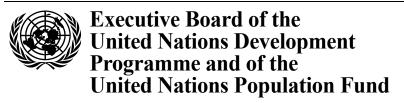
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Second country cooperation framework for Sao Tome and Principe (2002-2006)

Contents

		Paragraphs	Page
	Introduction	1-3	2
I.	Development situation from a sustainable human development perspective	4-18	2
II.	Results and lessons of past cooperation	19–23	4
III.	Strategies, programme areas and expected results.	24-54	5
	A. Local governance	35–42	6
	B. Poverty reduction	43-50	7
	C. Sustainable management of natural resources and the environment	51-54	8
IV.	Management arrangements	55-62	8
Annex			
	Resource mobilization target table for Sao Tome and Principe (2002-2006)		10

Introduction

- 1. The second country cooperation framework (CCF) covering the period 2002-2006 was prepared by the Government of the Democratic Republic of Sao Tome and Principe in close collaboration with the United Nations Development Programme (UNDP). It also arose from a joint consultative process with other agencies within the United Nations system, with representatives of bilateral and multilateral cooperation partners, and with representatives of civil society.
- 2. This CCF is in line with the guidelines adopted in the priority action plan 2000-2002 and in "Strategic Options on the Horizon for 2005" (formulated with support from UNDP), the Common Country Assessment (CCA), the United Nations Development Assistance Framework (UNDAF), which is in the process of being finalized, the draft second national human development report and the results and lessons drawn from the programme review of July 2000.
- 3. Following on the previous cycle, which covered the period from 1997-2001, this CCF describes the cooperation strategy that UNDP will adopt from 2002 to 2006 to support the Government of Sao Tome and Principe in the joint efforts to reduce poverty with a view to achieving sustainable human development.

I. Development situation from a sustainable human development perspective

- 4. Sao Tome and Principe recently joined the group of countries eligible to benefit from the Heavily Indebted Poor Countries (HIPC) Debt Initiative, in order to ease the immense burden of external debt on the country's development: in 1999,¹ that debt amounted to 295.5 million dollars, one of the highest in the world in relation to gross domestic product (GDP).
- 5. With a human development index of 0.547 in 2000, the country is lagging behind most other medium human development countries, yet overall living conditions are better than those of most other countries in sub-Saharan Africa; it has a per capita GDP of 330 dollars, an adult literacy rate of 83 per cent, a gross
 - Central Bank of the Democratic Republic of Sao Tome and Principe.

- school enrolment ratio of 68 per cent,² a life expectancy of 64 years³ and an infant mortality rate of 71 per 1,000 live births.² The current population growth rate is 1.77.³
- 6. However, there has been a disturbing decrease in the number of persons with access to potable water distributed by public services (57.7 per cent in 1981 as compared to 41.1 per cent in 1996), owing to the lack of maintenance and to the dilapidated state of public facilities: if one compares the available national statistical data it is clear that living conditions have deteriorated in terms of national human development, and that poverty has increased overall since the second half of the 1980s. That is attributable to budgetary restrictions in the social sector, the growing social and economic disparities (resulting from insufficient economic diversification and the drop in cocoa prices, cocoa is essentially a monoculture) all of which is contributing to the growing trade deficit.
- The situation seems to have stabilized in the second half of the 1990s, after measures were taken to achieve social and economic stability. Although this has not had a direct impact on human development, it is inspiring a sense of confidence and stability in the country and helping to foster the necessary conditions for investment in basic services. The relative political and social stability the country has enjoyed since independence could serve as a strategical support for development in the coming years provided that efforts were made to distribute wealth more equitably and provided that the population's standard of living rises. Marketing of the crude oil discovered on the territory of Sao Tome and Principe will be an important factor in that regard as will investments in social and/or critical sectors arising from the HIPC Debt Initiative. Governance, poverty alleviation and environmental protection must remain priority areas in order to achieve sustainable development.
- 8. **Governance.** Although the country's constitutional and legal framework adheres to strictly democratic standards, one of the archipelago's principal problems concerns the management of public resources and the auditing of the national treasury. The

² UNICEF Multiple Indicator Cluster Survey (MICS), December 2000.

