



In cooperation with
Ministério de Economia e Cooperação Internacional

TOPGUIDE

Investing in São Tomé and Príncipe



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ROÇA BELO MONTE

— PLANTATION HOTEL - PRÍNCIPE —



Príncipe Island - considered by many as an undiscovered gem, situated off the coast of West Central Africa and forms part of the twin island state of São Tomé & Príncipe. With its small, charming population and heart-warming culture, the island is ready to share its rich history and breathtakingly beautiful surroundings for the discerning traveller.

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Introduction

4 Discover São Tomé
and Príncipe

Interview

6 PM Patrice Trovoada

Investment Guide

8 Business Environment and
Investment Procedures



Key Sectors

10 **Agriculture:** Playing
to its strengths
16 **Fisheries:** Tapping into the
blue economy
19 **Tourism:** The motor for
growth and development
22 **Horticulture:** A blossoming
industry

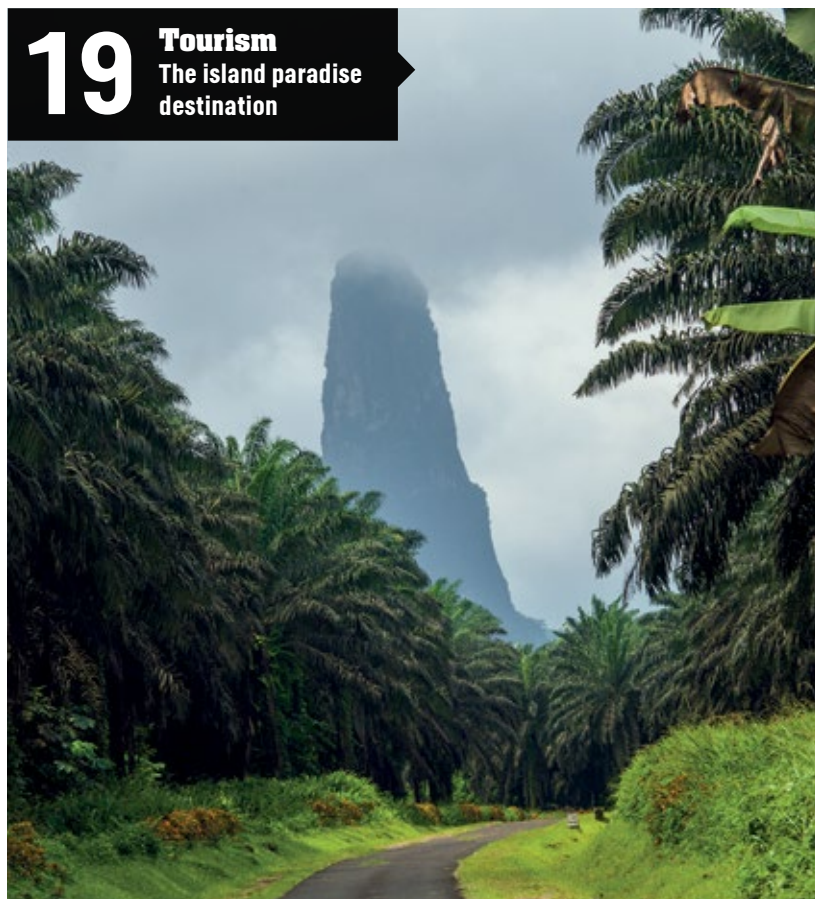
Other Investment Opportunities

23 From soap to flour
24 Residential property
25 Solar energy and data
storage

19

Tourism

The island paradise destination





Discover São Tomé and Príncipe



LYING ON THE EQUATOR, SÃO TOMÉ and Príncipe is a charming double-island archipelago located right in the middle of the Gulf of Guinea. Discovered by Portuguese explorers in the 15th century, the eponymous islands now host a richly diverse group of indigenous, drawn from nearby countries such as Cape Verde, Congo, Mozambique and Angola and from as far afield as Portugal, India, China and Brazil. Independent since 1975, the country has adopted Portuguese as its official language, although several local languages still thrive alongside *Creole Forro*, which the majority of the population communicate in. In 2012, Príncipe was named a UNESCO Heritage Site.

Given its location and climate, it is no wonder that agriculture is the mainstay of the country's economy. Cocoa from São Tomé and Príncipe is reputed to be among the best, if not the best, globally. The island is justifiably proud of its produce and has recently begun to market its cocoa under the "Made in São" brand. Apart from cocoa, São Tomé and Príncipe is also a leading

producer of white pepper, supplying its trading partners in Africa and beyond. To further ensure its success in agriculture, the country is constantly honing the technology and methods that it employs, especially in cultivating cocoa; and is happy to share this knowledge with other cocoa-growing countries. This is part of an ambition to boost value addition and agro-based manufacturing to shore up job creation and cushion the economy, reducing a reliance on donors.

Tourism is another bright spot in the São Tomé and Príncipe story. A wonderful climate, warm and welcoming people and quality hotels complement nature's gifts to the nation to make it one of the best destinations for adventure seekers. The island takes great care to ensure that its beaches remain clean. Its flora and fauna are treasured and protected. Its unique heritage of biodiversity underpins centuries of knowledge of natural health practices.

In addition, there is a determination to refocus the economy in new areas, fisheries being one of them. Patrice Trovoada, São Tomé and Príncipe's Prime Minister, believes it is a natural choice for the island nation. "We have a maritime territory that is 200 times larger than our landmass," he says in support of his intentions to steer his nation towards the blue economy.

The nation has also been prospecting for offshore oil for a while, working with several super-majors in the global oil industry. While the search is yet to yield results, PM Trovoada thinks that day is not far off. "Regarding oil, the geological characteristics mean that we have ultra-deep potential. Deep water is difficult to explore and extract from. But technology is evolving quickly. By 2019, we will have a much clearer picture of what is possible," he says.

As a developing country, São Tomé and Príncipe is focused on and full of opportunities for civil infrastructure. Aside from hotels, homes and productive public infrastructure, the island is keen to take advantage of its geographical location as an international trading post.

