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SUPPORT FOR AGRICULTURAL DEVELOPMENT AND AGRIBUSINESS EXPORTS IN SÃO TOMÉ AND PRÍNCIPE: A LITERATURE REVIEW

Carolina Rosa de Almeida Grande

Work project carried out under the supervision of:

Pedro C. Vicente

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Abstract

This study examines the agricultural sector in São Tomé and Príncipe, with a focus on the commercial development of its SMEs. The country faces constraints that prevent their products from accessing international markets. Combining existing literature, interviews with relevant stakeholders, and a benchmark of best policies using three case studies, the paper provides three practical policy recommendations: (i) to create incentives for cooperative development; (ii) to provide holistic business services with one-stop-shops; and (iii) to implement trade departments in diplomatic institutions. These policies are expected to provide a favorable environment for agri-business development and facilitate access to international markets.

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Keywords

Agricultural products; Small Island Developing State; International trade; Export sector

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1. Introduction

1.1 PAP Organization Overview

1.1.1 CESO

CESO is a consulting company in the field of international development with more than forty years' experience. The company provides technical assistance services in various fields related to economic, social, and organizational development, mainly in international markets. CESO has implemented over 500 contracts and provided technical assistance in 117 countries.

The services provided include (i) consultancy and studies, (ii) institutional strengthening, (iii) monitoring and evaluation, and (iv) training. The consultancy services and studies usually consist of policy formulation, design strategies, identification and formulation of plans, programs, and projects, and include feasibility, baseline, and technical assessments to support policy-making. The institutional strengthening services provide technical assistance to support public organizations in improving their effectiveness and efficiency, as well as to implement and manage policies, strategies, plans, programs, and projects. Moreover, the monitoring and evaluation services aim to design and implement monitoring and evaluation systems and studies as a key element to guiding programs and projects towards the achievement of results, whereas the training services focus on individuals to promote the transfer and ownership of knowledge, skills, and competencies as a result of curricula design, development of training methodologies, and implementation of training of direct beneficiaries (public managers, civil servants, private sector managers), as well as of trainers that can later act as training multipliers (CESO, 2022).

CESO provides services throughout multiple sectors of intervention, including: Partnerships and Financing for Development (definition and implementation of strategic partnerships and management of development financing); Macro Economy, Statistics & Public Finance Management (forecasting and economic planning, public investment, national statistical systems); Trade and Private Sector (regional economic integration, international trade facilitation, SME Development, industrial development policy); Social Affairs (educational and vocational training, employability, social policies, health planning, culture); Public Sector and Governance (modernization of public administration, decentralization and local development, civil society and democratization); Rural Development (agriculture and agribusiness, food security, land management); Transport, Energy & Environment (transport infrastructure, natural resources management, environmental management, energy, water and sanitation, climate change) (CESO, 2022).

The company is a reference in the development consultancy sector, for whom the impact and sustainability of public policies are only possible when, alongside partners, they design solutions that last beyond the duration of each project, such as the one conducted to support the Small and medium-sized enterprises (SMEs) of the agriculture sector in São Tomé and Príncipe.

1.1.2 Project in São Tomé and Príncipe

CESO's project in São Tomé and Príncipe - Tailor Made Business Services to SMEs for the Successful Development of Agro-processing Value Chains - was tendered by the United Nations Development Program (UNDP), and aims to address some of the most pressing bottlenecks faced by local SMEs engaged in agro-processing value addition, for the successful development and export of their products. One of the strategic approaches is to develop value chains that are demand-driven, through the identification of - and whenever possible partnering with - leading buyers and distribution networks that are active in highly segmented markets for bio and eco-labeled agricultural products. After assessing the attractiveness of the agriculture products of São Tomé and Príncipe through the demand-driven approach, the consultancy identified some products and value-chains as key for development: namely, (i) pepper, (ii) vanilla, (iii) cocoa and chocolate, (iv) coffee, and (v) coconut (both fresh and oil).

The objective of developing the value-chains is facilitated in CESO's project through two interlinked sets of action: (i) the project aims to support local SMEs to identify export markets (and networks/buyers potentially interested in their agricultural products, and then support them to achieve the required levels of quality and standards required by the end markets), with the underlying objective of increasing the quality of national agribusinesses, the production of high-value crops, their marketing and promote export; and (ii) the project will contribute to addressing some of the most pressing governance impediments to trade by helping to create a more predictable business operating environment in São Tomé and Príncipe, with more robust legal and regulatory frameworks, a reduction of "red tape" to improve ease of doing business, and by encouraging investors to choose São Tomé and Príncipe as a producing market for premium agricultural processed products. In that sense, the objective is to allow SMEs to increase the quality of their agriculture outputs, supporting them to navigate export procedures and requirements while also improving the business environment through the adoption of trade mechanisms and expansion of business development services. Through this paper, students from the Masters program in International Development and Public Policy at Nova School of Business and Economics support CESO and contribute to this project by formulating policy options that may be implemented by the government of São Tomé and Príncipe to support the development of the agriculture sector.

1.2 Background and Problematization

1.2.1 Context of São Tomé and Príncipe

The Republic of São Tomé and Príncipe is an island state located in Equatorial Africa, around 300km off the coast of Gabon and Equatorial Guinea (INE 2018). Its territory of just 960 km² makes it the second smallest country on the African continent (World Bank n.d.), composed of two main islands that are 140km away from each other (WFP 2022). The country's population is around 210,000, of which 95% reside on the island of São Tomé (INE 2018). The average age is 20 years old (INE n.d.), and 61% of the population are under the age of 25 (UN 2022).

Similar to other Small Island Developing States, São Tomé and Príncipe experiences challenges due to its size and insularity, making it susceptible to shocks and hampering economic stability (World Bank n.d.). Its remote location, insularity, and limited land and labor hinder economic diversification, increase reliance on imports, and raise export prices. A limited working population further restricts the supply of goods and services necessary to satisfy local and export market demand.

Driven by agriculture, tourism, foreign direct investment, government expenditures and foreign aid, the GDP growth of São Tomé and Príncipe has been decelerating since 2014 and the COVID-19 pandemic has seriously affected its economy (CESO 2021). In 2021 the real GDP of São Tomé and Príncipe stood at $478,2M, and its GDP per capita at $2,144. About one-third of the population lives below the international poverty line, and two-thirds of the population is poor (World Bank, n.d.). Additionally, the economic capacity for social and development investment has been restricted by a continuous decline in tax revenue over the past decade (IMF 2022). Furthermore, the International Monetary Fund (IMF) estimates that the government would need an extra 14% of GDP per year to achieve the human capital and infrastructure SDGs by 2030, for which additional international aid would still be needed (IMF 2022).

In reality, in 2020 official development assistance (ODA) accounted for 19.5% of the country's GDP, an increase of nearly 7.5% compared to 2019 (OECD n.d.). Yet, the Committee for Development Policy of the United Nations scheduled São Tomé and Príncipe's graduation from the Least Developed Countries (LDC) classification for 2024, which indicates progress in all LDC indicators but also foresees a reduction of ODA following graduation (UNCDP 2022).

Nevertheless, the Santomean authorities have maintained their efforts at stabilizing its economy, having kept its inflation rate at a moderate 9,5% in 2021. In terms of social indicators, 2021 saw continuous improvement, as access to basic infrastructure (water and electricity) and education increased (CESO 2022; World Bank n.d.).

The outlook for 2022 seems uncertain. The impact of the war in Ukraine on the global food supply chain will most likely affect São Tomé and Príncipe in a significant manner, where 10% of the population is food insecure. In fact, the country is an important food importer and has one of the highest shares of food items in household expenditure, thus an increase in food costs will have important repercussions on household purchasing power (UN 2022), which further highlights the importance of improving its agriculture sector.

1.2.2 Agriculture in São Tomé and Príncipe

São Tomé and Príncipe is a former Portuguese colony, having gained independence in 1975. After almost five centuries of colonial rule, the Santomean government inherited an economy mostly based on the exportation of cocoa, with an aging base of production and a considerable lack of qualified workforce (Yoso 2009). Following independence, the state nationalized agricultural production, and cocoa remained the main export product (Yoso 2009). Attempts to diversify production failed for a number of reasons, including the poor management of state-owned companies (Yoso 2009). In recent history, the last two decades of the 20th century were marked by the signature of agreements with the FMI and the World Bank, as well as the privatization and redistribution of agricultural land (Santos and Carvalho 2021).

Currently, small and medium enterprises (SMEs) represent the majority of agricultural and agribusiness firms in São Tomé and Príncipe. The main crops in São Tomé and Príncipe are: cocoa, coffee, pepper, palm oil, chocolate, and bananas. Among these products, cocoa, crude palm oil, and chocolate are the ones that are exported the most. Nonetheless, average export commodity and local food product yields in São Tomé and Príncipe are much lower than those in comparable nations (World Bank 2019). FAO reports that the average cocoa production per hectare in São Tomé and Príncipe is just one-fifth of the average for West Africa and one-fourth of the average for small island developing nations. Several factors contribute to this large productivity gap, including: (i) low-quality agricultural research, education, and extension services; and (ii) high and unpredictable costs of agricultural logistics, including high fixed domestic transportation costs and variable international costs (World Bank 2019).

Despite São Tomé and Príncipe's recent growth, exports have become more concentrated. Cocoa output had risen rapidly until 2018, and exports increased at a considerable rate. From 2005 to 2015, São Tomé and Príncipe's exports of cocoa beans increased faster than global exports of cocoa beans, enabling the country to expand its global market share (World Bank 2019). Based on the revealed comparative advantage (RCA) index[1], São Tomé and Príncipe has a strong comparative advantage in cocoa beans, with RCA indices for 2005 and 2015 above 1,800. In 2005 and 2015, São Tomé and Príncipe also had a RCA in coconuts, dried fruits, prepared cocoa, and coffee (World Bank 2019).

Furthermore, according to the World Bank (2019), multiple sources of risk to the agricultural sector must be addressed by public policy. The main areas that call for action are: (i) poor agricultural logistics; (ii) a lack of agricultural trade promotion; (iii) the lack of a unified agricultural policy; (iv) the lack of information and data to guide public policy and de-risk private investment; (v) uncertain property rights and land tenure insecurity, as described in earlier sections; and (vi) the lack of adequate agricultural innovation support, including research, education, and technical assistance (World Bank, 2019).

1.2.3 Openness to Foreign Markets

As previously mentioned, international trade has relevant weight in the economic activity of São Tomé and Príncipe as a whole. However, it has been losing weight in the country's economic activity in recent years, as its trade-to-GDP ratio decreased from 54.4% in 2013 to 37.5% in 2019. The trade balance of São Tomé and Príncipe is in high deficit, although it improved by 2.2% between 2020 and 2021 (INE 2021). In 2019, exports from São

[1] RCA is based on Ricardian trade theory, which postulates that trade patterns are regulated by nations' relative difference in productivity. An RCA metric can be calculated using trade data to reveal productivity differences, and a country is said to have a revealed comparative advantage in a given product when its ratio of exports of the specific product to its total exports of all products exceeds the same ratio for the world as a whole (UNCTAD n.d.).

Tomé and Príncipe reached a total value of USD 9.71 million (World Bank n.d). Among the exported products, cocoa stands out, with a relative weight of 71% in total exports, and palm oil, with a relative weight of 5.4% in total exports (World Bank n.d). The main destination for exports from São Tomé and Príncipe is the European Union, with a relative weight of 85.6% in total exports, whereas the Benelux market stands out, with a relative weight of 68.8% in total exports (World Bank n.d). The other target markets have residual relative weights (CESO 2021).

Total exports have increased in São Tomé and Príncipe, although "good exports" remain highly concentrated in cocoa exports to the EU (Signore 2019). Export trends tended to sustain this dependence, despite the comparative advantage of other crops such as coconuts, dried foods, and seafood (Signore 2019).

Moreover, the country remains highly dependent on imports, although it saw a decrease of 5.3% between 2020 and 2021 (INE 2021). Products imported the most are petroleum, rice, stamped paper (banknotes), and wheat, which originate from different regions, with Portugal, Angola, China, and Nigeria being the most relevant (WITS n.d.).

However, structural limitations, such as the country's island status, remote position, and distance from shipping centers, severely impede the country's connectivity. São Tomé and Príncipe is dependent on connections to a single nation, Angola, because the maritime transportation sector lacks economies of scale and the European Union's security accreditation of exports (World Bank 2019). In fact, trade costs in São Tomé and Príncipe are high even when compared to those of other Small Islands Developing States (World Bank 2019).

In addition to remoteness, maritime and air transport connectivity and logistics performance are other reasons for the high costs of trade in São Tomé and Príncipe (World Bank, 2019). The country has low performance in both the Liner Shipping Connectivity

Index (LSCI) and the Air Connectivity Index (ACI). Regarding the first, only three small developing island states fare worse than São Tomé and Príncipe, whereas Mauritius and Cape Verde score five and twice higher, respectively (World Bank 2019). As for the ACI, São Tomé and Príncipe ranks 148th out of 154 countries (World Bank, 2019). Thus, both air and maritime trade connectivity present a major constraint on the development of the private sector.

Furthermore, unlike many Small Islands Developing States, São Tomé and Príncipe has no free-trade agreements (World Bank, 2019). In addition, São Tomé and Príncipe, and Comoros are the only two that are not WTO members, despite the country's expressed interest in joining in 2005 (World Bank, 2019).

1.2.4 Institutions and policies supporting the agro-industry of São Tomé and Príncipe

In São Tomé and Príncipe, there are different government institutions responsible for agro-industry development. According to the qualitative research conducted by this work, the main entity is the Ministry of Agriculture, Fisheries and Rural Development, which coordinates, monitors, and regulates the whole process of planning, implementation, and follow-up of public policies within this scope, always intending to maximize producers' earnings. The institution also plays a role in food security and the safety of implemented projects. Another relevant institution for the creating the conditions to increase exports is the Ministry of Tourism, Culture, Commerce, and Industry. The Ministry's purpose is the promotion of economic growth through international trade, tourism, and industrial improvement.

The São Tomé and Príncipe's Agronomic Research and Technology Center (Centro de Investigação Agronômica e Tecnológica, CIAT) also plays a role in the industry, as it is responsible for providing farmers with public subsidies to stimulate the use of agricultural technology (World Bank 2019). However, the center's initiatives are restricted by its low budget and manpower. Currently, CIAT concentrates on creating agronomic expertise and investing in institutional improvement, whereas agricultural research and extension services are delivered mostly through donor-funded initiatives with an emphasis on family farming (World Bank 2019). There is no involvement of the private sector in establishing priorities for agriculture innovation investment or capacity building (World Bank 2019).

Finally, another key body for agribusiness is the Agency for the Promotion of Commerce and Investment (APCI). According to the qualitative research conducted, the purpose of APCI is to promote, facilitate, and monitor national and international private investment, as well as the export of goods and services in all sectors of the national economy, following national legislation and regulations, and government guidelines. The agency has three main purposes: guarantee assistance for import-export businesses in São Tomé and Príncipe, provide government decision-makers with the required information and resources, and facilitate the opening of the São Tomé and Príncipe market to foreign direct investment. One of APCI's initiatives is the *"Balcão Único de Investimentos"* (single window for trade), which supports foreign investors, importing and exporting companies. However, the agency fails to support São Tomé and Príncipe's products in export markets or assist agribusinesses in overcoming export challenges or exploiting new opportunities (World Bank 2019).

In addition to governmental institutions, a number of intergovernmental and non-governmental institutions operate in São Tomé and Príncipe. In the field of agriculture, agribusiness, and/or export promotion, these initiatives include: six agriculture investment projects by the International Fund for Agricultural Development (IFAD

2019); three projects directly promoted by the Food and Agriculture Organization (FAO), as well as support and financing to a number of government initiatives, including the transition to blue economy (FAO n.d.). The African Development Bank (AFDB) supports São Tomé and Príncipe's economic development through policy discussion, economic sector work, and grants and loans (AFDB n.d). This support has as its first pillar support to agriculture value chains (AFDB n.d). Furthermore, Instituto Marquês Valle de Flôr, the main NGO operating in São Tomé and Príncipe, has ongoing project support for the export-driven agriculture value chains, amongst others (IMVF 2021).

Notwithstanding, according to the World Bank (2019) São Tomé and Príncipe remains unsuccessful in promoting its agriculture business worldwide, especially when compared to other nations with export-oriented agriculture industries. The absence of free trade agreements and WTO membership is one of the obstacles to this promotion. In addition, not enough is spent on advertising their products internationally, finding new markets, and controlling the risk of tariff and nontariff barrier adjustments in existing export markets (World Bank 2019).

Moreover, policy in São Tomé and Príncipe has mostly prioritized hard infrastructure, such as rehabilitating and expanding the rural road network and enhancing irrigation systems, as opposed to agricultural logistics, including port and airport services, warehousing, cold storage, safety standards for transport and storage (World Bank, 2019). Meanwhile, the government's agricultural R&D and education initiatives focus on specific value chains and areas, sometimes lacking coordination and relying on aid supply (World Bank 2019). Finally, the lack of statistics and updated data affect investor decisions by increasing uncertainty, whilst also preventing impact evaluation of public policies (World Bank 2019).

1.3 Problem Discussion

According to theory, there are two motivations for government involvement in the economy. The first one is the existence of market failures, a problem that causes the market economy to deliver an outcome that does not maximize efficiency and the second one is redistribution. Sometimes, government intervention is justified by an unequal redistribution of resources, with the role of the government being the shift of resources from some groups in society to others (Gruber, 2009).

This work applies a Strength, Weakness, Opportunities, and Threats (S.W.O.T) analysis to support the rationale and reasoning for recommending interventions to São Tomé and Príncipe's government. A S.W.O.T analysis of 3 areas is presented below, which are grouped into Insularity, Structural and Sectoral according to the determining characteristics of business development. Those have long been identified in many documents analyzing the problems of São Tomé and its relationship with the production and sale of goods, some food, and others non-food.

