

The dual equation of economic diversification and structural transformation in Sao Tome and Principe

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A panel discussion on the structural transformation and economic diversification of Sao Tome and Principe: benefits of the African Continental Free Trade Agreement (AfCFTA) and fiscal reforms will be organized in Yaoundé on Tuesday, 19 April 2022, from 10 am to 1 pm (CET).

As a micro island State, Sao Tome and Principe (STP) faces many challenges that seriously impede its development process. Its governance capacity must be strengthened to allow the formulation of development policies likely to address its current needs in a relevant and coherent manner.

The country's infrastructural deficit (in areas such as transport, water, health and electricity) amidst dispersed populations contributes to high levels of public expenditure. This is compounded by high costs of production and of distribution of goods and services. The relatively weak private sector is not in a position to make a significant contribution to meet the needs of the population.

With an economy that relies mostly on cocoa, palm oil and tourism, diversification is imperative if the archipelago is to achieve its development ambitions and rank among the continent's prosperous economies. The low economic diversification leads to a strong dependence on imports to satisfy domestic demand, particularly for strategic products (oil) and consumer goods. This situation reinforces the country's vulnerability to exogenous shocks, thus aggravating the level of poverty that affects 66.2% of its population.

The priority for Sao Tome and Principe is diversification of sources of growth, exports and trade partners, as well as development of value chains.

In line with its mandate to promote economic diversification and structural transformation for an inclusive and sustainable development in Central Africa, and following the exploratory mission conducted by one of its teams from 28 February to 3 March 2022 in STP, the ECA Sub-Regional Office for Central Africa is organizing an online panel discussion to seek appropriate and operational solutions to STP's economic issues.

Scheduled for Tuesday, 19 April 2022, from 10 a.m. to 1 p.m. (CET), the **panel discussion on structural transformation and economic diversification of STP: benefits of the African Continental Free Trade Agreement (AfCFTA) and fiscal reforms**, will be open to the general public. The virtual meeting will be moderated by ECA experts and Sao Tomean scholars, and will highlight opportunities for the development of the green and blue economy as well as possibilities for STP's fiscal policy reforms to take advantage of AfCFTA.

The event will raise awareness on the opportunities and challenges of AfCFTA for STP, explore opportunities to promote diversification and development of the country's blue and green economy, explore approaches to maximize the positive effects of AfCFTA and reduce the negative impacts it may have, particularly on the country's fiscal revenues. It will also be an opportunity to explore ways of strengthening links between the ECA and the academia in STP.

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