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Situation Report

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Author: Gerhard Seibert[1]
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Contact: asap@iss.org.za

São Tomé and Príncipe Update

Introduction

On 19 September 2004, Damião Vaz de Almeida replaced Maria das Neves as prime minister of São Tomé and Príncipe (STP), effectively becoming the fifth prime minister since President Fradique de Menezes was elected in July 2001. The appointment of Vaz de Almeida, minister of labour in the previous STP government and vice-president of the ruling MLSTP/PSD (Movimento de Libertação de São Tomé e Príncipe/Partido Social Democrata) for the region of Príncipe, may be seen as the culmination of the political crisis that has shaken the archipelago since July 2003. It may be recalled that following the attempted military coup in July 2003, Prime Minister Maria das Neves handed in her resignation but President Menezes reaffirmed his confidence in her and reappointed her as prime minister.

Until March of this year, the precarious coalition formed in the aftermath of the attempted coup included members of the MLSTP/PSD, the ADI (Acção Democrática Independente) and the MDFM (Movimento Democrático Força de Mudança), the party close to President Menezes. During March of this year, however, four MDFM ministers resigned, an event which effectively marked the end of the good relationship between the Prime Minister's office and the Presidency. Prime Minister Das Neves had demanded the resignation of the Minister of Natural Resources, Tomé Vera Cruz (the MDFM leader) and Minister of Foreign Affairs Mateus 'Nando' Meira Rita on the grounds that they were signing agreements without her consent. It was only a matter of time before President Menezes, angered by the Prime Minister's direct confrontation with the MDFM component within government, dismissed her.

The government of 18 September 2004

The new government

A new coalition government, consisting of members of the MLSTP/PSD, the ADI and two independents, was sworn in on 18 September 2004 with a mandate of 17 months, until the next legislative elections of March 2006. In his inaugural address, Prime Minister Vaz de Almeida declared his commitment to *'unity, discipline and labour'*. Health, education, professional training, and macro-economic stability were considered priorities and, like his predecessors, Vaz de Almeida promised to rule honestly and transparently.[2]

The coalition parties, the MLSTP/PSD and ADI, hold 24 and five seats respectively in the 55-member National Assembly. The five ADI deputies officially belong to a

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group of independents since they were originally elected on the list of the Uê Kedadji, a party alliance they left in August 2002.

As can be seen in the table below, eight government members come from the MLSTP/PSD, four belong to the ADI and two are independents. Six ministers of the former executive were reappointed, including the ministers of foreign affairs, defence, natural resources, youth, and education. The Council of Ministers includes seven new names. Four of the new ministers have no previous governmental experience.

Prime Minister	Damião Vaz de Almeida (MLSTP/PSD)
Foreign affairs, Communities and Co-operation	Ovídio Pequeno (independent)
Defence and Internal Order	Óscar Sousa (independent)
Justice, Public Administration and Parliamentary Affairs	Elsa de Barros Pinto (MLSTP/PSD)
Labour, Employment and Solidarity	Fernando Maquengo (MLSTP/PSD)
Youth, Sports and Media	José Viegas (MLSTP/PSD)
Health	Alberto M. dos Santos (ADI)
Public works and Infrastructure	Deolindo de Boa Esperança (MLSTP/PSD)
Agriculture and Fishery	Hélder Pinto (MLSTP/PSD)
Planning and Finance	Adelino Castelo David (MLSTP/PSD)
Trade, Industry and Tourism	Hélder Paquete (ADI)
Natural Resources and Environment	Arlindo Carvalho (ADI)
Education and Culture	Álvaro Santiago (ADI)
Secretary of State for Public Administration and Parliamentarian Affairs	Célia da Costa Pereira (MLSTP/PSD)

The Prime Minister: A short biography

Damião Vaz de Almeida was born in 1951 on the island of Príncipe. After independence in 1975 he studied social sciences at the University of the Union of Young Communists in Cuba. He was a member of the National Council of the JMLSTP, the then state youth organisation in STP. In Príncipe, he was successively tax collector, administrator of the local hospital, director of the Porto Real estate, coordinator of the printing-shop Artes Gráficas, and president of the District Assembly.

In 1992 Vaz de Almeida was elected president of the municipality of Príncipe, and after the island was granted administrative autonomy in 1995 he was elected president of the local regional government. After the end of his three-year mandate, however, he remained in office, since the regional elections had still, and have not been held again.[3] An MLSTP/PSD party congress elected Vaz de Almeida as one of the three vice-presidents in May 1998 and by April 2002 he was appointed minister of labour in the government of Gabriel Costa, a post he continued to occupy during the premiership of Maria das Neves.

Chronology of the Recent Crisis

Introduction

The recent crisis in STP began with a series of accusations of irregularities and corruption against the government of Maria das Neves. In April 2004 the Attorney-general Adelino Pereira ordered an audit of the accounts of the food aid organisation *Gabinete de Gestão da Ajuda* (GGA), a department of the ministry of trade tasked with the administration of food aid counterpart funds. Moreover, the finance inspectors who issued the audit report felt so threatened by people close to the government that they asked for police protection. This audit report, handed to the attorney-general during the month of August and covering the period from 2001-2004 reveals a series of irregularities, including the illegal concession of credits, the payment of virtual services without contracts, and illicit financial transfers to the ministries of economy and of finance for extra-budgetary expenditures of 803,864,130 dobras (ca. $80,386).[4]

In mid-August 2004, the opposition party Partido de Convergência Democrática (PCD) denounced as illegal a telecommunications agreement signed on 30 June 2004 by the Minister of Infrastructure, António Quintas (MLSTP/PSD), and Anastasios Pallis of the Greek company Ronda Communications International registered in the British Virgin Islands. The agreement made Ronda the country's second licensed telecom operator after the Companhia Santomense de Telecomunicações (CST), a joint-venture of Portugal Telecom Internacional (51%) and the state (49%), set up in 1989. The contract with Ronda included a confidentiality clause that prohibited either partner from informing third parties about its contents, with explicit reference to the CST. Under the agreement, Ronda guaranteed a minimum income to STP of $600,000 per year. During the contract period that commenced in 2005 Ronda promised investments of $1 million in equipment, installations, salaries and training.

The PCD argued that the deal had been closed without the prior knowledge of parliament, violated national legislation and was prejudicial to the country's interests. In response to the critics the minister of justice, Elsa Pinto (MLSTP/PSD), claimed that the contract with Ronda had been properly analysed and approved by the Council of Ministers before Quintas had been authorised to sign the document. Nevertheless, the PCD repeated that the contract signed with Ronda was illegal since the telecom law approved in early 2004 provided the CST with exclusive rights to operate the country's international telecom services until 31 December 2005, to enable the company to recoup investments in modernisation made over the last fifteen years. In addition, the PCD considered that the law demanded a public tender for the concession of telephone licenses to new operators.

