SÃO TOMÉ AND PRÍNCIPE IN 2011: AGAIN WAITING FOR BETTER TIMES, WITH A NEW OLD PRESIDENT

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São Tomé and Príncipe in 2011: Again Waiting for Better Times, With a New Old President

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After 20 lean years, Manuel Pinto da Costa, the country’s first President after independence (1975-1991), returned to office in early August. He owed his victory to the absence of a charismatic rival candidate and a traditional electoral preference to have a Prime Minister and President from different parties. In the oil sector new hopes have been set on Joint Development Zone (JDZ) Block 1, while exploration drillings in JDZ Blocks 2, 3 and 4 and the first licensing round of the Exclusive Economic Zone (EEZ) provided disappointing results. The concession of the port and airport to Sonangol reinforced the archipelago’s dependence on Angola. So far the Trovoada government’s efforts to secure financing from Arab Sovereign Wealth Funds for the construction of a deep-sea port by a French consortium have failed. Problems around foreign investments in ecotourism in Príncipe provoked tensions between the island’s Regional Government and the Trovoada government.

Pinto da Costa elected President
On 7 August 74 year old Manuel Pinto da Costa won the presidential runoff and became his country’s third democratically elected President succeeding Fradique de Menezes (2001-2011) and Miguel Trovoada (1991-2001). Pinto da Costa, who ran as independent candidate, defeated Evaristo Carvalho, president of the National Assembly and candidate of the ruling Independent Democratic Action (ADI), with 53% against 47% of the votes. Pinto da Costa was his country’s first President during the authoritarian one-party rule (1975-1991) and leader of Liberation Movement of São Tomé and Príncipe (MLSTP) from 1972 to 1990. During the democratization process, when the former socialist MLSTP was labeled Social Democratic Party (PSD), he resigned from the leadership to stand as a candidate in the first free presidential elections scheduled for March 1991. However, he bowed out of the race when he realized that he would lose against the then popular Miguel Trovoada, who had returned from political exile and was supported by the entire opposition. Thereafter Pinto da Costa failed another two attempts to return to the presidency. In the presidential elections of 1996, he lost to incumbent Miguel Trovoada by a small margin in the second round, and in 2001 Fradique de Menezes, at the time candidate of the ADI selected by Trovoada, beat him in the first round. Pinto da Costa was leader of the MLSTP/PSD from 1998 until 2005 when he resigned from active politics. During these years few in São Tomé and Príncipe doubted that the most suitable candidate for the succession of President Menezes, barred by law from a third term was Francisco da Silva, a popular member of the Democratic Convergence Party (PCD) and widely respected president of the National Assembly (2006-2010). However, when he died in April 2010 after a long struggle with cancer, the question about Menezes’s succession was open again. Consequently, Pinto da Costa prepared the ground for a comeback. Given his advanced age, the 2011 elections were his last chance to return to the presidency. In April outgoing President Menezes fixed the date for the election date on 17 July. In the following months the National Electoral Commission (CEN) registered 13,842 new voters increasing the total number of voters to 92,638. At first, only three of 14 candidates were endorsed by political parties, while the others were all independent competitors. In April the National Council of the major opposition party MLSTP/PSD nominated 45 year old Aurélio Martins as the party’s presidential candidate. Martins, a wealthy businessman, had been elected as the MLSTP/PSD’s new party president with 73% of the votes, increasing the total number of voters to 92,638. At first, only three of 14 candidates were endorsed by political parties, while the others were all independent competitors. In April the National Council of the major opposition party MLSTP/PSD nominated 45 year old Aurélio Martins as the party’s presidential candidate. Martins, a wealthy businessman, had been elected as the MLSTP/PSD’s new party president with 73% of the votes in January 2011. However, his nomination was fiercely contested by two other aspirants for the party nomination, Maria das Neves (52), a former Prime Minister, and Elsa Pinto (45), a former Defense Minister, both claiming that Martins’s nomination had been irregular. When their claims were rejected by the MLSTP/PSD’s political commission, both ladies decided to run as independent candidates for the presidency. One month later, the ADI nominated Evaristo de Carvalho (69), president of the National Assembly and the party’s vice-president, as its presidential candidate. Ini-
cially Carvalho, known for his close ties with the Trovoada family, did not seem to have any intention to run for the presidency, but he immediately accepted Patrice Trovoada’s choice.
The PCD, the third largest party, nominated Delfim Neves (46), their vice-president and former Minister of Public Works, as presidential candidate. Neves, a successful businessman, had been leader of Fradique de Menezes’s election campaign in both 2001 and 2006. During a meeting the Democratic Movement Force of Change (MDFM), the party created in 2001 by followers of President Menezes, decided to support Delfim Neves’s candidature, but Menezes did not himself publicly back his former campaign leader. Besides Maria das Neves and Elsa Pinto, another seven contenders presented themselves as independent candidates. The most prominent was Manuel Pinto da Costa who had not shown up to support his party in the 2010 legislative elections in an effort to construct his image as an independent candidate. However, in late May he officially announced he would run for the presidency.
Pinto da Costa, who years ago assumed political responsibility for the mismanagement and the economic collapse of his country during the repressive socialist one-party rule, claimed that he felt an obligation and duty to the people and could not passively watch the country break down. He promised to promote national reconciliation, guarantee political stability and combat corruption. Political stability had become a campaign issue, because since 1991 sixteen different governments have run the country. Often, political instability had been provoked by conflicts between the Prime Minister and the President.
Despite his two electoral defeats in 1996 and 2001, this time Pinto da Costa was considered a favorite. Unlike before he now lacked a strong charismatic rival and, equally important, the many failures during the democratic regime and the long time lag since his departure from the presidency had pushed into the background the economic debacle and political oppression during his autocracy. Besides, more than 20 years after the end of socialist one-party rule, people were aware that Pinto da Costa would be a President in a political regime with far less executive powers.
Many of the other independent contenders lacked political profile and popularity and had not the slightest chance to obtain a considerable number of votes let alone win the elections. The no-chance candidates were Gilberto Gil Umbelina (61, a musician), Liberato Moniz (49, a Lisbon-based architect), Jorge Coelho (53, an economist who lived several years in the US), Francisco Rita (65, a parliamentarian for the PCD), Manuel Deus Lima (52, member of the MDFM and ambassador in Libreville), Carlos Espirito Santo ‘Benê’ (59, also a member of the MDFM), and Helder Barros (59, a former Minister of Education for the ADI). A candidate who at least could claim to have played important roles in the country’s recent political past was the lawyer Filinto Costa Alegre (59). As a young student he was one of the leaders of the country’s struggle for independence in 1974-1975, and in 1990 he was a co-founder of the Grupo de Reflexão, the country’s first opposition group that in the same year was transformed into the PCD.
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In turn Pinto da Costa stressed that the concentration of political power in the ADI would provoke instability, because it would impede the President to exercise his constitutional function of arbiter.

