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## **São Tomé and Príncipe Unpacking Migration Dynamics: Critical Issues and Policy Recommendations**

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# São Tomé and Príncipe

## Unpacking Migration Dynamics: Critical Issues and Policy Recommendations



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## **Abstract**

São Tomé and Príncipe (STP), a lower-middle-income small island nation, is undergoing a significant wave of emigration, driven largely by limited job opportunities and economic prospects, particularly among younger generations. This paper explores the drivers, dynamics, and impacts of migration on the country's economy and social fabric, drawing on a combination of primary and secondary data sources. These include local emigration records, the national social registry, the latest household budget survey, global estimates of migrant stocks and remittance flows, and focus group discussions with migrant families. The findings reveal that at least 18 percent of STP's population now resides abroad, with numbers growing rapidly. Migration is increasingly dominated by young individuals moving to Portugal, attracted by shared linguistic and cultural ties and facilitated by a recent Community of Portuguese Language Countries mobility agreement. However, migration currently delivers limited economic benefits to STP, as remittances are low, irregular, and constrained by high transfer costs, inadequate financial infrastructure, and migrants' precarious employment abroad. Socially, migration may also disrupt family structures, particularly affecting children, who face challenges in care and emotional well-being. Policy recommendations include enhancing migrants' employability, exploring bilateral migration partnerships, strengthening migration management systems, improving remittance services, and supporting families who remain in the country through social assistance.

JEL Codes: F22, F24, J24

Key Words: International Migration, Remittances, Human Capital

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Photo credit: DPSSF



## Abbreviations

AML/CFT	Anti-Money Laundering and Countering the Financing of Terrorism
BCSTP	Central Bank of São Tomé and Príncipe ( <i>Banco Central de São Tomé e Príncipe</i> )
BIS	Bank for International Settlements
BISTP	International Bank of São Tomé and Príncipe ( <i>Banco Internacional de São Tomé e Príncipe</i> )
CPLC	Community of Portuguese Language Countries
CPMI	Committee on Payments and Market Infrastructures
CPSS	Committee on Payment and Settlement Systems
CSU	National Social Registry ( <i>Cadastro Social Único</i> )
DPSSF	Directorate of Social Protection, Solidarity, and Family
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
GDP	Gross Domestic Product
GEE	Office of Strategy and Studies ( <i>Gabinete de Estratégia e Estudos</i> )
GSP	Global Skill Partnership
ICT	Information and Communication Technology
ILO	International Labour Organization
IMF	International Monetary Fund
INE	National Institute of Statistics ( <i>Instituto Nacional de Estatística</i> )
IOF	Household Budget Survey ( <i>Inquérito aos Orçamentos Familiares</i> )
IOM	International Organization for Migration
KNOMAD	Global Knowledge Partnership on Migration and Development
LDC	Least Developed Country
LMIC	Lower-Middle-Income Country
MFI	Microfinance Institution
MMO	Mobile Money Operator
MTO	Money Transfer Operator
MTSS	Ministry of Labor, Solidarity, and Family
NGO	Nongovernmental Organization
ODA	Official Development Assistance
OTS	Online Transfer Services
PAFI	Payment Aspects of Financial Inclusion
PEP	Parental Education Program
PFV	Vulnerable Family Program ( <i>Programa Família Vulnerável</i> )
PMO	Postal Money Order
POS	Point of Sale
PSP	Payment Service Provider
RPW	Remittance Prices Worldwide
RSP	Remittance Service Provider
SDGs	Sustainable Development Goals
SIDS	Small Island Developing States
SMF	Service for Immigration and Customs

SPAUT	National Payment Switch of São Tomé and Príncipe ( <i>Sociedade Gestora do Sistema de Pagamentos Automáticos de São Tomé e Príncipe</i> )
STP	São Tomé and Príncipe
TVET	Technical and Vocational Education and Training

## Executive Summary

- i. **São Tomé and Príncipe (STP), a small island lower-middle-income country (LMIC) with a population of 228,319, is currently experiencing a significant wave of emigration driven by limited job and economic prospects.** The country economy relies significantly on official development assistance (ODA), making it highly vulnerable to external financing fluctuations, and is heavily oriented toward the public sector, offering few quality employment opportunities outside of government jobs. After two decades of modest growth, gross domestic product (GDP) has stagnated in recent years. Poverty prevalence remains high, with three-quarters of the population susceptible to falling or staying below the poverty line. Human capital challenges are significant, especially in terms of educational achievements. One-third of the working-age population that is not currently in school is not economically active. To support low-income families, the government has expanded its cash transfer program (Vulnerable Family Program [*Programa Família Vulnerável*, PFV]), but coverage remains limited. Poor job and economic prospects have pushed many Saotomeans, especially among the younger generations, to consider migration as their best opportunity to improve their economic situation and the well-being of their family.
- ii. **Migration out of STP is significant and growing and primarily directed to Portugal.** The size of the Saotomean diaspora is estimated to be 18 percent (39,773 migrants)<sup>1</sup> of the total resident population and growing, which is significant, but not disproportionate compared to other small island developing nations. More than half of the diaspora currently resides in Portugal, followed by Angola and Gabon. However, almost all people who decide to migrate today opt to go to Portugal, which is seen as offering better economic opportunities than regional alternatives, and easier integration pathways compared to other high-income countries because of shared language and cultural ties. Migration to Portugal received a major boost with the introduction of the Community of Portuguese Language Countries (CPLC) mobility agreement in 2022, which significantly reduced legal and administrative barriers to migration for Saotomean citizens. Medical evacuation is also often used as an excuse to leave the country, whether justified or not. The new wave of migrants to Portugal appear to be predominantly young and urban, and moderately more likely to come from higher-income brackets, although vulnerable populations are also participating in migration. Two common profiles of migrants are youth travelling for education (that is, students) and underemployed individuals who left STP for better economic prospects but often struggle to generate income once in the destination country.
- iii. **Unlike in some other places, migration currently brings limited economic benefits to STP, mainly due to low remittances from migrants who work in low-income, precarious jobs and face high living expenses in their destination countries.** Remittances from Saotomean migrants are significantly lower than regional averages and have been declining over the past decade. Aggregate volumes are small compared to GDP and other domestic benchmarks, which contrasts with the experience of similar countries. This situation is particularly problematic as remittances remain an important source of income for Saotomean households, especially for the elderly and families that are headed by women. Many vulnerable families with migrant members abroad only receive low-value and irregular remittances. This could be because Saotomean migrants to Portugal are often confined to low-income, precarious jobs while facing high living expenses, which limits their ability to send money home. Many take loans to cover the costs of migration and require a significant amount of time to secure stable revenues.
- iv. **Remittance options to the country are currently limited, expensive, and inaccessible to vulnerable households.** The main options for sending money to STP are banks and money transfer operators (MTOs), which have high costs above regional and global averages. As a result, many families

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<sup>1</sup> KNOMAD bilateral Matrix 2021.

use informal channels that lack regulation and do not increase capital inflows. Remittance options often do not reach vulnerable households, who lack bank accounts and access to MTO cash-out points. Mobile money services could help but are currently nonexistent or limited. The remittance market in STP faces many challenges, including a lack of transparency, consumer protection, adequate payment infrastructure, regulation, and digitization, thereby hindering the emergence of innovative remittance services.

v. **For family members who remain in the country, especially children, migration often comes at significant social costs.** When an adult migrates, especially a parent, household dynamics undergo critical adjustments. The responsibility to care for children is often transferred to other family members, such as grandparents or older siblings, who are typically unable to provide the same quality of care and supervision. Children may also be separated and assigned to different caregivers. This situation may lead to emotional challenges for children, with adverse consequences for their social and cognitive development. This is particularly true when the mother is the migrant. When older siblings are assigned the responsibility to act as new caregivers, they face a higher burden of family obligations that compete with their educational and leisure activities. This may lead some to drop out of school and to develop more negative views about the future. Many adolescents and young people from migrant families aspire to reunite with their parents, which incentivizes some of them to consider migrating themselves.

vi. **For STP to harness the potential contributions of migration, several policy measures need to be implemented to enhance economic returns for migrants while mitigating social risks for family members left behind.** First, there is a need to improve the employability of young Saotomeans, both in the country and overseas, to ensure that those who want to stay have some economic prospects and those who want to leave are able to secure productive jobs abroad and send remittances. This can be supported through a combination of skills development, entrepreneurship support, and partnerships with employers—focusing on priority sectors in STP, sectors with high demand in destination countries, and the global digital economy. Second, the government should seek to establish partnerships with major destination countries for mutually beneficial migration. This can be achieved through bilateral agreements in the form of Global Skill Partnerships or other types of organized migration schemes that ensure alignment between the skills of migrants and the needs of destination labor markets. Third, there is a need to strengthen migration management systems to better support migrant workers, provide intermediation services with employers abroad, and generate and organize data for policy development. Specifically, there should be more concerted efforts to engage the diaspora in contributing to the social and economic development of STP, starting with a mapping of Saotomean communities abroad. Fourth, innovations in digital payment services should be encouraged and supported, to improve the availability and affordability of remittance options. Measures should also be taken to facilitate the adoption of these services by consumers. Finally, migrant family members remaining in the country should be protected through existing social assistance programs and complementary measures, with special attention to children and youth.

## Introduction

1. **Migration is a global phenomenon that significantly affects individuals, families, and the broader society, offering prospects for socioeconomic development in both origin and destination countries.** According to the International Organization for Migration (IOM), in 2020, 3.6 percent of the world’s population were international migrants, totaling approximately 281 million people.<sup>2</sup> The drivers of migration are diverse and include (a) economic factors such as income disparities and employment opportunities; (b) environmental factors, including those stemming from climate change and natural disasters; (c) political and social factors encompassing civil crises, violent and armed conflicts, and political instability; (d) social and cultural factors such as having friends and relatives in the destination country; and (e) individual aspirations and life goals.<sup>3</sup> Migration often serves as a response to global shocks and imbalances, offering a mechanism to alleviate these disparities. It is thus important to consider it as a potential pathway for development. When supported by a favorable environment for resource exchange—whether through knowledge transfer or financial remittances—migration can significantly contribute to socioeconomic development, with benefits for both countries of origin and of destination.<sup>4</sup>

2. **Africa is experiencing many of the factors that drive migration and is anticipated to be the origin of the largest share of the world’s migrants in the forthcoming years.** The continent is home to a rapidly growing population, which is projected to double by 2050,<sup>5</sup> with a significant proportion of young people.<sup>6</sup> Beyond the potential to drive economic growth, this also creates immense pressure on job markets, educational systems, and health care services, with many young people facing limited job opportunities, as economic development has not kept pace with population growth.<sup>7</sup> Despite being a minor contributor to global CO<sub>2</sub> emissions, the continent already bears the brunt of climate change and its impacts, including extreme weather events, rising sea levels, and prolonged droughts. These phenomena often disrupt agricultural production, the primary source of livelihood for a large portion of the population. In addition, several regions on the continent experience ongoing conflicts which, combined with the previous challenges, contribute to forced displacements. Recent estimates indicate that 31 million Africans live outside their birth country, primarily within the continent, driven by economic, environmental, and conflict-related factors.<sup>8</sup>

3. **Similar to many African nations, São Tomé and Príncipe (STP) is affected by migration, especially emigration pressures related to its small island characteristics.** STP faces substantial economic hurdles common to small island developing nations, including limited land area, a small domestic market, and heavy reliance on imports, which together constrain opportunities for economic diversification and growth. Furthermore, the country’s economy is highly susceptible to external shocks, particularly those related to climate change, as extreme weather events and rising sea levels threaten its agricultural productivity and fishing industries. The island nation also faces mounting pressure on its job market and public services, exacerbating unemployment and underemployment issues.

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<sup>2</sup> IOM 2022.

<sup>3</sup> World Bank 2023a.

<sup>4</sup> World Bank 2023a.

<sup>5</sup> United Nations Population Fund (UNFPA) data.

<sup>6</sup> More than 60 percent of the population is under the age of 25.

<sup>7</sup> Despite some progress, structural challenges such as inadequate infrastructure, limited industrialization, and dependency on agriculture and commodity exports hinder economic diversification and job creation.

<sup>8</sup> Vision of Humanity. 2024. “Navigating the Effects of a Rising Youth Population in Africa.

“<https://www.visionofhumanity.org/navigating-the-effects-of-a-rising-youth-population-in-africa/>

4. **Economic and jobs prospects are particularly bleak for younger generations, which has driven many to seek opportunities abroad.** Nearly 39 percent of STP’s population is less than 15 years old.<sup>9</sup> This predominantly young population relies heavily on informal and subsistence activities due to limited employment opportunities. The private sector is small, primarily composed of informal businesses, micro-enterprises, and a few medium-size enterprises. The country is highly dependent on imports for basic consumer goods and fossil fuels, importing 100 percent of its oil and 50 percent of its food due to low production and isolation.<sup>10</sup> This high dependency on international trade makes the country more vulnerable to external shocks. The economy is overly dependent on the public sector, palm oil, cocoa, and tourism, with agriculture and subsistence farming accounting for 70 percent of rural employment.<sup>11</sup> While social safety nets are expanding, they still reach less than 25 percent of all poor households nationwide. Overall, poor economic prospects have encouraged many young Saotomeans to want to migrate out of the country, a situation that is expected to grow as more youth reach working age (15 years and above) in the coming years.

5. **For STP, migration could be both a blessing and a curse—but the phenomenon has been understudied, with a limited evidence base for policy making.** Current migration trends in STP pose both opportunities and risks for the country’s future growth. On the one hand, international migration could offer alternatives for young adults facing limited economic opportunities at home, while remittances from abroad could significantly boost the economy. On the other, migration can lead to brain or skills drain and affect household dynamics for those that are left behind. To harness the potential benefits of migration and minimize its unintended consequences, the Government of STP needs accurate and updated data. However, official information on the size, location, demographic profile, and socioeconomic characteristics of the Saotomean diaspora is currently limited.

6. **This study seeks to advance the understanding of the dynamics of migration and remittances in STP and their socioeconomic impacts for vulnerable families, and provide recommendations to foster a better migration model.** The report is organized as follows:

- **Section I** provides a socioeconomic description of STP and identifies possible drivers of migration in the archipelago using secondary data from the National Institute of Statistics (*Instituto Nacional de Estatística*, INE) and other official sources.
- **Section II** seeks to provide a comprehensive picture of and contextualize migration trends in STP, by leveraging a combination of innovative data sources, including customs data, records of Saotomeans flying out of the country, and KNOMAD (Global Knowledge Partnership on Migration and Development) data on migrant records in destination countries. It also analyzes information and data from the CPLC mobility agreement, which has changed the legal framework around migration in STP and significantly affected migration flows. The section concludes with a discussion on the potential contributions of migration to socioeconomic development in the country.
- **Section III** explores the relationship between migration and remittances in STP, by outlining the legal and market environment around remittances, contextualizing their costs and characteristics, and providing insights into why remittances are typically low compared to other countries with similar diasporas.

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<sup>9</sup> World Bank Development Indicators.

<sup>10</sup> UNDP 2023a, UNDP 2023b, and UNICEF 2021.

<sup>11</sup> Ibid.

- **Section IV** provides a qualitative analysis of these issues, by delving deeper into household dynamics of vulnerable migrant families. It leverages qualitative data from focus groups discussions (FGDs) and interviews conducted with beneficiaries of the Vulnerable Family Program (*Programa Família Vulnerável*, PFV) to shed light on how low-income families experience migration—that is, why people want to migrate; how they do it; and the impact on family members left behind, including children and youth.
- Finally, **Section V** provides a set of policy recommendations to enhance the enabling environment around migration and remittances, to maximize benefits for all Saotomeans.

7. **The report draws on multiple primary and secondary data sources to analyze migration and remittance trends.** These include (a) the KNOMAD database on migration flows; (b) customs data from STP’s Service for Immigration and Customs (SMF) 2019–2024; (c) the STP Household Budget Survey (*Inquérito aos Orçamentos Familiares*, IOF) from 2017, which includes a module on remittances; (d) the National Social Registry (*Cadastro Social Único*, CSU), which encompasses approximately 35,000 individuals and over 8,000 families, and features a module on migration and remittances collected in 2024 (see Annex 1); (e) remittance data from the STP Central Bank; (f) the World Bank Remittances Prices Worldwide; and (g) qualitative research examining the social impacts of migration on caregiving practices and employment opportunities among vulnerable populations. The qualitative data was collected through FGDs organized in April 2024 with support from the STP Directorate of Social Protection, Solidarity, and Family (DPSSF). These sources are supplemented by data from referenced sources for cross-country comparisons, enabling an assessment of STP’s performance relative to its peers.