Finally, in early September STP's attorney-general recommended that the agreement with Ronda should be considered null and void as it violated the country's telecom laws.

Still in mid-August, the public prosecutor embarrassed the government when he declared illegal the government's decision of July 2003 to sell the building near the National Museum to Fernanda Margato 'Dedinha' (MLSTP/PSD), the mayor of São Tomé city. The public prosecutor defended his position on the grounds that current legislation prohibited the alienation of any public real estate that is not used for housing. The government had sold this building to Margato for only 15 million dobras (ca. $1,500), although the government of Taiwan had constructed it for $50,000. In another occasion, the opposition criticised the establishment of an industrial plant at Fernão Dias, an area that had been included in the National Tourism Development Plan. The government replied that the latter contract with Leny Industrial had been made transparently and only a few legal details remained to be solved in accordance with the legislation.[5]

Pressured by the opposition and public opinion, on 31 August Gilherme Posser da Costa, vice-president of the MLSTP/PSD, declared that his party was ready for a government reshuffle. He revealed that, in order to safeguard political stability, his party had already initiated contacts with other parties represented in parliament in this regard. Two days later however, opposition parties (the MDFM, PCD, and Frente Democrata Cristã (FDC) rejected the ruling party's proposal for the creation of a government coalition.

On 3 September, on the occasion of his 3rd anniversary in office, President Menezes recommended to the MLSTP/PSD a cabinet reshuffle, announcing that he would also consult other political parties. The majority of parties consulted advocated a thorough reshuffle of the cabinet – and it became clear that a reshuffle of the government with or without Maria das Neves would be the most likely outcome. The majority of parties rejected the possibility of early elections, arguing this would delay crucial government decisions concerning the oil business and debt reduction. Furthermore, opposition parties feared losing their seats in Parliament if early elections were held, since they lacked funds for a campaign.

Controversies around the GGA

At the same time the MLSTP/PSD negotiated with the coalition partners ADI and Uê-Kedadji the composition of a new government that would guarantee greater transparency, Prime Minister Das Neves became directly associated with the illegal payments by the GGA when the leaked copy of the finance inspectors' minutes became known to the public.[6] According to the document dated 6 August, the GGA's accountant declared that his director, Diogenes Moniz, had taken various amounts ranging from 10 to 40 million dobras (ca. $1,000-$4,000) from the agency's accounts saying that the money was destined for the prime minister. In addition, the accountant testified that Carlos Quaresma, the prime minister's husband, and Carlos Gustavo dos Anjos, the presidential diplomatic advisor had also benefited from illegal payments. Aguiar declared that Gustavo dos Anjos had received four times per month an average amount of 10 million dobras (ca. $1,000) justified with forged bills.[7]

The GGA: basic facts

- The food aid organisation *Gabinete de Gestão de Ajudas* (GGA) was created in May 1993 to replace the *Unidade de Gestão do Comércio Interno e Externo* (UNIGEC). In turn, UNIGEC had been set up by the government in 1991 to liquidate the state trade companies ECOMIN and ECOMEX and to administer food aid counterpart funds.
- In 1992 a report of the Finance Direction accused UNIGEC of managing counterpart funds without the necessary consent of the donors. Subsequently, a parliamentary commission of inquiry investigating the management by UNIGEC reported a deficit of $51,000 and the abuse of counterpart funds. More than 20 firms and individuals had received loans worth $200,000 without any guarantees of repayment or the necessary donor authorisation.
- The establishment of the GGA failed to solve the problem. In 1996 the World Bank alleged that the GGA had channelled only 43% of food aid worth 3.6 billion dobras into the state coffers. In early 1997 a parliamentary commission of inquiry into the execution of the annual budget revealed that various ministries and the presidency had illegally used counterpart funds as an additional source of finance. In May 1997 the World Bank recommended a revision of the management procedures of food aid, the abolition of the GGA and the creation of another agency to assume its function. However, the GGA continued to function as an illegal source of finance for people within, or close to, the government. Paradoxically, the frequent abuse of counterpart funds has occurred to some extent with the tacit acceptance of donors.

In response to the accusations, Prime Minister Maria das Neves denied having received money from the GGA and declared that the allegations were mere manipulations by her political adversaries to topple the government. In response to the accusations against her husband, the prime minister claimed that Quaresma had asked Moniz for a loan. The director of the GGA had approved a loan of 8 million dobras (ca. $8,000) to be deducted from her husband's salary.

On 21 September Gustavo dos Anjos also formally denied any involvement in the corruption scandal. He explained that he had rendered services for the GGA during several years as he worked as advisor to the ministry of trade. He claimed to have legally received the payments from the GGA for his services.

On 13 September the head of the Audit Office, Francisco Fortunato Pires, maintained at a press conference that the cases of corruption denounced by the opposition were 'only a drop of water in the midst of a vast ocean of corruption that affects all levels in STP', adding that apart from the 'insignificant' cases disclosed, there were other much more serious cases. He promised to do everything within his power and under law to denounce all cases of corruption and take the appropriate legal measures to enable the punishment of the culprits.

The political crisis deepens

At the same time, Uê Quedadji announced its departure from the government coalition on the grounds that the prime minister herself had been involved in the corruption scandal. In the afternoon of 13 September, after having held separate talks with President Menezes, the opposition parties PCD, MDFM, and Uê Kedadji asked Maria das Neves to submit her resignation. It should be noted that, in contrast, the ADI did not express any clear position.

The next day, Attorney-general Adelino Pereira, was received by President Menezes to report on the alleged involvement of the prime minister in the corruption within the GGA. After the meeting Pereira declared that the Public Prosecutor would not yield to political pressures and that the investigation was impartial, and would only be guided by the law. Subsequently, President Menezes received Maria das Neves – it was later revealed that the president had asked for her resignation, but that she had refused.

Finally, during the late hours of 14 September, President Menezes dismissed Maria das Neves for her involvement in the corruption scandal in the GGA and asked the MLSTP/PSD to appoint a new prime minister. All opposition parties, who wanted to avoid the dissolution of parliament and early elections, welcomed the president's decision.

On 15 September, in her farewell address to the nation, Maria das Neves again denied any involvement in the corruption scandal. She accused President Menezes of having dismissed her without just cause and without a trial. She manifested her indignation in view of the '*macabre and hideous masquerade organised by the president to demonstrate his greed for totalitarian power*'. She reminded the public that together with the president of the Supreme Court she had successfully mediated a solution to the constitutional crisis that involved Menezes and the National Assembly in early 2003; that, despite instability during her premiership, the government had performed well and had met its objectives; that the objectives agreed with the IMF to reach debt forgiveness, the renegotiations of the oil agreements, the completion or initiation of several infrastructure projects, and the sending of 500 students with scholarships to Cuba and Brazil, had all been accomplishments of her government.

