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REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

Assistance to Sao Tome and Principe

Report of the Secretary-General

1. In its resolution 33/125 of 19 December 1978 on assistance to Sao Tome and Principe, the General Assembly, inter alia, requested the Secretary-General to continue his efforts to mobilize the necessary resources for an effective programme of financial, technical and material assistance to Sao Tome and Principe, and to arrange for a review of the economic situation of Sao Tome and Principe and the progress made in organizing and implementing the special economic assistance programme in time for the matter to be considered by the Assembly at its thirty-fourth session.
2. The Secretary-General arranged for a review mission to visit Sao Tome and Principe to consult with the Government on the economic situation in that country and on the progress which had been made in implementing the special economic assistance programme. The report of the review mission, which is annexed hereto, describes the economic and financial position of the country, discusses the need for food assistance, and summarizes the progress which has been made in implementing the projects included in the special economic assistance programme.
3. In resolution 33/125, the Secretary-General was also requested to pursue with the Government of Sao Tome and Principe the question of organizing a meeting of donors and, in this respect, to co-ordinate efforts with the United Nations Development Programme (UNDP), the Economic Commission for Africa and the World Bank. Initial consultations with the Government took place during the visit of the review mission. After discussions with the three offices cited above have been completed, it is planned to transmit the results to the Government for its consideration before pursuing the matter further.

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\* A/34/150.

4. In paragraph 5 of resolution 33/125, the General Assembly requested a number of United Nations organizations and specialized agencies to bring to the attention of their governing bodies for their consideration the assistance they were rendering to Sao Tome and Principe and to report the results of that assistance and their decisions to the Secretary-General in time for consideration by the Assembly at its thirty-fourth session. Furthermore, the appropriate organizations and specialized agencies of the United Nations were requested, in paragraph 7, to report periodically to the Secretary-General on the steps they had taken and the resources they had made available to assist Sao Tome and Principe. The text of resolution 33/125 has been communicated to the agencies and organizations concerned and their attention drawn to the specific requests addressed to them by the Assembly. Their replies will be issued as an addendum to the present report.

# ANNEX

## Report of the review mission to Sao Tome and Principe

(3 to 6 April 1979)

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## I. INTRODUCTION

1. In accordance with General Assembly resolution 32/96, adopted on 13 December 1977, the Secretary-General dispatched a mission to Sao Tome and Principe to consult with the Government on its urgent needs and to identify the economic problems facing the country.
2. On 19 December 1978, the General Assembly adopted resolution A/33/125 in which it endorsed fully the assessment and recommendations contained in the report of the Secretary-General on assistance to Sao Tome and Principe (A/33/120) and reiterated its appeal to the international community to provide financial, material and technical assistance to Sao Tome and Principe.
3. The General Assembly also requested the Secretary-General to arrange for a review of the economic situation of Sao Tome and Principe and the progress made in organizing and implementing the special economic assistance programme for that country in time for the matter to be considered by the Assembly at its thirty-fourth session.
4. The Secretary-General arranged for a review mission to visit Sao Tome and Principe from 3 to 6 April 1979, to consult with the Government on the economic situation and to obtain information on the progress made in implementing the special economic assistance programme. The mission was led by the Joint Co-ordinator of Special Economic Assistance Programmes in the Office for Special Political Questions.
5. The mission was received by the Prime Minister and by the Minister for Foreign Affairs and Co-operation. During its visit it held meetings with a committee composed of senior officials from the following Ministries: Foreign Affairs and Co-operation; Planning; Health; Agriculture; Education; Industry, Commerce and Fishing; and Construction, Transport and Communications. The mission also met with members of the diplomatic corps.
6. The mission wishes to place on record its appreciation of the assistance it received from the Government of Sao Tome and Principe. The Government had made a major effort to prepare for the mission's visit and all information required for the review was provided. The mission also wishes to acknowledge the very valuable support it received from UNDP personnel.

## II. THE ECONOMIC SITUATION

### A. General

7. The economy of Sao Tome and Principe was described in some detail in the annex to the report of the Secretary-General on assistance to Sao Tome and Principe (A/33/120), hereafter referred to as the "principal report".

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8. In the principal report, it was noted that Sao Tome and Principe was a small island developing economy some 300 kilometres off the coast of Africa and faced the usual problems of small island developing economies. There were, however, additional factors rendering development particularly difficult.

9. The economy is predominantly based on plantation agriculture, mainly cocoa. Other export crops are copra, oil palm and coffee. Prior to independence, the plantations occupied most of the cultivated land and only a limited area was devoted to local food production. The country consequently became heavily dependent on imported food-stuffs.

