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

Sao Tome and Principe is a small island developing state (SIDS) consisting of two islands and, in 2022, a population of nearly 227,000. Its economy is fragile and highly vulnerable to exogenous shocks.

The country's growth model has been driven by the tertiary sector (mainly tourism), which accounted for 74.7 per cent of GDP in 2022. The primary (mainly subsistence agriculture and fishing) and secondary sectors have grown only marginally despite their importance for livelihoods and job creation and their potential for economic diversification. The war in Ukraine led to a sharp increase in global fuel and food prices, which was further compounded by persistent electricity shortages and damage from floods at the end of 2021. Inflation reached 25.3 per cent in June 2023. GDP growth was 2.9 per cent in 2023 and economic growth is expected to rebound to 2.4 per cent in 2024.

After exceeding the Human Assets Index (91 in 2022) and GNI per capita (US\$1,977.1 in 2022) thresholds, Sao Tome and Principe is preparing to graduate from the category of least developed countries in December 2024. However, the country continues to be highly dependent on external aid and support. The fiscal reform under implementation, which includes the roll-out of its value-added tax regime, should stabilize the account balance and maximize the mobilization of resources to finance sustainable development.



Eradicating rural poverty in Sao Tome and Principe

Eradicating rural poverty in Sao Tome and Principe requires an integrated and multi-sectoral approach, given the complexity of the economic, social and environmental challenges facing the country. The Government has set out its priorities and strategic vision in the transformative agenda: Sao Tome and Principe 2030: The country we want. It aims to stimulate good governance and public sector reform; promote sustainable and inclusive growth; strengthen human capital and social service delivery; and reinforce social cohesion and social protection. The Government is also seeking to tap into the potential of the private sector as the main driver of economic growth. A sustained and coordinated effort between the Government, local communities, the private sector and international partners will be needed to reach these goals.

Improving agricultural productivity is key to achieving sustainable development. This calls for action to strengthen rural infrastructure to support farmers and facilitate their operations. Economic diversification plays a crucial role in this process, and can be fostered by promoting diversified agriculture and developing the country's agro-industry. Farmers need access to finance and markets to thrive, along with the right skills and capacity for entrepreneurship to ensure they can adapt to changing market demands. Furthermore, improving governance and public policies will create an environment that is more conducive to growth. Social protection measures are also required to reduce vulnerability and enhance the overall well-being of rural communities.

IFAD's strategy in Sao Tome and Principe

IFAD's presence in the country since the 1980s has resulted in the financing of seven investment projects in the agricultural sector. These projects have facilitated community development in several rural localities. They have also created four cooperatives, constructed infrastructure to open up production areas, and revitalized the cocoa, coffee, vanilla and pepper value chains for organic niche markets, and supported the production of food crops, particularly cereals, legumes and vegetables. These projects have contributed to the strengthening of the organizational, technical and financial capacities of professional agricultural organizations, including women's organizations.

IFAD remains one of the most important technical and financial partners in the rural sector. Its work has led to the development of strategies and mechanisms to support poor people in rural areas. Women, in particular, are now more effectively included in development interventions that have an impact on their lives. IFAD and the Government of Sao Tome and Principe have worked together to improve policy frameworks, particularly for market access for smallholder farmers, especially women and youth, and for food and nutrition security. IFAD's extensive experience in promoting grassroots community organizations will continue to be leveraged through its interventions.

IFAD's strategy in Sao Tome and Principe is set out in the country strategy note (2022–2023, extended to 2024). The overall goal is to contribute to a sustainable and equitable increase in the incomes and the food and nutrition security of poor rural people, with particular attention to women and youth, while safeguarding biodiversity. The strategy is underpinned by two objectives, which are aligned with

SDGs 1, 2, 5, 10 and 13, Agenda 2030, the IFAD strategic framework 2016–2025 and the United Nations Framework Plan for Development Assistance for Sao Tome and Principe:

- Promote climate-resilient family farming, rural enterprises and market-oriented food systems.
- Develop partnerships and support activities that add value to products, generating income and employment for smallholder farmers, particularly women and youth.



Ongoing operations

Commercialization, Agricultural Productivity and Nutrition Project (COMPRAN)

COMPRAN aims to achieve sustainable improvements in the incomes and food and nutrition security of small-scale producers, particularly women and young people. With a dual focus on agro-rural economic growth and promoting agriculture that is sensitive to food security and nutrition, two complementary effects are expected: (i) the added value generated by the value chains is increased; (ii) the productivity and resilience of the production systems in the value chains are improved.

The project is national in scope and its activities are implemented in rural areas of the two islands of Sao Tome and Principe. The aim is to intensify production in the current basins, where more than 80 per cent of family farms are concentrated, and to develop the agricultural potential of underexploited areas.

With total IFAD financing of US\$9.8 million and international and domestic cofinancing of US\$7.6 million, the project is expected to reach 8,700 rural households, corresponding to 34,800 people. The target group is composed of small-scale farmers (who may or may not be members of producer organizations), young promoters of entrepreneurial initiatives, people with disabilities and households affected by malnutrition. The targeting strategy is intended to be inclusive and supportive of women's empowerment. COMPRAN will guarantee continuity in 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. An additional NORAD grant has strengthened nutrition improvement

IFAD aims to contribute to an equitable increase in the food and nutrition security of poor rural people, while safeguarding biodiversity.

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activities conducted under COMPRAN, including school and community food improvement and nutrition education activities. Cofinancing from the Global Environment Facility and the Adaptation Fund is expected to strengthen: (i) the integration of biodiversity conservation into the production and management of agroforestry and fisheries and the minimization of negative impacts on biodiversity, and (ii) the resilience of agricultural systems to climate change in Sao Tome and Principe.

Rural Poor Stimulus Facility

Sao Tome and Principe also benefited from a grant of US\$444,295 through the Rural Poor Stimulus Facility (RPSF). The RPSF aimed to contribute to food and nutritional security by strengthening the resilience of producers in the context of the COVID-19 pandemic. The grant supported the production of food crops, vegetables and poultry. In total, the grant reached 4,236 vulnerable households (above the target of 2,000 households), and thus had an impact on at least 16,944 people, more than double the 8,000 expected.



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IFAD is an international financial institution and a United Nations specialized agency. Based in Rome – the United Nations food and agriculture hub – IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided more than US\$24 billion in grants and low-interest loans to fund projects in developing countries.

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