Blue Economy Investment Program in São Tomé and Príncipe

Hand-in-Hand Initiative

Investment Forum | Rome, Italy | 18-19 October 2022
Section 1: STP Blue overview

SIDA Archipelago with two islands in Central Africa, on equator line
EEZ (160,000 km²) 160 times larger than the land area (1001 km²)
Future oil country
Population: 210,240 (INE 2020)
Under 20 years old: 52.1%
Literacy rate: 90.1% (INE, 2020)
High local demand fish products 30 kg/year/hab.

E.E. Z and Oil Exploration Zones

Structure of GDP: Services (62.9%), Industry and processing (15.8%), Primary Sector < 10%
Tourism and fisheries value chain respectively 15% and 9% of GDP
Unemployment rate: 8.9% (INE, 2017).
Tourism and fisheries values chain respectively 3% and 9% of active population
Poverty Index: 66.2% (INE, 2020)

Protection of Natural Capital
Protected Areas (30% of land area) and integrated policy planning
### Section 1: STP Blue Economy overview

#### Strategic instruments for promoting Blue Economy

<table>
<thead>
<tr>
<th>Vision STP 2030</th>
<th>National transition strategy toward blue economy</th>
<th>Strategic and Marketing Plan for Tourism of São Tomé e Príncipe (2018-2025)</th>
<th>STP Transport Master Plan – Maritime transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transform the country into a maritime hub, a financial services center and a tourist destination for the Gulf of Guinea, through infrastructure development. Priorities are: a more productive agricultural sector and blue economy, as well as improved food security, access to quality education and health services, and an efficient judicial system.</td>
<td>To combine the protection of ocean ecosystems with economic growth, development and the improvement of the conditions and livelihoods of the population by creating new jobs, increasing the wealth and income of national entrepreneurs, young people and women involved in enhancing the services provided by marine ecosystems.</td>
<td>In 2025, São Tomé and Príncipe is the most unspoiled island tourist destination in equatorial Africa, with unique nature and biodiversity, heavenly beaches, where Santomean hospitality, based on its historical and cultural heritage of coffee and cocoa plantations, shares its way of life and its warm welcome.</td>
<td>Improve the development and operation of port infrastructures, their efficiency, the safety of operations and the reduction of production factors and internal and external marketing costs, as well as the accessibility of port infrastructures to people and goods. Creation of conditions to attract private investment and the emergence of new activities that generate jobs and wealth.</td>
</tr>
</tbody>
</table>
Section 2: Enabling environment

Favorable political environment
- 3 decades of the multi-party and democratic political system
- Semi-presidential regime - President of the Republic, Head of State, and Prime Minister, Head of Government
- Alternation of power without conflicts
- Good relations with all countries and partners
- Member of the main international, regional and sub-regional organizations.

Opening to the world
- Strategic location in the Gulf of Guinea
- Growing country in terms of opening to the world, with prospects of becoming a platform connecting the four continents
- Connection to the world with a good telecommunication network based on fiber optics
- E-visa, e-invoice
- Entry Authorization for Citizens without a visa, from the EU, USA, PALOP, sub-region

Favorable business environment
- Fixed exchange parity of the national currency (Dobra) with Euro
- Existence of the “Unique desk” for the creation of Companies in the country;
- Existence of the “Unique desk” for Foreign Trade;
- Trade and Investment Promotion Agency (APCI);
- Attractive investment code (simplified business creation procedures; incentives to FDI access to state properties...)
- Existence of the Tax Benefits Code (corporate tax rate from 45% to a flat rate of 25%)

Blue Economy Governance
- National Strategy for Blue Economy, adopted as a Law (Lei n°38/XI/8e/2022)
- Blue Economy under Ministry in charge of Planning, Finances and Blue Economy
- Specific committee chaired by the Min. of Finance to promote, coordinate, assess and monitor national investment for BE
- Set up of Inter-Ministerial Platform to Promote Blue Employment (4 Ministries)
- Ongoing process with INE-STP, INE-PT, OECD and INE-CV to promote Blue Economy Satellite Accounting
Section 3: Blue Economy Investment opportunities
Section 3: Blue Economy Investment opportunities

« Blue Cabotage » transport of people and goods from port to port while remaining close to the coast.