As expected Pinto da Costa won the first round with 21.457 votes (33.9%), while Carvalho was second with 13.125 votes (20.1%). However, due to the three rival candidates from his party Pinto da Costa’s result was worse than in 1996 and in 2001 when he got 36.8% and 39.9% of the votes respectively. Delfim Neves and Maria das Neves obtained 13.7% and 13.4% of the ballots respectively. Maria das Neves blamed vote buying for his not having achieved the second position. Three candidates received less than 5% of the votes, while the other three got less than 1%. Elsa Pinto obtained only 4.2% of the ballots, but that was still more than her party’s official candidate, Aurélio Martins. He must be considered the biggest loser of the election, since as official party candidate he received the worst result of the four competitors coming from the ML-STP/PSD (3.9%). Martins claimed that he had been victim of sabotage by his rival candidates, and he declared to support Pinto da Costa in the second ballot. Everybody expected that his debacle would intensify the contestation of his leadership within the MLSTP/PSD.

The run-off campaign formerly started after the announcement of the official results of the first round by the Supreme Court on 28 July. Counting on the massive support of Prime Minister Trovoada, Carvalho vested hopes to win the votes of the 31.6% of the electorate who did not vote on 17 July. His campaign was again focused on recalling Pinto da Costa’s dictatorship during the one-party rule. After independence in 1975 Carvalho himself was a member of the Political Bureau of the MLSTP. However, in 1982 he abandoned the party in protest against Pinto da Costa’s intentions to transform the MLSTP in a revolutionary vanguard party. Three years later when the political liberalization of the regime began Carvalho became an independent deputy of the Popular National Assembly. In 1990 he was one of the founders of the Grupo de Reflexão. He was Prime Minister in the transitional governments of 1994 and 2001, constituted by the Presidents Miguel Trovoada and Menezes respectively after they had dissolved parliament.

