

Portugal: Sao Tome and Principe [2005-2007]



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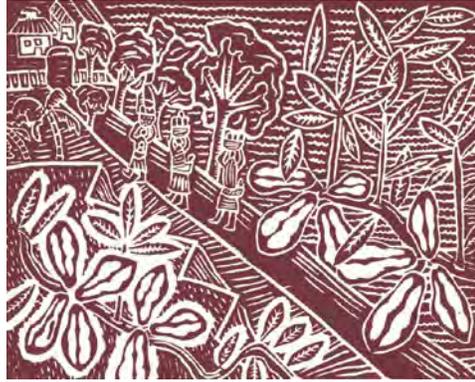
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I. Portuguese Cooperation for Development

Guiding principles

Cooperation for development, an essential area of Portuguese foreign policy, is based on the constitutional principles by which Portugal's international relations abide: observance of Human Rights and cooperation towards the progress of mankind.

In a world where about one fourth of the population lives below the threshold of absolute poverty, the observance of human rights imposes upon the richer countries the responsibility to adopt an active policy of poverty reduction. Portugal, a country that only a few years ago managed to attain a level of development which allowed it to become a member of the group of donor countries, shares this international responsibility and solidarity.

By adopting the principles set out in the United Nations Millennium Declaration, which were reaffirmed by the Monterrey Summit, Portugal has chosen poverty reduction as its objective and fundamental guiding principle.

The key objective of Portuguese cooperation is therefore to support partner countries in reducing poverty and attaining a sustainable development. The success

of this strategy largely depends on it being accepted by the countries which it is aimed at, taking into account their development options and the coordination between the cooperation policies of the various donors and international agencies. To this end, it is essential that partnership and consultation principles, at different levels, be observed: policy-making, policy implementation and evaluation of results.

Accordingly, the Portuguese cooperation for development policy takes into account the development options of the recipient countries, the principle of partnership and the need to promote a better international coordination of development aid.



The progress sought must be lasting and equitable. Therefore, the Portuguese cooperation policy is governed by the principles of sustainability and equity, with a view to guarantee the bases of a lasting development and to eliminate all forms of discrimination in the access to the benefits it generates.

The status of the Least Developed Countries, pursuant to the United Nations classification, which characterises the partner countries of Portugal, reveals the multiple shortcomings in all their sectors (social, economic, institutional, etc.). The contribution of Portuguese cooperation consists in supporting the creation of the conditions required for these countries to undergo a sustainable development, in the long term. Accordingly, the Portuguese cooperation policy must take into account both the specificities of each partner and the interventions of other (bilateral and multilateral) cooperation players, in order to promote coordination, coherence and complementarity in the joint development effort.

In observance of the Millennium Development Goals (MDG), reasserted in the Monterrey Conference, in March 2002, the Portuguese cooperation for development policy has assumed the following specific goals:

- strengthening democracy and the Rule of Law;

- reducing poverty, by improving the economic and social conditions of the more underprivileged populations and by developing the basic social infrastructure;
- stimulating economic growth, by strengthening private initiative;
- promoting regional dialogue and integration;
- promoting an European partnership for human development.

Priority Areas

The limited resources and capacities of Portuguese cooperation make it necessary to establish intervention priorities for each period, for each partner country and for certain sectors. The effectiveness that is sought in cooperation policy requires greater concentration in carefully selected sectors, a factor that assumes a particular relevance in the case of Portugal, which has traditionally adopted a greatly dispersed cooperation policy consisting of multiple small actions of reduced impact and visibility. However, nowadays Portuguese cooperation is essentially aimed at the following strategic intervention areas: (i) sectorial (education, health, agriculture); (ii) cross-sectional (institutional capacity building and rule of law / justice, vocational training).

In the area of *Education and Training*, in addition to the added value of language and historical affinity, which are decisive factors in the implementation of education and training programmes, as has been internationally acknowledged, education is a priority in making access to social and economic development possible. On the other hand, training, and particularly vocational training, is vital to promoting the private sector. The intervention in this area includes the building / maintenance of infrastructure, the training of teachers and trainers and the development of educational technologies and materials adjusted to the specific circumstances.

