official exchange rate)	§ 33			2000	5%			
External debt/GDP ratio (in percent)	NPRS Pg. 32	First national seminar on external debt strategy, October 19-31, 2000	Percent	Dec. 1999	624%			
Agricultural and rural development								
Incidence of extreme poverty in the population located in rural areas		Poverty profile study, 2000-2001. UNDP-AfDB-ILO, May 2001	Percent	2001	80	70	40	25
Share of the agricultural sector in GDP		National Statistics Institute (INE)	Percent	2001	22%			
Investments in replanting of cocoa plantations		NPRS Action Plan	Hectares			2,000	2,000	3,000
Investments in replanting of coffee plantations		NPRS Action Plan	Hectares			2,000	2,000	3,000

NPRS Objectives/Objectives and indicators	4th Draft NPRS §	Sources of Information	Unit	Reference status		Indicative Targets		
				Date	Indicator	2005	2010	2015
Support for family agriculture in planting Robusta and Arabica coffee		NPRS Action Plan	Hectares				1,000	1,000
Construction of agricultural roads		NPRS Action Plan	Kilometers			85		
Beneficiary families (parcels of land)	§ 276		No. of families Total beneficiaries	1993-2000	8,297 40,000[5]			
Tourism								
Sector contribution to GDP	§ 206		Percent		n.a.	5-7	8	10
3. Social sectors								
Employment								

[5] Half of the rural population.

NPRS Objectives/Objectives and indicators		4th Draft NPRS §	Sources of Information	Unit	Reference status		Indicative Targets		
					Date	Indicator	2005	2010	2015
Active population (defined as persons 10 years of age or older), Of which: - Economically active - Inactive, Of which: Students Women working as homemakers			INE – Survey on household living conditions (2000-2001)	Number Number Percent Number Percent Number Percent	2001	92,337 43,839 47.5% 48,498 52.5% 23,586 19,195			
Other indicators: - Economically active population employed - Unemployed population who have already held jobs - Unemployed population – first job					2001	85.6% 5.5% 8.9%			
Education									
PRIMARY EDUCATION	Net school enrollment rate[6]		Education sector projection sheet	Percent	2002	79.85	87.0	97.0	100
	School enrollment	§ 95	Idem		2000-01	22,270	31,091	44,011	62,000
	Efficacy coefficient		Idem	Percent	2001	56.0	80.0	90.0	100
	Gross school enrollment level for girls		Idem	Percent	2000-01				

[6] Private primary education covers years 1-6, beginning with the 2005-2006 school year.

NPRS Objectives/Objectives and indicators		4th Draft NPRS §	Sources of Information	Unit	Reference status		Indicative Targets		
					Date	Indicator	2005	2010	2015
	Ratio of students per instructor Ratio of students per classroom Ratio of shifts per classroom		Idem	Number Number Number	2002 2002 2002	33 31 2.1	30 30 2	30 30 2	30 30 2
	Instructors holding academic degrees		Idem	Percent	2002	45.5	60	70	80
SECONDARY EDUCATION	Proportion of girls entering secondary school								
	Ratio of shifts per classroom		Idem	Number	2002	1.5	1.5	1.5	1.5
	Ratio of students per classroom		Idem	Number	2002	47	40	35	30
	Ratio of students per instructor in secondary Education		Idem	Number	2002	32	30	30	25
Literacy rate for youths and adults			Idem	Percent	2001	80.7	85	95	100
Share of Education expenditure in the general state budget		§ 334	Idem	Percent	1999	10.8	17	17	17
Share of capital expenditure on education in the total Public Investment Program (PIP)			PIP	Percent	2000	6.7			
Share of household expenditure on education (enrollment, books, and materials)			INE – CPI weightings	Percent	2002	0.4			

NPRS Objectives/Objectives and indicators		4th Draft NPRS §	Sources of Information	Unit	Reference status		Indicative Targets		
					Date	Indicator	2005	2010	2015
Health and Nutrition									
Life expectancy from birth			*Pauvreté et santé* – August 2000	Years	2002	65			
Combined fertility index			Poverty Reduction Strategy Paper – Health Sector	Rate	2000	2.8			
Population per health technician	Doctors Nurses Midwives		*Pauvreté et santé* – August 2002 Directorate of Human Resources in Health	Number	2000	7,414 1,963 33,364			
Infant mortality rate			*Pauvreté et santé* – August 2002	Per thousand	2000	62			
Maternal mortality rate			*Pauvreté et santé* – August 2002	Base = 100,000	2000	122			
Immunization coverage rate			*Pauvreté et santé* –August 2002 – Q.8.4 Arithmetic mean of district percentages	Percent	2000	85.5			
Rate of assisted births			*Pauvreté et santé*–August 2002 – Q.8.16	Percent	2000	58.5			
Prematurity index (low birth weight)		§ 375	MICS 2000	Percent	2000	15.2			
Prevalence of HIV infection cases in pregnant women		§ 360		Percent	1996	3%			
HIV positive status in blood donors HIV positive status attributed to blood transfusions		§ 360; 361		Percent	1996	1% 15%			

NPRS Objectives/Objectives and Indicators		4th Draft NPRS §	Sources of Information	Unit	Reference status		Indicative Targets		
					Date	Indicator	2005	2010	2015
Death in children under five years of age attributed to malnutrition		§ 124		Percent	2001	15%			
MALARIA	Prevalence in the population Share in main causes of death		*Pauvreté et santé* – August 2002	Percent	2000	80% 24%			
	Cause of death in children under five years of age	§ 358		Percent		50%			
Health units providing maternal health care and family planning services		§ 354		Percent		73%	75%	90%	100%
Population 15-65 years of age suffering from nonspecified diseases that may be sexually transmitted		§ 359	Transverse study covering six districts	Percent	1991	47%			
Geographic access to district health centers	Less than 30 min. Less than one hour More than one hour		São Tomé and Principe Health Charter, 2000	Percent	2000	65.1 85.5 14.5			
Share of health expenditure in the state budget			PIP	Percent	2001	7	13	13	13
Share of capital expenditure on health in the PIP			PIP	Percent	2000	4.8			

NPRS Objectives/Objectives and Indicators	4th Draft NPRS §	Sources of Information	Unit	Reference status		Indicative Targets		
				Date	Indicator	2005	2010	2015
Share of household expenditure on health (medicine and services)		INE – CPI weightings	Percent	2002	1.3			
Share of household expenditure on food (food and beverages)		INE – CPI weightings	Percent	2002	71.8			
4 – Infrastructures and environment								
Water and sanitation								
Rate of connections to public water systems	§ 52	Poverty profile study, 2000-2001. UNDP-AfDB-ILO, May 2001	Percent	2001	19.6	25	50	60
Share of water requirements in household expenditure		INE – CPI weightings	Percent	2002	0.2			
Family units having septic tanks or connected to public sewer systems	§ 52	Poverty profile study, 2000-2001. UNDP-AfDB-ILO, May 2001	Percent	2001	16	25	75	90
Use of sanitary facilities: Modern WCs Latrines Other	§ 398	*Pauvreté et santé* – August 2002	Percent	2000	16.1 12.3 71.6			100
Energy								

NPRS Objectives/Objectives and Indicators	4th Draft NPRS §	Sources of Information	Unit	Reference status		Indicative Targets		
				Date	Indica-tor	2005	2010	2015
Population having access to electricity, national level			**Percent**					
Per capita consumption (National), Kwa [?]			**Kwa per Person**					
Living conditions in suburban districts								
Population covered			**Number**					
Access to drinking water			**Percent**					
Access to electricity			**Percent**					
Coverage, latrines and basic sanitation			**Percent**					
Environment								
Level of solid waste collection and transport in urban and suburban areas	§ 398		Percent					100

Appendix 3. NPRS Monitoring and Assessment— Proposed Indicators

Sector(s)	Area(s) of intervention	Monetary indicators
Poverty reduction		Current quantification of the poverty line -Expenditure under programs addressing employment for the poor -Number of beneficiaries of programs addressing employment for the poor
	Dimension of poverty	Number of poor persons (n) Poverty incidence (P_0) - Percentage of the population whose consumption levels are below the poverty line - Percent of the population in extreme poverty *vs.* total poor population Depth of poverty (P_1)
	Structure of poverty	Contribution of regions, vulnerable groups, and socioprofessional class groups in the poverty structure
	Role of the state in redistributing the benefits of economic growth Income and consumption disparities	Severity of poverty (P_2) Gini index, income and consumption of the richest 10 percent and the poorest 10 percent Revenue/expenditure of the richest 20 percent/total population expenditure
State under rule of democratic law	Capacity building for the legislative branch Political and institutional stability	- Entry into force of the revised Constitution - Availability of information services on parliamentary activities - Implementation of the Constitutional Council - Implementation of the Council of State - Assessment of the length of government terms - Period between government overhauls - Efficiency in maintaining public order

Sector(s)	Area(s) of intervention	Monetary indicators
Justice	Strengthening of the courts	- Implementation of the Justice Inspectorate - Accessibility and convenience for citizens of the justice authorities
Management of public assets	Improvement of management	- Application of the national chart of accounts - Coherent revenue and expenditure budget - Reactivation of the process of inventorying public assets - Existence of anticorruption legislation - Entry into operation of the Court of Auditors
Decentralization	Commensurate adaptation of local governments	- Revision of laws on decentralization - Forms of financing for regional and local units of government - Level of autonomy for regional and local units of government - Forms of linkage with the central authorities - Degree of citizens' participation in regional and local affairs
General government	Reduction in bureaucracy Streamlining of administrative processes	- Level of access to government services - Efficiency and timeliness in administrative services - Level of decentralization of administrative services - Waiting time to receive a reply, requested document, or correspondence - Availability of qualified professionals at the appropriate posts - Handling of cases of corruption
Civil society	Organization, involvement, and participation	- Functioning of the Council on Social Cooperation and Coordination - Number of institutions representing civil society - Areas and interests represented - Forms and quality of operations

Sector(s)	Area(s) of intervention	Monetary indicators
		- Level of support for initiatives of economic, social, and cultural interest - Type of relations with public institutions, the private sector, and communities
Communication and information	Promotion of information and participation	- Degree of radio and television coverage - Guaranteed freedom of the press - Citizens' participation - Access to communication media

Sector(s)	Area(s) of intervention	Monetary indicators
Economic and financial policies	Accelerate economic and redistributive growth	Per capita GDP Annual GDP growth rate for the past 10 years and projected Annual growth in GDP, agriculture Rate of investment (in percent of GDP) in the past 10 years Gross foreign exchange reserves (in months of imports) Ratio of public debt to GDP (in percent) Inflation rate for the past 10 years and projected trends National and regional CPI Trends and structure of the general state budget (OGE) during the past 10 years and projected trends Financing sources for the Public Investment Program Structure of foreign aid for investment by source of financing Level of external aid for development by sector Amount of technical cooperation that São Tomé and Principe has received by sector

Sector(s)	Area(s) of intervention	Monetary indicators
Agriculture and rural development	Support for small farmers to increase agricultural yields and reduce poverty in rural areas in particular, and in the country, in general	Per capita food production index Value of seed imports (vegetables and cereal) per year Value of agricultural equipment imports per year Value of food imports (cereals, garlic, onions, potatoes, and other plant products) per year Import value of other foods per year Quantity (by weight) of food (cereals, garlic, onions, and other plant products per year Trends in food aid, cereals Trends in household food consumption Total persons requesting land to engage in agriculture *vs.* total persons obtaining land Total persons obtaining land - What economic and agricultural policy indicators should be used to estimate agricultural production and stimulate diversification of agriculture, in particular, and the primary sector in general

Sector(s)	Area(s) of intervention	Nonmonetary indicators
Social sectors		Human development indicator (HDI) Human poverty indicator (HPI) State budget expenditure per sector (health, Education, housing, employment, etc.) Average expenditure per capita per sector analyzed, as indicated above
	Promotion of food security and nutritional equilibrium	Overall value of international food aid Per capita food aid Level of disposable income per capita Average food expenditure per household member Monetary value of food in the household income (or expenditure) structure Share (percent) of specific key products in the diet Percentage of children suffering from chronic nutritional deficiencies Percentage of children having low birth weight/total births Percentage of children having low birth weights/total births [sic] Nutrition index
		Number of aged persons benefiting from support and assistance from social action [*Acção Social*] per year

Sector(s)	Area(s) of intervention	Nonmonetary indicators
Health, population and gender	Monitor population growth trends	(Trends in) the demographic birth rate Population structure (gender, age) Percent of children under 15 years of age *vs* total population Percent of the population deficient *vs* total population Life expectancy at birth by gender Spatial population distribution (by gender and age) Domestic migratory flows of the population: - District / District - District / City - Rural / Urban

Sector(s)	Area(s) of intervention	Nonmonetary indicators
	Promote basic health for everyone	Share of the domestic budget (income or expenditure) devoted to health care in the household/household income (or total expenditure) Share of the domestic budget (income or expenditure) devoted to malaria Average cost of medicine and treatments Degree to which medicines are available in São Tomé and Principe Number of persons per doctor Number of persons per nurse Number of consultations per district Number of midwives per district Consultations by type of family unit Immunization coverage rate Number of births assisted by qualified health workers Morbidity rate, malaria Infant mortality rate (percent) - Mortality by cause of death - Infant mortality by cause of death - Morbidity by most frequent disease (diarrheal and respiratory diseases, etc.) Maternal mortality rate Infant mortality rate (children under five years of age) Number of infections or frequency of infection with diarrheal disease Family size and structure per social category Incidence of STDs in pregnant women Incidence of HIV Mortality rate owing to malnutrition (children under five years of age) Level of availability of information on nutrition Coverage rate for pregnant women frequenting health centers Rate of assisted births in health centers Fertility rate by district (and/or region) Population covered with a health center, one hour's walk Population covered with a health center, one-half hour's walk Population covered with a health center more than one hour's walk Share of health budget in GDP (percent) Share of health budget in general state budget (percent) Capital expenditure in the health budget (percent) Wage expenditure in the health budget (percent) Health expenditure in total household budget (percent) Health expenditure in total household expenditure (percent) in the poorest 20 percent of households Health expenditure in total household expenditure in the richest 20 percent of households [missing text ?]

Sector(s)	Area(s) of intervention	Nonmonetary indicators
		Health expenditure in total household expenditure (percent) Health expenditure in total household expenditure (percent) in the 20 poorest households Health expenditure in total household expenditure (percent) in the 20 richest households. [missing/hidden text ???]

Sector(s)	Area(a) of intervention	Nonmonetary indicators
Education and literacy	Access to basic Education and literacy for everyone	Average household expenditure on education per member of the household Share of household budget (income or expenditure) earmarked for education in the household Condition of school upkeep per district Average household expenditure per family member (student) Gross school enrollment rate Gross school enrollment by level of education (primary, secondary, lyceum, technical, and pre-university) by gender, age, and district Net school enrollment, basic education Rate of transition between cycles (primary, secondary, and pre-university) Pass rate, 4th class School drop-out rate Repeater rate Number of requirements to be completed before students enter school Acess to student homes or housing Level of training, instructors Percentage women in education School enrollment ratio according to gender (male vs. female) Ratio of students per classroom Ratio of students per instructor Literacy rate (overall, by gender, socioprofessional category, etc.) Average distance traveled to school Number of adults covered by literacy efforts per year

Sector(s)	Area(a) of intervention	Nonmonetary indicators
Employment and social solidarity	Access to employment, enhanced productivity and capacity to create own employment (self employment)	Active population and its description (education, qualification, etc.) - Number of jobs created - Total number of unemployed persons enrolled in employment services Unemployment rate - Number of unemployed persons by gender and age group - Number of unpaid workers, family - Number of new family enterprises created - Number of unemployed persons seeking first job
		-Employment by economic activity sector Multiple activity rate [*taxa de pluriactividades ?*] Informalization rate (informal sector) of job generating activities Wage level in informal economic activities Wage level per hour (in various economic sectors, public and private) Percentage women engaged in income generating activity Sectors covered by occupational training Cost and other conditions of access to occupational training Number and type of projects implemented to provide occupational training Number of jobs created in the beneficiary sectors in connection with occupational training

	Protection of vulnerable groups and social integration	Percentage women heads of household Percentage single-parent households Number of street children Number of orphans suffering from AIDS Number of centers addressing abandonment and social exclusion
Housing, drinking water, and environmental sanitation	Improved standard of living for the population	Percentage of households per type of housing Percentage of households per type (or status) of housing occupation Percentage of the home rental payment in total household expenditure Average number of occupants per housing unit Form of household waste removal Percent of houses equipped with sanitary facilities Type of link to a sewer system Form of drinking water supply Rate of access to drinking water Rate of access to electricity
Transportation	Improved access to mass transportation Opening of access to production areas Promotion of commercial exchange	Average transportation expenditure per member of household Share of household budget earmarked for transportation for members of the household Waiting time for mass transportation Average transport time (including waiting time) *vs.* distance to destination Distance from the nearest urban center Distance from the capital Feasibility of access per type of transportation

N.B. When necessary and/or possible, all indicators should reflect inequality by gender, social group, region, etc., in order to reflect specificity for more effective targeting of poverty reduction policies.

LIST OF NPRS STRATEGIES INCLUDED IN THE 2003 GENERAL STATE BUDGET

Sector	Activities	/a 2003 [?]	Financing agency
PRIVATE SECTOR	Training and supervision for the private sector (9th EDF)	27,000	EU
PRIVATE SECTOR	Support to the fishmongers' association	50,000	AfDB
PRIVATE SECTOR	Support for other private initiatives	270,000	AfDB
PRIVATE SECTOR	Support for the association of hairdressers	50,000	AfDB
PRIVATE SECTOR	Support for product processing	50,000	AfDB
PRIVATE SECTOR	Support for the association of tailors and fashion designers	80,000	AfDB
PRIVATE SECTOR	Support for the association of carpenters and cabinet makers	50,000	AfDB
PRIVATE SECTOR	Support for the association of core baking [*estufadores* ?] and vulcanization facilities	50,000	AfDB
PRIVATE SECTOR	Producer survey	11,480	Treasury
PRIVATE SECTOR	Harmonized survey to enterprises	10,630	Treasury
AGRICULTURE	Equipment /b	100,000	SF
AGRICULTURE	Adaptation of facilities	52,500	SF
AGRICULTURE	Contracting of topographers and specialists /c	70,000	SF
AGRICULTURE	Training	20,000	SF
AGRICULTURE	Notarial and property registers and institutional support	32,000	SF
AGRICULTURE	Establishment of the agricultural credit system /f	4,000	PORTUGAL
ENERGY	Feasibility studies on privatization investments	18,000	WB
ENERGY	Rehabilitation, electromechanical component, Rio Contador	500,000	EU
ENERGY	Completion, electrification, northern and southern Príncipe	11,000	SF
ENERGY	Electrification, Diogo Simão/Torres Dias	110,000	SF
ENERGY	Electrification, Monte café	55,000	SF
ENERGY	Electrification, Agua Telha	25,000	SF
ENERGY	Public lighting in the city of Santana	28,000	SF
WATER AND SANITATION	Water system, Moreira II, III, and IV /c	350,000	BADEA
WATER AND SANITATION	Water system, Moreira II, III, and IV /c	8,510	Treasury
WATER AND SANITATION	Water system, Clara I and II /d	328,000	BADEA
WATER AND SANITATION	Introduction of treatment systems /j	8,000	EMAE
WATER AND SANITATION	Rehabilitation, Metropolitan Water and Energy Company (EMAE) /k	50,000	EMAE
WATER AND SANITATION	Protection of collection mechanisms in rural areas /l	15,000	EMAE
WATER AND SANITATION	Capacity building, EMAE /m	78,000	EMAE
WATER AND SANITATION	Water supply, Boa Entrada-Guadalupe	77,970	TAIWAN
WATER AND SANITATION	Water extension, Canga-Obo Longo-Folha Fede	270,000	TAIWAN
WATER AND SANITATION	Rehabilitation of the water system, Almeirim to Melhorada	54,250	HIPC
WATER AND SANITATION	Construction of drainage works behind Estadio 12 de Julho	159,570	HIPC
WATER AND SANITATION	Drainage of land, Angolares [*prédio angolares* ??]	8,190	Treasury
WATER AND SANITATION	Processing of solid urban waste	200,000	TAIWAN
TRANSPORTATION	Updating and modernization of signs	21,270	Treasury
TOURISM	Languages, Tourism	1,500	WB
TOURISM	Management, Tourism	3,000	WB
TOURISM	Computer services, Tourism	2,000	WB
TOURISM	Marketing promotion techniques /b	22,500	SF
TOURISM	Ecotourism /c	22,500	SF
TOURISM	Oversight and inspection /d	22,500	SF
TOURISM	Tourism statistics /e	5,310	Treasury
TOURISM	Domestic training in the area of tourism	5,319	Treasury

Sector	Activities	/a 2003 [?]	Financing agency
TOURISM	Legislation on tourism	5,000	BM
TOURISM	Showcasing sites of interests for tourism and signs	15,000	SF
TOURISM	Training of professional staff for the hospitality industry /j	12,000	SF
ENVIRONMENT	Other activities, UNDP financing /c	48,000	UNDP
AGRICULTURE	Program of participative support for family scale agriculture	480,000	IFAD
AGRICULTURE	Support for production and marketing of peppers	342,000	SPAIN
AGRICULTURE	Support for vanilla production	200,000	SPAIN
AGRICULTURE	Program to support biological cocoa production and processing	262,000	IFAD
AGRICULTURE	Support for manioc processing	10,000	AfDB
AGRICULTURE	Support for agricultural diversification	300,000	TAIWAN
AGRICULTURE	Cost for research and development, Robusta and Arabica coffee	71,055	IFAD
RANCHING	Project to support ranching development /b	351,000	AfDB
FISHERY	Implementation, Neves fishery complex /b	300,000	SPAIN
FISHERY	Importing of fishing equipment /c	50,000	EU
FISHERY	Construction of a fish concentration unit (DCPS) /d	50,000	EU
FISHERY	Extension of new types of outrigger canoe /e	150,000	EU
FISHERY	Institutional support for the Directorate of Fishery	45,000	EU
FISHERY	Identification of biological components and statistical activities	50,000	EU
FISHERY	Participative support program for artisanal fishery	590,000	IFAD
FISHERY	Training of professionals in the fishery sector	40,000	EU
INFRASTRUCTURE	Preliminary studies	315,000	EU
INFRASTRUCTURE	Rural roads, 8th EDF	500,000	EU
INFRASTRUCTURE	Rehabilitation of Cidade St. Antómio- Bela Vista road	35,000	SF
INFRASTRUCTURE	Completion of Bombom, Cova Barro-Pantufo road	266,130	HIPC
INFRASTRUCTURE	Completion of Riboque-bobo forro road	71,880	HIPC
INFRASTRUCTURE	Construction of Riboque-Ponte graça road	238,000	SF
INFRASTRUCTURE	Construction, Mesquita to Santarem Cantanhede, phase 2	236,800	HIPC
INFRASTRUCTURE	Completion, rehabilitation of Guadalupe-Morro Peixe road	141,530	HIPC
INFRASTRUCTURE	Rehabilitation of Santana-Zandrigo road	18,000	SF
INFRASTRUCTURE	Stone road rehabilitation, MESA EN1 [?]	175,000	SF
INFRASTRUCTURE	Completion, rehabilitation of street, Bairro Popular Santana	66,340	HIPC
INFRASTRUCTURE	Construction of low-cost housing	425,530	Treasury
INFRASTRUCTURE	Rehabilitation of Bairro Sucata	417,000	FRANCE
SUPPORT PROGRAM FOR THE AGRICULTURAL SECTOR	Artisanal processing **** /e	10,000	AfDB
SUPPORT PROGRAM FOR THE AGRICULTURAL SECTOR	Purchase, installation of freezers p.a [?]	165,000	TAIWAN
SUPPORT PROGRAM FOR THE AGRICULTURAL SECTOR	Support for grassroots communities /f	60,000	UNDP
SUPPORT PROGRAM FOR THE AGRICULTURAL SECTOR	Integration of females into productive activities /g	376,987	UNDP
EDUCATION	Construction of 40 new classrooms /c	500,000	SF
EDUCATION	Construction of 40 new classrooms /c	500,000	HIPC
EDUCATION	Construction and equipment of eight classrooms, Almas, phase 2	72,000	TAIWAN
EDUCATION	Construction of 1,200 school desks	31,910	HIPC
EDUCATION	Rehabilitation of fencing and pavement, Atanasio Gomes	196,800	HIPC
EDUCATION	Rehabilitation of primary school, Sundy	20,210	HIPC
EDUCATION	In-service training for basic education instructors /f	28,700	HIPC
EDUCATION	Training for early childhood teachers	20,000	Treasury