## I. Socio Economic Challenges and Migration Aspirations

### Chapter Takeaways:

1. STP is currently experiencing a surge in emigration due to limited job and economic prospects, prompting a significant number of young Saotomeans to seek better opportunities abroad. Nearly 68 percent of young people are contemplating migration.
2. The country's heavy dependence on official development assistance (ODA) leaves its economy highly vulnerable to fluctuations in external financing, resulting in recent gross domestic product (GDP) stagnation following two decades of modest growth. From 2012 to 2016, ODA financed more than 90 percent of public investment spending.
3. Poverty remains widespread, with three-quarters of the population at risk of falling or remaining below the poverty line, alongside persistent human capital challenges, particularly in educational attainment. Only 29 percent of children complete secondary education.
4. Nearly 65 percent of the population is under 25 years, with children and youth often pressured to take on household responsibilities or enter the labor market in low-quality jobs due to the absence of a primary caregiver, often caused by migration. Nearly half of Saotomean children and teenagers live with only one or neither of their biological parents.
5. Data-driven migration strategies, aligned with education and employment policies, are necessary not only to address the aspirations of STP's youth, but also to generate larger positive impacts on the country's development.

### Limited job and economic prospects have prompted a significant number of young Saotomeans to seek better opportunities abroad

8. **STP is currently facing a significant wave of emigration driven by limited job and economic prospects, with the majority of young Saotomeans considering leaving the country in search of better opportunities.** For many Saotomeans, migration represents a chance to acquire new skills, pursue higher education, or find employment. A survey conducted by the National Youth Council, with support from the National Institute of Statistics (*Instituto Nacional de Estatística*, INE), revealed that 68 percent of young people are contemplating migration.<sup>12</sup> Among those, 78 percent are considering temporary relocation, while 22 percent aim to migrate permanently. Unemployment and the lack of job opportunities are significant concerns for individuals aged 18 to 35, with 74.5 percent of respondents reporting being without a formal job for over two years.

9. **STP is a small island country with a population of approximately 228,319 people and is currently classified as a lower-middle-income country (LMIC).** The country is located in the Gulf of Guinea, the western equatorial coast of Central Africa. It consists of two archipelagos around the two main islands of São Tomé and Príncipe, off the northwestern coast of Gabon. STP is the second-smallest and second-least populous African sovereign state after Seychelles. The capital city of São Tomé is located in the district of Água Grande, with an estimated population of 81,000 inhabitants. The only other district with more than 50,000 inhabitants is the district of Mé-Zóchi. Just over 75 percent of the population of São Tomé live in urban areas.

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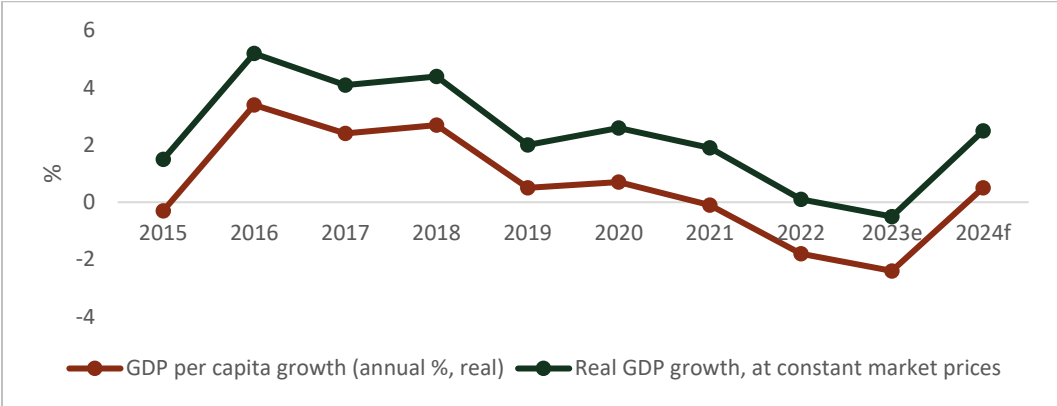
<sup>12</sup> UNDP 2023a.



10. **The country’s economy relies heavily on ODA, making it vulnerable to external financing fluctuations.** From 2012 to 2016, ODA financed more than 90 percent of public investment spending.<sup>13</sup> A recent reduction in external financial support, inadequate domestic revenue collection due to a large informal economy, and high unemployment rates, coupled with external shocks such as the COVID-19 pandemic and the Russian Federation's invasion of Ukraine affecting energy prices, have caused severe economic instability. The ongoing energy crisis and price shocks are further exacerbated by the country’s dependence on imports for basic consumer goods and fossil fuels, as it imports 100 percent of its oil and 50 percent of its food.<sup>14</sup>

11. **After two decades of modest growth, GDP has stagnated in recent years.** GDP increased marginally by an estimated 0.1 percent in 2022, compared to 1.9 percent in 2021. This slowdown contributed to a decline in GDP per capita, which stood at US\$2,430.70 for the year. Additionally, the country faced a primary fiscal deficit of 5.7 percent of GDP in 2022. The economic challenges persisted into 2023, with real GDP contracting by 0.5 percent due to exacerbated energy crises, fuel shortages that halted economic activities for two weeks, and delays in external financing disbursements (Figure 1). Looking ahead, STP’s economy is expected to rebound with projected growth rates of 2.4 percent in 2024 and approximately 3.5 percent in the medium term. This recovery is anticipated to be supported by a dynamic agricultural sector, a resurgence in tourism, and ongoing infrastructure development projects.

Figure 1: Real GDP growth



Source: World Bank, Poverty and Equity and Macroeconomics, Trade, and Investment Global Practices.

12. **Over the past 30 years, STP has experienced self-imposed isolation from the African continent.** Located 300 km off the coast of Gabon, the archipelago once engaged in relatively significant trade with neighboring countries such as Gabon, Togo, and Cameroon, which benefited its economy. At that time, when the ships *Pagué* and *Elizabete* were still in operation, shortages of essential goods were usually resolved within 48 hours, by transporting goods from major ports on the continent. However, in the last three decades, the country has lost maritime connections with Africa and now relies solely on the European market. Delays of European ships have led to prolonged shortages of essential goods that could have been delivered within 24 hours from neighboring African markets.

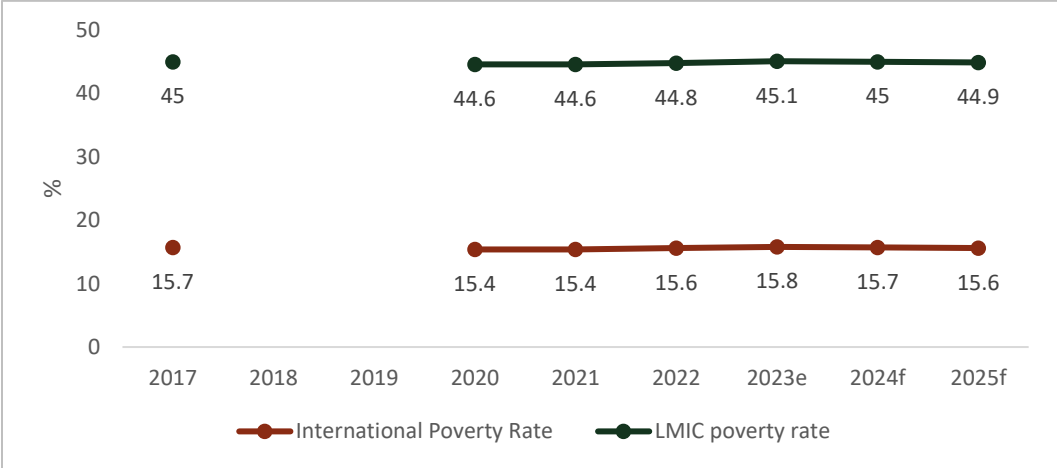
<sup>13</sup> São Tomé e Príncipe 2022.

<sup>14</sup> World Bank 2023b.

**Poverty remains widespread alongside persistent human capital challenges, particularly in educational attainment**

13. **As a result of slow economic growth, progress in reducing poverty has been limited.** As of 2017, the year of the most recent household budget survey (IOF), almost 45 percent of the population was living on less than US\$3.65 per day, the international poverty line for LMICs such as STP (Figure 2). World Bank estimates project that poverty will remain at 45 percent in 2024. Poverty is most prevalent among households with more children and those headed by women. Climate-related events further exacerbate risks to the agriculture and fisheries sectors, disproportionately affecting vulnerable populations and potentially delaying progress in poverty alleviation efforts.

**Figure 2: International and LMIC poverty rates**



Source: World Bank, Poverty and Equity and Macroeconomics, Trade, and Investment Global Practices.

14. **Despite persistent poverty, the country has experienced significant advancements in human development.** Enhancements in education, health care, and living standards have contributed to an increase in STP’s Human Development Index, rising from 0.45 in 1990 to 0.63 in 2019.<sup>15</sup> Maternal mortality rates dropped from 179 to 146 per 100,000 live births and under-five mortality rate has more than halved, from 82 deaths per 1,000 live births in 2000 to 15 in 2022.<sup>16</sup> Stunting prevalence among children under five years of age has also decreased, from 18.8 percent in 2012 to 10.0 percent in 2022.<sup>17</sup>

15. **However, challenges persist.** Saotomeans in the poorest 40 percent of the income distribution face greater obstacles in accessing basic services and suffer more from poor health, malnutrition, and food insecurity compared to wealthier counterparts. Poorer households contend with higher rates of adolescent pregnancy, child mortality, and lower vaccination rates among children aged 12–23 months. The fertility rate is high at 4.3 births per woman, including 95 births per 1,000 women aged 15 to 19. Adolescent pregnancy particularly hinders girls’ progress in upper secondary education, with 86 percent dropping out of school due to pregnancy.<sup>18</sup> Educational attainment remains low, with only 29 percent of children completing the second cycle of secondary education.<sup>19</sup> The skills training sector lacks strategic

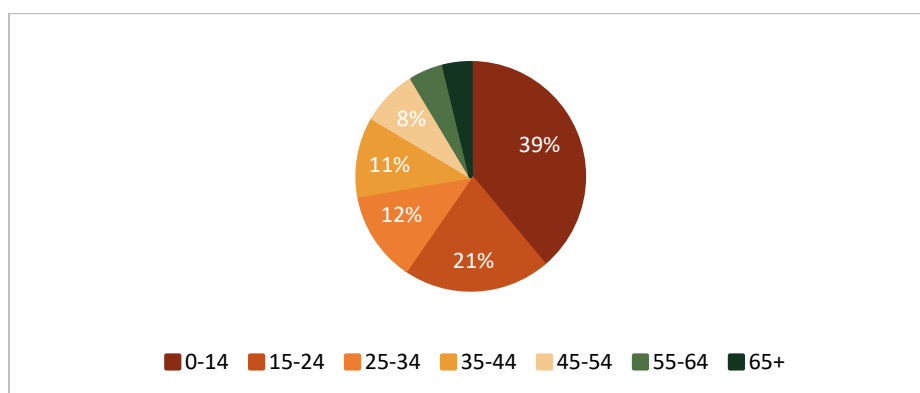
<sup>15</sup> World Bank 2020b  
<sup>16</sup> World Bank Development Indicators 2024b.  
<sup>17</sup> World Bank-UNICEF-WHO estimates 2023.  
<sup>18</sup> UNICEF 2021 and World Bank 2023.  
<sup>19</sup> UNDP 2024 and World Bank 2023b.

guidance and fails to align with labor market demand. Moreover, STP ranks poorly on Social Development Indexes, lagging its peers in civic activism and gender equality, reflecting pervasive gender discrimination in households, workplaces, and public life.

### Young people are often pressured to assume household responsibilities or enter low-quality jobs due to absent primary caregivers, sometimes due to migration

16. **The potential for a demographic dividend is high given the large share of youth in STP's population.** Nearly 60 percent of the population is under 35 years, with 39 percent below 15 years (Figure 3). Recent progress in health indicators and a decreasing fertility rate have positioned the country in the early stages of a demographic transition, characterized by both high fertility rates and increasing life expectancy. With a median age of 18.6 years, STP can harness this demographic transition. Proper investments in education, training, health, and job creation are essential to transform this young population into a productive workforce, driving economic growth and innovation.

Figure 3: Demographic composition in STP, 2022



Source: World Bank Development Indicators.

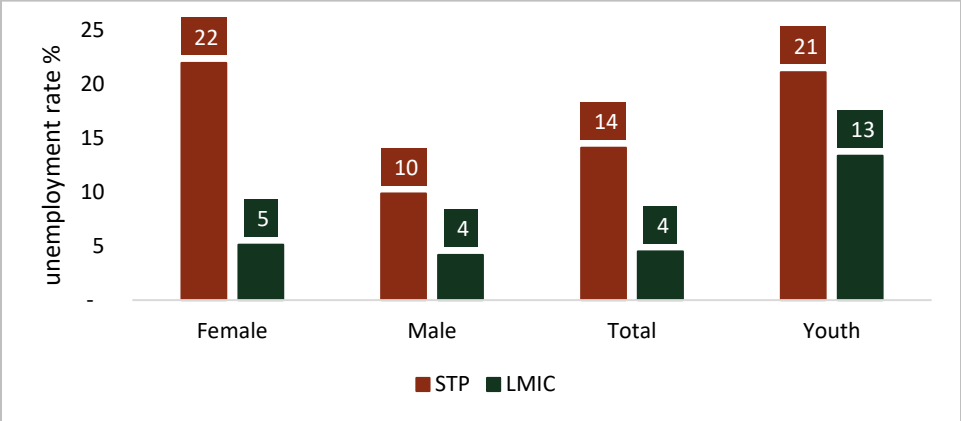
17. **Nearly half of Saotomean children and teenagers live with only one or neither of their biological parents, due to the absence of a primary caregiver, often caused by migration.** Approximately 13 percent of children reside without any biological parents and are often cared for by grandparents. In densely populated districts such as Água-Grande and Me-Zóchi, approximately half of the children have at least one parent living elsewhere, whether in another part of the country or abroad.<sup>20</sup> In this context, young people often assume domestic responsibilities, including caring for younger siblings, alongside balancing these duties with school and leisure activities. Regardless of household migration, young people in STP typically share domestic tasks with their guardians. Older siblings frequently assist with cooking, meal preparation, and house cleaning, while girls often take on responsibilities such as washing clothes and bathing younger children in rivers. Some also contribute to household incomes by selling agricultural products. Balancing school, chores, and leisure activities such as beach outings or community exploration is a common challenge for many young people.

18. **The current public sector-oriented economic model has failed to generate sufficient opportunities for quality jobs, affecting overall welfare and contributing to migration.** Unemployment rates are high at 14 percent, compared to 4 percent in other LMICs, and significantly higher for females than males (22 versus 10 percent), with a gap wider than that seen in LMICs (see Figure 4). According to

<sup>20</sup> UNICEF 2021.

the IOF 2017, most of the population is employed in services (60.3 percent) and agriculture and fisheries (27.3 percent), while industry engages 12.3 percent of workers. Tourism-related activities such as transportation, hotels, and restaurants employ only 4.6 percent of the workforce. The main types of employment include self-employment without employees, public-private firms, and public administration. Less than one-third of the working population is employed in the formal sector.

**Figure 4: Unemployment rates in STP versus LMICs**



Source: World Bank Development Indicators (modeled International Labour Organization estimate).

19. **Young job seekers, especially women, find it difficult to enter the job market, which hampers poverty reduction efforts and increases the risk of persistent poverty.** Youth unemployment (among individuals aged 15 to 24) in STP is twice as high as in other LMICs (21 versus 13 percent). Overall, approximately 32 percent of working-age individuals (aged 15 to 65) who are not in school, are either unemployed (6 percent) or inactive in the labor force (26 percent). This challenge is particularly acute among young adults in their twenties, with 50 percent of young women and 20 percent of young men aged 15 to 30 not participating in the labor force. Poor and young women face a higher unemployment rate of 12 percent, compared to 6 percent for their male counterparts. This disparity, coupled with limited access to training opportunities, restricts their ability to develop the competencies necessary for future skilled employment.