Finally Pinto da Costa defeated Carvalho again, albeit by a rather small margin. Voter turnout was 74%, more than in the first round, but less than in the run-off in 1996 (78.7%) when Pinto da Costa was defeated by Miguel Trovoada. The result was also a defeat for Patrice Trovoada who, as were his predecessors, was condemned to cohabit with a president from another political party. However, since 2006 when the last constitutional amendments came into effect the presidential powers to dismiss the government have been considerably reduced. Besides, after the elections Pinto da Costa repeated that he was ready to cooperate constructively with the government.
Neither oil nor harbor
As in previous years, there were no significant developments in the oil sector, and the construction of a deep-sea port was again postponed due to a lack of financing. The first licensing round for seven of the nineteen blocks of the country’s EEZ, started in March 2010, proved to be another setback for the country’s oil sector. In May 2011 the government awarded the exploration license for Block 3 of the EEZ to the Nigerian company Oranto Petroleum, while the other six blocks were not attributed to any of the other five third-tier oil companies that had submitted bids. In October the government signed a 28-year revenue sharing contract with Oranto, a company in existence since 1991 that currently has interests in various blocks in the Gulf of Guinea and West Africa. Under the agreement Oranto pays a signature bonus of US$2 million and conducts research in the first eight years, while oil production is only expected to begin from the ninth year of the license. In the first four production years Oranto receives 80% of the oil income to recover its investments.

In November Prime Minister Trovoada declared that new auctions and block awards in the EEZ would be suspended at least until 2015, the year he expected the start of oil production in Block 1 of the JDZ with Nigeria operated by the French Total. Only the beginning of oil production in the neighboring JDZ could attract serious investors to the EEZ. Before that, Trovoada added, the government would only negotiate direct block awards in the EEZ provided that a company with proven technical and financial capacities would submit a serious proposal.

Developments in the JDZ were almost nonexistent but at least some hopes of oil discoveries were nurtured. In early December, during a meeting with the Joint Development Authority (JDA) in São Tomé, Total announced an investment of US$200 million in exploration drillings in two wells of JDZ Block 1 scheduled for the first quarter of 2012. In 2010 Total had acquired a 45.9% stake in JDZ Block 1 from Chevron that withdrew from the JDZ after exploration drillings in early 2006 had produced disappointing results. At the meeting Olegário Tiny, one of São Tomé’s directors in the JDA who is known for his optimistic affirmations, declared that within three years the production process would start since the existence of commercially viable oil was most likely. Already in January 2012 the new hopes created by Total’s announcement received a setback when the Houston-based Nigerian company ERHC Energy that has interests in JDZ Blocks 2, 3 and 4 revealed that the five-well drilling campaign carried out in these blocks in late 2009 resulted only in the discovery of biogenic gas. The five wells drilled at depths of almost 4,000 meters cost nearly US$300 million. Since 2010 the JDA has extended several times the Exploration Phase 1 that expires in March 2012 provided that it will not be extended for another six months. Due to the disappointing results ERHC considered it possible that the operating companies Sinopec and Addax could decide not to pursue further exploration of the three JDZ blocks. Such a decision would certainly be a serious blow for São Tomé and Príncipe’s oil hopes.

In 2011 the government’s efforts to help secure financing for the French project of the construction of a deep-sea port from Sovereign Wealth Funds of Arab oil countries failed. Already in 2008 the government and Terminal Link SA, the local subsidiary of the French consortium Compagnie Maritime d’Affrètement (CMA) and Compagnie Générale Maritime (CGM), signed a €260 million contract on the construction of a 80 ha large deep-sea port at Fernão Dias with a container terminal for the Gulf of Guinea region. The port was expected to employ some 1,000 people directly and indirectly create another 3,000 jobs. The construction works were scheduled to start in 2009, but they were postponed several times since since CMA-CGM did not succeed in securing funding for the project. In January 2012 Prime Minister Trovoada declared that if...
CMA-CGM would not start the construction works until August his government would carry on the project with another company, alleging that his country would transmit enough confidence to foreign investors and the international financial community to proceed with the project of a deep-sea harbor.

So far the government has failed to obtain the necessary funds for the deep-sea port, but it found a foreign investor willing in running the country’s main harbor and international airport. After two years of negotiations, in April the government signed a thirty-year concession agreement with the Angolan oil company Sonangol on the management and exploitation of the port of Ana Chaves and the country’s international airport. The agreement included the establishment of a private management company owned by Sonangol (80%) and the Santomean state (20%) to run the two facilities. Sonangol, which already owns a 78% stake in the fuel company ENCO, promised to invest US$5 million in the rehabilitation of the port installations and the purchase of cranes and tugboats and another US$7 million in the modernization of the airport building and illumination and 300 meters extension of the runway. It was expected that after the rehabilitation works scheduled for seven months the airport would be removed from the black list of IATA. While this agreement further strengthened São Tomé and Príncipe’s already close relationships with Angola, it also revealed the country’s incapacity to properly maintain and run its principal infrastructures, after 36 years of independence.