Sector	Activities	/a 2003 [?]	Financing agency
EDUCATION	Construction and furnishing of student housing	400,000	SF
EDUCATION	Instructors, lyceum and IDF [?]	67,200	PORTUGAL
EDUCATION	Stipends abroad /k	106,380	Treasury
EDUCATION	Stipends abroad /k,	370,000	PORTUGAL
EDUCATION	Stipends abroad /k,	394,000	LIBYA
EDUCATION	Stipends abroad /k,	210,000	TAIWAN
EDUCATION	Domestic stipends	10,125	PORTUGAL
EDUCATION	Domestic stipends	15,957	Treasury
EDUCATION	Support for ISP [?], technological developments /l	24,000	PORTUGAL
EDUCATION	School maintenance /p	150,000	SF
EDUCATION	School water supply	191,480	HIPC
EDUCATION	Construction of two classrooms, library, Principe	64,000	EU
EDUCATION	Construction of two teachers' houses, Sundy	37,230	HIPC
EDUCATION	Construction of library, Santana	50,000	PORTUGAL
EDUCATION	Construction of library, Santana	20,000	SF
EDUCATION	Minor rehabilitation works, ISP	2,120	Treasury
EDUCATION	Rehabilitation of physical and chemical biology laboratory equipment, LN [?]	21,740	HIPC
LITERACY	Radio programs, adult literacy program	15,957	Treasury
OCCUPATIONAL TRAINING	Equipment for building, Ministry of TSSS [Labor, Health, and Social Services ?]	100,000	PORTUGAL
OCCUPATIONAL TRAINING	Preparation of regulations to define competencies in the sector	2,000	PORTUGAL
OCCUPATIONAL TRAINING	Study on assessment of training requirements	2,000	PORTUGAL
OCCUPATIONAL TRAINING	Training in priority areas /c	75,000	PORTUGAL
OCCUPATIONAL TRAINING	Conversion of laid off staff from general government /e	20,000	PORTUGAL
OCCUPATIONAL TRAINING	Occupational training for first job	784,000	PORTUGAL
OCCUPATIONAL TRAINING	Occupational training for first job	25,500	HIPC
HEALTH	Fight against malaria /p	400,000	TAIWAN
HEALTH	Fight against STDs and HIV/AIDS	70,000	WHO
HEALTH	IMCI immunization program	42,500	Treasury
HEALTH	Access to specialized care	1,918,000	PORTUGAL
HEALTH	Acquisition of identification camera, Lampada Fenda	15,420	HIPC
HEALTH	Acquisition of pediatrics equipment	431,000	SF
HEALTH	Acquisition of equipment for the training school for professionals	65,000	SF
HEALTH	Technical assistance, Aires de Menezes Hospital	300,000	SF
HEALTH	Training of professionals, Ministry of Health	44,000	ACBF
HEALTH	Preparation of architecture plant, health centers and sanitary facilities	6,000	SF
HEALTH	HOT [?], X-ray, and laboratory equipment, District of Lembá	29,780	Treasury
HEALTH	Health and sanitary information system	45,000	WB
HEALTH	Capacity building, Dr. A. Menezes analytical laboratory	202,000	SF
HEALTH	Reorganization of the reference and cross reference system for diseases	6,000	SF
HEALTH	Water supply, sanitation, fight against waterborne diseases	715,100	AfDB
HEALTH	Completion of laundry, water pipe to sanitary facility, Angra Toldo Cavalete	31,900.0	HIPC
HEALTH	Construction, Angra Toldo Praia community facility	19,140.0	HIPC
HEALTH	Construction, Monte Mario facility	20,140.0	HIPC
HEALTH	Intervention, Manuel Q.D. Graça Hospital	127,650.0	HIPC
HEALTH	Intervention, Manuel Q.D. Graça Hospital	150,000.0	SF
HEALTH	Remodeling and equipment of the Micolo center	43,000.0	SF

Sector	Activities	/a 2003 [?]	Financing agency
HEALTH	Functional support for the CNES	50,000.0	FRANCE
HEALTH	Purchase of essential medicines and laboratory consumables for Aires M and districts	400,000.0	EU
HEALTH	Acquisition of reagents for the Aires de Menezes and district hospitals	100,000.0	SF
HEALTH	Minimum health care package	101,000.0	EU
HEALTH	Serv. Integr. Activ. Commun. Mudanca Comport. Mat. [?] . STP-02-PO1	19,148.0	Treasury
HEALTH	Serv. Integr. Activ. Commun. Mudanca Comport. Mat [?]. SS R. STP-02-PO2	80,000.0	UNDP
HEALTH	Construction of a maternity facility, Lobata	150,000.0	SF
HEALTH	Construction of 400 latrines	88,000	AfDB
HEALTH	Maintenance, cleaning, and sanitation of 9,763 meters of canals	319,140	HIPC
HEALTH	Maintenance, cleaning, and sanitation of the capital and hospital environment	256,000	SF
HEALTH	Demographic and social strategies	10,630	Treasury
HEALTH	Integration of population variables	8,510	Treasury
HEALTH	Integration of population variables	65,000	UNFPA
HEALTH	Support for home improvement for the most underprivileged persons	21,270	HIPC
HEALTH	Construction of home for the aged in the region of Principe	75,000	PORTUGAL
HEALTH	Construction of home for the aged in the region of Principe	74,200	HIPC
GOVERNANCE/COURTS	Training of magistrates and justice auxiliaries	20,000	SF
GOVERNANCE/COURTS	Institutional support for the courts	20,000	SF
GOVERNANCE/COURTS	Training professionals in justice and public administration	78,000	ACBF
GOVERNANCE/ADMINISTRATION	Study on streamlining general government staff	21,000	BM
GOVERNANCE/ADMINISTRATION	Administrative reform	86,000	SF
MONITORING AND SUPPORT ACTIVITIES	Poverty reduction project	732,000	AfDB
MONITORING AND SUPPORT ACTIVITIES	Poverty reduction project	8,510	Treasury
MONITORING AND SUPPORT ACTIVITIES	Survey of the informal sector	30,000	AfDB
MONITORING AND SUPPORT ACTIVITIES	Survey, active population, employment and unemployment	15,950	Treasury
MONITORING AND SUPPORT ACTIVITIES	Plant production survey	10,630	Treasury
MONITORING AND SUPPORT ACTIVITIES	Household budget survey	42,550	Treasury
MONITORING AND SUPPORT ACTIVITIES	Household budget survey	150,000	SF
		22,519,727	-

REPORT ON THE NATIONAL SEMINAR TO VALIDATE THE NATIONAL POVERTY REDUCTION STRATEGY

OPENING REMARKS

The Seminar to Validate the National Poverty Reduction Strategy (hereafter NPRS) was held on December 10, 2002 at the Palace of Congresses. The purpose of the seminar was to obtain the most recent contributions from social partners prior to submission to the Council of Ministers for approval, ratification, and subsequent implementation beginning in 2003, in an open session involving the presentation of the document followed by a discussion.

In his brief opening remarks, Diógenes Pires dos Santos, Coordinator of the Permanent Secretariat on NPRS preparation, thanked Fradique Bandeira Melo de Menezes, President of the Republic; Maria das Neves, Prime Minister; and Maria dos Santos Tebús Torres, Minister of Planning and Finance; the other members of the Council of Ministers, members of the diplomatic corps; and all participants for attending the seminar. He also announced that the Minister and the President of the Republic, respectively, would be speaking.

The Minister opened her presentation by thanking those present for attending. She pointed out that one of the main constraints against NPRS implementation would be to obtain financing, which São Tomé and Príncipe's state revenue could not cover. The NPRS, however, could hopefully become a reality through the HIPC Initiative and the resulting relief of debt, which consumes 54 percent of current revenue. Four versions of the strategy paper were produced with the active participation of the whole society.

This exercise also serves as an instrument for sensitizing all development partners.

Such sensitization sends a message to São Tomé and Príncipe's leaders that resources generated in this connection should be applied to priority sectors, in a systematic fashion so that NPRS implementation will be uninterrupted through 2015, in order to achieve the desired progress. The Minister appealed for the allocation of greater resources to priority sectors such as education and health, while respecting gender equality, among other factors.

The President of the Republic took the floor next, and stated how pleased he was that the planned poverty reduction strategy was consistent with the main thrusts of his project for society presented in connection with his candidacy for president of the republic.

He then discussed the intrinsic roots of poverty as a social phenomenon, which he interpreted as being the lack of knowledge and ability in underdeveloped societies to fight disease, hunger, and penury.

He pointed out that, through NPRS implementation, São Tomé and Príncipe would at the same time be taking gradual steps toward reaching the objectives outlined and agreed upon by the various nations at the New York summit on the Millennium Development Goals.

The challenge for São Tomé and Príncipe is to find a model—ways to accelerate growth in the national economy to make it more competitive vis-à-vis external markets.

According to the United Nations report, governance is a key factor and considered a basic requirement for reducing poverty. Efficacy, however, should be used as a tool to

fight poverty in the framework of governance, transparency, and in the war against corruption.

It is also vital to guarantee peace, to invest in human resources, to give people access to the latest technologies; to modernize agriculture, improve infrastructures, promote regional integration to provide access to expanded markets, and to foster domestic and foreign private sector investment.

Poverty tends to perpetuate itself. The indiscriminate felling of trees and uncontrolled use of the beaches degrade the environment and destroy the country's own habitat.

Another extremely important factor in poverty reduction is the need to achieve gender equality.

As the incidence of poverty is greater in rural than in urban areas, we observe a one-way migratory flow from rural areas to the capital—another important factor to be overcome, as it correlates with increasing numbers of street children, higher levels of unemployment, prostitution, criminal activity, etc.

President Fradique Bandeira Melo de Menezes concluded by saying that poverty reduction is necessarily a political process as it requires the political support of all stakeholders, and calls for increased GDP and investment in education and health, among other essential measures.

The President closed his speech with words of thanks.

PRESENTATION OF TOPICS

I. PROFILE OF POVERTY IN SÃO TOMÉ AND PRÍNCIPE AND POVERTY REDUCTION STRATEGY

by Diógenes Pires dos Santos

The speaker first identified the various types of poverty that the generic term could encompass—material, moral, cultural, etc.—and their implications. He explained that poverty constitutes a multidimensional problem to be approached from its various angles.

One out of every seven persons in São Tomé and Principe lives on less than one-half dollar per day. The speaker indicated that this is an extremely serious situation that could worsen, citing many indicators for the health, education, and housing sectors, as detailed in the paper distributed to those in attendance. He then asked who the poor of São Tomé and Príncipe are. The latest poverty profile studies on São Tomé and Príncipe, conducted between mid-November 2000 and March 2001—and therefore recent—use socioprofessional classification criteria that define the poor as farmers, livestock rearers, and fishermen. This situation, in short, involves persons living in rural areas, or more generally, those involved in the primary sector. Poverty in São Tomé and Príncipe has this clearly defined characteristic.

Others can also be classified as poor: pensioners, unemployed persons, wage earners in the public and private sector, and independent workers. The speaker then asked what could be done to change the current situation. He answered by explaining that while the plans of the successive post-republic governments have consistently reflected concern with the fight against poverty, they failed to achieve substantial results. In light of the experience accumulated in this connection, then, it can be concluded that the involvement of all of civil society is extremely important in fighting poverty. Society in its entirety—the people and the poor—should be reflected in the preparation and

definition of the poverty reduction strategy. Against this backdrop, the government and its partners characterized the need to draft a poverty reduction strategy. The speaker next presented a brief summary of the overall objectives reflected in the national poverty reduction strategy paper, which had been provided to all those present. The strategy paper, and the following presentations, would briefly review the points of the strategy by subject heading which, in this case, involved mainly the following:

1. Generic definition of poverty;

2. Determinants of economic poverty at the domestic and external levels, in structural and cyclical terms, and the determinants at the social, political, and institutional levels;

3. Poverty reduction strategy at the horizon 2015: strategic vision in the short, medium, and long terms;

4. Overall objectives in the medium and long terms;

5. Main thrusts underlying the strategy to attain the objectives as discussed;

6. Risks of the strategy.

II. ACCELERATED, REDISTRIBUTIVE GROWTH

by Leonel Mário D'Alva

The speaker first affirmed that economic growth is measured in terms of gross domestic product (GDP), which is the sum of value added in the production of goods and services in each branch and sector of economic activity every year. GDP growth is a necessary, but not sufficient, condition for poverty reduction. Mechanisms of fiscal justice and investment in services for the poor, such as the following, must also be included: infrastructure, water, basic social services; and specifically education, health, housing, etc. An increase in GDP without an adequate redistribution of wealth or services will not lead to reduced poverty.

Further, if poverty is to be reduced, growth in wealth cannot be limited to only one sector (such as the much expected resources from petroleum exploration). If petroleum resources were the country's main product, and if they were incorporated into the national economic machinery and not redistributed to other productive sectors—and particularly to agriculture and services, where the poorest population sectors are located—poverty would not be reduced. The sectors must develop concurrently as poverty reduction is a multifaceted process.

The speaker then asked what should be done to achieve sufficiently distributive growth with a view to a gradual poverty reduction. The strategy aims to cut poverty levels in half by 2010 and to one-third by 2015. How will these goals be achieved? The speaker cited data from studies according to which poverty reduction in Africa requires an average growth in GDP of 7 percent per annum. He then asked how the current growth rate of approximately 2 percent per annum could be increased to reach the established target by 2015.

According to Leonel Mário D' Alva, the strategy reflects the first steps in a process and represents a great challenge for the country.

The strategy, according to Mr. D'Alva, comprises a set of actions to be carried out in various sectors of development to achieve sustained, consolidated growth and to reduce poverty. Accelerated, redistributive growth is urgently required. It is essential that all objectives should be coordinated, and that activities should be effectively monitored

with information obtained on conditions in São Tomé and Príncipe, through proper use of development mechanisms, in order to cut poverty in half by 2010.

The speaker provided a general summary of the activities reflected in the NPRS paper:

1- Emergence of new sources of growth;

2- Recovery of the productive sectors;

3- Consistent structural policies;

4- Promotion of private sector development.

To conclude, he pointed out that the following factors must be taken into account in order to reduce poverty:

- Reduction in bureaucracy: the barriers preventing foreign investors from making more substantial investments must be removed;

- A climate conducive to business must be established along and the Court of Auditors quickly set up to settle contentious matters;

- Control must be provided for macroeconomic management mechanisms to ensure that the inflation rate is favorable to growth and to the poor;

- Monetary control is required to avoid depreciation of the currency;

- Debt sustainability: debt relief will make it possible for more resources to be channeled to the poorest population sectors.

- Effective economic monitoring: balance of payments equilibrium;

- Combating unemployment, etc.

III. INCOME OPPORTUNITIES FOR THE POOR

by Carlos Pires dos Santos

This speaker pointed out that the incidence of poverty in São Tome is substantial in rural areas, and is manifestly visible in the agriculture and fisheries sectors. The speaker noted that "popular land tenure," which was designed to grant land to any citizen deeming to hold rights to its enjoyment—a practice generalized as the result of substantial social pressure on the land—was inconsistent with the criteria initially established in connection with the agricultural privatization project. The situation has adversely affected cocoa production, which to all intents and purposes has stagnated, as opposed to food crop production, where substantial growth has been registered. Where environmental conservation is concerned, in terms of use of forest and environmental resources, the situation is critical as the relevant legislation was not adopted in a timely manner. The country's rich biodiversity in terms of flora and fauna is threatened. Animal life is disappearing and dense forests are beginning to shrink. The livestock situation also merits special attention. Despite the efforts to implement measures for the livestock sector, there have been no significant improvements in farmers' incomes or diet. The speaker reminded participants of the various programs implemented during the past 10 years to lay the groundwork to improve income and living conditions for rural households. In this connection, a total of more than 8,000 families benefited from plots of land, corresponding to a population of approximately 40,000 persons (approximately one-third of the rural population), involving a land area of approximately 18,000 hectares. In the District of Pague, the establishment of the National Federation of Small

Farmers (FENAPA), which plays an important role in interfacing with the government and other agencies on issues related to rural development, is noteworthy.

IV. EDUCATION, LITERACY, AND TRAINING

by Guilherme Octaviano dos Ramos

First, the speaker indicated that long-term growth requires a greater investment in human resources as the key factor underlying development. In this connection, he considers education to be one of the main factors in the poverty reduction strategy process in São Tome and Príncipe. During the period 1990-1995, external aid provided 12.5 percent of education and 14.5 percent of training. During the 2000-2001 school year, primary education targeted 22,270 students—11,577 boys and 10,689 girls. The breakdown of the school population by district of the country shows that the districts of Agua Grande and Mé Zochi account for 39 and 40 percent, respectively, in 2000-2001, as compared with 7 percent for Lembá and 4 percent for the Autonomous Region of Príncipe. Secondary Education, continued the speaker, is provided by 10 facilities—9 in São Tome and one in Principe, where only basic secondary education, grades 5-9, are provided. Although there is a secondary school in each of the country's district capitals, the distribution of these facilities is substantially asymmetric. For example, according to the Curriculum Development and Planning Directorate, during the 1998-1999 school year, 37.6 percent of all students in secondary education were concentrated in the National High School. Geographic dispersion, lack of awareness, and insufficient means of transportation are factors impeding better operation of the education system in São Tome and Príncipe. Although some school transportation does exist, there are still areas where transportation is not accessible to students. On this important topic, the presenter considers that the education sector continues to come up short in all areas. Where human resources are concerned, according to the data from the Curriculum Development and Planning Directorate, in 1998-1999, 62 percent of the teachers had been educated up to the 11th grade, 12.7 percent to 10th grade; 8.3 percent had a school leaving certificate, 7.6 percent a bachelor's degree, and only 1.5 held degrees related to teaching. Most of the teachers at the pre-university level have ordinary- or advanced-level secondary school qualifications, which means that the quality of education is not the best for the conditions in which they work. As a result of the confirmed lack of high-level professionals in education, the National Secondary School Directorate has turned to other professionals such as military staff, members of Parliament, and senior civil servants. Of course, their professional and political duties outside of education have prevented their regular attendance and daily participation in educational activities as a whole. Planning, management, and insufficient financial resources have also adversely affected performance in the educational sector during the past 10 years. Regarding the problem of literacy, during the 1980s, special attention was devoted to combating illiteracy. That message received substantial support and involvement by the population. In 1991, among the various alternatives, the authorities chose to prevent illiteracy by focusing mainly on the population enrolled in school within the context of the national poverty reduction strategy. In line with this commitment, mandatory public or private school enrollment and attendance was declared for all children of school age. Measures must also be taken to prevent students from dropping out of school.

V. HEALTH, NUTRITION, POPULATION, AND ENVIRONMENTAL SANITATION

by Anastácio de Menezes

This presentation focused substantially on health and nutrition, with reference to the relationship existing between the program to fight poverty and the actions planned by the Ministry of Health in various operating areas, in particular services, programs, and district activities. An improvement has been registered in terms of immunization coverage, and reduced morbidity and mortality as the result of malaria. The speaker discussed the main pillars of poverty reduction established in the overall plan to exclusively provide health care to the population. In this connection, the priority focus for all efforts would be to promote health protection and the fight against diseases such as malaria. Another matter would be to put the National Center for Health Education into operation, to provide quality health care, accessible to the entire population, in the spirit of equity. This effort would also entail reinforcement of the district health system, and involvement of the media and nongovernmental organizations.

New strategies such as the "minimum package" should be introduced to provide essential medicines and laboratory analyses.

The conditions must be created to address medical emergencies.

Institution building is also important through enhanced planning, human resource training, raising the status of the Management Training School, and improved health information.

Where nutrition is concerned, food security is important to promote direct treatment and supply of vitamins to pregnant women and undernourished children.

VI. GOVERNANCE, DECENTRALIZATION, PARTICIPATION, COMMUNICATION, AND INFORMATION

by Frederico Gustavo dos Anjos

The speaker focused on the following factors:

1. Conceptualization and definition of "good governance" as transparent and responsible management of human, natural, economic, and financial resources, subject to the law, in order to prevent and to fight corruption.

2. There is a pressing need to revise the Constitution as the result of the series of institutional conflicts observed through the years. Such a revision should include the following objectives:

(a) government stability;

(b) institutional stability; and

(c) consolidation of the state under the democratic rule of law.

3. decisions must be made in a participative process, and not taken *a priori* for the population. The population must therefore be informed of the processes, status, and follow-up, and have power of control and enforcement. This approach also entails:

(a) improved intervention capacity for social and nongovernmental institutions;

(b) adaptation of the process of decentralizing local authorities and improved efficacy of their administration;

(c) establishment of communication between the government authorities and those whom they govern, so that the governments understand the concerns of their constituents;

(d) essential role of the media;

(e) control and enforcement;

(f) promotion of civil society and its participatory involvement;

(g) development of mechanisms for access, communication, and promotion of a culture of participation.

4. Reform of general government, consolidated in the:

(a) redesigning and modernizing the departments;

(b) making services accessible to the population: increased transparency and efficacy;

(c) restoring the authority of the state;

(d) enhancing public and border security: the important role of the national police and the FARSP.

VII. EXECUTION, MONITORING AND EVALUATION OF THE NPRS

by Diógenes Cravid

The NPRS provides for the establishment of a base for monitoring and evaluation of the entire framework to be established. It creates a framework that will track poverty in São Tomé and Príncipe over time.

NPRS execution involves all sectors of national life and represents a challenge in terms of coordination between the state, civil society, and the business sector.

There is an existing working base of quantitative indicators for measuring developments in the various sectors related to poverty.

While factors for evaluation derived from the experiences of other countries that have already implemented their strategies exist, there is no finished framework and the groundwork for it still remains to be done.

NPRS BUDGET

by Agapito Mendes Dias

1. The speaker was quite satisfied with the paper presented and was full of praise for the team that prepared the document.

2. The problems relate primarily to the absence of statistical information making for correct assessments, which substantially affects the proper prioritization of sectors.

3. The fundamental question for poverty reduction and development in São Tomé and Príncipe is not the lack of financing, as evidenced by the country's tremendous external debt.

4. There are a number of other factors impeding development, the greatest of which is a lack of awareness of the seriousness of the problem that poverty represents and the fact that it is not a priority on the political and social agenda. The problems of poverty will continue as long as this awareness does not exist.

5. Increasing investment is required in education and training, and the widening gap between São Tomé and Príncipe and more developed countries must be reduced.

6. The NPRS budget programmed for 2003 amounts to US$ 22.519 million, of which only US$800,000 come from the general state budget. An effort must be made to close the financing gap of approximately US$4 million that remains to be covered.

7. This budget is the result of the financing restrictions São Tomé and Príncipe faces and its GDP level, leading to low investment capacity. Accordingly, to finance the budget, the authorities must resort to external resources, which are scarce and conditional.

8. São Tomé and Príncipe currently does not have the institutional capacity to execute investments exceeding US$25 million in value.

9. The programmed amount is compatible with growth and inflation rates, which are projected to be 5 and 8 percent, respectively, for 1983.

10. The budgets presented for 2004-2010 are merely indicative.

11. Greater investments are required to build the country's institutional capacity. It is not possible for petroleum resources to solve the questions of development and poverty without enhanced institutional capacity.

DISCUSSION

The discussion, moderated by Mr. Armindo Vaz d'Almeida, was opened.

First participant

The first participant expressed concerns about the fact that corruption is such a problem in São Tomé and Príncipe, while the financing the country receives should be used to address the existing difficulties facing the country's population. Motivated individuals with a good work ethic are needed.

Excessive tree felling is being promoted by dishonest people who are marketing not only the product but the equipment for its production. With regard to the problem of sand extraction, the applicable rules are being violated. Despite the existence of designated days for this activity, sand is extracted daily, which affects the development of tourism in São Tomé and Príncipe.

As for improper management of petroleum resources, while many of us are aware that resources are already flowing into the country, it is still unclear how they will be used. On the issue of the government's current negotiations with Nigeria on the petroleum exploration agreement, the participant asked for a coherent explanation for the reduction from 65,000 barrels to 10,000 barrels.

The participant supported the Prime Minister's departure from office and did not support the revision of the Constitution as São Tomé and Príncipe is in a profoundly unstable situation owing to the power struggles and conflicts. The participant then asked where the financing granted to the country by the development partners would go as the public works contract awards in connection with these investments are associated with harmful and questionable projects (alluding to INDES).

Second participant

This participant was concerned with the following question: When and how will the population clearly see the benefits of poverty reduction?

Third participant

This participant's question related to the morality of the state, which begins with the full functioning of the courts and the urgent establishment of a Court of Auditors. If no court of auditors has been established to date, it is because this would not be consistent with the objectives of the country's leaders. The "parallel constitution" and "law of impunity" must be abolished as they are impeding the progress of the NPRS.