20. **Social safety nets are expanding, but overall coverage remains limited, serving less than 25 percent of total poor households in the country.** The Vulnerable Family Program (PFV), managed by the Ministry of Employment and Solidarity and financed by the World Bank, seeks to create better socioeconomic prospects for STP’s population, and particularly for youth. The program consists of a bimonthly conditional cash transfer targeted at poor and vulnerable households with at least one child of school age (under 18). The PFV provides families with STD 1,300 (approximately US\$57) every two months on the condition that their child(ren) are enrolled in school. The PFV beneficiaries also receive the Parental Education Program (PEP+), which promotes positive family behaviors, focusing on three key areas: (a) early childhood development; (b) financial inclusion; and (c) sensitization against gender-based violence, sexual exploitation, abuse, and harassment. The program has recently expanded to reach 5,000 beneficiary families. By doing so, it seeks to complement other government initiatives in the area of education, create employment opportunities, and address other socioeconomic challenges to improve future socioeconomic prospects for the next generations in STP.

## Well-designed migration policies could help respond to the aspirations of STP's youth and support national development goals

21. **Emigration has the potential to contribute to STP's development, but specific policies must be implemented to harness its benefits.** Emigration can enhance the financial stability of families remaining in the country and facilitate knowledge exchange, especially since most people are considering only temporary relocation. It can offer various opportunities in terms of access to better education, training, and jobs. With careful planning, STP could benefit from this movement of people across borders, as migration allows people to gain valuable knowledge and experiences that can contribute to their overall development and success—and thus indirectly to those of their country as well.<sup>21</sup>

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<sup>21</sup> UNDP 2023 and World Bank 2023a.

## II. Journeying Beyond: The Growing Migration Story

### Chapter Takeaways:

1. Migration out of STP is significant and increasing. By 2021, 17.8 percent of STP's resident population had migrated. Departures in 2022 and 2023 rose by 39 percent and 106 percent, respectively, compared to pre-COVID-19 levels in 2019.
2. Portugal is the primary destination country for Saotomean migrants, hosting more than half of the diaspora, followed by Angola and Gabon. In 2021, 51.7 percent of migrants (20,552 individuals) resided in Portugal.
3. The Saotomean diaspora in Portugal, likely underestimated before 2022, further expanded with the introduction of the Community of Portuguese Language Countries (CPLC) mobility agreement, which eased legal barriers for migration among Portuguese-speaking countries. Travelers to Portugal nearly tripled from 7,837 in 2021 to 19,702 in 2023.
4. Saotomean migrants comprise only a small fraction of the migrant population in Portugal but are overrepresented in the education system and among the underemployed. This suggests that students and low-income workers are two common profiles of Saotomean migrants in the country.
5. Saotomean migrants appear to be predominantly young and urban and moderately more likely to come from higher-income brackets. However, vulnerable households are also participating in and relying on migration.

### Migration out of STP is significant and increasing

22. **Migration refers to the movement of individuals from one place to another, typically across national borders, with the intention of establishing a new residence.** It is a global phenomenon that involves people leaving their country of origin and settling in a different country, either temporarily or permanently. It can be driven by various factors, including economic opportunities, political instability, social and cultural factors, environmental conditions, and personal aspirations. It significantly affects individuals, families, and societies, influencing local job markets, care practices, and socioeconomic development. Migration is a multifaceted process that requires careful analysis and understanding to develop effective policies and address the challenges and opportunities it presents.

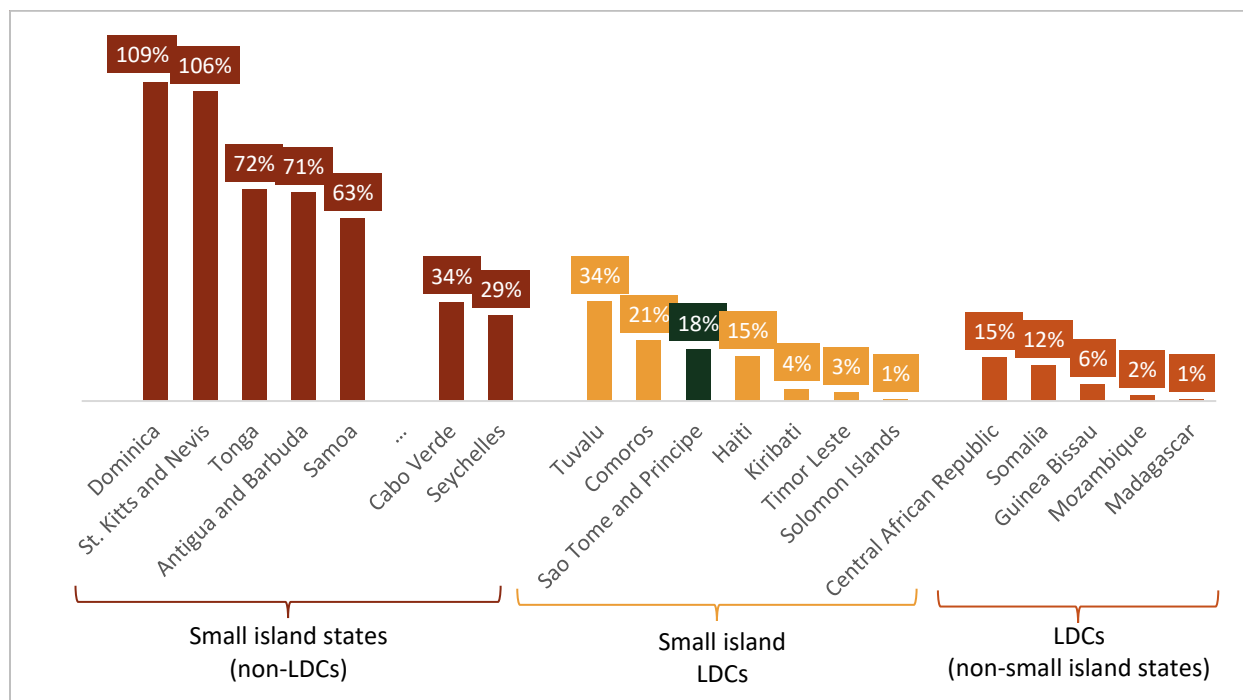
23. **In 2021, approximately 39,773 Saotomeans lived abroad, accounting for 17.8 percent of STP's resident population.**<sup>22</sup> This places STP in the mid-to-upper range globally, ranking 52 out of 215 countries and territories. Among least-developed countries (LDCs) and small island states, higher proportions of migrants are typically observed. Compared to other LDCs, STP ranks 5 out of 45 countries, surpassed only by Tuvalu (34 percent), South Sudan (24 percent), Eritrea (22.8 percent), and the Comoros (20.7 percent) (Figure 5).<sup>23</sup> However, STP's 17.8 percent share of the migrant population is lower than many other small island states, ranking 21 out of 35. For instance, Dominica (109 percent), St. Kitts and Nevis (106 percent), Tonga (72 percent), Antigua and Barbuda (71 percent), and Samoa (63 percent) have higher proportions of migrants. It is important to note that the 17.8 percent figure is likely an underestimate, as data are

<sup>22</sup> Migrant statistics from these two paragraphs are based on KNOMAD data.

<sup>23</sup> The analysis was done before STP graduated from the United Nations' LDC status in December 2024.

missing for potential destination countries, including the United States.<sup>24</sup> Additionally and importantly, this figure predates the introduction of the CPLC mobility agreement in 2022, which significantly facilitated migration among Portuguese-speaking countries and is thought to have increased emigration from STP to Portugal.

**Figure 5: Ratio of migrant to resident population in select small island states and LDCs**



Source: KNOMAD - Bilateral estimates of migration stocks in 2021.

24. **In contrast, the number of migrants that move to STP is limited.** In 2021, there were 2,139 foreigners legally residing in the country, representing only 5.4 percent of the 39,773 Saotomeans living abroad. The majority of these migrants (57 percent) came from another island nation, Cabo Verde, while 14.9 percent came from Angola and 9.8 percent from Gabon. The number of immigrants in STP has declined continuously since the country’s independence in 1975. STP has experienced negative net migration—where the number of emigrants is larger than the number of immigrants—almost every single year in its existence.<sup>25</sup>

25. **Emigration from STP typically occurs by plane and appears to have increased steadily in recent years.** As an isolated island nation, STP primarily sees migration through official ports of departure and entry in its airports, as there are currently no passenger services for boat travel to other countries. Therefore, most emigration flows are captured at the time of flight departure, and illegal or irregular migration cases are typically limited to people travelling legally but overstaying their visa at destination.<sup>26</sup> According to customs data, the number of Saotomeans flying out of the country, including for but not

<sup>24</sup> US census data does not provide an easily accessible estimate of US population born in STP, as the country’s migrant data is aggregated under ‘Other East Africa’.

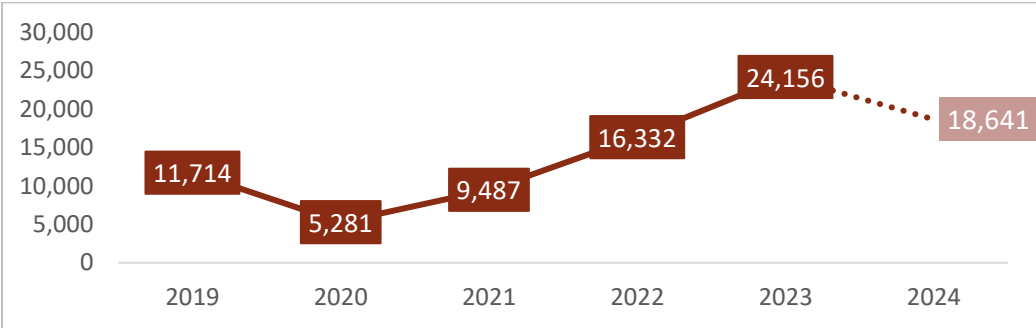
<https://data.census.gov/table/ACSST1Y2023.B05006?q=country%20of%20birth>.

<sup>25</sup> United Nations Population Division. World Population Prospects: 2022 Revision.

<sup>26</sup> For instance, data from the European Border and Coast Guard Agency (Frontex) only reported one single Saotomean migrant irregularly crossing the EU border over the past 15 years.

necessarily limited to migration, has seen a notable surge in recent years. **Figure 6** illustrates data on departures by plane over the last five years. Departures in 2022 and 2023 rose by 39 percent and 106 percent, respectively, compared to pre-COVID-19 levels in 2019. Preliminary data from January and February 2024 indicates that this upward trend is continuing, with departures already reaching 159 percent of the annual pre-pandemic levels within just two months (18,641 Saotomeans flew overseas during the first two months of 2024).

**Figure 6: Number of Saotomeans travelling out of the country from 2019 to 2024**



Source: São Tomé and Príncipe Customs 2019–2024.  
 Note 1: The CPLC mobility agreement was introduced in 2022.  
 Note 2: 2024: Preliminary data from January and February 2024.

**Portugal is the primary destination country for Saotomean migrants, hosting more than half of the diaspora, followed by Angola and Gabon**

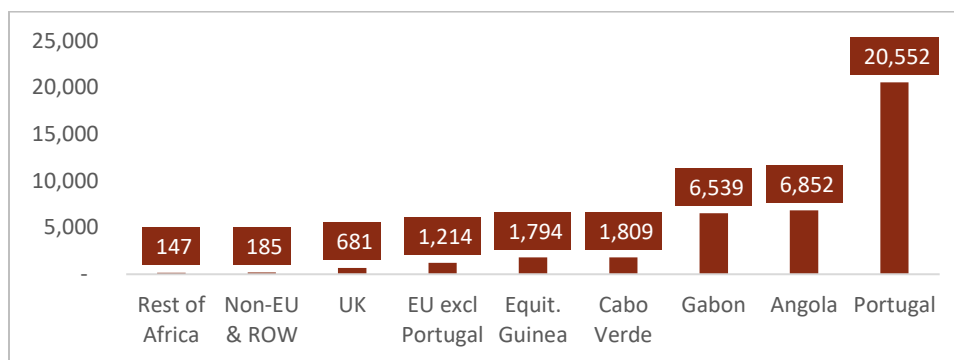
26. **Portugal serves as the primary destination for Saotomean migrants, hosting over half of the diaspora, followed by Angola and Gabon.** According to bilateral migration data from KNOMAD for 2021 (**Figure 7**), 51.7 percent of STP’s migrants (20,552 individuals) reside in Portugal, with Angola hosting 17.2 percent (6,852 individuals), Gabon 16.4 percent (6,539 individuals), Cabo Verde 4.5 percent (1,809 individuals), and Equatorial Guinea 4.5 percent (1,794 individuals). Data from the country’s National Social Registry (*Cadastro Social Único*, CSU)<sup>27</sup> confirm this trend, revealing that among the 8,149 poor and vulnerable households registered, those who report having an international migrant cite Portugal as the destination in the vast majority of cases, followed by Angola, Gabon, France, and Equatorial Guinea.

27. **STP’s migration patterns differ from those of most other Sub-Saharan Africa countries, where migration flows are mostly concentrated within the region and overseas destinations have diversified over time.** STP’s heavy economic reliance on the European market and limited connections to Africa have hindered its regional integration and is reflected in observed migration patterns. In contrast, as of 2020, 66 percent of migrants from Sub-Saharan Africa had relocated within the region. Globally, destinations for African migrants have also diversified, with a decreasing focus on Europe—from 73 percent in 1960 to 55 percent in 2020. While two-thirds of African migrants in the 1960s and 1970s went to Belgium, France, Germany, and the United Kingdom, this has significantly decreased by 2020. Meanwhile, African migration to North America increased from 2 percent to 17 percent, reflecting a broader geographical spread in migration destinations.<sup>28</sup>

<sup>27</sup> See Annex 1 for a description of STP’s CSU.  
<sup>28</sup> World Development Report companion report, World Bank (2024c). The lack of estimates for Saotomean migrants in North America somehow limits the comparison for countries such as the United States.



**Figure 7: Geographical distribution of emigrant population in 2021**



Source: KNOMAD - Bilateral estimates of migration stocks in 2021.

### Migration to Portugal is motivated by historical and cultural ties and received a boost in 2022 with the introduction of the CPLC mobility agreement

28. **Portugal ranks first as a destination country for several reasons, including shared language, community ties, and family connections.** The popularity of Portugal as destination country can be attributed to historical ties between the countries, compared to other potential destinations for Saotomean migrants. Portugal also appears more attractive due to better prospects for integration and economic opportunities.<sup>29</sup> Data from the Portuguese Ministry of Economy’s Office of Strategy and Studies (*Gabinete de Estratégia e Estudos*, GEE) indicate that the number of Saotomean migrants in Portugal reached a 20-year high in 2008, before progressively decreasing up to 2017. However, the number of migrants rebounded within a few years, increasing by more than 30 percent between 2017 and 2021 (last year for which GEE data are available), back to 2008 levels, in line with growing emigration trends in recent years. According to data from STP customs, the number of individuals flying to Portugal doubled from 7,837 in 2021 to 14,054 in 2022 following the introduction of the CPLC mobility agreement and continued to increase to 19,702 in 2023 (Figure 8).

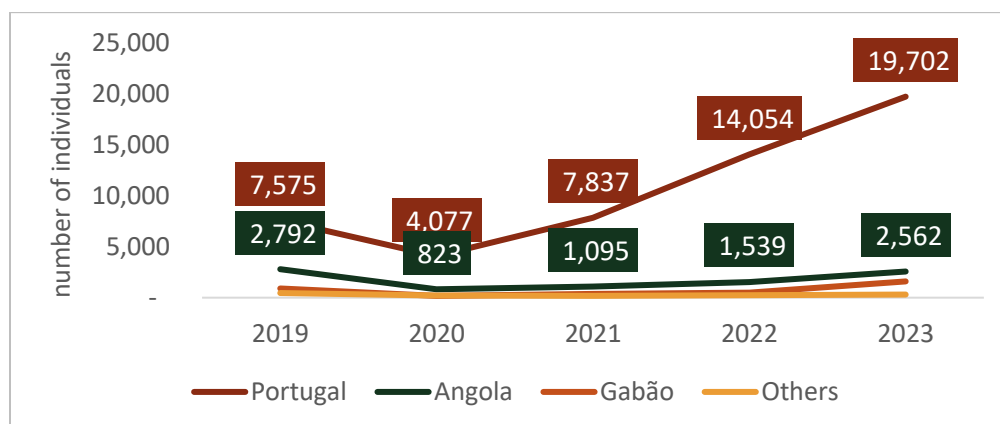
29. **The introduction of the Community of Portuguese Language Countries (CPLC) mobility agreement in 2022 and the opening of a dedicated visa center in STP the same year appear to have further boosted migration between STP and Portugal.** The CPLC mobility agreement created a streamlined process to obtain visas and residence permits for CPLC citizens, facilitating movement among member countries.<sup>30</sup> Visa applicants under the CPLC mobility agreement do not need to prove financial means of subsistence if they can provide a notarized term of responsibility from a citizen or resident of the destination country. They also do not need to show proof of travel insurance, a return ticket, or submit an in-person visa application, as the entire process can be done online. In March 2023, an amendment granted a one-year residence permit to immigrants from Portuguese-speaking countries without requiring a prior expression of interest. For CPLC migrants to Portugal, the mobility agreement can provide an expedited entry point to residency once employment is secured, which shortens the previous residency

<sup>29</sup> Source: KNOMAD migration and law database. Data are provided for 20 qualitative indicators across four dimensions of life and work: economic opportunities, health care, housing, and citizenship. Note that the indicators are based on de facto laws and do not reflect the extent to which laws are applied or implemented in practice.

