

IOA | 2019 | ACBR

AFRICA COUNTRY BENCHMARK REPORT



São Tomé and Príncipe Profile



Children enjoy the surroundings of the two-island nation, often described as a tropical paradise, with a volcanic formation that created their home rising in the background.



Image courtesy of Helena Van Eykeren



SÃO TOMÉ AND PRINCIPE

#23

SÃO TOMÉ AND PRÍNCIPE



OVERVIEW ANALYSIS

The twin-island state of São Tomé and Príncipe, joined in statehood off the Central African coast, faces no conflicts or security threats. The discovery of oil and natural gas reserves in the islands' waters may boost the small national economy. Politically, São Tomé and Príncipe is considered one of Africa's success stories due to their peaceful transition to democracy in 1990 and for the stability achieved since the 2014 elections. A significant producer of cocoa, the country has sought economic diversification through tourism. Climate change-induced rising sea levels will profoundly impact the country in the long term. Due largely to poor performances in the Business and Economics quadrants, São Tomé and Príncipe fell by seven positions from 16th in ACBR 2017 to 23rd place currently.

KEY OPPORTUNITIES

- Agriculturally productive land is being well-managed for profitable exports
- The tourism sector has good growth potential
- Discoveries of offshore oil and natural gas reserves can start a local energy sector

KEY CONCERNS

- Fluctuating commodity prices can destabilise the exports of cocoa
- The islands' isolated geographic position deters business investors and tourists
- Poor rural infrastructure impedes economic and social growth

COUNTRY HIGHLIGHTS

PREDOMINANT RELIGION



Christianity

PREDOMINANT LANGUAGE



Portuguese

POPULATION WITHOUT ELECTRICITY



34.6%
(#15) ▼²

LITERACY RATE



74.9%
(#25) ▼²

PRIMARY ELECTRICITY SOURCE



Oil

IMPORT/EXPORT



Transportation/
Cocoa

EXTERNAL DEBT



US\$ 0.343 billion
(#52) =

ACTIVE CONFLICT



No

LAND SIZE



964 km²
(#53)

INTERNET PENETRATION



25.8%
(#19) ▼⁵

11.8%



AGRICULTURE

14.8%



INDUSTRY

73.4%



SERVICES

41.9%



0-14

20.7%



15-24

30.8%



22-54

6.7%



55+



Term:

03/09/2016 - present
5 years (2 term limit)



Political Party:

Independent Democratic Action



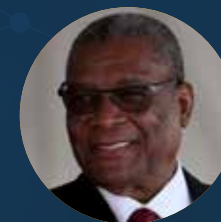
Recent Electoral Information:

07/08/2016

41 820 Votes

N/A

Voter turnout: 46.06%



President
Evaristo Carvalho

CONTRIBUTIONS TO GDP BY SECTOR

POPULATION AGE BREAKDOWN

NATIONAL GOVERNANCE

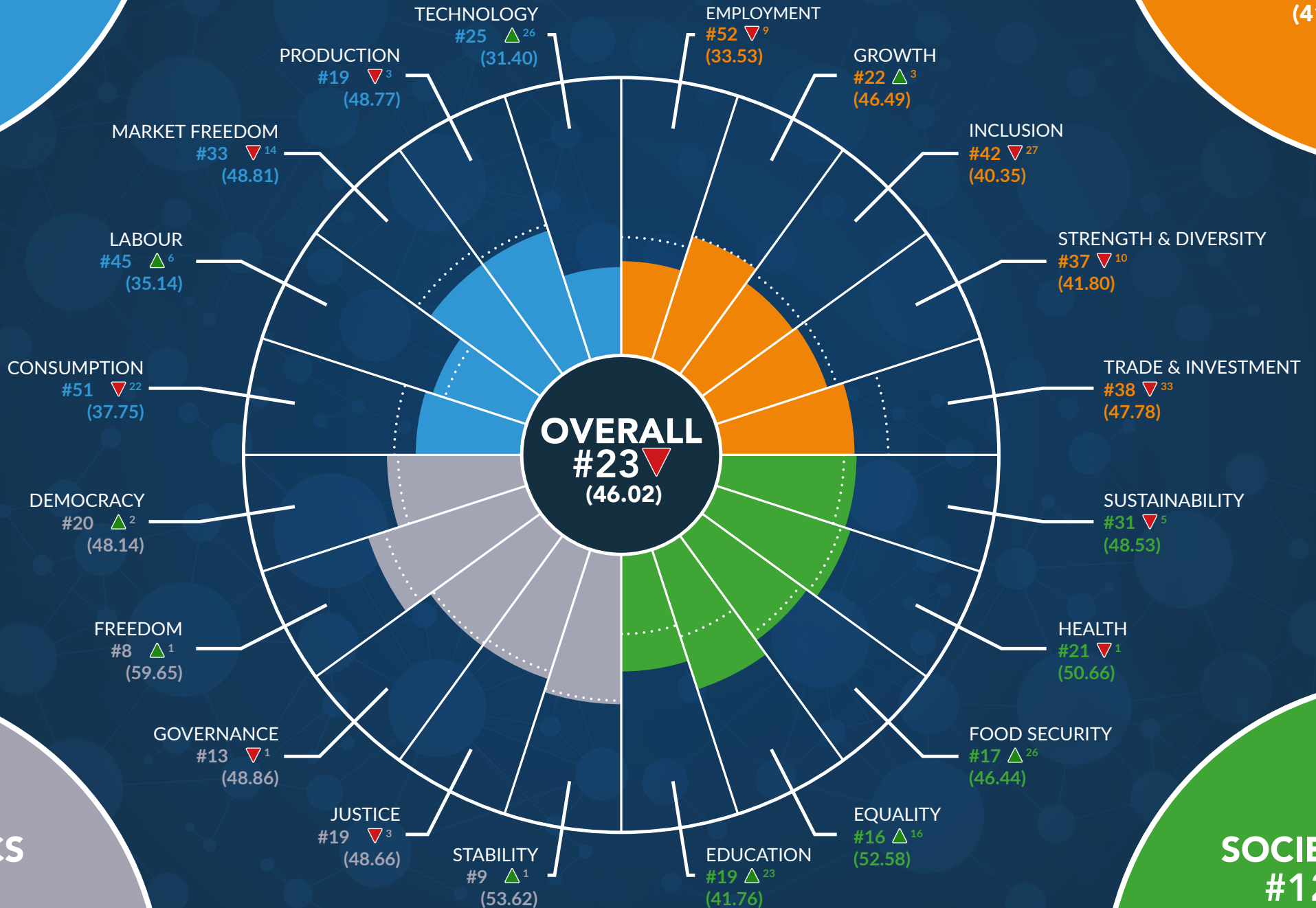
BUSINESS

#40
(40.37)

SÃO TOMÉ AND PRINCIPE PERFORMANCE OVERVIEW

ECONOMICS

#41
(41.26)



▲ Increase from 2017

▼ Decrease from 2017

■ No change

..... 2017 Score

POLITICS

#12
(51.79)

SOCIETY

#12
(50.66)