10. The level of technological development in virtually all branches of the economy, including the vital cocoa plantations, was found to be at the technical level of the nineteenth century. Moreover, a large proportion of the country's physical assets are not only obsolete but nearly worn out. Disinvestment by non-renewal and lack of maintenance had evidently been going on for a number of years prior to independence. The public administrative infrastructure was equally unsatisfactory.

11. The newly independent country thus inherited a patrimony which was incapable of providing its citizens with an adequate standard of living, had been inadequately maintained to continue even at its unsatisfactory level, and did not constitute a base from which to launch an effective development programme.

12. Major reorganization was essential but was made difficult by the lack of trained and experienced nationals in all fields and at all levels.

13. The mass departure of Portuguese in 1975 resulted in sharp falls in the output of the plantations. Cocoa exports, for example, in 1975, were only slightly over half their level in 1974. Foreign exchange earnings fell and the currency reserves were at an unmanageably low level.

14. Imports were strictly controlled and as a consequence the country enjoyed a small favourable balance of trade in 1977. This surplus, however, had been at the expense of many shortages of imported goods, including those necessary for the development effort.

## B. Government finances

### 1. Recurrent budget

15. In spite of the economic difficulties facing Sao Tome and Principe, the Government had a small recurrent budget surplus in 1977.

16. The following table shows the Government's recurrent budget for 1977 and the estimates for 1978 (estimates for 1977 are included for comparison). It should be noted that actual revenue in 1977 was substantially higher than forecast, whereas

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actual expenditure was broadly in line with the estimates. The estimates for 1978 project a balanced recurrent budget. Current revenue in 1977 was about \$115 per capita, and over half of the revenue was derived from indirect taxes.

Table 1

Budget

(In thousands of US dollars)

	Projected- 1977	Actual- 1977	Projected- 1978
<u>Current receipts</u>			
Direct taxes	877	1 778	1 297
Indirect taxes	2 534	4 879	3 444
Others	1 649	2 600	1 995
Total receipts	<u>5 060</u>	<u>9 257</u>	<u>6 736</u>
<u>Current expenditure</u>			
General State expenditure	822	963	509
Ministry of Foreign Affairs	215	324	235
Ministry of Economic Co-ordination	1 130	1 391	2 103
Ministry of Education	758	474	748
Ministry of Information	304	329	410
Ministry of Health	630	904	855
Ministry of Justice	111	107	129
Ministry of Labour	149	127	173
Ministry of Interior	103	85	144
Ministry of Social Equipment	686	618	1 250
Ministry of Agriculture	152	72	179
Total expenditure	<u>5 060</u>	<u>5 394</u>	<u>6 735</u>
Surplus	<u>0</u>	<u>3 863</u>	<u>0</u>

## 2. Investment budget

17. In 1977, the Government had planned to spend \$7.7 million on investment. However, although the current surplus contributed nearly \$4 million, actual expenditure was only \$6.6 million, because of a shortage of resources. The approved investment budget for 1978 is some \$19 million. However, financing for this investment budget has not been secured and it is unlikely that the actual expenditure will reach that figure. Even if there is an actual surplus on current account, significant amounts of foreign assistance will be needed to finance the development programme.

## C. Balance of payments

18. Sao Tome and Principe is a classic case of a single-crop export economy. Exports (and imports) have averaged about \$300 per capita in the last couple of years. Over half of the imports are made up of food and petroleum products and 80 per cent of the export earnings are derived from cocoa.

19. In 1975, with the mass exodus of Portuguese managerial staff from the plantations, the volume of exports fell to nearly half their level in 1974. Cocoa exports, for example, dropped from 9,784 tonnes to 5,188 tonnes. With the fall in exports, foreign exchange earnings were insufficient to cover minimum import needs and currency reserves fell to unmanageably low levels.

20. After independence, and reorganization of the plantation sector, production of export crops began to recover. Cocoa exports, for example, in 1977, were well over 7,000 tonnes. Further, cocoa prices, on average, were high in 1977. With the strict control of imports, the country achieved a small favourable balance of trade in 1977.