	Weaknesses / Threats	Strengths/Opportunities
Insularity	- Difficulty in transporting goods - Dependence on imports of packaging, equipment, machinery - Dependence on tourism (uncontrollable factor e.g Covid)	- Single zone and potentially exploited as "unique" - Foods more easily of "biological" and sustainable origin - Tourism is a revenue driver with great potential`
Structural	- Roads in poor condition and areas of difficult access - Absence of logistical support for companies (port and airport)	- For higher-value products and without transport temperature requirements, the boat solution is competitive. - Agricultural exports exempted from custom fees

	- Lack of freight flights and deep water port = high costs - High electricity costs + recurrent lack of supply of electricity - Lack of water in many places, compromising food safety, etc - Complex organization of export processes feed - Needs for equipment and staff training for some tasks	- Increase in food diversity in domestic trade, decreasing food imports. - With the increase in the export of high-value products, it is possible to increase the air export cargo with the carrier TAP or others.
Sectoral	- Weak organization and integration of public measures at the ministries' level to support agribusiness entrepreneurs - Weak relevance of value chains, unstructured and not strong - Lack of financial support and credit to companies - Absence of a single organization of food entrepreneurs - Food Program is not consistent with food sector support policies - Unclear rules regarding the formal and informal market	- Government plan to place São Tomé as an organic production country - Agribusiness entrepreneurs are resilient to all the difficulties they go through making them more robust in case of support - Entrepreneurs can provide public canteens and cafeterias as a preference for location and cooler (public purchases) - Several NGOs, Institutions, Entities, and Civil Community organized and working for the development of the country, which should constitute a division of efforts.

Source: CESO, 2022

Thus, the SWOT analysis identifies many aspects that seem to justify government intervention and policy initiatives to promote the growth and exports of SMEs. There are the market failures, such as inadequate public goods provision (e.g. ports, airports, roads, water, electricity), imperfect information (i.e. SMEs lack the knowledge to grow and export products), and externalities (e.g. knowledge spillovers and network externalities). There are also government failures, such as weak organization and integration of public measures at the ministries' level to support agribusiness entrepreneurs or unclear rules regarding the formal and informal market. Finally, the government of São Tomé and

Príncipe can also intervene to promote economic growth. In fact, São Tomé and Príncipe has great potential in developing a unique offering and feasible exporting opportunities. The government ought to find solutions to help smallholder farmers and processors that lack financial support and know-how to get the help they need to grow.

2. Literature and Theoretical Review

To support the analysis of the context of São Tomé and Príncipe, and better grasp the issues addressed by the policy benchmark, this work will briefly discuss the main literature and theoretical aspects relevant to this work in this chapter, namely those concerning (i) Small Islands Developing States; (ii) Inclusive Growth in Agriculture; (iii) Growth Opportunities from Exports; and (iv) Government Support of Small Islands Developing States.

2.1 Small Island Developing States

Small Island Developing States (SIDS) is a technical and political term that identifies countries that face specific and increasing challenges due to their geographic characteristics, remoteness, high vulnerability to natural disasters, climate change, and global economic shocks, as well as low or uncertain domestic income and dependence on tourism and remittances (Herbert 2019; OECD 2022). The unique issue faced by island developing countries was first formally discussed inside the United Nations during UNCTAD III in 1972, when the focus of attention was the disadvantages associated with insularity and remoteness (Briguglio 1995). Further, the "special case for sustainable development" of SIDS was acknowledged at the 1992 United Nations Conference on

Environment and Development and reaffirmed in the subsequent United Nations Global Conferences on SIDS.

However, despite this special attention by intergovernmental organizations, there is still no United Nations officially recognized SIDS category. The absence of a special category has led to the co-existence of a number of unofficial lists, most of which are based on self-selection (Alonso et. al. 2014). Thus, SIDS remain a highly heterogeneous group, with widely differing and context-specific challenges and opportunities (Herbert 2019).

Despite these differences, the literature has indicated a set of characteristics that pose common development challenges to SIDS. Most of these relate to their small populations and territories, dispersed demographic distribution, as well as remote locations from markets, typical indicators of economic vulnerability (Alonso et. al. 2014). Moreover, SIDS tend to concentrate on a restricted number of sectors, sustaining narrow economic bases, that are often highly reliant on exports and remittances, which makes them more vulnerable to economic shocks (OECD 2018). The OECD also predicts that SIDS represent two-thirds of the States that have the highest relative losses (between 1% and 9% of their GDP each year) as a consequence of natural disasters, as well as being amongst the most vulnerable to climate change effects (OECD 2022).

It has been argued that the small size of SIDS presents a multitude of challenges. To measure country size, and thus classify it as ‘small’, population size is the most frequent proxy used (Alonso et. al. 2014). Additional measurements may include the share of global trade land area, and volume of economic activity (Briguglio 2018), or a combination of multiple criteria (population, land area, and income) as seen in Crowards

(2002). Considering all these measures, research[2] has long identified a variety of economically adverse characteristics that result from small size. The first of these limitations is the small size of the domestic market, which makes them highly reliant on exports, coupled with little diversification as a result of area constraints, and export concentration on a small number of markets (Armstrong and Read 2002). Additionally, there is a limitation regarding economies of scale, which leads to *"high per unit costs of production, high costs of infrastructural construction and utilization per capita, high per unit costs of training specialized manpower, and a high degree of dependence on imported technologies, since small size inhibits the development of endogenous technology"* (Briguglio 1995, 1616). Moreover, small states typically suffer from limited natural resources in their territories, thus promoting a high dependency on imports (Briguglio 1995).

Apart from the challenges of a small state, SIDS also face the constraints typically linked to being an island. Their insularity and remoteness may give rise to issues related to transport and communication, including high per unit transport costs (Briguglio 1995), as well as other transport-related problems such as unreliability, increased stockholding, and dependency on neighboring states for transport links to external markets (Armstrong and Read 2002). These factors would lead to a higher trading cost, which in turn limit their competitiveness, and the potential to integrate global value chains (OECD 2018). Being an archipelago may pose further obstacles, which include extra within-state transport costs, weaker social cohesion, and domestic market fragmentation.

Some empirical evidence has contested that such characteristics would put SIDS in a natural disadvantaged position. Easterly and Kraay (2000) find that small states seem to

[2] These include research on small states, and very small states or "micro-states", both of which apply to the case of São Tomé and Príncipe.

have higher GDP per capita when controlling for location and that their greater volatility in terms of trade shocks has, as a consequence of their openness, a positive net payoff for growth. Armstrong and Read (2006) demonstrate from the characteristics examined, that those that seem to negatively impact economic performance (based on GNI per capita) are the distance to global markets, being landlocked, and not necessarily smallness or insularity. Finally, Srinivasan (1986) demonstrates that for small states real incomes are higher than for other developing countries, measured by standard exchange-rate conversions.

Nevertheless, most academic research continues to support the notion that small island developing states are more economically vulnerable than other developing countries due to their structural disadvantages (Adrianto and Matsuda 2004; Briguglio 2003; Guillaumont 2009, 2010; Van Der Velde et al. 2007). In addition, several efforts by the international community and intergovernmental organizations have highlighted the importance of creating particular strategies and activities to support sustainable development in SIDS (OECD 2018; World Bank 2016; UNCTAD 2022).

2.2 Inclusive Growth in Agriculture

Inclusive growth fosters sustainable development by offering opportunities for everyone and safeguarding the most vulnerable (Kanu at. al 2014). Different definitions of inclusive growth exist, however it may be summarized as growth that (1) lifts large numbers of people out of poverty (Ianchovichina and Lundstrom 2009), (2) includes a large share of the country's labor force in the economy (Ianchovichina and Lundstrom 2009), (3) fairly distributes the "growth dividend" resulting in improvements in living standards and quality of life (OECD 2016), and (4) strengthens social cohesion (AfDB 2012).

In the literature, inclusive growth is seen as more concerned with the outcomes of growth (shared benefits) than with the economic output itself (van Niekerk 2020). Therefore, inclusive growth involves accelerating economic growth and expanding the economy while incorporating equity and the well-being of the poorest, with poverty considered both in absolute and relative terms (poverty reduction and inequality reduction, respectively) (Ianchovichina and Lundstrom 2009; Klasen 2010).

Agriculture and associated activities are the basis for socioeconomic growth, particularly in Africa, where agriculture is the most significant economic sector in the majority of non-oil exporting countries (Akuriba et al 2021; Kanu at. al 2014). Consequently, agricultural expansion plays an essential role in achieving inclusive growth and sustainable development. By expanding possibilities for disadvantaged and marginalized populations, agriculture might enhance employment, earnings, and living standards (Kanu at. al 2014).

Several empirical studies examine agriculture's role in inclusive growth. Irz et al. (2001) used cross-country data to find that agriculture in rural Ethiopia reduced poverty. Similarly, Ligon and Sadoulet (2007) found that a 1% boost in agriculture-related GDP causes a 6% increase in spending growth for the poorest decile, whilst non-agricultural income growth favors the highest spending deciles but not the poorest 30% of families. In contrast, Besley, Burgess, and Esteve-Volart (2013) found that agriculture had little part in India's poverty reduction efforts.

Finally, Oboh and Adeleke (2016) examined key strategies for realizing inclusive agricultural growth in Nigeria and found that despite the sector's ability to foster broad-based development, factors such as inadequate agricultural productivity, low access to agricultural inputs, declining public investment in agriculture, and policy instability remain constraints to inclusive growth. Akuriba, Alhassan, and Akudugu (2021) suggest that for agribusiness growth to foster socioeconomic change in Africa, comprehensive, inward-looking policy instruments are needed to stimulate investments and remove agro-industrialization barriers. The authors suggest that the correct mix of agricultural, industrial, and trade policies is crucial for inclusive growth and poverty reduction. Thus, even though agriculture-driven growth is viewed as a key driver of sustainable development, it will not achieve its desired results unless policies are in place to promote this progress among the most vulnerable segments of society.

2.3 Growth Opportunities from Export

As previously mentioned, small developing island states (SIDS) suffer from features due to their small size, and insularity that generally impair growth. These characteristics, including the small size of the domestic market, limited area, and dependence on imports explain why SIDS tend to be very open economies that need to be fully integrated into the global economy to achieve growth. Thus, most small states (including SIDS) are amongst the most open trade regimes in the world.

In general, most empirical results point that trade openness and exports are positively and significantly associated with economic growth (Fischer 1992; Barro 2003; Burnside and Dollar 2000; Chen and Feng 2000; Radelet, Sachs, and Whang-Lee 2001; Chang and Mendy 2012; Anyanwu 2014). Specifically for SIDS, export demands play a major role in driving demand, and its integration with the domestic economy is a determinant of development (Kemp-Benedict et. al. 2018).

However, as previously noted, such openness tends to make SIDS highly vulnerable to economic shocks, which have been even more evident after recent economic shocks. McIntyre and others (2018) analyze the economic performance of 34 small states and demonstrate that those which have more diversified economies experienced lower output volatility and higher average growth. Nevertheless, SIDS' characteristics still mean that their products are less competitive in the global market, even where there is a comparative advantage. For this reason, it is very hard for producers to access mass markets, whilst niche-markets arise as an opportunity (Punnet and Morison 2006). Thus, investing in policies that promote exports, trade openness, diversification, and investing in the differentiation of products appears to be a viable strategy for small developing states to achieve economic growth.

2.4 Government Support of SMEs

It is implied that small and medium enterprises (SMEs) participation in supply chains is at a disadvantage compared to that of larger firms. Based on Ting's (2004) examination of Malaysian SMEs, it is possible to highlight five significant issue areas that require attention when it comes to supporting SMEs, namely: a lack of access to capital, limitations on human resources, a limited or non-existent capacity to embrace technology, a lack of knowledge on possible markets and clients, and global competition. Ting also suggested that there is a considerable risk of extinction for small and medium-sized enterprises (SMEs) if they do not raise their competitiveness in the current, fast-changing globalization-driven environment. Given these obstacles, the likelihood of SMEs joining supply chains (as direct exporters, indirect exporters, or international investors) is lower than that of large businesses (UNCTAD 2010).

Hence, to increase the competitiveness of SMEs, it is necessary to provide conducive legal, regulatory, and administrative frameworks, as well as access to capital and capable institutional structures, and, most crucially, human capital and a sustainable environment. Improving the investment climate for SMEs and increasing their capacity to respond to trade and investment possibilities do improve the economic performance of SMEs, which has a beneficial effect on economic development and poverty reduction (OECD 2004).

These include the role of the government in facilitating, as opposed to over-regulating, SME operations; the necessity of including SMEs in the formulation of policies affecting them; the significance of market-oriented support services; the significance of subsidization, with a particular emphasis on subsidizing demand as opposed to supply; and the importance of organizational independence when State-sponsored advisory services are required (UNDP 1999).

3. Methodological Considerations[3]

3.1. Research Approach

In general terms, this research aims to benchmark and identify the best practices and policies that support the development of small and medium enterprises from the agriculture sector for exportation, with an emphasis on inclusive growth. To assess the context of Small Island Developing States, especially the scenario of São Tomé and Príncipe, the first efforts were directed to (i) understand the challenges and opportunities of SIDS, in general, and (ii) comprehend the specificities of São Tomé and Príncipe, and its main obstacles towards sustainable growth. Both tasks were conducted with the support of robust qualitative research, especially those prepared by International Organizations, such as the World Bank, and internal intelligence documents from the

[3] This work was originally developed as a group project. Individual contributions were separated for publication, which may lead to some missing sections. All group work, including the overall conclusion can be found in the present document. Further individual sections are published separately under the same title.

partner organization, CESO Development Consultants, which had already conducted an extensive diagnosis of the sector's context within the country's framework. Qualitative interviews with stakeholders were also conducted. After assessing the diagnosis and identifying development obstacles, some challenges that are supposed to be addressed by public policies arose: namely, (i) difficulties for SMEs organization; (ii) difficulties of access to raw materials; (iii) uncertainties and complexities of access to land; (iv) insufficient access to capital and financial products, including insurance; (v) insufficient regulation concerning standards and certification schemes; (vi) difficulties of access to distribution channels; (vii) insufficient access to technology and innovation; (viii) inhibited trade environment and organization; (ix) debilitated infrastructure; (x) unfit economic diplomacy; and (xi) debilitated state capacity (especially concerning data availability).

The following stage was centered on literature review: this work briefly summarizes findings concerning SIDS, inclusive growth in agriculture, growth opportunities from export, and government support of SMEs. After appreciating these first findings, and better grasp the main elements to be comprehended by the benchmark, this work then dwelled on data collection: namely, the design of the interview of stakeholders, alongside their identification, and the benchmark options, which are further discussed in the next section.

After interviewing stakeholders and improving the robustness of the diagnosis, and after collecting data from the benchmarked countries (further discussed in the next session), the work then identified the main policy options to tackle the challenges faced by São Tomé and Príncipe and its agricultural sector. Following the identification, alongside sorting common efforts of Small Island Developing States, this work investigated which policy options were supported by evidence, with a special interest in those supported by quantitative papers. However, given the specificities of the context of SIDS, finding quantitative papers that evaluated policies in their context proved to be a challenge. Thus, and considering the relevance of recommendations supported by evidence, this work supported the policy options by identifying quantitative impact evaluations from countries that are not Small Islands Developing States, and robust qualitative papers on both SIDS and non-SIDs.

Finally, after assessing the evidence of the policy options, and after identifying the best practices and cases of impact, this work recommended a set of policies to the government of São Tomé and Príncipe, which are settled considering the specificities, challenges, and existing structures of São Tomé and Príncipe.

3.2. Interview Design

This work designed qualitative interview guides to engage with the identified stakeholders. The interview guide consists of open questions that aim to better grasp the reality of São Tomé and Príncipe, especially in terms of the roles and relevance of the main actors, their perceptions of challenges and opportunities, and of the possible public policies to support the agriculture sector. The stakeholders were divided into cluster groups of: (i) government organizations, (ii) private sector (SMEs and non-SMEs), (iii) cooperatives, and (iv) NGOs.

Within the (i) government organizations, the Ministry of Agriculture, Fishery and Rural Development, and the Ministry of Commerce, industry, and Tourism were interviewed. Within the Ministry of Agriculture, the coordinator of COMPRAN, a project focused on commercialization in São Tomé and Príncipe was also interviewed. Additionally, the testimony of the Agency for Commerce and Investment Promotion (APCI) was collected. In the (ii) private sector, the interviewed company was Valudo, a private actor that exports coconut oil from São Tomé and Príncipe. Within the (iii) cooperatives, this work gathered the testimony of CEPIBA, the cooperative of biologic peppers' exportation, and, within the (iv) NGOs, Instituto Marquês de Valle Flor, and ALISEI, relevant NGOs that act on the development of the agriculture sector, were interviewed.

The interviews were conducted remotely by the group members via video calls, recorded with the authorization of the interviewees, and not covered by confidentiality. The individual interview summaries can be found in Annex 1. The gathered insights will be discussed in chapter 4: Interview Analysis.

3.3. Policy Benchmark

To identify policy options that support the development of the agriculture sector, the benchmark approach is a relevant tool to pinpoint best practices. As previously discussed, this was conducted to leverage possible policy options to be recommended to São Tomé and Príncipe's government.

To support the inclusive growth of the agriculture sector, CESO Development Consultants identified key agriculture products that are an opportunity for São Tomé and Príncipe: namely, coconut (fresh and oil), pepper, vanilla, cocoa/chocolate, and coffee. Considering that insight, the choice of countries to be benchmarked was supported by two elements: (i) of being, like São Tomé and Príncipe, a SIDS, considered thus a peer country; and (ii) of performance of exportation of those key agriculture products, which were assessed by their correspondent CAGR between 2017 and 2021 (5 years). The first criterion was established to guarantee a certain level of groundedness to the research, and a certain level of similarity to the challenges faced by the sector of the benchmarked countries and São Tomé and Príncipe. The second criterion was established to sort out, from the list of SIDS provided by the United Nations, which ones seem to have better developed the agriculture sector through public policies. To identify those countries, this work relied on the data provided by the website Trade Map, which consolidates data on international trade of multiple products. After identifying the SIDS that have performed well in key products exportation in the years of reference, this work chose three from the analysis: Fiji (which increased exportation on 5 of the key products: coffee in 82,1%, coconut oil in 33,2%, fresh coconut in 21,1%, pepper in 5,9%, and chocolate in 1,1%), Dominican Republic (which increased exportation on 5 of the key products: coconut oil in 63%, pepper in 38%, coffee in 8,6%, and cocoa and chocolate, in 4,8% and 1%, respectively) and Mauritius (which increased exportation in 2 of the key products: coffee in 31,4% and pepper in 15,8%). Even though none of those countries showed an increase in the exportation of vanilla, this work understands that agriculture policies are mostly transversal, and supports multiple key products at once, with very few evidence-based policies directed to back out the improvement of a specific agriculture product. Likewise, given the challenges faced by this work to identify quantitative impact evaluation papers of policies implemented in SIDS, finding quantitative papers that support a specific agriculture product was considered not feasible, which reinforces the approach of choosing countries that performed well in exportations of more than one product. Thus, the criteria are expected to improve the quality of the benchmark choice, the robustness of the findings, and the feasibility of the main insights.