SÃO TOMÉ AND PRÍNCIPE BUSINESS ANALYSIS



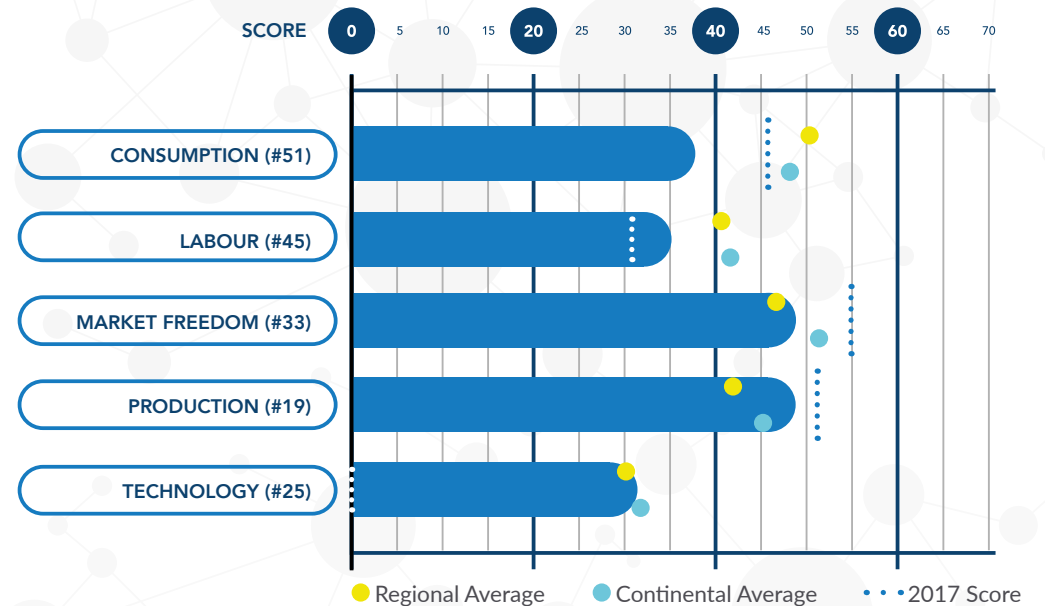
BUSINESS OVERVIEW

São Tomé and Príncipe is on the cusp of overcoming decades of slow development due to a lack of natural resources. The discovery of oil in coastal waters, whose mineral rights are shared with Nigeria, has brought millions of dollars of government funds from bids by European and US oil firms. Because the islands are physically distant from the African mainland and cannot import electricity, the country must produce 66,000 MWh of electricity to meet present demands. Fossil fuels are currently used to generate 75% of the islands' electricity needs. All the islands' petroleum is imported. Whether oil extracted offshore will be used for electricity generation or whether more electricity will be produced by hydrogenation, which currently accounts for 25% of production, depends

on government policy. Investors may also introduce electricity generation made from renewable energies, like solar and wind.

Reforms to make a business-friendly environment must be accompanied by communication and transportation infrastructure improvements. Skills training for new workers is also required. São Tomé and Príncipe recorded a significant decrease in the Business quadrant's ranking. From a placement of 29th in the previous period of review, the islands fell 11 positions to 40th place. The islands' geographic isolation in the ocean off Central Africa is at present a deterrent to business investment and tourism growth. Transportation costs for imported goods and industrial inputs also negatively impacts businesses.

BUSINESS SCORES & RANKINGS



BUSINESS DATA COMMENTARY

<p>São Tomé and Príncipe data availability 41.76%</p>	REGIONAL AVERAGE 62.64%	AFRICAN AVERAGE 77.78%	CONTINENTAL RANK #51
	<p>The highest of all quadrants, São Tomé and Príncipe scores a low 41.76% for business data availability. This falls far short of both the regional average for Central Africa, which currently stands at 62.64%, as well as the continental average of 77.78%. At present, São Tomé and Príncipe's commercial data architecture is highly underdeveloped, lacking dedicated databases for even basic commercial records and indicators. As such, future growth will require vastly improved business data capacity.</p>		

BUSINESS STATISTICS

% POPULATION IN URBAN CENTRES 72.8% (#4)	LABOUR FORCE IN MILLIONS 0.07 million (#53)	INDUSTRIAL PRODUCTION GROWTH 4.7% (#22)	PRIME LENDING RATE 19% (#41)
% ADULTS WITH A BANK ACCOUNT N/A (#N/A)	ANNUAL AIR PASSENGERS N/A (#N/A)	MOBILE SUBSCRIPTIONS 89.06 per 100 (#20)	NATIONAL 3G COVERAGE 26% (#44)

SÃO TOMÉ AND PRÍNCIPE ECONOMIC ANALYSIS



ECONOMIC OVERVIEW

Agricultural exports, led by cocoa, are the main contributors to GDP. Other agricultural exports are coffee, copra and palm oil. Guyana absorbs nearly half (43%) of the country's exports, followed by Germany (24%) and Portugal (6%). The islands' former colonial custodian, Portugal, provides over half (55%) of imports, with another 17% sourced from Angola. In 2017, government revenues of US\$ 103 million did not meet government expenditures of US\$ 112 million. The government's budget imbalance, like the economy's trade imbalance, has been reduced to manageable levels since 2000 when the country was unable to service their external debts. Under their highly indebted poor countries initiative, the International Monetary Fund (IMF) and the World Bank granted the islands US\$ 200