Currently underway is the expansion of its airport as well as plans to renovate its deep water port. With nearly 300 million customers on five continents within two hours of travel from its shores, the island's ambitions are well grounded.

It forecasts processing over a million tonnes of freight through its port once the deep port project is completed by 2019.

Not only is São Tomé and Príncipe a convenient gateway into other lucrative

markets, political and economic stability are fostering the emergence of a new middle class. Since its return to popular democracy in 1990, the island has seen stabilisation and improvement in several macro-economic indicators.

The national deficit was around 3% at the end of 2014. Inflation ended the year at 6% while the economy grew between 4.5 and 5% for the same period.

In recognition, the international community has resumed its aid and support programmes for the nation, while some of its debts have been cancelled, allowing it to make a fresh start with a sound fiscal environment and investor-friendly policies.

All of these factors make this a wonderful era to discover these islands, which are quietly developing and readying themselves for a bigger role in the region and beyond. A committed public service supporting its ambitious leadership; abundant natural resources; a sound, stable and focused economic and political atmosphere; and the friendly people make São Tomé and Príncipe the perfect destination for both business and leisure.

"All of this," PM Trovoada says, "pre-disposes us to be a service hub covering tourism, new technologies and financial services."

A little bit of history

The islands were discovered by Portuguese sailors in 1470 (São Tomé) and 1471 (Príncipe). According to official history, the islands were uninhabited, even though the local population say that Rei Amador, a native leader, rose up against the colonisers in 1595. He is a national hero. Some years later, Portuguese sugar cane farmers arrived.

The islands were part of the slave-trade route. São Tomé and Príncipe has a population stemming from several African countries, such as Angola, Cape Verde, Mozambique, and Congo.

The local population also encompasses Portuguese, Indian, Brazilian and Chinese components. The official language is Portuguese, but local dialects are still present and they highlight the above-mentioned different backgrounds: *Creole Forro*, spoken by the majority of population; Angolan, in São João dos Angolares District; the Cape Verdian creole; and N'ungui or Lunguié dialect, spoken mainly in Príncipe.

São Tomé and Príncipe became independent in 1975. At the beginning, the country had a socialist regime, but in 1990 it adopted multiparty democracy. ■TG

SÃO TOMÉ AND PRÍNCIPE HAS A POPULATION STEMMING FROM SEVERAL AFRICAN COUNTRIES, SUCH AS ANGOLA, CAPE VERDE, MOZAMBIQUE AND CONGO.

CAPITAL
São Tomé

OFFICIAL LANGUAGE
Portuguese

GOVERNMENT
Unitary semi-presidential republic

PRESIDENT
Manuel Pinto da Costa

PRIME MINISTER
Patrice Trovoada

LEGISLATURE
National Assembly

INDEPENDENCE FROM PORTUGAL
12 July 1975

POPULATION
2014 estimate - 190,428

CURRENCY
Dobra

TIME ZONE
GMT (UTC+0)

“We have two important assets in our political stability and geographic location.”

São Tomé and Príncipe's Prime Minister, **Patrice Trovoada** (right), says that in terms of investment there is one ambition – to leverage the island's geostrategic position at the centre of the Gulf of Guinea, and create a value-chain hub.



PATRICE TROVOADA, THE PRIME MINISTER of São Tomé and Príncipe, was born into an era when the archipelago's thirst for political independence was coming to a head. His father, Miguel Trovoada, led the struggle for liberation, and became the independent country's first head of government.

But while Trovoada recognised that his father had introduced political pluralism and a certain degree of freedom, he was convinced that São Tomé and Príncipe needed to write a new economic chapter.

Following his victory in the October 2014 legislative election for the Independent Democratic Action (ADI) party, Patrice Trovoada is working in a collaborative arrangement with President Manuel Pinto da Costa, an independent politician without political party affiliations.

Since 1998, São Tomé and Príncipe has markedly improved its fiscal position and that in turn has led to the resumption of international aid programmes, cancellation of part of its debt, and a reported 5% growth in 2014.

Despite this, the country still has a

poverty rate of 50% and the budget is highly dependent on international aid. São Tomé therefore remains a fragile country.

“Over the last decade, the macroeconomic indicators have improved,” Patrice Trovoada says. “Inflation is at 6%; growth is 4.5%; and the primary deficit is around 3%. From this point of view, everything is OK. But what is the main problem? It is that 95% of the budget depends on foreign aid.”

Trovoada says that, in terms of investment, there is one ambition – to leverage the island's geostrategic position at the centre of the Gulf of Guinea, and to turn it into a value-chain hub.

“When I am asked about the advantages of São Tomé and Príncipe, I believe we have two important assets,” the PM says. “The first is the country's political stability; the second is its geography. We are strategically located in the middle of the Gulf of Guinea and less than two hours from a host of countries representing 300 million consumers, and which in terms of mineral and agricultural resources is also one of the richest regions of the continent.

“In addition, we have an enviable growth

While Trovoada recognised that his father had introduced political pluralism and a certain degree of freedom, he was convinced that São Tomé and Príncipe needed to write a new economic chapter

rate, and a quickly emerging middle class. All of this predisposes us to be a service hub covering tourism, new technologies and financial services. This is how we hope to support our long-term development.”

But Trovoada says the country has two infrastructure challenges that need to be urgently addressed. They are the improvements to the deep-water port, and the airport extension.

“We believe that with these two infrastructure developments, we will make a decisive step and turn São Tomé and Príncipe into a hub in the Gulf of Guinea,” the prime minister asserts. He adds: “Other issues, such as agricultural and energy issues, will be managed. Eighty-five per cent of the country will be covered by electricity in the coming two years. Within three years, there will be general access to water.

“What we need to do today is to address this problem of creating value and workmanship, is to get away from our external dependency, by developing tourism, which has a great potential here, through the improvement of air links and the deep-water port.

“OVER THE LAST DECADE, SÃO TOMÉ AND PRÍNCIPE'S MACROECONOMIC INDICATORS HAVE IMPROVED,” PATRICE TROVOADA SAYS. “INFLATION IS AT 6%; GROWTH IS 4.5%; AND THE PRIMARY DEFICIT IS AROUND 3%. FROM THIS POINT OF VIEW, EVERYTHING IS OK.”