After identifying the countries to be benchmarked, this work came across the challenge of identifying the policies in a structured and academically robust manner. Considering that, the chosen methodology was to make use of the SIDS governments' planned agenda and, whenever possible, identify if the intervention indeed took place. This was done to guarantee the collection of reliable and public information, which is expected to improve the quality of the work.

4. Interview Analysis

The interviews covered a wide range of topics that allowed for the gathering of information on how these different actors operate across the value chain. They provide a clearer picture of the main constraints and challenges faced by these stakeholders. Amongst the common themes covered in all interviews were the existence and effectiveness of government support to farmers and agricultural products exports, which include access to materials, provision of infrastructure, investment in labor skills, access to information, development of cooperatives, and organization of trade policies.

Regarding the perception of the public sector, the Ministry of Agriculture clarified that there were a number of strategies developed in São Tomé and Príncipe since 2000. An agriculture policy strategy was developed between 2000 and 2004 and improved in 2007. However, implementation appears to have not followed through, and public stakeholders seem to be unable to pinpoint the reasons.

Regardless, one additional important step is being undertaken since 2013 with the development of a national strategy of agricultural investment and food security (PRIASA - *Projecto de Reabilitação de Infraestruturas de Apoio a Segurança Alimentar*) as part of an initiative from the African Development Bank. Nevertheless, its implementation has also faced many challenges, since it is mostly dependent on external financing. It was pointed out that the fact that these policies are developed externally and by multiple organizations makes their implementation challenging, since they require large coordination efforts to be effective, and projects and organizations many times pursue different objectives. Moreover, the fact that most of these programs are applied as *pilots*, with a limited number of beneficiaries, makes them less comprehensive and effective.

Meanwhile, regarding the work of the Ministry of Commerce, it was stated that the ministry is working on a regional plan that will define the strategic axes of the development of commerce. The stakeholder clarified that, even though there are multiple initiatives to join international trade organizations, such as the WTO, most of them fail because of a lack of resources, with the country being unable to fulfill requirements and pay the correspondent quotas. The lack of resources, which include both lack of financial sustainability and expertise in procedures, was pointed out as the main element that prevents the government from accessing those organizations and, thus, having facilitated access to international markets. However, it was also stated that acquiring membership has been considered a priority, though no new measures are being undertaken.

Apart from the lack of resources and access to international trade organizations, the public stakeholders also identified the lack of coordination between the actors as a major challenge to overcome. Even though the Ministries of Agriculture and Commerce comprehend substantially different scopes and activities, coordination between the government (both within and outside the public structure) and private actors is of pivotal importance. Only by working together towards the objective, of proposing holistic policies, can the government efficiently support the agriculture sector and exportation. Considering this, the Ministry of Commerce is proposing, as a priority of its agenda, to structure a National Trade Negotiation Commission, which would be translated into the meeting and alignment of relevant stakeholders in agricultural value-chains. According to the stakeholders, this Commission is also essential to fulfil the requirements of the WTO and the African Free Trade Zone.

Despite those government failures, through the interviews, this work also identified successful initiatives: namely, the provision of the one-stop-shop (called "guiché único"), which facilitates business registration and tackles issues of red tape. These one-stop-shops allow farmers to register their business without needing to go through multiple departments and procedures, which could be considered complex and, thus, costly. The government implemented this structure to incentivize registration and formalization of business and refrained from providing additional services.

Likewise, another one-stop-shop is provided by the Customs department, which is supposed to provide information and procedures on trade. In fact, one of the stakeholders identified the issue of lack of knowledge of international markets as one of the main obstacles to the development of the export sector since a relevant part of producers is not able to assess requirements and procedures to access foreign markets. However, the public stakeholders stated that the implementation rate of this specific initiative is considered low and that the structure does not yet provide services as planned, with political discontinuity being pinpointed as the main root.

The existence of two different one-stop-shops, with disconnected services, can be perceived as an analogy of the level of misalignment of public policies, given that it is highly likely that joining those services and providing a holistic perspective on business to small and medium enterprises could be more efficient, especially considering the Governments' intention on overcoming red tape and facilitating processes. However, according to the stakeholder, unifying the system is considered an attractive option to move forward with the agenda of developing the agriculture sector towards exports.

Notwithstanding the misalignment, positively, the Ministry of Commerce and Trade stated that the government's agenda will be further directed to placing support to SMEs at its core:

> *The top priority is that this direction moves from being only for trade to grasp the issues of small and medium-sized companies - this because they are the ones who make the exports. Products for the niches we know. Now, we should promote companies. It should also be a direction that focuses on consumer protection, as well as competition. It would no longer be a general Direction of Commerce, but one that supports domestic trade, consumer protection, and competition. All of this while fostering small and medium-sized enterprises.*

However, when questioned about the specific initiatives directed to SME’s support, the stakeholder explained that there is not much being done: the initiatives are limited either to COMPRAN or to the APCI level. COMPRAN is a project directed at the support of commercialization and agricultural productivity. For this purpose, it structured two main programs: financing of micro-projects that aim to improve the quality of life of São Tomé and Príncipe citizens, with multiple initiatives directed to the improvement of the export sector, and support for bio and fair trade certification schemes, considered pivotal to improve exportation prospects, though a requirement to the provision of this service is of minimum quantity, which poses as a challenge for individual farmers and small business.

Recently, the project has also been funding the participation of producers in international trade fairs, which can be considered a complimentary service to the support of certification schemes, and also support the penetration of foreign markets by providing services of commercial prospection. Furthermore, it was stated by the interviewees that

COMPRAN played a crucial role in the creation of cooperatives that still exist today, which is considered until this day one of their main successful projects

The other organization that provides support to Small and Medium Enterprises is the APCI, the Agency for the Promotion of Commerce and Investment in São Tomé. According to its statutes, its mission is the promotion, facilitation, and monitoring of private investment and the export of goods and services in all sectors of the national economy. Currently, the agency has been focusing on attributing credits, specifically for agribusiness projects (production and processing of cocoa, vanilla, soy, and chocolate), and to SMEs directly.

However, alongside those isolated efforts, there are no financial (more specifically, tax) incentives that support SMEs. Currently, even the smallest of businesses must pay a tax rate, considered “minimal” by the government, while bigger players, with higher revenues, count on tax incentives. This means that the tax system of businesses in São Tomé and Príncipe can be considered regressive, which entails equity concerns and might pose a systemic challenge to be addressed by the government.

Other stakeholders, such as NGOs and cooperatives, pinpointed the “flawed” tax system as one of the biggest elements that impede the development of Small and Medium enterprises, and the agriculture sector. Even though the tax is of small value, in relative terms, it may pose a barrier to the development of the private sector, given the small revenues of most businesses and the relatively high weight of tax obligations. Withal, payment of taxes of Land usufruct was also identified as a challenge towards development by both the cooperatives and NGOs interviewed.

Furthermore, since one relevant aspect in adding value to agriproducts and making them more competitive in the international market is considered ensuring biological and fair-trade certifications, and as it is one of the main concerns of both companies and cooperatives interviewed, supporting schemes is a priority according to members of the Ministry of Agriculture. Given the space and land constraints of São Tomé and Príncipe, the interviewees in both public and private sectors agreed that economies of scale are not a viable strategy to promote agriculture products exports, which in turn pinpoints the importance of differentiating products by certifying their quality, process, and origins.

Thus, one important element that was highlighted by all stakeholders is the role of cooperatives in supporting the development of the agriculture sector and enabling market opening to exports. The Government incentivized and enabled the creation of cooperatives between 1996 and 2004, with a number of programs in partnership with FAO and IFDA that provided cooperatives with the necessary financial means and material support (such as buildings for headquarters) to develop their activity. The regulation, however, is now considered outdated, with room for improvement, especially concerning incentives to join the organization, support for certification schemes, and access to agriculture and financial inputs.

Cooperatives play a key role in São Tomé and Príncipe: by acting on the provision of multiple services to farmers that are members, including training and support on certification schemes; by providing access to agriculture inputs and even financial products; and by merging small farmers products quantities to access markets that require a minimum scale. Even though not all cooperatives provide the same range of services, with some being broader than others, the centrality of these stakeholders in the support of the development of the agriculture sector was considered of the highest level by most of the stakeholders interviewed, and other stakeholders, such as government and NGOs, rely on their existence to coordinate small and medium enterprises towards the objective of maturing and professionalizing the agriculture sector.

There is, however, an issue of ownership and affiliation: as some cooperatives projects were undertaken by international cooperation programs, the top-down approach prevented the perception of it as a community-oriented organization, which distanced farmers from engaging and participating in its development. Likewise, most cooperatives require payment of a quota or the fulfillment of organic preconditions, which entails costs to prospective members, and consequently turns enrollment less appealing as farmers are not always conscious of the importance of the services that will be provided to them by the organization, and of the long-lasting opportunities that are expected to unfold after a period of enrollment, such as an increase in value-added of products and access to external markets.

Furthermore, from the side of the cooperatives, the low level of adherence and community engagement entails a shortage of resources to carry out their activities. Thus, support of the government and international organizations on funding is perceived as essential to its existence, and its withdrawal as a challenge for its economic sustainability while a maturity stage is not yet achieved. Interviewees recognized that CEPIBA, the pepper cooperative, has suffered because project salaries and production volume could not keep up with its operational costs and that when IFDA stopped financing its activities, the cooperative was unable to adapt to this new context. Despite that, stakeholders from the third sector considered that pulling back funding is of fundamental importance to push cooperatives to further professionalize and develop their strategies for leveraging resources.

Regarding private sector development, cooperatives and businesses consider that finding buyers and promoting their products to external markets is one of the main challenges. Participation in international fairs for biological products was seen by the parties as one promising mechanism to promote their products. This element further enhances the centrality of the cooperatives in the context of the agriculture sector development in São Tomé and Príncipe. However, the presence of producers at these fairs has also recently started being funded by both the government and international organizations, though producers are expected to take initiative to apply for this specific support.

Moreover, the lack of information regarding the administrative processes and bureaucracy of exports was yet another constraint that the company faced in the early stages, regardless of the efforts of the government on providing an integrated service to overcome red tape and facilitate both registration and information. Concerning that matter, one of the SMEs interviewed asserted that the business structured a specific team dedicated only to dealing with these steps. Considering that the business environment in São Tomé and Príncipe is yet extensively informal, it is assumed that most of the small and medium enterprises do not have the resources to attain this type of structure, and, even though cooperative association might be presented as an alternative to facilitate synergic activities and resources, for another interviewee, this intelligence represents one of the current difficulties to them, as a result of the lack of manpower, namely of skills and people.

Yet another constraint relates to a total lack of control over who has titles to land, which entails uncertainty concerning property rights, and poses a challenge for both activities, investment, and even access to financial products. Furthermore, the absence of a census on plot size was considered by the interviewees to be an element that prevents the government from assessing the level of income of farmers, which aggravates the government's capacity to support evidence-based policies.

Regarding other pressing issues, almost all stakeholders mentioned infrastructure constraints (e.g. no deep water port, high costs of transport, lack of warehouse at the airport), the cost of materials, including packaging (especially considering the taxes that are imposed on these products), as one of the challenges faced by the sector.

6. Policy Options

6.1. SME Coordination

As noted in the literature, SMEs play a significant role in development (Hertog 2010). However, they face several barriers in the global environment and are at a disadvantage when partaking in supply chains, particularly when compared to large firms. Therefore, SME cooperation is important, and cooperatives play a significant role in this regard by enhancing efficiency, decreasing transaction costs, expanding revenue opportunities, adding value, and allowing farmers to better their quality of life. The success of a small or medium-sized enterprise (SME) is contingent on its alliances (Zhao 2014) since SME owners benefit from formal networks that help them develop and prosper (Schoonjans, Van Cauwenbergh, and Vander Bauwheide 2013).

In São Tomé and Príncipe, the role of agricultural and export cooperatives in the supply chain has been recognized and supported by the government since 2003, when the Participatory Smallholder Agriculture and Artisanal Fisheries Development Programme (PAPAFPA) created four export-oriented cooperatives[4] with the primary objective of improving rural people’s lives, facilitating access to export markets and promoting organic farming (IFAD 2019). The project was followed by the Smallholder Commercial Agriculture Project (PEPAC), implemented between 2015 and 2020, and subsequently

[4] CECAQ11 for quality cacao, CECAB for organic cacao, CECAFEB for coffee and CEPIBA for pepper.

by the Project to Support Commerce, Agricultural Productivity and Nutrition (COMPRAN) which is still ongoing (IFAD 2019, Interview CONPRAM).

An impact evaluation of the first two programs in 2019 concluded that the cooperatives created and supported by the project are near to fully operational and autonomous, exhibiting resilience and sustainability (IFAD 2019). However, it was noted by a cooperative leader that this effect was not homogeneous across all cooperatives. In fact, whilst CECAB, a cooperative in the cocoa supply chain, gained full autonomy in 2011 (IFAD 2019), interviewees both in the private and public sector mentioned the challenges cooperatives in other supply chains, such as pepper, face in sustaining all cost related to their operations. In particular, although considerable disparities in terms of social benefits between members and non-members of cooperatives in the cocoa value chain have been identified, it has been noted that only half of producers are members, out of which none were from Príncipe (Brito et. al 2019). Moreover, women's participation in the value chain was found to be mostly restricted to traditional and technical positions, with most but few exceptions not exercising leadership roles (Brito et. al 2019).

In addition, the law relevant to cooperatives is outdated, with the Commercial Code providing the appropriate fundamental legal framework (CPLP). Guaranteeing organized structures and removing legislative barriers to the creation and expansion of cooperatives are vital for establishing self-sufficient organizations that are successful, autonomous, and seen with confidence by the external market (Ruete 2014).

Cooperatives, as a form of SME coordination, are significant in the context of São Tomé and Príncipe not only to overcome the problems imposed on SMEs themselves but also the intrinsic barriers posed by the country's size and insularity. Cooperatives offer the opportunity to scale up production, reduce costs, facilitate market access, and provide public goods (Brito et. al 2019). As a result, cooperatives act as "umbrella organizations" upon which the success of several policies depends. Therefore, the success of many agricultural and agribusiness reforms, particularly those pertaining to small and medium-sized enterprises, depends on the performance of cooperatives.

Thus, it is important that the government of São Tomé and Príncipe **continues to support and enable cooperatives.** One crucial aspect of these changes is their permanent and long-lasting adoption, as opposed to the currently existing time-limited programs, so as not to leave cooperatives financially or functionally vulnerable.

One important step towards this goal would be to **strengthen their financial autonomy, whilst also providing the means to achieve their goals**. In this sense, the government could **consider a fiscal policy** similar to the one promoted by the Fijian government **that provided an exception of income tax for a period between 5 and 8 years to newly founded cooperatives, or during the period in which they receive assistance from governmental programs** (International Cooperative Alliance 2020). Similarly, the Government of Mauritius offers cooperatives exceptions from income tax over dividends, and exemption from income tax in respect of income derived from non-sugar agricultural activities (GoM and ITC 2022).

Likewise**, cooperatives can only flourish within a legislative and regulatory framework that allows their complexity and diversity and adapts to their evolving demands**. Several international mechanisms are available to establish and amend such legislation, including the ILO's Guidelines for Cooperative Legislation and the International Cooperative Alliance's Principles (ICA). Some countries, like South Africa, have stayed true to the ideas of these documents (Theron 2010, Ruete 2014). Another strategy is to construct cooperative-specific laws and codes, such as India's MultiState

Cooperatives Act, and the Philippines' Cooperatives Code (FAO n.d., Ruete 2014). In addition, **legislation must be flexible enough to let cooperatives establish and operate autonomously and to accommodate cooperatives of varying sizes,** for example providing a more flexible and simplified process for smaller cooperatives (Ruete 2014). Finally, **the legislation should ensure minimum government involvement and maximum deregulation (**Henrÿ 2012), which can only be achieved by a complete reform of the legislation applicable, including a far-reaching reform of the colonial-inherited legislation[5].

Finally, further policies should **enhance cooperative management**. Cooperatives may promote inclusive growth through improving managerial skills, encouraging leadership, and raising awareness about regulation, and inclusive participation. To nurture entrepreneurs and qualified managers, São Tomé and Príncipe could **establish research and management consulting services, as well as management information centers** (ILO 2002). In addition, **recurring management training could be delivered in cooperation with intergovernmental organizations**, similar to a policy implemented by FAO in Bangladesh to develop dairy cooperatives (Birchall 2003). Lastly, increasing the number of women in managerial positions could be achieved through **supporting leadership training for women or initiatives to educate female farmers about the advantages of becoming a cooperative leader** (Clugston 2014, ILO 2015).

6.3. Access to land

Access to land remains a constraint to agriculture and agribusiness in São Tomé and Príncipe. The country's small size limits land utilization and tenure concerns remain a

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[5] Between 1928 and 1974, Portugal and all colonies sustained a system that subordinated all civil society organizations to the State, including cooperatives, and was marked heavy interventionism.

problem even after decades of redistribution. The 1990s agricultural reform in STP divided state-owned farms and redistributed 20,000 hectares of land to small farmers (usually former state-employed farmers) (Santos and Carvalho 2021), whilst the remaining land was to be rehabilitated by foreign private investors (Santos and Carvalho 2021). This process of land distribution is still ongoing in São Tomé and Príncipe, although now under the Ministry of Agriculture's jurisdiction.