³ National Statistical Institute of the Democratic Republic of Sao Tome and Principe, Sao Tomé e Principe em números, 1999.

absence of a national audit system makes it impossible to monitor the national treasury, and this undermines its stability.

- The achievement of independence, in 1975, brought about significant changes, such as the establishment of an independent nation and the nationalization of plantations (roças). And yet, some characteristics of the colonial system linger on. There is a governance problem as reflected in the lack of decentralization in public affairs and the fact that the administration makes little effort streamlining or efficiency. There is still a broad gap between the legal provisions granting autonomy to local authorities (the municipalities and the region of Principe) and the practical achievements in the areas of decentralization of central duties and responsibilities. administrative there are numerous procedures that do not meet efficiency standards and which fail to provide improved service and attention to the public.
- 10. In addition, training of administrative staff will be necessary to improve management of resources, even though overhaul of the civil service is already one of the key aspects of the current reform.
- 11. **Poverty.** The deterioration of basic social services has weakened the social fabric and increased mortality and morbidity rates throughout the population, in particular among the most vulnerable groups (children, older persons and single mothers). Malaria is the underlying source of many of the problems affecting the population. It has a profound impact on the labour market, causing absenteeism and lowering productivity, thereby contributing significantly to the decline in family income.
- 12. Education has also deteriorated, leading to a shortage of persons with middle-level (technical and vocational) training and at the management level. The brain drain is severe; most students who obtain funding to pursue higher education abroad do not return to the country to take up decision-making posts. Moreover, the quality of the teaching is inadequate, and is considered one of the main reasons for the decline.
- 13. The unemployment rate is high it is more than 28 per cent,⁴ and the Government's ability to create
 - ⁴ The status of employment, education, business promotion and information systems in Sao Tome and Principe, ILO, November 2000.

- jobs is limited. Most households earn the majority of their income in the informal sector, which is unstable and precarious. This situation is further exacerbated by internal migrations (country to city); given that basic social services are already stretched thin, the authorities cannot meet the needs of this new group living on the fringes of the cities.
- 14. Although there are legislative texts recognizing women's rights regarding such matters as equal employment opportunities and equal pay, and although many women support the family (a third of heads of household are women), the social and cultural environment limits their possibilities for social and personal development and they are discriminated against at work (in terms of, inter alia, remuneration and promotion). Women play a significant role in the economic development of the country, working in the agricultural, livestock, trade, and handicrafts sectors, and they face many difficulties resulting from the lack of training and financial resources.
- 15. Essential goods have to be imported and this has a considerable impact on the trade balance, which is already in deficit. The outmoded practice of cultivating single crops, (formerly sugar cane, followed by coffee and then cacao), and the absence of food crops on small agricultural farms are responsible for the dependence on food imports. Given the inadequacy of transport systems linking the country with the African and European continents and with the rest of the world, very few national products (other than the traditional single crops) can be exported, and this further limits the country's capacity to achieve a balance of payments.
- 16. Although recent statistics on the prevalence of HIV are virtually non-existent, as in many African countries, the pandemic constitutes a real threat for the population of Sao Tome and Principe: according to figures available to the Ministry of Health, a test conducted on a sample group of pregnant women, students and members of the military showed that the prevalence rate was estimated at more than 5.5 per cent for the years 1994 to 1996. This figure is high given the small size of the population, and it could soar dangerously in coming years if no action is taken. Loss of a portion of the active population and the slowing down of economic activity would further increase poverty.

- 17. Environment. The ecosystem of Sao Tome and Principe is one of the richest and most diverse in Africa; unlike most other countries in the region, more than half of the territory is covered by primary and secondary forests. The marine ecosystem is similarly rich and varied, and traditional fisheries are among the country's principal sources of income and an important source of protein. Assaults on the environment are, however, beginning to cause considerable damage: deforestation, caused by overuse of the forest for firewood and by agricultural practices; the looting of sand from the beaches; reckless fishing practices on the open sea, etc. Environmental protection is necessary in order to conserve the equilibrium of the island ecosystem and to save the islands from sudden devastation, and should, in addition, ensure a steady source of income.
- 18. The economic diversification policy also addresses the tourist industry which is still in its infancy. Inspired by a strong sense of the identity of the "green islands", the Government, in all its decisions, has been seeking to develop tourist activities that respect the environment. Among the principal obstacles to the sustainability of the tourism sector are the inadequate links to the rest of the world and the instability of basic infrastructure in rural areas.