The participant also disagreed with the fact that the armed forces were not consulted in the NPRS preparation process, even though the speakers in their presentations affirmed that the process encompasses all of society. Further, many topics addressed during the seminar, such as control of fisheries resources, exploitation of the country's most varied resources, disaster control, etc., are related to the armed forces, as they guard the country's various borders. Poverty reduction is related to social well-being, which is predicated on good governance and an equitable distribution of wealth. Thus, social well-being is tantamount to security. The inequitable distribution of resources is leading to a different way of life for the citizens of São Tomé and Príncipe, and is a source of anger, constant threats, and recourse to violence in response to intolerable living

conditions. This reality can take on greater proportions and the government should not underestimate it. Accordingly, it is important not to overlook the armed forces, as their contribution may be more worthwhile than might be commonly believed.

Fourth participant

The participant first extended congratulations on the preparation of the NPRS and then expressed a few considerations on the need for more than simply financial participation in the system. The strategy must, as a priority, include good governance and human resource capacity building.

NPRS implementation entails moving toward the common, universal objective of achieving the millennium development goals (MDG).

Fifth participant

The participant expressed doubts regarding the presentation. Following the validation of the paper, it would be made available to the government. The general state budget, however, reflects only a small share (3 percent) of this effort. Will the rest of the financing be provided by donors? Will the document be incorporated into future general state budgets? If so, will this be an activity that the government will be required to implement?

A further doubt concerns the NPRS coordination unit, which is not reflected in the budget for 2003.

Sixth participant

In this connection, with relation to NPRS execution, how will the NPRS be incorporated into the general state budget after it has been submitted to the National Assembly (for 2003)? In other words, when will the paper in fact be incorporated into the budget and how will it be executed?

Seventh participant

This participant's concern involved fishing activities. In São Tomé e Príncipe, informal fishing is unregulated. Artisanal fishing is still practiced with boats driven by sails and paddles, and the costs of inputs (such as motors) are quite high. Fishing should be subject to research and science and technology should be applied to steer the sector. The NPRS paper should address this issue.

With relation to promotion of the private sector, the participant agreed that legislation should be adopted to protect national business initiatives, and defended the need to place limits on foreign investments and to stimulate those that create jobs and promote the country's development, unlike the investments that have been made, which might have been undertaken by local entrepreneurs had they been given the opportunity. Finally, opportunities have been provided for small-scale foreign investment at the expense of domestic micro-business.

Eighth participant

This participant blamed the chaos in São Tomé and Príncipe on the citizens themselves, and primarily on the leaders and all those complicit in the scenario.

While many professionals have already been trained in the country, and more should be trained, there is no policy to take advantage of those who have been overlooked in favor of foreign professionals. Wherever there is a need to contract consultants—the foreigners are usually called consultants—the cost is much higher than for services

provided by nationals. Why should foreign consultants necessarily be more knowledgeable than national ones?

Another relevant question is the establishment of the Court of Auditors, which, according to the participant, would benefit the leaders. Only dishonest and incompetent persons are promoted in São Tomé and Príncipe. The only way for promotion is through corruption. If people are not prepared for the oil era, a breaking point may be near. In concluding, the participant mentioned the fight against moral poverty, which, aside from material poverty, is the country's main problem.

Ninth participant

The participant questioned the presentation by the Minister of Planning and Finance, in reference to the need for rapid improvement, and asked what time frame was required for such rapid improvement. The world is divided into two sectors: rich and poor. In this connection, the paper mentions that 58 percent of the population is poor. How should the remaining 42 percent be designated? With regard to mass transit for students, unfortunately, while students benefit from public transportation, teachers, whose wages are low, are not authorized to use such transportation, as it is alleged that they would be benefiting from travel subsidies.

Tenth participant

The participant indicated that the poverty paper presented at the seminar identifies the problems. The participant's main concern was to know how these problems should be approached. A consensus is urgent in order to fight poverty in São Tomé and Príncipe. Actions to prevent political instability and support NGOs working directly with families are required for effective progress as proposed.

Eleventh participant

This participant criticized the performance of São Tomé and Príncipe's leaders regarding the visit of foreign entrepreneurs to the country. Foreign entrepreneurs coming to São Tomé and Príncipe are taken to visit large enterprises and the need to visit small processing plants with which they could also cooperate is overlooked. While their poor working conditions are evident, the high quality of the finished products placed on the domestic market lead many of their customers to believe that the workplace is one of the best.

Twelfth participant

This participant expressed some reservations about the criteria for prioritizing activities. There is an urgent need to distribute resources according to the priorities for executing activities and for to clearly specify the amount to be allocated to each activity. The participant proposed that a cost benefit analysis should be conducted for more coherent use of available resources.

Thirteenth participant

This participant pointed out the need to update the demographic data and the growth rate as these indicators do not reflect the real current situation.

Fourteenth participant

The participant considers that there is scope for improvement in the paper presented. The fight against poverty should include an approach as a fight for the dignity of the citizens of São Tomé and Príncipe. This means to reflect on and reassess what poverty reduction means to the people of São Tomé and Príncipe. A more ambitious approach,

i.e., a culture that promotes a work ethic, must be adopted. Without any effort from the people of São Tomé and Príncipe, the situation cannot be corrected, even with the proceeds from oil. The indications of malaise and frustration should receive greater attention. Examples of sacrifices must be set. Leaders must be accountable and send the proper signals by containing expenditure.

Fifteenth participant

This participant considered that the question of ranking priorities should be reinforced. The budget does not reflect issues such as management of public assets and decentralization. The budget framework does not specifically reflect the effort to reduce poverty. Good governance does not mean governing well. Good governance should not be limited to the reorganization of the courts and civil service.

CLARIFICATIONS ON THE DISCUSSION

Maria dos Santos Tebús Torres, Minister of Planning and Finance

The Minister thanked the participants and congratulated many of them on their courage in expressing their questions so openly and clearly. The purpose of such a seminar was to receive contributions to improve the paper in question. The strategy paper is not a static entity and can be changed to reflect developments in the outlook for São Tomé and Príncipe, in terms of the economy, intellectual and financial capacity, etc. She began by explaining how the strategy will be implemented. Ninety percent of the NPRS budget programmed for 2003 has already been reflected in the draft general state budget for execution during that year.

The paper is an initiative of the government. The latter is responsible for negotiating with the economic partners, signing arrangements with the World Bank and IMF, and institutionalizing procedures for preparing the paper with the participation of consultants, many of whom are nationals of São Tomé and Príncipe. She called on national leaders to take the initiative of self improvement and to make professionalism a priority, regardless of the level of returns.

She called for serious effort as a prerequisite for the reconstruction of the country.

Contrary to the affirmation that the government is soliciting handouts, an effort is being made to raise funds domestically and externally. The government is also working to identify partners and to find alternatives such as grants and loans, as the revenue the country generates is consumed by current expenditure.

This effort involves everyone because the HIPC Initiative is a responsibility for all. The efforts are being made by the government as well as the people themselves.

Diógenes Pires dos Santos, Coordinator of the Permanent Secretariat

In reply to the questions posed on this subject, the speaker agreed that the fight against poverty should not be limited to stop-gap measures to reduce poverty.

The demographic data were outdated owing to the delayed completion of the provisional results from the most recent census. The Secretariat therefore decided to delay the update until the final preparation phase.

The Coordination Unit is subject to financial constraints that have meant making choices, thus it could not be incorporated into the 2003 budget. Following approval by the Council of Ministers, the government and its partners will be negotiating financial resources for implementation of the strategy. This process will also entail a consensus

or a commitment from the donor regarding the strategy objectives. Financing can be arranged for the unit at that stage.

Frederico dos Anjos, member of the Permanent Secretariat

The speaker began by stating that the concerns were raised and that he agreed with those mentioned. Some of these issues, however, have already been reflected in the strategy. The concerns yet to be reflected in the paper would be taken into account. The strategy, however, like any other, reflects options chosen through interactions with the people. In other words, the strategy does not necessarily reflect all questions that may arise. He added that the strategy was prepared with a view to constant updating. Some issues that, for budgetary reasons or problems in finding a solution, could not be reflected in 2003 would be addressed later—in 2004, 2005, or 2006. The strategy is therefore open to constant updating to reflect changes in the real situation in São Tomé and Príncipe. In other words, if the strategy is implemented according to the strategic vision adopted by the technical team, even problems related to oil management and the additional resources that could come in can be addressed as the poverty reduction strategy develops, rather than on an arbitrary basis. Omission of the defense sector was deliberate. Issues of defense should not be discussed in public debates. They were not mentioned at length, and should be addressed in another forum. Quite recently, in connection with a preliminary session, it was acknowledged that a seminar should be organized specifically on defense and this will be the proper forum for considering the relevant questions. This seminar will also address problems of social the media, which must become more involved in poverty reduction. As for the question on equitable distribution of resources, the speaker indicated that some actions did not necessarily call for strategy resources. The institutions involved could address such situations with their own resources at the sectoral level. The existing strategy is what is possible based on the resources available and forthcoming.

Leonel Mário d'Alva, member of the Permanent Secretariat

Further to the questions answered by the team who prepared the paper, the speaker took the opportunity to clarify the concern mentioned on the definition of priorities. In this connection, those who received the summary report on the national strategy were referred specifically to page 14, item 101, which reflects the criteria used to define the strategy. There were indeed selection criteria but, owing to the level of organization, they were not perfect. In a meeting held with technical staff of the Ministry of Education and Culture to collect information, it was surprising to note that the ministry had failed to define the short and medium term priorities for the sector. With effective overall organization, the education sector would first have defined its priorities, and then submitted them to a central body for further consideration in the selection of priorities. Organizational problems in the group have yet to be resolved. The speaker acknowledge that, while the question on priorities was substantially relevant, the answer entails a more effective organization in which each sector prepares its strategies and defines it actions in the short, medium, and long terms so that they can then be addressed as part of the overall picture.

CLOSING REMARKS

MARIA DAS NEVES BATISTA DE SOUSA, PRIME MINISTER AND HEAD OF GOVERNMENT

Before proceeding with the closure of the seminar, the Prime Minister and Head of Government took the opportunity to clarify two issues. First, regarding the participant

who posed the question on the poverty level of 58 percent as indicated in the base document, the Prime Minister declared that the remaining 42 percent of the population are not necessarily rich. Clearly, this is not the real situation. The problem is the 58 percent of the population at or below the poverty line or normal limit of poverty. The second issue involves the oil exploration process. In this connection, the Prime Minister considered that the people of São Tomé and Príncipe should clearly understand the problem of oil. She hoped that the government would promote a discussion on the problems and that all of the relevant issues could be addressed at that time.

In her closing remarks, the Prime Minister described the poverty reduction program as one of the fundamental pillars of her government's program. The seminar was held at a particularly important point in the process of consolidating democracy in São Tomé and Príncipe, with national policy makers demonstrating a high level of maturity and statesmanship in seeking a broader consensus essential to guarantee stability at the political, institutional, and government levels—key determinants of an environment conducive to the country's development. Only the deepening of the various forms of peaceful coexistence would better guarantee the success of one of the most important strategies, involving everyone, and aimed exclusively at reducing poverty in São Tome and Príncipe. As many fellow citizens have acknowledged, São Tomé and Príncipe is not poor. It has, however, been impoverished by the economics of poor resource management resources and inappropriate policy options over the years, the consequences of which are now being felt.

The NPRS presented at the seminar represents more than a commitment to the conditions of the development partners for debt relief. It is, above all, the acknowledgement of the need for a joint effort by the different sectors and subsectors involved, to overcome the constraints that determine the levels of poverty faced in São Tomé and Príncipe.

NATIONAL SEMINAR TO VALIDATE THE NATIONAL POVERTY REDUCTION STRATEGY

(Summary of Conclusions and Recommendations)
December 10, 2002

- A structure must be established to monitor, coordinate, and assess the NPRS, to guarantee its implementation;
- The problem of poverty must become a priority on the political and social agenda of São Tomé and Príncipe's policy makers;
- The country's substantial external debt proves that the problem of poverty is not fundamentally attributable to a lack of financing. On the contrary, it involves a lack of judicious management of the external resources from which São Tomé and Príncipe benefits, which requires management based on more stringent technical, economic, and social criteria;
- Increasing investments must be made in education and training to fight poverty;
- Oil resources may not be the answer to the question of poverty and development without an improvement in the country's institutional capacity;
- A serious fight against corruption at all levels is required;
- Implementation of the national plan on sustainable development must be pursued as the mechanism to guarantee serious, stringent, and adequate management of São Tomé and Príncipe's natural resources;
- Rapid implementation of the Court of Auditors is absolutely necessary to abolish the "parallel constitution" and "law of impunity;"
- The armed forces and forces of public order must play a more substantial role within the framework of the NPRS;
- Conditions must be established for the application of scientific and technological developments to the country's fishing activities, in order to increase catch levels;
- Legislation must be adopted to protect initiatives by local businesses, which are now given secondary consideration after foreign enterprises;
- The fight against moral and ethical poverty is more important to the country than material poverty;
- The fight against poverty should be considered a fight for the dignity of the people of São Tomé and Príncipe. Accordingly, a vigorous effort must be made to establish a work ethic in order to change the current situation;
- In light of the specific issues involving the armed forces and national police, these issues should be discussed in the appropriate forum (seminar on defense and national security);
- Similarly, in light of the specific issues related to the media, these issues should be discussed in the appropriate forum (seminar on the role of the media in the NPRS;
- The oil issue should be the subject of a national discussion open to the public;
- The NPRS should become a fundamental pillar of the government's program;

- São Tomé and Príncipe is not a poor country; it has become poor as the result of poor national resource management and inadequate policy options. This situation should therefore be corrected as soon as possible;
- The combined effort of all sectors and subsectors is required to overcome the constraints that determine the levels of poverty the country now faces.

ADDRESS BY HIS EXCELLENCY, THE PRESIDENT OF THE REPUBLIC, AT THE FORMAL OPENING CEREMONY OF THE NATIONAL SEMINAR TO VALIDATE THE NATIONAL POVERTY REDUCTION STRATEGY

MINISTERS OF THE SECOND GOVERNMENT OF NATIONAL UNITY,
MEMBERS OF THE DIPLOMATIC CORPS,
REPRESENTATIVES OF INTERNATIONAL AND NONGOVERNMENTAL ORGANIZATIONS,
SEMINAR PARTICIPANTS,
LADIES AND GENTLEMEN,

Let me begin by welcoming all those attending the seminar and offering a few words of friendship and appreciation to those whose determination and input made it possible to hold this Seminar to Validate the National Poverty Reduction Strategy. I am convinced that this event will provide the opportunity for open and rich debate, which will certainly make a valuable contribution to the consolidation of our poverty reduction strategy.

I wish to say how very happy I am with the progress we have already made in this first stage of a process as important as combating poverty. I am even more pleased to see that this strategy is geared toward a number of specific actions and measures, which would make the social project I presented during my presidential election campaign a reality. At that time, I made a number of statements about the situation of poverty in the country and announced my commitment to work steadfastly with other institutions, especially with the government, to find a way to eradicate poverty in the short run.

SEMINAR PARTICIPANTS,
LADIES AND GENTLEMEN,

Poverty, as an economic and social phenomenon, is deeply rooted and must be eradicated at the source. This phenomenon occurs mainly because underdeveloped societies lack the knowledge and capacity to combat hunger, disease, and penury. It is therefore imperative to wage war on these ills on all fronts, if we aim to find the path to progress and well-being for all.

Indeed, the adoption of a strategy involving all the stakeholders in the country, including our principal development partners, reflects a profound analysis of the situation and its impact on the political/institutional, economic, and social spheres in particular. Undoubtedly, it will be a daunting challenge for us to rid ourselves of this terrible scourge.

I am convinced that, with collective effort and determination, with principled governance, and with the active participation of our partners, we will be able to marshal the forces to tackle the difficult situation of poverty that the country faces. In so doing, we will be able to gradually achieve the millennium goals, which consist of reducing by half the indicators of the incidence of poverty in the country.

DISTINGUISHED SEMINAR PARTICIPANTS,
LADIES AND GENTLEMEN,

Out of concern for the status of poverty in the world, the United Nations held the Millennium Summit in New York in September 2000. The most burning issues of this summit focused on the situations of armed conflict in Africa and their impact on the lives of populations; the drama of poverty; the public debt; diseases such as HIV/AIDS, malaria, etc.. Sustainable development and environmental imperatives in countries such as ours have been regressing significantly, endangering the quality of life of nations, with adverse repercussions for the entire international community.

As the situation of poverty described in the documents before you for discussion and enhancement, is one of the ills facing so many other less advanced countries in the international community, it seems fair to say that the phenomenon is rooted in the inheritance of the previous millennium, in the case of São Tomé and Príncipe.

As a result, in our country, more than half the people live on less than one dollar a day and are victims of and hostages to hunger and diseases caused by problems of access to drinking water, basic sanitation, modern education, health, and a proper environment.

To calmly accept such a situation would be an act of irresponsibility and injustice. For this reason, it is imperative that profound structural changes take place, which in turn implies facing complex challenges that require the creativity and joint efforts of the entire nation, and objectives and partnerships aimed at solving the problems.

LADIES AND GENTLEMEN,

The major challenge before us today throughout the continent is to discover the model that will enable us to reach levels of development equivalent to other parts of the world. In other words, this means accelerating the growth of our economies so that they are strong enough to withstand negative endogenous and exogenous influences and become competitive on external markets, capable of creating employment and wealth so as to vanquish poverty. How can we build schools, hospitals, produce food, energy, drinking water, and sanitation to provide a decent life for our citizens? This is the great challenge we face and which we must already visualize overcoming.

In the United Nations report on transformation of the African economy, good governance was signaled as key to the efforts to be undertaken to reduce poverty in Africa. This means that African countries must establish a framework of good governance within which they will implement more effective and transparent policies, combat corruption, improve fiscal controls, and seek to provide peace and security for their citizens, individual freedoms, and equal opportunities, as well as access to subregional, regional, and international markets to enhance gains.

Another important issue is investment in human resources, tapping the existing potential and promoting education, health, access to new production and information technologies.

It is also necessary to invest in agriculture to modernize it, improve infrastructure, pay special attention to the question of integration and regional cooperation to make it possible to create larger markets, create the conditions for investment and growth of the local and foreign private sectors. I am pleased to note that although this is the first exercise in preparing a strategy for poverty reduction, significant steps have already

been taken to factor in the problems I have just cited. These will certainly be better addressed when the system of collecting quantitative data for compiling the national accounts is fine tuned, as it is a key component of the country's macroeconomic management.

8.5.1. SEMINAR PARTICIPANTS,
8.5.2. LADIES AND GENTLEMEN,

According to the analysis of monetary poverty in our country's population, 68,685 or 53.8 percent of the population (more than half) are considered poor as they live on less than Dbs 220,000.00 a month. 19,237 or 15.1 percent are considered extremely poor as they live on less than Dbs 110,000.00 per month.

The socio-professional groups hardest hit by poverty, in descending order, are: agricultural workers, fishermen, retirees, senior citizens and other unemployed persons. The analysis of poverty by place of residence shows that the Northern Region has the highest incidence of poverty (70.6 percent of the population), followed by the Southern Region (65.1 percent), and the Autonomous Region of Príncipe (60 percent). At the district level, the district of Água Grande has the lowest incidence of poverty (39.4 percent of the population). At the other extreme, we have the district of Caué where the incidence of poverty is 82.2 percent.

Poverty has made it impossible for people to attain, either by working for others or by using their income from self-employment or other sources, the resources needed to meet basic human needs, such as enough to eat to satisfy hunger and to enjoy food security. They cannot enjoy good health owing to the scarcity of food, poor housing conditions, poor clothing, medical care, and drug supply, a polluted environment, which is unsafe and unhealthy for humans. They lack the conditions and means to learn with a view to completing at least one level of schooling; they are not in a position to exercise their rights, nor to have their voices heard; there is no security or dignity in their lives as they do not have jobs that give them the money to meet minimum basic needs and so enable them to have a decent life.

Living in an harsh environment, people affected by poverty, as a means of survival, often destroy the environment they live in by indiscriminately felling trees, removing sand from the beaches, leaving the coastlines unprotected and stripped of their beauty,, thereby undermining sustainable development. Despite the many efforts to prevent gender inequality in our society, the inequalities that still exist between men and women must always be borne in mind regardless of the degree of poverty.

Spreading poverty has caused new disturbing phenomena, such as widening asymmetries between regions, districts, and localities, as well as an increase in migratory flows from other localities to the capital seeking a means of survival. The effects of this situation have been the appearance of street children, rising crime, and increasing numbers of unemployed in the capital and its surrounding areas, which could compromise the country's future.

LADIES AND GENTLEMEN,

Poverty is a multifaceted problem. Its highest incidence is in the rural and suburban areas. Its different economic manifestations, such as low wages and income, affect productivity. At the individual level, poor compensation for work leads to poor productivity, caused, among other things, by factors related to health and/or education. Access to education is also influenced by the monetary situation of households. The macroeconomic framework for general and sectoral development, as well as other public policies, the institutional, political, and cultural environment, are also determinants to be taken into account, at a more general level.

As poverty is a multifaceted phenomenon, poverty reduction requires that a number of actions be taken simultaneously on the overall system in which these phenomena arise.

It is within this framework that the present poverty reduction strategy paper was drafted. The paper analyzes the situation of poverty in STP with regard to monetary aspects, living conditions, poor policy, and social poverty, with a view to adopting an appropriate strategy to reduce overall poverty.

Poverty reduction calls for political will on the part of all agents: leaders of government, political parties, churches, workers, employers, unions, civil society, and our external partners.

The entire poverty reduction strategy is a political process. It involves resolute joint action to make the connection between GDP growth and improvement in its distribution through good fiscal measures and the provision of basic social services, such as infrastructure, environmental sanitation, education, health, to extricate the poor from the marginalized situation in which they find themselves. It also involves the establishment of strategic partnerships with stakeholders interested in the social progress of our society, giving them the opportunity to be heard, based on democratic principles of accountability. In this way, civil society can make a useful contribution to social and political transformation. In order to make this possible, the government must find a way to take action to encourage dialogue with all development partners on a national scale, so that they can participate within the framework of democratic institutions. Thus, as part of this strategy, the government must continue to support and to join with civil society in setting the priority objectives of poverty reduction.

To address the situation of poverty in our country, greater consistency is needed in government policies influencing development. Other requirements are: debt relief from bilateral and multilateral partners; increased trading between the populations most affected by poverty and domestic economic transactors inside the country and foreign transactors outside. Investment and appropriate technology are fundamental factors in poverty reduction, to the extent that they promote economic growth and strengthen social infrastructure to alleviate the living conditions of the country's poor.

The majority of our population lives in rural areas and by farming. Thus, special attention should be paid to this subsector, so that the people can earn enough income to improve their living conditions. The policy should also be consistent in its coverage of such sectors as the environment, population migrations, health care, security, and socioeconomic infrastructure. The government must therefore focus on making its policies more consistent with poverty reduction, using any assistance that might be forthcoming from international agencies.

SEMINAR PARTICIPANTS,
LADIES AND GENTLEMEN,

At this stage of drafting the strategy, we are very pleased that we can count on the support of our bilateral and multilateral partners, who have made poverty reduction an essential priority of cooperation with poor countries such as ours, and whose actions are intended to strengthen the capacity of our local operators. We must now make a national effort to better manage the country's scarce resources and the external aid provided to us to combat the scourge of poverty and complete the various stages of the millennium goals of reducing by half the percentage of the population currently living in poverty. Policy consistency is another fundamental objective that will be gradually included in our poverty reduction efforts.

I wish to point out that poverty reduction in STP requires not only articulating but also the having the ability to implement creatively the strategies agreed upon between the government, civil society, and our development partners, both bilateral and multilateral, so that the country can build its capacity to manage wealth and ensure its fair distribution between capital and labor, as it opens up to the outside world. The country's probable entry into the oil cycle should present yet another opportunity to use the resources that should come from this, first and foremost, to solve the glaring problems of poverty and to guarantee that future generations will not be so afflicted.

In closing, I wish to express my heartfelt thanks to the international community for the support it has been giving us in the difficult struggle to reduce poverty and to reiterate my unreserved commitment to this important task, which is not only one of reducing poverty as we have said, but of completely eradicating it from this our only homeland. Here we have the place and the means for our collective and individual happiness.

LONG LIVE SÃO TOMÉ AND PRÍNCIPE AND THE COURAGE OF SÃOTOMEANS TO RISE ABOVE OUR CURRENT CIRCUMSTANCES!
THANK YOU.

His Excellency the President of the Republic,
Madam Prime Minister and Head of Government,
Members of Government,
Deputies and Representatives of Political Parties,
Representatives of the Diplomatic Corps,
Donors, Guests, and Participants,
Members of the Poverty Reduction Strategy Drafting Committee and Permanent Secretariat;
Ladies and Gentlemen,

Before beginning my speech on the subject that brings us here today, on behalf of the Strategy Drafting Committee, which I chair, I wish to thank His Excellency the President of the Republic, for coming and accepting our invitation to chair such an important event, which lays the foundations for improving the living conditions and futures of the sons and daughters of São Tomé and Principe.