She asked her compatriots about their views on their country's path to development, if within three years of his mandate Menezes had toppled four governments. "Why is instability and corruption always on the other side and not on the side of the president?", she asked. In fact, she declared, her decision to cancel the oil agreement with Energem, signed by Tomé Vera Cruz, the leader of the MDFM, had been the true motive for her dismissal.

In addition, she challenged the president to dismiss those of his advisors involved in the embezzlement of funds of the GGA, as well as to explain publicly and in detail the whereabouts of the $100,000 that had been transferred by the

Nigerian Chrome Oil Services in February 2002 to the Belgian bank account of the CGI, Menezes private company.[8] She asked Menezes to stick to his principle of *moralization of the country* and submit his own resignation to the people of STP.

In response to Das Neves's strong accusations, President Menezes said she had to prove that the money had been handed over to him personally. The president considered having sufficiently explained this matter – in response to these allegations, Menezes would consider suing Das Neves for defamation.[9]

On 16 September the MLSTP/PSD put forward two candidates for the vacant post of prime minister: Damião Vaz de Almeida, the former labour minister, and Eugénio Soares, the former finance minister. The president's choice fell on Vaz de Almeida whom he entrusted with forming a new government within 48 hours.

On 24 September the GGA director Diógenes Moniz was detained after ten hours of interrogation. It was reported that Moniz revealed the names of prominent people involved in the embezzlement of funds, and the judge returned the case for further investigation to the Public Prosecutor. Aurélio Aguiar, the financial accountant, who was also interrogated, was released after payment of a bail of 20 million dobras ($2,000).

In mid-October, the Public Prosecutor summoned Maria das Neves to question her about these allegations. However, though she had been untraceable for three consecutive days, Das Neves reappeared to occupy her seat in the National Assembly, which provided her with parliamentary immunity. Unlike Das Neves, the former minister of trade, Júlio Silva (ADI), and Carlos Gustavo dos Anjos were questioned about their alleged involvement in the GGA scandal. At the request of the Public Prosecutor, on 25 October the Permanent Commission of the National Assembly authorized nine deputies to be questioned by the magistrates. Arzemiro dos Prazeres (PCD), Basílio Diogo (MDFM), and the former prime ministers Guilherme Posser da Costa, and Maria das Neves (both MLSTP/PSD) were summoned.

Delfim Neves, the chief whip of the MDFM/PCD, and Izildo Machado (MLSTP/PSD), Adelino Pires Neto, and Amândio Pinheiro (both PCD), were questioned with regard to a case of alleged counterfeiting, while Augusto Lima (PCD) was indicted concerning the forgery of diplomatic passports. After his interrogation, Basílio Diogo confessed to have taken a credit of 11 million dobras ($1,100.00), but maintained that he had repaid the debt. The other deputies declared their innocence after having been questioned by the magistrate. On 2 November Attorney-General Adelino Pereira filed a warrant of arrest against Posser da Costa after the former prime minister attempted to physically assault him, damaging his office equipment in the process.

During a press conference on 21 October, President Menezes admitted that his private company (CGI) appeared on the list of GGA debtors. He said that the debt amounted to duties worth 9 million dobras and was contracted somewhere between 1993 and 1996 when he was a businessman and chairman of the Chamber of Commerce (CCIAS). He claimed that he had not taken any 'loan' from the GGA and announced that he had already instructed his company to settle these debts. (In fact, on the large list of GGA debtors that contains the names of dozens of prominent local people, Fradique de Menezes appears as a debtor to the amount of 9,672,000.00 dobras (ca. $4,000 at the time).

The president nevertheless declared his support for the ongoing investigations of the Public Prosecutor into the GGA scandal in order to retrieve the country's credibility vis-à-vis the donor community.

A shadow government?

On 6 May, in an apparent move to further disassociate himself from the government headed by Das Neves, President Menezes enlarged his own staff by appointing several presidential advisors whose portfolios correspond exactly to ministerial posts. The new appointments included the four ex-ministers of his party, the MDFM, who had abandoned the government in March. Denying that he was creating a shadow government, the president justified the appointment of additional staff as serving only to improve his capacity to monitor government actions. The (re-)appointed presidential senior staff members were as follows:

Juridical Assessor and Presidential Spokesman	Ângelo Bonfim
Assessor for Diplomatic Relations and Co-operation	Carlos Gustavo dos Anjos
Assessor for Development Affairs	Jorge Santos
Assessor for Economic and Financial Affairs	Manuel de Deus Lima
Assessor for Justice, Public Administration and State Reform	Justino Tavares da Veiga
Assessor for Social Affairs	Armanda Rita Coelho
Assessor for Defence and Internal Order	Lt.Col.Victor Monteiro
Assessor for Youth and Sports	Guilherme Barbosa Neto
Advisor for Energy and Water	Tomé Vera Cruz
Advisor for Agriculture and Fishery	Albino da Fonseca
Advisor for Public Works and Infrastructure	Eugénio Rodrigues Tiny
Advisor for Trade, Industry and Tourism	Maria dos Santos Torres
Advisor for Labour and Employment	Juvenal Espírito Santo

The ADI

At its third congress on 22 May, Patrice Trovoada (President Menezes' unpaid special advisor for oil and son of ex-president Miguel Trovoada (1991-2001) was elected ADI's new Secretary-General with 765 votes. His rival candidate, Manuel Diogo, a naval commander, gained only 165 of the ballots. Diogo accused Trovoada of buying the support of the party members with dirty money – in fact, during August, a group of discontent ADI members headed by former Prime Minister Gabriel Costa had filed a lawsuit against Patrice Trovoda alleging procedural irregularities committed at the congress. It was rumoured that President Menezes had financed the ADI congress. The ADI, founded in late 1992 by Costa and other then followers of Miguel Trovoada, had not had an elected leader since the resignation of ex-secretary general Carlos Neves in December 2001.

The Forum of National Reconciliation

On 16 June 2004, President Menezes presided over the inaugural session of the Forum of National Reconciliation, which brought together political parties and civil society to debate the country's problems and possible solutions for the future. Attended by 600 people, the inaugural session saw the presence of former Presidents Pinto da Costa (1975-1991) and Trovoada (1991-2001), former government members, the resident diplomatic corps, and the attempted coup leader Major Fernando Pereira.[10]

In his speech, the president regretted the failure of the country's leaders to end poverty in STP in the last 29 years. He identified the self-enrichment of politicians and political intrigue, to the detriment of *fraternal co-operation*, as crucial reasons for the failure. Pastor Marques, the head of the Forum, expressed his hopes that the Forum would serve to unite the Santomean family.

