

Table 1. São Tomé and Príncipe: Matrix of Policy  
Actions and Measures, 2000-02<sup>1</sup>

Areas and Objectives	Policies and Measures	Expected Outcomes	Timetable	Technical Assistance
I. Income generation and sustained growth				
Achieve macroeconomic stability, while promoting higher real GDP growth.		Improved macroeconomic environment. Real GDP growth rate raised to 4 percent. Private investment up from 14 percent of GDP in 1999 to 31 percent of GDP (including oil exploration) in 2002. Per capita GDP increased from US\$330 in 1999 to US\$390 in 2002.	2000-02	
A. Fiscal Policy				
Strengthen fiscal consolidation.		Overall fiscal deficit reduced to 16 percent of GDP and primary budget surplus (excluding foreign-financed investment) raised to 5 percent of GDP in 2002	2000-02	

<sup>1</sup> Measures and policies envisaged for 2002 are tentative and could be revised at end-2001 when the poverty reduction strategy paper is adopted.

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1. Revenue collection				
Broaden the tax base and strengthen the tax and customs administrations.	<p>Tax and customs administration:</p> <ul style="list-style-type: none"> <li>• Conduct a survey of tax and customs exemptions</li> <li>• Eliminate all ad hoc tax and customs exemptions</li> <li>• Introduce a system for monitoring customs valuations, with regular updating of import unit values</li> <li>• Strictly control legal exemptions</li> <li>• Strengthen the tax inspection and audit units in the Finance Directorate and customs administration</li> <li>• Implement an action plan to restructure and strengthen customs administration</li> <li>• Strengthen the monitoring and control of customs reforms</li> <li>• Make fully operational the automated system for the assessment of tax bases and the calculation of customs duties (SYDONIA)</li> </ul>	Government revenue increased to 22 percent of GDP in 2002	<p>March 2000</p> <p>April 2000</p> <p>March 2000</p> <p>2000–02</p> <p>2000–02</p> <p>2000–02</p> <p>2000–02</p> <p>Jan. 2000</p>	<p>World Bank (WB)</p> <p>Portugal</p> <p>World Bank/France</p> <p>World Bank</p> <p>WB/UNDP/ UNCTAD/ EU/France</p> <p>WB/UNDP/ UNCTAD/EU/ France</p>

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	<ul style="list-style-type: none"> <li>• Combat tax evasion by imposing the penalties prescribed by law, as needed</li> <li>• Ensure that tax and customs legislation is fully enforced</li> <li>• Tighten control over transfers to the budget from public enterprises and government agencies, including the food aid management agency (GGA)</li> </ul>		2000-02	
	Customs tariff and indirect domestic taxation:			
	<ul style="list-style-type: none"> <li>• Implement a new customs tariff with three rates (5 percent, 10 percent, and 20 percent).</li> <li>• Adjust the rates of excise taxes (149 percent for petroleum products, and 55 percent for alcoholic beverages and tobacco).</li> <li>• Complete a study on the introduction of a general sales tax.</li> </ul>		Feb. 2000	Fund/World Bank/France
			Feb. 2000	Fund/World Bank/France
	Eliminate export taxes.		Sep. 2000	Fund/World Bank/France
			Feb. 2000	
2. Expenditure control	Reduce the government wage bill from 7.5 percent of GDP in 1999 to 6.5 percent of GDP by 2002.	Primary spending (excluding foreign-financed investment) limited to 18 percent of GDP by 2002	2000-02	
Contain expenditure expansion and increase efficiency.	Limit other current expenditure while	Share of total primary	2000-02	

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3. Public debt	providing adequately for education, health, agriculture, and basic infrastructure maintenance.	<p>spending allocated to education increased from 14 percent in 1998 to 21 percent by 2002</p> <p>Share of total primary spending allocated to health increased from 15.5 percent in 1998 to 17 percent by 2002.</p>		
Reduce debt service to a sustainable level.	<p>Implement the rescheduling agreement concluded with BADEA.</p> <p>Request Paris Club debt service relief.</p> <p>Request similar treatment from non-Paris Club bilateral creditors.</p> <p>Avoid use of nonconcessional external loans (with a grant element of less than 50 percent) contracted or guaranteed by the government.</p>	<p>No further accumulation of domestic payments arrears.</p> <p>No further accumulation of external payments arrears.</p> <p>Continued updating of the public debt database, debt data cross-checked with creditors, and debt management strengthened.</p> <p>Debt sustainability analysis prepared within the framework of the HIPC Initiative.</p>	<p>2000–02</p> <p>2000</p> <p>2000</p> <p>2000–02</p>	Fund/World Bank/UNDP