“Despite the proliferation of ports in Africa, the deep-water port remains very competitive because with 16 metres of draft it poses no dredging problems, unlike other ports in the Gulf of Guinea.”

But just what is the potential of São Tomé's port? Trovoada is very upbeat on this matter. “Our ambition is to transport at least a million tonnes through São by 2019, when the port will be finished.

“Given the growth in Africa, which is not proportional to the improvement of the business climate, it will always be useful to have a trans-shipment port near those countries around the Gulf of Guinea.” ■ **TG**

Business environment



BUSINESS ENVIRONMENT

The São Tomé and Príncipe economy has experienced a remarkable growth trend since 2007. The most dynamic sectors have been agriculture, civil engineering and tourism. The government offers benefits and incentives to investors, as part of its policy to reduce reliance on foreign aid.

Pestana Group is one example of an investor in tourism which recognises that there are many facets of the sector to be exploited, such as adventure travel, marine tourism and rural tourism. Some of the traditional *roças*, the homes of the colonial-era *fazendas* (plantations) abandoned by colonisers, have been turned into hotels and inns.

There are many possibilities to increase investors' interests: offshore oil exploration, the building of a deep water port, and several local projects. In addition, the country enjoys a geographic location ideally placed to serve the sub-region. With Central and West Africa as immediate markets, São Tomé and Príncipe is an ideal base for the distribution of goods and services to the Gulf of Guinea region.

São Tomé and Príncipe does not suffer the same problem as many of its West African neighbours when it comes to political instability, and is party to agreements such as AGOA (African Growth and Opportunities Act) with the US, and EBA (Everything But Arms) with the EU.

In fact, the image of São Tomé and Príncipe is perhaps its greatest asset with the international community and indeed,

São Tomé and Príncipe's standing in the World Bank's "Ease of Doing Business" guide rose seven positions from 2014 to 2015

for attracting increasing flows of FDI.

The government has worked tirelessly on reforming the political, economic, institutional, and social issues so as to increase its competitiveness in attracting FDI. The main challenge is in the expansion and modernisation of its infrastructure system, designed to support economic activity.

A bilateral agreement with Portugal, signed in January 2010, aims to create conditions that favour macro-economic stability, so that foreign investors can achieve a greater return on investment.

The current investment code has been revised and is considered very favourable. Investors are allowed to hold private property and are guaranteed a fair and immediate compensation in case of expropriation. Furthermore, foreigners are afforded the same rights as nationals in the area of investment, and post-tax earnings can be repatriated. Government has also awarded competitive tax benefits for foreign investors.

The government has called for the internationalisation of the São Tomé and Príncipe economy by inviting foreign firms to bid on tenders for strategic development in crucial infrastructure, such as upgrading the ports and airports, the building of deep-sea platforms and exploration of São Tomé and Príncipe's natural resources for energy.

São Tomé and Príncipe's standing in the World Bank's "Ease of Doing Business" guide rose seven positions from 2014 to 2015, giving credibility to the government's efforts to better the business environment.

Reforms and innovative measures, such as the '*Guiché Único*' (one-stop-shop), for investment mean a company can be opened in 24-48 hours as opposed to the four months it took prior to its inauguration in 2011. 2013 saw the *Guiché Único* open a dedicated office for imports/exports, offering great savings of time, energy, and money to those engaged in such activity. The ease of acquiring the necessary paperwork for construction has been greatly improved and a minimum capital level to set up has been scrapped to favour an increase in FDI.

INVESTMENT PROCEDURES

As a general rule, foreign entities may freely hold share capital in São Tomé and Príncipe's companies and there are no legal

THE FACT THAT THERE ARE NO LEGAL RESTRICTIONS TO FOREIGN OWNERSHIP OF SÃO TOMÉAN COMPANIES IS AN ADVANTAGE FOR FOREIGN INVESTORS.

restrictions to foreign ownership.

Although, in practice, there are no significant foreign exchange restrictions in São Tomé and Príncipe, under the strict letter of the law, in order to obtain certain tax advantages (incentives and benefits) and to repatriate profits outside of the country, foreign investors must file an investment project with the Ministry responsible for Planning and/or other relevant authorities, in accordance with the 2008 Investment Code.

How to register a company

A. Procedures required for incorporation of limited liability companies and registration of a branch

São Tomé and Príncipe has created a swift procedure for the incorporation of companies and/or registration of branches, which is carried out at the *Guiché Único*. The procedure usually takes no longer than 15 days. In the case where investors choose to incorporate a company and/or register a branch within 24hrs an express fee is levied, provided, though, the investors submit all necessary documentation.

B. Type of companies

The most commonly used corporate entities are limited liability entities (*sociedades por quotas*, or SQs) and companies controlled by shares (*sociedades anónimas* or SAs).

The use of either one of these business models by a foreign investor depends on various factors, including the desired degree of simplicity of the company structure and its operation, the amount of capital to be invested, and confidentiality issues as regards the ownership of the share capital.

SQs are usually adopted for smaller enterprises involving a reduced number of shareholders (minimum of two). SAs, which are tailored for large investments, normally have a significant number of shareholders (minimum of five), and the shareholding structure works as a self-financing element. SQs are the option more often chosen by foreign investors, mainly due to the simpler structure and administrative requirements and less costly incorporation procedures.

Since the enactment of an amended Commercial Code, it is possible to incor-

porate SQs with only one owner. However, the authorities still have little experience in dealing with this type of company.

Advantages of São Tomé

The fact that there are no legal restrictions to foreign ownership of São Toméan companies is an advantage for foreign investors willing to participate in the country. While there are currently no relevant foreign exchange restrictions in São Tomé and Príncipe, foreign investors that have not submitted an investment project under the Investment Code are still generally permitted to repatriate dividends. Moreover, the Investment Code reflects an effort by government to create a more attractive environment for foreign investors. It is recognised that further foreign investment is needed for São Tomé and Príncipe in order to develop its potential and objectives.

