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Investing in rural people in **Sao Tome and Principe**

Sao Tome and Principe is a small island developing state (SIDS) located in the Gulf of Guinea off the west coast of Central Africa. The country ranked 137 out of 189 countries in the United Nations Development Programme Human Development Index in 2019. Despite progress in recent decades across several socio-economic indicators, the incidence of poverty in the country remains persistently high, with over two thirds of the population living below the poverty line of US\$3.2 per day, of which over 30 per cent lives on less than US\$1.90 per day.

Sao Tome and Principe faces challenges that are typical of SIDS, which affect its ability to deal with shocks and achieve a balanced budget. The limited number of people, particularly workers, in the country often hampers the efficient production of goods and services at the scale needed to meet the demand of both local and export markets. The country's remoteness and insularity increase export costs, and the small workforce and limited availability of land prevent it from diversifying its economy, making it more vulnerable to terms-of-trade shocks. Dependence on imports means food availability is unpredictable. There is no deep seaport and, in bad weather, landing is difficult on the country's one short airstrip.



The largely informal service sector accounts for 60 per cent of GDP and employs 60 per cent of the labour force. Because of the country's island configuration, the import trade mobilizes significant revenues. Agriculture's share of GDP was 11.5 per cent in 2017. In 2016, 7.2 per cent of GDP derived from fishing and other marine activities. The tourism sector grew rapidly between 2000 and 2019, accounting for 14 per cent of GDP in 2017.

Despite the positive movement toward democratic governance, the instability of government institutions has prevented Sao Tome and Principe from developing a long-term vision and development programme.

Eradicating rural poverty in Sao Tome and Principe

Estimates based on the 2012 census project an urban population of 139,877 (67.9 per cent) and a rural population of 66,088 (32.1 per cent) in 2019.

A significant number of urban residents regularly engage in rural activities such as agriculture, fisheries and forestry.

Climate and topography have created multiple agroecological zones that dictate land use. As a result, agroforestry, combining cocoa for export with bananas and legumes for local consumption, is by far the dominant farming system. Great strides have been made in rehabilitating cocoa farms, but efforts need to continue for at least another decade. The other production systems are: (i) a single oil-palm plantation (about 2,500 ha); (ii) about 600 ha of arabica coffee bushes in the less favourable areas; (iii) food crops (such as vegetables, taro, cassava) grown at high altitudes (about 500 ha) and in urban peripheries (about 500 ha); (iv) extensive rainfed crops (vegetables, maize, beans) in the driest northern zone; and (v) the remnants of old coconut groves in coastal areas.

Arable land represents about 49,000 ha, or about 50 per cent of the country's total area, with around 10,000 farms. By law, land is the property of the State, which cedes land indefinitely to households or legal entities who farm it. Concessioners do not have the right to sell the land or use it as security but may transmit the right to farm it to their heirs; however, each parcel must remain intact. Due to the country's island configuration and small size, access to land is a barrier to agricultural development, especially for women and youth.

All land suitable for agriculture is being farmed, although its use can be optimized in terms of value added and/or food and nutrition security to improve existing systems, especially through irrigation development and/or the introduction of new, high value-added crops, such as pepper. There are no reliable data on production volumes for crops (except exports) or livestock. The cattle herd is estimated at fewer than 1,500 head, and the number of goats at around 30,000 (plus 3,500 sheep). The number of pigs is estimated at around 30,000 while that of laying hens is estimated at 2,500, and the production of broiler chickens at 250,000 per year.

IFAD's strategy in Sao Tome and Principe

IFAD's presence in the country since the 1980s has been reflected in the financing of seven investment projects in the agriculture sector. These projects have facilitated community development in several rural localities, the creation of four cooperatives, and the revitalization of the cocoa, coffee and pepper value chains for organic niche markets, as well as the promotion of rural entrepreneurship in general. IFAD remains one of the most important technical and financial partners in the rural sector, and its work has sparked the development of strategies and mechanisms to support poor rural populations, especially women, and their effective inclusion in relevant development interventions. IFAD and the Government of Sao Tome and Principe have worked together to improve policy frameworks, particularly for the market access of smallholder farmers, above all women and youth, and in the promotion of food and nutrition security. IFAD has sound expertise and experience in the promotion of grass-roots community organizations, which will be further capitalized on in the implementation of this strategy.

Developed in concert with the government, the overarching goal of IFAD's country strategy (2019-2021) is to sustainably increase the food and nutrition security and income of poor rural people, especially women and youth. Key IFAD actions in the country include:

- Promoting climate-resilient family farming and commercial agriculture through professionalization of family farming (primarily through the integration of youth and women) and consolidation of the results already obtained from cocoa, pepper and coffee production and export diversification (vanilla and other spices); in addition, safeguarding and developing food crops through irrigation to help ensure food and nutrition security.
- Supporting policy dialogue and strengthen human capital by improving the capacities of professional organizations and local institutions, and encourage a functional partnership (government, private sector and civil society) on a national scale for the development, implementation and monitoring of public policies to benefit rural populations.

IFAD intends to support implementation of the government's agriculture strategy through the design of a new project that will mobilize the IFAD 2019-2021 envelope of US\$5.3 million allocated to the country, as well as an equivalent amount being planned for 2022-2024 for gap financing. Cognizant of the unique challenges and vulnerabilities faced by SIDS, IFAD will pursue appropriate solutions using public-private-producer partnerships, leverage additional investment and financing, develop flexible multi-country programming, and mobilize innovative technical assistance solutions.

Ongoing operation



Commercialization, Agricultural Productivity and Nutrition Project (COMPRAN)

The overarching goal of COMPRAN is to improve the incomes, living conditions and food and nutrition security of poor rural populations. Its development objective is to increase the income, food and nutritional security of smallholder farmers on the country's two main islands, especially for women and youth.

With total IFAD financing of US\$5.3 million, and international and domestic cofinancing of US\$15.8 million, the project is expected to reach 8,700 rural households, corresponding to 34,800 people, 40 per cent of whom are women and 50 per cent youth. The target group is composed of small-scale farmers (who may or may not be members of producer organizations), young promoters of entrepreneurial initiatives, and households and individuals affected by malnutrition, as well as people with disabilities. The targeting strategy is intended to be inclusive and supportive of women's empowerment. COMPRAN will guarantee the continuity of the current project, which has already addressed the issues of gender and youth through motivational packages targeting women and young people that encourage their involvement in agriculture.



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IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$22.4 billion in grants and low-interest loans to projects that have reached an estimated 512 million people. IFAD is an international financial institution and a United Nations specialized agency based in Rome – the United Nations food and agriculture hub.

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