I would also like to thank all those who accepted this invitation, especially our development partners, who had to travel far to take part in this ceremony.

As you know, the purpose of this event is to validate our National Poverty Reduction Strategy in São Tomé and Príncipe.

This document is an initiative responding to the need to reduce the poverty affecting large segments of the population worldwide.

Our country is not spared from this process, given the deterioration in the main indicators of living conditions, both social and economic, reflected in the results of the poverty profile study on São Tomé and Príncipe, conducted in November 2000 to February 2001 with the support of our social partners.

The study under reference showed that poverty in São Tomé and Príncipe affects 53.8 percent of the total population of the country, with 55.7 percent of the households affected headed by women and 53.0 percent by men.

The same study further concluded that income levels are inversely proportional to family size, meaning that income tends to decrease as the number of persons in the family increases. Extreme poverty affects 15.1 percent of the Sãotomean population.

Regarding the poverty of basic living conditions, namely access to education, health, drinking water, environmental sanitation, and housing, it was found that 11.8 percent of the population had never been to school, and that illiteracy increases with the degree of poverty, affecting 12.9 percent of the poor and 9.6 percent of the nonpoor.

In health, the level of deterioration is also discouraging: the population living in extreme poverty has no access to primary health care.

Only 19.6 percent of the population has access to pipe-borne water, indicating that the situation at the national level is a matter for serious concern. Environmental sanitation is also in a lamentable state.

Low production and productivity is negatively influencing the income indicator, with the result that per capita GDP moved from US$365.00 in 1994 to US$295.00 in 1999.

His Excellency the President of the Republic,
Attendees,
Ladies and Gentlemen,

All the studies conducted in the country in different periods show that all the indicators measuring poverty have worsened in São Tomé and Príncipe.
Concerned by this situation and based on the results obtained in macroeconomic stabilization, the country was able to reach decision point under the HIPC (Highly Indebted Poor Countries) Initiative in December 2000, thereby releasing domestic resources for financing some priority programs in the area of poverty reduction.

At that point, we received assurances that a larger volume of resources would be released if São Tomé and Príncipe reached completion point in 2003 meeting the following conditions:

1. Consolidation of the macroeconomic stabilization process;
2. Preparation of a National Poverty Reduction Strategy.

The process of drafting the National Poverty Reduction Strategy began with the signing of an Interim Poverty Reduction Strategy Paper between the government, represented by the Ministry of Planning and Finance, and the IMF and World Bank in April 2000.

This paper was used as a methodological tool to guide us through the process of drafting our National Poverty Reduction Strategy, which we are presenting today to this distinguished gathering for validation.

The Poverty Reduction Strategy was institutionalized by Order 4/2001 of June 29, 2001 of the Prime Minister and Head of Government at that time. It defined the organizational structure for drafting the present strategy, based on a philosophy of participation.

The organizational structure for drafting the strategy was built around:

- **A steering and supervisory committee** comprising the Prime Minister, the Ministers of Planning and Finance, Education, Foreign Affairs, Health, Economy, and Infrastructure.

- **A government/civil society/private sector concertation committee,** whose functions was to monitor the process of drafting the NPRS and issue opinions on the preparatory documents drawn up during the exercise. That committee was chaired by the Minister of Planning and Finance.

- **A government/development partners concertation committee,** chaired by the Minister of Foreign Affairs, whose main mission was to raise the resources needed to finance implementation of the NPRS, ensuring that the interventions by development partners would be consistent with and complementary to the strategy.

- **An NPRS drafting committee,** chaired by the Minister of Planning and Finance, whose mission was to coordinate and systematically assess the work done in opinions and quarterly reports.

That committee comprised individuals designated by the various agencies of central government, the Office of the Prime Minister, Ministry of Health, Ministry of Education, Ministry of Economy, and Ministry of Planning and Finance.

- The mission of the three-member **permanent secretariat** is to support the drafting committee in all activities related to drafting the NPRS.

In accordance with the preset objectives for drafting the strategy, six thematic groups were created covering the following areas:

1. Growth potential, macroeconomic framework, and environment. Coordinator: Dr. Manuel Filipe Moniz; Consultant: Dr. Leonel Mário d'Alva;

2. Income opportunities for the poor. Coordinator: Mr. Carlos Pires dos Santos; Consultant: Mr. Calixto Will;

3. Education, Literacy and Training. Coordinator: Dr. Fernanda Pontífice; Consultant: Guilherme Octaviano;

4. Health, Nutrition, and Population. Coordinator: Dr. Eduardo Carmo F. Matos; Consultant: Dr. José Manuel Carvalho;

5. Governance, Decentralization, Participation, Communication, and Information. Coordinator: Dr. Armindo Vaz d'Almeida; Consultant: Dr. Frederico Gustavo dos Santos;

6. Poverty Analysis and Monitoring. Consultant: Mr. Diogenes Pires dos Santos.

The key pillars of the strategy are:

- accelerated and redistributive growth,
- new opportunities for increasing and diversifying income,
- human resource development and access to basic social services,
- public institution reform, capacity building, and promotion of a policy of good governance;
- mechanism for monitoring, evaluating, and updating the strategy.

His Excellency the President of the Republic,
Participants,
Ladies and Gentlemen,

Our strategy is part of a vision of lasting and sustainable growth, aimed at reducing poverty by 2015. Its overall medium- and long-term objectives are to attain a GDP growth rate of 5 percent in 2003 and higher after that date, making it possible to reduce the poverty to half its current level by 2010 and to 1/3 of that level by 2015.

The period to 2015 is consistent with the period envisaged in the Millennium Development Goal as a suitable target for all the countries striving toward that end. Thus, the goals of poverty reduction in São Tomé and Príncipe coincide with the Millennium Development Goals.

The proper implementation of this strategy, guided by a philosophy of good governance, will make it possible by 2015 for the population to have access to basic social services, better quality education and health, and a better quality of life by reducing the social disparities between the districts, between these and the autonomous region of Príncipe, and between urban and rural populations.

Some constraints could jeopardize the successful implementation of the actions under this strategy. One of the principal constraints is the external debt burden. According to the latest available information on the debt sustainability analysis conducted in STP in October 2000, the stock of debt stood at US$294 million, the ratio of the present value of the debt to exports was 851 percent (150 percent), and the ratio of the present value of the debt to current income was 1,253 percent (250 percent).

Our own income is currently 22 percent of GDP. Excluding other resources from international cooperation, debt service represents approximately 54 percent of current income. This means that one of the major constraints on implementation of the strategy is financing. For this reason, the HIPC Initiative continues to be our best hope for solving the debt crisis, despite the slow movement of the process toward the final goal. We need to be sure that through the HIPC Initiative we will be able to release the resources needed to finance the actions envisaged in the strategy.

His Excellency the President of the Republic,
Participants,
Ladies and Gentlemen,

The document before you is based on a participatory philosophy, involving, in addition to the staff of central government agencies, organized civil society, donors, the private sector, associations and NGOs. It should therefore be viewed as a guideline in defining socioeconomic public policies, with a view to sustainable growth, the end-result being poverty reduction and improvement of the living conditions of the Sãotomean population.

At each stage of drafting the strategy paper, opinions were sought from the organs of sovereignty, government officials, local governments, political parties, labor unions, and civil society in general, and from bilateral partners. As these organs issued their respective opinions, they were incorporated into the paper bringing us to this validation stage. All in all, four versions of the paper were produced and today we are presenting the fruit of a number of contributions, following the original methodology.

As regards the details of the work, the technical group will present them and we invite all those present to ask questions that could help further improve and enrich our document which, after validation here and upon approval by the Council of Ministers, will become a national document. I wish to thank all the consultants and coordinators for their work and to congratulate and thank all those who will contribute in one way or

another to developing this document. On a positive note, the drafting of this paper can be attributed to the determination of our local experts.

Before giving the floor to His Excellency the President of the Republic to proceed to open the seminar, I would like to note that this ceremony is not only an act of validation it is also a campaign.
It is a campaign to get the word out on the level of poverty afflicting our population, by focusing public actions on the system for poverty reduction and human development.
It is a campaign to inform our development partners, so that they can support us in canceling the debt as a matter of urgency, based on the evidence of the results of our efforts to implement macroeconomic stabilization policies.

It is a campaign to advise all those in charge of our country's future that the available resources should be allocated primarily to the sectors which would have an immediate impact on poverty reduction.

It is a campaign to mobilize domestic resources to underpin the budgetary priorities relating to poverty reduction, strengthen human rights, democracy, and good governance, in accordance with the millennium declaration.

It is a campaign to ensure that implementation of the strategy through 2015 is not interrupted, so that it can help transform public and intellectual debate at the national and global levels; place development objectives above the priorities of individuals or groups; prioritize projects whose impact will clearly promote economic growth and so reduce poverty.

It is a campaign for better expenditure allocation in the areas of education and health, bearing in mind the advantages they offer.

It is a campaign that calls attention to the right to gender equality.

Having alerted you to these things, I now call on His Excellency the President of the Republic to proceed with the opening of the ceremony.

Thank you.

ADDRESS BY HER EXCELLENCY THE PRIME MINISTER AND HEAD OF GOVERNMENT AT THE FORMAL CLOSING SESSION OF THE NATIONAL SEMINAR TO VALIDATE THE NATIONAL POVERTY REDUCTION STRATEGY

MEMBERS OF GOVERNMENT,
AMBASSADORS AND REPRESENTATIVES OF INTERNATIONAL ORGANIZATIONS ACCREDITED TO SÃO TOMÉ AND PRÍNCIPE.
EXCELLENCIES,
LADIES,
GENTLEMEN,

It is my pleasure to chair the closing session of one of the most important events held by the government as the year 2002 draws to a close, namely the National Seminar to Validate the National Poverty Reduction Strategy, which is one of the fundamental pillars of this government's program.

This seminar is being held at a particularly important juncture in the process of consolidating our democracy. The forces in the national political arena have demonstrated maturity and statesmanship by seeking a broad consensus, without which there can be no political/institutional stability and, consequently no stability of the government. This stability is a determining factor in the creation of a favorable environment for the country's development.

This is a source of great satisfaction, as we are convinced that only by deepening every form of peaceful coexistence will we be able to better guarantee compliance with one of the most important strategies in which we are all involved, with the sole intent of doing all we can to reduce poverty in São Tomé and Príncipe. Today's validation seminar affirmed this role and the strategy should henceforth play a permanent role of intervention in our society.

8.5.3. Ladies and Gentlemen,

Permit me, truth be told, to say I share the view of many of our compatriots that São Tomé and Príncipe is not intrinsically poor, but has been impoverished by the economics of years of poor resource management and inappropriate policy options, which, unfortunately, we are forced to live with.

Despite concerted efforts over the last decade, ultimately aimed at stabilizing our economy, we have seen the living conditions of our citizens grow steadily worse, to the extent that more than 53 percent of them are now actually living in poverty.

Ladies and Gentlemen,

The National Poverty Reduction Strategy presented today, represents more than a commitment to the conditions demanded by our partners in the context of debt relief; it is above all a recognition of the need for joint efforts involving the various sectors and subsectors, with a view to overcoming the constraints that cause the levels of poverty observed in São Tomé and Príncipe. This is our strategy.

In addition to the broad-based consultations and opinion polls at various levels, involving national experts, the private sector, civil society, the development partners of São Tomé and Príncipe, implementation also depends on the direct and indirect participation of all. Their contribution will certainly determine the scope of the targets set to meet the general objectives.

Furthermore, the compatibility of these objectives with the broader millennium goals established by Heads of State and Government from all over the world at the Summit in New York, organized by the United Nations last September, means that our poverty reduction efforts help reduce poverty worldwide.

To that end, the strategic vision adopted planned actions in the areas of education and health so as to produce positive and substantial results that would contribute fundamentally to human resource development in our country

Excellencies,

As there is a high incidence of poverty in rural areas and a growing trend towards rural exodus, the support envisaged for development of micro and small business could help keep populations settled.

These measures, in addition to creating infrastructure and developing basic social services within reach of the population, will undoubtedly lead to the creation of poles of development in rural areas.

In addition to recognizing the importance of the productive sectors in ensuring increased production and the necessary income which, if evenly redistributed, will improve the living conditions of the poor, we must stress the dire need for a policy of good governance, which is a prerequisite for continuity of the strategic actions planned if we are to achieve the desired results without disruptions.

To that end, it is an absolute priority for us to implement the actions under the pillar of the strategy relating to public institution reform, capacity building, and promotion of a policy of good governance. We are convinced that if we adapt our institutions to the geographic, demographic, economic, social, and cultural realities of our country, our democratic institutions will be able to function more effectively, resulting in more transparent and efficient resource use for the benefit of the poorest populations.

We are proud to say that this aspect of the strategy has been placed at the top of our list of priorities. But we must recognize that the institutionalization of a structure for receiving and addressing the concerns of nongovernmental organizations could facilitate the exchange of relevant information on the aspirations and expectations of the communities with regard to policy measures that have a real impact on their lives.

We take this opportunity to express our satisfaction that the strategy just validated took into consideration the current situation of the national armed forces. The demands of guaranteeing national sovereignty, defending the integrity of our territory, and the urgent need for control and law enforcement in our waters, in light of our vulnerability to illegal trafficking and unauthorized exploitation of marine resources, etc., justify taking a position that should be consistent with the objectives of efficient resource use.

We welcome the seminar that will be held shortly specifically to address issues relating to the participation of the armed forces in our national poverty reduction efforts.

8.5.4.

8.5.5. Ladies and Gentlemen,

We wished to underscore the timeliness of creating mechanisms for monitoring and evaluating the strategy.

In addition to monitoring and evaluation, the structure to be created must guide the implementation process, responding to the progress of actions as well as to any corrections that will have to be made as a result of adaptation to the new realities.

We regularly face many constraints in seeking solutions to ensure the welfare of our people, but it is the economic and financial constraints in particular that have most severely limited our ability to fully execute all plans, programs, and projects within the established time frames.

In that connection, the strategy made public today envisages only those actions that are possible, taking into account the resources we can raise for the purpose as well as our real capacity to absorb them in the time frames indicated.

Finally, special congratulations and thanks:
- to the Permanent Secretariat for Coordination, which worked competently, enthusiastically, and faithfully for more than a year on drafting the strategy we have just validated, even under adverse conditions;
- to the many sectoral experts who participated in the thematic groups, to the representatives of the private sector and organized civil society for their valuable contributions, whose opinions, comments, and suggestions enhanced the various versions of the draft throughout the process;
- and to our development partners for their material and financial support, which contributed to the successful completion of this extremely important document.

The government, aware of the magnitude of the poverty situation in our country, and in light of the commitments made to our partners, is ready and prepared to complete the long and complex but effective journey toward poverty reduction in São Tomé and Príncipe.

So I take this opportunity to launch a fervent appeal to all the stakeholders in the nation to contribute to the implementation of the National Poverty Reduction Strategy in São Tomé and Príncipe.

May this strategy become a source of constant inspiration in our daily lives; this is my most sincere hope.

I therefore declare the proceedings of the National Seminar to Validate the National Poverty Reduction Strategy closed.

Thank you all very much.

DEMOCRATIC REPUBLIC **OF SÃO TOMÉ AND PRÍNCIPE**

MINISTRY OF PLANNING AND FINANCE
OFFICE OF THE MINISTER
(Unity - Discipline – Labor)

DRAFT DECREE[7] Nº_____/2002

Whereas the scourge of poverty afflicts a large segment of the Sãotomean population, seriously compromising social stability and the equilibrium needed to implement the government's development policies;

Whereas the government defined combating poverty as one of the fundamental pillars of its program;

Whereas, to impart greater efficiency and effectiveness to the actions required to combat poverty, the government decided to draft a Poverty Reduction Strategy Paper, which has been publicly validated;

Further, as it is necessary to formally adopt this document and make it binding as the guideline for all the actions and institutions participating in the poverty reduction process;

By virtue of the powers vested in it by Article 99(C) of the Political Constitution, the Government of the Democratic Republic of São Tomé and Príncipe hereby decrees and promulgates the following:

Article I
The Poverty Reduction Strategy Paper, which is an integral part of this Decree, is hereby approved.

Article II
The Poverty Reduction Strategy Paper is binding on all the institutions and entities involved in actions in the struggle to reduce poverty.

Article III
This Decree shall take effect immediately.

[7] This draft decree was submitted to and approved by the venerable Council of Ministers at its regular meeting on Thursday, December 19, 2002, under the chairmanship of His Excellency the President of the Republic.

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1. PREVIOUS CONSIDERATIONS

1. Since Sao Tome and Principe reached the Point of Decision on the HIPC Initiative in December of 2000, it has benefited with financial aid from this Initiative.

2. The amount corresponds to a substantial portion of what the country would have to pay back for its regular debt services, but this amount has been channeled to fund projects considered priority for poverty-reduction.

3. On the other hand, Sao Tomean authorities and Breton Wood institutions, namely the World Bank and the International Monetary Fund, established two conditions in order for the country to reach the Point of Conclusion of the HIPC Initiative in 2006:

    i. the consolidation of adequate efforts at the macroeconomic level;

    ii. the establishment of a national strategy for poverty reduction through a participative process with the engagement of all active agents of the country and the satisfactory implementation of these.

4. As a matter of fact, from the analysis of the poverty situation and the identification of its major indicators, the government projected five principal axes in the document entitled National Strategy for Poverty Reduction (NSPR), namely:

    - Reform of public institutions, capacity reinforcement and the promotion of a good governance policy;

    - Accelerated and redistributive growth;

    - Creation of opportunities for growth and diversification of income for the poor;

    - Human resource development and access to basic social services;

    - Adoption of mechanisms for follow-up, evaluation and strategies for updating.

5. Through the development of actions around the strategic axes above mentioned, the government envisions achieving poverty reduction by 2015 through the accomplishment of the following global objectives:

    - To reach an average growth rate of 8% of the gross domestic product (GDP) starting 2005 in order to achieve the millennium goals;

    - To reduce by half the percentage of the Sao Tomean population living at the poverty level by 2010, and to less than 1/3 by 2015;

- To reach by 2015 universal access to all basic social services, and to promote an improvement of the population's quality of life;

- To considerably reduce differences along social class and gender, among districts and within the Autonomous Region of Príncipe, as well as among rural and urban populations;

- To promote and reinforce institutional capacities and a good governance policy.

6. The document named National Strategy for Poverty Reduction (Estratégia Nacional de Reduçao da Pobreza, ENRP), validated in the National Symposium which took place on December 10, 2002, was approved by decree of the advise ministries during an ordinary session on December 19 and was approved by the nation's president on January 23rd, 2003.

7. Since its finalization until now, however, changes have occurred to some of the information and data considered for the creation and elaboration, making an update necessary for a reconsideration of the poverty phenomenon and, consequently, with the purpose of mobilizing resources adjusted for the needs of the financing strategy.

8. To this end, the present document constitutes an addendum and an integral part of the National Strategy for the Poverty Reduction, in addition to introducing some changes happening to the actions already taken or in the process contemplating the revision of the proposed actions and the readjustment in regards to some of the reconceived goals.

2. CHANGES AND UPDATES

9. During the conceptualization of the National Strategy for Poverty Reduction, taking into consideration the principal determinants of poverty and basing itself on an optimist scenario inspired by national long-term studies, a significant reduction of poverty was projected during a time interval that extended until 2015.

10. In order to fulfill the requirements of this challenge, the government recognizes the need to better take advantage of the human potential and of the natural and material resources of the nation, as well as of the availability of bilateral and multilateral cooperation.

11. However, considering that the possibilities for mobilization of susceptive resources must be utilized for the implementation of the strategy which requires a more updated knowledge of the poverty situation, it became necessary to proceed with the changes and updates as a consequence of more recent institutional, political, social and economic developments.

12. As such, we present the following information that is currently updated in relation to:

- Public Debt;
- Rural and urban unemployment;
- Fluctuations in the price of cocoa;
- Tourism growth;
- The development of telecommunications;
- Oil resources management;
- Education and health expenditure;
- Macroeconomic context
- National roadmap for the implementation of the ENRP;
- Plan of action;
- Result indicators for the short and medium term;
- Budget prevision.

2.1. The foreign public debt and the effects on the resources from the HIPC fund

13. Confronted with structural and socio-economic difficulties, the subsequent governments of Sao Tome and Principe will engage in making efforts to impose the plan of fulfilling the inherent conditions of the HIPC initiative, or that will permit them to obtain debt relief for the country whose deficit evolved from 2001 to 2004 in the following manner:

Table 1: Foreign public debt (in millions of U.S. dollars)

Period under consideration	2000	2001	2002	2003	Until November of 2004 (estimate)
Amount of Foreign Debt	302	305.1	309.88	306.5	317.5
Multilateral	175.4	179	181.05		
Bilateral	126.6	126.1	128.83		

Source: Statistical Bulletins of the Central Bank and the Cabinet of Treasury

14. One of the conditions was to fulfill the goal of the government program, in particular the macroeconomic control. In the course of negotiations with the IMF throughout 1999, accords were concluded that would lead to a signing of a Poverty Reduction and Economic Growth program. Planned for 3 years and with visible effects starting in 1998, this program should allow Sao Tome and Principe to satisfy the conditions for renegotiation of its foreign debt in the plans of the HIPC initiative.

15. The successful achievement of this program allowed Sao Tome and Principe to reach the point of decision of the HIPC initiative in December of 2000 and, starting in January of 2001, to benefit from the upcoming aid of this initiative.

16. However, as one can deduce, in light of the plan presented above, the accumulated foreign debt continues to grow from year to year increasing from $302.00 million (USD) in the year 2000 to $306.5 million (USD) in 2003.

17. In the year 2004, the government, pressured by the financial need to facilitate pressing problems of the state's functioning, celebrated two new loan contracts of $10,000,000 (USD) and $1,000,000 (USD) with the countries of Nigeria and Angloa, respectively, thus provoking an increase in the mounting foreign debt the ended up reaching $317.5 million (USD) in November of 2004.

2.2. Urban and Rural Unemployment

18. The district of Água Grande, considered to be the only urban zone[1] in the country and where the highest concentration of unemployed population is registered, corresponds to 48.5% of the total unemployed population registered in the country.

19. As far as men are concerned, 55.8% of all unemployed men in the country are concentrated in of this large region of the country in comparison of 44.3% of the total women.

20. However, the largest level of unemployment affects women in all the districts with the exception of the district of Lembá.

21. Also concerning women, it is in the urban zone where we find one of the largest levels of unemployment in the country being surpassed only by the female rural population of the Mé-Zóchi district by only 0.3 percentage points.

[1] Because of a lack of statistical data about the urban and rural areas, this study utilized as criteria the following definition of urban area: an area where all peripheral activities and most of the secondary activities concentrate. From this perspective, the district of Água Grande abides to this defined criteria, in that the remaining part was considered a rural zone, including the capitals of the other districts.

Table 2: Unemployed Population by Gender and District (2003)

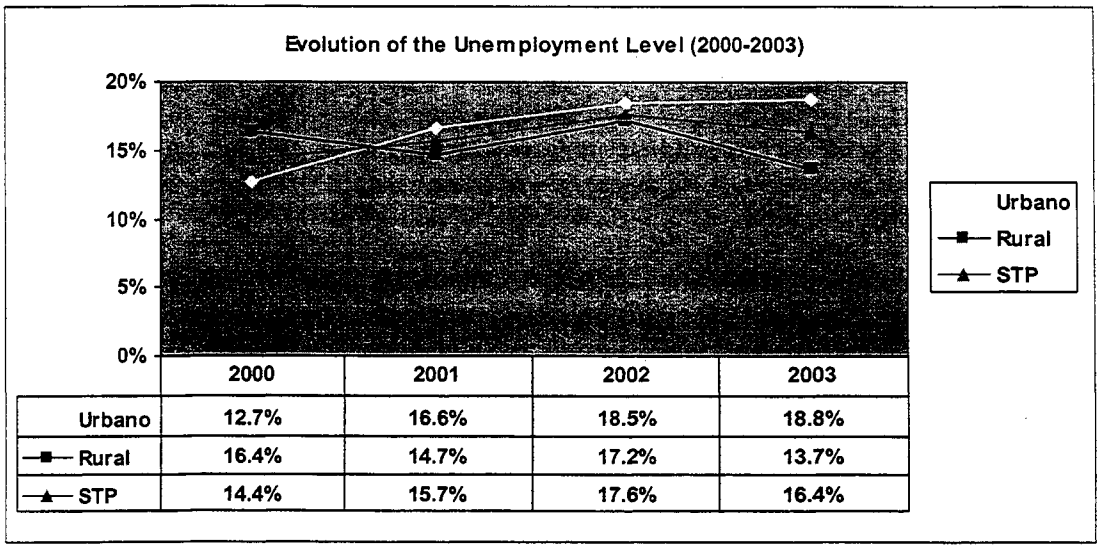
Designation	Água Grande	%	Mé-Zochi	%	Cantagalo	%	Caué	%	Lembá	%	Lobata	%	Paguê	%	Valor Total	% Total
Men & Women	4350	48,5	2517	28,1	475	5,3	399	4,4	276	3,1	776	8,7	175	2	**8968**	**100**
Men	1815	55,8	479	14,7	202	6,2	126	3,9	176	5,4	403	12,4	50	1,6	**3251**	**100**
Women	2535	44,3	2038	35,7	273	4,8	273	4,8	99	1,7	373	6,5	124	2,2	**5715**	**100**

Source: INE, Survey of Active Employed and Unemployed Population – 2003

22. A tendency toward continual growth of the unemployment levels was verified in the urban region between 2000 and 2003 while during the same period a tendency of continual decrease in the rural zone was detected, with a few variations.