Following the inaugural session, the Forum held 55 meetings between 17 and 29 June to hear the population's concerns and expectations. Four students from Columbia University participated in these popular meetings with a questionnaire asking people how they would like to see the oil revenue used. In addition, Columbia University provided the Forum with a 15-page *Boletim de Informação Popular*, a small manual on the impact of the oil industry and on oil revenue legislation.

From 5–7 July the Forum held plenary topical sessions presided over by Pastor Marques and attended by some 400 delegates, who had been elected in the country's districts and among the diaspora communities in Gabon, Angola and Portugal. The objective of these meetings was to elaborate the Forum's final conclusions and recommendations.

The closing ceremony of the Forum took place on 12 July, the country's independence day. A large list of recommendations and conclusions on politico-institutional issues, social-economic development, and the Autonomous Region of Príncipe was presented. In his closing speech Pastor Marques appealed to his compatriots to join hands and unite in the safeguard of the highest interests of the nation.

The Public Service

During a meeting in late May the representatives of 3,000 former civil servants, who had been dismissed in the past as part of the structural adjustment programme, threatened the government with protest demonstrations on the grounds that their indemnities had not been paid for the last six years. Rejecting the government's proposal to replace the payments with small income generating projects, the meeting insisted the government pay the indemnities before 10 June – estimated, according to the State Workers Union (STE) at about 2 billion dobras ($200,000).

On 16 June the minister of finance, Eugénio Soares, announced a 33%-increase in the minimum wage of civil service employees retroactively from January.

STP's Foreign Relations: Latest developments

Taiwan

In May President Menezes travelled to Taipei to participate in the inauguration ceremony of the re-elected Taiwanese President Shen Shui-Bien. Menezes asked Shui-Bien for financial assistance for the Forum and the summit of the Community of Portuguese-speaking Countries (CPLP) to be held in São Tomé in July. On his return Menezes announced that Taiwanese experts had elaborated a 'Comprehensive Economic Development Plan' for STP that Prime Minister das Neves had requested during her visit to Taiwan in March 2003. The five-member advisory team headed by the vice-chairman of the Council for Economic Planning and Development, Jing-Sem Chang, spent a single week in STP to compile their long-term development plan for the country. The document claims that STP's current economic situation was similar to that of Taiwan 40 years ago, however, it admits that at the time the Taiwanese had already enjoyed nine years of compulsory elementary education.[11]

In October it was announced that under a 10-year scholarship programme set up in September 2003 by the Taiwanese ministry of foreign affairs to promote international exchanges, five students from STP were among the 37 African students who would be eligible to study in Taiwan. In addition, Taiwan pledged STP a grant of $3 million for a malaria eradication programme, expected to have started in mid-October.

Angola

On 27 May a majority of deputies of the coalition party Uê Kedadji, the opposition MDFM/PCD, and a few independents in the National Assembly rejected by 22 against 18 votes of the MLSTP/PSD a bilateral fishing agreement signed with Angola in January 2003. Uê Kedadji, the MDFM/PCD and the few independents argued that Angola would benefit disproportionately from the deal since the agreement provided Angola with six fishing licenses for tuna trawlers in STP's Exclusive Economic Zone (EEZ) in exchange for three licenses for Santomean boats in Angolan waters. The deputies pointed out that STP did not even possess the fishing boats to catch tuna in Angola.

The ruling MLSTP/PSD considered the rejection a strategic error and criticised the opposition for not taking into account the advantages in terms of professional training in the fishing sector and other compensation offered by Angola. Jorge Amado, the Minister of Agriculture, announced that the government would submit the agreement unchanged to the National Assembly once again for approval. In turn, the opposition demanded Amado's dismissal, because he had disrespected the parliament's decision. One week after the rejection of the agreement, 12 Santomeans left for Angola to attend a two-year professional training course in the fishing industry.

Despite the opposition's disapproval of the fishing agreement, in late July Angola's resident ambassador in São Tomé, Pedro Fernando Mavunza, considered the political and diplomatic relations of his country with STP as excellent. Mavunza reminded that bilateral economic co-operation started in 1978 when a general agreement of economic, technical and cultural co-operation was signed, followed by a bilateral treaty on defence and security. Since then, he argued, five meetings of the two countries' bilateral commission had been held, the last in March 2003. Ambassador Mavunza explained that Angolan co-operation had been focused on the media, youth and sports, education and culture, agriculture and fishery, tourism, air and sea transport, finance, security, trade and industry.

It should be also noted that during October 2003, the government of STP signed a protocol on co-operation in the oil industry. Under this agreement there are presently nine STP students being trained in oil industry management in Angola. The Ambassador further considered that his embassy had also supported the Angolan immigrant community in STP in individual emergency situations, a community estimated at more than 4,000 people.

The 5th Bi-Annual Summit of the CPLP

From 26–27 July, STP hosted the 5th bi-annual Summit of the Heads of State and Government of the eight-member Community of Portuguese-speaking Countries (CPLP). The topic of the summit was *"The information society as contribution to good government and transparency in the countries of the CPLP"*. This was an important summit for Brazilian president Luiz Inácio 'Lula' da Silva would pass the rotating presidency of the CPLP for the next two years to STP's President Menezes.

Presidents Eduardo dos Santos of Angola and Pedro Pires of Cape Verde did not attend, and their respective countries were represented by their prime ministers, Fernando da Piedade dos Santos and José Maria das Neves. The summit was attended also by Equatorial-Guinean President Teodoro Obiang Nguema who had been invited personally by Menezes as guest of honour. Despite Obiang Nguema's well-known record of human rights violations and excessive corruption, the invitation was not questioned by any CPLP member state. Moreover, the summit even discussed the integration of Equatorial Guinea as observer into the CPLP and adopted a resolution on the revision of observer status presently not part of the community's statutes.

At the summit, the CPLP declared the campaign against malaria and against AIDS as the community's principal actions for the near future. The CPLP's anti-AIDS campaign, including the direct participation of the eight heads of state and other prominent Lusophone personalities, is budgeted at €22.6 million. In addition the summit ratified the Orthographic Treaty of the Portuguese Language signed in 1990 in Lisbon. Further the CPLP created a Business Council to strengthen economic co-operation in the private sector among member countries, even if it fell short of approving the more ambitious project of a 'Statute of the Lusophone Citizen' – which would provide for the extension of political and professional rights to all citizens of the eight member states. Internationally, the CPLP supported Brazil's claim to a permanent seat in the UN Security Council. In his closing address Menezes promised greater dynamism in the implementation of the summit's approved agreements during his chairmanship. The next CPLP summit will be held in Guinea-Bissau in 2006.