In the area of *Health*, the intervention takes primarily into account the goal of improving social conditions, which must include support for the structuring of primary care health services, with particular emphasis on maternal and child care, family planning, differentiated care, professional training and the fight against endemic and epidemic diseases. The fight against these diseases is one of the areas where the development of tropical medicine

research, currently carried on in Portugal, is a positive factor to be taken into consideration.

In the development process, it is essential to promote the modernisation of public administration and the strengthening of civil society, thus enabling the promotion of *Good Governance and Institutional Capacity Building* and the creation of an environment of trust with the economic agents. Actions to consolidate the democratic political power structures, to strengthen civil society and to empower the administration all lie within this scope.



In the area of *Agriculture*, it is in the rural world that a significant part of the population of developing countries is concentrated and it is there that the highest

poverty rates can be found. Adequate intervention in the rural sector must seek a strategy that focuses on food security and poverty reduction, its priorities being the production of food crops, the management of natural resources and the promotion of agricultural markets, with a view to encouraging the production of commercial crops.

II. **Background of Portugal Sao Tome and Principe Cooperation**

The cooperation between Portugal and Sao Tome and Principe has been developed over the last few years, at the bilateral level, through Indicative Cooperation Programmes (PIC) which are implemented according to Annual Cooperation Plans / Actions (PAC) and reflect the priorities established and agreed upon between the two countries that are aimed at Sao Tome and Principe attaining a sustained development.

Within the scope of a multilateral intervention, Portugal has participated in the programmes of the European Union, of the different United Nations agencies and

of the Community of Portuguese-Speaking Countries (CPLP) and in the implementation of tripartite projects as a partner of other bilateral donors.

Portugal has been the Sao Tome and Principe main bilateral partner, and this reflects the close economic and political ties between the two countries.

The implementation of projects relies on the cooperation of the sectoral departments of both countries, as well as on Civil Society entities.

The 40 million euro Indicative Cooperation Programme for the 2002 / 2004 triennium that has now ended focused on four sectors – education and teaching, health, agriculture and vocational training – and two cross-sectional intervention lines – poverty reduction and institutional capacity building. Despite having the PIC 2002 / 2004 as a reference table, a few adjustments were made to the 2004 Action Plan as a result of the Emergency Plan submitted by the Sao Tomean authorities.

Among the programmes and projects that were implemented, reference should be made to the following:

- Support Programme for the *Centro Hospitalar de São*



Tomé e Príncipe (Sao Tome and Principe Hospital Centre), the purpose of which is to support the provision of “medical assistance” to the San Tomean population.

- Teaching / Secondary Education Support Programme (*Programa de Apoio à Docência / Ensino Secundário – PAES*), which is aimed at supporting the education system and includes the employment of Portuguese teachers to reinforce the local teaching staff, thus ensuring that subjects in which there is a shortage of Sao Tomean teachers of the same teaching level are taught.

- Support to the operation of the *IDF – Instituto Diocesano de Formação* (Diocesan Training Institute), the main purpose of which is to provide high quality education and support the teaching of the 12th grade (the last year of secondary education) until the necessary conditions to teach this grade have been created within the State education system.

- Awarding of scholarships to attend Graduate Degree, Master's Degree and Doctoral Degree courses at Portuguese universities and of scholarships to attend primary and secondary schools in Sao Tome.
- *Centro de Formação Profissional de São Tomé e Príncipe* – Budo Budo (Sao Tome and Principe Vocational Training Centre), which provides vocational training and promotes insertion into working life by articulating vocational training with employment, self-employment and the setting up of micro companies.
- Development of a Social Safety Net by grouping a series of subprojects, in order to dignify the social conditions of the most disadvantaged sectors of the population.
- *Programa de Apoio às Médias Empresas Agrícolas São Tomenses – PAMEA* (San Tomean Small and Medium Sized Agricultural Companies Support Programme), which was launched in 1999 to provide Medium Sized Agricultural Companies with support in crop diversification and in improving management, production, processing and marketing. The management of this Programme funded by PIDS and MADRP (Portuguese Ministry for Agriculture, Rural Development and Fisheries) was entrusted to the Sao Tome and Principe Ministry for Rural Development and Fisheries on 31 July 2003.
- Project for the production and distribution of electric power to Príncipe Island, which involved the setting up of a generator compound, thus concluding the island's electrification.