Reportedly, state firms under lease and management contracts with private corporations preserved much of the productive land, while the marginal property was split into small and medium-sized farms (IMF 1996). Thus, agriculture in STP is still found to be marked by low production due to small size and/or inferior quality of cultivated plots, and significant land abandonment (IFAD 2019). Interviewees both from the public and third sector recognized that land access remains an issue in São Tomé, highlighting the abandonment and low productivity of farms, as well as the lack of guarantee relating to their ownership after the redistribution programs.

Developing and promoting Land Shareholding Cooperatives is a potential policy option for the Santomean government. By aggregating land in incomplete or deficient land markets, Land Shareholding Cooperatives (LSCs) have enabled the commercialization of agriculture in China (Lanchih Po, 2017). In this scenario, smallholders can manage dispersed farms without a formal land transfer by joining a LSC and turning their plots into shares. These **cooperatives encourage land consolidation, enabling smallholders to take advantage of economies of scale, market agricultural products, and extract greater value from scattered fields** (Francesconi, Wouterse, 2021). A study of these cooperatives in Africa revealed a significant improvement in corporate performance or revenue-generating capacity in six nations (Francesconi, Wouterse, 2021). To this end, **the government of São Tomé and Príncipe may adopt a**

regulatory framework that enables this form of cooperative and **promote it within the context of its current cooperative programs.**

6.12. State capacity

A common obstacle that developing states face is the government's inability to promote efficient policies and offer public goods. Not unlike other countries, São Tomé and Príncipe's policy effectiveness is dependent on the existence of strong institutions, political stability, fiscal discipline, and infrastructural development, which rely on the success of long-term reforms. Notwithstanding, our analysis identified two areas in which short-to-medium term solutions could be found to strengthen government capacity and hence raise the likelihood that proposed policies will be successful.

Firstly, it is important to highlight that São Tomé and Príncipe remains a country highly dependent on foreign aid and donors. A number of intergovernmental organizations operate in the country, especially in the agriculture sector. Interviewees referred to the work developed by the Food and Agriculture Organization, the International Fund for Agricultural Development, the African Development Bank, and the European Union, as well as the role of non-governmental institutions such as Instituto Marquês Valle Flor and ALISEI. Regardless of the relevance and importance of the projects, one member of the government expressed his concern regarding the coordination of these initiatives. In fact, development coordination[6] is essential not only to guarantee the most effective allocation of investment but also to ensure that donors and aid agencies are acting in line with the governmental agenda.

[6] Combining the coordination of aid with national government mechanisms (policy-making and execution, governance, accountability, etc.) as to achieve development results (WHO 2009).

To overcome this, **São Tomé and Príncipe's government should coordinate all agriculture-related initiatives following the agenda of the Ministry of Agriculture**. One successful application of this type of policy is Tajikistan, where the government built an **integrated system in the agriculture sector** in 2007 **to offer a platform for donors to align initiatives and objectives**, as well as better coordinate donor programs with the Ministry's agenda (WHO 2009). The subgroup created two technical working groups led by the government, one on land issues, and another one addressing agriculture reform. Additionally, the subgroup could promote **regular consultations with other stakeholders involved in agriculture and agribusiness** to define priorities in line with the needs of beneficiaries, similar to the biannual meetings promoted by the government of Mauritius (GoM and ITC 2017).

Finally, **another obstacle to the development and implementation of effective policies in São Tomé and Príncipe is the lack of available data**. Whilst the last agricultural census was conducted in 1990 (FAO 2018), the last published trade statistics date from 2017 (INE n.d). In order to address this gap, the Santomean government could implement an **agriculture statistic services, using FAO's CountryStat system**, similarly to the Fijian government (Fiji's Ministry of Agriculture & FAO, 2014), which would benefit not only policymakers but also all other stakeholders in the agribusiness sector.

Summary of Policy Options

Policy Area	**Description**	**Expected Output**	**Feasibility**	**Costs**	**Benchmark References**
SME coordination	Exception of income tax for new cooperatives and cooperatives receiving government assistance	Enhances cooperatives' financial independence and offers the necessary resources to achieve their objectives.	Medium	High	International Cooperative Alliance (2020); MIDSCD (2022)
	Improve the legal framework for cooperatives	Ensures that legal frameworks bolster existing commitments to cooperatives	Medium	Low	Ruete (2014); Henrÿ (2005)
	Strengthen cooperative management capacity	Improves cooperative operations and innovation	Medium	High	International Labour Organization (2014); Birchall (2003); Clugston (2014)
Access to Materials	Provision of fertilizers and information on its use	Correct use of fertilizers by producers that leads to production gains	High	Medium	Duflo, Kremer and Robinson (2011)
Access to Land	Promote and enable Land Shareholding Cooperatives	Enable cooperatives that re-collectivize or centralize management over agricultural land	High	Low	Francesconi and Wouterse (2022); Lanchih (2017)
Labor Skills	National communication campaign & career guidance sessions	Enhance youth interest in the agro-processing sector	High	Low	GoM & ITC (2017)
	Farmer Field Schools	Provide technical assistance in adding value to products and business practices	High	Medium	Fiji's Ministry of Agriculture & FAO (2014); GoM & ITC (2017); Government of Dominican Republic (2021)

	Develop training manuals, courses, and, workshops implemented by public institutions	Teach farmers and processors best practices	High	Medium	GoM & ITC (2017) ;
Access to Finance	Smart Subsidies	Improve SMEs' access to capital	Medium	High	Reserve Bank of Fiji (2020)
	Government Credit Program	SMEs can cover high initial costs and seek long-term financing	Medium	Medium	Agricultural Bank of the Dominican Republic; Fiji Development Bank
	Insurance Scheme	Growers can smooth consumption in event of shocks	Medium	Medium	Crop insurance scheme in Fiji; Agricultural insurance system in DR
	Public insurance scheme	Incentivize banks to provide loans at no collateral by insuring against bad debt, coupled with technical assistance to smallholders	High	Medium	GFI & IFC (2012)
	Equipment Finance	Ease the access of MSMEs to formal loans by allowing the use of a movable property as collateral	Medium	High	Secured Transactions Framework in Fiji, positive results in Brazil and India
	Warehouse Receipts Finance	Smallholders that own non-perishable commodities can store these goods in a warehouse that banks can use as security	Medium	Medium	GFI & IFC (2012)
	Overdraft Facility	Work with commercial banks to implement an overdraft facility, allowing smallholders to temporarily borrow when necessary	Medium	Low	Fiji
	Savings-account linked input finance	Savings deposited from harvest or export proceeds are put into an account to serve as collateral for the following season	Medium	Low	Tanzania NMB savings bank

	Reforming the credit information systems	Increasing the scope, coverage, and accessibility of credit information can increase agripreneurs' access to credit	Medium	Medium	GoM & ITC (2017)
	Remittances services	Develop a mechanism to offer specialized credit and support products specifically geared to the needs of remittance senders and recipients	Medium	Medium	Savings and Credit Bank in the Dominican Republic; FUMIN in the Dominican Republic
Regulation and certifications	Creating a legal and standard regulatory framework	Allows SMEs to clearly understand its administrative procedures and protocols regarding testing and certifications	Medium	Medium	GoM & ITC (2017)
	Creation (or extension) of a department (agency or one-stop-shop) to provide certification schemes	Provide business services for multiple related areas, such as information on possible certification schemes and their importance, product testing, and technical support for standardization	High	Medium	Fiji's Ministry of Industry, Trade, and Tourism (2015); GoM & ITC, (2017)
	Bringing local labs up to international standards, with an independent accreditation body	Allow labs to become internationally recognized, so SMEs do not need to get their products tested overseas to receive certifications	Medium	High	GoM & ITC, (2017)
Distribution channels	Online platform	Online platform centralizing market information	High	Low	Aker (2008)
		Online platform used as a virtual wholesale market that connects buyers and suppliers	Medium	Low	DR’s Portal ProDominican; Mauritius’ APMIS
	Wholesale market creation	Physical market that connects buyers and suppliers also provides modern infrastructure	Medium	High	Mauritius

	Technical Assistance Scheme	Scheme providing extension services to local suppliers and exporters, to strengthen distribution channels (e.g., evaluation and certification support)	High	Medium	Productive Articulation in DR
Technology and Innovation	Farmer Field Schools	Would allow farmers to observe the results of using quality inputs (e.g. pesticides or fertilizers), different varieties, and new production techniques	High	Medium	Mancini, et al., (2008); Praneetvataku et al. (2006)
	Agribusiness Incubator	Would allow for innovative solutions to be tested and for new farming projects to grow	Medium	High	Agritech Mauritius; Business Incubators program in the Dominican Republic
	Agricultural extension services	Improve access to support services for farmers and further develop R&D in the sector (e.g. providing new farming techniques and new input technology adoption)	High	Medium	Mauritius; Benin, et al. (2008);
	Online platform	Improve information sharing between research and farmers with an online platform that provides information from research to producers and processors	High	Low	Apmis by Farei (Mauritius); Conley and Udry (2005)
	Exhibitions	Develop and launch exhibitions to promote technological advancements, value addition, and new local produce	High	Low	Diagne (2006)
	Strengthening the capacity of the CIAT	Providing more financial resources and training the staff may allow the center to conduct better research and provide extension services	High	High	EDB in Mauritius; Cocchi and Bravo-Ureta (2007)

Trade environment	One Stop Shop for trade requirements	Improve the access to information on trade requirements; Facilitate the exporting process and the penetration of foreign markets; Increase on exports	High	Medium	OECD (2020); World Bank (2008); Ramos (2008)
	Governments support businesses to participate in International Trade Fairs	Increase the number of customers and the number of exports; Make valuable contacts and promote knowledge sharing Facilitate the introduction of products in foreign markets.	High	Medium	Koirala, Ganesh (2011); Ministry of Commerce, Trade, Tourism and Transport of Fiji (2022)
Infrastructure	Maintenance and construction of water treatment systems, development of groundwater, irrigation projects, and distribution of water tanks	Improve water safety and facilitate access to water for agricultural development	Medium	High	Fiji's Ministry of Agriculture & FAO (2014); Government of Dominican Republic (2021); Bandyopadhyay, Shyamsundar, & Xie (2007) Duflo & Pande (2005)
	Construction and rehabilitation of rural roads	Reduced costs for farmers and increased access to goods and services. Facilitated transportation of agriculture products, the connection of farmers to distribution channels and markets	Medium	High	Khandker, Bakht, & Koolwal (2006)
	Reduce dependency on fossil fuels and increase the matrix of renewable sources	Guarantee access to reliable energy, which in turn improves productivity, facilitates storage, etc	Medium	High	Khandker & Koolwal (2010); Mundlak, Larson, & Butzer (2002); Limi & Smith (2007)

	Improve mobile phone coverage	Improved market transparency, enhancement of farm productivity, enablement of efficient logistics (improving collection, transportation, and quality control), facilitating rural farmers' access to local and global markets.	Medium	High	Deichmann, Goyal, & Mishra (2016); Site & Salucci (2006); Muto & Yamano (2009)
Economic Diplomacy	Promotion of trade missions	New trade opportunities in foreign countries; Increase the knowledge of products and businesses through contact with local business people and government representatives Increase in exports; Business expansion, internationalization, and better access to foreign markets.	High	Medium	Boutorat et. al (2019); Palangkaraya and Webster (2019)
	National Brand Strategy	Raise exports of traditional products; Improve the country's image internationally	High	Low	OECD (2020)
State Capacity	Build integrated system to offer a platform for donors to align initiatives and objectives	Coordinate all agriculture-related initiatives following the agenda of the Ministry of Agriculture	High	Low	WHO (2009)
	Promote regular consultations with stakeholders	Define priorities in line with the needs of beneficiaries	High	Low	MCCI (2015)
	Implement an agriculture statistic services	Improve data collection, which will benefit policymakers and stakeholders in the agribusiness sector	High	Medium	Fiji's Ministry of Agriculture; FAO (2014)

7. Policy Recommendations

As discussed in the policy options section, there are many available and evidence-based solutions to support the development of the agriculture sector that could be implemented by the government of São Tomé and Príncipe. There are many pressing issues, namely government and market failures, to be addressed: the lack of coordination between small and medium businesses, difficulties in accessing agriculture inputs, uncertainties concerning property rights on land and its consequences, the gap in labor skills and technology, the lack of access to financial products and support of certification schemes, and the failure of services that support access to international trade.

This work, thus, proposes three policy recommendations that, together, have the potential to address many of the failures that were identified. Those policies are: (i) to create incentives for cooperative development; (ii) to provide holistic business services with one-stop-shops; and (iii) to implement trade departments in diplomatic institutions.

As mentioned in the interview analysis chapter, cooperatives play a key role in São Tomé and Príncipe for a number of reasons. They facilitate access to inputs, support labor skills development, provide access to credit, support quality control and certification schemes, and reduce trade costs by combining farmers' products when exporting to reach economies of scale. Thus, cooperatives have the potential to tackle multiple market failures at once - a potential that can be unlocked and expanded by adequate government support. As discussed in the interview analysis, cooperatives are facing sustainability challenges because of two main reasons: first, due to financial constraints, and second, due to insufficient engagement by farmers, given the community's perception of a top-down approach and lack of ownership. To ease the first issue, one option would be to update the regulatory framework of cooperatives, providing them with the necessary support from the government. This would mean granting tax exemptions to both the organization and farmers that are enrolled, for a period of between 5 to 10 years as identified in the benchmark, but to be defined according to government budgets. This work understands that, even though this means reducing the tax base and contributions, the lasting benefits of having many operating and sustainable cooperatives would, in the long run, overcome any deficits that may arise, especially considering the multiple benefits that cooperatives can provide to farmers. The tax exemption would also be expected to increase farmers' interest in joining the organization which would, in turn, create a virtuous cycle. Furthermore, the regulatory update could also include other support for cooperatives, such as training for managers and decision-makers, and other professionalization projects. It is thus assumed that, once the cooperatives are financially sustainable, they will widen the scope of services provided.

Besides tackling the issue of community ownership by incentivizing enrolment and cooperation among farmers via tax exemptions, another option would be to support NGO training on pilot farms, such as the Farmers Field Schools previously discussed. As Farmers Field Schools are based on farmer-to-farmer interaction, and because NGOs already partner with cooperatives to conduct such training, an improvement in the alignment of stakeholder interests would be beneficial. Besides being resource efficient, farmer-to-farmer interaction would also enhance the feeling of community ownership in these projects. The support from the government, as discussed in the policy options section, could take the form of campaigns that incentivize farmer enrolment. The government could also help coordinate stakeholders, thus facilitating efficient resource allocation for NGOs and avoiding overlapping of activities from the different actors on the ground.

The second policy, which is expanding the services provided in one-stop shops (Guiché Únicos), could first be structured from the unification of the services provided by the trading and commerce authorities. After having these current structures merged, a second step would be to broaden the scope of the shops. This would mean providing new services that would complement other supporting activities, namely, providing information on international markets, procedures, and requirements, especially regarding strategic countries with export potential. Other services could include providing support and advice for certification schemes for businesses or cooperatives that wish to export their products. Thus, the one-stop-shop would provide end-to-end business services: from registration to facilitating access to export markets. It is the understanding of this work that this policy would tackle the issue of imperfect information and access to markets, while also unlocking the potential for network externalities and knowledge spill overs. Furthermore, an indirect effect would be to improve the government's capacity for diagnosis as it could enhance business registrations by reducing red tape. An additional and interesting step the one-stop shop could also provide would be the structuring of an online marketplace, where farmers could insert and sell their products to prospective buyers, which would also ease distribution channel constraints linked to ICT.

The third and last policy would be to structure economic diplomacy and trade commissions in strategic countries. One possible approach would be to create an international trade department in Embassies in key partner countries. This department could promote and negotiate the Santomean products for prospective buyers, establish long-lasting relations, and also have a better grasp of the constraints the products might be facing on exchange agreements. Consequently, trading would be facilitated, challenges would be better identified, processes could be simplified, and awareness of the uniqueness and quality of the Santomean products could be enhanced.

To conclude, this paper uses a holistic approach to present the different policy opportunities that are available for the government of Sao Tome and Principe in developing the agricultural sector of the country. Together, those policies would be expected to provide an adequate environment for the development and success of São Tomé and Príncipe products on international markets. Nevertheless, this systematic analytical exercise presents an overview of what has been done and what works better in policy-making, rather than providing a real attempt at policy design. While we believe this approach is important in policy-making, future policy analysis exercises could focus on some of the specific options presented in this paper, specifically the recommended ones, to build a more thorough policy design and implementation analysis.

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Interview n. 1

Interview conducted via video call (recording available)

Date: 15/07/2022

Name of interviewee: Carlos Tavares

Stakeholder: Private sector (Cooperative)

Organization: Cooperative for the Export of Biological Pepper - CEPIBA

Position: Chairman of the Board of Directors

Profile interviewee

Carlos Tavares - Chairman of the Board of Directors of the Organic Pepper and Vanilla Export Cooperative of S. Tomé and Príncipe. At the same time he is a pepper producer.

Description of the organization

Cooperative has been working for 15 years and its main crop is organic pepper – export to Europe and part of it to the local market.

Cooperative is made up of several associations of various pepper producers in different agricultural communities.

It has the typical structure of an association: a board of directors that hires an executive director. This executive director hires staff/technical staff to work with him.

They started to make their 1st export of pepper in 2011, although since 2008 they have achieved bio certification. However, the amount of production in 2011 and 2012 was very small – it did not justify making a container for export. Currently, the export is made annual – 1 or 2 times a year (depending on the quantity of pepper produced) to Europe.