II. Results and lessons of past cooperation

- 19. During the fifth programme cycle, UNDP support focused on four areas: (a) combating poverty through rural development; (b) strengthening development management capacities; (c) supporting national execution; and (d) protecting nature.
- 20. The main positive results were: (i) the institutional and financial strengthening of the commercial, industrial, agricultural and service sectors; business management training for about 100 small and medium-sized enterprises in urban zones, and social and economic training for approximately 400 women in rural and urban areas; (ii) an increase in resources, above and beyond the UNDP programme target for resource assignment from the core (TRAC), through the mobilization of resources from other lenders amounting to a total of 3,821,700 dollars; (iii) organizational support for a round table in October 2001 at which, on the one hand, the national text

"Strategic Options on the Horizon for 2005"; and the Triennial public investment programme were approved by all the partners; and on the other, the dialogue between the Government and the development partners was strengthened; (iv) advocacy for the establishment of a national agency to manage bilateral and multilateral technical assistance programmes and projects. The law was ratified in August 2001. Arrangements must now be made for a staff and operational funds.

Chart summarizing non-TRAC resource mobilization (1997-2001)

Thrust area	United States dollars	Funding sources
Poverty reduction through rural development	2 499 000	United Nations Capital Development Fund/ Portugal
Capacity-building for	770 400	World Bank/Portugal
development management		African Development Bank
Environment	352 300	Capacity 21
Support to the private sector	200 000	Portugal
Total	3 821 700	

- 21. With the agreement of the Government, UNDP has used national execution modalities in carrying out programmes and projects. Those efforts must, however, be strengthened at the level of follow-up and evaluation with a view to learning lessons and improving future results.
- 22. Overall, the main problems that hindered the evolution of activities during this cycle were: (i) ineffective coordination between cooperation partners, with as a consequence poor substantive results in improving the living conditions of the population; (ii) inconsistencies in the implementation of the programme, caused by shifts in decisions made at the governmental level; (iii) the absence of mechanisms allowing for lessons learned from pilot projects to be replicated on a larger scale; (iv) a delay in decision-making during governmental transitions; (v) the lack of a coherent national structure for coordinating foreign assistance. (The lack of liaison and coordination mechanisms among the concerned

agencies has hampered research and the establishment of relations with other partners.)

On the basis of lessons drawn from the previous CCF and the conclusions of the mid-term review of July 2000, UNDP and the Government should in future: (i) adopt guidelines for the continuation and appropriation of projects in an effective and systematic manner; (ii) improve follow-up and evaluation of programmes and projects by defining appropriate output and impact indicators; (iii) strengthen the with civil society, especially nonpartnership governmental organizations; (iv) enhance coordination through the round-table process and sectoral consultations and rotate the chairmanships of thematic groups among the international partners; (v) continue to involve civil society in the mobilization of resources so as to bolster activities already begun and to seek new cooperation programmes and projects, both by consolidating links with the traditional partners (France, Portugal, the European Union) and by establishing relationships with new partners.

III. Strategies, programme areas and expected results

Strategies

- 24. The following strategies will be adopted for the definition, implementation, follow-up and evaluation of the programmes and projects supported by UNDP.
- 25. Improving focus within key areas of sustainable human development, which in Sao Tome and Principe involves the promotion of good governance and sustainable ways of life, whose entry points are capacity-building in grass-roots organizations and local organizations to promote and support, inter alia measures to expand and enhance the population's natural abilities, to increase income and to create jobs.
- 26. **Promoting capacity-building.** In addition to capacity-building in the area of policy and programme formulation, UNDP will focus its support on activities designed to achieve the sustainable reinforcement of endogenous capacities and to improve the technical and organizational capacities of target communities, civil society and non-governmental organizations, taking into consideration their participatory role in questions related to the formulation, implementation and follow-up of community development objectives. The goal is

- to make those activities sustainable and to create sustainable ways of life.
- 27. UNDP will also promote the expansion of the economic scope and potential of communities, as well as their ability to take responsibility and to make decisions in development areas. Emphasis will also be placed on integrated actions providing rural and urban communities with access to means of production, credit and training, as well as to open markets and to communications media.
- 28. **Developing programme approaches.** Along with a certain number of national programmes such as the action plan on biodiversity (currently being launched) and the human resources development programme which will be formulated in 2002), the programme approach will focus on improved liaisons among lenders and as a tool for resource mobilization.
- 29. Adopting a gender approach. All aspects of questions related to women will be considered in accordance with the sender approach, which focuses on the roles and responsibilities of women and men, their access to and control of resources, and their ability to make decisions. Emphasis will be placed on participation in decision-making and implementation at the local level.