Corporate tax

Corporate Income Tax of 25% is levied on the income of resident entities performing a commercial, industrial or agricultural activity (a simplified tax regime is available for qualifying entities). Resident entities in São Tomé and Príncipe are taxed on worldwide income, including income earned outside the territory. Withholding tax applies to dividends paid to foreign shareholders.

Location-based incentives

Investment projects from €250,000 may benefit from tax incentives under the Investment Code. The limits and scope of exemptions are however still to be enacted. Currently, incentives are negotiated on a case-by-case basis.

Offshore companies (limited to certain activities) may be incorporated in the Offshore Business Center.

Offshore companies are fully exempt from taxation for a 10-year period and customs exemptions are also available. Furthermore, incorporation and maintenance costs are low. Qualifying income, such as dividends, paid to foreign entities, is also exempt from withholding taxes. Other special tax regimes for two free trade zones are also foreseen in law, but currently not fully operational. ■TG

Playing to its strengths

The list of investment opportunities in São Tomé and Príncipe is almost limitless, but the government has earmarked special areas of interest.



The cultivation of foodstuffs has been identified by government as having huge growth potential. The following areas could be of major interest to investors:

Agriculture

- Agro-processing, and the commercialisation of fresh and dried fruits and nuts
- The growing of fresh flowers and decorative houseplants

Livestock and husbandry

- Pig farming
- Poultry, and egg production
- Production of animal feed
- Apiculture and its derivatives
- Production of the edible West African snail

Fisheries

- Fish farms
- Commercialisation of seafood including line-caught tuna and other deep sea fish

At the turn of the 20th century São Tomé and Príncipe became the first cocoa producer in Africa

Agro-industry

- Production of natural fruit juices
- Production of soaps and detergents

Case study: The commercialisation of dried fruits and nuts

Opportunities

The growing realisation of the nutritional benefit of dried fruits and nuts has led to increasing demand for these products. They are a ready source of vitamins and minerals and as part of a balanced diet offer countless health benefits to the consumer, as well as a long shelf-life.

In addition to personal consumption, industries such as bakeries, restaurants, and bars all require commercial quantities of dried fruits and nuts.

Tonnes of exotic fruits – such as banana, pawpaw and mango – go to waste or are sold on the local market with little value

added. The drying and packaging of these fruits can serve the local market and the ever-expanding tourism sector.

Concept description

The concept of small business units, able to process and package dried fruits and hulled nuts, situated close to agricultural cooperatives, is considered an ideal model. The market for these products is focused around tourist and urban areas where hotels, supermarkets, bars and restaurants are found.

Products can fall into a fair-trade category which makes them highly desirable in export markets, commanding premium prices.

Market potential

Consumption is centred mainly in urban areas, especially with the emerging middle classes, and they are particularly enjoyed in December during Christmas and New Year festivities.

However, new niche markets, such as the 50,000 school children who eat in canteens each school-day, make semi-industrialisation and higher output commercially viable.

An orientation strategy

It is essential to consider what quantities of raw materials might be anticipated and whether there might be a need to supplement local crops with raw imports, where value can be added for the local market.



THE BEST COCOA IN THE WORLD

Brought from Brazil along with coffee in the mid-nineteenth century, cocoa was first farmed on Príncipe Island, cultivated in shadows of the local rainforests. Between 1895 and 1905 São Tomé and Príncipe became the first cocoa producer in Africa, a feature which encouraged its economic development. After a period of stagnation (although cocoa farming was never fully abandoned) locally produced cocoa is today considered among the best in the world. Some particular conditions contribute to the cocoa's quality: a volcanic soil that is extremely fertile, rain forest shade, regular rainfall over the year, and natural farming, without the use of any chemical pesticide during the process. Cocoa from São Tomé is highly prized and considered an excellent investment opportunity.

SÃO TOMÉ & PRÍNCIPE

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Exotic fruit liquors for export

The local exotic fruit liquors market consists of very small players unable to meet demand. Investing in the buying of fruits, and the subsequent distilling, bottling and packaging of exotic liquors takes advantage of the abundance of local exotic fruits.

Creating a brand focusing on the export market is considered a feasible opportunity.

The production, packaging and marketing of teas and dried herbs

São Tomé and Príncipe possesses rich flora including aromatic plants and teas that could be processed to take advantage of the huge global demand for herbal products. An estimated four million metric tonnes of black tea is grown annually, mainly by Sri Lanka, Kenya, China and Indonesia. The size of São Tomé and Príncipe's islands would suggest a focus on certain types

Huge opportunities exist for the commercial production of quality fruit and vegetables, not only for export but also the local market

of speciality teas and herbs that are indigenous to the archipelago, ideally marketed under the São Tomé and Príncipe brand.

The production of quality fresh fruits and vegetables

The local production of fruits and vegetables of a high quality standard is minimal on the islands, which leads hotels, bars and restaurants to search for imported goods to satisfy their discerning clientele. Factors critical to this business are production, transport and distribution. For production, modern technologies such as the use of greenhouses or hydroponics can guarantee a superior end product. Rural and urban transport systems are improving yearly so sales could take place directly with large clients or through a network of small retailers for household consumption.

LIVESTOCK

Pig farming for meat and meat products

Opportunities

The domestic pig plays an important role in local communities by contributing low-cost animal protein for family consumption. The consumption of pork often accompanies celebrations.

The transformation of the meat into various pork-related products (charcuterie) is widely practised.

Pork-related products have seen a huge rise in popularity globally, and São Tomé and Príncipe is no exception, with annual imports growing from just over four tons in 2010 to 12.7 tons in 2014.

Local production tends to be small-scale and carried out on a direct sale basis, leaving space for large-scale industrial production.

Description of concept

The building of processing plants dedicated to the transformation and commercialisation of pork derivative products of various types for the local market is seen as viable.

Market potential

According to the Livestock Management Directorate at the Ministry of Agriculture and Rural Development, 26,000 pigs are currently being reared.

Production process

Raised from birth, production and subsequently, packaging take place when pigs are 80-100 kilos in size.

Pork derivative products tend to have a 70/30 ratio of meat to fat and the traditional method of curing in smokehouses is still a common production process.