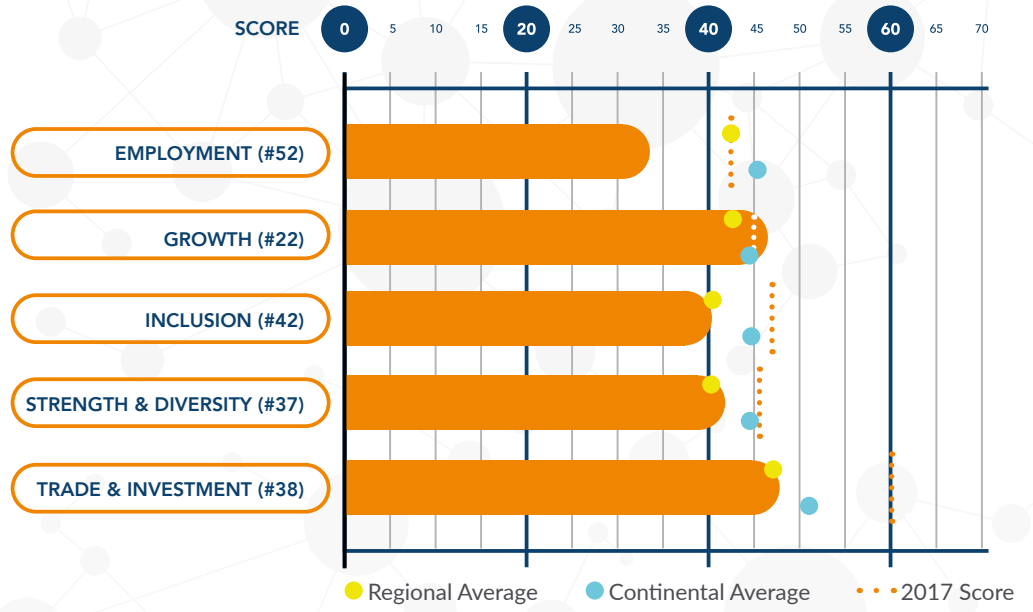
million in debt relief in December 2000. In 2011, the country completed the IMF's programmes to increase tax revenues, reform customs procedures and improve the business environment.

The financial sector has opened up to competition as a banking law promulgated in 2003 was put into effect. The liberalisation of the financial sector has made the economy freer and has expanded financial services that are required for an expansion of the tourism and services industries. São Tomé and Príncipe suffered one of the most precipitous drops in ranking in the Economics quadrant: a massive 20 position drop to 41st place. The country's small market, physical isolation and other economic fundamentals weigh heavily against economic growth.

ECONOMIC DATA COMMENTARY

<p>São Tomé and Príncipe data availability 37.61%</p>	<p>REGIONAL AVERAGE 62.29%</p>	<p>AFRICAN AVERAGE 77.78%</p>	<p>CONTINENTAL RANK #52</p>
	<p>As a small, low-income island economy with underdeveloped data infrastructure and statistical capacity, São Tomé and Príncipe currently struggles to maintain economic records, as is evidenced by its extremely low economic data availability score of 37.61% and corresponding rank of 52nd. This falls far short of the respective regional and continental averages of 62.29% and 77.78%, thus requiring drastic improvement for future growth and development.</p>		

ECONOMIC SCORES & RANKINGS



ECONOMIC STATISTICS

<p>GDP PER CAPITA</p> <p>US\$ 3,200 (#28)</p>	<p>UNEMPLOYMENT RATE</p> <p>13.4% (#45)</p>	<p>TRADE BLOC MEMBERSHIP</p> <p>ECCAS</p>	<p>INFLATION RATE</p> <p>4.5% (#25)</p>
<p>GDP AT PPP</p> <p>US\$ 0.7 billion (#54)</p>	<p>CURRENCY AND GOLD RESERVES</p> <p>US\$ 0.06 billion (#41)</p>	<p>FDI NET INFLOWS</p> <p>US\$ 41 million (#47)</p>	<p>BUDGET SURPLUS (+) OR DEFICIT (-)</p> <p>0% (#2)</p>

SÃO TOMÉ AND PRÍNCIPE POLITICAL ANALYSIS

#12

POLITICAL OVERVIEW

The islands have been democratic for three decades. Under a new constitution that allowed political opposition parties to exist and contest elections, a president was chosen in 1991 in the country's first multi-party elections. Foreign observers were impressed with the freeness and fairness of the elections and the lack of violence surrounding the occasion. The country's army is small, with outdated weapons. The military mounted a bloodless coup d'état in 2003 on the grounds that government had become corrupt and could not be trusted with the expected revenues from newly discovered oil and gas deposits. A 2006 election returned civilian rule. A failed and bloodless 2009 coup resulted in the plotters' imprisonment. Prime Minister Patrice Trovoada, in power since 2014,