In addition, reference should also be made to the support provided in the area of health, under the form of evacuating patients to whom assistance cannot be provided in Sao Tome and Principe to Portuguese hospitals for treatment (about 200 a year), and to the support provided by the Portuguese Air Force AVIOCAR in emergency transport, notably of patients, and in the connection between Principe and Sao Tome.

Over the last few years, Portugal has remained the main contributor to internationally-granted Public Aid to the development of Sao Tome and Principe, as well as one of the main Foreign Direct Investment partners. Portuguese private investment in Sao Tome and Principe has come to take on particular relevance in the sectors of tourism and building, in addition to holding a significant share in the areas of telecommunications and transport.

With a view to promoting the development of the private sector in Sao Tome and Principe, Portuguese Cooperation has been supporting *Sociedade de Promoção de Investimentos (SPI)*, a Luso-Sao Tomean public capital project, aimed at supporting initiatives generating income in various productive sectors.

In 2003, Portuguese ODA dropped 0.9% when compared to 2002, which can be partly justified by the 17.9% decrease in debt-related actions. In addition, the country's political instability disturbed the normal implementation of the cooperation programme.

Sectorial Distribution of Portuguese Bilateral ODA-Sao Tome and Principe

2000-2005

SECTORS	2000	2001	2002	2003	TOTAL	
Education	2.222.515 19,4%	2.632.250 16,8%	2.346.345 17,0%	2.805.608 28,5%	10.006.718 15,8%	in euros
Health	3.156.277 27,5%	2.984.564 19,1%	3.584.006 26,0%	2.533.755 25,7%	12.258.602 19,4%	
Government and Civil Society	189.933 1,7%	74.990 0,5%	191.556 1,4%	762.806 7,7%	1.219.285 1,9%	
Other Infrastructure and Social Services	2.371.295 20,7%	1.759.250 11,2%	2.669.030 19,3%	1.626.555 16,5%	8.426.130 16,6%	
Business and Other Services	42.997 0,4%	2.604.326 16,6%	327.826 2,4%	232.826 2,4%	3.207.317 5,1%	
Other Infrastructure and Economic Services	453.954 4,0%	353.118 2,3%	839.674 6,1%	814.774 8,3%	2.461.520 4,8%	
Agriculture	317.805 2,8%	209.416 1,3%	183.894 1,3%	63.685 0,6%	774.800 1,2%	
Other Production Sectors	65.762 0,6%	93.668 0,6%	244.852 1,8%	30.833 0,3%	435.115 0,9%	
Debt-Related Actions	2.238.505 19,5%	4.674.215 29,8%	3.031.294 22,0%	406.230 4,1%	10.350.244 16,4%	
Others	423.494 3,7%	278.572 1,8%	387.441 2,8%	579.707 5,9%	1.669.214 3,3%	
BILATERAL TOTAL	11.482.517	15.664.369	13.805.918	9.856.141	50.808.945	

Sources: PIDS

Evolution of Bilateral ODA by Recipient Country 2000 / 2005

	2000	2001	2002	2003	TOTAL	
Sao Tome and Principe	11.483 5,9%	15.664 7,7%	13.806 7,0%	9.856 6,1%	50.809 6,7%	in euros x 1,000
Other PEOP*	164.627 84,9%	173.617 84,8%	154.975 78,5%	119.146 73,8%	612.366 80,8%	
Other Countries	17.753 9,2%	15.414 7,5%	28.662 14,5%	32.492 20,1%	94.321 12,5%	
APD BILATERAL, TOTAL	193.863	204.695	197.443	161.494	757.495	

Source: IPAD

* Portuguese-Speaking Countries (Portuguese-Speaking African Counties + East Timor)

III. **Political, Economic and Social Situation of Sao Tome and Principe**

Political Situation

In the years that followed its independence in 1975 and as in other former Portuguese colonies in Africa, Sao Tome and Principe had a single-party political regime that remained in power until the end of the eighties.