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B. Monetary and exchange rate policy				
1. Monetary policy				
Improve monetary management to reduce inflation and strengthen the foreign assets position of the banking system.	Maintain the central bank reference interest rate above the inflation rate.	Consumer price inflation reduced to 3 percent by 2002.	2000–02	Fund
	Strengthen the use of indirect monetary policy instruments by establishing a money market and issuing central bank bills at freely negotiated interest rates.	Gross official reserves equivalent to 5 months of imports by end-2002.	Starting July 2000	Fund
	Lower the high reserve requirement ratio, following the strengthening of indirect instruments.		2001	
2. Banking supervision, internal audits, governance, and credit				
Strengthen the central bank's audit department.	Establish and strengthen the central bank's internal audit and inspection departments and introduce semiannual procedures for: <ul style="list-style-type: none"> <li>• reconciliation of the accounts of foreign correspondent banks;</li> <li>• certification by international aid agencies of amounts not yet disbursed and held in deposit accounts; and</li> </ul>	Sound practices and internal control in the central bank.	Nov. 1999	Fund

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	<ul style="list-style-type: none"> <li>internal auditing of semiannual accounting positions.</li> </ul>			
	Strengthen the internal audit function by:			
	<ul style="list-style-type: none"> <li>reactivating the audits board;</li> <li>strengthening the audit team by increasing its staffing to a minimum of three full-time employees and providing continuous training; and</li> </ul>		Oct. 1999	
	<ul style="list-style-type: none"> <li>preparing a work program for 2000.</li> </ul>		Jan. 2000	
	Continue implementation of central bank's administrative restructuring and staff reduction plan.		2000	
	Maintain a surplus in the central bank's operating budget.		2000-02	
Strengthen banking supervision.	Ensure commercial banks' compliance with prudential ratios.	Reduced bank vulnerability.	2000-02	Fund/World Bank
	Ensure compliance of the prudential and solvency ratios with the Basel Committee's Core Principles		2000-02	
	Ensure the application of banking supervision and prudential regulations to offshore banks (in free trade areas).		2000-02	

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<b>3. Exchange rate policy</b>				
Allow the market-based foreign exchange arrangements in place to work effectively.	Avoid any official intervention in the exchange market.	Foreign reserves target achieved and spread maintained between the official and parallel exchange rates at less than 1 percent	2000-02	Fund
	Encourage public and parapublic enterprises (CST, EMAE, ENCO, ENASA, and ENAPORT) to issue all invoices in dobras.		June 2000	
	Take the necessary steps to accept Article VIII obligations.		2000	
<b>C. Price and trade liberalization</b>				
Pursue a policy of cost recovery reflecting world market prices.	Pursue the implementation of liberalized price and trade arrangements, except for utility monopolies (petroleum products, water, electricity, and telecommunications)		2000-02	World Bank
	Avoid the official setting of agricultural producer prices.		2000-02	
	Implement the automatic mechanism for adjusting retail prices of petroleum products to reflect world oil prices.		2000-02	
	Adopt and implement mechanisms of automatic adjustments of water and electricity rates to reflect costs.		Sep. 2000	World Bank
	Formulate and implement an action plan to		June 2000	World Bank/ Foreign

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	improve incentives to private investment and business, especially strengthening the legal, regulatory, and judicial systems. Do not introduce nontariff barriers to external trade.		2000-02	Investment Advisory Service (FIAS)
Promote private investment under the legislation on the free trade area (Law 33/98).	Carry out the study on the environmental and social impact. Implement the actions contained in the concession contract.		2000 2000-02	World Bank
D. Agriculture				
Improve access to land, credit and production factors for the poor and women.	Develop a national strategy concerning savings banks and credit institutions, harmonize the various rural credit approaches, and encourage the development of microfinance institutions for small enterprises and rural communities. Clarify the legal status of recently distributed agricultural lands and finalize the deeds for land distributed. Implement a simplified system for registering title deeds (one-stop shop). Complete a cadastral survey for rental and nonrental properties. Clarify the legal status of common areas. Clarify and rationalize the role and	Access for the poor to credit increased and improved. Access for the poor to agricultural land increased. Marketing facilitated land supply of inputs increased	2000  June 2000  2000-01 Sep. 2001 June 2000 June 2000	World Bank/ UNDP  World Bank