Tourism and coastal environment requalification

Plan for modernization of the coastal artisanal fleet
Section 3: Blue Economy Investment opportunities

Blue Cabotage

- **Top priority** in the maritime sectors is to create a cabotage system around STP utilizing existing quays where possible
- **Cabotage plan**: 16 million euros investment, construction of 6 multi-purpose cabotage ports: 5 in São Tomé and 1 in Príncipe – Ponta Mina (40% of the total investment)
- **Strong ripple effect on blue and green economy** (fishing, tourism, and agriculture value chains) in securing transport of goods and people and reducing carbon footprint

<table>
<thead>
<tr>
<th>Port Neves Pier</th>
</tr>
</thead>
<tbody>
<tr>
<td>• multipurpose features</td>
</tr>
<tr>
<td>• can be upgraded to cabotage functions (both transport of fuel and transport of consumer goods)</td>
</tr>
<tr>
<td>• to support the development of the fishing industry, boat repair facilities, cruising industry</td>
</tr>
<tr>
<td>• taking advantage of the existing support infrastructure</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Port of Ponta Mina:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• key element for the development of the autonomous region of Príncipe (and given the fact that it is very poorly served with the pier at Santo António)</td>
</tr>
<tr>
<td>• configures as the top priority of the Cabotage Master Plan</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Água Izé wharf:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• more dedicated to supporting agriculture, closes the support network for cabotage but also for tourism</td>
</tr>
</tbody>
</table>

Santa Catarina and Porto Alegre

Piers can be enhanced to support the fisheries and agriculture, also strategic for the creation of a maritime alternative (of cabotage) to the highway, reducing the risk of isolation in case of any event that affects the existing road network

<table>
<thead>
<tr>
<th>Ribeira de Peixe Pier:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• can be enhanced to support the export of palm oil in bulk,</td>
</tr>
<tr>
<td>• potential to attract private investment from the palm oil industry</td>
</tr>
</tbody>
</table>
Section 3: Blue Economy Investment opportunities

Blue Cabotage

**PROJECT**
PONTA MINA - CABOTAGE

**SITE:** Greenfield site at Ponta Mina

**ISLAND:** Principe

**ESTIMATED INVESTMENT AMOUNT** (Public funding) € 7,050,000

**PROPOSED WORKS:** Construction of a solid quay wall 128m long and 12m wide protected by a rubble mound breakwater on the outer side with a crown level of 6m above low tide. The quay will have a draft below low tide of 4m via the dredging of 560m³ of rock.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ACTIVITY</th>
<th>ESTIMATED COST €</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESIA</td>
<td>Category A Full marine ESIA</td>
<td>300,000</td>
</tr>
<tr>
<td>DESIGN FEES</td>
<td>Final Design, bidding documents and supervision fees</td>
<td>350,000</td>
</tr>
<tr>
<td>CIVIL WORKS</td>
<td>New block work quay, breakwater, reclamation and dredging.</td>
<td>5,500,000</td>
</tr>
<tr>
<td>EQUIPMENT</td>
<td>Bollards, fenders, ice plant, crane, etc</td>
<td>565,000</td>
</tr>
<tr>
<td>Contingencies at 5%</td>
<td>335,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>7,050,000</td>
</tr>
</tbody>
</table>