In 1990, it became one of the first African countries to introduce democratic reforms by approving a new Constitution which allowed for a multi-party political regime. Since then, several elections have taken place, marked by political rotation at central government level. The

next elections in the archipelago will be taking place in 2006.

The period that followed democratisation was marked by great political instability caused by frequent changes in government. This instability and the resulting institutional problems increased the country's economic difficulties and the lack of effectiveness of the public administration sector. The most recent governments have attempted to introduce reforms in public administration and to stimulate the development of basic infrastructure, in an overall strategy aimed at reducing poverty, which has been the main strategic goal of government policies.

Given that the archipelago greatly depends on external aid and with a view to enhancing its external activities and those of cooperation developed within the country, the Sao Tomean Government has defined, as its foreign policy priorities, enhancing the credibility of the country's image abroad, strengthening its political and diplomatic relations, profiting from and dignifying the country's presence in international organisations, improving the coordination and management of foreign aid and supporting the Sao Tomean Community abroad.

Economic Situation

Between 1987 and 1997, Sao Tome and Principe suffered an economic and financial crisis marked by macroeconomic imbalances, lower per capita income and increased inflation rate and external public debt. The marked and progressive drop in cocoa exports, the country's main source of income, called for the readjustment of the San Tomean economy. Accordingly, a Structural Adjustment Programme was implemented in the country, which led to a sustained increase in GDP growth that attained 5% in 2003.

It is anticipated that in the next few years the country's economic growth may be significantly increased, spurred by the income generated by the oil sector (which should start having greater impact on the economy in 2007-2008) and supported by the trends in exports, still led by cocoa, and in the service sector, with a rise in tourism proceeds.

The Primary and Tertiary are those sectors which have mostly contributed to GDP growth. The Tertiary sector dominates essentially due to the weight of public administration. However, the liberalisation of the economy has boosted a certain development in trade and transport. On the other hand, a progressive decrease in the weight of the primary sector has been registered, essentially as a result of the drop in cocoa production. However, the proceeds from the export of this agricultural product continue contribute to a significant extent to the country's growth.

In addition to agriculture and fisheries, the Government considers tourism as a priority sector and a potential promoter of private investment and economic development. In the next 10 years, Sao Tome and Principe hopes to increase the number of visitors to 25,000 a year. In the first half of 2003, the country was visited by 4,900 tourists, 43% of which from Portugal and 12% from France.



However, in the conference on “The Development of Tourism in Sao Tome and Principe” promoted by UNDP, held in the San Tomean capital in May 2004 and attended by local authorities, international development aid agencies and a few foreign tourism operators, emphasis was placed on the importance of fighting malaria and improving the existing infrastructure in order to develop the archipelago’s tourism sector.

The beginning of the exploration of the country’s oil reserves, through the auctioning 9 oil blocks (procedure that started in April 2003) and the joint exploration agreements signed with Nigeria, allow us to anticipate a marked economic growth for Sao Tome and Principe in the coming years. The income generated by this sector must be channelled to fund education and health development projects and to improve the country’s social support structures. With this goal in mind, the Legislative Assembly recently passed an oil law in order to ensure that the future proceeds generated by this important source of income are not compromised.

Inflation, which attained a rate of 16.3% in 1999, has been progressively decreasing and is now of approximately 10%, in spite of having slightly increased in 2003. Despite such decrease, the impact that the capital flow generated by oil exploration will produce may lead to a new increase in inflation.