21. The recovery in production of export crops was seriously affected by the prolonged drought in 1978. For example, cocoa production fell to only 5,200 tonnes. The effect of the reduction in the volume of exports, combined with the impact of global inflation and higher prices of petroleum products on the import bill, will be a projected deficit of some \$3.5 million in the trade balance. The following table provides provisional estimates of the balance of payments for 1977 and 1978 and the projected balance-of-payments position for 1979. It will be noted that, unless there is a significant increase in international assistance, the Government is facing a deficit in 1979 of over \$5 million. Given the low level of reserves, it will be extremely difficult for the Government to absorb this deficit even with the present stringent import controls. It is clear that the Government will not be able to finance a development programme unless there is a significant increase in international assistance, as almost all of the development projects and programmes in Sao Tome and Principe have a very high import component.

Table 2

Provisional balance-of-payments estimates a/  
(In thousands of US dollars)

	1977 (Provisional)	1978 (Provisional)	1979 (Projected)
Exports	19,127	24,892	27,885
Imports	18,178	20,966	31,422
Trade balance	+ 949	+ 3,926	- 3,537
Net current invisibles b/	- 482	+ 897	- 1,515
Current balance	- 33	+ 4,823	- 5,052
Net capital movements	4,067 c/	+ 523	N/A
Over-all balance	+ 4,034	+ 5,346	

Source: Government of Sao Tome and Principe.

a/ Converted at the rate of \$1 to 35.5 dobras.

b/ International assistance is included in current invisibles.

c/ High figure results from a loan from the African Development Bank (ADB).

### III. FOOD AID AND FOOD SECURITY

22. As most of the cultivated land and most of the agricultural activity is devoted to the production of export crops, mainly cocoa, Sao Tome and Principe is heavily dependent on imported foods. Furthermore, because of its distance from the mainland and the inadequate regular shipping services to Sao Tome and Principe and between the major islands, food security poses a serious problem. The Government has, in the past, received food aid and has adopted, as a general policy, the creation of a special account to which the sales proceeds from the food aid are credited and used to finance development projects agreed upon with the donors.

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A. Food aid: 1978

23. During 1978, some 2,226 tonnes of food aid was provided to Sao Tome and Principe by France, the European Economic Communities (EEC) and the World Food Programme (WFP). Assistance from WFP has so far been restricted to providing for the needs of vulnerable groups.

24. The following table shows the food aid received in 1978:

Table 3

Food aid received in 1978

(In tonnes)

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Wheat-flour	1,162 (France - 662; EEC - 400; WFP - 100)
Maize-flour	150 (WFP - 150)
Powdered milk	120 (EEC - 50; World Council of Churches - 20; WFP - 50)
Rice	414 (EEC - 414)
Butter oil	200 (EEC - 200)
Cheese	30 (EEC - 30)
Canned fish	50 (WFP - 50)
Beans	50 (WFP - 50)
Edible oil	50 (WFP - 50)

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B. Food needs: 1979

25. Sao Tome and Principe will have to import additional quantities of food in 1979 and early in 1980. In 1978, the country suffered from a drought which lasted for six months and seriously reduced agricultural production. There was a sharp fall in the output of maize, beans and sweet potatoes, all important subsistence crops throughout the country. In addition, there was an outbreak of African swine-pest in March 1979. This virus, for which there is no known vaccine, had not previously appeared in Sao Tome and Principe and the outbreak poses a particularly serious threat to local production. In recent years, the Government had made a major effort to develop animal husbandry and a number of large herds were raised on State farms. The first outbreak of the virus occurred on one of the larger State farms near the capital. In addition, most families raise pigs as a source of protein and they are an important part of subsistence production.

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26. Many of the pigs raised by families in the subsistence sector are free-ranging and are thus particularly vulnerable to an outbreak of African swine-pest. In addition, there are thousands of wild pigs living in the bush throughout the countryside. If these pigs become infected, the virus would not only sweep through the countryside but would probably become endemic, posing a danger to any programme for increasing pig production in the future. As there is no known vaccine, the basic method of control is to slaughter and burn all infected animals.

27. As soon as the outbreak was identified, the Government introduced strict measures controlling the transport and slaughter of pigs and banned all imports and exports of pork products. The Food and Agriculture Organization of the United Nations (FAO) immediately arranged for an expert to visit Sao Tome and Principe to assist in designing and organizing quarantine and control measures.

28. It is not known what proportion of the pig population will need to be destroyed. The Government is at present working out a programme to alleviate the hardships caused to low-income families whose animals must be slaughtered and the carcasses destroyed. Nor is it clear to what extent new breeding stock will need to be provided throughout the countryside. It is hoped to constrain the virus by strict control measures, but the problems of control are compounded by the absence of any laboratory in Sao Tome and Principe to analyse tissues and identify diseased animals. There is an urgent need for assistance in this area.