**TABLE OF OUTLINE COSTS**

**Feasibility study** (2013)

Review and updated in 2022 by

---

**PROJECT**
PORTO DE RIBEIRA PEIXE - CABOTAGE

**SITE:** Porto de Ribeira Peixe

**ISLAND:** São Tomé

**ESTIMATED INVESTMENT AMOUNT** (Public funding) € 2,257,000

**PROPOSED WORKS:** Demolition of existing pylons, construction of new jetty and reclaimed shore area. New fittings, admin building, ice plant and cold room.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ACTIVITY</th>
<th>ESTIMATED COST €</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESIA</td>
<td>Category A. Full marine ESIA</td>
<td>500,000</td>
</tr>
<tr>
<td>DESIGN FEES</td>
<td>Final Design, bidding documents and supervision fees</td>
<td>150,000</td>
</tr>
<tr>
<td>CIVIL WORKS</td>
<td>New quay, reclaimed area, admin building.</td>
<td>1,100,000</td>
</tr>
<tr>
<td>EQUIPMENT</td>
<td>Bollards, fenders, lighting on quay and crane. Contingencies at 5%</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>2,257,000</td>
</tr>
</tbody>
</table>

**TABLE OF OUTLINE COSTS**

**Feasibility study** (2013)

Review and updated in 2022 by

---

Figure A–Construction of a new landing jetty at Ponta Mina

Figure A–Demolition of remnants of existing quay and construction of new quay
Section 3: Blue Economy Investment opportunities

### Blue Cabotage

**PROJECT**

**SANTA CATARINA - CABOTAGE**

**ISLAND** São Tomé

**SITE:** Santa Caterina

**ESTIMATED INVESTMENT AMOUNT** (Public funding) € 2,430,000

**PROPOSED WORKS:** Construction of the quay, including reclaimed area plus new fittings, admin building, ice plant and cold room.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ACTIVITY</th>
<th>ESTIMATED COST €</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESIA</td>
<td>Category A ESIA</td>
<td>300,000</td>
</tr>
<tr>
<td>DESIGN FEES</td>
<td>Final Design, bidding documents and supervision fees</td>
<td>350,000</td>
</tr>
<tr>
<td>CIVIL WORKS</td>
<td>Construction of the quay, backfilling and paving, admin building.</td>
<td>1,190,000</td>
</tr>
</tbody>
</table>
| EQUIPMENT  | Bollards, fenders, lighting on quay and crane. Contingencies @5% | 475,000
|            |                                           | 115,000          |
| **TOTAL**  |                                           | 2,430,000        |

**TABLE OF OUTLINE COSTS**

---

**PROJECT**

**PORTO ALEGRE - CABOTAGE**

**ISLAND** São Tomé

**SITE:** Porto Alegre

**ESTIMATED INVESTMENT AMOUNT** (Public funding) € 2,460,000

**PROPOSED WORKS:** General rehabilitation and extension of the existing jetty and surrounding property, service and administration buildings, new fittings and equipment.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ACTIVITY</th>
<th>ESTIMATED COST €</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESIA</td>
<td>Category A Full marine ESIA</td>
<td>500,000</td>
</tr>
<tr>
<td>DESIGN FEES</td>
<td>Final Design, bidding documents and supervision fees</td>
<td>150,000</td>
</tr>
<tr>
<td>CIVIL WORKS</td>
<td>Extension of the quay, paving, admin building.</td>
<td>1,300,000</td>
</tr>
</tbody>
</table>
| EQUIPMENT  | Bollards, fenders, lighting on quay and crane. Contingencies at 5%       | 400,000
|            |                                                                           | 110,000          |
| **TOTAL**  |                                                                           | 2,460,000        |

**TABLE OF OUTLINE COSTS**

---

Feasibility study (2013)

Review and updated in 2022 by FAO

**Figure A** New quay proposal

**Figure A** Rehabilitation and extension of quay
Section 3: Blue Economy Investment opportunities

**Blue Cabotage**

Feasibility study (2013)