Programme areas and expected results

- 30. National development objectives. The mediumterm development objective described in the Government's text, "Strategic Options on the Horizon for 2005", has four principal thrusts: (a) financial stabilization and the restoration of a sound economy; (b) promotion of the private sector and diversification of productive activities; (c) enhancement of the efficiency of social policies; and (d) reform of public institutions and capacity-building. This last thrust goal involves capacity-building in local communities (municipalities and villages), the allocation of responsibility in respect of infrastructure and public services management and the establishment of measures to encourage participation of the people in planning and decision-making.
- 31. Medium-term strategic goals within the context of UNDAF. These include cutting poverty in half by the year 2015, as envisaged by the Secretary-General of the United Nations; promoting the Government's development challenges and strategies; and using the

capacities and comparative advantages of the United Nations in Sao Tome and Principe.

- 32. The UNDP objectives are consistent with the goals set forth in the text "Strategic Options on the Horizon for 2005" and in UNDAF and will emphasize (a) strengthening local governance; (b) reducing poverty and promoting sustainable ways of life, and (c) promoting the sustainable development of natural resources. They complement the activities of other bilateral and multilateral cooperation partners, with a view to creating a network of coordinated actions and to optimizing results.
- 33. UNDP will also conduct advocacy actions targeting national authorities and civil society, as well as the bilateral and multilateral partners. Such actions will address not only the areas in which UNDP will be providing technical and financial support for the period 2002 to 2006, but also such new themes as human rights and HIV/AIDS, and will raise the awareness of the national authorities, permitting them to map out adequate measures for the coming years.
- 34. In accordance with the recommendations of international conferences and summits, such as the World Summit for Social Development, the Rio Conference, the International Conference on Population and Development, and the Fourth World Conference on Women, the efforts of UNDP will complement the activities of United Nations agencies within the context of UNDAF, and of such partners as France, the European Union, Portugal, and the Republic of China on Taiwan, with regard to such important areas as governance, the campaign against poverty and sustainable development of natural resources.

A. Local governance

- 35. In addition to activities launched during the period from 1997 to 2001, UNDP cooperation aims to strengthen development mechanisms for grass-roots communities and civil society.
- 36. During the period from 1997 to 2001, within the context of a technical assistance project, UNDP supported the strengthening of the National Electoral Commission. One of the results of that project was the holding of presidential elections in July 2001 in conformity with international standards of openness, fairness and transparency. It created software allowing

- for the compilation of a list of voters in real-time, and staff was trained accordingly. It also conducted a civic education campaign for marginalized groups, such as women, young persons and older persons, particularly in rural areas, covering such matters as the electoral process and voter participation, and provided the requisite voter equipment. Other lenders also contributed to the elections.
- 37. UNDP will continue to support the electoral bodies National Electoral Commission and the Technical Electoral Cabinet for the period from 2002 to 2006. It will endeavour to strengthen them by offering their staff technical training in logistics, computer skills and accounting, and by providing computer and communications equipment so that they can become independent, transparent and sustainable institutions.
- 38. In 2000, a project was launched with the financial support of the Special Action Programme in Public Administration and Management (SAPAM), which resulted in the establishment of an audit and monitoring system (Court of audit), with a view to preventing corruption, monitoring public expenditures and keeping an eye on government accounts. The project is slated to end in 2002.
- 39. The reform of public administration, which began with the structural adjustment programme, will be the third thrust of the campaign to strengthen the fabric of the State. A project aimed at improving the management of human resources, launched in 1997, resulted in training courses for staff in human resources management, an organic law governing the various ministries, harmonization of the wage scale and the conclusion of regulations for the staff of private enterprises. Results expected by the time of the submission of the next CCF include a database for the payment of salaries, a data-loading monitoring system and data-processing for users in the civil service.
- 40. UNDP will also contribute to building the capacities of communities so that they can manage their own development and those of civil society and non-governmental organizations so that they can play a greater role in the development process. The choice of communities and civil society (including non-governmental organizations) as the entry points for capacity-building in order to improve local governance was dictated by the fact that the *camaras distritais* are not yet in a position to fulfil their role, spelled out