29. If a significant proportion of the pig population is to be destroyed, there will be additional requirements for imported protein products. To some extent, the situation will depend on the success of the Government's control measures. However, the effects of a disastrous epidemic have not been taken into account in assessing imported food requirements for 1979.

30. The following table shows quantities of major foods which will need to be imported in 1979. In total, some 11,100 tonnes will be required. So far, for 1979, the only firm pledge of food aid is 920 tonnes from WPF to assist vulnerable groups. Under these circumstances, food assistance is urgently required by Sao Tome and Principe.

Table 4

Imported food requirements: 1979

(In tonnes)

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Rice	2,400
Sugar	1,400
Beans	1,200
Beef	250
Milk (powder and canned)	200
Wheat-flour	3,100
Maize-flour	1,000
Salt	1,000
Canned fish and other meats	250
Edible oil	300

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IV. PROGRESS IN IMPLEMENTING SPECIAL ECONOMIC ASSISTANCE  
PROGRAMMES

International assistance

31. Sao Tome and Principe is currently receiving bilateral and multilateral assistance from a variety of sources. The major sources of assistance and the sectors and fields in which assistance is being provided are shown in appendix I below, provided by the Government of Sao Tome and Principe.

Special assistance programme

32. A programme of assistance amounting to some \$21,385,000 was recommended in the report of the Secretary-General (A/33/120, annex, sect. III). The distribution of the assistance programme is shown in the following table:

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Table 5  
Distribution of assistance

	<u>Capital and operating costs</u> (in thousands of dollars)	<u>Technical co-operation staff</u> (person-months)	<u>Training fellowships</u> (person-months)
Agriculture, forestry and fisheries	1,275	254	60
Industry	2,650	253	36
Minerals and other natural resources	1,200	45	-
Transport	11,855	96	189
Education and training	1,275	432	-
Health	1,300	-	-
Social development	280	-	-
Housing and urban development	1,550	42	-
Total	21,385	1,122	285

33. The recommended programme of assistance was made up of some 48 projects. a/ Of these, only 17 have been assisted, in whole or in part, by the international community.

Progress in implementing projects

34. The following is a summary of the progress which has been made in implementing the projects identified in the principal report:

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a/ For the original list of projects, see A/33/120, annex, appendix.

Table 6

Summary statement on progress in implementing projects

Project	Remarks
A-6 Motorization of fishing canoes and improvement of fishing methods	Partially funded; additional assistance required
I-1 (d) Vegetable-oil plant, including refinery and production of margarine and soap	Preliminary assistance provided
(e) Fruit-juice plant	Preliminary assistance provided
I-3 National maintenance and repair network	Preliminary assistance provided
I-4 Brick, tile and ceramics plant	Feasibility study prepared; financing required
I-6 Fish canning and fish-meal production	New project
M-5 Hydroelectric power	Partial assistance from China
T-2 Principe airport, runway improvement	Feasibility study prepared; financing required
T-4 Other civil aviation development	Partial assistance from Portugal and UNDP
T-5 Development of the National Meteorological Service	Assistance from France, Portugal and UNDP
T-13 Extension of east-west road	Postponed
T-14 Construction equipment for Public Works Department	Partial assistance from EEC
E-1 Primary school facilities	Partial assistance from EEC
E-4 Sports equipment	Partial assistance from German Democratic Republic
E-5 Technical Training Institute	Preliminary assistance

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Table 6 (continued)

Project	Remarks
H-1 Buildings and equipment for health centres and health posts	Partial assistance from German Democratic Republic and EEC
H-2 Study of the Central Hospital project	Partial assistance from Sweden and EEC
H-4 Ambulances	Partial assistance from German Democratic Republic, Sweden and EEC
L-1 Comprehensive housing study	Partial assistance from Sweden
L-2 Urban development planning	Assistance from Sweden
L-3 Development of urban water supplies	Assistance from Sweden

35. A further description of each of the projects is provided in appendix II below.

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APPENDIX I

International assistance to Sao Tome and Principe  
as of April 1979

1. Sao Tome and Principe received international assistance under a number of bilateral and multilateral programmes. The following statement, provided by the Government, lists major sources of assistance and the principal sectors in which the assistance is being provided.

A. Bilateral assistance

2. Sources of bilateral assistance are as follows:

Union of Soviet Socialist Republics: Provides technical assistance in a number of fields as well as a programme to cover scientific and cultural co-operation. A programme in the field of radio broadcasting is also being implemented.

France: Provides technical assistance, food aid and cultural co-operation.