Review and updated in 2022 by

<table>
<thead>
<tr>
<th>PROJECT PORTO NEVES - CABOTAGE</th>
<th>ISLAND</th>
<th>São Tomé</th>
</tr>
</thead>
<tbody>
<tr>
<td>SITE :</td>
<td>Porto Neves</td>
<td></td>
</tr>
<tr>
<td>ESTIMATED INVESTMENT AMOUNT (Public funding)</td>
<td>€ 1,520,000</td>
<td></td>
</tr>
</tbody>
</table>

**PROPOSED WORKS**:

- General rehabilitation of the jetty and surrounding property, new fittings.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ACTIVITY</th>
<th>ESTIMATED COST €</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESIA</td>
<td>Category C Project Description Statement-Screening</td>
<td>50,000</td>
</tr>
<tr>
<td>DESIGN FEES</td>
<td>Final Design, bidding documents and supervision fees</td>
<td>100,000</td>
</tr>
<tr>
<td>CIVIL WORKS</td>
<td>Grade 35 concrete for the refurbishment of the quay paving, admin building.</td>
<td>950,000</td>
</tr>
<tr>
<td>EQUIPMENT</td>
<td>Buildings, bollards, fenders, lighting on quay and crane.</td>
<td>350,000</td>
</tr>
<tr>
<td></td>
<td>Contingencies @ 5%</td>
<td>70,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>1,520,000</td>
</tr>
</tbody>
</table>

**Figure 11** – Swell conditions at Neves (TYPSA)

**Figure 12** – Bathymetric conditions at Ana Chavez and Porto Neves (CMap)

**Figure 13** – Conditions at Porto Neves are very similar to those at Port Willemstaad on the Island of Curaçao – Google Earth

**PROJECT PORTO NEVES – CRUISE LINER BERTH**

**SITE :** Porto Neves

**ISLAND** São Tomé

**ESTIMATED INVESTMENT AMOUNT (Public funding) ** € 200,000

**PROPOSED WORK**

- A current market study of the cruise liner industry vis-à-vis future calls at São Tomé in order to determine the minimum number of days at port of a cruise liner and plan the number of potential activities possible (major selling point for stopping for many days) during the visit;

- Outline design for the enlargement of the existing quay at Porto Neves, including the mooring dolphins, and preliminary cost. The cost should include the architectural rehabilitation of the old Customs House as well as the re-organisation of the landing, including areas for parking of vehicles and mini-buses;

- A financial feasibility study.
Section 3: Blue Economy Investment opportunities

Blue Cabotage

Total investment
€ 16,000,000

Economic gains
- NPV = €4,6 M
- IRR = 16,8%
- Added value due to increasing volume of maritime transport (goods and people)
- Reduction of risks and expenses on road maintenance
- Improvement of fisheries and agriculture Value Chains (losses reduction) due to ice plant on quays and transportation facilities to the Market of the Capital

Environmental benefits
Based on investment in innovative vessels reduction of carbon footprint versus territorial transportation and reduction of territorial transport pollution and risks in relation with Climate Change

48 Direct employment
24 Permanents and 24 Temporary contracts

60 Indirect employment
Transportation of people and goods to the port

Beneficiaries
- 300 household of fishermen living in coastal areas
- more than 5,000 family’s living in coastal areas
- +/- 10,000 tourist/year (30 % of tourist entries)

<table>
<thead>
<tr>
<th>NAME OF INFRASTRUCTURE</th>
<th>FINAL DESIGN READY</th>
<th>LIKELY ESIA CATEGORY</th>
<th>ESIA READY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Ponta Mina new landing quay *</td>
<td>Yes</td>
<td>Category A</td>
<td>Not Ready</td>
</tr>
<tr>
<td>2 Porto Neves refurbished landing quay*</td>
<td>Yes</td>
<td>Category B</td>
<td>Not Ready</td>
</tr>
<tr>
<td>3 Porto Peixe refurbished landing quay*</td>
<td>Yes</td>
<td>Category B</td>
<td>Not Ready</td>
</tr>
<tr>
<td>4 Porto Allegre refurbished landing quay*</td>
<td>Yes</td>
<td>Category A</td>
<td>Not Ready</td>
</tr>
<tr>
<td>5 Santa Catarina new landing quay*</td>
<td>Yes</td>
<td>Category A</td>
<td>Not Ready</td>
</tr>
</tbody>
</table>
Section 3: Blue Economy Investment opportunities
Tourism / Coastal requalification (beaches...)