External accounts evolved favourably, not only as a result of proceeds from tourism and the improved record in the international price of cocoa, but also due to an increase in transfers from International Aid for State investment projects and to the entrance of medium and long term capital. In spite of the drop in total income, caused by a decrease in donations, the public sector accounts recorded positive results, with a reduction of the global deficit resulting from expenditure restraint.

We shall recall that, in December 2000, Sao Tome and Principe had reached the *decision point* in the HIPC (Heavily Indebted Poor Countries) initiative. However, in 2001 this process was suspended due to the failure to comply with the commitments set out in the PRGF (Poverty Reduction and Growth Facility) agreement with the IMF. In July 2003, a new agreement under the PRGF started to be discussed, a process that is still ongoing, being anticipated that the conclusion point in the HIPC initiative will be attained in early 2006.

Social Situation

In spite of the recent GDP growth rates, these have not been sufficient to cover the population's growth rate and have thus led in the nineties to a decrease in GNP per capita, which in 2002 was close to USD 326. The Official Development Aid from which the country has benefited, between 1991 and 1998, corresponded to an average of approximately USD 376 per inhabitant / / year. However, the social indicators progressively deteriorated in the course of the decade, this indicating the need for substantial improvement in the use of the available resources and pointing to the effort that will still have to be made to ensure growth that will build the foundations for sustainable development and allow for the effective reduction of the poverty, which current affects 53.8% of the population.



One of the main priorities of the Sao Tome and Principe government authorities has been to seek to create sustainable conditions for the progressive and effective reduction of the infrastructure deficit from which the country suffers in the areas of basic health services, education, water supply and power supply.

The shortcomings of health care affect the population in general, but more particularly the most disadvantaged sections of the population and the most isolated areas.

The country's structural economic problems have led to a progressive decrease in enrolment rates and to a deterioration of the education system that the San Tomean State has attempted to fight with the help of its international partners.

It will be necessary to continue with the readjustment of the education system to the labour market needs, as well as to attempt to contribute to lowering the unemployment rate, which is particularly marked in the younger sections of the population.

The systems of basic sanitation, power and drinking water supply to the population are insufficient (less than 20% of the population has access to piped water). For this area, Sao Tome and Principe has recently signed an agreement for the construction of a hydroelectric dam on Lô Grande river, in the south of the Sao Tome Island, which is foreseen to start in April 2005. The agreement also provides for repair and maintenance works on the Contador dam. With this agreement, which involves an investment of 50 million euros, the Government hopes to solve the country's power supply problems.

Main Socio-Economic Indicators

	2001	2002	2003
Population [thousands]	136,1	138,2	140,2
GDP [USD/millions]	47.7	53.6	59.5*
GDP – real growth rate	4.0	4.1	5.0
GDP Breakdown [%]			
Primary Sector	19.2	18.2	17.0
Secondary Sector	16.6	15.5	14.6
Tertiary Sector	64.2	66.5	68.4
Inflation rate [%]	9.4	9.0	10.3
Life expectancy at birth	69,4	69,7	66,3
Adult literacy rate	n.d.	83,1	n.d.
Under five child mortality rate [1/1000]	n.d.	118	n.d.
Position in the IDH ranking	122	123	123

* estimated

Source: Bank of Portugal and Human Development Report 2004

IV. San Tomean Growth and Poverty Reduction Strategy

The National Poverty Reduction Strategy foresees that by 2015 poverty levels will be reduced to one third (dropping from 53.8% to 17.7%) and estimates that the population living on the threshold of poverty would decrease from 37.8% to 12.8%, whereas the sections of the population living in extreme poverty would be reduced from 15.1% to 4.9%. In addition to this objective, the strategy aims to generalise basic social services by making them accessible to all the San Tomean population and to reduce social differences and promote gender equality.