The diplomats Luís Monteiro da Fonseca (Cape Verde) and José Tadeu Soares (Portugal) were appointed new executive secretary and deputy executive secretary of the CPLP respectively. The summit was attended by 200 participants including the media. STP's government had estimated the budget of the summit at $2 million. At its request, Brazil contributed with $500,000, Taiwan with another $500,000, while Equatorial Guinea acknowledged Menezes' invitation with an additional $100,000. Nigeria loaned 25 Volvo luxury cars and 25 motorcycles for the event, while the government asked Angola for another 12 vehicles.

Europe and the US

On 29 September, President Menezes accredited six new non-resident ambassadors to STP: those of Germany, Norway, Poland, South Korea, Canada and Egypt. It was the first time that Norway had accredited an ambassador to the archipelago, and the Norwegian ambassador expressed his country's interest in co-operating with STP in the oil sector. The new German ambassador, Ilse Lindemann-Macha promised, to channel development funds through the European Union and international aid agencies.

On 30 September the executive director of the US government's Millenium Challenge Corporation (MCC), Paul Appelgarth, informed President Menezes that, together with Albania, East Timor, Kenya, Tanzania, Uganda and Yemen, STP was among the first seven countries to receive development aid as part of the Millenium Challenge Account (MCA) initiative. The MCC justified the selection of STP because of the country's commitment to political reforms that encourage democratisation, economic liberalisation, and investment aimed at reducing poverty. While the seven countries do not yet qualify for multi-year MCA assistance, receiving aid as part of a threshold programme, the MCC invited the seven governments to present projects to enable them to fully qualify for MCA assistance. For this year the US Congress approved $1billion for the MCA initiative.

Military co-operation

The US

At the end of March 2004 the private American security company Military Professional Resources Incorporated (MPRI) sent retired Colonel Raoul Henri Alcalá as consultant to STP to conduct an assessment of the country's defence requirements. During his one-year assignment on behalf of the Stuttgart-based US Military European Command (EUCOM), the officer is expected to develop and coordinate US security co-operation projects with STP, including military education and training as well as military equipment sales and transfers that will focus on the country's coast guard. The objective is to provide STP with the naval equipment to patrol its EEZ and the JDZ.

In mid-May the US military organised a one-week workshop on civil-military relations in STP. The seminar was delivered by reserve Lieutenant-Colonel Eugene Mensch and Carrie Manning of the Naval Postgraduate School of Monterrey in California and dealt with the planning of national security, army support to civilian authorities, the role of the armed forces during elections, the ties between armed forces and the press, as well as programmes of civic education.

At the invitation of the US military, President Menezes and Defence Minister Óscar Sousa visited the US EUCOM in Stuttgart during August. The Americans showed their visitors what they do in terms of helping with the Tblisi-Baku-Cheyhan pipeline that brings oil into the Mediterranean Sea. The US military believe that similar issues affect the STP-Nigeria Joint Development Zone (JDZ), created in 2001.

Later that month, a US delegation headed by General Charles Wald, Deputy Commander of EUCOM, and Chuck Hagel, a Republican Senator from Nebraska and member of the Senate's foreign affairs and intelligence committees visited STP. The visitors stressed the strategic importance of STP for US interests in Africa. In addition to STP, Wald and Hagel visited Angola, Gabon, Cameroon and Nigeria, where they urged these oil producing countries to improve shipping security and protect vulnerable infrastructure such as pipelines and offshore rigs from possible terrorist attacks.

It should be noted that already in 2003 Wald had considered STP as a suitable site for one of the US military's so-called Forward Operating Locations. The US Navy is expected to send an aircraft carrier strike group into the waters off STP later this year for possible joint exercises.

US Assistance to the Destruction of STP's Firearms Stockpiles

On 2 September STP's armed forces concluded the destruction of obsolete arms, which had been conducted with the support of US military experts since early August. More than a thousand naval mines and about 500,000 pieces of ammunition including mortar shells, Stinger missiles and anti-personal mines were destroyed near Micoló, in the northeast of the island of São Tomé. Most of this was obsolete ammunition supplied by the then Soviet Union in the late 1970s at the request of the MLSTP regime. US ambassador Kenneth Moorefield said his country was ready to replace the destroyed material with modern sophisticated armament, better suited to local realities, pointing to illegal immigration and trafficking of drugs and heavy arms as possible security challenges for the future of STP.

The Oil Industry: Latest Developments

Business update

On 24 June the Houston-based Environmental Remediation Holding Corporation (ERHC), which under a controversial treaty with STP holds pre-emptive rights in six blocks of the JDZ, announced that Pioneer Natural Resources (a Dallas-based independent oil company) had entered into a participation agreement for Block 2 of the JDZ, where ERHC has pre-emptive rights of 30%. It was speculated that together the two companies might increase the percentage to above 50% to achieve an operating stake. ExxonMobil was expected to join the duo with their 25% pre-emptive rights leaving room for a forth partner, possibly a Nigerian company.

In July, Ali Memon, a former executive of Marathon, replaced the Nigerian Chude Mba as president and CEO of ERHC. The appointment of Memom, who began his career with Marathon in the 1970s, has been interpreted as another attempt to improve ERHC's image. Since Memon's takeover, ERHC's homepage has been cleared of any reference to the Nigerian Chrome Energy Corporation that took a majority stake in the company in early 2001. For the first quarter of 2004 ERHC reported a loss of $616,378. The company incurred a loss of $3.15 million in the fiscal year 2003.

On 23 September ERHC announced the signature of another participation agreement, this time with Noble Energy to negotiate participation in Block 4 of the JDZ where it holds 25%. In that occasion, Ali Memon declared that Noble's superior performance in deep water and participation in record-setting offshore operations were factors that made Noble an optimal choice for his company. According to unconfirmed reports, ExxonMobil was expected to exercise their second 25% option in this block.

In late May President Menezes appointed Carlos Gomes, deputy director for monitoring and inspection of the Joint Development Authority (JDA) in Abuja, and Jorge Santos, presidential economic advisor, as STP's new executive directors of the JDA's Commercial and Investment Department and of the Non-Hydrocarbon Resources Department respectively. They replaced Flávio Pires dos Santos and Luís Alberto Carneiro dos Prazeres 'Capala', who had been appointed in January 2002. Gomes also succeeded the Nigerian Taju Omar as the JDA's chairman. The Nigeria-STP JDZ established in 2001 is the seventh such arrangement worldwide and the second in Africa.

In late June, during a state visit to Nigeria, President Menezes and President Obasanjo signed a nine-point agreement (the 'Abuja Joint Declaration') on transparency in payments, expenditure and other dealings in the transactions concerning the JDZ. The reporting guidelines are those adopted by the United Kingdom's Extractive Industries Transparency Initiative (EITI). All information to be made public according to the declaration will appear on the website of the JDA (www.nigeriasaotomejda.com). During his visit Menezes stated in Port Harcourt that as a latecomer to the oil industry, STP looked forward to maximum benefit from the joint development partnership with Nigeria.