Democratic People's Republic of Korea: Provides economic and technical assistance in a variety of fields.

Netherlands: Provides technical assistance mainly in agriculture and livestock raising.

Portugal: Provides assistance in a number of areas particularly education.

German Democratic Republic: Provides technical and capital assistance in a number of sectors. Among the projects is a fully-equipped maternity hospital which has now been completed.

China: Provides technical assistance in the fields of health, power, and general infrastructure. A balance-of-payments support loan has also been negotiated.

Sweden: Provides technical and project assistance particularly in the fields of health and urban development.

Cuba: Provides economic and technical assistance in a variety of fields.

Algeria: Provides assistance in the field of communications.

Switzerland: Provides developmental and humanitarian assistance through the World Council of Churches.

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Angola: Provides technical and financial assistance for poultry development.

United States of America: Provides technical assistance in the field of agriculture.

#### B. Multilateral assistance

3. Multilateral assistance is being provided by EEC (agriculture, health, transport, communications, education, industrial development and food aid), by the African Development Bank (ADB) (construction, transportation, communications, agriculture) and by the United Nations system, through UNDP (education, training, agriculture, meteorology and public administration), the United Nations Fund for Population Activities (population census), WFP (assistance to vulnerable groups), the United Nations Children's Fund (health and education), FAO (fertilizers, insecticides and technical assistance), the World Health Organization (WHO) (material and technical assistance for malaria eradication), the United Nations Industrial Development Organization (UNIDO) (technical assistance) and the Universal Postal Union (technical assistance).

4. Non-governmental organizations have also provided limited assistance to Sao Tome and Principe. However, only two - the World Council of Churches (humanitarian assistance), and the United Nations Volunteer programme (teachers and doctors) - are active at present.



APPENDIX II

Details of development projects

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#### A. Agriculture, livestock and fisheries

1. At independence, Sao Tome and Principe inherited an agricultural sector characterized by large plantations producing commercial crops for export; the rest of the sector being very undeveloped, the country has been obliged to import food-stuffs. The Government's priority aims in agriculture are, therefore, to increase national income and to reduce the dependence on imported food. Fisheries are also rather undeveloped in the country, and it is intended to increase the rational exploitation of this resource.

##### Projects

###### A-1 Pilot banana plantations

2. This project will contribute to diversifying export crops, while also producing a locally consumable food. It will establish 100 hectares of pilot plantations where trials will be carried out to select varieties of bananas suitable for export; nurseries will be provided and extension staff will be trained. Technical assistance, fellowships and equipment and materials costing \$420,000 are required.

###### A-2 Livestock development

3. In order to prepare for an over-all livestock development programme, it is intended to make an inventory of cattle and launch a tuberculosis vaccination campaign, to make an inventory of forage and other sources of animal feed, to develop an intensive pig-raising scheme, and to train staff and organize government services required for livestock development. Assistance is needed to provide technical assistance, fellowships, a breeding stock of pigs and equipment and supplies costing \$110,000.

###### A-3 Agricultural census

4. This census will provide the basic information for planning agricultural development and will also form part of the general strengthening of statistics in the country. Although it is expected that some equipment currently being used in the population census will be transferred to the agricultural census, considerable assistance is required for designing, organizing and conducting the census. It is estimated that an agricultural statistician will be needed for one year as well as short-term consultants and additional equipment costing \$20,000.

###### A-4 Forest inventory

5. In order to be able to undertake projects to which it assigns a higher priority, the Government has postponed the execution of this project.

###### A-5 Fisheries development

6. Two years of advisory services and about 14 person-months of short-term consultancies plus equipment costing \$25,000 are needed to assist in organizing and managing fishing enterprises, to advise on international fishing legislation and to train personnel. A 250-ton fishing boat (dragger) and technical assistance in operating it are also required.

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A-6 Motorization of fishing canoes and improvement of fishing methods

7. Assistance has been provided by EEC for motorizing 300 fishing canoes. Technical co-operation (a fisheries adviser and a maintenance mechanic, each for two years) is still required to ensure proper operation and appropriate training for the use of this equipment.

B. Industry

8. There is very little existing manufacturing industry in the country. The Government has assigned priority in this sector to establishing several agro-industrial plants, either for satisfying local needs or for processing export crops to increase their value. Since there is little local experience of industry, assistance will be required in planning, initial operation and training as well as finance for developing this sector.