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Improve input distribution, extension services, and rural infrastructure.	<p>proprietary rights of foreign capital.            Conduct a socioeconomic study on the impact of the land distribution program.            Conduct a study on the variability of medium-sized agricultural enterprises.            Conduct a study on the prerequisites and operational procedures of a market in agricultural lands.            Implement the recommendations of the above study.            Establish a roll of taxable landholdings.</p>		<p>July 2000            June 2000            2001            2001–02            2001–02</p>	<p>World Bank/            AfDB/UNDP            World Bank</p>
	<p>Combine the operations of CATAP (agricultural school) and CENFOPA (training center).            Set up an autonomous entity responsible for agricultural extension services.            Conduct a study on the possibility of integrating the agricultural extension, animal husbandry, and forestry services into a single autonomous entity.            Adopt a national agricultural extension policy.            Develop an action plan for the construction and maintenance of rural roads.            Develop an action plan for social investment (water, sanitation, education, and health).</p>		<p>2001            2001            2000            2000            2000            2000</p>	<p>World Bank</p>

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E. Economic diversification	Improve farmers' organizational capacity and support the creation of interprofessional associations.		2000	
	Promote crop diversification and improve the capacity for processing agricultural products.		2000-02	
Increase cocoa production and diversify agriculture so as to generate income and provide self-employment to the poor.	Diversify production and improve capacity to process agricultural products.	Increased agricultural production. Increased agricultural income and improved living conditions for the rural population. Reduced poverty in agricultural areas. Improved capacity of small-scale farmers to process agricultural products.	2000-02	
Improve forest management, combat excessive, uncontrolled logging , and protect the environment.	Prepare and adopt a national forestry plan.	Small-scale fisheries	2001	
	Pass the forestry law.	developed.	2000	
	Formulate and introduce an action plan for the timber sector.		2001	
	Create rules and regulations for the corps of forest wardens.		2001	
	Increase the number of forest wardens and		2000-02	

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	implement a training program. Pass the law on protected areas. Pass a law on flora and fauna protection. Formulate a national strategy for the protection of biodiversity and sustainable use of natural resources. Strengthen the institutions responsible for protected areas.		Sep. 2000 Sep. 2000 2001  2001	
Increase the fishing sector's contribution to economic growth.	Pass and implement the law on fisheries and attendant general regulations. Adopt the fisheries master plan. Adopt an action plan for the institutional strengthening of the Fisheries Directorate		2000  2001 2001	
Develop tourism as a further source of income and improve the efficiency of the transportation sector.	Adopt a tourism promotion strategy in consultation with sector professionals. Increase tourism promotion efforts through the Tourism Office. Prepare a road infrastructure improvement policy and an investment plan.		June 2000  2000-02 Sep. 2000	World Bank   World Bank
II. Human resource and social development				
Reduce poverty	Adopt a poverty reduction strategy and action plan. Create a committee to monitor implementation of the poverty reduction strategy.	Poverty reduction strategy paper adopted. Public opinion mobilized to monitor poverty reduction	End- 2001 Dec. 2000	Fund/World Bank/UNDP

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	Implement a participatory process involving civil society.	efforts.	1999–2002	
Improve access to education and training for the poor and women.	Adopt an education development plan.		June 2000	World Bank/UNDP
	Improve and strengthen planning capacity in the education sector.		2000	
	Control and monitor entries into high school.		2000–02	
	Conduct a survey of teachers placed on early retirement.		2000–02	
	Define and adopt special staff rules and regulations for teachers within the general civil service rules and regulations.	60 primary school classrooms built or rehabilitated annually, particularly in rural areas; 30 secondary school classrooms annually.	2000	
	Provide assistance in the form of school supplies to 4,000 pupils selected from among the most underprivileged in elementary schools.	90 new primary school teachers hired and trained annually.	2000–02	
	Develop a national adult literacy program.	300 primary school teachers trained and retrained.	2000–02	
	Increase the share of elementary school spending in the total education budget (from 22 percent in 1998 to 30 percent in 2002).	Double and triple shifts eliminated at schools.	2000–02	
	Create a statistics and planning bureau within the Ministry of Education.	Duration of average school day increased from 4 to 7 hours.	Feb. 2000	
		Disparities between rural and urban areas reduced.		
	Gross primary school			