23. The variation rate[2] of the unemployment in the urban zone during the period between 2000 and 2003 was 48% while the variation rate of unemployment in the rural region was 16.5%; this means that there was a decrease of that same level in the order of 16.5%.

Graph 1: Evolution of the Unemployment Level (2000-2003)



	2000	2001	2002	2003
Urbano	12.7%	16.6%	18.5%	18.8%
Rural	16.4%	14.7%	17.2%	13.7%
STP	14.4%	15.7%	17.6%	16.4%

Source: INE, IPAED-2003

24. It is relevant to underscore the fact that the unemployment levels in the urban region registered from 2000 to 2003 evolved almost three-fold of the average observed in the entire country (48% in comparison to 14%, respectively.) It should also be noted that the decrease in the unemployment level observed in the country during 2003 in regards to the same period is due to the fact that it had

[2] Level of variation = (Level of unemployment in the year 2003 – Level of Unemployment in the year 2000) / Level of Unemployment in the year 2000 x 100.

decreased in the rural regions by a proportion that is 13 times greater than the unemployment growth registered in the urban region during the same period of time (- 20.3% in comparison to 1.6%, respectively.)

2.3. Fluctuations in the price of cocoa

25. According to the table presented below, one part of the cocoa for export of the national economy surpassed 2,603,050 kilograms in 2001 and reached 3,274,590 kilograms and 3,356,056 kilograms in 2002 and 2003, respectively.

Table 3: Volume and Price of Exported Cocoa (2001-2003)

Year	Total kilograms	Price per kilogram in dobras	Total in dobras	Price in kilograms in USD	Total in USD
2001	2,603,050	7,407.1	19,280,981,659	0.837	2,180,586
2002	3,274,590	12,778.8	41,845,207,707	1.4	4,603,828.2
2003	3,356,056	17,203.9	57,737,417,170	1.84	6,176,723.5

Source: INE, 2004

26. The increase in kilograms was 25.8% between 2001 and 2002 while between 2002 and 2003 was only 2.5%.

27. It should be noted that, notwithstanding, the increase of the prices recorded in the table above, referring to the export of dry cocoa in the international market, the internal price of fresh cocoa did not surpass 2,000.00 dobras. This reveals that the differential in prices between the cocoa that the growers sell for export and that it is sold dry for the international market was respectively 5,407.1, 10,778.8, 15,203.9 between the years 2001 and 2003.

28. This situation does not stimulate cocoa producers to sell fresh cocoa which is more anachronistic when we know that the growers who produce cocoa and sell for export because of the lack of knowledge and access to the international market, are confronted with an increase in the price of **insumos** for the treatment of cocoa.

29. The studies that were carried out reveal that in one area of a hectare with 1111 cocoa plants, the grower needs the following in order to fight against illnesses and plagues during one year:

Sulfate.....	224.000,00
Limestone.....	120.000,00
Tenax.....	140.000.00

Total.....	480.000,00

30. Such costs imply that the grower would have to produce 240 kilograms of cocoa to support the cost of the fertilizers. Since we need to add to these costs the expense of man labor for cleaning, grass-cutting, rat poison and work tools, cocoa sold at less than 2,000.00 does not pose a benefit for the growers.

31. Because of this and other reasons, we witness the abandonment of lands that were given by the State through a process of privatization. Activities are then transposed to other types of products that are more advantageous such as the extraction of palm wine, the production of sugar cane for spirits, among others.

2.4. Tourism Growth

32. According to the data in Table 3, the influx of tourism grew by an annual average rate of 36.5% between the years 1999 and 2003. The year 2003, for diverse reasons, yielded the highest entry of tourists to the country reaching a variation of 46.3% in relation to the same period.

Table 4 – Entry of passengers into national territory according to country of origin

Continents	**1999**	**2000**	**2001**	**2002**	**2003**	**2004***
Europe	3,763	4,060	3,586	5,429	6,709	3,625
America	-	-	-	260	638	280
Africa	526	1,143	1,683	1,851	4,747	2,687
Others	-	-	-	1,790	1,556	823
Total	4,289	5,203	5,269	9,330	13,650	7,415

Source: Tourism and Hotel Directory/Migration and Frontier Service *1st semester of 2004

33. From 1998 to 2003, based on the data from Table 4, we can observe that there was no investment in hotel infrastructure (hotels, motels, inns) which is a basic condition for attracting tourists.

Table 5 – Major indicators of Tourism

Designation	1998	1999	2000	2001	2002	2003
Hotels						

Designation	1998	1999	2000	2001	2002	2003
Establishments	6	7	7	7	7	7
Room	184	198	198	198	214	228
Capacity for lodging	325	353	353	353	397	425
Motels						
Establishments	6	7	7	7	7	7
Rooms	38	42	42	42	42	42
Capacity for lodging	69	73	73	73	73	73
Residences						
Establishments	4	4	4	4	4	4
Rooms	37	37	37	37	37	37
Capacity for lodging	69	69	69	69	69	69

Source: Tourism and Hotel Directory/Migration and Frontier Service

34. As one of the envisioned goals in the Strategy for the Promotion of Tourism and the increase of tourist influx to 7.5% per year, it is necessary that the competent entities do more in the area of tourism, namely creating incentives and competition.

35. The government already possesses a Strategic Plan for the Development of Tourism (Plano Estratégico de Desenvolvimento do Tourismo, PEDT) that contemplates the study of the market as one of the guiding factors to make the sector become a major engine of increase and diversification of the national income from now until the year 2008/2010.

36. These objectives/strategies envision the following: increase in a significant way the contribution of the sector for the PIB (excluding the oil sector) from 5% to 7%, starting 2005, toward the promotion of tourism as one of the principal engines of increase for the medium term; develop direct employment in the sector and maximize its revolving effect; value the natural, architectural and socio-cultural patrimonies; develop ecotourism and resort tourism; ensure for private enterprises the necessary conditions for development in its sector.

2.5. The Liberalization of Telecommunications

37. The Directive Plan of Telecommunications was elaborated in 1989 and has since been readapted to take into consideration the numerous changes in the realm of technology, of international regulations and of internal institutional evolutions.

38. The process of creation in 1990 of the Companhia Santomense de Telecomunicaçoes (CST) (Sao Tomean Company of Telecommunications), an entity of mixed economy, the development of the sector is narrowly linked to the concession contract signed December 1st, 1989 between the government and the Campanhia Portuguesa Radio Marconi where an agreement of exclusivity was reached for 20 years.

39. However, although the society created is allowed to reach relatively satisfactory results in terms of the development of networks and of the quality of borrowed services, taking into consideration the global evolution of telecommunications and the opportunities afforded by the opening of the market to new operators, and in the process of more recent negotiations established that this status of exclusivity would prevail only until December 31st of 2005.

40. In the meantime, Law 3/04 was approved which defines the applicable rules for the establishment, the management and the exploration of national telecommunication networks and of telecommunication services and established that the regulation of the telecommunications sector would be realized by a Regulation Authority with the purpose of favoring the emergence of an open market that favors competition with new partners.

Box 1

Law that defines the applicable rules for the establishment, the management and the exploration of national telecommunication networks and telecommunication services

Law 3/04, published in Diário da República no. 6 of July 2, 2004, recognizes that telecommunications constitute a key sector for the economic development of the country because of its geographic isolation as well as because it is indispensable for the implementation of industry and services.
This law also recognizes that telecommunications also constitute a monopoly of the State and that it is necessary to take measures to promote new services and to rationally manage the tariffs.
As a consequence, this law seeks to constitute the base of a regulation adequate to the modernization of nets and of telecommunication services and to the progressive opening of the telecommunications market to the competition.
By the same token, this law seeks to clarify the responsibilities of the State and of the net operators and of the telecommunications service providers, limiting them to new guidelines (licenses for public networks, authorizations for independent networks or simple declarations for the establishment of services utilized as independent networks or simple declarations for the establishment of services utilizing complete or partial third-party networks.)
In order to assure the regulation of the telecommunications sector, with the purpose of favoring the emergence of an open market, this law establishes the creation of a Regulation Authority in charge also of providing advice to the government in matters of telecommunications whose orientations and priorities seek to guarantee the extension of the coverage area for telephone services, namely favoring the implantation of public posts.

2.6. Oil resources management

41. The mindful management of oil resources is at the center of the citizens' concerns considering the possibilities that could emerge for the improvement of their life conditions.

42. It is not known with certainty the potential of the existing hydro carbonates and of their commercial viability, but negotiations culminating in the delimitation of marine borders with neighboring countries, namely Gabon and Equatorial Guinea, will be carried out at the right time.

43. In the meantime, there are plans to register a progress for both conducive procedures toward oil prospects and for future production and exploration from the perspective of rules that should define the forms of use as well as the utilization of oil revenues.

44. In July of 2004 Sao Tome and Principe and Nigeria signed the Declaration of Abuja, outlining the transparency and good governance in the Zone of Joint Development that will need to be upheld in all the shared contracts of oil business production between the two countries.

45. In October of 2003, the first bidding of blocs in the Zone of Joint Development was organized in S. Tome, and, as a consequence, it was projected that in January of 2005 the signing of the first joint contract of production related to one of the blocs (bloc 1) will take place.

46. The process for the second bidding to take place in Abuja, during the last trimester of 2004 (December of 2004), expects to see the signing of new joint contracts of production encompassing five blocs which will enable the collection of revenues that could contribute to the maintenance of economic development.

47. In the meantime, the Law of Oil Revenues (see Box 1) was approved in December of 2004, after its elaboration and approval by the National Assembly on November 26, 2004, having previously had a broad discussion around this matter such as the involvement of civil society.

Box 2

Law on Oil Revenues

On December 29, 2004 the president of the Republic ratified the oil revenues law approved by the National Assembly plenary that regulates payment and utilization of oil revenues related with operations of oil exploration both in the joint development zone (JDZ) of Sao Tome and Principe with Nigeria in the Exclusive Economic Zone of Sao Tome and Principe.

The law utilizes the principal lessons learned from international experiences whereby the Sao Tomean people become major beneficiaries of this mineral richness.

To that effect, the law created an account – The National Oil Account – where all oil revenues should be directly deposited and there were also defined mechanisms to assure that the revenues be utilized to the benefit of national development. Thus, it foresees mechanisms to prevent the revenues from being channeled to other accounts. The revenues can only be deposited in a State National Treasury Account or in opened accounts created for that purpose, with an authorization of the national Assembly on behalf of the State.

Quantitative and qualitative limits will be introduced to oil revenues that could be channeled to annual budget expenditures. The first will define with certain amplitude the maximum amount of annual financial expenditures related to oil. The second set of limits will establish the basic principles that define the calculation of those expenditures within the maximum fixed limits. Despite these limits, the guiding principle applied to oil revenue utilization should be a prudent fiscal policy. The No. 5 of article 8., foresees that an annual figure should always be in conformity with inflation goals. This amount will be determined by the minister of Planning and Finance, in consultation with the Central Bank, and taking in consideration the capacity of economy for absorption. The law also prohibits the santomean State from making loans utilizing current or future oil revenues as the guaranty for the same.

The transparency of the annual figure in the National Oil Account for the National Treasury should be approved by the National Assembly within the parameters of the State General Budget approval, and will be utilized mainly to finance objectives and programs defined in the National Strategy for Poverty Reduction.

The finite nature of oil resources was also considered as well as the need to introduce mechanisms that allow Sao Tome and Principe to face the era after the oil boom with a minimum of economic repercussions. Because of this, a sub-account of reserve was created– the permanent Fund of Sao Tome and Principe – where part of the oil revenues should be deposited and whose utilization is strongly limited only to revenues generated by its applications. When the oil resources are depleted, the intention is that the Sao Tomean people can still continue benefiting from the revenues generated by applications of this sub-account.

The management and investment of oil revenues are assigned to a committee for management and investments, which is an institution with competence and accredited by law for said purpose. It should act as a prudent investor, based on principles established in the same law and in the policy of management and investment.

Another aspect that the law centralize on is transparency. The law also defined the mechanisms of auditing, advertising and fiscalization of oil resources management.

Two annual audits are planned for the oil accounts where the revenues will be deposited. One audit will be conducted by the National Accounting Court (Tribunal de Contas) and the other will be carried out by an audit firm with international reputation.

Clear rules about transparency and advertising are established in connection to all acts and documents related to exercises of oil activity. On the other hand, this law introduces mechanisms that limit the confidentiality of contracts that have oil resources or revenues as their goals, and includes registry and mandatory advertising of all documents and information related to the sector. Conversely, everyone has ample access to the information.

A commission for Oil Fiscalization is also created with characteristics of independence and with administrative and financial autonomy, which permits an efficient exercise of power to audit, investigate and sanction.

Lastly, the law establishes a set of incompatibilities to the exercise of responsibilities in the organisms created by the law and aggravates by at least one third, the sanctions normally stipulated in the law to punish conduct that violates dispositions of the present law.

2.7. Education and health expenditure

48. According to Table 6, the study carried out for the National Strategy for Poverty Reduction (ENRP) in Sao Tome and Principe allocated a mounting total of $26,517 millions (USD) for the sectors of health and education for the period between 2005 and 2007.

49. Of the amount allocated for the above-mentioned period, the distribution of monies for the health and education sectors will be $14,050 million (USD) and $12,458 million (USD) corresponding to the 53% and 47% levels, respectively.

Table 6: ENRP Programming for the 2005-2007 period

Ministries	2005	2006	2007	Total 2005-2007 (USD)
Education	3,752,880	4,176,245	4,529,765	12,458,890
Health	4,686,170	4,686,170	4,686,170	14,058,510
Total (USD)	**8,439,050**	**8,862,415**	**9,215,935**	**26,517,400**

Source: ENRP, PIP-2005

50. According to that data in the table above, there is a somewhat similar distribution between these two sectors which shows the importance that these two areas have for the nation's development strategy. The expenditures allocated for the education sector represent a trend of growth within three years whereas the projection for those three years in the health sector demonstrates an equal distribution. This is due to the fact that the PIP of 2005 was utilized as a reference base assuming that the revenues during the next two years (2006 and 2007) would revolve around more or less around what was budgeted for this sector in the PIP of 2005, depending on the circumstances and on the country's needs.

51. According to Table 7, in comparative terms to the level of accomplishment in both sectors, it is stated that the education sector achieved a positive level of growth in the amount of 80.2% while the growth for the health sector was negative (-65.95%) during the same period of analysis.

52. Of the total accomplishments, it is indicated here that both the education and the health sectors reveal a level of growth in the amount of 5.14% during the years 2003 and 2004 (1st semester.)

Table 7: PIP for the Health and Education Sectors from 2003 to 2004

Accomplishments		
Sectors	**2003**	**2004 (1st Semester)**
Education	3,795,599	6,839,845
Health	4,006,939	1,364,299
Total (USD)	**7,802,538**	**8,204,144**

Source: Planning Directive – PIP, 2003 and 2004

2.8. Macroeconomic context

53. Between 2000 and 2003, significant progress was achieved in raising investment and growth while containing inflation. Growth in real GDP accelerated during that period, reaching 4.5 percent by 2003, while inflation was remained stable at around 9 percent. Investment averaged 36 percent of GDP.

54. The strong growth performance was achieved against the backdrop of continued diversification of the economy and expansion of private sector activity. In a reflection of the success of the new sectoral strategies for tourism and agriculture the economy has become primarily service-oriented, with tourism now the principal foreign exchange earner, from an economy that until the end of the 1990s was predominantly reliant on cocoa. The agricultural sector itself has also witnessed significant diversification, with the cultivation of pepper and vanilla having taken off and plans are currently under way for the commercialization and export of these activities. To support the diversification process and create the necessary conditions that would be conducive to further expansion of the private sector, a broad-based privatization program has been prepared and a new investment code will shortly be presented to the National Assembly for approval.

55. Success in implementing structural reforms has also played a key role in supporting growth. With assistance from the World Bank and the IMF, Sao Tome and Principe has implemented a series of structural reforms including privatization of public enterprises, adoption of a semi-automatic pricing

mechanism for petroleum products, that better reflect production cost while protecting the most vulnerable groups. Moreover, in 2001 a civil service reform was implemented, which involved downsizing of the civil service by 320 public and 158 utility employees, and the establishment of a single computerized system of civil service and payroll management.

56. To minimize the degree of external vulnerability, maximum efforts have been made to meet the conditions that would enable Sao Tome and Principe to reach the completion point under the HIPC Initiative. Most of the HIPC completion point triggers have been satisfied, including: (i) the preparation and approval by the National Assembly of transparent legislation for management of petroleum resources; (ii) the establishment of a technical petroleum unit dealing with the sectoral issues such as re-negotiations of old contracts since 2002; the establishment of a National Committee on Petroleum (NCP); and (iii) the creation of the National Petroleum Agency (NPA) (in charge of designing the necessary legal framework and institutions to supervise and regulate the sector). Other completion point triggers including in the social areas and the creation of the Fiscal Tribunal (Tribunal de Contas) that has been functional since mid-June 2003, have also been met.

57. Important reform in the area of fiscal administration has also been implemented during 2000-03. The governments' accounting and budgeting systems have been updated to bring them more in line with international standards; the tax code is being modernized, customs rates have been simplified; the information system has been modernized, including adoption of the SYDONIA information system; human capacity has been reinforced; and the services of the Ministry of Planning and Finance has been decentralized from a single Directorate of Finance to individual directorates (Treasury; Budget; Tax, Planning etc). Moreover, a revised tax code and package of tax reform that includes the recommendations of the 2001 FIAS report will shortly be submitted to the National Assembly for approval.

58. Despite the significant progress in boosting growth and implementing structural reform, policy implementation suffered a setback in 2001 because of fiscal and structural reform slippages. The fiscal situation worsened in 2003 as the government, reestablished after the July 2003 military coup, increased expenditure as it sought to address social and political pressures brought about by extreme poverty. The fiscal imbalances widened further in 2004 as a result of expenditure pressures in anticipation of very large oil signature bonuses that had been expected for this year. In the event, the bonuses did not arrive, resulting in a larger than expected fiscal deficit. Provisional data show a primary fiscal deficit of 22 percent of GDP, from 12 percent of GDP in 2003, mainly reflecting rapid growth in government expenditure, including increases in the government wage bill, spending on goods and services, and transfers. Meanwhile, external debt arrears had continued to accumulate. As a result, the economy remains fragile and important internal and external remain.

59. Recognizing that the large imbalances caused by the high expenditure are unsustainable and could undermine the prospects for growth and poverty reduction the São Toméan government has decided to implement a package of measures over the period 2005-2007 that would aim at correcting the widening macroeconomic imbalances. The program, for which the authorities are seeking the support of the Bretton Woods institutions, will aim at fiscal consolidation, monetary stabilization, implementation structural reform and improvement the sustainability of the country's external debt.

60. While GDP growth is expected to slow down in 2005 in response to tight financial policies, the program aims at realizing real GDP growth of 5.5 percent by 2007, in anticipation of increased in activity in the services sector. Inflation is projected to return to single digits by end-2007. The program also envisages maintaining gross international reserves at around 3 ½ months of imports, while the current account deficit will be contained in response to the expected improvement in the fiscal sector.

61. Structural reform will remain an important element of the medium-term strategy to achieve macroeconomic stability. These will include reform of public enterprises to improve the financial position of these enterprises, notably the utility enterprise, EMAE for which a strategy will shortly be implemented. In the communication sector, following the renegotiation of the exclusivity agreement the telecom parastatal CST, will now only continue until January 2006, after which the market will be open for competition. A commission to address land tenure reform will shortly be established.

62. Satisfactory performance under the program would also allow São Tomé and Príncipe to reach the completion point under the HIPC initiative in the second half of 2006. São Tomé and Príncipe's will nevertheless, continue to be donor-dependent over the medium term. The main features of macro-economic scenario are summarized in the attached tables. The government is of the view that the macro-economic objectives would be achievable under the following conditions:

- Peace and political stability
- Prudent macroeconomic and financial management
- Transparency in oil sector activity
- Strong investment in social spending and toward poverty-reduction
- Further diversification of the economy
- Expansion of trade through regional integration and renegotiation of new trade agreements
- Improved communication and transportation
- Reform of public enterprise to improve efficiency and make these enterprises more commercially oriented
- Implementation of further structural reforms

2.9. Implementation structure

63. The National Strategy for Poverty Reduction (ENRP) defined the creation of an implementation, follow-up procedure and evaluation mechanism as one of two fundamental axes of this strategy. This mechanism would not be subject to institutional changes but would, instead, correspond to the needs of the performance evaluation.

64. As a consequence of the considerations made and taking into account the institutional reality of the country, the government projects the creation of an implementation structure, part of the National Strategy for Poverty Reduction, with the following characteristics:

- A Ministerial Council;
- A Consulting Council;
- A Poverty Reduction Observatory;
- Focal Points (Antennas)

65. The Ministerial Council will carry out the orientation and supervision of the activities related to the achievement of the ENRP's Plan of Action.

66. The Ministerial Council will convene at least twice a year under the chairmanship of the Prime Minister and the chief of government. In his or her absence or inability to attend, the minister of planning should chair.

67. The members of the Ministerial Council will be the ministers responsible for the areas of planning, cooperation, education, youth, health, labor, solidarity, social communication, agriculture and rural development.

68. Other members of government who have programs or projects enrolled the ENRP's Plan of Action can also be invited to participate in the Ministerial Council.

69. After listening to non-governmental organizations, such as civil society organizations and representatives of the private sector, the Consulting Council will need to emit recommendations about the periodic reports associated with the achievement of the National Strategy of Poverty Reduction, before being submitted to the Ministerial Council.

63. The Consulting Council will meet at least twice a year with the request of the presiding minister responsible for planning.

64. Public individuals or representatives of collective entities - namely the local officials, the Federation of NGOs, the Sao Tome Women's Forum, youth organizations, labor unions, the private sector, professional associations, churches and civil society in general – will participate in the Consulting Council.[3]

65. The Observatory of Poverty Reduction (Observatório da Redução da Pobreza, ORP) will be created in direct consultation with the minister in charge of planning and will have the following capabilities:

    a. to ensure the implementation the ENRP's Plan of Action and the accomplishment of the defined goals;

    b. to update and adjust the ENRP;

    c. the make compatible the goals of strategic poverty reduction with the goals of the development of the millennium;

    d. to analyze all the debt reduction initiatives in the country and promote the coordination of these;

    e. to promote surveys and inquiries that will allow the collection of data and information about the evolution of poverty;

    f. to establish a reliable database envisioning a periodic update of the country's poverty profile and to develop studies about its different dimensions;

    g. to elaborate periodic reports about the process of implementation, follow-up procedure and evaluation of the government;

    h. to carry out any other functions determined by a superior power.

66. The organization and functioning of the Observatory of Poverty Reduction will be subject to self-regulation to be approved by the consulting minister who will contemplate the following:

[3] As proof of consultation between the state of Sao Tome and its donors, it will be permissible to create a supplementing council that will meet by request and under the chairmanship of the Minister of Foreign Affairs, Cooperatives and Communities, with the presence of the Minister of Planning and Financing, the Executive Secretary of the Observatory of Poverty Reduction, as well as the Focal Points (Antenna) of the Ministry of of Foreign Affairs, Cooperatives and Communities.

- The Multi-Sector Technical Commission;
- The Coordinator.

67. The Multi-Sector Technical Commission will generally meet with the presiding consulting minister to analyze matters that relate to the functioning of the Observatory of Poverty Reduction and the accomplishment of the respective plan of activities.

68. Besides, the specialists or technicians of the Observatory will integrate to the Technical Commission the focal points of the ministries and the remaining institutions responsible for the sectorial actions of the ENRP, as well as the representatives of the National Institute of Statistics and of the institutions responsible for planning together with the Ministry of Planning and Finance.

69. The Coordinator will be named by the consulting minister and will represent the Observatory of Poverty Reduction before public or private entities and will coordinate all its activities.

70. It will be the Coordinator's responsibility to present the plans and reports of activities and to organize the different meetings of the Ministerial and Consulting Councils as well as those of the Multi-Sector Technical Commission.