Projects

I-1 Industrial development unit

9. It is intended to establish a small industrial development unit for which two teams of international staff are required. The first, requiring 54 person-months of international expertise over three years plus fellowships and equipment costing \$22,000, would identify, design and appraise industrial projects. The second team, to begin work somewhat later, would require 84 person-months of international expertise, fellowships and equipment costing \$38,000. This unit would operate in relation to the following industrial projects, which the Government intends to establish:

(a) Extension of existing brewery: The Government places a high priority on this project, for which a feasibility study and financing are required;

(b) Mineral water and table-water plant: Studies and financing are also needed for this project, which would be an extension of the brewery;

(c) Cocoa-powder and cocoa-butter plant: A monthly production of 40 to 80 tonnes is envisaged; assistance for studies and financing are needed;

(d) Vegetable-oil plant, including refinery and production of margarine and soap: The Government places a high priority on this project, for which a preliminary study is currently being prepared with UNIDO assistance; assistance is still needed for the final feasibility study and for financing the project;

(e) Fruit-juice plant: A technical study has been prepared, but additional studies and project financing are still required;

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(f) Coffee roasting and packing plant: Assistance is needed to study and finance this project;

(g) Rehabilitation and extension of salt production (by sea water evaporation);

(h) Animal feed plant

The Government places a high priority on projects (g) and (h) for which studies and project financing are required.

#### I-2 Industrial zone

10. To provide infrastructure for industry more economically, it is proposed that an industrial zone be established near the city of Sao Tome. Technical assistance is required for selecting the site (in view of the urban planning studies being undertaken within project L-2) and in designing the layout and services for the zone.

#### I-3 National maintenance and repair network

11. Since most of the large plantations inherited at independence had their own workshops, maintenance and repair facilities are fragmented and these services are difficult to provide. An organization to meet this need, including a central workshop and four regional workshops, is therefore proposed. It is estimated that construction, equipment and spare parts will cost \$2 million over four years and that 138 person-months of technical co-operation will be necessary over the same period. ADB is assisting with a preliminary study, but financing for executing the project is still required.

#### I-4 Brick, tile and ceramics plant

12. The Government places a high priority on this project, which will expand the existing capacity and range of products to meet the increasing local demand. A feasibility study is being prepared with assistance from the German Democratic Republic, but finance, estimated at \$200,000, is still required for capital costs, and technical assistance will be needed to establish and initially operate the plant.

#### I-5 Improvement of sawmills and use of wood

13. Because of the urgent need for building materials, it is important to improve the efficiency of sawmills, choose a wood-drying system and advise building technicians. Initially, six months of expertise in the processing and use of tropical timbers and equipment costing \$12,000 are needed.

New project

I-6 Fish canning and fish-meal production

14. Technical and capital assistance will be required for this project, proposed by a UNIDO consultant, once the results of a regional fisheries resources study, currently being undertaken with EEC assistance, are known.

C. Minerals and other natural resources

15. It is first necessary to complete the country's topographical and geological surveys in order to conduct systematic exploration for minerals and studies of hydraulic resources. The Government wishes at the same time to resume petroleum exploration.

Projects

M-1 Topographical information

16. The Government assigns a high priority to this project, which is a prerequisite both for geological surveys and mineral exploration and for preparing a national physical land-use plan, which it desires to complete as soon as possible. Assistance is needed for preparing sets of panchromatic and infra-red aerial photographs at a scale of 1/20,000; the cost of the aerial survey and preparation of photographs is estimated at \$200,000.

M-2 Geological information

17. As only very incomplete and simple maps exist at present, a photo-geological study, using the material to be produced within project M-1, plus ground follow-up, will be needed to produce a set of geological maps; the cost has been estimated at \$200,000.

M-3 Mineral exploration

18. Having completed project M-2, it would be desirable to conduct systematic mineral exploration, consisting primarily of studies of alluvial deposits and stream sediments. This would be expected to take two years and cost about \$700,000.

M-4 Search for petroleum

19. The Government wishes to renegotiate the lapsed pre-independence petroleum exploration rights. It seeks expert assistance in these renegotiations; the cost of such assistance has preliminarily been estimated at \$70,000.

M-5 Hydroelectric power

20. A study of the hydraulic resources of the Rio Abade basin has been prepared with assistance from China. The Government would now like to undertake an over-all study of hydraulic resources.

D. Transport

21. The development of this sector receives a very high Government priority, given the need to mitigate the country's geographic isolation and to reduce the logistical obstacle and economic cost of the 150-kilometre distance between the two islands. In this context, improvements to sea and air transport facilities and equipment are urgently required.