Critical factors for success

A sizeable investment is required for large-scale production, and quality should never be compromised so as to compete with imports from Portugal or elsewhere.

High-tech rearing techniques and continuous veterinary supervision are required to mitigate against potential illness and diseases that would jeopardise the well-being of the animal and the investment.

PORK-RELATED PRODUCTS HAVE SEEN A HUGE RISE IN POPULARITY GLOBALLY, AND SÃO TOMÉ AND PRÍNCIPE IS NO EXCEPTION



Poultry production and eggs

Agriculture in São Tomé and Príncipe has been quite dynamic since its introduction in the 70s, and the sale of chicken and eggs provides a source of family income. With the modernisation of the economy and better quality of livestock, poultry is becoming a regular part of the average São Toméan family's diet.

In 2014, São Tomé and Príncipe imported two tonnes of chicken meat and chicken by-products. Although competitively priced, the import product uses excessive chemicals and preservatives, and that has created an opportunity in developing the niche market for local free-range organic chicken.

Critical factors for success

The production chain should be highly controlled from hatchling onwards with high quality feed, veterinarian supervision and application of the highest industry standards.

It is also essential to communicate to the customer the high quality of the product, given the availability of imported products of inferior quality.

Production process

Throughout the chicken's life cycle, feed must be of the highest quality so as to guarantee a quality product. The humane rearing and transport of livestock is not only an important selling point, but also necessary to ensure no damage to the final product.

Production and marketing of animal feed

Feed is a basic ingredient in any production system and usually represents 60% of the production cost. The current importation of feed is approximately a tonne and a half each year and is the only lifeline for the poultry industry but subject to irregularities associated with maritime transport.

Description of business

Currently, there are two unused feed production units on São Tomé island. The rehabilitation of at least one of these plants, located at Roca Pinhead or Novo Linda, would diminish dependency on feed imports and stimulate greater livestock production, contributing positively to national food security levels.

Right: Last year, São Tomé and Príncipe imported two tonnes of chicken. Below: Production of coconut oil reduces reliance on edible oil imports. Below right: Cultivated maize is ideal for animal feed



THE POULTRY PRODUCTION CHAIN SHOULD BE HIGHLY CONTROLLED FROM HATCHLING ONWARDS, WITH HIGH QUALITY FEED, VETERINARIAN SUPERVISION AND APPLICATION OF THE HIGHEST INDUSTRY STANDARDS.



Production overview

1. Rehabilitation of factory
2. Production of raw material
3. Production of finished product
4. Storage of finished product
5. Distribution and sales

Necessary infrastructure

- Offices
- Warehouse
- Mill
- Mixing machineries
- Transport
- Scales
- Silos

Suggested strategies

Encouraging the local growing of maize and soya, to reduce reliance on imports, is key. Investing in the distribution network, decentralising points of sale, and establishing partnerships with traders of imported animal feed, would all be suitable strategies. ■TG

Tapping into the Blue Economy



Nurseries

Opportunities

Despite an Exclusive Economic Zone of over 160,000 km², fishing only contributed a modest 5.1% to São Tomé and Príncipe's GDP in 2012. Nevertheless, fishing is hugely important in providing employment and contributing to national food security.

Large pelagic (such as tuna), smaller pelagic (such as mackerel), and diverse fish (such as grouper) are found in abundance. Fishing methods are traditional and rudimentary. Most fishing is for subsistence, and local markets are not adequately served.

Large-scale nurseries using the latest technology in aquaculture are an interesting business opportunity to meet this deficit.

Description of concept

To build nursery infrastructures alongside refrigeration and freezing facilities. In addition to serving the local market the opportunities presented by the export markets are promising; and with tourism's growth, restaurants present a ready market.

Production process

In order to ensure a healthy life-cycle in farmed fish, from fry to capture, rigorous health and quality control are key.

Critical factors for success

- Quality of environment
- Logistics, storage and delivery
- Competitive pricing
- A flexible structure to accommodate fluctuations in the market.

Suggested strategy

Before the investment, clear concise research should be carried out with particular attention to environmental impacts.

The local market needs to partner with international companies that can bring technological know-how to the venture.

Commercialisation of fresh and frozen fish

Opportunities

Growth in tourism along with GDP growth per capita and the opening of new super-

Fishing is hugely important in providing employment and contributing to national food security

VARIOUS FRENCH, RUSSIAN AND JAPANESE INSTITUTIONS HAVE CALCULATED THE BIOMASS IN THE COUNTRY'S EEZ TO BE 29,000 TONNES; AMPLE RESERVES FOR A THRIVING FISHERIES SECTOR.

markets and minimarkets brings economic viability to the production of fresh and frozen fish to serve the market.

The Directorate of Fisheries of São Tomé and Príncipe recorded 2014's per capita consumption at 27kg per annum. The World Health Organisation has recorded global averages rising from 4kg per capita in the 60s to 27kg in 1997.

São Tomé and Príncipe imports of fish, crustaceans and molluscs grew from 16.8t in 2010 to 23.1t in 2013. However, the figures for 2014 dropped to 16.4t.

Description of business

The aim is to meet local demand and contribute to a lowering of the annual tonnage of imports. This can be done by the purchasing, processing, freezing, packaging and distribution of fish to the growing number of supermarkets, hotels and restaurants.

Investing in the creation of a "Made in São Tomé and Príncipe" brand, and nurturing an identity related to freshness will be key to capturing the local market and competing with imports.

Production process

The production process will require tight logistical synergy, considering the raw material is fresh and perishable. Furthermore, it is important that the commercial team should engage the marketplace to ensure stock turnaround. A medium-sized factory should be able to process one tonne of fresh fish daily. Investment in the necessary equipment should have an emphasis on creating a uniform product.

Tuna and other pelagic species

Opportunity

The São Tomé and Príncipe archipelago is situated 280 km off the continent in the Gulf of Guinea, virtually due west of Libreville, Gabon. The island's coastline is approximately 1,000km in length. Fishing constitutes the principal activity of rural coastline communities, providing subsistence animal protein.