71. The technical staff of the Observatory of Poverty Reduction will be subject of the approval by the consulting minister taking into consideration the availability of the Economic Planning Directive.

72. With the purpose of coordination and follow-up procedures, the ministries and remaining institutions responsible for the actions integrated into the ENRP's Plan of Action will need to indicate the respective Focal Points (Antennas) of the Observatory of Poverty Reduction.

73. The activities of the Observatory of Poverty Reduction will be carried out as often as necessary in close collaboration with the assigned institution for economic and social planning together with the ministry responsible for planning and with the National Institute of Statistics, all of whom will be obligated to cooperate.

74. It will be the responsibility of those institutions to organize themselves in a way that will allow them to effectively respond to the requests made by that institutional collaboration.

2.10. Expected Consciousness-Raising Meetings

75. During the period that will follow the approval of the ENRP, the country will experience episodes of significant social tension and changes in officials or representatives of institutions responsible for the implementation of the programmed actions.

76. This fact will make the renewal of contact with the officers necessary for its implementation. On the other hand, once the mechanism is created, the consequential and sustainable success of the process will not be guaranteed while there is still a risk of quantitatively superior resources being used outside of the defined strategy.

77. On the other hand, the creation of Focal Points (Antennas) in ministries and other institutions that are directly compromised or involved in strategic projects of poverty reduction will determine the urgency of a preparation envisioning the exchange of information about the progress of the respective projects to be able to offer a systematic appreciation and evaluation of the accomplishments made.

78. In what follows, the subsequent consciousness-raising meetings are anticipated:

- A symposium on the role that the military and paramilitary forces will play in poverty reduction;
- A symposium about the contribution social communication organisms to inform, raise consciousness and mobilize the public on the issue of poverty reduction;
- Meetings among leaders and/or representatives of institutions directly involved in the creation of information about the need for Focal Points (Antennas);
- A seminar for the preparation of Focal Points (Antennas) about the importance of their participation in the methodology of the procedure manual to be elaborated.

2.11. Plan of action and current situation relative to its implementation

79. Changes and updates made will be necessary in order to proceed with the revision of the Plan of Action taking into fundamental account the new periods considered for the implementation priority actions. That process also allowed the recording of an actual situation associated with some of the programs and projects whose completion was projected for 2003 and 2004.

80. For the purpose of evaluation of the progress reached, during the process of the ENRP implementation there was the inclusion of indicators associated with priorities or measures susceptible of being periodically verified.

81. The Plan of Action thus reviewed, includes synthesized information of the current situation, as well as a list of indicators, contained in appendix.

2.12 Budget

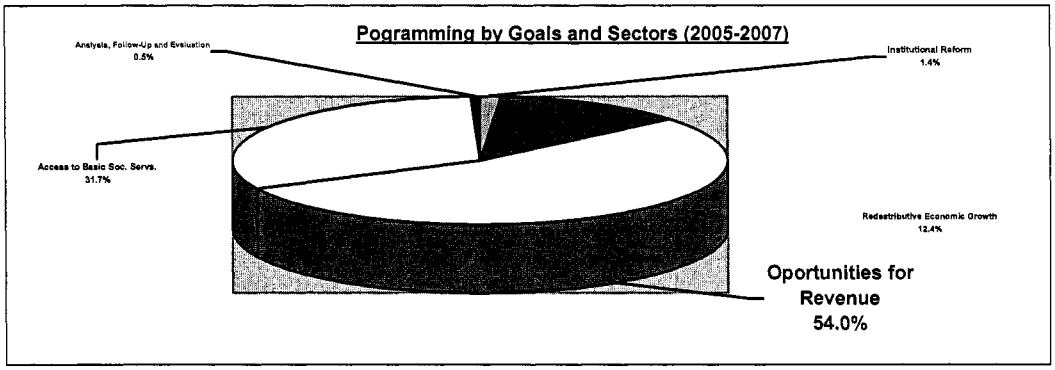
82. Considering that education, health, infrastructure, agriculture and rural development, good governance and economic and financial policies were defined as priorities, the projected budget deserves to be discussed in greater detail.

Table 8: Programming Organized by Goals and Priorities

(values are indicated in thousands of U.S. dollars)

Axes / Sectors	2003-2010 Totals	%	Period from 2005-2007	%
1-Institutinal Reform and Rehabilitation and Good Governance	**2109.4**	**1.0**	**1160.8**	**1.4**
Justiçe	919.4	0.4	525.4	0.6
2-Economic and Redistributive Growth	**45165.4**	**21.5**	**10368.1**	**12.4**
Energy	29252	13.9	3865	4.6
Water and sanitation	11226.8	5.3	4676.2	5.6
3-Oportunities for Revenue	**106999.4**	**50.9**	**45259**	**54.0**
Agriculture, livestock, fishing, forestry	52921.2	25.2	21349.5	25.5
Infrastructures	54078.2	25.7	22699.5	27.1
4-Access to Basic Social Services	**54068.8**	**25.7**	**26523.2**	**31.7**
Education	22836.7	10.9	12458.9	14.9
Health, Nutrition and Population	27639.1	13.1	14058.5	16.8
Employment, Training and Solidarity	3593	1.7	1086.8	1.3
5-Analysis, Follow-Up Procedures and Evaluation	**2035.6**	**1.0**	**456.5**	**0.5**
Total	**210378.6**	**100.0**	**83767.6**	**100.0**

Graph 2: Percentage of the Expenditure of Strategic Axes



83. On the short term (2005-2007), the actions leading to the creation of revenue, centered in basic infrastructures and in the activities of the primary sector (which includes energy, water and sanitation, agriculture, livestock, fishing, forestry and infrastructures), will absorb 66.4% of the resources.

84. The activities related to the Access to Basic Social Services represent 31.7% of the total resources during the period between 2005 and 2007. It is important and necessary to understand that the levels of expenditure by sectors are adjusted according to the circumstances and economic needs of the country.

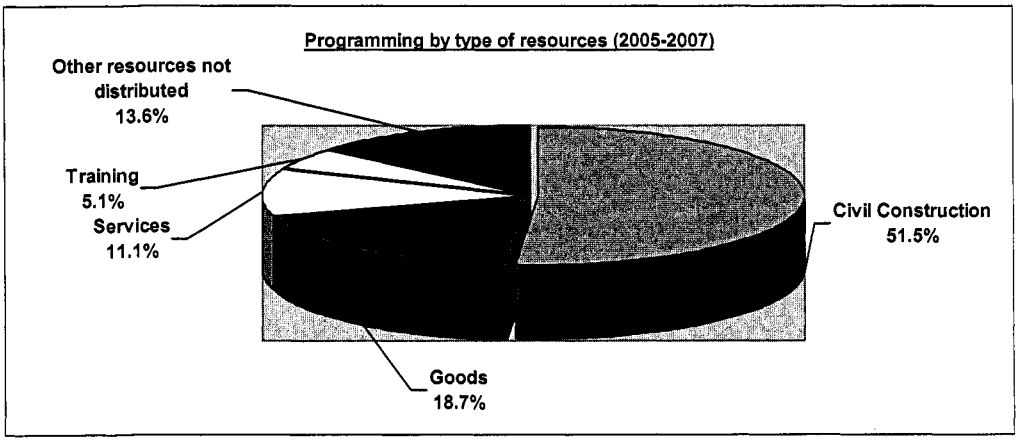
85. It should be noted that only 39.8% of the total programmed actions are concentrated during the 2005-2007 period which creates difficulties in formulating medium/long-term provisions due to the fact that production varies too much from year to year, besides, most of the production factors are imported in foreign currency that has subjacent monetary policies that often don't go in line with our objectives.

Table 9: Programming by type of resources
(values are presented in thousands of U.S. dollars)

Expenditure Categories	2003-2010 Totals	%	2005-2007 Period	%
1-Civil Constructions	**110900.25**	**52.7**	**43191.35**	**51.5**
Classrooms	12056.2	5.7	7150	8.5
Health Infrastructures	7714.35	3.7	5029.35	6.0
Various Infrastructures	49308.7	23.4	20826.5	24.9
Water and Sanitation	12673.4	6.0	4753.2	5.7
2-Goods	**39686.365**	**18.9**	**15644.0**	**18.7**
Vegetable Materials	13353	6.3	5395	6.4
Nutritional Goods	1159.7	0.6	643.9	0.8
Manuals and Equipment for Education	1030.5	0.5	579.5	0.7
Medicines, Equipment and health materials	8194.865	3.9	4636.7	5.5

Expenditure Categories	2003-2010 Totals	%	2005-2007 Period	%
3-Services	**26323.8**	**12.5**	**9296.4**	**11.1**
National Technical Assistance	15318	7.3	5090.9	6.1
International Technical Assistance	7026.7	3.3	2343.4	2.8
Studies	1539.6	0.7	391.5	0.5
Legislation	705.3	0.3	202.5	0.2
Information Systems	1734.1	0.8	1088	1.3
4-Training	**9136.985**	**4.3**	**4268.585**	**5.1**
Teacher Training	2022.7	1.0	839.1	1.0
Professional Training	6872.0	3.3	2182.3	2.6
5-Other resources not distributed by category	**24331.2**	**11.6**	**11367.3**	**13.6**
Total	**210378.6**	**100**	**83767.6**	**100**

Graph 3: Programming by type of resources



86. Regarding the expenditure category, most of the resources will be channeled toward Civil Construction (51.5%), not giving more priority to this sector, but due to the fact that this sector has subjacent raw materials in large part imported in currency that is strongly valued in relation to the national currency (like the Euro, for example.)

Table 9: Financing Sources for the PIP – 2005

Sources of Financing	Values (000 US$)	Percentage
State Treasury	2,909.1	9.54%
HIPC funds	3,363.6	11.03%
Secured Foreign Credits	5,486	18%
Secured Donations	18,725	61.43%
Total	30483.7	100%

87. The completion of the programmed activities for 2005 (Table 9) requires the mobilization of $30,483,700 USD with a distribution of the financing sources above illustrated.

3. APPENDIX

Table 11. São Tomé and Príncipe: Financial Operations of the Central Government, 2001-07 (Concluded)

	2001	2002	2003	2004	2005				2006	2007
				Est.	Prog.				Prog.	
					Jan.-Mar.	Jan.-Jun.	Jan.-Sep.	Jan-Dec		
	(In billions of dobras, unless otherwise indicated)									
Total revenue and grants	**248,8**	**245,6**	**321,0**	**358,9**	**622,3**	**729,8**	**832,0**	**937,3**	**483,9**	**560,5**
Oil revenue 1/	0,0	0,0	1,1	13,7	3,6	7,4	11,3	15,3	16,7	17,8
Non-oil revenue	89,2	113,4	140,4	156,5	42,6	90,5	141,4	196,4	229,7	263,6
Tax revenue	77,2	95,0	114,2	138,2	38,0	79,0	125,3	176,8	206,3	237,8
Nontax revenue	12,0	18,4	26,2	18,2	4,6	11,4	16,1	19,6	23,4	25,9
Grants	159,5	132,2	179,4	188,8	38,5	94,4	141,8	188,1	223,1	257,0
Project grants	120,9	110,0	142,1	137,7	27,3	76,9	115,4	153,9	185,8	217,2
Nonproject grants	17,3	0,5	2,4	20,4	0,0	0,0	0,0	0,0	0,0	0,0
HIPC Initiative-related grants 2/	21,4	21,8	35,0	30,6	11,2	17,5	26,4	34,2	37,3	39,8
Oil signature bonuses	...	...	...	...	537,6	537,6	537,6	537,6	...	...
Unidentified revenue measures	...	...	...	...	...	...	...	...	14,4	22,0
Total expenditure and net lending	**334,9**	**329,2**	**414,8**	**524,5**	**124,6**	**259,9**	**399,6**	**552,4**	**610,7**	**662,1**
Current expenditure	121,5	160,4	183,3	280,2	71,9	132,1	208,0	296,9	313,4	324,4
Personnel costs	40,5	43,6	55,0	74,5	22,2	44,5	66,7	89,0	93,8	98,7
Goods and services	18,8	26,7	43,9	86,9	11,8	19,9	34,5	54,1	56,7	59,2
Interest on external debt due	23,2	29,5	26,1	30,1	8,3	17,3	25,6	34,5	39,0	39,3
Interest on internal debt due	1,1	0,0	0,0	0,0	0,6	1,3	1,9	2,5	2,5	2,5
Transfers	13,1	40,7	35,9	63,4	21,9	37,4	60,0	89,1	91,8	93,4
Of which: Regular transfers	13,1	9,4	13,4	37,3	13,1	26,3	39,4	52,6	54,0	55,1
Foreign-funded scholarship program	...	...	1,1	13,7	3,8	7,6	11,5	15,3	16,7	17,8
Domestically-funded scholarship program	...	...	...	10,8	5,5	11,0	16,5	21,9	21,9	21,9
Joint Development Agency 3/	...	31,3	22,6	26,0	8,8	14,1	20,6	36,5	37,9	38,4
Other	24,8	20,0	22,4	25,3	6,9	11,9	19,4	27,8	29,6	31,3
Capital expenditure	194,3	140,0	197,9	214,7	44,1	110,6	166,0	221,3	260,0	297,8
Financed by the treasury	29,4	12,3	38,0	40,2	6,6	13,2	19,7	26,3	29,4	32,8
Financed by external sources	164,9	127,7	160,0	174,5	37,6	97,5	146,2	194,9	230,6	265,0
HIPC Initiative-related social expenditure	17,2	22,5	33,6	35,0	8,6	17,1	25,7	34,2	37,3	39,8
Public service restructuring 4/	1,9	6,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net lending	0,0	0,0	0,0	-5,5	0,0	0,0	0,0	0,0	0,0	0,0
Overall fiscal balance (commitment basis)	**-86,1**	**-83,6**	**-93,8**	**-165,6**	**497,7**	**469,9**	**432,4**	**384,9**	**-126,7**	**-101,6**
Change in arrears (net; reduction -)	3,8	48,8	28,3	39,8	-97,7	-174,7	-174,7	-176,6	0,0	0,0
External arrears 5/	3,8	14,8	9,4	13,8	4,0	-73,0	-73,0	-74,8	0,0	0,0
Domestic arrears	0,0	34,0	18,8	26,0	-101,7	-101,7	-101,7	-101,7	0,0	0,0
Of which: Joint Development Agency 3/	...	31,3	22,6	26,0	-101,7	-101,7	-101,7	-101,7	0,0	0,0
Overall fiscal balance (cash basis)	**-82,3**	**-34,8**	**-65,5**	**-125,7**	**400,0**	**295,2**	**257,6**	**208,3**	**-126,7**	**-101,6**
Financing	**82,3**	**34,8**	**65,5**	**125,7**	**-400,0**	**-295,2**	**-257,6**	**-208,3**	**126,7**	**101,6**
External (net)	46,9	32,9	49,8	107,5	-10,8	-161,7	-176,7	-174,8	-41,6	-50,2
Disbursements (projects)	42,9	17,7	17,9	36,8	10,3	20,5	30,8	41,1	44,8	47,8
Program financing (loans)	25,8	0,0	30,8	50,3	0,0	12,9	12,9	26,7	28,6	30,5
Short-term loans (Nigeria and Angola) (net) 6/	...	45,0	46,7	58,7	0,0	-10,7	-10,7	-10,7	0,0	0,0
Disbursement	...	45,0	46,7	58,7	51,5	51,5	51,5	51,5	0,0	0,0
Amortization	...	...	...	0,0	-206,2	-216,9	-216,9	-216,9	0,0	0,0
Rescheduling of Nigeria loan	...	...	...	0,0	154,6	154,6	154,6	154,6	0,0	0,0
Long-term loans amortization (net)	-21,7	-29,8	-45,7	-38,2	-21,0	-184,4	-209,6	-231,9	-115,0	-128,5

Table 12. São Tomé and Príncipe: Financial Operations of the Central Government, 2001-07 (Concluded)

	2001	2002	2003	2004	2005				2006	2007
				Est.	Prog.				Proj.	
					Jan.-Mar.	Jan.-Jun.	Jan.-Sep.	Jan-Dec		
	(In percent of GDP, unless otherwise indicated)									
Total revenue and grants	**59,0**	**50,5**	**58,1**	**56,7**	**82,7**	**97,0**	**110,6**	**124,6**	**54,2**	**53,7**
Oil revenue 1/	0,0	0,0	0,2	2,2	0,5	1,0	1,5	2,0	1,9	1,7
Non-oil revenue	21,1	23,3	25,4	24,7	5,7	12,0	18,8	26,1	25,7	25,2
Tax revenue	18,3	19,5	20,7	21,8	5,1	10,5	16,7	23,5	23,1	22,8
Nontax revenue	2,9	3,8	4,7	2,9	0,6	1,5	2,1	2,6	2,6	2,5
Grants	37,8	27,2	32,5	29,8	5,1	12,5	18,8	25,0	25,0	24,6
Project grants	28,6	22,6	25,7	21,8	3,6	10,2	15,3	20,4	20,8	20,8
Nonproject grants	4,1	0,1	0,4	3,2	0,0	0,0	0,0	0,0	0,0	0,0
HIPC Initiative-related grants 2/	5,1	4,5	6,3	4,8	1,5	2,3	3,5	4,5	4,2	3,8
Oil signature bonuses	...	...	...	...	71,4	71,4	71,4	71,4	...	...
Unidentified revenue measures	...	...	...	...	...	...	...	...	1,6	2,1
Total expenditure and net lending	**79,4**	**67,6**	**75,1**	**82,9**	**16,6**	**34,5**	**53,1**	**73,4**	**68,4**	**63,4**
Current expenditure	**28,8**	**33,0**	**33,2**	**44,3**	**9,6**	**17,6**	**27,6**	**39,5**	**35,1**	**31,1**
Personnel costs	9,6	9,0	9,9	11,8	3,0	5,9	8,9	11,8	10,5	9,5
Goods and services	4,5	5,5	7,9	13,7	1,6	2,6	4,6	7,2	6,3	5,7
Interest on external debt due	5,5	6,1	4,7	4,8	1,1	2,3	3,4	4,6	4,4	3,8
Interest on internal debt due	0,3	0,0	0,0	0,0	0,1	0,2	0,2	0,3	0,3	0,2
Transfers	3,1	8,4	6,5	10,0	2,9	5,0	8,0	11,8	10,3	8,9
Of which: Regular transfers	3,1	1,9	2,4	5,9	1,7	3,5	5,2	7,0	6,0	5,3
Foreign-funded scholarship program	...	...	0,2	2,2	0,5	1,0	1,5	2,0	1,9	1,7
Domestically-funded scholarship program	...	...	...	1,7	0,7	1,5	2,2	2,9	2,5	2,1
Joint Development Agency 3/	...	6,4	4,1	4,1	1,2	1,5	2,7	4,9	4,2	3,7
Other	5,9	4,1	4,0	4,0	0,9	1,6	2,6	3,7	3,3	3,0
Capital expenditure	46,0	28,8	35,8	33,9	5,9	14,7	22,1	29,4	29,1	28,5
Financed by the treasury	7,0	2,5	6,9	6,4	0,9	1,7	2,6	3,5	3,3	3,1
Financed by external sources	39,1	26,2	28,9	27,6	5,0	13,0	19,4	25,9	25,8	25,4
HIPC Initiative-related social expenditure	4,1	4,6	6,1	5,5	1,1	2,3	3,4	4,5	4,2	3,8
Public service restructuring 4/	0,4	1,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net lending	0,0	0,0	0,0	-0,9	0,0	0,0	0,0	0,0	0,0	0,0
Overall fiscal balance (commitment basis)	**-20,4**	**-17,2**	**-17,0**	**-26,2**	**66,1**	**62,5**	**57,5**	**51,2**	**-14,2**	**-9,7**
Change in arrears (net; reduction -)	0,9	10,0	5,1	6,3	-13,0	-23,2	-23,2	-23,5	0,0	0,0
External arrears 5/	0,9	3,0	1,7	2,2	0,5	-9,7	-9,7	-9,9	0,0	0,0
Domestic arrears	0,0	7,0	3,4	4,1	-13,5	-13,5	-13,5	-13,5	0,0	0,0
Of which: Joint Development Agency 3/	...	6,4	4,1	4,1	-13,5	-13,5	-13,5	-13,5	0,0	0,0
Overall fiscal balance (cash basis)	**-19,5**	**-7,2**	**-11,9**	**-19,9**	**53,2**	**39,2**	**34,2**	**27,7**	**-14,2**	**-9,7**
Financing	**19,5**	**7,2**	**11,9**	**19,9**	**-53,2**	**-39,2**	**-34,2**	**-27,7**	**14,2**	**9,7**
External (net)	11,1	6,8	9,0	17,0	-1,4	-21,5	-23,5	-23,2	-4,7	-4,8
Disbursements (projects)	10,2	3,6	3,2	5,8	1,4	2,7	4,1	5,5	5,0	4,6
Program financing (loans)	6,1	0,0	5,6	7,9	0,0	1,7	1,7	3,6	3,2	2,9
Short-term loans (Nigeria and Angola) (net) 6/	...	9,2	8,5	9,3	0,0	-1,4	-1,4	-1,4	0,0	0,0
Disbursement	...	9,2	8,5	9,3	6,9	6,9	6,9	6,9	0,0	0,0
Amortization	...	...	...	0,0	-27,4	-28,8	-28,8	-28,8	0,0	0,0
Rescheduling of Nigeria loan	...	...	...	0,0	20,6	20,6	20,6	20,6	0,0	0,0
Long-term loans amortization (net)	-5,2	-6,1	-8,3	-6,0	-2,8	-24,5	-27,9	-30,8	-12,9	-12,3

Table 12. São Tomé and Príncipe: Financial Operations of the Central Government, 2001-07 (Concluded)

	2001	2002	2003	2004	2005				2006	2007
				Est.	Prog.				Prog.	
					Jan.-Mar.	Jan.-Jun.	Jan.-Sep.	Jan-Dec		
	(In billions of dobras, unless otherwise indicated)									
Total revenue and grants	**248,8**	**245,6**	**321,0**	**358,9**	**622,3**	**729,8**	**832,0**	**937,3**	**483,9**	**560,5**
Oil revenue 1/	0,0	0,0	1,1	13,7	3,6	7,4	11,3	15,3	16,7	17,8
Non-oil revenue	89,2	113,4	140,4	156,5	42,6	90,5	141,4	196,4	229,7	263,6
Tax revenue	77,2	95,0	114,2	138,2	38,0	79,0	125,3	176,8	206,3	237,8
Nontax revenue	12,0	18,4	26,2	18,2	4,6	11,4	16,1	19,6	23,4	25,9
Grants	159,5	132,2	179,4	188,8	38,5	94,4	141,8	188,1	223,1	257,0
Project grants	120,9	110,0	142,1	137,7	27,3	76,9	115,4	153,9	185,8	217,2
Nonproject grants	17,3	0,5	2,4	20,4	0,0	0,0	0,0	0,0	0,0	0,0
HIPC Initiative-related grants 2/	21,4	21,8	35,0	30,6	11,2	17,5	26,4	34,2	37,3	39,8
Oil signature bonuses	...	...	...	...	537,6	537,6	537,6	537,6	...	...
Unidentified revenue measures	...	...	...	...	...	...	...	...	14.4	22.0
Total expenditure and net lending	**334,9**	**329,2**	**414,8**	**524,5**	**124,6**	**259,9**	**399,6**	**552,4**	**610,7**	**662,1**
Current expenditure	121,5	160,4	183,3	280,2	71,9	132,1	208,0	296,9	313,4	324,4
Personnel costs	40,5	43,6	55,0	74,5	22,2	44,5	66,7	89.0	93,8	98,7
Goods and services	18,8	26,7	43,9	86,9	11.8	19,9	33.8	54.1	56,7	59,2
Interest on external debt due	23,2	29,5	26,1	30,1	8,3	17,3	25,6	34,5	39,0	39,3
Interest on internal debt due	1,1	0,0	0,0	0,0	0,6	1,3	1,9	2,5	2,5	2,5
Transfers	13,1	40,7	35,9	63,4	21,9	37,4	60,0	89.1	91,8	93,4
Of which: Regular transfers	13,1	9,4	13,4	37,3	13,1	26,3	39,4	52,6	54,0	55,1
Foreign-funded scholarship program	...	...	1,1	13,7	3,8	7,6	11,5	15,3	16,7	17,8
Domestically-funded scholarship program	...	...	...	10,8	5,5	11,0	16,5	21,9	21,9	21,9
Joint Development Agency 3/	...	31,3	22,6	26,0	8,8	11.1	20.6	36.8	37,9	38,4
Other	24,8	20,0	22,4	25,3	6,9	11,9	19,4	27,8	29,6	31,3
Capital expenditure	194,3	140,0	197,9	214,7	44,1	110,6	166,0	221,3	260,0	297,8
Financed by the treasury	29,4	12,3	38,0	40,2	6,6	13,2	19,7	26,3	29,4	32,8
Financed by external sources	164,9	127,7	160,0	174,5	37,6	97,5	146,2	194,9	230,6	265,0
HIPC Initiative-related social expenditure	17,2	22,5	33,6	35,0	8,6	17,1	25,7	34,2	37,3	39,8
Public service restructuring 4/	1,9	6,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net lending	0,0	0,0	0,0	-5,5	0,0	0,0	0,0	0,0	0,0	0,0
Overall fiscal balance (commitment basis)	**-86,1**	**-83,6**	**-93,8**	**-165,6**	**497,7**	**469,9**	**432,4**	**384,9**	**-126,7**	**-101,6**
Change in arrears (net; reduction -)	3,8	48,8	28,3	39,8	-97,7	-174,7	-174,7	-176,6	0,0	0,0
External arrears 5/	3,8	14,8	9,4	13,8	4,0	-73,0	-73,0	-73.8	0,0	0,0
Domestic arrears	0,0	34,0	18,8	26,0	-101,7	-101,7	-101,7	-101,7	0,0	0,0
Of which: Joint Development Agency 3/	...	31,3	22,6	26,0	-101,7	-101,7	-101,7	-101,7	0,0	0,0
Overall fiscal balance (cash basis)	**-82,3**	**-34,8**	**-65,5**	**-125,7**	**400,0**	**295,2**	**257,6**	**208,3**	**-126,7**	**-101,6**
Financing	**82,3**	**34,8**	**65,5**	**125,7**	**-400,0**	**-295,2**	**-257,6**	**-208,3**	**126,7**	**101,6**
External (net)	46.9	32.9	49,3	107,5	-10,8	-161,7	-176,7	-174,8	-41,6	-50,2
Disbursements (projects)	42,9	17,7	17,9	36,8	10,3	20,5	30,8	41,1	44,8	47,8
Program financing (loans)	25,8	0,0	30,8	50,3	0,0	12,9	12,9	26,7	28,6	30,5
Short-term loans (Nigeria and Angola) (net) 6/	...	45,0	46,7	58,7	0,0	-10,7	-10,7	-10,7	0,0	0,0
Disbursement	...	45,0	46,7	58,7	51,5	51,5	51,5	51,5	0,0	0,0
Amortization	...	...	...	0,0	-206,2	-216,9	-216,9	-216,9	0,0	0,0
Rescheduling of Nigeria loan	...	...	...	0,0	154,6	154,6	154,6	154,6	0,0	0,0
Long-term loans amortization (net)	-21,7	-29,8	-45,7	-38,2	-21,0	-184,4	-209,6	-231,9	-115,0	-128,5