The implementation of this strategy will cover the following five top priorities:

Priority 1: *Public institutions reform, capacity building and promotion of a Good Governance policy*

Priority 2: *Accelerated and redistributive growth*

Priority 3: *Creation of income opportunities for the poor*

Priority 4: *Development of human resources and improved access to basic social services*

Priority 5: *Poverty analysis, monitoring and evaluation*

Priority 1 – *Public institutions reform, capacity building and promotion of a Good Governance policy* – includes actions in the area of Justice, with particular emphasis on the reinforcement of the organisation and functioning of the legal system, as well as on the modernisation of the Public Administration and the creation of favourable conditions for a growing intervention of Civil Society.

Fostering the private sector is one of the goals of **Priority 2** – *Accelerated and redistributive growth* – in terms of the State creating an environment conducive to the increase of influence of this sector on the country's economy. In the

agricultural sector, the objective is to wager on the diversification of production and exports, notably in small and medium sized companies and in family small holdings. In the energy sector, satisfying the population's basic needs and diversifying energy sources are the priority actions to be undertaken. Where Transport is concerned, the road network needs rehabilitation, the maritime network requires strengthening and air transport must be developed. Other priorities are improving the water distribution network and water quality and developing sanitation infrastructure, both of which are essential to promoting public health.

Six objectives have been defined in **Priority 3** – *Creation of income opportunities for the poor*:

- increasing and diversifying production;
- guaranteeing food security;
- improving the population's socio-economic conditions;
- preserving the natural heritage;
- promoting women and young persons;
- promoting exports.

Education, Health and Basic Sanitation are the main sectors of **Priority 4** – *Development of human resources and improved access to basic social services*. In Education, the goal is not only to eradicate illiteracy, but also to achieve the effective generalisation and improved quality of the education system. On the other hand, articulation between education, literacy and training is needed, as it is essential for the purpose of integrating people in the labour market.

In the area of Health, given the increased life expectancy, priority is given to:

- fighting against those diseases that most contribute to the mortality rate (HIV / AIDS and malaria);
- improving access to health care and rendering its provision equitable;
- implementing awareness-raising campaigns aimed at specific target groups.

Priority 5 – *Poverty analysis, monitoring and evaluation* is geared towards creating a framework for the periodic Monitoring, Evaluation and Updating of

the National Poverty Reduction Strategy (NPRS), notably by creating a Coordination Unit.

V. **Portugal – Sao Tome and Principe Cooperation for 2005-2007**

The cooperation strategy between Portugal and Sao Tome falls within the scope of the medium term strategy of Portuguese Cooperation and of the options established by the San Tomean authorities and that are set out notably in National Poverty Reduction Strategy – NPRS guidelines and objectives.

The implementation of the cooperation strategy will be governed by four basic principles that will guide both the choice of the actions and their follow-up, as well as their monitoring by the authorities of both countries. These principles are:

- **Concentration**, by seeking to channel most of the financial resources that Portugal will allocate to this strategy to a small number of sectors and / or interventions;
- **Effectiveness**, by choosing forms of intervention and support which will enable to achieve better results and have greater impact on the Sao Tome and Principe development conditions;
- **Partnership**, by involving not only the public institutions but also private entities of both countries – whatever their corporate or associative nature, particularly non-governmental organisations – in the development effort and by sharing it with them;
- **Coordination**, with the Portuguese and San Tomean institutions for international cooperation fully assuming their responsibility in conducting and coordinating the activities undertaken within the scope of this Programme.

Presentation of the PIC Priority Interventions

Portugal defines the intervention strategy of its Cooperation through the articulation of its skills and existing added values with the priorities established by Sao Tome and Principe, in order to contribute to poverty reduction and to the coun-

try's economic and social growth; there is no doubt that development is, first and foremost, a process for which the country recipient of international partners' aid is responsible.