<sup>30</sup> CPLC member states include Angola, Brazil, Cabo Verde, Guinea Bissau, Equatorial Guinea, Mozambique, Portugal, São Tomé and Príncipe, and Timor-Leste.

model in Portugal by at least two years, while allowing CPLC citizens to legally work, enroll in educational courses, and rent property in the country.<sup>31</sup>

**Figure 8: Destination countries for Saotomeans travelling out of the country**



Source: São Tomé and Príncipe Customs 2019–2024.

30. **Saotomean migrants use a variety of visas to travel to Portugal.** Most common types of visas include short-term visas, student visas, family reunification, medical treatment, and permanent residency (Table 1).

**Table 1: Main visas used by Saotomeans to migrate to Portugal**

Types of visas	Key features
Short-term stay	<ul style="list-style-type: none"> <li>Often used for tourism</li> <li>Some individuals seek jobs during their stay</li> <li>Also allow individuals to enter the country for medical evacuation purposes (emergencies). In such cases, all that is required is a pre-approval consultation from a medical institution in Portugal, confirming their capacity to provide the necessary treatment. Additionally, the individual is permitted to be accompanied by a relative or friend, who is not required to provide proof of financial means.</li> </ul>
Student	<ul style="list-style-type: none"> <li>Allows residency for the duration of studies</li> <li>Requires evidence of enrolment</li> </ul>
Family reunification	<ul style="list-style-type: none"> <li>Allows family members to join a legally residing relative in Portugal</li> </ul>
Medical treatment	<ul style="list-style-type: none"> <li>Allows travel for medical treatment</li> <li>Requires proof of means of subsistence</li> </ul>
Permanent residency	<ul style="list-style-type: none"> <li>Long-term visa for residents, allowing work and access to social services</li> <li>Must have resided legally in the country for a specific period</li> <li>Facilitated access via CPLC agreement</li> </ul>

Sources: [Decreto n.º 25/77](#), [Acordo sobre concessão de vistos dos estados nacionais CPLP](#), [CPLC mobility agreement requirements](#), [Decreto do Presidente da República n.º 57/2007](#), [Embaixada de Portugal em STP](#).

31. **Saotomean migrants in Portugal comprise only a small fraction of the country’s total migrant population.** Although the number of Saotomeans who have moved to Portugal may seem huge relative to STP’s population, they represent a negligible share of Portugal’s total resident migrants. According to

<sup>31</sup> <https://www.vfsglobal.com/portugal/Brazil/residency-visa.html> and <https://www.dw.com/pt-002/portugal-o-que-precisa-saber-sobre-o-visto-CPLC/a-68826208>.

GEE data, 11,234 Saotomeans were legally residing in Portugal in 2021, comprising 82.4 percent of working-age individuals (15 to 64 years) and 54.6 percent women.<sup>32</sup> This figure represents only 1.6 percent of Portugal's total migrant population, in sharp contrast to nationalities such as Brazilians, who make up as much as 29 percent of the foreign population in Portugal.

32. **However, Saotomeans are proportionally overrepresented among other migrant nationalities in the Portuguese education system and among underpaid workers and the unemployed.** Portugal's immigration data offer partial but interesting insights into the socio-demographic characteristics of Saotomean migrants in the country (Box 1). Notably, Saotomean students rank sixth in foreign student enrollment (2.6 percent of 86,436 foreign students) and have lower transition rates in primary-secondary compared to peers. Saotomean migrants are also among the top 10 nationalities with the largest number of unemployed in Portugal. Those who are employed face challenges that include low wages, long working hours, and job instability. They rank fifth for the lowest average base salaries among foreign workers, with part-time work being the norm for most and contributing to precarious labor market situations. These observations suggest that students and low-income workers are two common profiles of Saotomean migrants in Portugal. Unfortunately, breakdowns by nationality are not available for all socio-demographic characteristics in Portuguese immigration data. In addition, considering the small size of STP, Saotomean migrants are not always reported across all data categories.

#### **Box 1: Saotomeans' integration in Portugal's education and labor markets**

**The 'Relatório Estatístico Anual - Indicadores de Integração de Imigrantes 2023' offers some insights into the immigrant population in Portugal.** With 11.6 percent of foreign-born residents, Portugal ranks 18 among the 27 European countries in terms of highest share of immigrants. It stands out as one of the few European countries where a significant majority of the population considers immigration as an opportunity: 85 percent of Portuguese in 2017 and 80 percent in 2021 strongly agree that promoting immigrant integration is a crucial long-term investment. As mentioned, Saotomeans only represent a small share of Portugal's migrant population. However, they stand out among all nationalities as the one with the highest fertility rates and are overrepresented in the education system and among the unemployed.

**In education, Saotomean students face challenges navigating the Portuguese system, with lower transition rates than their peers.** In 2021/2022, Portugal hosted 86,436 foreign students in the primary and secondary education system, with STP students comprising 2.6 percent (2,263 enrollees), ranking sixth after Brazil (48.3 percent), Angola (9 percent), Ukraine (3.4 percent), Cabo Verde (4 percent), and Guinea Bissau (3.4 percent). Students from STP, along with those from other African countries such as Guinea Bissau and Cabo Verde, generally have lower transition rates compared to the average for foreign students. Specifically, for the 2021/2022 academic year, the transition rate for students from STP was 1.2 percentage points below the average transition rate for all foreign students (and 8.9 percentage points below Portuguese students).

**Saotomean migrant workers often face precarious employment conditions; they are more likely to be employed in underpaid or unstable jobs.** Overall, foreign migrant workers in Portugal consistently earn less than Portuguese counterparts (-5.3 percent in 2021), largely due to their concentration in lower-skilled jobs and underutilization of skills. Among the 31 nationalities with over 400 registered migrants, Saotomeans ranks fifth in terms of lowest median base salary (EUR 731 per month), surpassing only Nepalis, Bangladeshis, Thais, and Guineans. In comparison, Mozambican (EUR 1,023) and Angolan (EUR 839) migrants are able to earn more. The median base salary for Portuguese citizens is EUR 1,082 per month, or 32.4 percent more than Saotomeans. Male Saotomean migrants earn a bit more than women (EUR 757 versus EUR 702). Part-time work is prevalent among migrants from African Portuguese-speaking countries, and STP (19.7 percent) is no exception, contributing to

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<sup>32</sup> The fact that this number is lower than the 20,552 reported in the KNOMAD data may be explained by a combination of factors, including migrants who have not registered themselves, have overstayed their visa, or have moved to another European country after transiting through Portugal.

lower wages. In 2022, STP was among the top 10 countries with the largest number of unemployed in Portugal (814 workers, representing 2.1 percent of the total unemployed migrant population) despite not being among the top 10 countries with the largest number of total migrants. The unemployment rate for Saotomeans stood at 6.2 percent, higher than the 5.1 average rate for foreign residents.

Source: Oliveira 2023.

**33. In 2024, STP signed a reciprocal visa exemption agreement with Togo, a hub for regional air travel, allowing 90-day visa-free stays for all passport types, which could incentivize regional migration to countries such as Gabon.** This agreement aims to enhance mobility for Saotomean entrepreneurs and promote tourism. The visa exemption will benefit businesspeople who frequently travel through Togo and marks an important step toward STP's commercial integration with Africa, tapping into the Central African market of over 300 million consumers. Togo's Lomé airport, a major air hub in Africa, with ASKY Airways already operating flights to STP, connects no less than 25 African countries. Through a partnership with Ethiopian Airlines, this route also grants access to the Middle East, Asia, Europe, and the Americas.

**Saotomean migrants appear to be predominantly young and urban and moderately more likely to come from higher-income brackets, although vulnerable populations are also participating in migration**

**34. Data on the socio-demographic characteristics of Saotomean migrants are generally limited and must be interpreted with caution.** The STP government does not have a detailed database covering social or economic attributes of its diaspora. Data from destination countries also have shortcomings. For instance, as previously noted, due to the small size of STP, Saotomean migrants are not always reported as a distinct category in Portuguese immigration data. This study attempts to partially fill this gap by using two related datasets: the 2017 STP Household Budget Survey (*Inquérito aos Orçamentos Familiares*, IOF), which includes a module on remittances that can be used to assess migration trends to some extent,<sup>33</sup> and the country's CSU, with data updated in 2024. However, both sources have some limitations. Specifically, while the IOF is meant to be nationally representative, data are from 2017 and thus might not have captured changes in migration or remittance dynamics that would have occurred in the past seven years. CSU data are more recent but only cover 8,149 vulnerable households registered specifically because of their risks of being or falling in situations of poverty. The rest of this section will highlight caveats in interpreting the data when necessary.

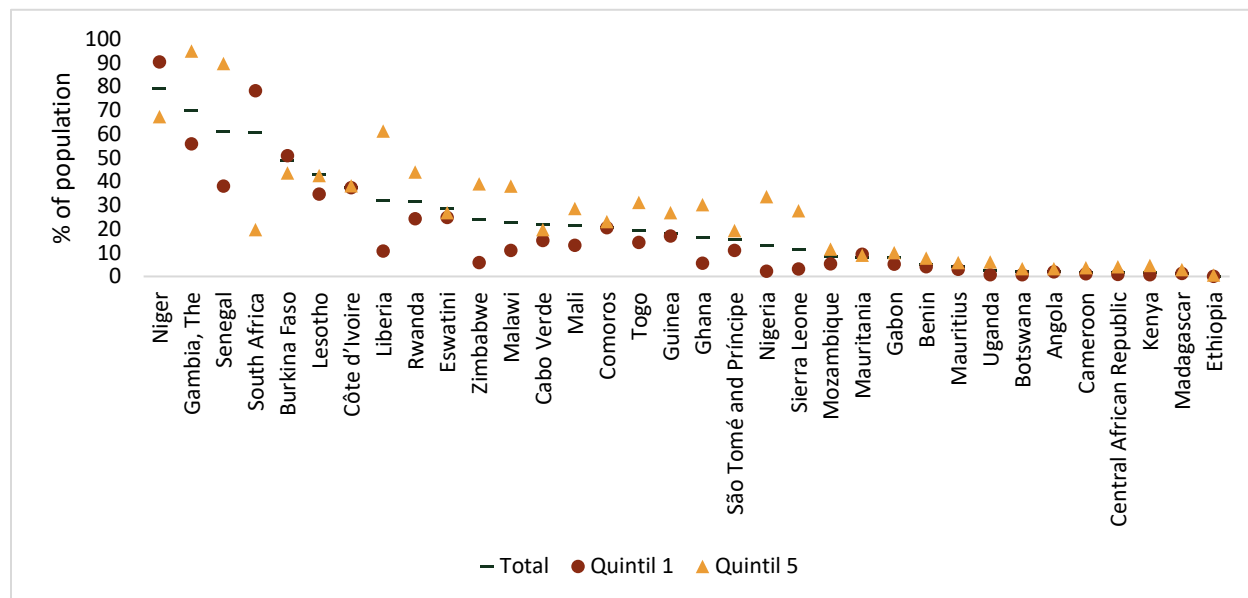
**35. Migrants tend to be moderately more likely to come from better-off families, although vulnerable populations are also engaging in migration.** The IOF survey data show that 15 percent of Saotomean households report receiving remittances from family members living abroad. Households headed by highly educated individuals and those in the richest quintile most often report receiving remittances (19 percent), while those in the bottom quintile report this less often (11 percent). This could be because wealthier households are more likely to afford the costs of migration (which in case of STP requires purchasing a plane ticket and is thus relatively expensive), have family members living abroad, and thus receive remittances that contribute to their welfare. However, it is also possible that the share among poorer households is lower because migrants from these households are not able to send remittances home. Overall, STP is among the top 20 countries in Sub-Saharan Africa with the largest share

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<sup>33</sup> One limitation to keep in mind is that families who have migrants abroad but do not receive remittances will not be counted as having household members abroad, given that the question is about the household receiving remittances over the past 12 months.

of the population reporting receiving remittances, ranking 15th in terms of coverage among the bottom quintile (Figure 9). Among those receiving international remittances, the top cited source countries are Portugal (59.8 percent), Angola (13.9 percent), and Gabon (4.3 percent), reflecting the top destinations of migrants.

**Figure 9: Percentage of population reporting receipt of remittances**



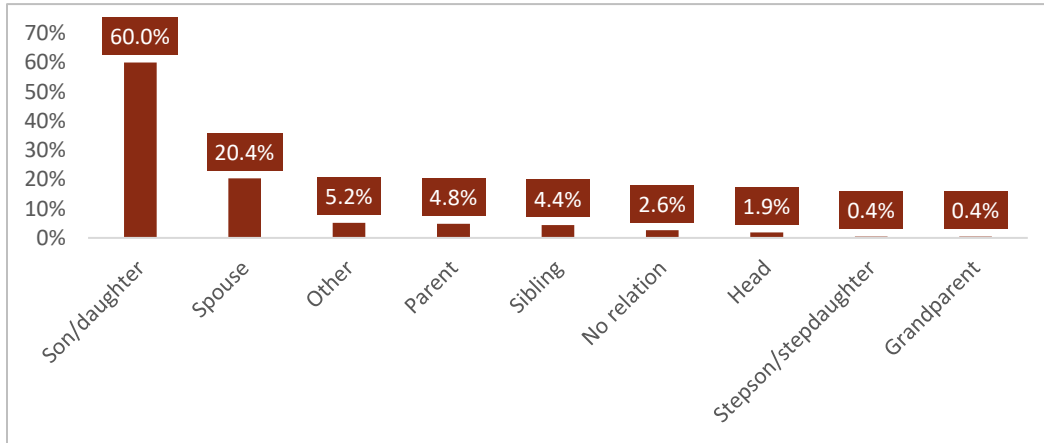
Source: World Bank ASPIRE.<sup>34</sup>

36. **Younger generations appear to be more prone to migrate, as families often send their sons or daughters abroad.** According to the IOF data, approximately 30 percent of household members who migrated were the son or daughter of the household head, which is higher than for all other types of relationships (for example, spouse, brother/sister, parent, and so on). This share is even higher among vulnerable households registered in the CSU, where 60 percent of households with a migrant member reported the migrant to be the son or daughter of the household head (Figure 10). In addition, according to customs data, Saotomeans under 30 years represent more than half of the overseas travelers (Figure 11). This marks an increase from 31 percent in 2018 to 52 percent in 2023.

37. **Gender does not appear to be a significant factor in migration patterns, as the numbers of male and female migrants are roughly equal.** The IOF data do not show significant gender disparities among migrants—49.3 percent are males compared to 50.7 percent females. The CSU data show that among vulnerable households, migrants are slightly more likely to be men (53.2 percent) than women (46.8 percent). It is possible that women from vulnerable families experience additional barriers to migrate. Among women-headed households who reported having a migrant out of the country, the migrant was the spouse (that is, husband) in 21.3 percent of cases, while for male-headed households, the migrant was the spouse (that is, wife) in only 10.7 percent of cases. Among migrant women, 63.6 percent moved out of the country, while the remainder migrated within the country. In comparison, 61.3 percent of male migrants moved abroad.