Interview Summary

1. **How big are the associations?**

Associations are communities where there are pepper producers (on average 30 to 40 producers); have a structure with management – president, treasurer, supervisor + assembly and assembly table. Each producer has his own small plantation – 2550 m2 up to 1 or 2 ha per producer. As the country is very small plots are very small too. Rare, but there are producers with 2 ha of pepper (average half a hectare to 1 hectare). Plantation system – agroforestry where producers grow pepper and associated food crops such as bananas, matabala, cassava, fruit trees and spices. This plantation diversity causes a balance in the plantation of pests and diseases because there is a natural control, but also another important issue of soil fertility. Islands are of volcanic origin and thus it is possible to protect soil biodiversity. It facilitates producers because they don't just wait for the pepper but get crops for their daily sustenance.

Operation – 12 interlocutors arrive at the AGs (once a year) – 16 Associations in S. Tomé + 2 in Príncipe. A peculiar cooperative in relation to the others because of its coverage area at the national level. They produce organic pepper that is certified through ECOCERT – when they reach the pepper maturation stage, they start the collection stage – clean transport, suitable for no contamination. It has a calendar with communities to collect production. They walk through the different communities and people are told when the cooperative will come to collect the pepper. They bring it to a pepper production unit – Rio Lima community. Pepper arrives and there is a whole process of sorting, selection, weighing. Depending on the maturation stage of the pepper, they will send a part for white, black or red peppers. After this process, drying base through the solar dryer. The bagging and then quantification phase follows. Then export. Normally 1 or 2 exports per year, depends on quantity. When they have production up to 15 tons, they prefer 1 export. When it is more prefer 2 exports (20/25 tons). Normally the collection campaign starts at the end of April/beginning of May. At the end of October they close the campaign. They have a team that works in the office + a technical team that accompanies producers in the field and another one in the processing. Later of having pepper prepared, they have to move on to the issue of export – administrative processes that they have to fulfill. At this stage, they call the Agricultural and Technological Research Center – they collect different bags of pepper and take them to the laboratory for analysis and examination; Other necessary commercial documents – certification of origin; Other customs documentation – at clearance level; Central bank required to declare the amount of the invoice all this from a more administrative and state perspective.

Then there is another part (a more private area) – it has to do with product agency – I need to contact the agency + establish contact with buyers. In this whole process there are problems that try to get around.

There are bottlenecks. Very slow process because it starts trying to organize export, analysis results take a long time, certificates of origin, dispatch takes a long time. Another thing that affects the most – they must pay 15% of the income – agriculture services think it's a lot because there are a lot of costs involved. Group of individuals work in the preparation unit (cost in the delivered product), transport, administration also must be paid - very expensive certification. The cooperative alone pays around €6,000 annually (150,000 dobras in São Tomé). They must pay for analysis, they have to pay for export by container. Agency is on average 1500/2000 euros. All these costs borne by the cooperative. Currently, about 35% of the cost of the product is in this type of charge. Customs too expensive too.
Yield – State comes to get 15%. They must pay SS, IRS, IRC. When they calculate everything profit margin was very reduced.
With the CESO project, a platform has already been created where producers can access how to export, but at the cooperative level, CEPIBA is trying to join other cooperatives – of coffee and organic cocoa – in an attempt to organize themselves into a federation to try to bring out some public policy that can get exemption from this IRC that is charged on the product, among other strategies such as provision of services and goods within the future federation.

2. **What are the biggest advantages of a producer joining the cooperative?**

1st advantage – market – when all producers add together, they form a market. Cooperative also shows a market to producers so they can sell their products.

2nd advantage – organic certification, which in turn allows for an increase in price. They have not yet reached fair trade (+ 200 dollars per ton). It would be important to solve, with that money, problems of social works (faucets, hospitals, day care centers, family illnesses, purchase of urns for families), but other cooperatives are working on this. Producers very interested in this. Aggregate production + availability of market to sell product – this year there is an attempt to diversify buyers – market prospection is now taking place at international fairs. Diversification so that everything produced can be marketed and so that better prices can be obtained.

3rd advantage - technical assistance: agricultural support + plantation follow-up. Recently the cooperative was on a mission in Cameroon to learn their pepper production process and they arrived with innovative knowledge and techniques. Soon they will meet and see how they can adapt to reality. From a technical point of view, very enriching and cooperatives will always transmit knowledge to producers.

4th advantage – social support

There has been other one-off support – small advances for people who have children who are going to university, people with illnesses – the cooperative has made advances in this support. They make some advances on pepper in specific situations – they first guarantee that producers are serious and then the cooperative makes an advance of x % - then withholding at source – at the time of payment (December/January) they deduct the advance that was made and receive only the remainder. They have already helped many families with grants to send their children abroad, eg; sending remittances to pay tuition or other costs; internally they also help pay universities. They have already supported a lot, but they want to support even more, but they still have a lot of limitations because the cooperative in 2019 went through a very difficult period – of what they produced, they were only able to sell 50%. The following year they tried to recover a little, 2021 even more and this year much better – they settled accounts with the State and must maintain them now.

Current problem – producers have pepper production but lack of manpower to harvest it – requires a lot of manpower. Cooperative has made cash advances to allow the producer to hire more people to collect pepper. Cooperative has this interest because it has commitments with buyers. Interest in producers able to deliver all the pepper and that it has quality. If they do not deliver pepper, there is an attempt by producers to produce pepper in their homes, but it results in pepper with poor quality and then they put it on the market at very low prices – the cooperative appears mainly to recover production, get a market and also regularize the internal market. Cooperatives also have some control over prices. They put 1 or 2 tons of pepper on the market –

prices go down. Agreement says that producers must always deliver their entire product to the cooperative, but there are always some producers that divert some of the production to their home p. ex.

5th advantage - support in a more financial sense - guaranteeing good pepper prices.

3. **How was the process of obtaining the certification? What were the main difficulties in the beginning and what of these difficulties still exist?**

Certification is a process – a specification that contains all the requirements of the buyer and producers must fulfill all the parameters. Cooperative trains producers so that they can comply with them and then there is an Internal Control System (SCI). They must maintain a structure within the cooperative to maintain the internal control system. SCI is a process where co-ops go to each farmer's field to check production compliance – whether you're making an organic choice, what kind of pesticides you're using, how much, plastic used, etc. cooperative form the ICS file and refer to ECOCERT. ECOCERT analyzes in 1 or 2 months – there is an audit to verify. It makes random selection – 15%/20% of the producers are analyzed. They go together with the cooperative to see the plantation and maintain a dialogue with the producers to verify compliance with the report and with the desired production process to obtain certification. Based on this, a specialist assesses it. Make a minute that is signed by the cooperative. There may be minor or major compliances and every year there have been mostly minor non-compliances. Examples: parcel not worked on, problem with the use of plastic, predictions made in the previous year not materialized, producer could not explain which product he used for the treatment. In view of this, the cooperative must respond with corrective measures - they have about 1 or 2 weeks to do so and then another month/45 days they receive the organic production report with the list of producers attached. There is an SCI made by the cooperative - report production. After the audit that comes from outside and only then certification can come. Producers participate throughout this phase. Attempt to integrate them and remind producers about organic production rules.
In the installation of the initial process, if there is a producer who used to produce conventionally and now wants to make bio then this producer must be well analyzed – date of the last time he

used the conventional product, what type of product and then there is the conversion period (3 years) – period used a lot in industrial crops, for export. If they are vegetables, food crops - between 3 to 6 months - SPG certification (Participatory guarantee system) - it happens more for local markets. Although some of these producers tend to export, it is mainly to local markets. This certification is mostly done among peers in a 1st phase. 2nd phase – the consumer market can come to the field to see the production process.
For export – most use third-party certification.

4. **How can a producer join the cooperative? What's the process?**

A producer who wants to join the cooperative must write a letter to the president of the association in the community where he expresses his interest. Talk about your plantation. Association, before admitting it, will make a visit to the land to see how the plantation is, how the culture is doing. Then the association sends a note to the cooperative + the letter sent by the producer. Cooperative itself also sends someone to the field to verify procedures. From there, if the cooperative notices that the producer is in a biological area and the producer's history does not use agrochemicals, the cooperative can accept it (ECOCERT comes to verify). But if you have a history of having used phytopharmaceuticals in recent months, you must stay for 36 months and then the cooperative has to ask the agronomic technological research center for an annual phytosanitary certificate for that period.

5. **You've mentioned the support provided by cooperatives to producers, what about the support that's given to cooperatives through the government? What's your opinion in this support? What's working and what doesn't work that good?**

The cooperative only appeared in 2007/2008 but before the creation of the cooperative there was already a large project by the government and IFAD. Project for a program to support and promote artisanal agriculture and fishing (papafpa). Project with several components – one of them was precisely to support the increment of pepper culture in the communities. We went through an implementation phase, then became a cooperative – through the government and IFAD, the project got support to open space for pepper cultivation and support for plant material

(pepper stakes, nurseries), transport support, paid technicians at the project scope. Until there was a moment when support ended. Very good logic because there was a process to lead cooperatives to autonomy with a gradual reduction of support. However, the cooperative did not reach the stage of autonomy, they needed a little more support in relation to the other cooperatives because cocoa and coffee are older cultures and pepper culture only appeared in the 60's in experimental terms and only from the 90's it began to develop in earnest. Pepper culture was not part of the S. Tomense culture but even with all the support they did not reach autonomy. In 2019, they expected to be autonomous – selling pepper, having a good profit margin and reconciling with other activities. However, the issue of autonomy made this not possible – it greatly worsened the situation. Low market price issue. Until 2018 they got good prices (13 euros white pepper and black pepper), but in 2019 the price is low. 2020 – price drops even further. 2021 – recover more. 2022 - settled accounts with producers. 2023 – hope to be able to balance accounts with the government (bails, SS) as well.
After a project for PAPFA – there is a COMPRAM project. More focused project to support marketing and nutrition. It is in this context that the cooperative will go to a market prospecting fair next weekend.

6. **Did the cooperative receive any extra support during the pandemic?**

With the pandemic resources become quite scarce even for the government. The only good thing is that there were restrictions, but for cooperatives there were some exceptions so that they could continue their production. It helped a lot from 2020 onwards because it allowed activities to continue.

Note: in addition to being president of the cooperative, Mr. Carlos Tavares is part of an NGO called ADAPA – it has 21 years of existence and is after all the support for the cooperatives. Some of its members are also pepper producers.

Interview n. 2

Interview conducted via video call

Date: 19/07/2022

Name of interviewee: Guilherme Taufllieb

Stakeholder: Private sector (Private company)

Organization: Valudo

Position: CEO

Profile interviewee

Guilherme Taufllieb is the CEO of Valudo.

Description of the organization

Valúdo is a company of products processed from coconut (coconut oil, grated coconut and coconut flour), which has 85 employees and has been exporting for 5 years. They export to Italy and Belgium (on average one container per month). It has certification of organic product and fair trade, by international institutions (did not say which). I work with a network of more than 200 producers, from which the raw material of the products that are exported are retired.

Interview Summary

1. **How was the process of opening for export?**

An opening for an export was a laborious process. The greatest difficulty was the beginning of the opening: lack of information about the necessary processes, especially bureaucratic procedures, and going against the market. The beginning of the process consisted essentially of finding buyers and establishing contacts. Learning to navigate the bureaucratic process and understanding the requirements was difficult. The only way to obtain the information is with other exporters and certification bodies. There is no support from the authorities.

As certifications are overall the biggest challenge. It is not necessarily a difficulty, because it exists anywhere in the world, it is not a problem only in São Tomé. As certifications are a challenge because they are precisely approved before the product is exported and depends on a number of quality verification (not explaining) processes. The difficulty is that if these processes are not completed in time to ship the product, they do not receive the certification of biological product. It is something very technical and it is necessary to be very fast so that there are no delays in sending the products, can not also stay with products still for lack of certification.

With regard to the encounter with the market, especially the niche market, there is a difficulty in finding this market. The only profitable solution in STP is the niche market because there is no scale, the country is very small. There is no way to produce in large quantity, so you need to differentiate the product. That's why certification is so important to them. But it's very difficult to find the market. It exists, but finding buyers is always difficult. It is the role of each company to find the contacts to start an export. It's making contacts. Participate in international fairs, promote the product.

In the context of STP the most difficult is the lack of infrastructure, specifically in maritime transport. The internal infrastructure is also not good (did not give more details of failures and difficulties with infrastructure internally). An example is that in the last week there were no containers to export. It may be because of the global crisis and affect so, but preventing the transport of products and they cannot run out of containers waiting. But the logistics itself in STP is quite difficult. Even within the country the logistics is quite difficult (did not give examples of difficulties). Bureaucracy and administrative difficulties also make the process slow. Valúdo has a team only to deal with these steps (did not give further details).

2. **What supports exist and did Valudo receive any?**

The first time Valudo received support is now in the UNDP program, and go to a Fair Germany next week to promote the products of Valúdo. You still don't know the effects of the support. They hope it will help find more buyers.

He knows that there have been policies in the past that support exports, including a programme financed by the African Bank for cocoa and coffee cooperatives that supports exports. But there is nothing for coconut and other crops, and there are no projects of the kind that could be beneficiaries.

3. **What are future plans and goals for Valudo?**

Their goal is to increase sales, find more buyers and export more. He wants to continue to find the niche market. As difficulties to achieve these objectives are already mentioned: logistics, infrastructure bureaucracy. One policy that you think could help is a national product trading platform, where products are advertised so buyers can know about these products. He thinks there are other governments in Latin America and also in Africa that already do and there is nothing of the kind in STP.

Interview n. 3

Interview conducted via video call (recording available)

Date: 19/07/2022

Name of interviewee: Ruggero Tozzo and Giovanna Maserati

Stakeholder: Third sector (non-profit organization)

Organization: Association for international cooperation and humanitarian aid (ALISEI)

Position: Managers

Interviewee profile

Mr. Ruggero Tozzo is a pedagogue by training, has worked in many countries, particularly in Africa, LATAM, in development cooperation and humanitarian aid projects. Licentiate, professor at the Catholic Church of Milan. He did a thesis on education in Africa. He had opportunity to use Freire's method.

Mrs. Giovanna Maserati joined the interview later, and her interventions are signalized in "GM".

Description of the organization

ALISEI has had a cooperation project in STP for many years. Alisei has managed more than 50 projects with the aim of valuing local, cultural and historical resources to create autonomy, agricultural development, training at all levels, a particular component that is the transformation of agricultural products, valuing local products in a holistic approach, with protection of the environment and biodiversity.

Interview Summary

1. What projects are being carried out with regard to agribusiness exports?

"It started 2 decades ago, precursors of the fundamental activity of quality agricultural production adapted to the local reality. Ecological agriculture, permoculture. With a view to valuing local products by transforming them into flour and dried fruit to create jobs and value chains."

"STP is an agriculture story, but not a farmer's story. Monoculture of cocoa, coffee, copra, sugar cane before. Aim to create a new social layer through international cooperation, create small farmers to diversify agricultural activity in the country."

"Linked to this, every part of basic training, creating young farmers and ranchers as a fundamental part. Create this activity in the country's environmental balance. And create jobs in the main ranks of the country: cocoa and coffee and coconut."

"At that moment, we believe that it is essential to invest in products that can be useful and strategically important for food security (matabala, banana, breadfruit, cassava, sweet potato... fruit and tubers). Because? Niche products with high added value in the international market, such as vanilla and pepper. This avoids dependence on the outside."

"We transform products into flour, and using flour for the production of bread, bakery, baked goods, pizza."

2. How do you offer support?

"Basic part is training. But we also support product transformation units, cooperatives and families, private groups. It is training to create, but it also supports the creation of productive activity."

"Agricultural outreach activity is critical. We support producers with production techniques that serve to produce, harvest, transport and deliver quality products. Not all are quality and can be transformed. When it gets to the point of transformation, it needs to have quality. Competitiveness in a small reality like STP cannot compete in scale. The focus of everything is on the high level of quality and originality of the products, certification.

Which costs a lot. Everything is done through specific training for producers who are suppliers of raw materials for the transformation units – there is a quality agreement.”

3. What would you consider to be the most pressing issues of the sector?

“Main problems: there are constraints that are external and very strong. The fact of producing an archipelago with double insularity. There is no deep water port, the cost of transport is very high. The cost of importing packaging is very high. And besides that, packages are taxed, there is, from a general point of view, there is no coherence of petitions for the principle of valuing local resources, creating jobs.”

“For example, those who produce and transform in the agro-industry sector pay 5% tax, which is levied on the sale of each product. Imagine, that value at the top. And there is still the energy problem: it creates difficulties in processing, for example, breadfruit takes 8 hours in the oven. If there is a cut, I completely lose production. There is cost that there is no indemnity. Problem of energy, water, cost of taxes and transport. Roads are difficult to access. In order for products to be exported, they must be certified. If there is no certification, do not enter. Even entering, it needs important marketing action. The coherence of public policy should be to support the start up, to support those who produce certified quality products. It needs measures that favor domestic production, as it values products and creates employment. Serious problem here: data from the latest diagnostic survey, community of 500 people, 50% are under 17 years old. They need employment.”

“A strategic sector is tourism, agribusiness can enter.

“When we started to do the project, in fact, STP only transformed beer. There was another one, palm oil, but it came later.”

4. How do you perceive the support of the government in terms of policy to tackle those issues?

“Indeed, a supportive public policy is not evident. There is something contradictory.”

GM – “local products are natural and untreated. The ones we transform are agroforestry products. You have to take this difference into account, you can't grow corn. An agroforestry characteristic must be maintained.”

GM – “We are currently supporting a flour project that can be used in bread making. It's a job we're doing. In terms of urgency, everyone is on the same path together. If you don't address the energy, for example, you can't guarantee quality. It is difficult for there to be priority over the others. It is necessary to have the possibility of thinking about foreign trade. It cannot be just a production that can be linked to the domestic market because it has a limited scale.”

5. What can be done?

GM – “I think that with small things we can make important interventions. For example, goods are blocked, they cannot go out. Before, when there was cargo, when people wanted to send it to the US, it had to go through Luanda because there was a scanner there. In addition to the port, there are small things that can give small resolutions, to start having a trade that can give a breather to those who produce here.”

“There is no small warehouse at the airport, refrigerated. They are not a big investment. A port is a big investment, but there are others that help a lot.”