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		<p>enrollment ratio increased from 70 percent to 90 percent. Primary school dropout rate reduced from 31.2 percent to 15 percent. Dropout rate for girls attending primary school reduced from 34 percent to 20 percent. Primary school repeater rate reduced from 31.2 percent to 20 percent. Gross secondary school enrollment ratio increased to 50 percent.</p>		
<p>Raise access to primary health care services, drinking water, and sanitation for the poor, and improve their nutritional status</p>	<p>Adopt a health development plan.</p> <p>Strengthen the national health system and the sector's planning capability.</p> <p>Develop primary health care services, and improve public information, education, and communications actions.</p> <p>Improve curative health care through strengthened hospital management and the installation of more efficient diagnostic support services.</p>		<p>Oct. 2000</p> <p>2000-02</p> <p>2000-02</p> <p>2000-02</p>	<p>World Health Organization (WHO)/AfDB</p>

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	<p>Strengthen reproductive health services (including family planning), preventive services, and action to combat major endemic diseases (malaria, tuberculosis and other respiratory diseases, diarrhea, AIDS and other STDs).</p> <p>Create a statistics and planning bureau within the Ministry of Health, responsible for data collection and project preparation</p> <p>Formulate and implement an action plan for the extended vaccination program.</p> <p>Increase the share of the decentralized districts in total health expenditure (from 32 percent in 1998 to 40 percent in 2002).</p>	<p>Diphtheria immunization rate among children aged 12-23 months increased from 69.3 percent to 85 percent.</p> <p>Tuberculosis immunization rate increased from 80.3 percent to 95 percent.</p> <p>Infant mortality rate reduced from 65 to 40 per 1,000 births.</p> <p>Child mortality rate (for children under 5 years of age) reduced from 125 to 100 per 1,000 children.</p>	<p>2000-02</p> <p>Feb. 2000</p> <p>Sep. 2000</p> <p>2000-02</p>	
III. Institutional Development				
A. Governance				
<p>Increase transparency and accountability in financial management and improve loan recovery</p>	<p>Improve the recovery rate of loans granted by the CNPC.</p> <p>Liquidate the CNPC's foreign and domestic assets.</p> <p>Publish a list of debtors not current on their obligations to the CNPC, and deny such debtors access to bank credit (require banks to constitute 100 percent provisions for any</p>		<p>2000-02</p> <p>Nov. 1999</p> <p>Mar. 2000</p>	

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Ensure efficiency and transparency in the emerging petroleum sector	<p>loan extended to them).</p> <p>Organize annual external audits of central bank accounts.</p> <p>Prepare a report on the 1994 fraudulent transfer of central bank foreign assets.</p> <p>Organize an independent external audit of the central bank's correspondent accounts for December 1998 and end-June 1999.</p> <p>Publish the central bank foreign assets audit report.</p> <p>Prepare a report on the fraud attempt at the central bank, discovered in February 1999, involving the issuance and trading of fraudulent treasury bonds.</p>		<p>2000–02</p> <p>Nov. 1999</p> <p>Nov. 1999</p> <p>Mar. 2000</p> <p>Nov. 1999</p>	World Bank/Norway
	<p>Make the administrative unit responsible for government petroleum sector policy operational.</p> <p>Make the Economic Council chaired by the Prime Minister and comprising the Minister of Planning and Finance, the Minister of Economy, the Minister of Natural Resources and the Environment, and the Governor of the Central Bank, responsible for oversight of the petroleum sector and for petroleum negotiations.</p>		Nov. 1999	World Bank/Norway
	<p>Pursue negotiations of the first petroleum production-sharing contract.</p>		1999–2000	World Bank/Norway

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	<p>Draft and pass petroleum sector legislation.</p> <p>Establish the modalities of a reserve fund for future generations.</p> <p>Adopt the decrees for implementation of the petroleum sector legislation.</p> <p>Draft a standard production-sharing contract.</p>		<p>June 2000</p> <p>June 2000</p> <p>Dec. 2000</p> <p>Dec. 2000</p>	
B. Fiscal management				
Improve budget execution and financial management	<p>Record all government financial operations in the budget and abolish extrabudgetary expenditure.</p> <p>Centralize all government revenue, external financing proceeds, and deposits at the Treasury.</p> <p>Improve the operations of the Finance Directorate and prepare an action plan for staff training and technical assistance.</p> <p>Make operational the three autonomous directorates responsible, respectively, for domestic taxes, budget preparation and control, and treasury management</p>		<p>2000–02</p> <p>2000–02</p> <p>2000</p> <p>June 2000</p>	<p>World Bank/France</p> <p>France</p>
Improve the programming and implementation of the public investment program	<p>Design and implement a system of three-year rolling public investment programs (PIP) consistent with the availability of resources and sectoral strategies, and comprising all</p>		<p>Starting Jan. 2000</p>	<p>World Bank</p>