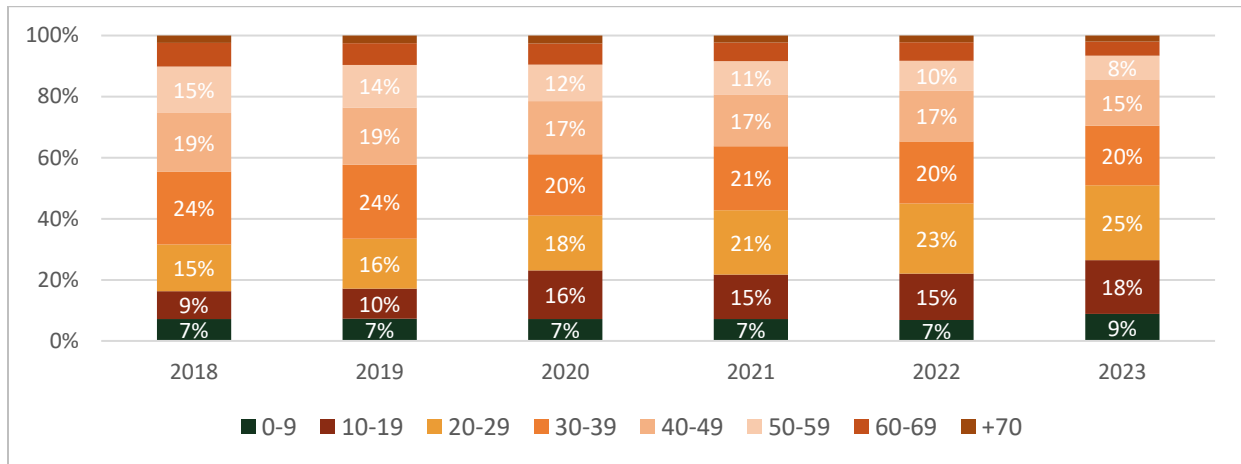
<sup>34</sup> ASPIRE = Atlas of Social Protection Indicators of Resilience and Equity.

**Figure 10: Relationship to the household head of the sender of remittances among vulnerable households**



Source: São Tomé and Príncipe CSU 2024.

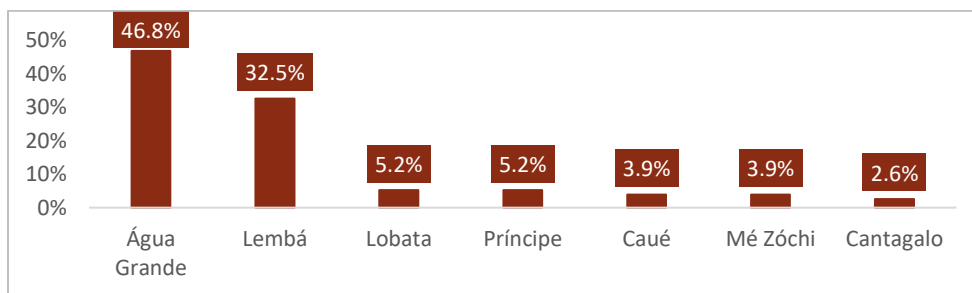
**Figure 11: Saotomeans travelling out of the country according to age group**



Source: São Tomé and Príncipe Customs 2018–2023.

38. **Migrants from vulnerable families primarily originate from the districts of Água Grande and Lembá.** Almost half (47 percent) of the families in the CSU that report having a migrant abroad reside in Água Grande, where the capital of STP is located. Almost one-third (32.5 percent) reside in Lembá (Figure 12).

**Figure 12: Distribution of vulnerable households with international migrants by district**



Source: São Tomé and Príncipe CSU 2024.

39. **Data from the CSU provide a few additional insights on the profiles of migrants from vulnerable families in particular—they are more likely to reside in urban areas, have higher monthly earnings, and own a bank account.** Among the 8,149 households registered in the CSU, 542 reported having a migrant family member, of which 410 were also beneficiaries of the PFV.<sup>35</sup> Of these 410 migrants, 332 were currently residing abroad,<sup>36</sup> but only 114 were able to send remittances, with 66 percent of these remitters being men. While the profiles of migrant and non-migrant households in the CSU show a lot of similarities, a few interesting differences stand out (Table 2). According to the data, migrant families more often live in urban areas (75 percent compared to 69 percent among non-migrant families). They appear to earn more on average, with monthly earnings of STD 684 (US\$30) compared to STD 448 (US\$20) among non-migrant households. Finally, they are more likely to be involved with formal finance—14 percent report having a bank account compared to only 6 percent among non-migrant households.

**Table 2: Migrant and non-migrant household profile comparison from the CSU**

Household characteristics	With a migrant member	
	No	Yes
Mean size	2.97	2.99
Share of households headed by females	0.58	0.55
Average head age	20.20	22.20
Urban area household	69%	75%
<b>School level of the head (%)</b>		
Primary	17.0	17.0
Secondary	3.1	2.0
Tertiary	0.7	0.3
<b>Labor status</b>		
Head employed	0.60	0.51
Head employed with social security	0.09	0.15
Head unemployed	0.03	0.02
Monthly earnings (STD)	449.80	684.00
Salaried	0.15	0.20
Self-employed	0.52	0.50
Self-employed for own consumption	0.08	0.03
<b>Children and other data</b>		
Average children < 6	1.13	0.97
Average children > 7 < 11	1.06	0.99
Average children > 12 < 17	1.16	1.24
Average adults > 18 < 65	1.51	1.58
PFV participation rate	0.90	0.83
Head has a bank account	0.06	0.14

Source: São Tomé and Príncipe CSU 2024.

<sup>35</sup> See Annex 1 for more information on STP's CSU.

<sup>36</sup> The difference is made of internal migrants (for instance, from Príncipe to São Tomé).



## Migrants' income strategies and the risks of brain drain remain two important issues for which the evidence is still limited

40. **The data explored in this section provide some insights into the profiles of Saotomean migrants, but some knowledge gaps remain, including how migrant profiles connect to different migration objectives and income strategies.** There is anecdotal evidence that the part of migrants that end up in low-income, precarious jobs abroad often originate from lower-income, vulnerable families such as those registered in the CSU. These individuals may have been motivated to leave STP due to the lack of economic opportunities and may have taken advantage of the opportunity to leave the country offered by the CPLC mobility agreement but without concrete plans at the destination, often securing loans to finance their trip and taking significant amount of time to generate income. This explains why remittance volumes appear to be so low (Section III), but it is also possible that remittances are low because migrants try to accumulate funding to finance the trip for other family members to join them. On the other hand, migrants from wealthier households may be more often associated with those using education or medical evacuations, which could explain, for instance, the disproportionately high share of Saotomean students in the Portuguese education system. Whether migrants most often envision migration to be permanent or only temporary also remains unclear, and it is possible that many migrants start their journey without set ideas. Data show that among the Saotomean diaspora, 58.2 percent have left the country less than 10 years ago, while 27.7 percent have been abroad for more than a decade (but less than 20 years).<sup>37</sup>

41. **Similarly, while research findings suggest some risks of brain drain, the magnitude of the issue remains unclear.** There are indications that current migration dynamics in STP may be contributing to brain drain, that is, the mass emigration of qualified individuals and the subsequent loss of skills available on the local labor market. The fact that Saotomean migrants are more likely to be young and come from higher-income brackets, which are associated with higher education levels, may point in this direction.<sup>38</sup> Similarly, immigration to STP is minimal (see paragraph 24) and would not be able to make up for the potential loss of skills from emigrants. Qualitative research undertaken for this study provided further anecdotal evidence—for instance, many social technicians<sup>39</sup> interviewed expressed a strong desire to migrate, observing that some of their colleagues had already left the country, and that the local labor market had become so constrained that different skilled professionals such as nurses were seeking opportunities abroad.<sup>40</sup> Nonetheless, quantitative evidence to gauge the magnitude of the issue remains limited. It is also possible that overseas employment opportunities could have a positive net impact on education and training aspirations of Saotomeans, as observed in a few other countries,<sup>41</sup> although this would require the education sector to be highly responsive to demand.

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<sup>37</sup> ASPIRE data.

<sup>38</sup> This assumption is supported by global evidence indicating that in small island developing states, it is not uncommon for over 40 percent of highly skilled workers to have emigrated. Moreover, highly educated individuals are generally two to three times more likely to migrate than their less educated counterparts (IOM 2022; Koczan et al. 2021; World Bank 2023).

<sup>39</sup> Social technicians is the term used in STP to refer to government social workers responsible for the implementation of social protection interventions on the ground, including direct support to beneficiaries.

<sup>40</sup> FGDs conducted in the district of Água Grande in April 2024.

<sup>41</sup> Chand and Clemens 2008.



### III. Remittance Channels and Costs: Navigating the Landscape in STP

#### Chapter Takeaways:

1. Considering the size of its diaspora, STP receives relatively low volumes of remittances (1.4 percent of GDP in 2022). Moreover, remittance inflows have been declining over the past decade, from US\$25.2 million in 2014 to only US\$7.7 million in 2022—a more than 70 percentage point decrease in less than 10 years.
2. The primary source countries of remittances to STP are Portugal, Angola, and Gabon, which are also the top destinations for migrants. Other significant contributors include Equatorial Guinea, Cabo Verde, and the United Kingdom.
3. Remittances are more common and larger among higher-income households, but for the poorest families, despite being less common and smaller in amount, they represent a proportionally larger share of household consumption. Furthermore, remittances remain an important source of income for the elderly and households headed by women.
4. The cost of sending remittances to STP is higher than global and regional averages. While remittances to STP are mainly sent through informal channels for regular family support (56.9 percent of senders), the cost of sending through formal channels is above the Sub-Saharan Africa average (7.9 percent of the amount sent).
5. Cheaper alternatives such as through fintechs are either not present in the country or do not currently offer cross-border electronic money transfers as a service. Nonetheless, STP has made some progress in modernizing its payment systems. This could make it easier to send remittances through mobile money and improve financial inclusion.

#### Considering the size of its diaspora, STP receives relatively low volume of remittances

42. **Remittances are private international monetary transfers between two countries, usually individually or collectively made by migrants, to other people or communities.** Funds are typically sent by migrants working abroad to their families back home, and are often used for household expenses, education, health care, and other essential needs. Remittances can be one beneficial aspect of migration with potential to contribute to development aspects of the origin country. However, this requires a conjunction of actions and an enabling environment that makes it possible for migrants to earn enough so that they are able to transfer large amounts of financial resources to their country of origin.<sup>42</sup>

43. **In origin countries, remittances can significantly contribute to poverty reduction and development, especially when managed productively by the recipients.** Remittances can provide a stable source of income for migrants' families, supporting investments in children's education, health care, housing, and entrepreneurial activities.<sup>43</sup> Globally, the World Bank estimates that officially recorded remittances to LMICs totaled US\$669 billion in 2023. This amount surpasses the US\$519 billion these countries received from foreign direct investments (FDIs) and is about three times the volume of ODA. Consequently, remittances have become a major source of inflows in many countries, often constituting 15–20 percent of GDP and, in some exceptional cases, reaching 30–40 percent. In many countries in Asia and Africa, remittances have helped significantly reduce poverty levels and improved nutritional and

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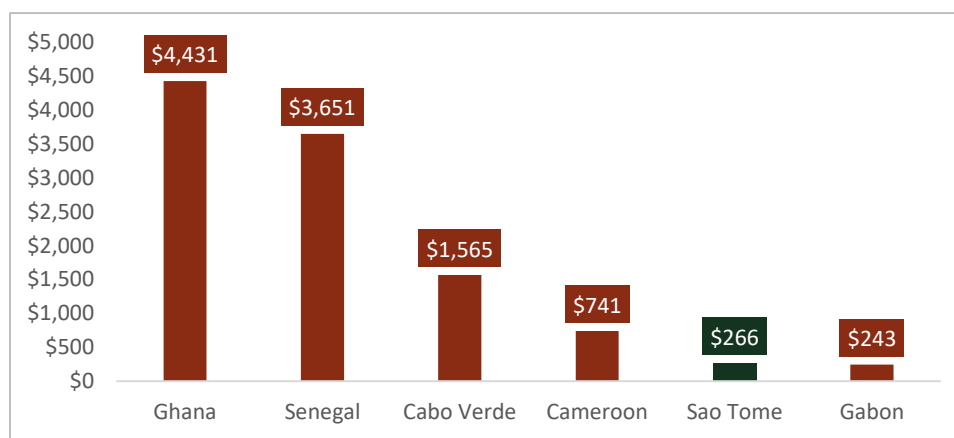
<sup>42</sup> IOM 2009 and World Bank 2023a

<sup>43</sup> World Bank 2023a

educational outcomes by reducing the need for child labor. Remittances can also help smooth consumption by supporting financial inclusion and access to credit, allowing recipients to save in good times and use these resources during economic downturns. Additionally, remittances can act as a form of insurance, remaining stable or even increasing after natural disasters, thus helping households cope with shocks and maintain consumption levels.<sup>44</sup>

44. **Compared to other Sub-Saharan African countries, STP receives relatively low volumes of remittances per migrant.** Considering its diaspora of 39,000 to 85,000 people in higher estimates and the annual volume of remittance inflows through regulated channels amounting to US\$10.6 million in 2021, the average remittance amount per emigrant is estimated to be between US\$125 and US\$265. In other countries with a large diaspora, this number tends to be significantly higher. In Haiti, for example, a diaspora of approximately 2,500,000 people generated around US\$4.2 billion in remittances through regulated channels in 2022,<sup>45</sup> or US\$1,680 per person, that is, 20 times the reported value for STP. Similar examples can be found in other Sub-Saharan African countries (Figure 13).

**Figure 13: Average remittance amount per emigrant in select Sub-Saharan African countries**



Source: KNOMAD/World Bank Bilateral Remittance Matrix 2021.

45. **Although the country remains a net receiver, remittance inflows to STP have been declining steadily over the past decade.**<sup>46</sup> The volume of remittances received (that is, from other countries to STP) has been decreasing from US\$25.2 million in 2014 to only US\$7.7 million in 2022 – a more than 70 percentage point decrease in less than 10 years (Figure 14). In contrast, the volume of remittances paid out (that is, from STP to other countries) has increased but less dramatically, from US\$1.44 million to US\$4.38 million. Although the difference between inflows and outflows has been shrinking, STP remains a net receiver of remittances, with inflows US\$3.3 million higher than outflows in 2023. These numbers must be considered with some caution, as they are not fully comparable—remittance outflows include compensation of border, seasonal, and other short-term non-resident workers who are employed in the country as well as compensation of residents employed by non-resident entities. Understanding the drivers behind the sharp decrease of remittances to STP, whether linked to deterioration of economic conditions, tighter anti-money laundering/countering the financing of terrorism (AML/CTF) procedures,

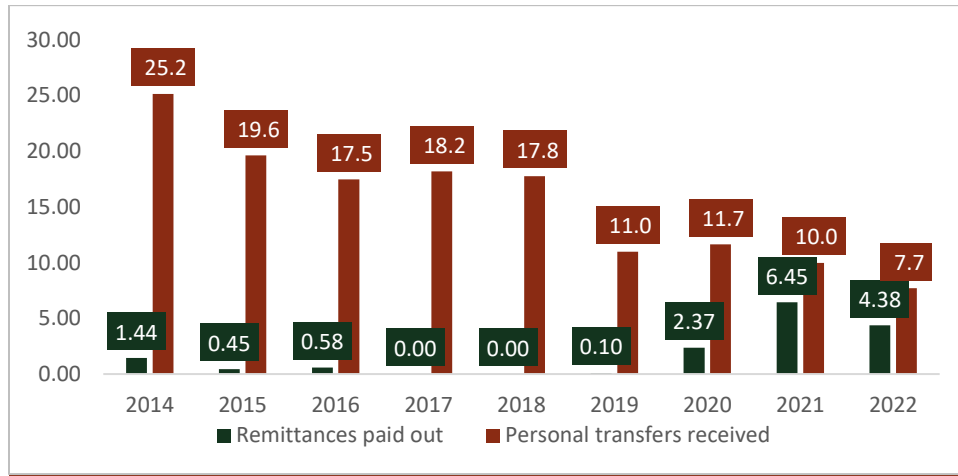
<sup>44</sup> Data from this paragraph are sourced from World Bank (2023a) and IMF (2021).

<sup>45</sup> Internal World Bank report on Haiti financial infrastructure, 2023.

<sup>46</sup> Remittance Prices Worldwide (RPW); 2023 World Bank database.

increased transparency in the financial sector, or a combination of the above, would be an interesting area for future research.