ACTION PLAN

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Poverty reduction program	Reduce the percentage of the poor population (below the poverty line) from 53.8 percent to less than 1/3 by 2015	Conduct national surveys to determine and periodically assess the poverty situation in São Tomé and Principe	Every three years	Achievement prevision of the first national inquiry in 2005 on the poverty profile update	National inquiry carried out on the poverty profile update
		Study the relationship between family size and structure and poverty	2005	Elaboration prevision of the report based on the results of the national inquiry	Report elaborated on the poverty profile
		Conduct a study on the urban and suburban poverty situation	2005	Achievement prevision on the study of urban and suburban poverty	Study carried out on urban and suburban poverty
	Reduce all forms of poverty	Implement priority actions under the National Poverty Reduction Strategy (NPRS)	2005/2006	In process	Percentage of actions carried out Report elaborated on the implementation of the ENRP
PILLAR 1: REFORM OF PUBLIC INSTITUTIONS, CAPACITY BUILDING, AND PROMOTION OF A POLICY OF GOOD GOVERNANCE					
Regulatory and constitutional	Consolidate the state subject to the democratic rule of law	Revise the Constitution, aiming in particular at adjusting the size, jurisdiction, and structure of the organs of sovereignty		In process. Constitutional examination took place in 2003.	The revised Constitution takes effect in 2006
		Establish the Council of State	2005/2006	In process	State Council created and in full function
		Establish the Constitutional Council	2005/2006	In process	Constitutional Council created and in full function

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
National Assembly	Capacity building in the legislative branch	Revise the composition of the legislative branch to reflect the new political and administrative divisions and the need to represent regional and local governments	From 2006	Elaboration prevision on the study of representativity in regional and local collectivities in 2006	Study carried out on National Assembly reform
		Redefine the role of parliamentary commissions (Bylaws)	From 2006	Revision prevision of the Regiment in 2006	Regiment reviewed
		Strengthen procedures for control of public assets, accounts, and budget	2005	In process. With technical support from the IMF and the World Bank.	Report on the budgetary control procedures adopted Number of fiscal initiatives completed
		Organize training programs and study visits	2004-2005	In Process.	Number of training actions and study visits made
		Provide the library with an adequate documentary base to meet the research requirements of members of parliament, civil servants, and technical experts	2005	To be included in the budget for 2005/2006	The library was equipped The document fund was organized and inventoried
		Reactivate information services covering parliamentary activities	2005	Prevision of constructions for the creation of space; residency of personnel	Number of communiqués and periodic publications on parliamentary activities

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Government	Streamline the structure of central government	Establish the size, composition, responsibilities, and scope, reflecting the key sectors	2005/2006		Adapted structure takes effect
		Establish organic relations (vertical and horizontal) between the Prime Minister and each agency of the government and between the ministers and the relevant departments	2005/2006		Cf. previous
		Restore the authority of the government and maintain democratic public order— establish clear rules for the functioning of the institutions and the discharge of their respective duties, strengthen police and enforcement institutions, and respect for the hierarchies involved	2005/2006	In progress. Creation of radiophonic programs of moral and civic education. Education prevision for the population in the government program. Training for agents of the national police and the provision of materials and equipment	Campaigns and actions carried out on consciousness-raising. Rules of operation for the adopted institutions.
		Conduct a seminar on the role of the military and paramilitary forces in the context of poverty reduction	2005	Organization by the Ministries of Defense, Planning and Finance	Symposium carried out on the participation of the defense and security forces in the process of poverty reduction
Justice	Strengthen the organization and operation of the courts	Revise the Basic Law on the Judicial System, including the establishment of specialized courts	2005	In progress. With portuguese cooperation	Revision program elaborated on legal instruments
		Update obsolete laws and other outdated instruments originating in the colonial era	2005/2006	In progress. With Portuguese cooperation..	Penal Code and of penal process revised

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Establish and apply a program of training and specialization for magistrates and justice system staff, including training instructors	2005/2006	In progress. Financed by the OGE.	Program of training elaborated
		Adapt remuneration policies for magistrates and justice system personnel to reflect their job specifications	2005		Remuneration policy revised
		Update and strengthen the Justice Inspectorate	2005	In progress. Inspector named since 2001. Lack of human resources and material goods	Inspection reinforced with human resources and material goods
		Promote mechanisms to provide access to information and to give citizens access to the justice system (legal aid, etc.)	2005		Mechanisms of access and information created
		Support the National Electoral Commission and the relevant technical office	From 2005	In progress. Local and regional elections expected in 2005	Local and regional elections carried out
Management of public assets	Promote responsible, effective, and transparent management of public assets	Promote implementation of the National Chart of Accounts	2005	In progress.	General accounting manuals elaborated, disseminated and applied
		Complete as soon as possible the process of implementing the Court of Auditors	2005	Accounting Tribunal was established in 2003. Reinforcement of institutional capacity in progress.	Accounting Tribunal installed and in operation

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Strengthen oversight and control institutions	2005	In progress. Legislation on the financing of political parties approved. Electoral legislation revised	Tributary reform carried out. Framework organized and habilitated for inspection and audit personnel
		Establish anticorruption legislation	2005/2006		Investment code updated
		Improve conformity of revenue and expenditure with existing regulatory texts	2005/2008	Tax update. Inventory update for urban property in progress.	Exemption policy revised Management accounts elaborated and published
		Redefine mechanisms to manage external aid	2005	In progress. MNECC Initiatives for the activation of the Foreign Aid Coordinating Committee and the agreement with the development partners	Aid coordinating committee reformulated Reports elaborated on the agreement with the partners.
		Process and disseminate statistical information on the status of external aid for development	2005	Cf. previous	Report elaborated on the status of foreign aid
		Conduct an annual inventory of public assets, appoint revenue collectors and require regular reporting	2005		Number of tax collectors named. Annual inventory carried out.
		Promote a broad information campaign on the need for transparency, efficacy, and accountability regarding public assets	2005	In progress. In 2004 there were seminars carried out by the Accounting Tribunal and the National Assemply.	Report on the campaign carried out

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Decentralization	Adapt the process of decentralization and adjust local governments accordingly	Revise the law in respect of political and administrative divisions	2005/2006		Legislation revised on the political-administrative division
		Revise the framework laws and supplementary laws on the process of decentralization and autonomous management for regional and local government units	2005/2006	In progress	Framework legislation on autarquies revised Legislation on local finances revised
		Define forms of oversight and management of relations between the central, regional, and local authorities	2005/2006		Cf. Previous
		Organize and hold regional and local government elections as provided by law	2005		Elections carried out
		Establish mechanisms to support consolidation of regional and local powers	2005	Initiatives in progress including a new law on regional finances	Structure and technical framework of support and decentralization created
		Build the human, material, and organizational capacity of the decentralized units of government to manage infrastructure and services	2005/2007	Cf. Previous	Institutional capacity reinforced Material means and equipment acquired
		Promote a framework of permanent, continuous training for elected officials and civil servants of regional and local governments	2005/2007	In progress. Training actions with the support of Portuguese cooperation.	Number of frameworks formed.

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Public Administration	Redesign and modernize public administration	Tailor public administration to its mission in a context of economic liberalization	2005-2006	In progress. Compatibilization with the macroeconomic framework for 2005-2007	Adapted organigram created Adequate training carried out Effective percentage rationalized
		Streamline staffing and strengthen capacities as required for efficient government action	2005/2006	Cf. previous	Number of personell put together Intervention appraisal of the private sector carried out in the local and regional economy
		Initiate a new revision of the current Civil Service Statutes to adapt them to the government's new situation	2005		Revised by-laws of the state's function
		Apply the Civil Service Statutes accordingly	2005-2006		Report revised on the application of the by-laws
		Provide the staff with computer equipment and other resources required for them to properly discharge their respective duties	2005/2007	In compatibility with programming organized by goals and priority sectors included in the ENRP	Report on the equipping procedures carried out
		Introduce instruments for systematic assessment of civil servants	2005		Evaluation instruments in use
		Revise the wage scale for appropriate remuneration of civil servants, and to meet requirements for efficiency and to combat corruption	2005	Made compatible with the economic framework for 2005-2007	Salary table revised

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Civil society	Promote civil society and its active involvement in the process of poverty reduction	Establish a framework to provide service, promotion, and support for organizing in association with the Office of the Head of Government	2005	In progress. The temporary installation is inadequate. In preparation of the headquarter rehabilitation. Budgetary limitations. Training carried out and Equipment acquired with the support of BIT	Response framework created
		Restore to proper functioning the Council on Social Consensus	2005		Annual report made on the functioning of the institutions.
		Organize training campaigns for active involvement in the fight against poverty	2005	In progress.	Number of training campaigns carried out
		Enhance the quality of management and professionalism in nongovernmental organizations (NGOs)	2005	In progress.	Evaluation made on the intervention capacity of NGOs
Communication and information	Develop the mechanisms for access to information and communication and promote a culture of participation	Extend radio and television coverage to the entire national territory	2005	In progress. Equipment and training with support of Portuguese cooperation.	Evaluation of the degree of radio and television coverage in the national territory
		Prepare informational and educational radio and television programming in support of the fight against poverty	2005/2007	In progress. Program initiatives introduced. Need for coordination.	Number of programs carried out. Report on the impact of the programs together with the target population

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Install public telephone booths in the most remote localities	2005	In progress	Number of functioning telephone poles placed
		Conduct a seminar on the role of the media in the fight to reduce poverty	2005		Seminar carried out on the contribution of Social Communication for poverty reduction
PILLAR 2: ACCELERATED AND REDISTRIBUTIVE GROWTH					
Growth	Accelerate growth and achieve a GDP growth rate of over 5 percent	Promote the private sector and diversify production	2005/2007	In progress	Report on the private sector's promotion
		Promote the productive sectors: agriculture, livestock, fishing, forestry, tourism, services, trade, industry, and production	2005/2007	In progress. The revision expected of investment and dissemination codes. Diffusion of micro-credit boxes.	Number of micro-credit boxes established. Balance of the support given to associations and producers
		Revise the legal and regulatory framework to stimulate access to productive services and promote foreign investment	2005	In progress. New investment code elaborated, waiting for approval.	Investment code approved and in application.
		Develop economic infrastructures (energy, roads, transportation, telecommunications, water, and sanitation)	2005/2007	In progress. Made compatible with the programming organized by goals and priority sectors.	Model report made of each sector.
		Improve the supply and efficiency of services	2005/2007	Cf. previous	Cf. previous
		Increase the rate of production and export capacity	2005/2007	Cf. previous	Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Diversify production	2005/2007	In progress. Pepper and vanilla projects. Promotion of agricultural and livestock production cooperatives.	Implementation report of each of the projects
		Give priority to credit to the economy	2005/2007	In progress	Report on credits granted
Macroeconomic framework for growth	Maintain a single-digit inflation rate and provide a macroeconomic environment conducive to lasting and sustainable development	Feasibility study on integration into a monetary area	2006/2007		Study carried out on the integration of the monetary zone
		Monetary policy: stringent control of currency issues	2005/2007	In progress	Report to the Central Bank on the situation
		Foreign exchange: stabilize exchange rates and replenish the exchange reserves	2005/2007	In progress. Made compatible with the macroeconomic framework for 2005-2007	Cf. previous
		Strengthen the capacity of the central bank	2005	In progress. With technical assistance from the IMF and the World Bank.	Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Budget and fiscal affairs: increase revenue, streamline public capital and current expenditure; control wage bill expenditure while permitting changes to reflect the cost of living, production, and productivity; redirect public expenditure to basic social services; maintain a current external deficit/GDP ratio of less than 3.6 percent, and a primary deficit/GDP ratio, including the HIPC Initiative, of 7 percent of GDP	2005/2007	In progress.	Cf. previous
	Guarantee debt sustainability	Public debt: monitor the work of the unit of the central bank and institutions responsible for monitoring debt with a view to its sustainability; methodology for the treatment of external debt Encourage periodic dissemination of statistics on developments in the external debt	2005/2007 2005/2007	In progress. Made compatible with the macroeconomic framework for 2005-2007.	Report to the Central Bank on the situation.
		External policy: reduce the external deficit	2005/2007	In progress	Cf. previous
		Open the financial sector to other banks	2005/2007	In progress. Re-opening of Banco Equador. Establishment of Afriland First Bank e National Investment Bank	Cf. previous
		Finalize the study on development of the financial sector	2005/2006	In progress.	Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Provide training in various areas for the banking sector	2005/2007	In progress.	Cf. previous
		Update computer equipment	2005/2007	In progress.	Cf. previous
		Update and apply studies to measure migrants' remittances saving	2005/2006		Cf. previous
		Establish a framework to foster development and diversification of the financial sector	2005/2007	Made compatible with the macroeconomic framework for 2005-2007	Cf . previous
		Provide training in the area of balance of payments	2005/2007	With support of the IMF and the World Bank	Training actions carried out Number of frameworks created
		Arrange support with international technical assistance in the balance of payments area	200	Cf. previous	Report on the actions taken
		Stimulate saving, investment, and productivity	2005/2007	Made compatible with the macroeconomic framework for 2005-2007	Cf. previous
	Maintain adequate tax pressure	Revise the tax system and improve coverage	2005/2007	In progress	Expected taxes and report on the collections carried out
	Improve the purchasing power and productivity of the most vulnerable population groups	Provide support for families intending to develop their factors of production	2005/2007	In progress. Concession of micro-credits.	Number of families who benefited
		Execute public investments with the most vulnerable population groups in mind	2005/2010	In progress.	Report on the investments made.

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Implement local government units and support for the people to enable them to solve their own production problems	2005/2010	In progress. Includes the financial support of PNUD. (Support Project of the Base Initiatives in regards to Local Governance and Poverty Reduction)	Report on the project made.
		Support development of food crops and restore civil engineering activities	2005/2010	In progress.	Report made on the situation.
Promotion of the private sector	Establish a favorable environment for the private sector	Provide training and development for the private sector	2005/2007	In progress.	Cf. previous
		Revise the Private Investment Code	2005		Cf. previous
		Establish enterprises		In progress.	Cf. previous
		Improve mechanisms for granting bank credit	2005/2007	In progress.	Cf. previous
		Diversify production and promote exports	2005/2010	In progress.	Cf. previous
		Implement processing industries and link them to development of the tourism and other sectors	2005/2010	Made compatible with the goals of economic growth	Cf. previous
		Increase the momentum of partial privatization of land	2005/2010	In progress.	Cf. previous
		Organize professional and economic and financial cooperation activities with other countries in the sub region	2005/2010	In progress. Agreement with CEMAC	Cf. previous
		Promote export sectors: free zones, hydrocarbons, tourism, fisheries, and agriculture	2005/2010	In progress	Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Implement a public administration a Unique window to serve the private sector	2005/2006		Unique window created
		Devise a national strategy on promotion and development of the private sector	2005/2007	Orienting document to be approved by the government	Strategy elaborated.
Agriculture	Increase and diversify agricultural production and exports	Continue land reform	2005	In progress.	Report on the situation
		Coordinate and expand extension activities	2005	In progress. Need for greater intervention on the part of the Agricultural Directive	Cf. previous
		Rehabilitate and construct new rural roads	2005/2007	In progress. Made compatible with the General State Budget.	Road extensions rehabilitated and constructed
		Create a sustainable system for maintenance of rural roads and management of other community infrastructures in rural areas	2005/2006	In progress. With partial help of the European Community	Road maintenance system created.
		Study on establishment of an agricultural credit system	2005		Study carried out
		Define an agricultural credit policy (adapt the statutes of savings and loan associations and credit unions, harmonize lending terms and train managers of these institutions)	2005/2006		Policy of Agricultural Credit adopted

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	Guarantee food security	Organize participants to improve conditions for the supply of factors of production, harvesting, primary marketing, and processing of agricultural goods	2005/2010		Report on the level of organization achieved Number of pilot projects implemented
	Promote efficient natural resource management	Continue research and development activities and pilot projects aimed at food production and export diversification	2005/2010		Report on the actions carried out by the I&D.
		Reorganize agricultural education—merger between the CATAP (agricultural school) and CENFOPA (training center), and execute priority programs	2005/2007	Partnership projects from friend nations	Agricultural instruction reorganized and training centers in operation
Livestock	See Pillar 3 of the Strategy: create opportunities for the poor		2005/2007		
Forestry	See Pillar 3 of the Strategy: create opportunities for the poor		2005/2007		
Industry, crafts, trade, and services	See Pillar 3 of the Strategy: create opportunities for the poor		2005/2007		
Tourism	Substantially increase the sector's contribution to GDP (target of 5-7 percent in 2005);	Execute the occupational training program for the sector	2005/2007	In progress. Made compatible with the Strategic Plan for Tourism Development	Number of individuals trained in the area of tourism (see final training report)

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		Acquire equipment and rolling stock for the sector	From 2006		Equipment acquired
		Undertake promotion campaigns with selected countries	2005/2007	In progress.	Report on the campaigns
		Track measures dependent on other sectors (protection of areas of interest to the tourism sector, policy on infrastructures, and on public health)	2005/2007	In progress.	Attendance initiatives initiated
	Promote tourism as a growth sector in the medium term	Promote tourism (ecological and seaside resorts)	2005/2007	In progress.	Promotion initiatives started.
Energy	Ensure that the population's basic energy requirements are met and contribute to the development of the productive sectors	Strengthen commercial management of the public enterprise EMAE	2005/2006	In progress.	Report on the measures taken.
		• Rehabilitate the metering center [*Central de Contador*]	2005	With intervention of the private sector	Completion and Rehabilitation of the Hydro-Electromechanical Center
		• Rehabilitate low and medium tension networks	2006/2007	Find financing.	Networks rehabilitated
		• Update the master plan	2006	Yet to be completed.	Directive Energy Plan updated
		• Conduct or update feasibility studies on future investments: transfer of plant in the capital	2005		Studies carried out

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Abade III, Yô Grande, and Rio Papagaio hydroelectric project	2005/2010		Report on the situation
	– Diversify energy sources for production that minimizes foreign exchange outlays	• Build a new electricity plant with financial proceeds from the transfer of the thermal plant	2007	Prospects of negotiations with interested private investors	Cf. previous
	– Review and gradually increase installed capacity	• Build microstations in rural areas (1. Bernardo Faro and Olivares Marim; 2. Santa Catarina and neighboring communities; and 3. António Soares /Santa Margarida)	2008/2010		Cf. previous
		• Build Abade III hydroelectric plant	From 2006	Prospects of negotiations with interested private investors	Cf. previous
		• Feasibility study on state divestment and options for development in the sector	2005	In process (only that which relates to production)	Study carried out
		• Technical and economic study on fuel substitution or change	2005/2007		Cf. previous
Transportation	– Rehabilitate and protect conservation of land resources to reflect production requirements (distribution, in particular) and social requirements (servicing isolated areas)	• Accelerated implementation of the program to rehabilitate rural roads (see Agriculture)	2005/2010	Made compatible with the state's General Budget.	Conclusion of the rehabilitation constructions of 88 kilometers of rural routes
		• Strengthen technical and management capacity of SENAE	2005/2007	In progress. With support of the European Union	Evaluation, framing and training of staff affected the auditing carried out (see final report)

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	– Strengthen São Tomé and Principe's maritime network to ensure integrated development of the two islands	• Strengthen operational capacity at the port of São Tomé (lifting equipment, ship maintenance infrastructure, management capacity building, etc.)	2005/2006	In progress	Report on the situation
	– Develop international air and sea transportation	• Preliminary study on the sectoral transportation strategy (against the backdrop of preparing a master plan for transportation after 2002)	2005/2006		Study completed on a structure of management and recommendation for the establishment of a Roads Fund
		• Prepare and implement standards and regulations	2005		Norms elaborated and in place
		• Monitor the activity of ferry operators (inter-island and between the archipelago and the continent)	2005/2007		Report on the situation
		• Start updating the inventory of rural roads	2005/2007		Inventory completed of the National Roads Network (see final report)
Telecommunications	– Develop basic telephone service in rural areas	• Develop the public service to lead the sector	2005/2010	In progress.	Report on the situation.
		• Diversify existing products on the market	2005/2010	In progress.	Cf. previous
		• Extend rural telephony	2005/2010	In progress.	Extension obtained.
		• Clarify the institutional scheme for management of the radioelectric space (control of use of the radioelectric spectrum, control of industrial equipment, licensing, etc.)	2005		Regulatory authority created.

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Expand and consolidate the telecommunication network	2005/2007	In progress.	Number of operators in service Technical report on the situation.
	– Reduce costs of exploration and tariffs to assist in the development of enterprises	• Revise tariff policy—contract between the telecommunication company (CST) and the state	2005		Tariff policy revised
		• Expand the Internet accessibility	2005	In progress	Technical report on the situation.
Water and sanitation	– Increase the level of access to community water supply systems for the population (AAP), private connections, and drinking fountains	• Update the master plan for water	2006		Directive plan updated.
		• Rehabilitate drinking water supply systems in urban areas	2005/2007		Urban network improved Number of families who benefited
	– Improve the quality of water, and particularly at the level of the water and power distribution company (EMAE) system	• Information, education, and communication (IEC) activities for health focusing on water use and conservation	2005	In progress.	Number of consciousness-raising actions carried out
		• Regular chemical and bacteriological control of the public water system and microsystems supplying rural areas	2005	Permanent	Technical report on the situation
		• Develop infrastructures to remove polluted water and waste in the key urban centers	2005	Permanent	Cf. previous
		• IEC activities in the area of sanitation (latrines and septic tanks)	2005	In progress	Cf previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	– Develop infrastructures and verify measures focusing on environmental sanitation	• Capacity building for the EMAE (quality control, conservation, and repair of infrastructures; and commercial and financial management	2005	In progress	Cf. previous
		• Install AAP microsystems in rural areas and pursue activities to rehabilitate supply systems for agricultural communities	2005/2007	In progress	Cf. previous
		• Strengthen the capacity to protect water sources quality control	2006		Cf. previous
Environment	– Protect depleted soils	• Regulate the legal framework for environmental conservation while ensuring that the following texts are enforced:	2005		Diplomas regularly approved
		• Regulation on the Framework Law on the Environment	2005	Perspective of the Ministry of Natural Resources and Environment	Cf. previous
	– Preserve forests that have undergone substantial degradation as the result of uncontrolled felling of trees	• Apply the international conventions on biodiversity, climate change, and desertification	2006		Report on the observation of the Convention
	– Protect coasts damaged by the removal of sand for use in construction	• Regulation on the Law relating to the Extraction of Inerts	2006		Diplomas regularly approved
		• Regulation on the Law on Solid Waste	2005		Diplomas regularly approved
	Preserve landscapes, wildlife, and the architectural	• Decree defining protected areas in the national territory	2005/2006		Decrete approved

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	heritage—essential factors in improving the living conditions of the population and for a policy to develop tourism	• Ratify international conventions such as the one governing trafficking in wildlife species	2005		Conventions ratified
		• Other measures in connection with the national environmental plan for sustainable development	2005/2010		Report on the situation
PILLAR 3: CREATION OF INCOME-EARNING OPPORTUNITIES FOR THE POOR					
Management of land in the public domain	– Improve the framework for legislation on and distribution of government land	• Study a legal statute governing different forms of land use, ownership, and exploration	2005/2006		Study made
		• Revise the current land law	2005/2006		Land Law revised
		• Promote community involvement in participatory management of rural areas and the environment	2005/2007		Report on the development of rural communities
		• Implement a rural property register	2006/2007		Rural cadastre made
		• Prepare a land use plan for rural areas with participation of the beneficiaries of government land schemes	2006		Plan of land use made
Agriculture	– Increase income and reduce poverty in rural areas	• Implement the program on participatory support for family farms and artisanal fishing activity (PAPAFPA)– IFAD financing	2005-2010	In progress	Report on the structural process of the rural areas that considers development according to gender, community, association and regional federation.