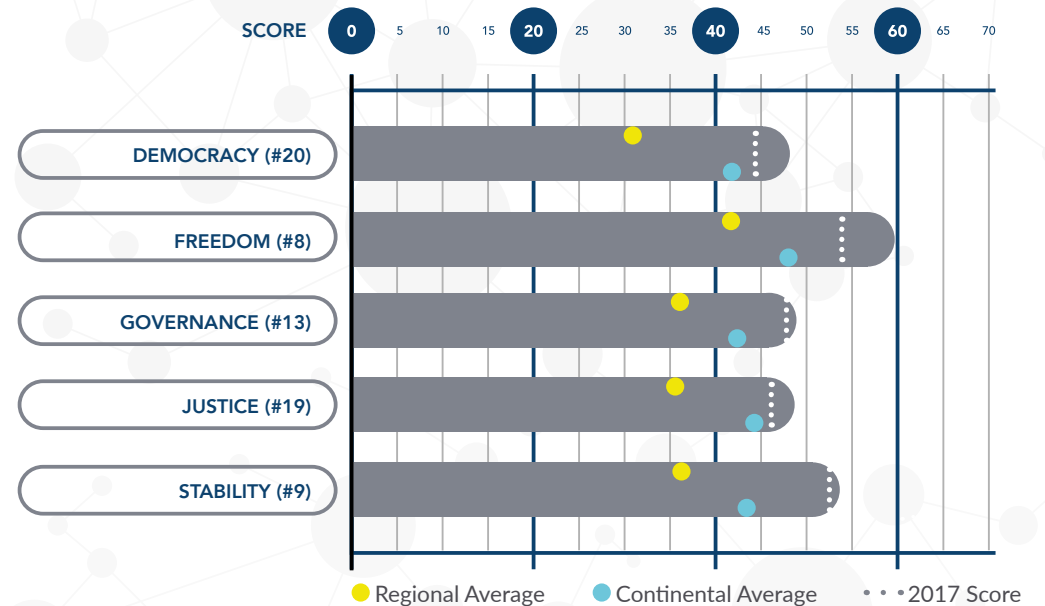
resigned in 2018 and was replaced by Jorge Bom Jesus.

São Tomé and Príncipe is feeling more confident in their status as a stable democratic country with a slowly expanding economy able to engage in some diplomatic outreach. The islands have established diplomatic ties with Taiwan rather than Beijing in exchange for developmental aid. The country is using their position with the Economic Community of Central African States to boost ties with the African mainland. Despite its economic challenges, São Tomé and Príncipe's political fundamentals are sound and the country is stable. Stable also is the country's position in the Politics quadrant, which holds steady in 12th place.

POLITICAL DATA COMMENTARY

<p>São Tomé and Príncipe data availability 37.59%</p>	<p>REGIONAL AVERAGE 70.75%</p>	<p>AFRICAN AVERAGE 82.86%</p>	<p>CONTINENTAL RANK #54</p>
	<p>As with the previous quadrants, São Tomé and Príncipe exhibits highly deficient political data coverage, currently scoring 37.59% for political data availability and ranking 54th continentally. This compares very poorly with the respective regional and continental averages of 70.75% and 82.86%, thereby reinforcing broader deficits in data capacity. Despite holding regular elections, São Tomé and Príncipe is currently plagued by corruption and elite power abuses, thus requiring drastically improved transparency.</p>		

POLITICAL SCORES & RANKINGS



POLITICAL STATISTICS

<p>NUMBER OF POLITICAL PARTIES</p> <p>3 (#50)</p>	<p>MILITARY EXP AS % OF GDP</p> <p>N/A (#N/A)</p>	<p>REFUGEE INFLOW</p> <p>N/A (#N/A)</p>	<p>NUMBER OF RIGHTS</p> <p>62 (#10)</p>
<p>DATE OF INDEPENDENCE</p> <p>12/07/1975</p>	<p>NET OFFICIAL DEVELOPMENT ASSISTANCE</p> <p>US\$ 47 million (#50)</p>	<p>WOMEN IN PARLIAMENT</p> <p>18.2% (#28)</p>	<p>CAPITAL PUNISHMENT</p> <p>Abolished</p>