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	<p>public investments, including those financed by exceptional external assistance or by the proceeds of oil exploration concessions. Establish a coordination system and hold quarterly meetings on public investment projects, with the participation of major donors and lenders.</p>		2000–02	
	<p>Submit the PIP annually for the approval of Fund and World Bank staff, by end-September.</p>		2000–02	
	<p>Submit to Fund and World Bank staff the minutes of quarterly meetings with donors and lenders on the PIP.</p>		Starting April 2000	World Bank/UNDP
Define sectoral strategies	<p>Formulate and implement sectoral development strategies, particularly for:</p> <ul style="list-style-type: none"> <li>• agriculture</li> <li>• tourism</li> <li>• education</li> <li>• health</li> <li>• basic infrastructure</li> <li>• other sectors</li> </ul>		<p>Oct. 1999 June 2000 June 2000 Sep. 2000 Sep. 2000 Mar. 2001</p>	
C. Civil service reform				
Reduce the size of the civil service and raise its efficiency	<p>Publish the civil service reform timetable. Adopt the organizational and staffing plans for the ten (10) ministries (Planning,</p>		<p>Oct. 1999 Oct.-Nov. 1999</p>	<p>World Bank/UNDP World Bank/UNDP</p>

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	Finance, and Cooperation; Economy; Public Administration and Employment; Foreign Affairs; Defense; Justice; Education; Health; Natural Resources, Infrastructures, and Environment; Local Administration and Territory).			
	Implement the administrative reform program for all the ministries.		Mar. 2000	World Bank/UNDP
	Identify redundant staff positions and assess the civil service downsizing that will result from the implementation of the organizational and staffing plans.		Apr. 2000	World Bank/UNDP
	Establish and keep up-to-date a single automated system for civil service and payroll management.		June 2000	
	Stop all recruitment, except for that of school teachers and health care personnel.		2000-01	World Bank/UNDP
	Appoint a Civil Service Director.		Jan. 2000	
	Amend the December 1997 law on the civil service rules and regulations.		2000	
	Establish a retraining unit within the civil service.		April 2000	World Bank/UNDP
	Repeal the decree on the early retirement from the civil service and pass a decree on severance pay.		Dec. 2000	World Bank/UNDP
	Identify financing to cover severance pay.		April 2000	
	Start the retrenchment of redundant civil servants.		July 2000	World Bank/UNDP

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	Complete the study on the civil service pay scale and implement the new civil service management and control procedures.		Dec. 2000	World Bank/UNDP
	Implement the results of the above study.		2001	World Bank/UNDP
D. Reform of public enterprises and privatization program				
Reduce the size of the public sector and improve the performance of public enterprises	Publish a list of nonagricultural public enterprises to be privatized.		Oct. 1999	
	Implement the nonagricultural public enterprise privatization program.		2000	
	Adopt a program for the privatization of large government plantations and the rationalization of the land tenure system.		June 2000	
	Assess the possibilities of private shareholding in the public enterprises in charge of the port and airport management (ENAPORT and ENASA).		2000	World Bank
	Carry out a study on the possible options for the future of the water and electricity utility, EMAE (privatization, concession of the management to a private strategic partner, etc.).		June 2000	
	Prepare and implement a financial restructuring plan for EMAE, including the adoption of an appropriate accounting and		June 2000	

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	budgetary system and the strengthening of the revenue collection system.			
	Carry out a study on water and electricity rates and implement its recommendations.		Sep. 2000	World Bank
	Prepare, implement, and assess semiannually an investment program for EMAE.		Starting Jan. 2000	World Bank
	Evaluate options for opening up the telecommunications sector to competition.		2000	
	Carry out annual external audits of the accounts of EMAE, ENAPORT, ENASA, and ENCO.		2000-02	
Improve the legal, social, and cultural environment in favor of the poor	Adopt international business standards and amend legislation on commerce and competition to promote private sector development.	Private sector strengthened.	2000-02	
	Restructure and improve the operation of the legal system.	New jobs created and demonstration by rural inhabitants of greater accountability with respect to development efforts.	2000-02	
	Clarify and streamline the legal framework governing agricultural land.	Increased access for the poor to property.	June 2000	World Bank
	Implement a simplified land title registration system (single window).		2000	
	Clarify the legal status of local communities. Strengthen farmers' organizations and support the establishment of intervocational associations.		2000 2000-02	