During colonial times, artisanal methods

were supported by semi-industrial methods to meet market demand. However, in later years, despite São Tomé and Príncipe's efforts, salted fish began to be imported from Angola and other countries.

With independence, the government created EMPESCA to ensure market supply. This venture lasted a decade from the end of the 1970s, and EMPESCA had a presence in every corner of the country.

However, its administration was questioned given the viability of the projects it undertook in terms of their return on investment.

With the closure of EMPESCA, employment in the sector reverted back to the artisanal methods. Since then, various French, Russian and Japanese institutions have calculated the biomass in the country's EEZ to be 29,000 tonnes; ample reserves for a thriving fisheries sector.

Description of business

Looking at both the export and the local markets, a fleet of 3-5 vessels is considered the minimum necessary for a foreign investor. These vessels must be equipped to deal with tuna line fishing and have chilled storage.

Refrigeration and freezing facilities can be found at various points on the islands, the largest being the Complexo Pesqueiro de Neves. European import standards are very demanding (and might be considered a non-tariff barrier) so trade agreements with countries in the sub-region such as Angola, Chad and Nigeria might be more easily exploited.

Market potential

The sub-region has a population of 300 million, 180 million of which are in Nigeria alone, a country that has very strong partnerships with São Tomé and Príncipe in place.

The export of 6,000 tonnes of fish each year is considered a modest target but should be sufficient to motivate investors. High-intensity activity in this sector will catalyse growth in the local market.

Production process

It is essential for vessels to have the correct licensing to trawl and the investor will have to work very closely with the São Tomé and Príncipe authorities.

Only when all the above is in place can the business begin the task of partnering with producers and creating a "Made in São Tomé and Príncipe" brand to add value. ■TG

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Tourism is the motor for growth and development

Product segments ripe for investment

Globally, tourism represents 6% of service exports. Tourism in São Tomé and Príncipe contributed 9% to GDP in 2013 and the sector grew from under 8,000 tourists in 2010 to more than 18,000 in 2014, when a total of nearly 26,000 entries were recorded in São Tomé and Príncipe airports.

Currently, there are 1,043 rooms distributed amongst 55 hotels across the islands, compared to the 601 rooms distributed amongst 40 establishments in 2010.

The Strategic Tourism Plan (2001-2010) and the Directorate of Tourism (2009-2013) identified the following segments for tourism growth:

- Eco-tourism
- Adventure tourism
- Spa tourism
- Cultural tourism (rural)

Market potential

Currently, Europe is the principal tourist source for São Tomé and Príncipe, with an emphasis on Portugal, France, Germany and Spain. African tourists are mainly from Angola, Cape Verde, and Gabon. In the last three years, São Tomé and Príncipe has been receiving cruise ships bringing with them American, UK, Australian and Canadian visitors.

This exposure to non-traditional foreign visitors should be a catalyst to tapping into markets such as other European and African countries.

Suggested strategy

The diversification of tourism offerings:

- Cruise ships berthing
- Golf
- Water sports
- Eco-tourism
- Cultural tourism
- Package tourism
- Conference tourism



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Case Studies

1. CREATION OF AN ADVENTURE PARK

Adventure parks, by themselves, can be a primary reason for travel to a country or region. A prime example is Disneyland in Paris. São Tomé and Príncipe's objective is to transform tourist resources to create a park that also takes advantage of the local characteristics of the topography and the panoramic vistas of the islands.

INFRASTRUCTURE REQUIREMENT:

- Installation of structures and facilities for extreme sports
- Installation of recreational facilities
- Hospitality services

LOCATION: The mountain region of Lemba

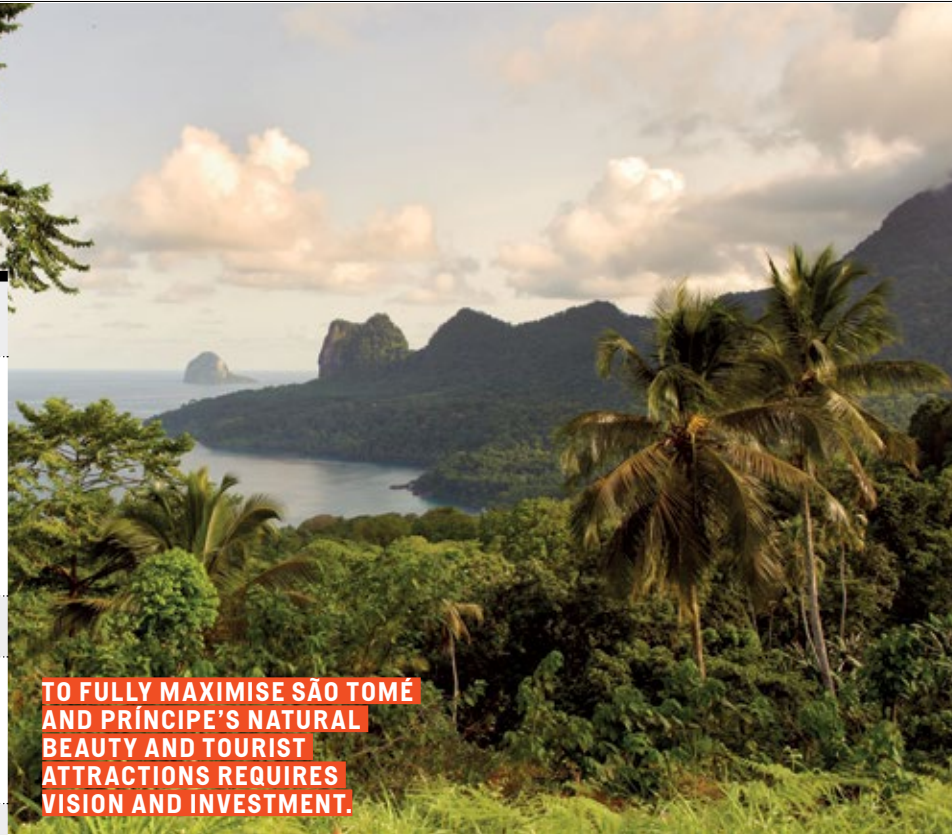
2. CREATION OF A TOURISM CENTRE AT THE ST. NICOLAU WATERFALL

The St. Nicolau waterfall is one of the most popular attractions in the country. As such, it requires small support infrastructure such as bars, hotels and retail shops to increase tourist numbers.