clearly in article 121 of the Constitution of 1991, namely, helping communities to satisfy their essential needs, and implement their development plans and helping other societies and institutions in their efforts to develop their municipalities.

- 41. In that regard, preliminary efforts to identify communities, associations and non-governmental organizations will be carried out using the results of the World Bank's participatory evaluation of poverty (from the project STP/97/551 — Strategic framework for combating poverty in Sao Tome and Principe) along with data from non-governmental organizations working in rural environments. In addition, training, information and advocacy activities on the gender approach, human rights, natural resources protection and HIV/AIDS will be carried out so that communities civil associations and non-governmental organizations can take those issues into account in the formulation of development projects.
- 42. Since women are more severely affected by poverty (one third of women are heads of household), the main goals are: (i) to enhance women's decision-making capacities at the village and district level by supporting their initiatives and organizations at the local good governance level and (ii) to expand their opportunities to increase their income by supporting productive activities, opening special credit lines for women and promoting functional literacy and training activities in rural and urban environments.

B. Poverty reduction

- 43. The establishment of good governance is a prerequisite for the reduction of poverty. UNDP will support development activities designed to promote good governance.
- 44. UNDP cooperation will help the country reduce poverty by: (a) improving living standards and living conditions of target communities through a set of linked activities designed to stimulate community and local development; and (b) strengthening the savings and credit system in rural zones and expanding it in urban zones.
- 45. During the coming five-year period, UNDP will pursue the following goals: (a) a participatory approach to decision-making, project formulation and implementation, defined and internalized by the communities, with the support of associations and non-

- governmental organizations as described above; (b) sustainable programmes in the areas of agriculture, fishing, handicrafts and agribusiness, with a view to improving living conditions and raising incomes, on the basis of a strategy designed to make use of the population's natural assets and promote sustainable ways of life; (c) access to microcredit for the most severely marginalized populations, particularly women; and (d) the establishment of credit systems to ease the financial difficulties of small and medium-sized enterprises.
- 46. Women are more severely affected by poverty, especially in terms of employment. Programmes for women will concentrate on increasing the income of women in rural and urban areas thereby enhancing their status in society and improving the well-being of their families by providing access to credit, training and community development programmes. They will also seek to integrate women in regular credit programmes and to provide them with technical support services.
- 47. These programmes will be implemented in conjunction with others, such as the school canteen programme sponsored by the World Food Programme, and programmes conducted by UNICEF to improve teaching, to build and renovate schools, to provide vaccination coverage, to promote the Bamako Initiative, and to provide potable water and sanitation.
- 48. In addition, the United Nations Fund for International Partnerships is sponsoring a project on the integration of young people into productive life, launched in 2001. This project will be conducted in conjunction with poverty reduction programmes so as to increase their impact on target communities.
- 49. In its efforts to support the mobilization of resources, UNDP will assist the Government, using funds provided by the African Development Bank, in formulating a programme for the promotion of human resources development, which will address the questions of job creation and gender, with emphasis on improving the living conditions of young people.
- 50. There is considerable potential for ecotourism and cultural tourism, in view of the great diversity of the ecosystem and the wealth of the architectural heritage. Care must, however, be taken to ensure that strategies for the development of tourist infrastructure respect the environment. UNDP support in this area, which commenced in 2001, will take the form of technical support for the formulation of a national

tourism development plan, with a view to fostering supply and demand and to establishing the appropriate legislative framework. The ultimate goal will be to harmonize the development of tourism (growth of revenues as a percentage of the GDP, foreign currency inflow, job creation, poverty reduction, opportunity building, etc.) with environmental protection, so as to ensure sustainable development.