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Support family farms in the development of Robusta and Arabica coffee growing (3,000 ha) and improvement of the relevant processing technology	2005-2007		Report on family agriculture
		• Study the "coconut chain" with a view to the reviving plantations and development of production	2006-2007		Study made
		• Support coconut palm plantation restoration (5,000 ha)	2005-2010		Report on the situation
		• Support small farmers in production and marketing of peppers	2005-2010	In progress. With partial help of the Spanish Cooperation.	Report on the production and commercialization of pepper.
		• Feasibility study on production of odoriferous plants on family farms	2005		Study made
		• Study the "cocoa chain" with a view to organizing and developing inter-professional linkages	2005		Study made
		• Implement the program to replant shade trees on cocoa and coffee plantations (5,000 ha)	2005/2010		Report on the re-planting of shade trees
		• Implement the cocoa replanting program on small farms (2,000 ha)	2005/2010		Report on the planting of cocoa
		• Implement the replanting program for cocoa plantations (4,000 ha)	2005/2008		Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Program to support production and technology for biological cocoa processing (1,600 ha)	2005/2010	In progress; Specialized NGOs working with approximately 20 agricultural communities in north Sao Tome	Report on the production of biological cocoa
	– Guarantee food security	• Develop rice and horticultural production	2005/2008		Conclusion of the planting and technical assistance in the harvest fields
		• Project to support and develop family farm horticultural production and marketing	2005/2008		Report on the development of the project
		• Project to support and develop fruit production	2005-2006	In progress. With partial support of friendly nations	Cf. previous
		• Project to support agricultural diversification and development of roots and tubers		Concluded	Cf. previous
		• Support for development of tubers (cassava) and roots	2005		Cf. previous
Livestock	– Develop potential for livestock production	• Project to support development of livestock farming		Concluded	Report on the development of the project
		• Project to support the development of livestock farming (Phase II)	2005/2008	Yet to begin	Cf. previous
		• Poultry farming project	2005	In progress.	Cf. previous
	– Infrastructure to support increased marketing of animal production	• Establishment of small abattoirs in the district capitals	2005/2007		Number of slaughter houses constructed and in operation

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Study on technical and economic feasibility of privatizing veterinary medicine	2005/2006		Study made
		• Study on expansion of exports of small ruminants to Gabon	2005		Cf. previous
		• Project to use draft animals in rural communities	2005		Project elaborated
		• Program for genetic improvement and selection of traditional short cycle breeds	2005-2007	In progress	Report on the development of the program
		• Revision of the livestock health and sanitary code to enhance the role of health and sanitary inspectors	2006		Code revised of livestock sanitation
Forestry	– Proceed with the improvement of forest management and protection	• Implement a replanting program for export quality forest species	2005-2008		Report on the development of the program
		• Improve sawing and waste recycling technologies	2005/2007		Report on the techniques used
		• National forest inventory	2007-2008		Forrest inventory carried out
		• Prepare and implement hunting regulations	2006		Regulations made and approved on the use of forest resources
		• Strengthen the corps of forest rangers	2005-2007		Recruitment and training of 12 forest rangers
		• Enhance the technical and financial capacity of the Forestry Directorate for preparation and monitoring of programs	2005/2007		Report on the function and efficiency of the sector

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Fisheries	– Increase catch levels to ensure food security	• Implement the Neves Fisheries Complex		Concluded. With support of Spanish cooperation.	Wharf construction 50% concluded (See Annual Report of Activities)
		• Import fishing equipment		Permanent	Invetory of imported fittings
		• Extend credit to private artisanal fishermen	2005/2010	In progress.	Balance of credits granted
		• Construct and permanently use fish concentration devices (FCDs)	2005/2007	In progress	Operational DCPS in beaches where fishermen participated in the initiative
		• Extend use of new types of canoe	2005	In progress	Report on the use of new types of canoes
		• Establish a database for the fisheries sector	2005	In progress by the Fishing Directive	Database installed for the collection of statistical data on fishing in the pilot beaches (Santa Catatrina and Neves, Angolares, Porto Alegre and Malanza, Gamboa Beach and Ponte Velha, Messias Alves Beach and Príncipe) Conclusion and presentation on the Annual Statistical Report on Fishing
		• Improve fish preservation and marketing (purchase of freezing facilities)	2005/2007	In progress	Report on the situation

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Institutional support for the Fisheries Directorate	2005/2006	In progress. Financed by the State General Budget.	Report on the functioning and efficiency of the sector.
		• Support for GIEPPA, the umbrella group for fishermen and fishmongers' associations	2005/2008	In progress	C. previous
		• Study tours	2005/2008	In progress	Number of visits carried out
Rural infrastructure	– Upgrade rural infrastructure	• Study on establishing more concentrated settlements in line with the new land rehabilitation plan (social and economic infrastructure, water, street planning, environmental sanitation, and electrification of rural areas)	2005/2007	In progress	Study elaborated
		• Enhance management capacity (SENAE)	2005/2007	Only for coordination and follow-up activities	Report on the functioning and efficiency of the sector
		• Program to build and/or rehabilitate roads for production in rural communities and areas (85 Km): Phase 1		In progress. With the support of the government of France and the European Union.	Report on the development of the program
		• Program to build and/or rehabilitate roads for production in rural communities and areas	2005/2008	Depending on financing.	Cf. previous
		• Program to build and/or rehabilitate asphalt roads	2005/2008	With partial financing from the European Union.	Cf. previous

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Build and/or rehabilitate water supply systems in rural localities and communities	2006/2008		Report on the situation.
		• Build and/or rehabilitate environmental sanitation systems	2005/2008	In progress	Cf. previous
		• Program to build housing in rural communities	2005/2010	In progress	Number of lodgings constructed
		• Study on the use of alternative construction materials to wood	2005		Study made
Program in support of the primary sector	– Research in applied agronomy	• Support for the Agronomy and Technological Research Center (CIAT)	2005/2007	Made compatible with the State's General Budget	Report on the functioning and efficiency of the sector
		• Prepare a long term national plan for agrarian research	2005		Plan made
		• Program on conservation and restoration of soil fertility	2005/2008		Report on the development of the program
	– Training	• Program on basic training in agriculture for youth and adults in rural areas	2005/2007		Cf. previous
		• Literacy in rural areas	2005/2007	In progress. With partial support from the government of Brazil	Number of people who were taught how to read
	– Plant and animal protection	• Rehabilitate the center for quarantine and entry control for chemicals and products of animal origin	2005	In progress	Center rehabilitated

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	– Marketing and processing of food products	• Study on potential for production, marketing, exploiting the value, and exporting domestic food products	2005	In coordination with the "Integrated Framework for Trade-Related Technical Assistance" of the World Bank	Study made
		• Project in support of women for processing and marketing of agricultural, livestock, and fisheries products	2005		Report on the development of the project
	– Rural credit	• Support the development and consolidation of decentralized local savings and loan associations	2005/2010		Number of saving accounts in operation
		• Develop pilot projects and activities to provide incentives for youth and adolescents to settle in rural areas	2005/2010		Report on the actions taken
		• Support associations and cooperatives for small farmers in the implementation of economic, social, and cultural activities and initiatives	2005/2010		Balance of intitiatives developed
	Extension	• Promote and support the strengthening of participatory agricultural, livestock, and fisheries extension work in partnership with movements and associations in the sectors	2005	In progress	Report on the actions developed
PILLAR 4: HUMAN RESOURCE DEVELOPMENT AND ENHANCED ACCESS TO BASIC SOCIAL SERVICES					

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Education	- Expand and improve the quality of six-year basic education	• Ensure that all those of school age enroll, regularly attend and stay in school	2005	In progress	Gross rate of primary schooling (by region, district, age and gender) Approval rate in the 4th grade Repproval rate
		• Prevent students from dropping out of school	2005	In progress. Reactivation of the Global Nutritional Program (Reactivação do projecto do Programa Alimentar Mundial – PAM); bread and milk for the schools; school manuals; school stipends with the support of Brazil)	Rate of school dropouts.
		• Build and equip classrooms and kindergartens to eliminate the three-shift system	2005/2010	In progress.	Number of classrooms constructed and equipped by region and district
		• Produce schoolbooks	2005	In progress.	Number of school manuals produced and distributed
		• Establish closer relations between schools and communities	2005	In progress.	Number of initiatives made to bring schools and communities together
		• Implement a management information system (establish a database)	2005	In progress.	Database created

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Promote participation, by the national and education authorities, in management of education	2005		Report on the actions of promotion taken
		• Train six-year basic education instructors	From 2006	1.	2. Number of teachers trained
		• Organize retraining for basic education instructors	2005	In progress.	Number of training organized
		• Train trainers	2005	3. **In progress.**	4. Number of trainers trained
		• Enhance the system of school assessment and inspection	2005	5. **In progress.**	6. Report on evaluation and inspection
	- Improve the quality of the secondary system and its linkages with occupational education	• Establish criteria for payment of registration, enrollment, and fees	2005	In progress.	Criteria defined for tuition payment, enrollment and fees. Gross rate of schooling at the high school level. Number of professional training programs with the support of disadvantaged students
		• Assist the underprivileged with materials and exempt them from fees (scholarships, travel grants, and housing for students)	2005	In progress.	Number of students who benefited from the support program. Number of access to student dormitories
		• Construct and equip classrooms	2005-2010	7. **Seeking funding**	8. Report on the situation

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Implement the twelfth year of education	From 2006	**9. In preparation with the support of friendly nations**	10. Cf. previous
	- Enhance management, planning, and financing of the education system	• Revise the legislative framework to include explicit provisions on the functions of the various units involved	2005	In progress.	Legislative framework revised
		• Revise the Law on the Foundations of the Education System	2005	**11. Seeking fundiung**	12. Base Legislation on the Educational System revised
		• Institutionalize teaching careers	2005/2006	**13. In preparation**	14. Teacher training institutionalized
		• Institutionalize São Tomé and Principe associations responsible for education	2005	In preparation	Report on the situation
		• Train technical experts in statistical techniques for data analysis	2005/2007	**15. Seeking funding**	16. Number of experts trained
		• Complete school mapping	2005	In progress.	School diploma completed
		• Train personnel in programming public expenditure on education	2005	**17. Seeking funding**	18. Number of personell trained
		• Reformulate the school curriculum	2005		School curriculum reformulated
		• Improve the school assessment system	2005	Seeking technical support and funding	School evaluation system in the process of reformulation

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Literacy	- Eradicate illiteracy	• Conduct a study on the illiteracy situation with a view to implementing a national literacy program	2005	**19. In prepartion**	20. Study on illiteracy carried out Number of training actions carried out Number of teachers trained
		• Train teachers to eradicate illiteracy	2005-2007		Literacy rate (global, by gender, professional category) Number of adults who were taught to read Report on the situation
		• Produce literacy manuals: workbooks and other educational support materials, audiovisual aids, magazines, etc.	2005		Number of manuals produced and distributed
		• Broadcast radio programs to combat illiteracy	2005		Number of programs elaborated and distributed
Training	- Train human resources to meet São Tomé and Principe's development requirements	• Adopt a training program for trainers	2005	**21.**	22. Program adopted for training trainers
		• Promote socioprofessional training initiatives for youth	2005	Seeking funding	Number of initiatives carried out for professional training

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Establish partnerships in the framework of occupational training	2005	Seeking funding	Partnership agreements established
		• Coordinate all existing incentives	2005	23.	Coordination level verified
		• Rehabilitate and restore existing training centers	2005-2007	Seeking funding	Number of professional training centers rehabilitated
		• Implement specialized training activities in the areas of crafts, trade, industry, agriculture, and tourism	2005/2007		Number of specialized training actions in progress Number of participants engaged in specialized training actions in progress
Health, nutrition, and population	- Establish conditions for the population to become autonomous and adopt attitudes, behaviors, and practices that help improve and preserve their health through enhanced social mobilization and information and education for health	• Implement IEC activities in schools, health services, and communities, using a wider variety of channels and services	2005/2007	Seeking funding	Number of IEC actions developed
		• Broadcast and promote educational messages targeting adolescents, men, and women on issues related to health protection, including the fight against disease; nutrition; sexuality; reproductive health; and gender	2005/2007	In progress; seeking new partners	Number of educational messages produced and divulged
		• Conduct regular community information and education campaigns on health promotion and protection using a variety of media	2005		Number of target communities for the information and education campaigns

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Involve the communities in health issues	2005/2007		Report on the situation
	- Restructure and organize basic health services through an enhanced institutional framework and intervention capacities at different levels of care to more effectively meet the demand created and to guarantee citizens equal access to health care	• Revise the Organic Law on Health	2005	**24.**	25. Cf. previous
		• Prepare and implement the Basic Law on Health	2005/2006		Basic health legislation in place
		• Revise legislation on pharmaceuticals and health financing mechanisms	2005		26. Pharmaceutical legislation revised and adopted
		• Gradually implement health infrastructure in the districts according to the health map	2005/2007	In progress.	Number of infrastructures constructed and revised Number of technical staff trained
		• Gradually provide the various health units with the required staff and equipment	2005/2007	In progress.	Health centers equipped Manuals and forms available in all health units
		• Gradually provide health units with low-cost essential medicines	2005/2007	In progress.	Hospitals and Regional Health Centers equipped with essential medicines Accessibility of medicines at a low cost
		• Provide the National Health Service with cost recovery mechanisms	2005/20007	**27. In progress.**	Cost recovery mechanisms in place
		• Promote the establishment of health insurance systems as well as social insurance and mutual systems	2005/2007	**28.**	29. Report on developed actions

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Put the health information system into operation	2005/2007		Cf. previous
		• Establish incentives for private medical practice and value and enhance access to traditional medicine	2005	**30. In progress.**	31. Actions of promotion developed
		• Establish health oversight and inspection services	2005/2007		Auditing and inspection services created
	- Integrated implementation of activities in support of the fight against diseases that are the greatest factors contributing to the morbidity and mortality rate in São Tomé and Principe, including HIV/AIDS	FIGHT AGAINST MALARIA • Adequately manage cases of malaria at all levels (public and private)	2005-2010	**32. In progress**	Strategic plan adopted for the reduction of malaria Number of malaria cases registered/treated Mortality rate / malaria
		• Epidemiological supervision of chemoprophylaxis for pregnant women and non-immune persons	2005-2007		Report on the available study Malaria prevention in progress

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Combat vectors through environmental sanitation and hygiene, destruction of larvae, and widespread use of impregnated mosquito nets	2005/2007	33. **In progress.**	Report on the study of the available vector Number of sanitary brigades in operation Number of early-childhood teachers and educators trained Pest extermination of insect incubation grounds carried out Cartography and characterization of existing incubation grounds Number of agents created Quantity of equipments and materials acquired Distribution of mosquito nets Number of distribution posts available Number of impregnated (chemically-treated) mosquito nets distributed Number of spraying campaigns Report on the study of popular acceptance

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		FIGHT AGAINST STDs and HIV/AIDS			
		• Integrate activities against STDs with various types of services and at all levels using the syndromic approach	2005-2007		Number of actions against the DSTs developed
		• Prepare the strategic plan to fight HIV/AIDS	2005	Concluded. (Awaiting approval and implementation) – seeking funding	Policy document and strategic plan elaborated / adopted
		• Conduct information and awareness campaigns through the media, NGOs, health workers, educators, etc.	2005/2007	**34.**	Number of radio and television programs produced / divulged Number of communities made aware of the issue Number of consciousness-raising campaigns made
		• Increase condom use among youth, particularly in high-risk groups	2005/2010	In progress.	Report on the situation.
		• Acquire and distribute condoms	2005	In progress. Seeking for new partners.	Number of condoms distributed.
		• Purchase and distribute anti-retrovirals and increase their accessibility to HIV- positive pregnant women to reduce vertical transmission	2005/2007	Seeking funding.	Number of HIV-positive pregnant women who are part of the project/strategy

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Provide counseling for carriers and patients with STDs and HIV/AIDS	2005	In progress.	Number of carriers who will avail themselves counseling services Number of people who pass on the decease unaware that they're HIV positive
		FIGHT AGAINST TUBERCULOSIS • Redefine the strategy to fight tuberculosis	2005	**35. In progress.**	Policy and strategic plan document elaborated
		• Adequately manage tuberculosis cases at the community level	2005/2007		Number of detected / treated cases. Reports carried out on the counseling actions
		• Strengthen epidemiological capacity and monitoring	2005/2007	In progress.	36. Quantity of medicines, equipments and consumable products acquired 37. Number of technical staff trained
		• Prevention through BCG immunization (included in child health programs)	2005/2007	In progress.	Rate of vaccination coverage
	- Develop and implement promotional, preventive, and protective activities aimed at target groups of the population, and particularly children,	CHILDHOOD SURVIVAL • Implement the Integrated Management of Childhood Illness (IMCI) strategy in all health units, including activities to fight malaria	2005	Seeking new partners	Actions of the AIDI (Integrated Attention to Childhood Illnesses) strategy in progress

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	adolescents, youth, women of child-bearing age, workers, and the elderly	• Provide health units with essential medicines and oral rehydration serum in connection with the IMCI strategy	2005		Report on the development of actions
		• Provide infrastructure with equipment and materials for immunization and treatment of common childhood diseases	2005/2007	Seeking financing	Childhood mortality rate (of children under 5 years of age)
		• Prevention through immunization against the major childhood diseases	2005	In progress.	Number of babies delivered assisted by qualified health personnel
		• Integrated activities to develop school health in partnership with the MEJC [(*Maternidade Escola Januário Cicco*]	2005	In preparation.	Number of actions developed.
		INTEGRATED CARE FOR ADOLESCENTS AND WOMEN			Mortality rate of mothers Number of pregant women who use medical facilities
		• Provide integrated reproductive health care in health units (prenatal, postnatal, contraception, STD/AIDS, nutrition, counseling, etc.)	2005-2007	Partial support by the United Nations – seeking new partners	Number of baby deliveries assisted in medical facilities Fertility rates by region and district
		• Strengthen basic obstetric care in the districts and improve the supply of emergency obstetric care.	2005	Seeking funding	38. Report on the situation
		• Implement the strategy of double protection to reduce the incidence of unwanted pregnancy and STD/AIDS	2005/2007	In progress.	Report on the development of the strategy.

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	- Help improve the nutritional status of the population, particularly the target groups	• Promote consumption of foods rich in iron, folic acid, and vitamin A, as well as periodic supplements for the high-risk population with vitamin A and other micronutrients	2005/2007	In progress.	Rate of childhood mortality due to malnutrition (of children under the age of 5)
		• Epidemiological and nutritional monitoring in all health units and in the communities	2005/2007		Number of children who benefited from the support of the nutritional recuperation program
		• Promote breast feeding exclusively to six months of age, specifically in the communities	2005		Number of children who benefited from the vitamin A supplements
		• Multi-sectorial integration for food and nutrition security issues	2005/2007		Report on the integration actions developed
	- Guarantee access for citizens to specialized (tertiary) care by improving the quality of services at the Dr. Ayres de Menezes Hospital	• Strengthen the intervention capacity of the central hospital	2005	Seeking financing	Number of infrastructures rehabilitated Quantity of medicines, consumable products and reactive agents acquired and available Number of enabling actions carried out Number of enabled frameworks
		• Equip the national health service with a reference and cross reference system	2005	Made compatible with the framework of the State's General Budget of 2005	Reference and counter-reference system in use

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	- Contribute to the national effort to eliminate environmental conditions that lead to a poor quality of life for the population and hobble development	• Prepare standards and mechanisms to monitor drinking water supply and environmental conservation efforts	2005/2007		Accompanying norms to the sanitary actions in use.
PILLAR 5: ANALYSIS, MONITORING, AND EVALUATION OF POVERTY					
Mechanisms for monitoring and evaluation of the NPRS	– Promote a framework for monitoring, evaluation, and periodic updating of the NPRS	• Establish an NPRS coordination unit	2005	Proposal elaborated for the creation of an implementation structure; Dispatch proposal submitted to be approved.	Legal diploma of the institutional framework for the implementation of the strategy (ENRP) approved by the Council of Ministers
		• Establish a network of cooperation with national technical experts to conduct specific consultations in the framework of the NPRS	2005	After the creation of the implementation structure.	Report on the situation
		• Establish and periodically update a database on poverty in São Tomé and Principe	2005	With support of the PNUD Expectations of DEVINFO use.	Matrix elaborated of the measures and indicators (Execution Matrix) to evaluate the ENRP's implementation

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
		• Promote coordination of initiatives and activities under the NPRS	2005		Indication and/or designation carried out of antennas in the relevant ministries and institutions as to guarantee the implementation process of the ENRP
Poverty reduction program—living conditions	– Gradually improve living conditions for the poor populations in urban and rural areas in the next 15 years	Use the results of the general population and housing census (RGPH/2001) to define and assess the status of São Tomé and Principe's housing regime	2005		Report elaborated on the housing situation
		Conduct a three-year assessment of changes in São Tomé and Principe's housing situation	Every three years		Cf. previous
		• Update the weights used in the consumer price index (CPI)	2005		Update made
		• Survey on household living conditions (ICVF)	2005		Survey carried out
	– Improve health conditions of the poor through the promotion of basic health coverage for all	• Implement a system of indicators to measure changes in the country's health situation	2005/2006	Seeking funding	System of indicators established
	– Improve transportation and road access conditions for poor populations	• Conduct studies on the impact of transportation expenditure on household budget expenditure of the poor	2005/2006	To be prepared by the National Institute of Statistics (Instituto Nacional de Estatística, INE)	Studies made

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
Poverty reduction program—potential	– Define and assess the deficit in terms of material potential for the poor	• Conduct studies on the physical or financial capital deficit that affects material poverty and the effort required to move above the poverty line	2005/2007	Seeking funding	Cf. previous
	– Define and assess the deficit in terms of human potential for the poor	• Conduct studies on the human capital deficit (level of health and education) that affects material poverty and the effort required to move above the poverty line	2005/2007	Seeking funding	Cf. previous
	– Define and assess the deficit in terms of social potential for the poor	• Conduct studies on the social capital deficit (networking, better employment, occupational training, area of information, etc.) that affect material poverty and the effort required to move above the poverty line	2005-2007	Seeking funding	Cf. previous
Program to reduce the non-economic dimension of poverty	**Human poverty reduction** – Reduce social poverty	• Conduct studies on weakening or strengthening trends in social ties within the family in São Tomé and Principe, the problem(s) of social integration, social exclusion processes, and various forms of abandonment	2005	Seeking funding.	Cf. previous.
		• Produce and disseminate social indicators on poverty trends	2005/2007		Indicators produced and divulged.

Area	Objectives/strategies	Priority actions	Period	Current Situation	Indicators
	– Reduce cultural poverty	• Conduct a study on the influence of exogenous factors and current problems in assumption of specific national cultural practices and values (difficulties in practicing specific traditions, refusal to share certain cultural expressions, failure to acknowledge one's identity, etc.)	2006/2007	Seeking funding.	Cf. previous
	– Reduce political poverty	• Conduct a study on the level of citizens' involvement in major decisions and in the problems that affect the future of São Tomé and Principe (whether or not they can participate in difficult decisions, difficulty or inability to join associations, practice of human rights violations, among many others)	20005/2006	Seeking funding.	Cf. previous.
	– Reduce ethical poverty	• Conduct a study on the situation (or deterioration) of moral and ethical values in society (increase in violence, delinquency, and corruption; loss of common values in society; among many others)	2005	Seeking funding.	Cf. previous.