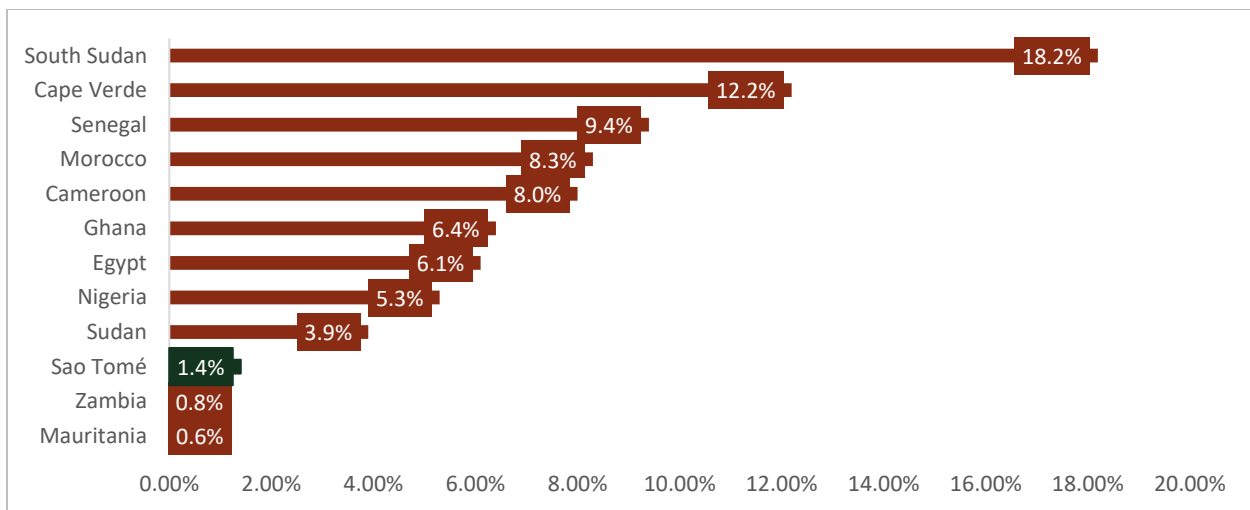
**Figure 14: Remittance inflows and outflows in STP (US\$, millions)**



Source: Central Bank of São Tomé and Príncipe (BCSTP), *Balança de Pagamentos* (2024).

46. **Compared to GDP, remittance inflows are proportionally smaller than in most other African countries.** According to the BCSTP data, the amount of remittance inflows in STP was only 1.4 percent of GDP in 2022 (Figure 15). Compared to other LMICs with a large diaspora, this value is low. While these figures are based on official BCSTP statistics, they do not account for remittance flows through unregulated channels. Given that 1.4 percent of GDP is a relatively low number, it would be interesting to assess whether the value of remittances through formal channels makes up a small or a large part of the total volume of remittances. Unfortunately, estimating the volume of informal remittances is not easy in the case of STP. To address this gap, the BCSTP is undertaking a survey to quantify the overall size of the remittance market.

**Figure 15: Remittance inflows as share of GDP for select African LMICs in 2023**



Source: World Bank-KNOMAD, December 2023.

47. **Remittance inflows are also small compared to domestic benchmarks, which contrasts with international experience.** The value of remittance inflows, amounting to US\$7.7 million in 2023, is significantly lower than ODA (US\$56.5 million), exports of goods and services (US\$97 million), and FDI (US\$126 million)—see Figure 16.

**Figure 16: Relative contribution of remittances in STP (US\$, millions)**



Sources: FDI: [UNCTAD](#); Exports: [UNCTAD](#); ODA: [World Bank](#); Remittances: BCSTP.

Despite their limited aggregate volume, remittances remain an important source of income for Saotomean families, especially among the elderly, poorer households, and households headed by women

48. **The primary source countries of remittances to STP are Portugal, Angola, and Gabon, which are also the top destinations for migrants.** In 2021, remittance inflows from Portugal amounted to US\$6.1 million, Gabon US\$1.6 million, and Angola US\$1.4 million. These three countries account for 85 percent of regulated remittances inflows to STP. Other significant contributors include Equatorial Guinea, Cabo Verde, and the United Kingdom (Table 3). In terms of remittance outflows, major destination countries include Cabo Verde (US\$1.36 million), Portugal (US\$236,096), Mozambique (US\$50,975), and Gabon (US\$45,668).<sup>47</sup>

**Table 3: Top 20 source countries of remittances to STP**

Source country	Remittance inflows (US\$)	Source country	Remittance inflows (US\$)
Portugal	6,088,933	Belgium	51,910
Gabon	1,559,821	Switzerland	31,140
Angola	1,409,673	Italy	23,847
Equat. Guinea	421,797	Brazil	17,646
Cabo Verde	379,509	Cent. African Rep.	15,008
United Kingdom	223,958	Germany	10,536
France	84,903	Togo	7,796
Luxembourg	84,577	Australia	6,836
Spain	77,997	Sweden	6,376
Netherlands	66,767	Guinea	5,847

Source: KNOMAD/World Bank Bilateral Remittance Matrix 2021, December 2022.

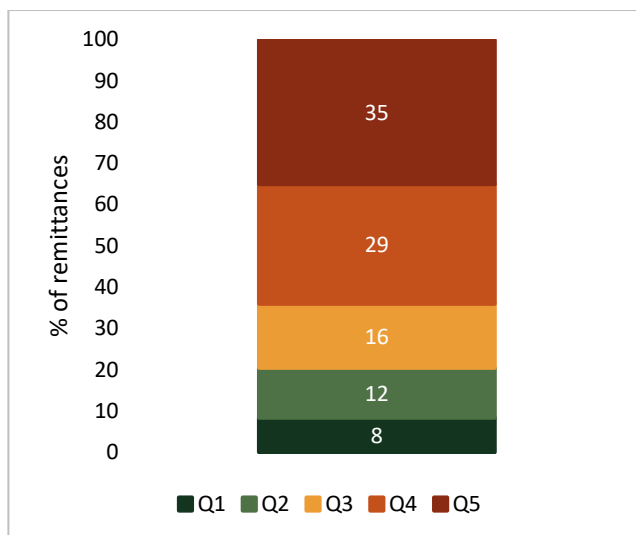
49. **Despite the limited aggregate volume recorded through formal channels, remittances remain an important source of income for Saotomean households, especially for the elderly and families that**

<sup>47</sup> The immigrant population in STP was estimated at 2,139 (in 2020), dominated by Cabo Verde with 1,220 immigrants. As a result, Cabo Verdeans are the main segment of the immigrant population in terms of remittance outflows. In comparison with the low remittance volumes sent by Saotomean immigrants (US\$125–US\$265), Cabo Verdean migrants in STP send an average of US\$1,180 in remittances, that is, 5 to 10 times higher.

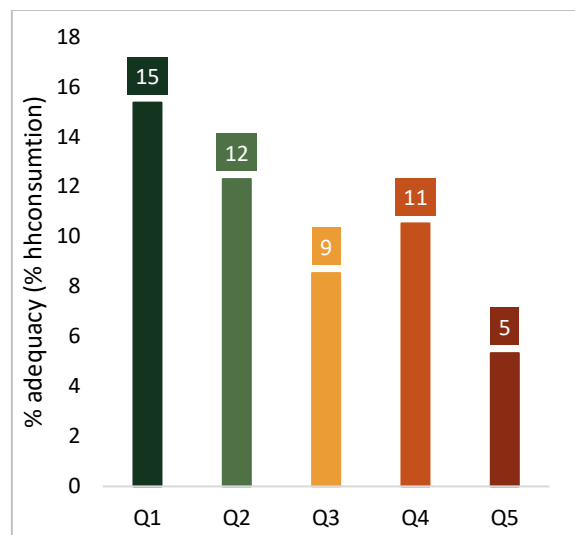
**are headed by women.** The IOF data show that in 2017, remittances were the second largest source of revenues for households after employment income. The importance of remittances was even more pronounced among specific population groups. This is especially true for families headed by women, where they amounted to an average aggregate of 40 percent of household income, and up to 62 percent when considering only female-headed households that received remittances (that is, excluding those that do not receive them).<sup>48</sup> Among female-headed, single-parent households, remittances constituted up to 90 percent of income in no less than one-third of such families. Remittances also appear to be essential for elderly households, where they constituted an average of 49.4 percent of total revenues.<sup>49</sup>

50. **Although remittances are less common and smaller in size in poorer households, on average, they represent a proportionally larger contribution to household consumption in poorer families.** Remittances are most prevalent in the fifth (highest) quintile of the welfare distribution, with 19 percent of households receiving them, compared to only 11 percent in the lowest quintile. In terms of aggregate volume, the bulk of remittances are concentrated in the top two quintiles, which receive 64 percent of total remittances, compared to just 20 percent for the two bottom quintiles (Figure 17). Despite the small amounts, remittances represent a higher share of income for the poorest households (15 percent) compared to the richest households (5 percent) (Figure 18).

**Figure 17: Distribution of aggregate remittance volumes by quintiles**



**Figure 18: Contribution of remittances in total household consumption by quintiles**



Sources: IOF 2017.

51. **Remittances are often used for family support, with smaller shares allocated to health care and education.** According to the IOF 2017, the primary purpose for receiving remittances, as reported by respondents, is family support, accounting for 56.9 percent of remittance usage. This is followed by health care needs at 15.6 percent and educational expenses at 12.3 percent. When examining the amounts transferred, the trend is even more pronounced: family support comprises a significant 93.4 percent of the total remittance volumes, while health care and education make up only 2.3 percent and 1.7 percent,

<sup>48</sup> INE 2017; UNDP 2023b; World Bank 2024a.

<sup>49</sup> World Bank 2021.

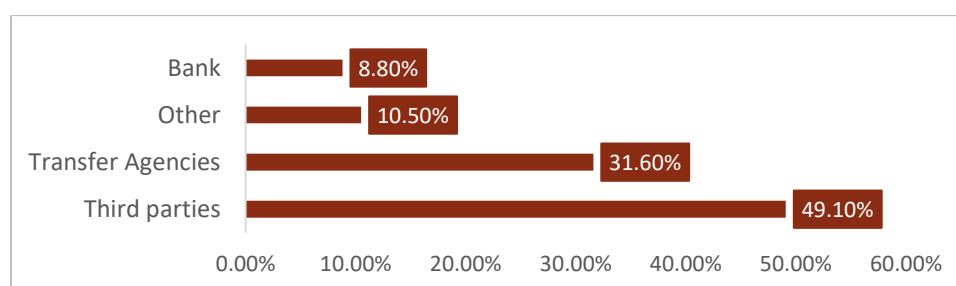
respectively. These findings underscore the critical role of remittances in sustaining family livelihoods in STP, with most funds being allocated to meet basic household needs.

### Most remittances to STP are sent informally through third parties mainly for family support, followed by remittances for health care and education

52. **Across the world, international (or cross-border) remittances can be sent through a variety of channels, which include traditional and modern methods.** Historically, the most conventional remittance channels have been credit transfers through banks and money transfer operators (MTOs) such as Western Union and MoneyGram (see Annex 3). While bank transfers are reliable, they can incur higher fees and delays, especially across different banking institutions. MTOs, on the other hand, offer quicker and more convenient transfers through extensive agent networks. Postal money orders (PMOs) are another traditional method, though less common today. Recent channels include online transfer services (OTS) such as Wise and mobile money services, which have seen significant uptake due to their speed and accessibility, particularly in LMICs. Cryptocurrencies can offer fast, low-cost transfers but come with volatility and legal issues. Credit card networks, peer-to-peer lending platforms, and cash transfers through networks such as Hawala also play roles in remittances, though they vary in regulation and reliability.

53. **Most remittances to STP are sent through informal channels.** According to IOF data, 52.8 percent of households who receive remittances declared receiving them through third parties, with banks accounting for 27.5 percent and MTOs<sup>50</sup> for 14.1 percent. When considering the amounts received, informal third-party channels accounted for 81.6 percent of declared amounts, while banks and MTOs represented only 12.6 and 4.7 percent, respectively. The CSU data seem to confirm this trend: almost half of the vulnerable families receiving remittances reported using a third party, 32 percent a transfer agency (MTO), and only 9 percent a bank (Figure 19).

Figure 19: Remittance channels used by STP migrants



Source: São Tomé and Príncipe CSU 2024.

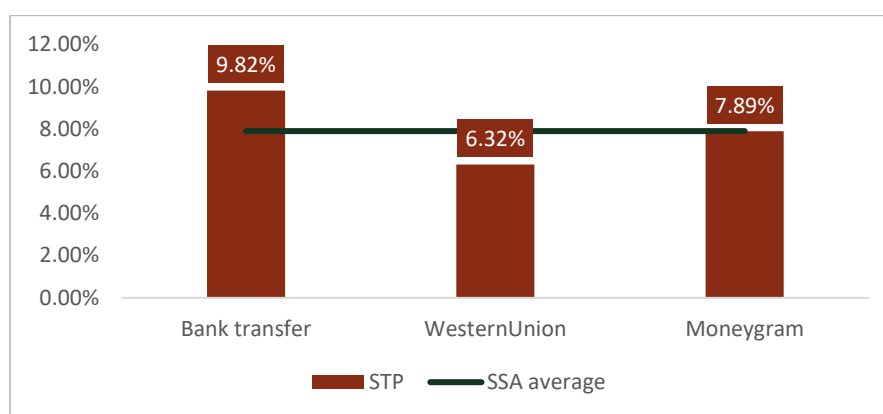
### The cost of sending remittances to the country through formal channels is above the Sub-Saharan African average

54. **The cost of sending remittances to STP is higher than global and regional averages.** According to the World Bank RPW Database, which tracks the cost of sending remittances along 300 corridors, the global average cost of sending US\$200 to a country in Sub-Saharan African was 7.9 percent of the amount sent in Q3 2023. While this cost has been stable over the last few years, it stands above the global average

<sup>50</sup> MTOs are financial service providers who facilitate transfers of funds across national boundaries. Examples include Western Union or Moneygram.

of 6.9 percent and the Sustainable Development Goal (SDG) target of 3 percent by 2030. Since the cost of sending remittances to STP is not included in the RPW database, a series of manual enquiries were made to assess the cost of both a bank transfer and an MTO transfer with Western Union and Moneygram. The bank transfer for US\$200 incurred a fee of 9.82 percent, while Western Union and Moneygram charged 6.32 percent and 7.89 percent, respectively.<sup>51</sup> However, in both MTO cases, the local fee that can be charged by the receiving agent could not be ascertained. Assumptions suggest that this cost could be an additional US\$2 or more for a transaction of this size; hence, both figures may be underestimating the actual total cost. Either way, the cost of sending remittances to STP appears to be above the Sub-Saharan African average (Figure 20). It has to be noted that neobanks,<sup>52</sup> such as Wise, also offer bank transfers options out of Portugal, but only denominated in euro. The cost of this option for the equivalent of a US\$200-transfer in euros appears to be low, at EUR 3.99/US\$4.27 (that is, approximately 2 percent) although additional foreign exchange and local receiving bank fees would have to be added in.

**Figure 20: Average cost of sending US\$200 to STP**



Source: Original calculations for this report.

Note: Western Union & Moneygram costs do not include local receiving agent fee

55. **At present, there is no real alternative to sending money to STP electronically other than through banks or MTOs.** Mobile money companies, neobanks, and other fintechs are either not present in the country or do not currently offer cross-border electronic money transfers as a service. Neither of the telecommunications providers in STP (CST and Unitel) have a mobile money offering. While one fintech (Golfintech) has been registered and is active in providing wallets to facilitate domestic money transfers, no other electronic money provider is active. However, the sandbox made available by the BCSTP is being used by a handful of entities.

56. **Among commercial banks, the International Bank of São Tomé and Príncipe (*Banco Internacional de São Tomé e Príncipe*, BISTP) offers the largest network of ATMs and the most relevant international coverage for remittance services.** While all four commercial banks operating in STP offer money transfer services, the market is dominated by BISTP, which accounts for approximately two-thirds of the total country bank assets and is the only institution to offer a real branch network of 12 offices. In contrast, the presence of the other banks is limited to their main office as sole branch. These banks—Afriland First Bank, BGFI, and Ecobank (**Box 2**)—account for only one-third of the bank branches in the

<sup>51</sup> The World Bank, RPW, <http://remittanceprices.worldbank.org>; STP: simulated US\$200 equivalent transfers from Portugal using WorldRemit, WesternUnion, and Moneygram.

<sup>52</sup> Neobanks, also known as challenger banks or fintechs, are technology companies that provide banking services through a website or mobile app but do not have physical branches.



country and one-quarter of all ATMs. Their attraction as an access point for the encashment of remittances is therefore limited. In addition, although they all offer remittance services that are technically adequate, the remittance corridors they provide for potential remittance service users is rather limited, as they exclude Portugal, the main destination of Saotomean migrants.