6. Concerning gaps on public policies?

Training - field school

GM- “There are some government projects, for example, COMPRAN and PRIASA. These have all training within them, and projects are carried out in partnership or involving civil society, all organizations.”

“There is an institution that is a result: CAPA – technical and agricultural improvement center, is an institution with great potential and an opportunity to diversify training. There is a structure of the Ministry of Agriculture that could be a center of excellence. Could do more.”

GM – “I did a lot of training, there are layers of technicians who are good cadres. Projects start and end, so some find it more difficult to go ahead with another type of course. It is a structure that can be considered to be supported.”

“A very important sector to strengthen agribusiness is the entire agricultural dissemination system: at this moment, the country suffers from a very strong lack of agricultural dissemination policy. The Ministry of Agriculture has an agricultural dissemination sector, but it is very weak. It does not respond to the sector's need, especially for a country with an agricultural vocation. A capillary system, with a person with constant training, with a guarantee of work in the future, is a strong constraint. Agricultural dissemination is training, assistance, technical support from farmers to farmers. With and for. They are assistance services, dissemination of technique, quality and quantity. It is a public service of assistance, pest prevention, against soil erosion. CADR – Agricultural Development Center.”

7. Why doesn’t the service work?

“It's a set of everything. One thing always happens: the ministry has technicians, but when the project starts, the technicians are taken into the project and the public sector is emptied. There is a lot of exchange, human resources problem. Low salary is not always enough. Others are more attractive and there is a void.”

1. Do NGOs and cooperatives take care of it?

“Indeed, yes. indirectly. Some programs help in terms of replacement, but it cannot be replaced. There is a sector that must be reinforced, strengthened, improved. But it needs political will.”

2. We heard cooperatives are essential – would you agree? What is missing to move the cooperatives agenda forward?

“There is no updated law on cooperatives, updated and harmonized. This is already a problem. It is dated back to the 80's of the last cycle, the world has completely turned. There is a legislative void that should be filled. Second, the cooperative plays an important role in the country, some of which are successful, such as cocoa. Public intervention or external assistance to support the cooperative cannot be a 1-year project, but a long-term one. It is a problem of the country's capacity, it is a problem of experience, awareness and international public aid. They play a great role and need greater support, but, in addition to cooperatives and associations, they need support from the private sector: attention, supervision, overcoming how the plots generated by the private sector are managed. Whether through cooperative or medium-sized. Because the distribution of plots, the fragmentation of large state and colonial companies, it is time for the country to make a serious analysis of the land process. We are currently witnessing a degradation of the environment. It's screaming, very strong. There is a risk that the country will soon become a green desert."

8. What about the land regulation problem?

"Land is the problem of problems: land management, inspection, guaranteeing ownership, what kind of agriculture we want to do in the country, which is the management of the territory. It should be a priority in the country, given that the country lives off tourism. They are already planning a forest park, but it is already being invaded, as there are anthropic and demographic pressures. Intervention has to be done and population growth is one of the biggest in the world, while the territory is limited."

9. What about credit and insurance policies?

"It doesn't exist, agriculture in Europe is strong because it is supported by the state. There is compensation for farmers. Here, to work in agriculture, you have to have courage. 1/3 of every agricultural producer, more than 1/3 is lost to theft and robbery, is a very big problem. There is part of lost production thanks to rodents. It is a microclimate country, there are natural disasters. If the farmer loses, no one compensates. There is no reasonable system for financing agricultural credits."

10. Why isn't there financial products, in your perception?

"They have been tried, but the interest is always high. Indeed, support policy is needed."

Interview n. 4

Interview conducted via video call (recording available)

Date: 18/07/2022

Name of interviewee: Zélia Soares

Stakeholder: Third sector (non-profit organization)

Organization: Marquês de Valle Flor Institute (IMVF)

Position: Director

Interviewee profile
Zélia Soares is the director of the Marquês de Valle Flor Institute (IMVF)

Description of the organization

The Institute is a foundation for development and cooperation, which began operating as a Non-Governmental Organization for Development (NGDO) in 1988 in São Tomé and Príncipe. Their raison d'être is to promote human dignity, support the most vulnerable populations and actively contribute to sustainable development, through the elaboration, implementation and collaboration in projects and activities in various areas.

Interview Summary

1. **Component linked to organic agriculture**

They work with 4 crops in the sense that everything is organic - coffee, cocoa and pepper together with cooperatives that already exist and have bio certification. Bio allows added value to the product. It is a very small country, so it doesn't compete in the market through quantity, but quality. Certification is highly valued in the European and American markets.

2. **How does the market work?**

Cocoa and pepper - products sold in bulk. Exported raw material to Europe.
Coffee processed and sold locally - annual coffee production is low. Largest buyer cooperative. 10 to 11 tons per year.

Cocoa - 2 cooperatives. Imvf works with 1. Then there are private initiatives.
Cecac, Diogo Vaz, Santo cau - sell cocoa. About 3 thousand tons per year that leave S. Tomé. Pepper - 19 tons of pepper - just one cooperative. relatively recent culture.

3. **Does the institute have any export projects?**

They do not support certification - cooperatives have already set up the entire certification system. Cecaco 11 - has fair trade, nature land. The cooperatives themselves are responsible for internal control and then there are certified companies that carry out audits.

4. **Relationship between institute and SMEs/producers?**

When working with cooperatives, they also work with small farmers, but an essential function is to promote good agricultural practices in terms of training people. Product quality starts from harvest. The IMVF works from harvest to the final stage of processing to ensure product quality.
At the project level, there will be grants to support small negotiations - anyone can show a micro project to start their business - but they haven't done that yet - probably for next year Cooperatives formed by associations and associates of associations are producers - IMVF works with these products.
They have formed coconut associations (5 have formed) - there is still no coconut cooperative. There is no formed value chain. They are currently organizing. There is currently a company that buys all the coconut needed to produce coconut oil. Production volume is lacking. They have demonstration fields and these fields serve as school fields - they train farmers in good agricultural practices. 10 to 12 demo camps per crop so people can come in and see examples of well-guided plantations. This is where training takes place. The trainings are very practical. There may be a bit of theory, but essentially it's learning by doing - just so people listen and are attentive and learn more easily.

5. **What kind of support is given by the government to the institute?**

They work in partnership with the ministry of agriculture - implementing partners, but it is an institute that supports the ministries. They have a cooperation agreement in extension services for the government to help the institute to accompany small

producers. IMVF gives a lot of logistical support - diesel, money so they can work. On the marketing side When talking about the cocoa plantation p. Ex is not just cocoa - there is cocoa, there is matabala, other products that can be sold and traded in the market. Together with the ministry they are promoting agricultural fairs - the ministry promotes and the IMVF helps and finances a part so that producers can sell products other than cocoa. Cocoa delivered to the cooperative and other products sold at fairs.
All producers have income other than cocoa, coconut, coffee - from the products they export.
With the ministry they have 2 types of documents - 1 signed with the rural extension center for extension services; another for agricultural fairs for the part of commercialization with the ministry of agriculture. Every time they do some kind of activity, they sign a contract so that everything is recorded (type of support included)

6. **Policies implemented by the government? Success stories? What failed?**

A lot of problems not only with this government, but with what they were before. Permanent money failure in agriculture sector - sector is not valued. The Ministry of Agriculture always receives very little money - it results in non-payment of wages for example. They often rely on extension services, but as they are dissatisfied with their salary, it is difficult to work with them. One of the most serious problems (and it is not in the ministry that they will find a solution, but at the government level) is the issue of theft on the plots. Thefts are for loose animals. They have demonstration fields and want to promote crop diversification. In addition to the crash crop culture, they want to promote others. Insecure farmers because they think that animals from other producers will eat your crops or that neighbors might steal the produce. As a ministry project, there is no solution for this, but even if they catch the person responsible, very little is done - a structural problem - there is no punishment. Even if there are conditions for planting, there is insecurity. Difficult to find a solution for this when there is no support behind it.
So that the project does not overlap - the ministry works so that there is complementarity and not overlap. This way they can reach more people in the support. Regular contact between ministry and imvf.

7. **How does it work?**

There is an MA committee that monitors all projects and there is also a lot of conversation - although one keeps recording what the other is doing, more bilateral conversations are needed - less person and more specific and objective topics

8. **Any government initiative, public policies to support agribusiness that for some reason did not work?**

At the cooperative level, there are very large success stories - cocoa are 2 success stories The Pepper Cooperative was not such a success because many of the cooperatives were born under pressure. Through IFAD funding, they did not result from the need for farmers to have a cooperative but from pressure from above for the cooperative to be created. Thus, processes were done from the top down instead of the other way around. There is often no feeling of associativism and belonging to the cooperative. In the case of pepper, it was not very successful - project salaries and production volume could not keep up with salaries - fida financed and when fida stopped financing it was no longer economically sustainable - in the last year, cooperative financing dropped a lot. It has been recovering, but wages have dropped a lot. Very high fixed costs, which is a problem - they had to lower all costs. Both pepper and coffee, as they had a lot of financial support for investment, cannot make savings - so there are no amortizations. They don't put money aside - always waiting for someone to finance.

Zélia thinks it was positive that government funding stopped to stop this dependency trend, but the problem continues.

9. **What solutions?**

They are currently funding a new pepper processing plant - they are helping to improve the quality of the pepper. One of the problems was the presence of bacteria that shouldn't exist in pepper and that greatly devalue the product. Now having more quality they can sell products at a higher price. Zélia thinks they have to be very rational in their management, they have to better manage the resources they have. If it is not possible to raise wages, it is not possible.

In the cooperatives there is an executive direction - a contracted body. This fixed body is receiving a lot of training - working together. People know how to make a business plan, they know how to manage it - at the cooperative level. At the member level, a lot of work is needed at the association level - there is a lot of training needed to manage association funds and take advantage of funds to invest. In the project, they do a lot of training at this level on associativism. Together with treasurers they teach how to make a box sheet. The Association must have working capital. But people don't associate, they don't work together and they don't see the benefits of being associated - work at this level needs to be done.

The Cooperative only exists because of the producers and sometimes the producers do not realize that they own the cooperative. They think that people from the cooperative are distant people who take products and sell them. Very big ignorance. Individual producers cannot be certified, cannot export their products, do not have technical assistance - a service they were unable to obtain individually. Producers don't always value this. Naturally, these services have a cost - the fee - there are often questions about why they have to pay a fee.

Lack of communication between members and cooperatives - often failures at the cooperative level related to communication. Even if everything works well (cecac 11 - a lot of assistance to its members - always disgruntled people - impossible for everyone to be happy - but if there is communication, problems are solved. product and do not know when they will receive it.

10. Any financial product initiatives provided by cooperatives?

There is no harvest insurance. Some co-ops, depending on the producer in question, make cash advances, but it is a very big risk at times. It's happened that people don't pay debts. Cash advances and payment on products.

In the cocoa cooperative there is a credit box - people can apply for loans as in a bank. They will create a fund with the profits that this generates and this fund will increase. Cash creation in a community that is working more or less - sometimes people take a while to pay so funds could be bigger, but it works. However, there is a lot of fear of farmer credit because the farmer often does not pay.

There were several government projects for this type of agricultural credit and as it was all financed with agricultural projects they never paid - they didn't work.

11. How does financing work to increase value chains?

Imvf is funded by the EU, funds come from the EU. Prior to the project, a survey was carried out on the country's need for exports. One of the things identified was the new pepper culture factory. In terms of infrastructure, we are going to install a photovoltaic

structure. Very isolated areas have constant power cuts and in this way there will be more stability in the electric current that until now is only guaranteed by the generator.
There are structures at the process level - fermentation boxes, cocoa, solar dryers - imvf invests in this type of infrastructure.
They are currently trying to replace plastic with plastic sheets. Advantage is that it lasts up to 6/7 years, while current plastics only last 2 years - great reduction of plastics that will stay in nature. Plastic and wood reduction

12. More initiatives to support farmers in terms of energy access?

There have already been several biogas production projects - a new destination community that at the beginning worked well. But as it is a community project, there is a problem - these projects need managers and a management fund. The project was falling apart, with no continuity. This happens a lot in s tomé.
A short time ago, a study was being carried out on how much raw material would be needed to expand the biogas plant. All these factories will always have the problem of transport - roads are very difficult, rough roads - very difficult to access. Especially when it rains. Getting biomass out of plantations is in itself very complicated and costly. The cost of energy in S. Tomé is quite high.

There are roads to be made, but they are main roads and even if some investment is made, there are too many roads. Very long term project But we are talking about kms of dirt. Landslides occur.

13. Support to access to materials?

Very few products that can be used and applied for organic farming. Only thing is copper sulphate and even then use is reduced. Every year, the government buys a few kilos to be applied, but it's not enough for everyone. Cooperatives apply sulfate to their members.

In cases where phytochemicals are still applied, there is a public health problem because producers do not know what amounts to apply. They don't leave enough time without applying products. What is imported is often not what producers need, but how producers apply. The market is not constant. Sometimes products arrive that are already

banned in Europe. In São Tomé, there is an emphasis on organic farming because it is safer and more sustainable.
Horticulture fields are not plot fields where other crops - cocoa, coffee, pepper - are normally. Sometimes they are close - then there has to be a safety distance because of the auditors. There can be no chemical residues because the farmer is expelled.

14. Policies regarding access to information?

Census are essential.
The grant that finances this project will also finance the agricultural census, which in principle will take place this year. It will be done by the fao and the ministry of agriculture, but there are problems in the negotiation with the fao and it hasn't started to be done yet. Financing of 1 million something, but it is not known exactly when it will happen (deadline foreseen 2025 for the end of the project). It would be essential. There is a total lack of control over who has titles to land - some land is abandoned and the government is taking it away from the person. Plot size would also be quite important to know to try to understand farmers' income.

15. What is the main obstacle?

Payment of taxes. Every year they have to pay rent on the land they are occupying and in many cases this is not being paid.

16. Any government policy that in your opinion are lacking?

Zélia thinks there has already been, but is not sure. Often people buy title deeds and then when they go to the finances to register they come across a debt from the person who sold them their land.

Interview n. 5

Interview conducted via video call (recording available)

Date: 19/07/2022

Name of interviewee: Celso Garrido

Stakeholder: Public sector (government)

Organization: Ministry of Agriculture, Fisheries and Rural Development (MAPDR)

Position: Director of Planning

Profile interviewee

Celso Garrido Pontes. At the moment he has 2 functions. A first function has to do with the Ministry of Agriculture and Fisheries, where he is the director of planning, and he is also the national coordinator of food security and nutrition.

Description of the organization

The Ministry has a role of driving public policies in the development of agriculture, livestock, fisheries and national food security.

Interview Summary

1. **Can you start by telling us a little bit about the Ministry's activity?**

São Tomé is a country where all agriculture is family farming, and it is through family farming that we obtain financial resources to contribute to the country's GDP and economic growth. With regard to agricultural policy, we had a charter drawn up in the decade from 2000 to 2004, but unfortunately this agricultural charter was never implemented. It was practically more than May million dollars that in my opinion were thrown away. The document was not taken advantage of because of lack of knowledge or strategy. The document was not adopted and we hardly used it in a binding way. That was until 2007.

Starting in 2013 we produced another document, which is the national strategy for agricultural investment and food security, and it comes out of a public policy on the African continent that is a detailed program for agricultural development in Africa. All African countries committed to implement their strategy in agricultural development and food security through the 11 pillars of the PDA, which serves as a mother document that guides how countries should value their agricultural and livestock products based on human development indices. The strategy was to maximize the factors and the greatest potentialities of each country. In our case, it involved strengthening the agricultural export chains, cocoa, coffee, pepper, coconut and palm oil, and strengthening the livestock activities, especially the increase in poultry production, in order to supply the local market. In the case of livestock we will also be self-sustainable in egg production. And it is clear that we have achieved the latter because since 2014 we no longer import eggs from anywhere.

But we have been suffering a lot from the war at that moment, with the consequences that the whole world is going through. Since COVID, the war in Ukraine, has greatly compromised the double insularity of São Tomé and Príncipe. Double insularity because there is the insularity and then the insularity of the island of Príncipe itself. The country's fragility in terms of development is many, it has many communication problems between the various ministries, which must join forces in order for us to have well implemented and coherent public policies. This has not been easy.

We, through the food security council, have tried to get the attention of the private sector and the government. The document was approved, but its implementation is through external funding and small programs. Mainly from the EU, UNDP and ADB. Some bilateral cooperation as well, such as the cooperation on the issue of food and nutritional security with China. The case of Portugal is more focused on the issue of education and basic sanitation, health. It is not very focused on the issue of food security and agriculture. Which I think is a shame, because STP is an inherently agricultural country, almost all of its potential could come from strengthening agriculture and family farming, through the values added to raw materials. And of course, opening the door to tourism and enhancing fishing. Well, this is the guiding document until 2022. Well, as it is a developing country, it has its weaknesses. We have several constraints. A country where 90% today comes from abroad. We depend on others. It is 10%, that is what we are able to declare through our income, but agriculture is still the main activity that brings growth in the country through the export of cocoa. First, until 2021, because from 2022 on, São Tomé's main export product is palm oil. Cocoa continues to be the one that comprises the largest active labor force in agriculture as a whole, it is responsible for almost 65% of the active labor force. When I talk about agriculture, we are practically talking about an activity that involves a quarter of the population. 30000 people, more or less among producers, fishermen, vendors, peddlers. It is a process in which the country itself depends on a lot of foreign aid. The economy is fragile.

Public policies are implemented very much by outsiders, and sometimes we are practically forced to take action when we shouldn't have to. We have tried to discuss in a clearer way and impose limits. We don't want to continue being merely a supplier of raw material. Because a country that all its life will always depend on others, is, is not free. And today we cannot say that we are a self-sustaining country, we cannot say that we are a country that depends on us. The territory is ours. Ok, the partnership, the programs and projects of cooperation, but they should gradually, and improving self-sustainability, support the government to supply the local market.

