

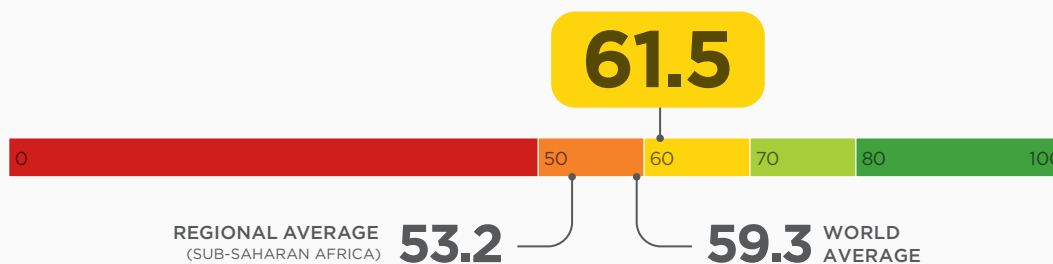
# SÃO TOMÉ AND PRÍNCIPE



São Tomé and Príncipe's economic freedom score is 61.5, making its economy the 74th freest in the 2023 *Index*. Its score has increased by 1.2 points from last year. São Tomé and Príncipe is ranked 4th out of 47 countries in the Sub-Saharan Africa region, and its overall score is above the world and regional averages.

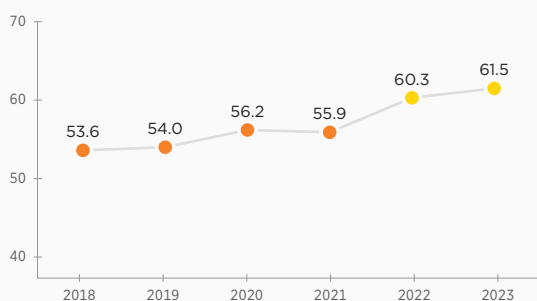
Institutional weaknesses continue to limit the country's overall economic freedom. The judicial system's lack of capacity to defend property rights effectively undermines prospects for long-term sustainable economic development. A lack of commitment to open-market policies discourages the emergence of a more dynamic private sector.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +17.7

## RECENT FREEDOM TREND



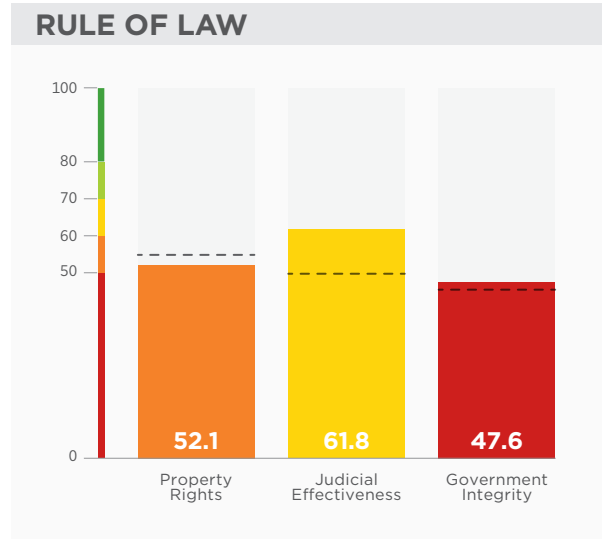
## QUICK FACTS

<b>POPULATION:</b> 0.2 million	<b>UNEMPLOYMENT:</b> 14.1%
<b>GDP (PPP):</b> \$1.0 billion 1.8% growth in 2021 5-year compound annual growth 2.8% \$4,412 per capita	<b>INFLATION (CPI):</b> 8.1%
	<b>FDI INFLOW:</b> \$60.1 million
	<b>PUBLIC DEBT:</b> 72.4% of GDP

