



# Path to prosperity

Photos courtesy Africa's Eden

The islands might have a reputation for a slow pace, but **Tristan McConnell** says that doesn't mean the government is relaxed about its tourism targets

**W**arm air, white sand beaches, swim-perfect seas and jungle-clad mountains: the two tiny volcanic islands of São Tomé and Príncipe jutting out of the Gulf of Guinea's waters are made for tourism. Their volcanic soils might lend themselves to growing cocoa – the country's economic touchstone – but they also bring forth a riot of tropical vegetation which, combined with imposing peaks and a laid-back Latin vibe make for a stunning yet mellow tourist destination. Yet it is one few know about or visit.

The tourism sector remains under-exploited, and until recently the government has cared more about its potential oil glut (see sidebar, right) and cocoa revenues. There's no doubt that as global recession threatens tourist numbers worldwide it is a difficult time for a new location to steal a share of a shrinking market, but already the

fledgling tourist industry punches above its weight.

Although ranked by size 175 out of 176 countries worldwide, its tourism industry is rated 28th according to its contribution to the local economy, according to figures published by the World Travel and Tourism Council (WTTC). Travel and tourism currently accounts for 22% of national GDP, bringing in US \$17 million a year. The figure is small, but this is a tiny country with a tiny economy. Significantly, the average contribution of tourism to economies worldwide is 10%,

Fund (IMF) mission concluded that "economic growth has been robust in the last two years" attributing the growth to "foreign investments in tourism-related projects".

### Hotel developments

Among the projects was that from Portuguese hotel group Pestana, which last year confirmed its commitment to São Tomé and Príncipe by opening a \$26m, 115-room hotel in the capital. Perched on the beachfront, the Pestana São Tomé Ocean Resort Hotel on the

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and in sub-Saharan Africa only 8%.

Tourism also provides São Toméans with almost one in five jobs, employing about 8,000 people and brings in more than 60% of export earnings.

Last year an International Monetary

northern edge of São Tomé – the larger of the twinned islands – is the country's first and, so far, only five-star hotel.

The Portuguese group owns another four-star hotel, the Pestana Equador, on the secluded Rolas Island off the

## Location Study: São Tomé and Príncipe



southern tip of São Tomé.

A key attraction of São Tomé and Príncipe is its pristine untouched feel, with empty beaches and untrodden volcanic slopes. However, its remoteness is both a blessing and a curse. Simply reaching the islands is notoriously difficult, and few flights serve the islands.

Pestana has tackled this problem head-on by funding its own airline bringing charter flights direct from Lisbon throughout the peak tourist season, June to September. This has introduced much-needed competition (previously TAP, the Portuguese national carrier, had a monopoly on flights), meaning that tourist numbers are set to increase.

Pestana will not be the only beneficiary of more tourist traffic: South Africa's Falcon Group is also getting in on the action. Its ambitious \$380m Lagoa Azul development is planned for the northern tip of São Tomé island, where jungle-clad volcano meets pristine beaches. Financing is almost complete and Jan Greyling, Falcon Group's managing director, says construction will start in the next couple of months.

Lagoa Azul will include 1,200 residential units, a private hospital, shopping mall, conference centre, an 18-hole golf course and a quay.

### Niche market

It is not only the big developments that are attracting investment and visitors. Small-scale ecotourism is also taking hold on these tiny islands, about one third of which are covered with rainforest home to 143 bird species and at least 129 different orchids – new varieties of both remain to be discovered.

Netherlands-based Africa's Eden runs two lodges on São Tomé and Príncipe: Omali Lodge Luxury Hotel and Bom Bom Island Resort. They epitomise the kind of eco-tourism of which São Tomé and Príncipe's government would like to see more.

Omali is a boutique hotel close to the capital, while Bom Bom lies on the remote northern shore of Príncipe island, nestling among nodding palms close to white sands and crashing waves. Its restaurant, bar and marina are built on an islet reached by a 230m wooden walkway over the rocks and ocean.

Despite the small number of visitors that fly in each year, tour operators hope that whether from eco-tourists keen on hiking, big spenders keen for beach quiet or watersports enthusiasts, the islands will attract more than petrol dollars.



### Not so slick

Despite the improving tourism infrastructure analysts at Global Insight say that São Tomé and Príncipe's economic outlook remains highly dependent on the success of the oil sector. This has seen slow progress, however. Despite the awarding of oil exploration licenses in 2005 and 2006 only one well has been drilled.

This has disappointed São Tomé and Príncipe's Portuguese-speaking inhabitants and fuelled political upheaval: earlier this year 38 people, including an opposition leader, were charged with plotting to overthrow President Fradique de Menezes.

Prime Minister Joaquim Rafael Branco is the tenth to hold office in as many years and although the next elections are scheduled for 2010 few analysts expect the coalition government to last the course. The ongoing political instability will worry potential investors and visitors.

São Tomé and Príncipe has enjoyed Gross Domestic Product (GDP) growth of around 6% per annum recently yet little of this trickles down to the impoverished people who on average live on an estimated \$780 a year.

But while oil remains a pipe-dream, tourism is an important and growing contributor to the country's economy. In February, Prime Minister Branco named tourism as one of his government's three priorities, alongside building infrastructure and ensuring adequate food supplies for his country's 200,000 residents. The government is keen to encourage eco-tourism as a way to generate income without destroying this tiny nation's spectacular natural heritage.

"We cannot depend on waiting for oil," conceded a senior government figure last year. "We must explore other areas such as sustainable agriculture, tourism and building infrastructure."