In livestock farming and fishing there is a lot of work to be done. It is necessary to acquire independence in production. We already have some advances in some crops. Today we have very solid cocoa export cooperatives and that, plus a cooperative that has not yet been inaugurated, and we have inaugurated the first chocolate production factory. We will consume 5% of your locally produced cocoa. Today we break with a history of more than 500 years as a supplier of raw material. I know that many will not like it, but each people has to trace its own path. And we are going to inaugurate São Tomé's first chocolate factory, which will consume 5% of our cocoa. So there is a lot of work to be done.

2. **How does the Ministry support the cooperatives? What are the types of support, more monetary support, technical support?**

The cooperatives emerged from government programs starting in 1996 with IFAD funding and went through several phases. At that time, between 96 and 2004, there were no cooperatives. In 2004 the state encouraged there to be cooperatives. Today we have four functional cooperatives. The cooperatives today function thanks to public policies of the state. The state mobilized funds with partners, which gave birth to these cooperatives.

And today we have almost 75% of certified organic production in the territory and our forecast is to reach 100% of the territory with organic production. So the state comes in with the technical support. This chocolate factory was the fruit of the government's work together with the cooperative. Private companies in the agricultural sector are very incipient. There have been many ways of giving credit, but it has never worked because many lose their credit. For some years it was also public, which didn't work. Different from this program to promote cooperatives. The state currently supports going to two international fairs. At APCI they can get funds to develop their activities. This is the support that the state gives to private companies.

3. **How is the process of obtaining organic certification? Are small and medium enterprises able to obtain certification easily or has this been a problem?**

The products that are certified in São Tomé and Príncipe are:

- palm oil, certified by green forest

- cocoa, coffee and pepper by ecocer, an international certifier

The certifying company has been working with us in this process. It is a process that we have been doing together with the entities. But our desire is not to continue doing it this way, because it costs a lot to the cooperatives. We are talking about annually, almost 8 or 9,000 EUR are spent for these certifications, and for a cooperative it is a very high amount. We want to reduce these costs. We will try to move towards the implementation of participative certification, we know it's more difficult, but our goal is to minimize the costs. And maximize the profits for its own members. We are looking for other mechanisms to add value to our product by creating brands. In addition to the protected certified indication. Trying to protect our products and see what advantages we can take from this certification by this protected geographical identification through some kind of guarantee seal. These are things that we are carrying out now through a program supported by the European Union, which is called the Project of support to the agricultural exportation lines, also conducted by the Marquês de Valle Flor Institute.

4. **What are the biggest priorities right now for the government of São Tomé and Príncipe?**

Besides supporting small producers, our biggest challenge is investment in the irrigation system. When you don't have water, you have nothing. Even though we are in a country where it rains a lot, our irrigation system practically doesn't exist, we live on God's blessing, when the rain falls. We would like to be able to absorb the water that falls and use it to produce food and also products for export. This is the biggest challenge. But we also need to improve the rural infrastructure, like connecting rural tracks. That is another problem. And the development of the fishing chain. From its capture, valorization, and commercialization.

5. **Are there any policies that were adopted and did not have a good result?**

The policies were always done on paper, but not in practice.

Also with the collaboration of our donors, they give us a lot of help to produce the document, but they create many barriers for its implementation. Unfortunately this is how it happens. It is an issue that many don't like to talk about, but I am comfortable talking about. Are the funders playing games with us? Because if they wanted us to develop these actions they should have other criteria, other approaches, not put so many barriers in terms of the use of the investment, in terms of this or that.

6. **What are the barriers that are usually faced in the process of making the policies effective, in the process of getting them off the paper?**

Well, first of all, we should be the first ones to blame. Because when we participate in a strategy, we should take it as our own. Because the country didn't have stable governments for many years, things didn't work. It starts and doesn't end, another one comes and starts. Everything that started goes back to square one. The partners do what the governments want or ask for. We start a strategy, we have to finish. If we don't finish, we can't continue. We finance one-off things. The partners also don't help, because they let themselves be taken into this frivolous way of looking at the development processes and don't help in a more concrete way; they prefer to put their hands on their heads and not be more open and discuss things, with more frontality. The biggest problem is the political instability, the non-continuity of the state, the lack of accountability is the state leaders, who start a program or project in a finish. Of course, if you, in an economically fragile country, depend a lot on the goodwill of another partner, and hence on what the partner has behind it. For example, almost everybody only wants to finance coffee. Because you have raw material that comes out with the quality to be sold as raw material, which you can turn into thousands of thousands of euros. So a lot of people appear financing this kind of thing, but not in the financial, for example, tomato production. What happens? A lot, in quotes, of the "big companies" can hardly find financing for that. It's sort of so you can see when there's no interest behind it, things don't work.

7. And what are São Tomé's biggest partners today?

One of the biggest partners is still IFAD. The EU, FAO. The African Development Bank, bilaterally China. UNDP. And there are other partners in other areas.

8. What is the difficulty in promoting the agricultural census?

The last agricultural census was carried out 30 years ago, and this year we have funding from the European Union to do a census. Unfortunately, it hasn't started and I think it might have some constraints.

9. **Next topic is in relation to professional training in new generations. And we would like to know if there are policies that are implemented to ensure this sharing of knowledge about agricultural practices. Or what other policies are within the scope of ensuring the involvement of the new generations? What do you have that has worked and if there is a concern that has existed within the Ministry as well?**

The concern exists because we are a country that depends a lot on agriculture and in the last 10 years we don't see almost young people wanting to graduate in agriculture, livestock, and fishing. It's not just the country's fault, the world itself has been moving towards that trend. Every day that goes by. But it is also easier to have a scholarship for a computer engineer than it is for a veterinarian. Maybe we don't have young people entering that sector because they are very expensive educations and they are getting more and more expensive because the demand is lower.

We try to encourage this with some small credits within our programs for the youth, and women. We started since last year to see if we could retain some of the Youth in this area, but the truth is that it is not easy. People don't want to work in the sector and we have to look for new ways, new approaches, giving intensive credit, trying to give reforms. The government has to take over. Especially the children of the rural producers. Scholarships directly to these people, because another trend is that the scholarships go to a capital city and the children of the people who live in the countryside don't have access, so all this also makes this demand diminish every day. But as I said, it is a challenge and we follow it. And we have promoted some actions. Mainly of valorization of local products. To demonstrate how agriculture can change lives, to strengthen the rural environment with clean water, better energy, housing, and this can make young people stay in their place of origin. And make farming careers economically sustainable to meet their economic needs.

10. **Is there any policy or any program or any other organization's initiative dedicated to agricultural skills training?**

There is. The Ministry always trains through the programs. We have 2 centers, we have an agro-technological capacity building center. Farmers, farmers' children, everybody has access to the training activities. But as I said, there is a lack of access to information, other points of view. All the programs and projects have this capacity building, others with more or less duration, but we have it. We, through the CPLP for instance, have installed in São Tomé the CPLP's competence center for family agriculture. Perhaps all this so that by it we can train, capacitate, train, exchange with farmers in São Tomé, and not only with Portuguese-speaking farmers.

What we lack is the strengthening of an institution responsible for rural extension, which has begun to take its first steps, which is the rural development support center, responsible for carrying out the information: new technologies, permanent capture, solution of the problems that the farmer has in his activity. It is a number center for agriculture that has administrative and financial autonomy, but it still has a long way to go, it needs to be strengthened, trained, and have a more permanent dynamic with small producers, fishermen, and animal breeders.

11. What needs to be changed in the mentality?

The mentality behind the projects and programs. We need to stop having only pilot projects and start implementing things in a more permanent way. If I know that it will be positive for the country, why apply it for only one period or in only one place? Why not implement it in a national way? Because then we never have permanent also that gives results. It is necessary to do more than the pilots. So, first, we need to change this mentality, we have to stop, and think. And when we already know that it is the thing that gives results stop coming with the pilot, the pilot for the same way of spending money badly spent. It is a way to cheat the development of countries that want to get out of underdevelopment.

12. Do you consider that there is difficulty in accessing land? Historically, how was this division made in STP?

After independence, agriculture was done through large agricultural companies that belonged to the state. There was an organization in terms of hierarchy, from the worker in the field to the person in charge of the company who reported to the government. With the redistribution of land in the background, what was done was: several small family farming enterprises were created, shredded these lands that could go from one and a half to 10 hectares for family farmers and over 10 hectares for medium and large enterprises. What was missing was an accompaniment for these farmers, these, these families that received land and were not farmers, because the land was distributed to all, without exception, even those who had no experience. So you give land to the nurse and she will do what? So where does the World Bank fail? It didn't create follow-up programs, training, or information. And what happened? Many lands were abandoned, they stopped being productive. Many sold their land to others. They transformed them into houses.

This was done in a disorganized, disarticulated way. A lot of labor was lost, the land was abandoned and stopped being cultivated. Of course, this reduces internal production. But we are in a process of trying to return the land through the cooperatives, through the export ranks. We are recovering this process. We started producing domestic food from the 80's on. Everything was more export culture. I mean that gives a political importance in the talks, but in the physical execution, almost nothing.

13. What are the policies that the Ministry will invest in the future, that have already started or will start?

Projects for food security and from the point of view of infrastructure, like rural tracks, improvement in terms of storage, water catchment, irrigation. We also have a project that will support the agricultural exportation sectors, such as cocoa, coffee, coconut, and pepper. And we have another action that is to support the small agricultural enterprises of internal food production, for the production of free range chicken, to produce broiler chicken and to produce horticultural food crops, to produce banana, corn. Basically, it is a policy of mass production of domestic food production. Of course, based on 3 aspects: infrastructure, conservation and transformation. Another dream is to make São Tomé and Príncipe 100% biological, we are now at 75%. So, our biggest challenge right now is the implementation of the 100% bio strategy. Through the valorization of our export products. Because our internal food production, all of it, is almost natural.

Interview n. 6

Interview conducted via video call

Date: 08/08/2022

Name of interviewee: Jorge Bonfim

Stakeholder: Government

Organization: Ministry of Commerce, Industry and Trade – Trade Direction.

Position: Trade director

Profile interviewee

The Minister has worked for the government since 2005 as a senior technician. In 2008, he was invited to take over the direction of Comercio. As director of trade focused essentially not on domestic trade, but on the international. Trade negotiations and trade policies. This is because pro-trade entry entered the same time of application to the WTO. He started in 2005 and 2008 as focal point director.

Description of the organization

Ministry of Commerce, Industry and Trade – Trade Direction.

Interview summary

1. **Concerning international agreements for market access (customs agreement between EU and Pacific States, Caribbean, AU – closed last year; ACP Countries). Which ones are in place? How do they operate?**

We are negotiating with the European Union. We started regional talks because the European Union had negotiated with regional communities that they called... I don't recall. It has to do with the tariffs that had to be presented to the WTO, and in that area, we were part of the Central Africa region, but the Central Africa region has the following formats: there is CEMACA and CEACA. As São Tomé and Príncipe is not a part of CEMACA, we had to negotiate with CEACA. The African Union does not recognize the CEMACA. CEMACA is an economic and monetary commission, it has monetary and economics agreements for Central Africa, and it has a more comprehensive aspect of reginal integration and conflict resolution. The Economic

Partnership Agreements of the European Union are not concluded because it has not reached agreements.

2. Why not concluded?

It was really a business matter. Central Africa wanted the EU to create a master plan for development. No agreement was reached because the figures were enormous, Europe was experiencing financial difficulties, also political will. Then came China in the middle. We belong to the regional bloc of the Gulf of Guinee and the Portuguese-speaking countries, whose commercial economic patent is marginal. However, it is already an evolutionary commitment. We once signed a free trade agreement, and finally the entire trade and global agreement came up at the level of Africa. We have ratified this agreement, and now we are in the implementation phase. Now we have difficulty because we do not pay quotas in the African Union, so we are inactive. Implementation continues but without our presence. Because of the quotas we are also inactive in the WTO. We are also part of the Africa Caribbean Pacific, ACP, as well as quota agreements. We have financial problems to access everything."

3. Historically, has any agreement worked very well? What and how do they work?

What happened was a bilateral agreement with Angola, a bilateral agreement with Cape Verde that evolved into an annex on sanitary and phytosanitary issues. When Cape Verde had its tourism boom, it began to need to import products, and wanted to import products from the sea, mollusks. The merchants were already in the way. But they came there and they found quality barriers, sanitary, products, tariff barriers too: the fish was confiscated and we came back."

4. How would you explain the success of exports with Benelux countries? Are there specific agreements or players that allow the environment?

"They are traditional importers; we have historical links of partnership since colonial times. We want to go up on the doing-business table, we suppressed export licenses, we still do it as long as the other party requires it though. Only if the importing party needs the trade decision, we shall issue these licenses. We eliminated the permits, created the one-stop-shop, the Trade Agency APCI.

5. **What the one-stop-shop comprehend?**

"The one-stop-shop allows that someone who wants to start a company do not need to go from department to department, it simplifies procedures. However, the implementation has not yet reached the most convenient. It would have to be networked, but not this one yet. At the customs level, we created another one-stop-shop. In my perception, it should all be unified."

6. **Do they support business with recommendations?**

"I'm not much in it because that is customs departments. Placing both together could be possible. I don't know why you didn't go straight away unified. There's a lot of political discontinuity."

7. **How do you perceive the quality constraints for exportation?**

"What we have seen: for exports we have to have integrated policies, it is the Ministry of Agriculture that would take care of this part of quality. The APCI has a role. I did my training in France and there was a lot of talk to French exporters, they created export insurance. There has to be financial incentives. We've been doing our part but with some difficulties."

8. **Any difficulties in complying with the conformity assessment measures applied by the partner's partners?**

"Surveilling is difficult but we have a specific actor in this same Ministry, which is the Direction Of Regulation. They want to become economic police, I mean, have political powers. When they go to the ground, they're limited. They supervise, note that they are not well, but they cannot assign and make necessary amendments. They want to evolve. It's a job that's being done right now. In surveillance, we act on everything we are called, for example, after the operator opens company in the single guichet, he has to return to trade to make the commercial registration. At the moment, we will do a survey if the establishment is in conditions to function. It has to pass because there's control of what is done. Every year, they have to renew the order. And at that moment we asked for the tax certificates as well."

9. Are there tax incentives for small business?

"For high taxes, there are incentives. But usually only for big ones. The little ones pay. What the state did: the tax rate is minimal."

10. How is the coordination between actors in the value chain (are farmers and cooperatives efficient)?

Most of the tasks are shared among the ministries, this falls more in The Ministry of Agriculture. We issue a document: certificate of origin. For the product to enter countries, we have to display the origin of the product. Almost like a brand.

11. How is the coordination between trade institutions and investment support going? Is there a clear vision for the future of the sector?

We are trying to implement what we call the National Trade Negotiations Commission, which would be the meeting of all these actors in a single structure. It hasn't gone as I would have wanted. And we're going to need it because at the WTO session you're going to need that committee. The issue of African free trade zone needs commission as well.

12. How are the initiatives on economic diplomacy?

We tried to equate this; we understand that there should be a department for this at the embassy in Portugal. We should also have this in Geneva when we are approved by the WTO. We should have a commercial office there. May I suggest it to the foreign business minister.

13. Top priorities?

I have a little personal view: I think that the Direction of Trade should evolve in a direction not only of trade, but to see the issues of small and medium-sized companies because they are the ones who make the exports. Products for the niches we know. We should promote companies. It should also be a direction that focuses on consumer protection, as well as competition. It would no longer be a Direction of Commerce to be general direction, domestic trade, general, consumer, competition. And fostering small and medium-sized enterprises. We are foreseen cut of investments of international aid, and we have to have private sector as the main actor.

14. Key support initiatives for SMEs?

Very few. There are some at the trade and investment agency level, and there are others through projects like COMPRAN at the Ministry of Agriculture level but we needed more instruments. We should have an Agricultural Development Bank, an Agricultural Development Fund. We notice that when the market, demand, is strong, we have difficulties in increasing supply. We need tools to respond to increased demand, increase farmers' incomes.

15. How is the access to financial products and what are the main constraints?

We should start an Agricultural Development Bank internally. Until other products come, it should be the main focus. There are private banks but most of the installments are installments in which the holder only has usufruct. The documents he has are not enough to go to Commercial Banks that require guarantees. There is a question of the guarantee that is not resolved with title of possession of the parcels. Perhaps we could pass a definitive allocation of parcel, or recognition of these securities under some conditions, but the truth is that in question of palm oil, demand is higher than supply. We can still introduce palm plantations, and it is known that palm trees coexist with cocoa. It is possible to diversify and stay both. We try to establish contact to develop this value-chain. We found an operator who is willing to receive production and do the processing on site. He's a private partner from Braga. We launched this palm oil value-chain challenge. Not only if it produces palm oil, but also the seed, strip if much for cosmetics. It's a precious cosmetic oil. And the operator is interested. He asked Agri Palma to sell the lump. But Agri Palma wants to keep the lump too. There are a lot of people who produce, so we need a cooperative.

16. How do you perceive cooperatives' role?

They are fundamental because we do not produce at scale. If each one that has 2 or 3 hectares, we know that it is not enough alone. But the cooperatives are with the Ministry of Agriculture.

17. Do you offer support for certification schemes?

We don't give but we are willing to contribute, but who has followed this more is the Direction of Industry, they are the ones who see it more. We don't have much capacity in the direction, I mean technique, to follow this. We stay more in the negotiations.

Interview n. 7

Interview conducted via video call (recording available)

Date: 26/07/2022

Name of interviewee: Adérito Bonfim

Stakeholder: Public sector (government)

Organization: Ministry of Commerce, Industry and Trade – National Service of Intellectual Property and Quality (SENAPI).

Position: Director

Profile interviewee

Adérito Bonfim is the executive director of the National Service for Intellectual Property and Quality of São Tome and Principe (SENAPI) and has been a consultant on subjects like environment, and food safety. He graduated in chemical engineering and did his master's degree in quality and safety in collaboration with the University of Bragança. He develops his work in the areas of geographical indication, certification of products, and related issues.