Projects

T-1 Sao Tome airport, runway extension

22. ADB has agreed to finance the feasibility study for resurfacing and lengthening the runway to 2,850 metres, enabling it to receive longer-range aircraft, thus reducing the country's isolation. Capital financing, estimated at \$1.5 million, is still required.

T-2 Principe airport, runway improvement

23. This runway urgently needs resurfacing and a lighting system. The feasibility study is being financed by ADB, but capital financing, at an estimated \$400,000, is needed.

T-3 Provision of aircraft

24. The decision to sell and replace the existing aircraft used for inter-island and potentially international transport, which was mentioned in the principal report, has now been taken, and assistance in financing this transaction is needed.

T-4 Other civil aviation development

25. A general programme in this field has been prepared with assistance from the International Civil Aviation Organization; it includes runway lighting and other equipment for Sao Tome airport, pilot training and other technical co-operation. Portugal is assisting in improving airport equipment and in extending the Sao Tome airport runway by 210 metres, as a temporary measure, pending the execution of project T-1; two pilots have been trained with UNDP assistance. Additional equipment, technical co-operation and fellowships are still required.

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T-5 Development of the National Meteorological Service

26. The needs for assistance in this field have been met by Portuguese technical co-operation; by French financing of equipment, which is expected shortly; and by technical co-operation and technical assistance provided through a UNDP-financed project.

T-6 300-ton inter-island and coastal vessel

T-7 1,500-ton general cargo vessel

T-8 250-ton self-propelled barge

T-9 150-ton self-propelled barge

27. The Government assigns priority to procuring all these vessels. The 300-ton vessel would carry passengers and cargo between the two islands and to nearby countries; its estimated cost is \$1 million. The 1,500-ton vessel would operate between Sao Tome and other African and European ports, carrying the country's substantial agricultural exports and its annual 30,000 tons of imports; the cost is estimated at \$2 million. The 250-ton and 15-ton barges are needed at Sao Tome and Principe respectively to facilitate loading and unloading at these shallow-draught ports; the costs are estimated at \$585,000 and \$370,000.

T-10 New port at Santo Antonio, Principe

28. New port development is proposed, including a 200-metre breakwater to accommodate the interisland and fishing vessels. EEC has agreed to finance a study of port development on Principe. The provisional cost estimate for this port is \$2 million.

T-11 Fork-lift trucks for ports

29. In view of the current difficulties of cargo handling at Sao Tome and Principe ports with the existing inadequate equipment, priority is assigned to obtaining five fork-lift trucks, at a total cost of about \$125,000.

T-12 Technical co-operation for maritime transport development

30. A total of 36 person-months of technical expertise is required in the fields of shipping management and operations, civil engineering and port construction, maritime legislation and other fields.

T-13 Extension of east-west road

31. In order to be able to undertake projects to which it assigns a higher priority, the Government has postponed the execution of this project.

T-14 Construction equipment for Public Works Department

32. This department is the only construction organization in the country; it engages in all types of construction but lacks adequate equipment such as scrapers, bulldozers, rollers, trucks, mobile cranes and concrete mixers. EEC has provided equipment costing \$375,000 for building roads on Principe. An additional \$1.4 million of assistance is required.

E. Education and training

33. The Government accords great importance to improving the education system. Education is now free at both primary and secondary levels, but there are serious deficiencies in the numbers of classrooms, in equipment and materials and in trained teachers.

Projects

E-1 Primary school facilities

34. The insufficiency of primary-school classrooms has led to three school sessions per day, with only three hours of instruction for each pupil. To alleviate this situation, 200 new classrooms are needed. EEC is providing about \$240,000 to construct 10 to 15 rural classrooms, but much more assistance is required. To provide, as a first phase, 100 classrooms and related facilities, equipment and supplies would cost an estimated \$700,000.

E-2 Preparatory and secondary school facilities

35. There are at present only one preparatory and one secondary school in the country, which are forced to operate on a two-session basis. To provide, initially, three additional preparatory schools, two for 1,000 students and one for 500 students, would cost an estimated \$550,000. There is a great shortage of scholastic and teaching materials; about \$10,000 in assistance to provide such materials would meet the most pressing needs.

E-3 Preparatory and secondary school teachers and administrators

36. Teachers at these levels have been provided through assistance from Cuba and Portugal; in addition, a group of Brazilian United Nations volunteers are expected to supplement the teaching staffs shortly. However, assistance is still sought to provide five Portuguese-speaking teachers, two of whom would be administrators, and four English and three French language instructors.