Aside from the strong historical ties between both countries, the fundamental added value Portugal brings as a Sao Tome and Principe partner, in relation to other donors, has to do with a common cultural, legal and institutional framework and specific technical skills in areas considered essential to the development of Sao Tome and Principe, particularly in the fields of training human resources and institutional capacity-building in the different areas that are essential to reducing poverty, namely education and health, as well as in that of good governance. The common language is a fundamental facilitating factor that allows for the easier adjustment of Portuguese Cooperation intervention.

In this context, Portugal – **Sao Tome and Principe cooperation must privilege institutional capacity building and the training of local human resources as the core of the development support to the country, as a cross-cutting form of its intervention in the different sectoral areas.**

On the other hand, given the shortage of service provision and of a number of basic social infrastructure in Sao Tome and Principe, Portuguese Cooperation acknowledges the need to support the strengthening of a number of these infrastructure and services, notably those having the greatest direct impact on the life of the population, particularly its most vulnerable sectors.

Thus, Portuguese Official Development Aid to Sao Tome and Principe in the 2005-2007 triennium, identified in accordance with the criteria identified herein, will have to concentrate on the following priorities:

- Development of Human Resources and Technical Capacity Building
- Support for Strengthening Services and Basic Infrastructure.

The Programme also includes complementary actions, given the need to frame projects and types of support that, in spite of not falling within the scope of the above mentioned priorities, may be important and have an impact on the Sao Tome and Principe development efforts and serve as interventions that will complement these priorities.

***Priority 1:
Development of Human Resources
and Technical Capacity Building***

Poverty reduction and the creation of basic conditions conducive both to human development and to economic growth are based on the premise, among others, of the existence of human resources adequate to the demands imposed by those processes.

Qualified human resources is an essential condition to both the development of the private sector, which will generate the increased productivity and competitiveness needed for the San Tomean economy to grow, and the reform of this country's Public Administration in the pursuit of good governance objectives.

This priority is geared to meeting this challenge, its overall goal being to contribute to the training and qualification of human resources in Sao Tome and



Principe, by supporting interventions in a number of areas: education, vocational and technical training and capacity-building of administration institutions. With the goal of providing the skills and capacity to face the development challenges the country is facing, training in all these areas must focus particularly on new information and communication technologies and environmental education.

This priority therefore comprises three measures in each of the above referred areas.

Measure 1 > Education

- This Measure will include projects focusing on the improvement of the education system, notably those aimed at adjusting Primary and Secondary Education resources to development requirements, reinforcing the teaching of the Portuguese language, developing technical and vocational training and providing San Tomean students with higher education.

Measure 2 > Vocational Training and Qualification of High-Level Officials

- This Measure will cover projects aimed at adjusting the training of the labour force to social development requirements and at promoting the economic growth and competitiveness of Sao Tome and Principe, on the one hand, and, on the other, at training public administration high-level officials in those areas that are important for socio-economic development, good governance and democracy building, such as health, justice, public administration and the media .

Measure 3 > Institutional Capacity-Building and Technical Assistance

- This Measure will encompass projects focusing on the technical reinforcement of public administration institutions and on actions of technical assistance to various San Tomean sectors and public institutions carried out by their Portuguese counterparts, including actions falling within the scope of technical and military cooperation.

Priority 2: Support for the Strengthening of Services and Basic Infrastructure

Sao Tome and Principe has significant deficiencies in terms of basic infrastructure and particularly in the quality of the services provided, which has a negative impact on the quality of life of the population.

The attainment of the Sao Tome and Principe National Poverty Reduction Strategy major objectives necessarily calls for the reinforcement of the services provided by the basic infrastructure.

On the other hand, this inadequacy in the provision of services provided to the population enhances the need for a wider social protection network.

Accordingly, the objective of this second priority is to support the services to the population, notably in the areas of health, social protection and social and community development.

Measure 1 > Strengthening of health care provision

- This Measure will include support to the improvement in the operation of the specialised services of the Sao Tome Hospital Centre, as well as of the network of primary health care centres, thus allowing to progressively take pressure off the Hospital Centre. As for medical evacuations, these will continue to be supported as an exceptional measure and within the scope of strictly complying with the established quota. This Measure will also include the projects covered by the National Strategic Plan to Reduce Malaria in Sao Tome and Principe.