In late August, Carlos Gomes explained that the negotiations for the Product Sharing Contract (PSC) with ChevronTexaco, ExxonMobil and Energy Equity Resources (EER) as regards Block 1 of the JDZ were facing legal obstacles. During the licensing round, Chevron Texaco had made a bid of $123 million for the block and was given 51%, while ExxonMobil and EER were awarded with 40% and 9% of the block respectively. EER is jointly owned by Aliko Dangote, a Northern Nigerian businessman close to President Olusegun Obasanjo, and executives of the Norwegian seismic survey company Inseis Terra and was set up to participate in the bidding round.

The legal problem affecting the PSC negotiations was created by the 10% of the acreage of Nigerian Block 246 that under the JDZ agreement of 2001 had been separated out of Block 1. In February 2003 the Nigerians decided to return the acreage to the JDZ, however, this decision was not ratified by the two national parliaments. Therefore the three companies refused to recognise the JDZ's right to negotiate a block that according to international law partly belonged to the oil companies operating in Block 246. Gomes expected the Nigerians to talk with the companies of Block 246 to accept the decision of their government. In September the three companies ChevronTexaco, ExxonMobil and EER finally agreed on the terms of the PSC for Block 1.

Despite earlier assurances that the JDZ would consider awarding Blocks 2, 4 and 6, to recommended bidders with a proven track record of performance in the oil industry, by mid-September there were no signs of further deals. It was rumoured that Block 6 was likely to be kept among the initial awards given the strong interest for this acreage manifested by a Chinese oil company. The remaining five blocks would then be re-offered before the end of 2004 when Nigeria was expected to hold a deep-water licensing round of its own in its EEZ.

After a meeting of the Nigeria-STP Joint Ministerial Council (JMC) on 31 October, the first licensing round was declared officially closed after the award of only Block 1 on the grounds that the bids for the remaining blocks had been unsatisfactory. The decision has left bidders on seven of the blocks from the first round up in arms. The officials announced that the JDA would organise another bidding round for the blocks 2, 3, 4, and 6 within three months. It is expected that new bidders such as Petrobras, the Chinese National Oil Company, and India's Reliance Industries might participate in the new round. The remaining blocks 5,7, 8, and 9 will undergo additional seismic surveys before they are offered in a third tender in the course of 2005.

In addition, it was announced that the Product Sharing Contract (PSC) with the three companies that won Block 1 would be signed on 15 November in Abuja. The problem of the reintegration of the 10% of the Nigerian Block 246 into Block 1 of the JDZ was resolved after President Obasanjo, who asked the companies exploiting Block 246 to respect the decision taken by the two countries. Other controversial points included the winning companies' intention to entrust Africa-based subsidiaries with the exploration of the block, while STP and Nigeria wanted US companies to assume direct responsibility. Furthermore, the oil companies wanted a 28-year contract, whereas STP and Nigeria preferred a PSC with a duration of ten additional years. Finally, the winning companies proposed to return 25% of the Block before renegotiations to the owning countries at the end of the PSC, however, STP and Nigeria wanted 50% of the block returned.

Legislation and Related Developments

During May 2004, UNDP granted the National Assembly $100,000 as part of the programme to strengthen local capacities in oil related issues. The Assembly's secretary-general announced that the funds would be used for the project concerning the oil revenue management law. At the same time, the parliamentary commission entrusted during October 2003 with designing the oil revenue management law submitted the Bill to the National Assembly. The law was largely based on the drafts of two expert US teams, one headed by former Alaska governor Steve Cowper and paid for by the World Bank and the oil advisory team of the Earth Institute of Columbia University in New York that worked on a pro-bono basis for STP, having been partly supported by George Soros's Open Society Institute.

The Cowper team prepared a number of recommendations concerning oil revenue legislation for a workshop on oil revenue management at the end of March 2004. By mid-April, Cowper had presented a complete proposal for the regulatory law of oil revenue management in STP. On their part, the advisory team from Columbia University submitted three consecutive drafts of the oil management proposals to the lawmakers in São Tomé.

In contrast STP's parliamentary commission lacked the expertise and experience to draft its own proposal. On 12 August, in the first reading, the National Assembly approved the oil revenue management law prepared by the US experts. The bill provides for the creation of a National Oil Account for the deposit of all oil revenue; the sound management of the account including the allocation of 10% of the annual oil revenue to the island of Príncipe (which only makes up about 4% of total population); the establishment of a Permanent Reserve Fund containing part of the oil revenue and destined for future generations; annual audits of the oil accounts by both the local Audit Office and international audit firms; transparency principles; and finally, the creation of an eleven-member Oil Control Commission to monitor all payments and expenditures.

As part of the advisory project the team of Columbia University has also designed a comprehensive 'Consensus Plan of Action for STP'. The plan of action is intended to cover the period 2005-2010 and includes a range of public investments and policy changes necessary for poverty reduction in STP. Despite its ambitious goals, the 28-page draft paper is largely a compilation of earlier similar sector assessments and recommendations produced by other foreign development consultants. The authors of the document however, do not explain how to avoid a fait similar to the failure of its implementation of previous externally conceived development plans for STP.[12]

On 14 July Nigeria gave STP another advance payment of $5 million that will be deducted from the signature bonus to be paid for Block 1 when this amount becomes available. The amount was reportedly destined to co-finance the CPLP summit and to pay the scholarships of STP students abroad. The Nigerian senate was informed about the loan in a letter from President Obasanjo dated 27 July. Opposition senators questioned the loan since it was granted without previous approval of the National Assembly, however, this was dismissed by the People's Democratic Party's (PDP) majority, which welcomed the loan as a practical approach by Nigeria to assert its dominance in the sub-region and support its quest for a permanent seat in Security Council. It should be noted in this regard that since 2002, Nigeria has provided STP with advance payments of a combined $20 million. This amount does not include STP's share of the operational costs of the JDA that has also been advanced by Nigeria. STP's 40% share of the signature bonus to be paid for Block 1 is $49 million.

Finally, during the CPLP-summit in July the STP government and the Brazilian oil company Petrobras signed an oil industry co-operation agreement. Brazil's National Petroleum Agency will provide $650,000 to support the regulation of the oil sector. In mid-October, a Petrobas delegation headed by executive director Luís Meira da Silva paid a five-day visit to São Tomé to negotiate business terms with the government. Meira da Silva declared that his company was interested in co-operation in oil exploration and in thermoelectric energy production. The text of a Memorandum of Understanding was prepared, and pending approval by both sides, will pave the way for an Agreement on Strategic Partnership between STP and Petrobras.