#### **Box 2: Main commercial banks operating in STP and their relevance for remittances**

- **BISTP** is the largest and oldest commercial bank in STP. It is partially owned by Portuguese bank Caixa Geral de Depósitos (CGD), the largest retail bank in Portugal, where half of the Saotomean migrants reside, as well as by Banco BAI from Angola and the STP government. BISTP has a partnership with Western Union.
- **Ecobank** is a regional African bank with a presence in 33 countries. It offers a remittance network called 'Rapidtransfer' and a so-called 'Diaspora account', which combines an account in one's home country with another account in the country where one works. Of the five countries where Saotomean migrants reside, the bank has presence in four: Equatorial Guinea, Gabon, Angola, and Cabo Verde.
- **BGFI Bank** (Banque Gabonaise et Française Internationale) is a regional African bank headquartered in Libreville, Gabon, with a presence in 11 countries. It operates its own remittance network called BGFI Express. Of the five countries where most Saotomeans reside, the bank has presence in two: Equatorial Guinea and Gabon.
- **Afriland** is a regional African bank headquartered in Yaoundé, Cameroon, with a presence in nine countries. The bank offers its own remittance service called 'FlashTransfer' and also has partnerships with an MTO (Moneygram) and a neobank (Wise). Of the five countries where most Saotomean migrants reside, the bank has presence in only one: Equatorial Guinea.

57. **There is also anecdotal evidence about a specific remittance practice that does not involve an inflow of physical cash into the country.** For example, a sender in Portugal may use the service of a third-party sending agent who has a trusted relationship with a third-party receiving agent. This receiving agent may be a local shop, hairdresser, petrol station, or similar business that pays out the remittance amount to the beneficiary. However, the receiving agent does not receive settlement of the funds in STP, but instead builds up a credit with the sending agent who saves, invests, or deposits the funds on the receiving agent's behalf. Although difficult to quantify, this practice suggests that the country's 'real' foreign exchange reserves could be underestimated by a significant amount.<sup>53</sup>

#### **Recent progress in modernizing STP's payment systems could serve as a gateway to improve remittances and other large-volume recurrent payments**

58. **An underdeveloped financial infrastructure and exposure to AML/CFT risks continue to undermine the development of financial services in STP.** With assets estimated at US\$215 million (39 percent of GDP) in 2022, the financial system in STP remains one of the smallest in the world. There have been recent efforts by the BCSTP to modernize the financial infrastructure to encourage the emergence of digital financial services, including an agreement to connect to the VISA network and issue cards locally. However, further private investments to improve the financial infrastructure require retail card payment infrastructure upgrades, notably the new national payment switch. Furthermore, the STP financial sector

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<sup>53</sup> At the end of 2022, the country's foreign exchange reserves stood at US\$5.4 million. Formal remittance inflows for the last nine years up to 2022 amount to US\$138 million. If this amount was only 50 percent of the total volume of remittance inflows, then another US\$138 million would be held as offshore assets by Saotomean residents, assuming that none of the funds are physically transmitted into the country. However, even if only 10 percent of the total remittances were held offshore, this would still amount to more than double the existing foreign exchange reserves of the country.



has been identified as the primary sector exposed to AML/CFT risks, making service providers such as MTOs and currency exchange bureaus susceptible to money laundering activities.

59. **In addition, financial inclusion is currently hindered by the limited access to physical bank and microfinance institution (MFI) branches among the population.** Only 12 percent of bank and MFI branches are located outside the capital, where 60 percent of the population resides.<sup>54</sup> The seemingly high national ratio of 14.5 branches per 100,000 adults, which compares favorably with the Sub-Saharan African average of 5, conceals the fact that rural populations have limited access. In this context, it is not surprising that ownership of bank accounts stood at 24 percent of the population (18 percent among women) in 2017.<sup>55</sup> Lending activity in STP is also relatively modest, suggesting limited financial inclusion.<sup>56</sup>

60. **Digital financial services could help overcome some of these challenges but are not yet well developed, which can be explained by the absence of real mobile money options.** Although one telecom provider had submitted a license request to issue mobile money, the procedure was not finalized. As a result, digital payments are limited to users of internet banking, which the BCSTP estimates at 14,901 in 2023 (that is, 12 percent of the adult population compared to the Sub-Saharan Africa average of 34 percent). There are early signs that the situation may be changing. In 2023, Golfintech received a license from the BCSTP and started to offer a mobile money wallet called 'Dobra Digital'. However, the number of users seems to still be relatively low.

61. **An area where progress has been made is in payments, which could serve as a gateway to improve other financial services in the country.** The BCSTP reports that the ATM network grew from 26 to 42 between 2016 and 2023, while the number of installed point-of-sale (POS) terminals showed even stronger growth by increasing from 85 to 683 over the same period. The number of payment cards issued increased from 25,508 in 2018 to 55,752 by the end of 2023, which translates into a penetration of 43 percent of the adult population, compared to the Sub-Saharan African average of just 18 percent. Payments could be the starting point of higher financial inclusion in STP, paving the way for other financial services, such as savings, credit, and insurance. Transaction accounts operated by regulated payment service providers (PSPs) are at the heart of retail payment services. To improve financial inclusion, transaction accounts need to enable end users to meet most of their payment needs and safely store some value. It is based on these assumptions that in 2016 the Committee on Payments and Market Infrastructures (CPMI) and the World Bank issued guidance on payment aspects of financial inclusion (PAFI), outlining seven guiding principles for public and private sector stakeholders (Figure 21).<sup>57</sup> The characteristics of remittances as large-volume recurrent payment streams highlight the fact that they represent one of the catalytic pillars of financial inclusion.

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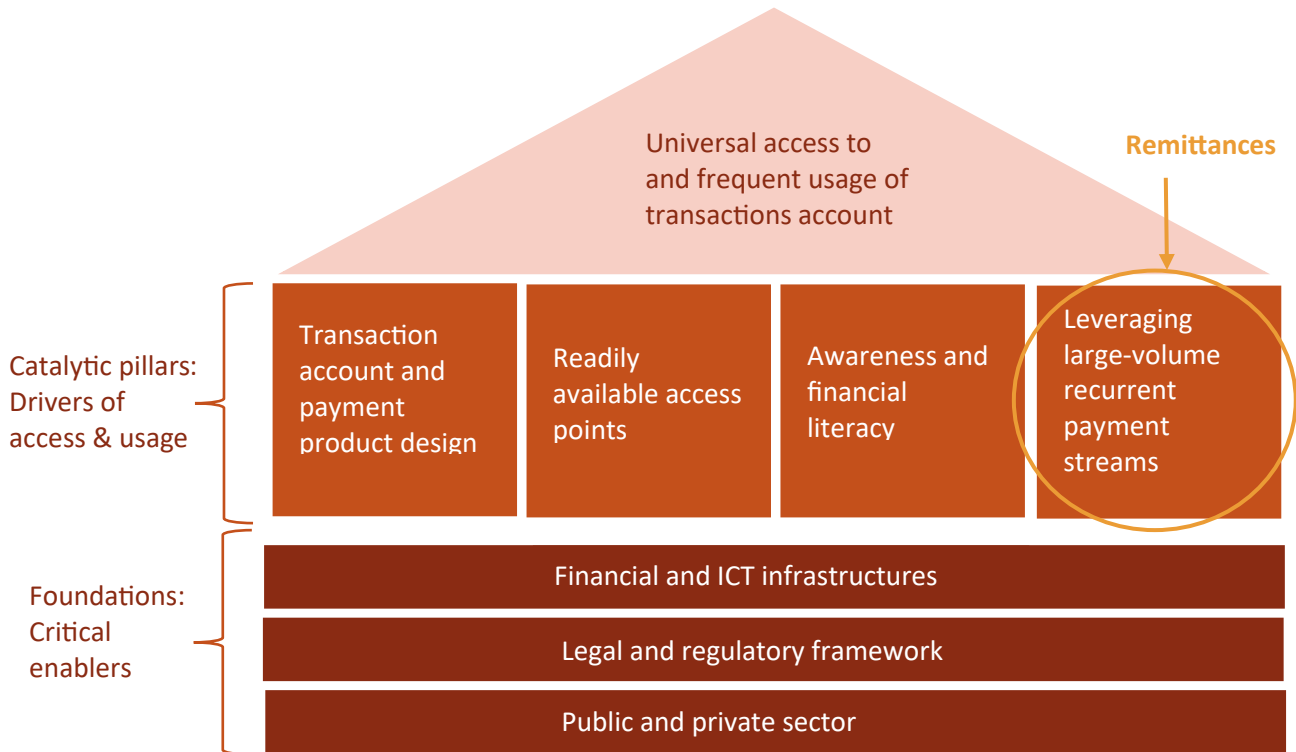
<sup>54</sup> In total, STP has four commercial banks with 16 branches and 3 MFIs with 12 branches (IMF Financial Access Survey, 2024).

<sup>55</sup> Financial inclusion survey 2017.

<sup>56</sup> In 2022, the commercial banks had 10,893 household borrowers while the MFIs had 7,053, 8 percent and 5 percent of the adult population, respectively. Total borrowings in 2022 were 14 percent of GDP, while deposits amounted to 25 percent of GDP (IMF, Financial Access Survey 2024).

<sup>57</sup> CPMI-World Bank 2016.

Figure 21: Payment aspects of financial inclusion



Source: Committee on Payments and Market Infrastructures and World Bank. 2016. Payment Aspects of Financial Inclusion, Bank for International Settlements, Basel. <https://www.bis.org/cpmi/publ/d144.pdf>.

62. **The digitization of payments through mobile money, including for remittances, could be an efficient approach to improve financial inclusion in STP.** Further penetration of payment cards in STP could be a significant challenge, considering the high infrastructure and overhead costs of expanding to rural areas. In this context, mobile money appears to be the most efficient alternative, given that 87 percent of the adult population in STP now has a mobile phone. Implementing the infrastructure needed to enable mobile money transactions, including a national network of mobile money agents, would go a long way in ensuring broad coverage of access points outside the capital city. By making the mobile money networks interoperable with the national payments switch (SPAUT), other use cases beyond merely cash-in and cash-out could also be offered. Digital payments could then be stimulated by digitizing other large volume payment streams, such as government disbursements and tax receipts or payments to settle utility bills with state-owned enterprises. By combining the offering of digital government payments with mobile money products made available to the entire population, significant improvements in financial inclusion could be achieved.

The remittance market in STP faces many challenges, including a lack of transparency, consumer protection, adequate payment infrastructure, regulation, and digitization

63. **The ‘General Principles’ provide a useful framework to analyze the appropriateness of STP’s remittance market.** In January 2007, the World Bank and the Committee on Payment and Settlement

Systems (CPSS)<sup>58</sup> of the Bank for International Settlements (BIS) issued the General Principles for International Remittance Services, hereinafter referred to as the ‘General Principles’. The General Principles provide best practices and guidelines for efficient remittance markets and have been endorsed by various international organizations, including the Financial Stability Forum and the G-8 and G-20 group of countries (Box 3). This section compares the different characteristics of STP’s remittance market in relation to the General Principles, to identify policy recommendations.

### Transparency and consumer protection

64. **At present, there is no clear communication by either banks or MTOs regarding the pricing policies adopted.** The cost of transferring remittances typically has different elements, including a commission paid by the sender; the margin charged by the MTO on the exchange rate applied to the transaction; and, in some cases, a commission to be paid by the receiver; and other components such as taxes and so on. As a net recipient country, local laws and market practices in STP will have little impact on the information provided to the sender in the country where the transaction is initiated. However, while ensuring transparency on the sending side is more urgent for countries that experience significant outflows, it is still good practice to do so in net recipient countries.

65. **In addition, there is no financial consumer protection law or product-specific laws that address protection for users of international remittance services in STP.** However, banks and most MTOs offer mechanisms for customers to complain, and no incidents could be identified to suggest that this issue constitutes a critical risk in the country.

### Payment systems infrastructure

66. **The SPAUT platform is currently being upgraded to support agency banking, mobile banking, and interoperability between ATMs of different banks.** All the four banks operating in the country are currently members. The new SPAUT system will allow for the uptake of payment cards and POS and ATM installations to be accelerated. By admitting non-bank PSPs as users, the platform can serve as an interoperability hub for both the existing banks as well MFIs, mobile money operators (MMOs), and other fintechs.

67. **There are plans, well advanced though recently postponed, to install an automated interbank transfer system to support direct debits and credit transfers,** which is to be owned and operated by the BCSTP. This would process low-value transactions such as credit transfers (for example, payments of salaries and bank to bank transfers involving the customers—individual and corporate—of different banks) and direct debits (for example, payments to utility companies). Technically, it should be possible for non-bank PSPs to also become a member of this network. Some 55,752 local debit cards (Dobra24) were issued at the end of 2023. The utility of these cards is limited to domestic use, but the new SPAUT platform will also be able to support international cards, to begin with under the VISA brand. With the issuing of international cards, it should become possible for local residents to also receive direct card account credits from cardholders in other countries.

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<sup>58</sup> The CPSS was renamed as the Committee on Payments and Market Infrastructures (CPMI) in September 2014. Throughout this report, CPMI will be used.

### Box 3: List of the General Principles and related roles

#### General Principle 1: Transparency and Consumer Protection

The market for remittance services should be transparent and have adequate consumer protection. Transparency of prices and service features is crucial for the ability of consumers to make informed choices between different services and the creation of a competitive market. Appropriate consumer protection is also important. Senders should have adequate rights as consumers of remittance services, including administrative procedures for error resolution.

#### General Principle 2: Payment System Infrastructure

Improvements to payment system infrastructure that have the potential to increase the efficiency of remittance services should be encouraged. In general, cross-border or cross-system interoperability initiatives require a high level of bilateral (or possibly multilateral) cooperation on technical, regulatory and oversight matters and, accordingly, the extensive involvement of central banks, regulators, payment system operators, banks and bankers' associations, and other industry representatives from both jurisdictions.

#### General Principle 3: Legal and Regulatory Environment

Remittance services should be supported by a sound, predictable, non-discriminatory, and proportionate legal and regulatory framework in relevant jurisdictions. The framework should include clear, stable, and enforceable laws and regulations. Furthermore, authorities in relevant remittance corridors should work together to ensure that laws and regulations on both sides are aligned.

#### General Principle 4: Market Structure and Competition

Competitive market conditions, including appropriate access to the domestic payments infrastructure, should be fostered in the remittance industry to allow MTOs to provide suitable payment services.

#### General Principle 5: Governance and Risk Management

Remittance services should be supported by appropriate governance and risk management practices.

#### Roles of Remittance Service Providers and Public Authorities

*A. The role of remittance service providers:* Remittance service providers should participate actively in the implementation of the General Principles.

*B. The role of public authorities:* Public authorities should evaluate what action to take to achieve the public policy objectives through implementation of the General Principles.

### Legal and regulatory environment

68. **The legal regime related to financial institutions in STP comprises laws and decrees on banking, payment services, PSPs, MFIs, electronic funds transfer, AML/CFT, and Exchange Houses (*Casa de Cambio*).** There is no specific law addressing the activity of MTOs. At present, the stakeholders consulted do not deem it necessary to have separate regulation focused on MTOs, as the existing regulations applicable to banks and PSPs can be applied remittance activities. The existing legislations and decrees would also cover the activities of MMOs, once they are authorized. One fintech offering a digital wallet, Golfintech, is already active in the market with a product called 'Dobra Digital'.

### Market structure and competition

69. **As mentioned above, the cost of sending money to STP stands above relevant averages.** This is attributable to two main factors: the small size of the market and the lack of alternative channels other than MTOs or bank transfers. With the introduction of alternative channels operated by PSPs that could also participate in SPAUT and the new national interbank automated transfer system, it is likely that

competitive pressure and increased volumes will drive prices downward. The BCSTP has made a sandbox available to emerging fintechs, to prototype new service offerings.

70. **Most remittances received to STP are currently collected in cash, but with the introduction of wallets operated by MMOs or fintechs, other use cases could become a reality.** This includes domestic peer-to-peer transfers, storing value, making POS purchases, paying government taxes, receiving government disbursements, and purchasing airtime. In this way, remittances received can remain within the digital ecosystem. The Dobra Digital product of Golfintech already offers various use cases. Exclusivity agreements between international MTOs and the banks as their agents are the preferred norm for MTOs, but both Afriland First and Ecobank currently work with multiple MTOs.