C. Sustainable management of natural resources and the environment

- 51. The preservation of the natural environment of the archipelago is a government priority, since it affects the food supply (traditional fisheries, agricultural production), provides a source of wealth (ecotourism; cultural and rural tourism), and protects the natural heritage (harmonious development of the population in its habitat and non-aggressive urbanization).
- 52. In consideration of the limited resources of UNDP, these programmes will be financed mainly by the Global Environment Facility (GEF). That agency will sponsor a project within the context of the United Nations Framework Convention on Climate Change, complementing the Government's endeavour to devise an environmental strategy and legislation in conformity with international norms.
- 53. The expected results of this project are: (a) a complete inventory of greenhouse gas emissions in accordance with the latest guidelines of the Intergovernmental Panel on Climate Change (IPCC); and (b) a national plan to mitigate and adapt to climate changes.
- 54. UNDP will endeavour to strengthen its cooperation with GEF, with a view to following up on the action plan on biodiversity currently being implemented.

IV. Management arrangements

55. The Government and UNDP will encourage the various international and national partners to participate in/contribute to the definition of objectives, programmes and projects and will promote the use of a management tool based on results. The framework of strategic results developed in 1999 and reviewed in 2000 will be updated, with a view to incorporating the

new strategic areas identified by the Government and UNDP in the CCF for the period from 2002 to 2006. The follow-up and evaluation of programmes and results will be conducted in the context of the UNDAF process.

- 56. To that end, the guidelines for programmes and projects will specify as explicitly as possible the consequences, the expected results, the creation of partnerships and the indicators for measuring progress made.
- 57. The national execution modality will be employed for the execution, monitoring and evaluation of projects in the next cycle. Since the governmental institutions and agencies of Sao Tome and Principe have demonstrated their ability to execute projects, UNDP and the United Nations agencies will simply provide support in the form of training and counsel. Certain especially sensitive projects, such as the provision of technical assistance for the electoral process, will continue to be executed directly.
- 58. UNDP will continue to provide services and resources in the area of technical cooperation, with a view to improving national capacities and encouraging technical development. Accordingly, the role of nongovernmental organizations and of civil society will be strengthened, particularly in regard to private initiatives in order to promote a harmonious evolution of the development sectors and contribute to the effectiveness and sustainability of projects.
- 59. The dialogue between the Government and UNDP, as well as with other bilateral and multilateral agencies (especially United Nations bodies), and the joint actions undertaken by them, will significantly contribute to the achievement of good results. In addition, the CCF for the period from 2002 to 2006 should encourage the Government to expand technical cooperation with the United Nations Volunteers (UNV) programme, by promoting the concept of national volunteerism. Non-TRAC resources may be used for international volunteers.
- 60. **Resource mobilization.** The Government and UNDP will formulate a strategy for the mobilization of resources, both national and international, to support the objectives of the CCF.
- 61. The Government will ensure that national contributions in cash or in kind are available when the

programmes and projects are launched, and for their duration.

62. **Programme follow-up and review.** Emphasis will be placed on strengthening the follow-up and evaluation of projects, with a view to limiting their negative effects and drawing lessons and conclusions for future activities. The formulation of reports and analyses of the various projects should provide an overall picture of the programme and establish parameters for improving the quality of final products. In collaboration with the Government, UNDP will establish output indicators for enhanced follow-up and an effective mid-term review. The follow-up activities will be conducted jointly by the Government and UNDP, with the participation of the local authorities and the various partners.

Annex

Resource mobilization target table for Sao Tome and Principe (2002-2006)

	Amount	Comments	
Source	(In thousands of United States dollars)		
UNDP core resources			
Estimated carry-over	21	Carry-over of TRAC 1, TRAC 2 and of prior AOS allocations.	
TRAC 1.1.1	1 080	Assigned immediately to country.	
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages will also be subject to availability of resources.	
SPPD/STS	248		
Subtotal	1 349 ^a		
UNDP other resources			
Government cost-sharing	800		
Third-party cost-sharing	1 750		
Funds, trust funds and other	1 300		
	of which:		
GEF	600		
UNFIP	700		
Subtotal	3 850		
Grand total	5 199 ^a		

^a Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application. Abbreviations: AOS = administrative and operational services; GEF = Global Environment Facility; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core; and UNFIP = United Nations Fund for International Partnerships.

10