During the last meeting of the old National Oil Commission on 22 October, Luís Alberto dos Prazeres 'Capala', a former director of the JDA in Abuja, was appointed executive director of the newly established National Petroleum Agency (ANP). The ANP is the regulating body of the oil industry that is to execute the instructions of the also newly created 14-member National Petroleum Council (CNP) that replaces the National Oil Commission. CNP members include the head of state, the prime minister, the ministers of National Resources, Foreign Affairs, Finance, and Defence, the head of the Regional Government of Príncipe, a representative of Príncipe's private sector, a representative of the Chamber of Commerce (CCIAS), a representative of the trade unions, and two persons each appointed by the head of state and the prime minister respectively. The CNP meetings are held monthly and presided over by the head of state.

Latest Economic Developments

Introduction

In late June an International Monetary Fund (IMF) mission to STP conditioned debt forgiveness on the satisfactory implementation of a new three-year Poverty Reduction and Growth Facility (PRGF). The Bretton Woods institution also considered the approval of the oil revenue management law as another indispensable prerequisite for debt reduction. In fact, provided that the government's macroeconomic performance is satisfactory, the IMF considered, STP would be ready for a decision on debt forgiveness at the end of 2005 or the beginning of 2006. It should be noted that a previous PRGF approved in 2000 was suspended in November 2001 because of poor government performance, and replaced by a staff-monitored programme in 2002.

In August the World Bank granted STP about $6 million for a National Social Project for the improvement of the health and education sectors. The local coordinator of the project, Ayres Bruzaca, explained that the project focuses on the construction and repair works of physical infrastructure, as well as training and capacity building of personnel in the two sectors.

Tourism

In early May the local authorities and UNDP held a three-day round-table conference on 'The Development of Tourism in STP', which was attended by only a few foreign tour operators. About half of the 18 participants were international aid agencies and tourism-related organisations. The participants stressed the importance of the fight against malaria and the improvement of infrastructure for tourism development. Besides agriculture and fishery, the government has considered tourism a priority sector for the promotion of private investments and economic development.

Within the next ten years STP hopes to increase the number of visitors to the archipelago to 25,000 per year. In the first half of 2003 the country received 4,900 visitors, of whom 43% came from Portugal and 12% from France. From 1998-2002 official missions by businessmen, consultants and aid workers accounted for 45% of all foreign visits. As a result of the conference, National Tourism Director Gaudêncio Costa announced the creation of a department tasked with providing timely and efficient support to potential investors.

Later in the same month Portugal's major hotel company, the Pestana Group, signed a protocol with the government on the construction of a five-star hotel with a casino and a discotheque in São Tomé town. The investment is worth 30 million and is expected to create employment for 600 people after its completion planned for the end of 2006. At the same time, the government conceded the Pestana Group an exclusive 30-year concession for "games of chance" (i.e. gambling) in STP.

In August the Portuguese engineering and construction company Capa that specialises in prefabricated solutions announced its plans to build a tourist resort in the north of São Tomé island. The investment, budgeted at 606,500 is primarily destined for the company's business partners and clients, and the company assured that the resort would only have a minimum impact on the surrounding ecosystem. In late October, the Pestana Group announced it was taking over the management of the Rolas Island Resort from February 2005. The 70 twin-bed resort located on Rolas Islet is owned by the Portuguese company Rotas d´África and was inaugurated in June 2001.

Energy

When in April 2004 the debt of the electricity and water utility EMAE to the fuel company ENCO reached $1 million, the latter cut off fuel supplies causing frequent energy cuts in STP. EMAE's director Raúl Cravid explained that his company could not pay ENCO since the government had not paid its energy bill. In addition, when ENCO increased the price of diesel fuel by 25% in June, EMAE decided to cut energy supplies from midnight until 5 am and from 1 pm to 5 pm in an attempt to reduce costs and avoid rising tariffs that the population would be unable to sustain. Since then, EMAE has to pay ENCO 800 million dobras ($80,000) per month for diesel supplies. Following the appointment of Vaz de Almeida, EMAE director Raúl Cravid expressed hope that the new prime minister might help solve the problem since 51% of ENCO is state owned and EMAE is 100% state-owned.

Also of relevance in the energy sector, was the signature by the government and the London-based Synergies Investments Ltd of a contract for the construction of a 25-gigawatt hydroelectric power plant at the river Yô Grande in the south of São Tomé island. Under the agreement (which includes investments of approximately $50 million) the company will repair the small hydroelectric plants at the river Contador in the Lembá district, Guegue in Catagalo district, Monte Café and a fourth one in Príncipe island.

This agreement allows Synergies Investments to run the Yô Grande plant during 45 years and the Contador dam during 33 years. During this period the government is obliged to purchase all electric energy produced for resale to local costumers. The construction of the dam at the Yô Grande is expected to begin during April 2005, while the repair works at the Contador dam will begin in November 2004. It was not revealed how Synergies Investments will raise the necessary funds for these investments, however, the government announced that the deal would solve the country's energy supply problems.

Telecommunications

According to the first 'Global Study on Web Porn' made public in last June STP's country domain suffix (.st) hosts 307,000 pages of pornography representing 79% of the total of 389,000 pages of pornography of African country domain suffixes included in the database. In July 1999 the Swedish Internet provider Bahnhof AB purchased the country's domain suffix (.st) from the STP government.

On 1 August 2004, in a move to protect their customers, Canadian telephone companies began blocking direct calls to STP and five other African and Pacific countries because huge phone bills for Internet users caused by hijacked modem calls to these destinations. One month later, all major US and Irish telephone companies followed suit. In October, British Telecom (BT) also blocked phone lines to STP and other tropical destinations. Modem hijacking occurs when internet users are 'surfing' entertainment sites that secretly download dialling programmes onto computers without mentioning the high charges of the long-distance calls. Usually the costumers do not know of the charges until a huge phone bill arrives weeks later. This type of online crime has cost customers thousands of dollars and pounds. The calls from Canada, the USA, and Britain to STP can still be placed through an operator.

Health

In April the health ministry dismissed the director of the country's only hospital, Esperança Carvalho (MLSTP/PSD), after an audit of the department of financial control within the hospital's administration revealed disastrous financial management during the period 2002-2004. The audit report denounced the embezzlement of funds, theft of medical drugs and the absence of a cash-sheet to register receipts and expenditures. During this period some 80% of payments collected in the hospital were not registered. Yet, merely 45 days after his appointment as the hospital's director by Health Minister Vilfredo Gil (Uê Kedadji), Demétrio Salvaterra Dias handed in his resignation. Dias explained his resignation on the grounds that his appointment had provoked a conflict between the minister and the prime minister, because his predecessor was a member of the prime minister's political party. Besides, Dias felt isolated, persecuted, and humiliated by the circulation of the audit report. Minister Gil appointed the economist Idalécio Aguiar as new hospital director.