2025 targets for tourism sector:
- 73.4% increase in its contribution to GDP.
- 5.8% increase in the number of jobs in the tourism sector.
- Increase in the room occupancy rate of 19.7%.
- 65.5% increase in international arrivals.
- 81.2% increase in investment in the country.

Tourist entries over the last 10 years:
In 2017, the tourism sector's contribution to GDP 14%, with revenues around USD 53.8 million (11MUSD in 2011), employing 1,834 workers (869 men / 965 women).

Beaches in São Tomé et Principe immortalized in the commercial for Bacardi Rum shot on Banana beach (Principe) back in the early eighties. Ever since, São Tomé has been synonymous with wild sandy beaches.

With the rising popularity of São Tomé as a tourist destination it has become necessary to manage the beaches in a sustainable manner in order to avoid environmental degradation and loss of custom.

Tourist favorite places (Source: DGTH):
Section 3: Blue Economy Investment opportunities
Tourism / Coastal Requalification (beaches)

PROJECT: REQUALIFICATION OF BEACHES
ISLAND: São Tomé
SITE: Lagoa Azul, Namorados, Tamarinos, Governador Micondó, Piscina, Cabana, Café, Granja, Bone de Joquel

ESTIMATED INVESTMENT AMOUNT: € 6,040,000 (Public funding)

PROPOSED WORKS: Each beach will have a restaurant, hygiene facilities, shower, up to 5 kiosks, 1500m² of parking, waste bins, improved road access (unpaved), solar lighting, water supply and 3-phase power for the restaurant kitchen.

TABLE OF OUTLINE COSTS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ACTIVITY</th>
<th>ESTIMATED COST €</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESIA</td>
<td>Category C. Project Description Statement and screening</td>
<td>10,000</td>
</tr>
<tr>
<td>DESIGN FEES</td>
<td>Bidding documents and supervision fees</td>
<td>30,000</td>
</tr>
<tr>
<td>CIVIL WORKS AT EACH BEACH</td>
<td>Mobilisation</td>
<td>25,000</td>
</tr>
<tr>
<td></td>
<td>Rural road access (1km ca)</td>
<td>350,000</td>
</tr>
<tr>
<td></td>
<td>Restaurant</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>Hygiene facilities</td>
<td>55,000</td>
</tr>
<tr>
<td></td>
<td>Parking 1,500 m²</td>
<td>7,500</td>
</tr>
<tr>
<td></td>
<td>5 kios Kiosks</td>
<td>7,500</td>
</tr>
<tr>
<td></td>
<td>Beach service room</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>Waste bins for separated waste</td>
<td>12,500</td>
</tr>
<tr>
<td></td>
<td>Shower</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>Vertical signage (tourist road signage)</td>
<td>4,500</td>
</tr>
<tr>
<td></td>
<td>Water supply</td>
<td>30,000</td>
</tr>
<tr>
<td></td>
<td>PV panels</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>3-Phase supply</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>604,000</td>
</tr>
</tbody>
</table>

NPV: € 450,000  IRR: 14 %

Economic impact: Fisheries and tourism value chains

Environmental impact: Biodiversity preservation, beach integrity preservation, public sanitation, solid waste management

Direct employment: 180

Direct beneficiaries: 7 Costal communities (22,000 people/11,500 young) around 10,000 tourists

Indirect beneficiaries: 1,000 Fishermen / 750 women fishmongers

The architectural project with BOQ for each of the beaches is complete

Praia Piscina (left) and Praia Lagoa Azul (right)
Section 3: Blue Economy Investment opportunities
Plan for the Modernization of the coastal artisanal fishing fleet