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<b>E. Statistical issues</b>				
Analyze the evolution of poverty, inequality, and vulnerability	Conduct a household statistical survey, develop a social database in the National Institute of Statistics, and develop a series of social and poverty indicators to be monitored.	Data on poverty gathered. Annual report prepared on the evolution of poverty, inequality, and vulnerability Strengthened institutions responsible for statistics and analysis of poverty, inequality, and vulnerability.	Feb. 2000	World Bank AfDB/UNDP
	Adopt a full series of social and poverty indicators to be monitored.		Apr. 2001	World Bank AfDB/UNDP
Improve statistical data to facilitate program monitoring	Formulate and implement an action plan to improve the reliability and timeliness of statistical production.		2000	Fund
	Continue the regular supply of reliable monetary statistics and improve the balance of payments data.		2000	Fund

Table 2. São Tomé and Príncipe: Selected Economic Indicators, 1996-2002

	1996	1997	1998 Est.	1999		2000	2001 Program	2002
				SMP	Est.			
(In units indicated)								
Production								
Cocoa export volume (in thousands of metric tons)	3.2	2.8	3.8	3.5	3.3	3.8	4.0	4.1
Cocoa export unit value (in U.S. dollars per kilogram)	1.5	1.6	1.7	1.6	0.9	1.1	1.3	1.4
Gross domestic product (in millions of dobras)	98,900	200,000	281,000	334,109	334,109	369,533	408,654	441,896
At constant prices (percentage change)	1.5	1.0	2.5	2.5	2.5	3.0	4.0	4.1
Gross domestic product deflator (percentage change)	50.8	100.2	37.1	16.0	16.0	7.4	6.3	4.0
Consumer prices (percentage change; end of period)	51.7	81.1	20.8	10.0	12.6	5.0	3.0	3.0
Consumer prices (percentage change; average)	42.0	69.0	42.1	14.9	16.3	7.4	4.3	3.0
(Annual percentage change, unless otherwise specified)								
External sector								
Exports, f.o.b.	-3.1	8.1	-11.2	10.1	-17.3	28.5	21.3	14.4
Imports, c.i.f.	-16.4	-3.2	-12.3	31.5	28.5	25.2	17.3	15.7
Exchange rate (in dobras per U.S. dollar; period average)	2,203.0	4,552.5	6,927.4	9,150.0	7,092.6	...	...	...
Exchange rate (in dobras per U.S. dollar; end of period)	2,833.0	6,969.7	6,885.0	9,214.6	7,300.2	...	...	...
Real effective exchange rate	1.4	-25.0	13.1	...	12.8	...	...	...
Terms of trade	8.6	11.4	14.8	2.7	-52.0	10.6	24.9	13.1
(In percent of GDP, unless otherwise specified)								
Money and credit (end of period)								
Net domestic assets 1/	28.2	-131.7	17.7	-50.2	-10.6	-22.8	...	...
Credit to government (net) 1/	59.1	-113.4	18.2	-54.8	-14.3	-27.2	...	...
Credit to the economy 1/	-28.2	-3.8	14.9	5.6	10.5	4.3	...	...
Broad money	82.2	94.5	24.5	19.5	3.6	5.0	...	...
Velocity (ratio of GDP to average broad money)	3.4	3.7	3.5	3.4	3.7	3.9	...	...
Central bank discount rate (in percent; end of period)	35.0	55.0	29.5	...	17.0	...	...	...
Commercial bank lending rate (in percent; end of period)	38.0 to 42.0	56.0 to 62.0	42.0 to 48.0	...	30.0 to 40.0	...	...	...
Commercial bank deposit rate (in percent; end of period)	30.0 to 36.0	37.5 to 46.0	30.0 to 35.0	...	18.0 to 24.0	...	...	...
(In millions of U.S. dollars, unless otherwise specified)								
National accounts								
Consumption	113.7	116.5	107.0	110.8	108.5	104.9	97.0	97.7
Gross investment	56.2	49.1	35.8	52.5	40.0	49.3	59.3	61.2
Public investment	29.2	22.1	19.8	29.8	26.0	23.3	31.1	30.8
Private investment	27.0	27.0	16.0	22.7	14.0	26.0	28.2	30.5
Of which: oil sector	0.0	0.0	0.0	0.0	0.0	6.0	9.2	13.5
Gross domestic savings	-13.7	-16.5	-7.0	-10.8	-8.5	-4.9	3.0	2.3
Public savings	-14.3	-17.3	-7.7	-16.5	-11.9	-11.8	-2.5	-0.9
Private savings	0.5	0.9	0.7	5.7	3.3	7.0	5.5	3.3
Gross national savings	25.0	45.5	14.7	38.5	14.6	24.0	21.2	20.2
Government budget								
Total revenue and grants	37.0	43.4	29.1	42.2	43.9	46.5	46.2	46.8
Of which: grants	23.5	27.8	9.7	22.4	24.6	26.2	25.2	25.2
Total expenditure	69.1	70.1	59.6	67.9	69.8	68.1	64.5	62.5
Of which: noninterest current expenditure	17.2	16.6	16.3	15.6	15.8	15.6	14.9	13.9
Overall balance (commitment basis)	-32.2	-26.7	-30.5	-25.6	-25.8	-21.5	-18.2	-15.7
Primary balance (commitment basis) 2/	-4.7	-2.2	0.7	2.8	1.3	2.3	3.4	5.0
External sector								
Current account balance (excluding official transfers)	-79.3	-74.8	-53.9	-63.3	-57.2	-62.1	-64.0	-66.2
Current account balance (including official transfers)	-30.8	-3.6	-21.1	-14.0	-25.4	-25.2	-38.1	-41.0
Total external debt outstanding 3/	590.0	608.5	721.3	...	636.0	...	...	...
Net present value of total debt 3/	343.0	408.4	471.8	...	420.4	...	...	...
Net present value of total debt 3/ 4/	1,446.0	1,441.9	1,634.6	...	1,450.1	...	...	...
External sector								
Export earnings	4.9	5.3	4.7	7.0	3.9	5.0	6.1	7.0
Of which: cocoa	4.8	4.6	4.6	5.4	2.9	4.0	5.0	5.8
Overall balance	-4.8	1.1	-6.3	2.6	-2.3	-0.8	-6.6	-9.0
Outstanding medium- and long-term debt	234.0	235.5	244.9	...	248.0	...	...	...
Of which: arrears	29.3	29.6	32.6	...	27.7	...	...	...
Gross foreign reserves (in months of following year's imports of goods and nonfactor services)	1.5	5.1	3.0	4.3	3.0	4.0	4.2	5.6
External debt service								
Before debt relief 4/	73.5	71.8	83.1	59.8	49.7	43.6	39.7	48.2
Actual debt service paid 4/	26.6	19.7	46.8	...	23.6	...	...	...