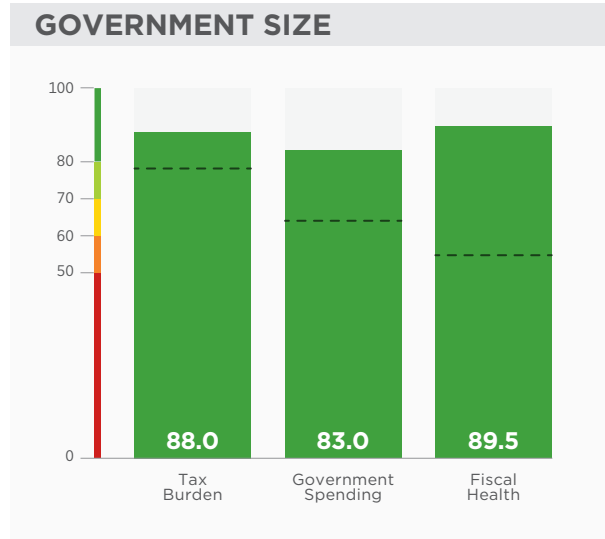
2021 data unless otherwise noted. Data compiled as of September 2022

**BACKGROUND:** This former Portuguese colony gained its independence in 1975, but democratic reforms were not instituted until the late 1980s. Evaristo Carvalho won the presidency in 2016 in a runoff election that was marred by accusations of irregularities and boycotted by incumbent President Manuel Pinto da Costa. Opposition leader Carlos Vila Nova won the presidency in a second round of voting in September 2021. Cocoa production, an economic mainstay, has declined in recent years because of drought and mismanagement, but there is potential for tourism. The country is seeking to develop oil fields in the Gulf of Guinea jointly with Nigeria.

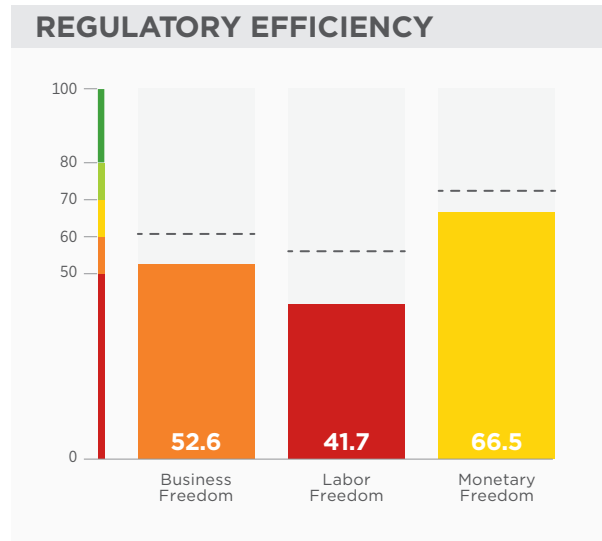
## 12 ECONOMIC FREEDOMS | SÃO TOMÉ AND PRÍNCIPE



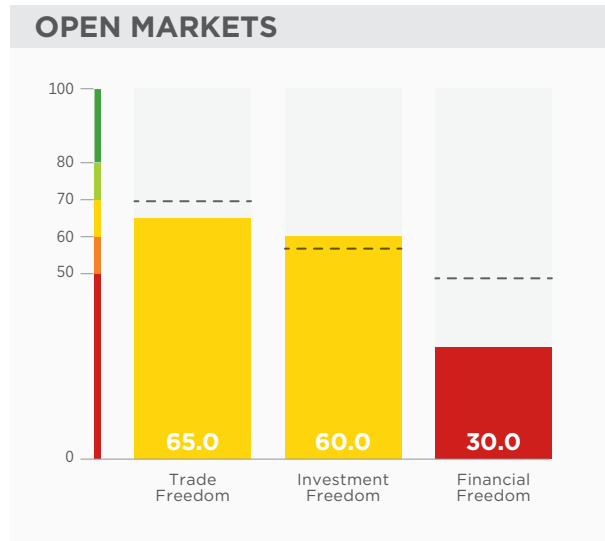
The overall rule of law is relatively well respected in São Tomé and Príncipe. The country's property rights score is below the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 20 percent and 25 percent. The tax burden equals 13.1 percent of GDP. Three-year government spending and budget balance averages are, respectively, 23.8 percent and 2.5 percent of GDP. Public debt equals 72.4 percent of GDP.



The time needed to start a company has been reduced, and licensing requirements have been simplified. However, overall regulatory efficiency remains weak. In the absence of a well-functioning labor market, informal labor activity remains significant. Monetary stability has been weak.



The trade-weighted average tariff rate is 10.0 percent, and layers of nontariff barriers add to the cost of trade. Investment laws are outmoded, and bureaucracy is slow and inefficient. Banking dominates the underdeveloped financial sector, and access to credit, particularly long-term credit, remains very limited.