Description of the organization

The National Service for Intellectual Property and Quality (SENAPI), is a public institution of national scope under the Ministry of Commerce, Industry, and Tourism in Sao Tome and Principe. Its mission is to contribute to the definition and implementation of policies and legislation related to industrial property in the country; ensure the attribution and protection of industrial property rights; maintain and control the registers of industrial property rights; publish the acts, decisions, and other relevant elements related to industrial property; carry out activities for the dissemination of technological information aimed at stimulating the inventive and innovative spirit of the Santomeans; facilitate the process of technology transfer to and from São Tomé e Principe, and carry out actions aimed at the dissemination and use of the industrial property system in São Tomé e Principe.

Interview Summary

1. **What exactly are the directory's competencies?**

There isn't one. There is an organic law, there is an organic law that rules about. There is an organic law that governs the licensing and supervision of industrial units. Now, the competence of the national intellectual property service is based on the paria convention and all the other treaties and protocols that we have engaged in recent times. The paris convention, the Berne convention and the convention establishing WIPO (World Intellectual Property Organisation) and all the other treaties aimed at promoting intangible assets - I am talking about trademarks, patents, industrial designs and models and a series of protocols and treaties, either in the field of industrial property, or intellectual property.

2. **How is agriculture and rural development promoted?**

Yes, cultural and creative industries as well. We have in the codes, one for copyright and one for intellectual property. Based on that our whole policy and the whole strategic vision of development.

3. **And can you tell me what is currently being implemented?**

From industry? We do not have the master plan for industry because it should be more of a regional plan. Depending on this, we are going to define the strategic axes that adapt to our reality and develop them. Now, in terms of intellectual property, we have developed an intellectual property development plan based on the WIPO development agenda of paragraphs 45, paragraphs that were on the WIPO development agenda and which we have just developed. And we are, at this moment, asking for the forecast of the second plan.

4. **So you also work in partnership with some international organizations?**

Yes, we are members of WIPO, the world intellectual property organization. We are members of RIPA, the regional intellectual property organization. Which is based in

Zimbabwe. We are a member of ISO. We are members of the International Electrotechnical Commission. They are our most direct partners. We are members of the Economic Community of Central African States. In terms of these regional and international strategies is where we develop our work at the national level.

5. **In terms of infrastructure, what are the biggest constraints that currently exist?**

We are talking about the product processing center for all products, and agri-foods, including some laboratories also that are in the process of being accredited. That is the Agricultural and Technological Research Centre in Potó. It is in the process of being accredited. This could be one of the limitations, but we are also thinking of creating an agro-food processing center, and when it comes out, it already has a bar code, a label, and everything. Those are the main limitations now. Regardless of the technical standards and regulations, we only have the legal framework that creates the national quality council and develops a vision for certification, standardization, accreditation, those values, and market supervision. But this is a process that is ongoing. It is not yet consolidated.

6. **And in terms of access to other types of materials, such as water, some technological equipment...?**

Yes. Laboratories, as you know, require inputs. Access to some, especially reagents. These are all issues that laboratories face on a day-to-day basis. We have made a diagnosis. And there is an action plan underway, but it requires funding. To see the limitations of the, in terms of all the laboratories underway nem and greater coordination of the laboratories, which was a more integrated vision. It's sort of, those are the biggest challenges of our labs.

7. **And what types of support and funding do the producers receive?**

They have already received one from the COMPRAN project, which is funded by various partners, they have just received a set of materials. We have already received an amount of 100,000 euros from a project funded by the European Union, which is PIQAC, the Project for Quality Infrastructure in Central Africa. They are receiving support from the ADB, the African Development Bank and so on. More or less the current state of the laboratories has to be an evaluation matrix to find out what state they are in, to improve, but they are working, they are certified at this level, but they always need to improve. And for the laboratory, he said. I think what is missing is work on heavy metals. The whole group of heavy metals, but I think there is already equipment, the only thing missing is training.

8. **In terms of access to information on regulations, and good practices for export. How do you consider that this is done to producers?**

The Centre for Technological and Agronomic Research, in Potó. To see what it has and what it needs to improve to be within European and regional standards, that's more or less, that's it.

9. **And in terms of research and developments, how does it work? What is the link between industry and academia?**

In our intellectual property development center, the program is underway, which is also interdisciplinary. It's where companies, laboratories, the centres of innovation, and technology support centers come in. But this program has not yet had pressure from the parties involved. There are many laboratories now being rehabilitated and transformed. Yes, but not totally, but partially. But at the outset, we have a program, one of the axes of the intellectual property development plan, which is an innovation that will be the green economy, the blue economy. We already have the innovation law, we already have is, we have already sent protocols to sign. Memoranda of Understanding to move forward in that direction. And we will move forward with partners and with other partners and we will move in that direction.

10. **Is there a transition to renewable energy or plans for it?**

Yes. We have just worked with teachers from Bragança, who are trained in energy efficiency. A framework has been created. Institutional and governance framework for air conditioning, coolers and LEDs. This will be worked on with the support of the World Fund. Then, a solar panel is also being built and there is also a need to move in that direction.

11. **And do you also feel that this transition will be enough? Because, we have learned from our research that there are problems in access to energy and**

in the stability in access to electricity because there are gaps, do you think this would be the solution to that problem?

It would be, at first. And then there are some reforms of the legal and legal framework as well. For the privatization of some sectors that are not profitable for the state, because as you know, our energy is 100% public and there is work with world bank to privatize in some, some energy sectors, is so that parts of some production can go into the grid. Through the private parties. There is a whole program of reform underway.

12. **Do you feel there is room for public-private partnerships?**

Always, there is. Everything is being thought of. Especially in PPPs.

13. **How does the directory support it? Yeah, how does the attempt to create a national brand for São Tomé work now? Is something being done?**

The project has already been approved. All that's missing is the part, the registration of the national trademark. To make a regulation, which is almost 80 or 90% done, to start promoting the brand internationally. With three axes: reputation, innovation, and quality. It will work as a brand hat, where the pillars will be geographical indications, collective brands, and cultural and creative industries. And the country brand appears as the fundamental vector of this whole process.

14. **But the brand has already been built and now all that's left is...?**

Yes, it has already been approved. Now all that is missing is the regulation of use to be approved by the Council of Ministers. Who can use it for what, how and for what purpose? So that there is no undue use by national people who may want to use them without complying with the precepts laid out in the Convention.

15. **So, it is foreseen that in February this mark can already be used?**

Yes, yes, yes, in a little while, because we are waiting to make the regulation, says the regulation is already half finished, and only remains to be approved in the Council of Ministers. But the document, the body another 1 year, more or less.

16. **I saw that as recently as 2018 there had been a one-stop shop. How has it been working?**

Yes, it has worked normally. Companies go there and register and it has been working normally. It is called a one-stop shop.

17. **So the shop is working well and it was and has been positive for businesses that this shop was created?**

Yes, yes.

18. **Still, in relation to this type of shop, I wanted to know if there is something or if it is included. Or is there another one where companies can know the requirements to access each market? And, for example, the necessary certification.**

There is the investment production center, right? We have the APCI, which is the investment promotion center. There, I think they should have more (inaudible) about internationalization, and market information. I think they're more geared towards that. The one-stop shop is more for the creation of the company and to speed up the process of creating companies. The whole process of registering companies.

19. **What socio-economic impact do you think the development of the agro-processing industry could have on the country?**

I think even the impact is big. We have associated, we have made a marriage between industry, innovation, and intellectual property. It has a big impact. First, from a scientific point of view, we are vulnerable to climate change. There are a number of sociological factors that cause agriculture to be bequeathed to the background, especially cocoa coffee growing and so on. When we think about agro-processing, we are adding value to products. And on the one hand, we are working on food security, health, and the well-being of people. On the other hand, we are promoting tourism. We are sending out some signs of balance, how we, all these years, have managed to balance sustainable development, food security, and everything. So we are sending a good message and a vision to the new generation so that they follow the work that we were doing. It takes that there is a balance between what is technological development and so on. And also what is nature conservation? Do you know what Príncipe was? A biosphere reserve, but the biosphere reserve not only includes the forest as such but also the processed products. The processed products with some quality, Bio. And that's more or less the vision we're developing.

20. **And do you think then that the climate crisis could become a problem for the industry?**

Of course, it is, because the climate plays with the hydrological cycle. If there's no water, what do we have? We have a primary forest, which is cocoa, coffee, pepper, and so on. If there is poverty, people start cutting down trees. Also, people abandon the fields, they stop caring. As it is a small country, there is already some drought and we already had experience in the sugar cycle. We have an area that is a savannah, the result of improper land use, the result of indiscriminate felling to introduce sugar cane. With some scientific data, we try to improve and we try, we are trying to recover and see if we can develop in a sustainable way with culture, with agro-processing and with a series of ecosystems, we are creating now based on the blue economy, green economy, and also not the numerical economy. Because today, to be competitive, we must also have the tools to process information as quickly and as fluidly as possible in order to be competitive.

21. **Do you think that there was any policy, now in a more general way, any agricultural policy that failed? And is there any policy that you would like to see implemented?**

No, not failed. You learn by doing and learn from your mistakes, don't you? And I think there is one that is remaking itself. If there are conditions for investments, we have to invest more in associativism, why? And cooperatives. Why? People don't like to work in teams. To equate production factors, we're talking about structure, which would give access to water... It's good that they work in association. Even for production, it's good that they work in association, it's more or less on that (inaudible). For intellectual property, we're talking about geographical indications, collective brands, the start-up intrinsically already promotes associationism. It is more or less in that logic that we are recovering some "failed" strategies, isn't it? You can say "failed" in inverted commas, or not well achieved.

22. **And is there still some contact with the cooperatives then**?

Yes, we work, for example, on the geographical indication. We have almost five companies and cooperatives. We have Diogo Vaz, STOCAU, we have CECAB which just last week inaugurated a factory.

23. Is there anything you think is important to mention?

We are also working with a German company that has just completed the foreign trade package so that Sao Tomé and Principe can join the World Trade Organisation. This package mainly covers trade in goods and services and intellectual property related to trade. In a nutshell, we are talking about all of this. And we will see how, with bilateral and multilateral partners, the country will negotiate in order to have a strategy based on international standards and a foreign trade regime that is attractive to all bilateral and multilateral partners. Everything comes in: industry, trade, everyone, tourism, and so on.

Interview n. 8

Interview conducted via videocall (recording available)

Date: 24/08/2022

Name of interviewee: Carminda Viegas

Stakeholder: Government

Organization: Project of support to commerce, agricultural production, and nutrition (COMPRAN)

Position: Project Coordinator

Profile interviewee

Purchase project coordinator

Description of the organization

COMPRAN is a project directed to the support of commercialization and agricultural productivity. It aims to ensure food security in the country as a whole through the establishment of commercial partnerships.

COMPRAN finances micro projects and with these microprojects, aiming to improve the quality of life of S. Tomé citizens with these. COMPRAN has collective support. It has infrastructure support, production support (supply of plants) and it also has training and institutional support from the Ministry of Agriculture. The projects' duration will be of 6 years, being currently in the second year. Next year there will be an evaluation of the route, where the most successful projects and activities will be evaluated to redefine and adjust the project. The project comes to succeed other projects with the same funders. It developed activities to improve the housing of farmers and also brought them closer to their plantations. Farmers receive plots so they need to be close to plantations.

Interview Summary

1. **What were the projects that existed before COMPRAN, and that COMPRAN succeed?**

PAPAFPA - a previous project that transformed community organizations into productive organizations. It resulted in the creation of export cooperatives - organic cocoa export cooperative, organic cocoa quality conventional cocoa export cooperative, organic pepper and vanilla, organic cafe.

PAPAC - continued the actions after PAPAFPA reached an end.

COMPRAN comes to succeed and to give continuity to PAPAC.

2. **Any other export-oriented projects?**

There is currently a project to support export ranks - PAPAE - which is financed by the EU and IMV. It gives support to cocoa, coffee and coconut.

Another project from UNDP that provides support in the norms and legislation for exports.

The industry management itself has worked together and has been working on export standards.

3. **Where does the financing for the different projects comes from?**

Usually, it comes from external financing - FIDA

PAPAE - funding for this project comes from the EU and from IMV

There is also some government funding

4. **Are the projects' objectives usually in harmony with the government's agenda?**

Projects come from the Ministry of Agriculture. Since 2019, the ministry has created an organization called the Acha Group, which is formed by all projects and funders operating in the agricultural domain. Meeting occur twice a year to ensure the coordination of projects. In the 1st meeting there is the presentation of the plan of each project and at the end of the year, on the second meeting, a balance is made. Thus, there is coordination between all projects.

5. **Does COMPRAN support the participation of producers in international fairs?**

There were 2 international fairs with the participation of farmers. Project activities have a minimum number of fairs that must be held during the project.
Compran supports farmers, producers and processors to participate in fairs to present their products and to do commercial prospecting.
Why the fairs? They support product production, but São Tomé is small and therefore the market is small. International events allow products to be shipped abroad and are responsible for all costs. The producer just has to take his product and everything else is taken care of by the project.

6. **Support from the government of São Tomé?**

There are shared responsibilities. The Government has its own responsibility and portion of participation.

7. **Does compran provide support in regards to products' certification?**

Project supports the costs of organic certification, fair trade, etc. In an early stage, certification is provided according to buyer's requirement and depending on quantity.
However, when the produced quantity is small, certification is the farmer's responsibility. After a certain amount of production, the buyer also has responsibilities and is therefore responsible for some of the costs of these certifications - the case of cocoa, for example.

8. **What is the role of COMPRAN in this process?**

In Compran, projects are presented by the beneficiaries so it is up to the producers to present their projects - if they feel that certification is a priority and they need support then Compran can help.

9. **What is the relationship with cooperatives and what types of support exist?**

There are 4 types of partnerships:

- Partnership for financing micro projects - 1000-1500 euros per project - aimed at individuals

- Youth Initiative - 700 euros per project - includes training and financing of a small kit for starting activities
- Funding for 3p's partnerships - for associations - 25 associations that may agree
- 4 p's - more developed cooperatives and associations - goes up to 140 000 agribusinesses of which 60% are financed. This one is the most complex partnership since it constitutes a public private partnership.

10. What are the main obstacles COMPRAN faces in their performance?

In terms of execution, the import process is quite slow; ships' frequency increasingly smaller (with war this was accentuated) - not only a problem that affects COMPRAN but the whole country

Performance for beneficiary - beneficiaries have to define if they are interested in opportunities - this is not always done in the best way. Contrary to other projects, it is not the buyer who goes in search of the beneficiaries, but the beneficiaries who goes after them. A lot of criteria, with some being difficult to be met.

11. What steps are required for a producer to be helped by COMPRAN?

This is done through applications. Applications are posted and then analyzed. There is a company contracted for this. Beneficiaries must go to the place and register.

12. Is there any one-stop shop in São Tomé to help producers get information about exportation processes?

Guiché Único

13. What measures do you think could be implemented to facilitate COMPRAN action and the entire export market in general?

One of the main problems is the lack of knowledge on markets - producers need to know where to export and what to export. Often they do not not have enough information on this.

Information on the laws of export to the country, on how to acquire certifications and how to enter the market. For nearby African countries, producers often fail to meet requirements, which prevents exports to these countries.

14. **What do you consider were the most successful projects implemented by COMPRAN? What plans and investments for the future?**

Cooperatives that were created by PAPAFPA still exist. They have been continuously being improved, with great advances having take place. Many cooperatives became autonomous so they constitute and example of success.

15. **Where can we access all the information about COMPRAN and its projects?**

Facebook

Interview n. 9

Interview conducted via e-mail (answers directly on text)

Date: 02/09/2022

Interviewee: Arzemiro dos Prazeres

Stakeholder: Government

Organization: APCI - Promotion and Investment Agency

Position: Director

Interviewee profile

Arzemiro dos Prazeres is the Director of the Promotion and Investment Agency (APCI).

Description of the organization

The mission of APCI's is to promote, facilitate and monitor private investment, both national and external, as well as to promote, facilitate and monitor the export of goods and services in all sectors of the national economy, in accordance with national legislation and standards and in force, and in accordance with government guidelines.

Four main lines of action make up the mission of the Trade and Investment Promotion Agency:

1. Guarantee assistance and support to importing and exporting companies in São Tomé and Príncipe to help them improve productivity, as well as their competitiveness in foreign markets;
2. Provide Government decision-makers with adequate information and tools, mainly for the definition of trade policies and/or the elaboration of sectoral development strategies, in addition to helping to shape legislation and regulation, instigating a more favorable environment for the business;
3. Allow the opening of the São Tomé and Príncipe market as a business destination through the promotion of foreign direct investment.

Interview Summary

1. **What is your role at the agency?**

Director

2. **What projects are currently being promoted with regard to the promotion of exports in agribusiness by the agency?**

Credit to projects for agricultural and livestock breeding and production; approval of three investment projects in agribusiness (production and processing of cocoa, vanilla, soy, chocolate), production of plants for the manufacture of pharmaceuticals

3. **How does the agency help SMEs right now?**

Giving credits

4. **Is there a one-stop shop in São Tomé where producers can access to obtain all the information (requirements, bureaucracy) necessary for export?**

Yes there is. At customs.

5. **Do São Tomé producers/businesses usually participate in international fairs? Are you aware of any support (from the government or the agency itself) to the participation of producers in international fairs?**

Very rarely. In the last exhibition, the agency took products from the producers to the exhibition

6. **Are you aware that São Tomé carries out diplomatic missions with the aim of contacting new markets?**

We are getting ready for this

7. **Are you aware of the existence of a national brand in São Tomé? How do you think it should be promoted?**

Many . VALUDO, CORALLO, DIOGO VAZ, CECAB, CECAC, KWA TELA , SUNDY HOTELS etc etc

8. **What are the main advantages of the existence of the agency for the producers of S. tomé in the development of the export market?**

Have institutional support from the State that more easily promotes them to new markets and facilitates the export of their products by finding financing with the ADB and WB

9. **What were the most successful policies implemented by the agency and why?**

The line of credit. Because it provided conditions for agricultural promoters to finance their projects

10. **Is there something that was tried by the agency and did not go well? What are the biggest difficulties? Lessons learned?**

APCI, is a new institution that is learning from mistakes and building on successes

11. **Plans for the future?**

Affirm yourself domestically and internationally.