SÃO TOMÉ AND PRÍNCIPE SOCIETAL ANALYSIS



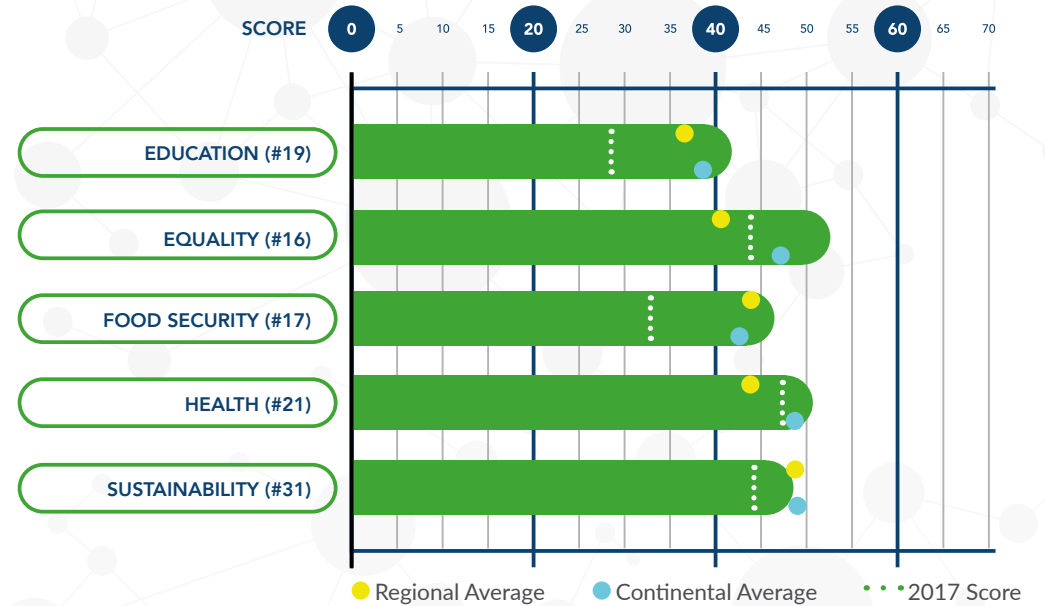
SOCIETAL OVERVIEW

The people of Africa's 2nd-smallest nation are divided into two provinces, each as an island. São Tomé and Príncipe are both lush tropical islands but poor on natural resources. Methods of raising the national income are required to lift the two-thirds of São Toméans (66.2%) who live in poverty.

The first national census was not carried out until 2011, and the finding therein was that only 6,000 of the then population of 157,000 people lived in the Príncipe province. The national population of 205,000 eight years later signals the danger of overpopulation, which will ensure continuing poverty and strain the islands' environment if the birth rate of 4.1 children per woman is not lowered.

Health expenditure of 8.4% of GDP is relatively high for an African country. While almost all inhabitants of the islands have access to clean water, only 41% of urban and 23% of rural residents have indoor plumbing. Due to vitamin inadequacies in the average person's diet, the country has the largest percentage of iron deficiency anaemia among any national population in the world. In the Society quadrant, São Tomé and Príncipe enjoyed their only increase in position. This rise, particularly when contrasted with poor performances in the Business and Economics quadrants, is significant. The country soared upwards by 17 positions from a ranking of 29th recorded in the last survey period to 12th place currently.

SOCIETAL SCORES & RANKINGS



SOCIETAL DATA COMMENTARY

<p>São Tomé and Príncipe data availability 22.45%</p>	<p>REGIONAL AVERAGE 59.31%</p>	<p>AFRICAN AVERAGE 75.28%</p>	<p>CONTINENTAL RANK #52</p>
	<p>The lowest of all quadrants, São Tomé and Príncipe scores 22.45% for societal data availability, thus ranking 52nd continentally. This falls far below the respective regional and continental averages of 59.31% and 75.28%, thus limiting São Tomé and Príncipe's capacity for strategic decision-making. Presently subject to a host of developmental challenges, including vulnerability to climate change, limited human capital and entrenched poverty, São Tomé and Príncipe desperately requires improved societal data coverage.</p>		

SOCIETAL STATISTICS

<p>POPULATION SIZE AND GROWTH RATE</p> <p>201,025 at 1.72% p.a (#53)</p>	<p>LIFE EXPECTANCY</p> <p>65.3 (#12)</p>	<p>HIV PREVALENCE</p> <p>N/A (#N/A)</p>	<p>SEXUALITY TOLERANCE</p> <p>Illegal</p>
<p>ACCESS TO DRINKING WATER</p> <p>97.1% (#4)</p>	<p>HEALTH EXPENDITURE (% OF GDP)</p> <p>9.84% (#4)</p>	<p>PRIMARY EXPENDITURE (% OF EDU. TOTAL)</p> <p>55.82% (#6)</p>	<p>SOCIAL MEDIA PENETRATION</p> <p>23% (#11)</p>

CONTACT

IN ON AFRICA

PHONE: + (27) 11 027 4027

EMAIL: info@inonafrika.com

WEB: www.inonafrika.com

ADDRESS: 146 Beyers Naude Drive, Franklin Roosevelt Park, Johannesburg, 2195

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