Fisheries sector at glance

**National production**: 11,000 tm/year excl. SSF

**Trade**: Fresh and salted/dried, few smoked;

**Tuna Fishing EU agreement**: 8,000 tm/year (840,000 €/year as Public revenue paid by EU for the access payment).

Fisheries VALUE CHAIN:

- 9% GPD (FAO, 2018)
- 4,155 Fishermen (DP, 2019)
- 2,355 women fishmongers (DP, 2014)
- around 30,000 people live directly and indirectly from fishing activities (15% of the population)
- No export, consumption 29.3 kg/an/hab,
- 53.3% of protein of animal origin (17% of total protein) (FAO, 2019),
- Fish consumption coverage rate of 99% (FAO, 2019),
- 45 landing sites / coastal villages (28 in ST and 17 in RAP) with very little basic social infrastructures
- New Fish markets in some towns and Central fish market at ST. built (AfdB project), but problem of cold chain

**SSF Fleet structure**

2,237 SSF boats (91% ST, 9% RAP) (DP 2019)

90% of the fleet, more fragile and unsafe. Strong demand from fishermen to acquire safer PRAO boat (WB, 2019).
Section 3: Blue Economy Investment opportunities
Plan for modernization of the coastal artisanal fishing fleet

Financing plan
- **300 new coastal boats** / 5 years (60 boat/year)
- **120-150 dugout canoes out of fleet per year**
- **€ 618 000 Public incentives measures (fleet exit)**
- **€ 1 035 000 Advances for individual loans (access to new boats)**
- Partnership of International Investment Public Bank and commercial private bank on basis of national guarantee
- **€ 352,000** as a private investment in a boatyard (micro finance)

**Amount investment for 1 new fishing Unit**: €10,000 / €2,000,000 for the plan
**NPV**: €6,000 / €4,000,000 for the Plan (including a boatyard investment)
**IRR**: 30%
**Beneficiaries**: Between 600 - 900 fishermen involved in the modernization plan
**Improvement of fishing efficiency**: +15%
**Environmental benefit**: Sustainable fisheries management by controlling fishing capacities, improving economic efficiency without increasing fishing effort

GSP to monitor and map artisanal fishing activities
SAO TOME E PRINCIPE INVESTMENT PLAN

**SUMMARY**

<table>
<thead>
<tr>
<th>Cost (€)</th>
<th>20% Overall Average IRR</th>
<th>75,000 Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>€24M</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**KEY INVESTMENTS**

1. **Intervention**
   Blue cabotage
   - Cost (€): €16M
   - IRR (%): 16.8%
   - VPN: €4.6M
   - **Sustainability Benefits**
     Beneficiaries: 50,000
     Improvement of tourist, agriculture and fisheries value chains efficiency
     Reduction of territorial transport pollution and risks in relation with Climate Change

2. **Intervention**
   Tourism / Coastal requalification (beaches...)
   - Cost (€): €6M
   - IRR (%): 14%
   - VPN: €0.45M
   - **Sustainability Benefits**
     Beneficiaries: 25,000
     Improvement of tourist, and fisheries value chains efficiency
     Environmental: Biodiversity preservation, beach integrity preservation, climate change adaptation

3. **Intervention**
   National Plan for Modernization of the artisanal coastal fishing fleet
   - Cost (€): €2M
   - IRR (%): 30%
   - VPN: €4,000,000
   - **Sustainability Benefits**
     Beneficiaries: 600 to 900 fishermen
     Improvement of fishing efficiency: +15%
     Environmental benefit: sustainable fisheries management

**SUMMARY**

- **Total Investment**: €24M
- **Beneficiaries**: 20,000
- **Overall Average IRR**: 20%
- **Sustainability Benefits**
  - Blue cabotage: Biodiversity preservation, beach integrity preservation, climate change adaptation
  - National Plan for Modernization of the artisanal coastal fishing fleet: Sustainable fisheries management