Sources: São Tomé and Príncipe authorities; and staff estimates and projections.

1/ In percent of broad money at beginning of period.

2/ Excluding interest obligations, grants, and foreign-financed capital outlays.

3/ Beginning in 1998, includes arrears to Italy, a loan which remains in dispute.

4/ In percent of exports of goods and services.

Table 3. São Tomé and Príncipe: External Financing Requirements, 2000-02  
(In millions of U.S. dollars)

	2000	2001	2002	2000-02
<b>External financing needs</b>	-97.5	-41.3	-48.9	-187.7
Current account balance	-31.0	-34.9	-38.8	-104.7
Amortization due (including Cape Verde)	-3.5	-3.6	-5.9	-13.0
External arrears	-57.2	0.0	0.0	-57.2
Net change in foreign reserves	-5.8	-2.8	-4.1	-12.8
<b>External financing sources</b>	33.5	31.9	35.8	101.1
Project loans and grants	19.2	20.7	22.1	62.0
Food aid	1.8	1.8	1.8	5.3
Nonproject financing (identified)	0.0	0.0	0.0	0.0
Private capital inflows	6.8	9.0	12.0	27.8
Oil receipts	5.0	0.0	0.0	5.0
Fishing royalties	0.7	0.3	0.0	1.0
<b>Financing gap</b>	-64.1	-9.4	-13.1	-86.6
To be covered by:	61.7	4.2	6.1	72.0
PRGF resources 1/	2.6	2.6	2.6	7.8
Bilateral debt relief	59.1	1.6	3.5	64.2
Residual gap	-2.4	-5.2	-7.0	-14.6

Sources: World Bank ; staff estimates and projections.

1/ The proposed access under the Poverty Reduction and Growth Facility is the equivalent of 90 percent of quota, or US\$9.1 million, with the final tranche of US\$1.3 million scheduled for disbursement in the first quarter of 2003.