INFRASTRUCTURE REQUIREMENT:

- Create a pedestrian walkway and viewing points around the falls
- Create infrastructures for the practice of nature-oriented outdoor activities
- Construction of retail shops

LOCATION: Roca St Nicolau, Me-Zochi district



TO FULLY MAXIMISE SÃO TOMÉ AND PRÍNCIPE'S NATURAL BEAUTY AND TOURIST ATTRACTIONS REQUIRES VISION AND INVESTMENT.



3. CREATION OF A RECREATIONAL SERVICES ZONE AT THE HISTORICAL ANAMBO SITE

Anambo is a historical site famed for being the location where the Portuguese colonisers first landed. It is a national heritage site, in need of an upgrade to transform it into a tourist destination.

INFRASTRUCTURE REQUIREMENT:

- Restoration of the area
- Creation of a tour guide facility giving the history of the site as well as the sale of souvenirs
- Clearing some of the forest area to make a children's park with green picnic areas and other facilities
- Developing retail and bar/restaurant outlets

LOCATION: Anambo, Lemba district

The local characteristics of the topography, and the panoramic vistas of the islands, present a valuable tourism asset

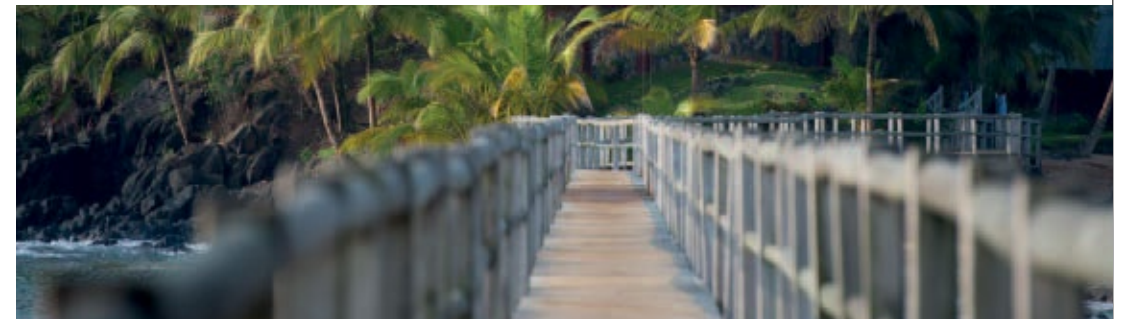
4. THE CREATION OF LODGE ACCOMMODATION IN MONTE CAFÉ

The Monte Café farm is located in the centre of the country and is the oldest farm with cultivation of coffee as its principal produce. The rich history, welcoming local population and cultural heritage are the main attractions to visitors. The coffee museum, the colonial infrastructures of the patron's house and its positioning at 800m above sea level with fresh breezes, make this the principal attraction in the region. However, adequate accommodation is lacking.

INFRASTRUCTURE REQUIREMENT:

- Rehabilitating the patron's house for agro-tourism
- Creation of a geriatrics' ward in the hospital of the old farm

LOCATION: Anambo, Lemba district



BOM BOM

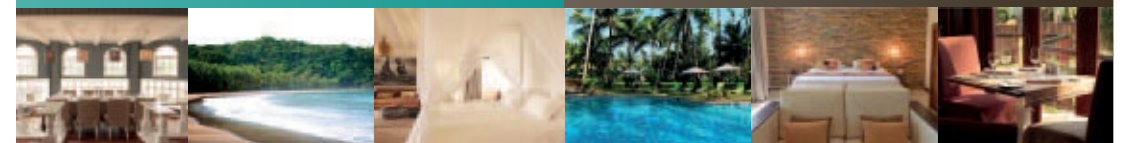
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A blossoming industry



Opportunities

The recent growth of the economy has brought with it new opportunities in horticulture and floriculture. Floriculture is the growing of flowers and decorative plants for commercial and domestic use. A fledgling industry in São Tomé and Príncipe, floriculture has as its main target private residences.

There are currently very few operators in this sector and consequently high demand indicates there is a niche in the market for a more consolidated, professional, and well-priced floriculture sector and entrepreneur to capitalise on a growing number of customers.

The cost of investment is relatively low, as greenhouses are inexpensive to erect. Once a plot of arable land is acquired, return on investment can be achieved within a few harvests – generally within six months.

With an urban distribution centre and a competent marketing strategy, it is possible to build a lucrative home-delivery service.

Exporting to the North European market is a possibility given the increase in flights to accommodate growing tourism

Exotic flowers and plants have a ready export market

numbers and the relatively low air-freight costs from São Tomé and Príncipe.

Concept

The concept would be to create a centre of production and packaging built on arable land and using greenhouse technology.

Market potential

If just 10% of the São Toméan population (i.e. 18,000) were to buy a bunch of flowers once a month, annual consumption would amount to 216,000 bunches.

In addition, those hotels and higher-end restaurants that cater for tourists would wish to complement their décor with fresh flowers, possibly on a daily basis.

Tourists might also be expected to buy flowers on their return to their own countries. Some estimates put that potential as high as 10,000 tourists annually.

Together, annual market projections amount to a quarter of a million bunches, valued at \$1.5m. One hectare of arable land will yield 1.5 tonnes of flowers each year, representing a substantial revenue flow for this growth industry. ■TG

From soap to flour

Production of soaps and detergent

Opportunity

According to ST&P's customs statistics, imports of soaps and detergent grew from 2.3t in 2010 to 2.8t in 2014. The majority was imported from Portugal. Along with the growth of the local market, the SEEAC market is considered an attractive destination for export.

Production of natural fruit juices

Opportunity

Fruit juice imports rose from \$40,000 in 2010 to more than \$53,000 in 2014, mostly coming from Portugal. The creation of a local brand is considered an opportunity to capitalise on growing purchasing power and an increase in tourism numbers.