**Foreign investment in Príncipe provoke conflict with central government**

In the early morning of 8 December protesters in Santo António on Príncipe burned the national flag in front of the island’s regional government building and spread pamphlets with slogans against the government of Patrice Trovoada and in demand of independence for the 142 km² small Príncipe, since 1995 an autonomous region. The slogans: “Patrice Trovoada is dishonest”; “We demand our independence”; “Príncipe is not São Tomé’s colony”; “United Nations help achieve our independence”.

Defense Minister Carlos Stock immediately condemned the incident, saying that no social protest could justify the destruction of the national flag. Nestor Umbelina, secretary of infrastructure of Príncipe’s regional government, also fiercely condemned the protest action and promised to prosecute the wrongdoers.

Secessionist calls in Príncipe were only heard once before when in late December 1981 a lack of essential consumer goods provoked the first popular protests against the central government in São Tomé. At the time the archipelago was ruled by the socialist one-party regime of the MLSTP. Since the archipelago’s independence in 1975 the some 6,000 inhabitants of Príncipe, the majority of whom are descendants of Cape Verdean plantation workers, have repeatedly complained about the disadvantages of their so-called double insularity aggravated by the neglect by consecutive central governments in São Tomé.

While 20 years ago the protests in Príncipe were provoked by a lack of food supplies, this time the local population has been concerned about considerable foreign investments that were threatened by a political conflict between the regional government and the central government in São Tomé. Although the burning of the flag took everybody in Príncipe by surprise, its timing was by no means arbitrary: it occurred while José Cassandra, head of the regional government since 2006, stayed in São Tomé to renegotiate with the Trovoada government the terms of a development project for Príncipe signed in February 2011 between the regional government and the South African millionaire Mark Shuttleworth.

The central government in São Tomé had contested the legality of several terms of the €70 million investment agreement with Shuttleworth’s company HBD Boa Vida (HBD stands for Here be Dragons, which refers to unexplored territory) including the concession of tax exemptions, arguing that they would surpass the political competences of Príncipe’s regional government and therefore would be subject to national legislation. Another concern was a previous agreement on the production of palm oil signed by the central government and the Belgian company SOCFINCO in 2010. Under this agreement SOCFINCO’s local subsidiary Agripalma received a 25-year concession to develop 5,000 ha of oil-palm plantations on the Ribeira Peixe and Porto Alegre estates in São Tomé and on the Sundi estate in Príncipe. While Agripalma has not yet started any activity on the Sundi estate, HBD Boa Vida, receiving the concession in May 2011, already employs more than 200 locals. Cassandra himself argued that Shuttleworth’s concept of ecotourism development for Príncipe was incompatible with the Belgian project of commercial tropical agriculture and the construction of an oil-palm factory on Sundi.

In February 2011 Mark Shuttleworth purchased the Bom Bom Island Resort in Príncipe from the Dutch investor Rombout Swanborn, director of the tour operator Africa’s Eden who has also signed agreements on the development of ecotourism in Príncipe. In 2006 Swanborn, who started his tourism business nine years ago in Gabon, bought the resort in Príncipe together with the Omali Lodge Hotel (formerly Marlin Beach Hotel) in São Tomé from the South African businessman of German origin Chris Hellinger. Hellinger had arrived in the archipelago in 1986 during the socialist one-party regime, and he was for about two decades, until the sale of his properties, by far the archipelago’s most important local foreign investor.