Table 4. São Tomé and Príncipe: Demographic and Social Indicators

	Sub-Saharan Africa 1/	1996	1997	1998	1999 Est.	2002 Prog.
<b>Population</b> (In units indicated)						
Total population (thousands)	596,300	131	134	138	141	151
Urban	175,909	57	59	...	...	...
Rural	420,392	73	74	...	...	...
Annual growth rate (in percent)	2.9	2.4	2.4	2.4	2.3	2.3
Total fertility rate (births per woman)	5.6	4.7	4.7	...	...	4.3
<b>(In percent of total population)</b>						
Population, ages 0-14	44.8	46.9	...	...	...	...
Population, ages 15-64	52.3	48.7	...	...	...	...
Population, ages 65 and over	2.8	4.4	...	...	...	...
Population below poverty line (US\$220 per year) 2/	...	40.0	...	...	...	...
<i>Of which:</i> in extreme poverty (below US\$171 per year) 2/	...	33.0	...	...	...	...
<b>Income</b> (In units indicated)						
Real GDP growth rate (in percent)	...	1.5	1.0	2.5	2.5	4.1
Inflation rate (in percent)	...	51.7	80.5	20.9	10.0	3.0
GDP per capita (in U.S. dollars)	...	341.8	326.7	296.3	334.4	390.7
Civil service minimum wage (in U.S. dollars)	...	19.5	9.4	6.2	6.1	21.3
<b>Social spending</b> (In percent of GDP, unless otherwise indicated)						
Education	...	8.5	7.2	4.5	7.9	11.0
<i>Of which:</i> primary education 3/	...	...	...	22.0	...	30.0
Health	...	7.8	10.2	7.3	8.8	9.0
<i>Of which:</i> primary care 4/	...	...	32.0	32.0	...	40.0
<b>Education</b> (In percent of population age 15 and above)						
Adult literacy rate	43.0	77.0	78.0	78.0	80.0	86.0
<i>Of which:</i> female	53.0	...	...	...	...	86.0
<b>(In percent of school-age-population)</b>						
Gross primary school enrollment ratio	75.0	64.0	59.8	71.8	70.0	90.0
<i>Of which:</i> female	67.0	62.7	53.8	69.7	70.1	90.0
Gross secondary school enrollment ratio	26.0	...	...	...	...	30.0
<b>(In units indicated)</b>						
Dropout rate in primary school (percent of total enrollment)	...	30.0	29.5	30.0	31.2	15.0
<i>Of which:</i> female	...	35.0	32.0	33.0	34.0	20.0
Repetition rate in primary school (percent of total enrollment)	...	30.5	31.0	31.0	31.2	20.0
Primary school pupil-to-teacher ratio (students per teacher)	...	...	...	...	33.0	32.0
Primary school pupil-to-classroom ratio (students per classroom)	...	...	...	...	33.0	30.0
<b>Health</b> (In units indicated)						
Infant mortality rate (per 1,000 live births)	91.0	50.0	63.5	64.0	65.0	40.0
Under 5 mortality rate ( per 1,000 children up to age 5)	147.0	138.0	120.0	123.0	125.0	100.0
Maternal mortality rate (per 1,000 live births)	...	122.0	122.0	122.0	122.0	105.0
Total mortality rate (per 1,000 inhabitants)	14.0	8.3	8.5	...	...	5.0
Malaria cases (per 100,000 inhabitants)	...	12,491	29,102	26,604	23,505	9,856
HIV prevalence (per 100,000 inhabitants)	...	...	...	...	...	...
AIDS cases (per 100,000 inhabitants)	22.2	6.0	11.0	25.0	10.0	6.0
<b>Immunization rates</b> (In percent of children age 12-23 months)						
Measles	56.0	88.0	60.8	59.0	69.4	85.0
DPT3 (Diphtheria, tetanus, pertussis)	...	...	73.6	73.2	69.3	85.0
Polio	52.0	79.0	73.7	72.4	69.0	58.0
BCG (tuberculosis)	...	...	70.6	81.5	80.3	95.0
<b>Water and sanitation</b> (In percent of total population)						
Access to safe water	...	82.0	...	...	...	100.0
Access to adequate sanitation	...	22.6	...	...	...	60.0
Access to electricity	...	53.1	...	...	...	80.0

Sources: São Tomé and Príncipe authorities; World Bank; African Development Bank; and United Nations Development Program.

1/ 1996 estimates.

2/ The data shown are from 1994.

3/ In percent of total education spending.

4/ In percent of total health spending.