E-4 Sports equipment

37. A complete list of sports equipment required appears in attachment 1 to the principal report. This need has been partially met by assistance from the German Democratic Republic.

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#### E-5 Technical Training Institute

38. There is an urgent need for technical training at almost all levels in almost all sectors; the Government proposes to meet this need by establishing a general technical training institute. France has shown interest in this project and has prepared a study which is shortly to be presented to the Government.

#### Fellowships for higher education

39. Sao Tome and Principe will have to continue to rely on overseas institutions of higher education. Considerable numbers of fellowships have been provided by bilateral and multilateral donors, but assistance in this field will be required for many years.

#### F. Health services

40. The Government intends to establish a comprehensive health service structure, comprising hospitals, district health centres, urban and rural health centres, health posts and community care. Great use will be made of existing buildings, including those formerly connected with the plantations, but much new construction, equipping and staffing will be required.

#### Projects

##### H-1 Buildings and equipment for health centres and health posts

41. The new health service structure will require the construction of 14 new facilities (rural and urban health centres and health posts) and the enlargement and/or improvement of 25 facilities. A first phase, comprising building and equipping 4 new health posts and enlarging and/or improving and equipping 4 health posts, 4 urban health centres, 5 rural health centres and 3 district health centres which already exist would cost an estimated \$650,000. A 30-bed maternity hospital at the district health centre at Rio de Ouro has been improved and equipped with assistance from the German Democratic Republic within the context of this programme; EEC has provided assistance for improving the hospital at Principe.

##### H-2 Study of the Central Hospital project

42. A major redevelopment of the Central Hospital at Sao Tome is needed. Improvement of the laundry and construction of a staff refectory and kitchen have been undertaken with assistance from EEC; construction of a new maternity wing is being financed by Sweden. A complete design study is, however, still needed, at an estimated cost of \$100,000.

### H-3 Vehicles and equipment for the sanitation department

43. In order to operate effectively, the department requires six garbage trucks and other vehicles and equipment, costing a total of about \$230,000.

### H-4 Ambulances

44. It is proposed to establish a radio-controlled ambulance service for the whole health system rather than providing an ambulance for each health unit. Four ambulances have been provided through international assistance, including one each from the German Democratic Republic, Sweden and EEC. Nine more ambulances are needed plus equipment for central dispatchers' radio stations.

### H-5 Vehicles and other supplies for the Malaria Eradication Campaign

45. Immediate assistance, as part of this 8-year programme, is required to provide vehicles, drugs and insecticides at a total cost of \$198,000.

### H-6 Medical books and journals

46. The Ministry of Health is very short of medical reference books and journals. A modest list of such publications appears in attachment 3 to the principal report and would probably cost less than \$2,000 to supply.

## G. Social development

47. The Government wishes to improve the social services provided for the very young and the aged. It is intended to enlarge and improve the crèches and kindergartens, many of the former being on plantations where care is provided for children under two years of age with working mothers, and to enlarge and improve the old people's home at Sao Tome.

### Projects

#### S-1 Crèches and kindergartens

48. Some of these facilities, it is expected, will be provided within the context of project E-1, but assistance is required to enlarge and equip 58 additional units and establish 6 new urban crèches, as the first phase of a longer programme, at an estimated cost of \$250,000.

#### S-2 Old people's home

49. This home provides simple accommodation for elderly persons without families; there is a waiting list of prospective residents. The Government wishes to expand and improve the home at a cost of about \$30,000.

#### H. Housing and urban development

50. The Government feels that, as a first step towards meeting the serious housing shortage and the country's urban development problems, comprehensive studies in these fields should be undertaken. Improvement in housing and related infrastructure can then be pursued in a systematic manner.

##### Projects

###### L-1 Comprehensive housing study

51. In order to prepare an action programme to overcome the housing shortage and improve housing standards, a study is required covering technical, financial, social and organizational aspects. The study being undertaken with Swedish assistance within project L-2 covers some of these areas, but additional technical assistance is required for the complete study.

###### L-2 Urban development planning

###### L-3 Development of urban water supplies

52. Assistance has been provided by Sweden to produce a master plan for the development of the city of Sao Tome and other urban areas. Swedish assistance has also been provided for a study of existing urban water supply systems and proposed improvements. It is expected that several investment projects will be prepared as a result of these studies.

###### L-4 Housing for technical co-operation staff

53. There is a serious shortage of housing for technical co-operation staff, which affects the implementation of the entire assistance programme. A rapid solution, which would provide 100 prefabricated houses of modest size, at \$15,000 each, would cost a total of \$1.5 million.