Charmed by Príncipe’s tropical beauty Shuttleworth promised to invest in the small impoverished island in sustainable development based on luxury ecotourism, agriculture and agro-forestry. Shuttleworth is known in
Príncipe as ‘homem de lua’ (man of the moon) since he became the world’s second space tourist (in 2002 when he paid US$20 million for an eight-day trip with a Russian space mission). His company HBD Boa Vida also acquired a tourist complex at Praia Macaco from a Portuguese investor and another one at Praia Boi developed by Finnish investors. Swanborn, who also announced the selling of the Omali Lodge Hotel to HBD Boa Vida, and Shuttleworth have agreed to cooperate in Príncipe. As part of this cooperation, Shuttleworth has acquired 25% of Swanborn’s company Airport Management STP which in 2008 received a twenty-year concession to modernize and manage Príncipe’s small local airport. The Dutchman promised investments totaling €108 million in ecotourism and infrastructure, signed a thirty-year concession agreement for the Belo Monte estate where he intends to develop ecotourism along with the small-scale production of cocoa and coffee to generate employment for the local residents. Swanborn announced the construction of 25 social housing units in Belo Monte to relocate workers before creating the tourist infrastructures on the former plantation which lands include the emblematic Praia Banana. Praia Burro, another beach belonging to Belo Monte, was chosen for the construction of fifteen ecological bungalows. Altogether these investments were expected to result in 140 extra beds in Príncipe. In addition Swanborn, who owns SDC Aviation, a small Gabon-registered airline that since 2008 has connecting Príncipe with São Tomé and the wider region, has planned to construct another 12 bungalows at the Rio São Tomé at the entrance of Príncipe’s Obó Natural Park, finance the protection and management of this park, and acquire a 400-ton ship for the transport of supplies from South Africa to the island. Elementary school education and the training of ecoguides for the park were part of Swanborn’s sustainable tourism development project. Altogether the Dutch and South African investments in Príncipe are expected to create some 400 jobs for the local population.

Príncipe’s regional government has never doubted the island’s autonomous status provided the legal competences to sign the agreements with the foreign investors. In April 2010 the approval of a new law on the political and administrative status of Príncipe reinforced the island’s regional autonomy. In the local elections on 25 July the same year, José Cassandra was reelected as head of Príncipe’s regional government when his party União para Mudança e Progresso da Ilha do Príncipe (UMPP) won all seven seats of the Regional Assembly. Under Cassandra’s leadership Príncipe has succeeded in attracting these considerable foreign investments that nobody in the small island wants to lose. The huge investments planned in the small island have provoked some envy within Trovoada’s government that has failed to attract similar foreign investments to the much larger island of São Tomé. In mid-December the local population announced demonstrations against the deadlock in the negotiations between the Shuttleworth’s HBD Boa Vida and the Trovoada’s government. Reportedly Agripalma had demanded compensation payments in exchange for the Sundy concession. In turn, in a press release Príncipe’s ruling party UMPP accused the government of Prime Minister Patrice Trovoada and President Manuel Pinto da Costa would become close friends. This does not mean that they have established an institutional relationship filled with conflict. They are likely to maintain their distant but nevertheless constructive relationship. The survival of Trovoada’s minority government depends more on the position of the opposition parties MLSTP/PSD and PCD, which together hold a majority in Parliament. Nobody expected that after the elections Prime Minister Patrice Trovoada and President Manuel Pinto da Costa would become close friends. 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government also wanted to negotiate with Agripalma to avoid a legal dispute with a foreign investor similar to the case of Synergy Investment. In 2009 the International Court of Arbitration in Paris had condemned the government to pay Synergie Investment €3 million of compensation for having unilaterally declared null and void in 2005 a contract on the construction of a power plant signed in 2004. Supposedly the government intended to compensate Agripalma with another 1,000 ha of lands in São Tomé, a parcel equivalent to the surface the company would lose in Príncipe. In mid-January Cassandra declared that he expected the Trovoada government to sign the agreement with Shuttleworth’s HBD at the end of the month. However, so far the signing of the agreement has not been officially announced.

**Conclusions**

Nobody expected that after the elections Prime Minister Patrice Trovoada and President Manuel Pinto da Costa would become close friends. However, this does not mean that they have established an institutional relationship filled with conflict. They are likely to maintain their distant but nevertheless constructive relationship. The survival of Trovoada’s minority government depends more on the position of the opposition parties MLSTP/PSD and PCD, which together hold a majority in Parliament. Since it came to power in September 2010 the Trovoada government has performed neither better nor worse than its predecessors. The government knows that the oil sector is very unlikely to generate any revenue in the near future. The Prime Minister has tried to diversify the country’s sources of financing by approaching Arab countries, but so far he has not had a great deal of success. Sonangol’s investments in the local airport and port have exposed the archipelago’s incapacity to manage its own infrastructures, but they are crucial for local development. It remains to be seen if improved transport facilities will help São Tomé attract more investments. Currently Príncipe has been more successful in this respect, but the realization of the huge investments in ecotourism on the small and impoverished island still depends on successful negotiations between the foreign investors and the central government.