Value added agricultural products

Opportunity

Fruits such as banana, breadfruit and taro can be purchased locally and processed and packaged to serve the local market as well as for exporting a "Made in ST&P" brand.

Creation of a transformation unit for agricultural produce

Opportunity

The production of agro-industrial flour from indigenous produce can be a prospective growth industry. Banana, breadfruit and taro are abundant and the local market can provide ample raw material for the production of flour.

The primary target is the local market, which currently relies heavily on imports of wheat flour. It is also possible to consider scaling business so as to export to the sub-region. The proposition is underpinned by the island's natural resources, which provide the vast majority of foodstuffs consumed by the local population.

To ensure healthy nutrition, several projects have been carried out in partnership with international organisations such as the EU (within its Food Security Programme), WFP, FAO, UNICEF and NGOs, as well as bi-lateral international agreements, to provide healthy and adequate food for all. São Tomé and Príncipe is educating and introducing agricultural incentives to support local products and reduce imports. ■TG

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The residential property market

THE CAPITAL CITY AND ITS SURROUNDING areas currently have a lack of quality residential property. An unexplored business opportunity would be the development of a residential complex that capitalises on a seafront location and offers integrated services.

In addition to middle-class residential property development, building secondary residences for high income individuals would make a highly viable investment opportunity.

In the Gulf Guinea region, there are at least 2,000 high wealth individuals seeking

a second residence. São Tomé and Príncipe is a country whose political stability and attractive, unspoiled environment, as well as friendly local population, makes it a desirable base.

Considered a unique location with access to two national highways on the seafront, Uba Budo Beach is an excellent area for middle-class and upper-class developments. ■TG

THE DEVELOPMENT OF SECONDARY RESIDENCES FOR HIGH INCOME INDIVIDUALS IS A HIGHLY VIABLE INVESTMENT OPPORTUNITY.

Energy developments and data storage

Photovoltaic energy

São Tomé and Príncipe has insufficient energy generation to deal with the island's growing demand. With modern, natural and clean energy considered a prerequisite for economic development, the country has decided to build a solar energy park.

The strategic location of the Liceo Nacional (National School) has been selected for a centre of solar energy production. Located in the Agua Grande district of São Tomé island, Liceo Nacional's solar park will be a private-public partnership.

Private investors will be selected to partner with *Empresa de Água e Electricidade*

MODERN, NATURAL AND CLEAN ENERGY IS CONSIDERED A PREREQUISITE FOR SÃO TOMÉ AND PRÍNCIPE'S CONTINUING ECONOMIC DEVELOPMENT.

(EMAE – the country's water and electricity parastatal utility) to produce clean renewable electricity. Liceo Nacional's total surface is capable of holding enough photovoltaic panels to produce 350KW (with the potential for this to increase to 500KW), saving the combustion of 700 litres of fuel a day, valued at nearly \$600.

Management of digital files

Currently, there are no companies dedicated to the management and archiving of electronic data. This is a potential area of investment given the government's will to create the sector. ■TG

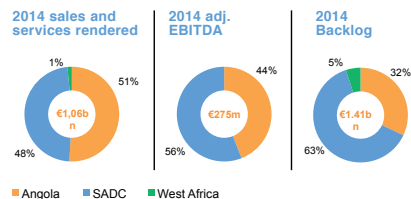
Mota-Engil Africa and in Africa - Highlights -



- Leading provider of integrated engineering and construction services in Sub-Saharan Africa
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 - » Founded in Angola in 1946
- Diversified portfolio of services include:
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 - » **Logistics** (ports and other infrastructure management)
 - » **Environment and Services** (waste management and collection and water treatment and distribution)
- Wholly-owned subsidiary of infrastructure conglomerate Mota-Engil SGPS, listed on Euronext Lisbon



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Taking all this into consideration, **PESTANA HOTEL GROUP**, the largest Portuguese hotel chain, and one of the largest in the world, decided, over 10 years ago, to invest in Sao Tomé and it is currently the country's largest investor in Hotels, Real Estate and Casino. We own or manage 2 hotels, 1 Real Estate, 1 Casino and 1 Disco all in the capital city São Tomé and 1 hotel at Rolas Island, in the south of the country.

Our Hotel Division, offers 3 hotels, 2 in the city of São Tomé: the **PESTANA SÃO TOMÉ (5*)**, with 115 rooms, the only 5 star in the country; and the **Hotel MIRAMAR BY PESTANA (4*)**, 65 rooms, one of the most emblematic hotels in the country; and 1 in the Rolas Island, the **PESTANA EQUADOR (4*)**, an unforgettable journey to a very small island in the south of the country, next to where the Equator's line crosses the Greenwich Meridian. Having your wellbeing in mind, at any of these hotels, we offer you the opportunity to indulge yourself in the **Ossobô SPA** or to engage in the many activities of **Costa Norte water sports center**.

Our **Games Division** counts with the only Casino in the country, the **CASINO SÃO TOMÉ**, in the capital city, next to the 5 star hotel and the **BEACH CLUB DISCO**, offering an opportunity to try your luck in the several slot machines and roulette or to dance in one of Africa's top discos.

Our **Real Estate Division** owns the **PESTANA VILA MARIA** private luxury condominium, located also in the capital city of São Tomé, next to the 5 star hotel and the beach, having 35 luxury villas to sell in full property, with 2 to 5 bedrooms, fully equipped and furnished, each with private swimming pool, garden, large garage, all carefully placed inside our beautiful condominium, enjoying its exotic gardens, 24h security and are self-sufficient in both water and electricity. Also a great option for renting and staying with your family or friends, while in the city, for long or short stays. In fact, if you buy one of these Villas during your first visit, we will support the cost of your flight ticket and stay at the 5 star hotel. Several buying options are available including a very appealing guaranteed return on investment.

This is a future oil producing country and an already emerging tourist destination, which has caught **PESTANA HOTEL GROUP'S** attention for investment and we recommend you to visit it, for leisure purposes, to discover its amazing diversity, as well as to consider acquiring a second home, for holidays or to locate your family in this beautiful and safe environment.

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