The projects covered by this Measure are closely articulated with those for the training of human resources included in priority 1.

Measure 2 > Social Protection Network

- This Measure will have to consider the projects aimed at strengthening the social protection network and the support to the most disadvantaged sectors of the population.

Measure 3 > Strengthening of other basic services

- This Measure will consider the projects geared towards strengthening the provision of other basic services essential to development and poverty reduction.

Complementary Actions

Despite having adhered to the principle of concentration, Portuguese Cooperation will continue to support projects that, in spite of not falling within the scope of the priorities, are important and have an impact on the Sao Tome and Principe development efforts.



In addition, these are interventions and support that, in some cases, continue previous actions, and, in others, constitute new actions required in order to guarantee that the priorities are duly complemented.

These complementary actions may also include the support to small projects, reduced in number and financial magnitude. The regulation of this support must be agreed upon between the entities responsible for the coordination of cooperation in both countries.

VI. Financial Programming

Portuguese Official Development Aid to Sao Tome and Principe in the 2005-2007 triennium will indicatively amount to 41 million euros divided between the three years of the Programme, as illustrated in the table below.

Funds are allocated to each one of the Priorities in order to ensure compliance with the priorities set out in the Programme. However, the reallocation of funds is acceptable, but only between Priorities 1 and 2.

	2005	2006	2007	TOTAL
Priority 1 – Development of Human Resources and Technical Capacity Building	3,2	4,5	4,7	12,3
				30%
Priority 2 – Support for Strengthening Services and Basic Infrastructure	5,3	7,5	7,8	20,5
				50%
Complementary Actions	2,1	3,0	3,1	8,2
				20%
TOTAL	10,5	15,0	15,5	41,0

VII. Programming, Monitoring and Evaluation

The Portugal – Sao Tome and Principe PIC 2005-2007 will be materialised in Annual Cooperation Plans (PAC) which will identify the programmes to be developed within the scope of the established priorities, as well as the corresponding financing plan.

Within the scope of these Action Plans, will be adopted procedures able to improve and reinforce the monitoring and evaluation of the cooperation and official development aid projects to be agreed upon, in order to increase the efficiency, effectiveness and sustainability of the interventions.

In this context, particular importance will be given to the drafting and preparation of the projects, in accordance with the Project Cycle methodology, which will enable the adoption of methods and procedures to implement and monitor these projects based on the mechanisms and indicators of a logical intervention framework.

The projects implemented within the scope of this Indicative Programme will be monitored by a Monitoring Committee composed of the representatives of the cooperation coordination entities of the two countries. This Committee will meet quarterly to prepare a report on the overall execution of the actions and the progress of each action, identifying the problems and obstacles to their proper implementation and agreeing on the solutions that appear to be most appropriate.

The overall monitoring of the Indicative Programme will be effected through the holding of annual bilateral meetings to analyse and evaluate its implementation, attempt to overcome possible constraints and agree on the adjustments considered necessary.

As the PIC are a vital cooperation management tool, their evaluation assumes an increased importance, and will be based on four fundamental principles: independence, impartiality, credibility and effectiveness, and observe the basic criteria of relevance, efficiency, impact and sustainability.



Final evaluation will take place upon conclusion of the Programme's implementation. Should this be justified, an interim evaluation may be carried out, focusing preferentially on the projects that are most relevant and involve significant financial means.

The evaluation will take into account the results of the Programme and its projects, as well as its contribution to attaining the objectives, and the report must contain recommendations on both the intervention and on the Programmes and similar projects to be implemented in the future.

For the Portuguese Republic

Ambassador António Monteiro

*Minister for Foreign Affairs
and the Portuguese Communities*

For the Republic of Sao Tome and Principe

Mr. Ovídio Manuel Barbosa Pequeno

*Minister for Foreign Affairs
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