Conclusions

The recent political crisis and the resulting dismissal of Prime Minister Maria das Neves have again demonstrated that political instability caused by conflicts between the president and the government, factional struggles, and shifting party alliances have become a detrimental, if integral, part of political life in STP. Despite the politicians' pious words about national unity and common cause expressed at the recent National Forum of Reconciliation it seems unlikely that this situation will change in the near future. On the contrary, a higher inflow of development aid, the forthcoming and eagerly awaited oil revenue, the increasing role of foreign governments and oil companies, and the approaching 2006 presidential and legislative elections and the referendum on the revision of the Constitution will inevitably contribute to the ongoing competition for power and funds within the small political arena.

In these conflicts President Menezes will not participate as an arbiter, but as a key player. The recent political crisis has given Menezes the opportunity to further strengthen his position vis-à-vis the government – paradoxically, if one considers the president's own role in the various political crises, recurring government changes have provided him with the image of providing political continuity.

The president has succeeded in dominating the crucial oil issue, although constitutionally he has no executive powers in economic affairs. By contrast, the government has lost the initiative in the oil sector and the new prime minister does not dispose of the necessary authority and expertise in the field. Foreign partners like Nigeria and the United States, who in disrespect of the country's semi-presidential constitution treat Menezes as the head of government, have also contributed to the president's strengthened position. The influence of these two countries over STP's affairs is expected to increase considerably through co-operation in the oil sector, development aid, and military co-operation.

It remains to be seen if the recent investigations by the Public Prosecutor and the disclosure of corruption at the highest levels of government really mark the beginning of a genuine moralisation of politics in the archipelago. The Public Prosecutor is unlikely to have the institutional capacities and strength to pursue this case to its logical conclusion. In these early days of the *'oil era'*, like in other situations before, these events are rather part and parcel of STP's characteristic political struggles and strategies of exclusion within its political elites. Besides, the investigations are largely aimed at appeasing the donor community and an attempt at regaining some credibility.

Against this background, the significance of the approval of the oil revenue management law should not be overestimated. It has been pointed out that one the more serious disadvantages of the oil legislation is that it was not the result of local concerns, but entirely conceived and elaborated by foreign experts. Besides, the approval of the law was a conditionality imposed by the IMF for future debt forgiveness. Another weakness of the law is that it treats the oil sector separately from other sectors of the economy that are not affected by similar far-reaching anti-corruption regulations. The recent reports on embezzlement of the counterpart funds of food aid has again demonstrated that laws, rules and regulations cannot, in and of themselves, impede corruption. Old habits die hard and are certainly not ended by mere legislation. Only the future can show if STP's authorities have the capacity and the political will to correctly apply the oil revenue law.

1 The author is a post-doctorate Fellow of the Fundação para a Ciência e a Tecnologia (FCT), Lisbon, and a researcher at the Centro de Estudos Africanos e Asiáticos (CEAA), Instituto de Investigação Científica Tropical (IICT), Lisbon, Portugal.

2 It should be noted that Maria das Neves and most former ministers did not attend the inauguration of the new government. Later Das Neves explained that she had not been invited by the presidency.

3 During June 2004, a delegation from Príncipe handed President Menezes a petition with more than 1,000 signatures that urged regional elections for this year.

4 Among others, several people were reported to have illegally used the counterpart funds to pay phone and energy bills and to buy cell phones. The GGA paid for services that were never rendered (one example regarded monthly payments of $480 without any contract to one person to install the accountancy system OCAM in the finance ministry). The payments had been made since September 2002, however, the system has never been installed. At the request of the GGA director the agency frequently paid huge amounts to individuals that were only asked to account later. The director was the only person who knew about the services allegedly rendered to the agency.

5 In this case the Public Ministry asked the Supreme Court to cease the repair works of the buildings at Fernão Dias, an outlet of the Agostinho Neto estate, since no contract on the sale of the area had been signed with the local company Leny Industrial, although the latter had already paid $378,625.

6 Interestingly, in February 2004, Maria das Neves declared in an interview while in Lisbon that "everybody talks of corruption, but nobody says the truth. Nobody says where the corrupts are or who are the corruptors. They must be identified and we shall punish the corrupts by legal means."

7 In March 1999 Carlos Quaresma was dismissed as governor of the Central Bank of STP for his alleged involvement in a fraud attempt with false Santomean treasury bonds worth $500 million at a bank in Brussels. At the same time, Belgian authorities issued an international warrant of arrest against him. In September 2002, the local court in São Tomé acquitted Quaresma of the accusation of the falsification of documents. However, on 26 February 2003 the criminal court in Brussels sentenced him in absentia to four years of imprisonment and a fine of €2000, the highest sentence of the six accused in the case. Quaresma subsequently filed an appeal against the sentence. On 18 May 2004 the criminal court in Brussels postponed the appeal of Carlos Quaresma to 20 October 2004. However, on that day the appeal was again adjourned to 14 December 2004.

8 The payment by the Nigerian oil company Chrome Oil Services owned by Sir Emeka Offor had become known after the dismissal of Gabriel Costa in October 2002. Notwithstanding current declarations, during her two years in office, Maria das Neves never expressed concerns about the issue. One should recall that, during April 2003, a group of citizens had publicly asked President Menezes to clarify this question. At the time, Menezes publicly acknowledged having received the amount of $100,000 as a campaign donation for the two parties PCD and MDFM for the legislative elections of March 2002. Responding to accusations of having violated the country's legislation that prohibits party financing by foreign entities, Menezes declared that all local parties had received foreign funds in the past. While Menezes was probably right, he was the first high ranking officer who acknowledged having received campaign funds from a foreign company – in this case, one which signed a highly controversial oil agreement with STP. Following Das Neves's accusations, the Public Prosecutor announced the investigation of the payment made in February 2002.

9 Taking political adversaries to court has become a popular practice in STP. In September 2002 Menezes had also filed a lawsuit against Das Neves's predecessor Gabriel Costa for defamation, while Das Neves herself brought legal actions against various politicians and journalists for defamation.

10 It should be recalled that the Forum for National Reconciliation was one of the requirements of the Memorandum of Understanding of 23 July 2003 that ended the attempted military coup in STP. The Forum is financed by UNDP (approximately $250,000) and receives assistance from Columbia University of New York as well as from the US government.

11 The document is available on the Internet at http://www.earthinstitute.columbia.edu/cgsd/STP/Development%20Planning/TaiwanDevelopmentPlan.pdf

12 See for the full document on the Internet at http://www.earthinstitute.columbia.edu/cgsd/STP/