### Governance and risk management

71. **As mentioned earlier, legislation relating to monitoring and enforcing AML/CFT compliance is incorporated in the existing legal framework.** There is a credit and liquidity risk in the informal sector, as funds are disbursed to recipients in advance before receiving funds from the sending agents, although there have been no reports of major incidents. The allegedly high proportion of remittances flowing through informal channels makes it difficult to obtain accurate remittances data and conduct a comprehensive analysis that shows information on sending countries, market shares of participants, and so on.

### The role of remittance services providers

72. **Remittance service providers should endeavour to follow the General Principles.** They should strive to offer competitive services that meet their customers' needs. However, while competing on services, MTOs should aim to cooperate on core infrastructure, where feasible and without being anti-competitive, to leverage economies of scale and network effects, thereby reducing processing costs. As PSPs, they have a particular responsibility to ensure that they, and any capturing or disbursing agents they use, comply with applicable laws and regulations, including AML/CFT requirements. They should also implement appropriate governance and risk management processes to help improve the safety and soundness of their services and meet their fiduciary responsibilities to their customers.

### The role of public authorities

73. **Public policy makers who decide to take action related to remittances by applying the General Principles should ensure that relevant authorities are provided with appropriate powers and resources.** Multiple tools can be used by public authorities, depending on the level of the involvement they seek to undertake. These tools include monitoring, dialogue with the private sector, and provision of information to the public.<sup>59</sup> Public authorities could resort to regulation to address market failures but before doing so should weigh the perceived benefits of such regulation against the costs of compliance and possible market distortions. Where implementation of the General Principles involves multiple domestic authorities, policy makers should ensure that domestic policies are coordinated and that authorities cooperate on a policy and implementation level. Cooperation at an international level—whether for bilateral corridor cooperation, regional cooperation, or global cooperation—may also be useful. The

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<sup>59</sup> For instance, in the Pacific region, SendMoneyPacific is a service designed to help users compare the costs of sending money from Australia and New Zealand to Pacific Island countries. It is not a money transfer service itself but rather a comparison tool that provides information on various money transfer operators, their fees, and exchange rates.

BCSTP has supervisory and control powers over banks and PSPs as well as the '*Casa de Cambio*'. However, MTOs are not regulated. With regard to the development of e-money, only one mobile wallet scheme has been introduced to date and is active on the market in connection with the banking system. There is a forum of coordination and discussion between the BCSTP and stakeholders in the payments space regarding payment services, including remittances through the oversight unit of the BCSTP. With the Dobra Digital wallet introduced by Golfintech, an inchoate ecosystem may emerge, but it will require a set of proactive government measures to gain traction and stimulate usage both on the demand side and supply side.

## IV. Impact of Migration on Care Practices and Aspirations of Children and Adolescents in Vulnerable Households

### Chapter Takeaways:

1. Migrants from vulnerable families leave primarily for better economic opportunities and living conditions, often relying on support networks abroad for assistance with logistics and job search.
2. Taking advantage of the CPLC mobility agreement, medical evacuations, or temporary events such as church gatherings, migrants from vulnerable households frequently extend their stays in Portugal, aiming for potential residency.
3. Family members who remain in the country often receive irregular, low-value remittances as migrants are typically employed in minimum wage jobs abroad. This limits the financial support they can provide and does not translate into noticeable improvements in household stability post-migration.
4. Migration profoundly affects household dynamics, especially in cases when an adult migrates. In such cases, caregiving responsibilities often shift to older siblings or extended family members, which can harm children's emotional well-being, education, and social development.
5. Teenagers and young adults from migrant families often also feel a strong desire to migrate for reunification or improved financial prospects.

### Vulnerable families migrate primarily for better opportunities and living conditions, often relying on crucial support networks to facilitate and aid new migrants

74. **Vulnerable Saotomean families migrate primarily due to limited opportunities and aspiration for better working conditions and financial stability.** To better understand the reasons and social impacts of migration and remittance dynamics in STP, a qualitative study was conducted (**Box 4**) with vulnerable families selected among beneficiaries of the PFV cash transfer program. Focus groups were organized in Água Grande and Lembá, the two districts with the largest share of migrants. Family members interviewed in the focus groups explained that they often lack resources for daily meals, managing only breakfast or dinner. They emphasized that opportunities are particularly scarce for those without formal education. To cope with this situation, some rely on foraging and fishing, although this becomes more challenging when a family member migrates. In rural areas, fishing is a common way to supplement the food supply. Women reported better household food security when their husbands were present, as they could fish whenever needed. The qualitative data presented in the rest of this section should be interpreted within the context of vulnerable families registered in the CSU, and caution should be exercised in extrapolating these findings to the broader migrant population.

75. **Similarly, social technicians identified socioeconomic advancement as the primary driver for migration, with Portugal serving as a gateway to Europe.** They also highlighted food insecurity, noting that high food prices and low wages push individuals to seek better living conditions elsewhere, even among families with children or social obligations in STP. According to social technicians, migrants from rural areas may only leave when they have secured a job offer and employer support, while urban migrants may be more prone to 'adventurous migration', without a guaranteed job.

**Box 4: Qualitative research to understand the social impacts of migration on vulnerable families**

**To better understand the social impacts of migration and remittances, qualitative research activities were organized to complement the observations of quantitative trends presented earlier.** The study examined five dimensions in particular: (a) reasons to migrate, investigating Saotomean families' perceptions of overseas opportunities, as well as motivations and aspirations of young people from migrant families; (b) social and family dynamics, examining the impact of migration on family unity and on caregiving roles when a household member migrates; (c) financial support and stability, exploring patterns of remittances sent by migrant members and how these are used by receiving families; (d) domestic care and responsibilities, looking at the impact of parental migration on children's well-being, education, and responsibilities within the household; and finally (e) aspirations for the future, exploring thought processes of young people in terms of education, career, and life goals. To collect qualitative data, FGDs were conducted, and dream maps were created by teenagers to express their desires for family unity and financial stability. The scripts used for FGDs and an overview of activities carried out with the youth are provided in Annexes 5 and 6.

**FGDs were organized in the districts of Água Grande (where the country's capital is located) and Lembá in April 2024.** These districts were selected as they account for over 79 percent of vulnerable families with international migrants, according to data from the CSU (see Figure 12). In total, 10 FGDs were conducted, focusing on three distinct demographics: (a) youth aged 15 to 24 from households receiving remittances; (b) primary caregivers of children from the same households; and (c) social technicians from the PFV, who are responsible for supporting families through the program, including parental education activities. The organization of FGDs was supported by STP's Directorate of Social Protection, Solidarity, and Family (DPSSF). In addition, a civil society organization in Portugal, whose mission is to support the social and economic integration of the Saotomean diaspora, was also interviewed, helping to understand most common needs among Saotomean migrants in Portugal.

76. **The combined impact of potential job opportunities, network support, and an established diaspora can create a compelling incentive for migration, offering poor Saotomean families a pathway to improved living conditions and financial stability.** Established communities abroad play a pivotal role by providing crucial support and resources to newcomers, including assistance with employment, housing, and navigating the legal and social systems of the host country. Discussions with social technicians confirmed the existence of networks that facilitate the migration process, often involving intermediaries who assist Saotomean workers in securing low-skill jobs in Portugal, such as truck drivers.

*"Even 200 euros, which is nothing there, is worth 5,000 Dobras here. The base salary here is 2,500 Dobras, twice this amount."*

**Social Technician**

*"Sometimes we don't have enough food for dinner. Then I make some tea and put everybody in bed, to sleep."*

**Family member**

*"They were looking to buy something for their children (...) My brother-in-law didn't have anything, he didn't have a job, my sister didn't have a job."*

**Family member**

77. **Vulnerable families, unable to migrate together due to limited resources, often send one household member abroad, typically a parent or young adult, who often receives support from other migrants for housing, job placement, and logistics.** Wealthier families, in contrast, may facilitate migration for their entire immediate family. Testimonials from young people underscore this trend, recounting instances where parents moved abroad without a secured job, aided by individuals in Portugal



with migration logistics and support upon arrival, including airport reception, lodging arrangements, and help with documentation. After establishing financial stability, vulnerable families typically arrange for their children or other household members to join them.

*"The two men who are older, their father passed away, then (the) paternal family sent them to Portugal. They went first and started to work, then this older one went too. Then for the youngest one, the brothers in Portugal all got together and helped him, and then he was able to join them (to Portugal)."*

**Family member**

*"When there are family members abroad, they see the situation of the other family members here in STP; then they invite them (to move) as well"*

**Social Technician**

*"Families rely on the support from their network outside the country. But sometimes they buy their ticket on a loan."*

**Social Technician**

### Migration to Portugal often involves taking advantage of CPLC flexibilities, medical evacuations, or temporary events as pathways to potential permanent residency

78. **Saotomean immigrants use a variety of reasons and visas to travel abroad, taking advantage of the CPLP Mobility Agreement or medical evacuations to leave the country.**<sup>60</sup> The CPLC mobility agreement appears to be the most frequently used legal pathway among migrants who have recently moved to Portugal, as any visa issued to a CPLP citizen, except for the Job Seeker Visa, allows the applicant to apply for a residence permit in Portugal.<sup>61</sup> However, many migrants also leave due to health conditions, referred to by Saotomeans as a 'medical board' reason. For medical evacuation, individuals need to present a document signed by a physician stating that they require medical assistance not available in STP. As explained, the visas to Portugal are regulated by cooperation agreements between CPLP member countries, as well as by a bilateral agreement between São Tomé and Príncipe and Portugal.<sup>62</sup> Under the agreement that regulates medical evacuation, the Portuguese government agrees to cover the cost of treatment for up to 10 Saotomean residents per month, provided that the STP government sponsors their transportation and accommodation in Portugal. In practice, the limit is often exceeded. The use of medical evacuation has also increased significantly in recent years. In 2011, medical evacuations accounted for 17.8 percent of visas granted to Saotomeans. In 2022, this percentage had risen to 51.7 percent, constituting the highest rate among former African Countries with Portuguese as the Official Language (PALOP).<sup>63</sup>

79. **There is anecdotal evidence that individuals who migrate temporarily for reasons such as medical evacuation, education, or specific events sometimes overstay their visas and extend their stay in the destination country.** FGD data suggest that medical evacuation is occasionally cited as a pretext for travelling abroad and potentially migrating permanently. Additionally, there are cases of migrants entering Portugal on short-term stay visa and choosing not to return to their home country afterward. They often stay with relatives or acquaintances until they secure formal employment as permitted by the

<sup>60</sup> The main visa options available to Saotomeans to travel to Portugal are described in Table 1 in Section 2.  
<sup>61</sup> Article 75 of Law No. 23/2007, of July 4, Foreigners' Law (Lei de Estrangeiros)  
<sup>62</sup> Decree No. 25/77 Agreement in the Field of Health between the Government of the Portuguese Republic and the Government of the Democratic Republic of São Tomé and Príncipe.  
<sup>63</sup> Oliveira 2023.

CPLC agreement. Other reported instances include young people using church events, and entering on short-stay visas, such as the 'World Youth Day Journey' organized in Lisbon in 2023, as opportunities to migrate. Some women migrants may also feel compelled to find a husband in Portugal to remain in the country. Education also serves as another pathway to migration. However, it is worth noting that many Saotomean parents can only provide limited financial support to their children abroad, which sometimes forces them to discontinue their studies and seek employment.

*"She went through the medical board (medical evacuation), the one who helped with the ticket was my sister (who was in Portugal), she made a document, she paid for the ticket (...). My sister who needed medical care went, started to get better, and then got a job taking care of the elderly and stayed".*

**Family member**

*"My husband travelled to Portugal in February. He started looking (for a job) because he did not have all the documents yet. He made a document to go on vacation, but when he got there, he just stayed... It was an easier way to migrate. When you go on holiday you can go straightaway."*

Vulnerable families often receive irregular, low-value remittances as migrants are often constricted to minimum wage jobs abroad, which limits financial support and improvements in household stability post-migration

80. **Families often prefer informal channels for remittances due to lower fees compared to banks and MTOs as well as the convenience of accessing money locally and spending it directly where received, often on essentials such as food.** The methods of receiving remittances vary by household location: urban families predominantly use banks or transfer agencies, while rural families often rely on informal third parties such as local supermarkets or businesses. Many opt for informal channels due to the high fees charged by banks and MTOs. Rural respondents appreciate the convenience of accessing money through local third parties, avoiding travel costs. Families also find it convenient to spend remittance money directly where received, often on food. Some recipients receive remittances from acquaintances, but the delivery method varies (for example, through the contact person's bank account or from someone visiting from Portugal). Recipients generally trust these informal channels due to a cohesive migrant network that shares information on remittance senders. Migrants typically cover the fees of sending remittances, and receiving families may not be aware of the specific costs associated with the service.

*When I get it, it already comes with all the expenses. The money comes with the things to take home, rice, oil, these things; the money doesn't go home with me."*

**Family member**

*"And there's more advantage; if you go to the city (receive money at the agencies), you need to pay for transportation; to pick it up there (at the market) it's cheaper."*

**Family member**

*"My husband sends every month, but he earns little and still has the expenses of the house (in Portugal). He sends me about 100 euros. I get it every month, but usually (for other families) it's not like that."*

**Family member**

81. **Many vulnerable families receive irregular and low-value remittances due to Saotomean migrants often working in minimum wage jobs abroad, where high living expenses limit their ability to send money home.** These migrants often find themselves in the informal sector in Portugal, taking on temporary '*buscato*' jobs without formal contracts shortly after arriving. While these jobs provide immediate income for survival, they offer low wages that make it difficult to save or send significant remittances. Additionally, migrants from vulnerable households often finance their migration through loans, sometimes facilitated by their employers with repayments deducted from their wages. According to FGD data, it can take up to four months for migrants to secure stable employment, significantly delaying their ability to financially support their families in STP. As a result, many vulnerable families cannot rely on remittances to cover substantial household expenses.

82. **Remittance patterns vary among poor Saotomean migrants; longer-term migrants are more likely to establish regular monthly payments, but this also depends on the nature of familial relationships.** Migrants who have been abroad for an extended period tend to establish regular monthly remittance payments to STP. The continuity of these remittances appears to depend on the nature of familial relationships; for instance, mothers often maintain consistent support for their children. However, there are instances where fathers discontinue payments after establishing new relationships abroad. This variability underscores the complex dynamics influencing remittance patterns among Saotomean migrants, reflecting both the enduring support provided by some and the challenges others face in sustaining financial contributions over time.

83. **The social impact of remittances can also be ambiguous, as financial considerations are not the only determinant of proper caregiving and human capital investments.** Remittances sent by migrant parents can increase household consumption, investments in education, and access to health care. However, benefits for children depend on access to the additional resources provided by these remittances and the quality of care offered by family members who remain. On the one hand, financial support from remittances may allow children to stay in school for a longer duration, removing the need to drop out of school and work to support family income. On the other hand, children who assume the role of head of household may face difficulties in school, experience anxiety and depression, and live with heightened levels of stress. Ultimately, factors such as the gender and age of the migrant as well as the caregiving capacity of family members left behind determine how much children can benefit from remittances.<sup>64</sup>

84. **When available, remittances are typically used by vulnerable Saotomeans for fixed expenses such as electricity bills or food, which does not always translate into productive human capital investments, especially for children.** The IOF data confirm that a portion of remittances often goes to education and health, but among vulnerable families, the major part is used for fixed expenses. Social technicians observe that families receiving remittances tend to increase their food consumption, sometimes at the expense of food quality, by purchasing more processed goods. It is common for migrant parents to send gifts in the form of remittances to their children back home, although the money is typically received by other adults and does not always reach the intended recipients. While investments in home furniture have been reported, direct investments in education and schooling expenditures are not necessarily the norm. Remittances from informal channels are sometimes accompanied by small goods intended for resale in addition to the money. Among family members with migrants abroad who were interviewed for the study, very few felt that their household's financial situation has significantly improved or become more stable since the departure of the migrant.

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<sup>64</sup> UNICEF, n.d.

## Migration profoundly affects household dynamics, especially when an adult migrates, with important consequences for children’s well-being and education

85. **International evidence shows that the departure of a household member for migration profoundly affects household dynamics, which can have negative consequences for children’s socio-emotional development.**<sup>65</sup> When an adult migrates, the responsibility for the care of those left behind shifts to other household members. In some cases, children may be left in the care of grandparents who may themselves require care. Alternatively, older children may assume the role of household heads and take care of their younger siblings. Substitution or lack of a caretaker can cause difficulties for children’s emotional well-being and psychological development, which can be similar to the experiences from other types of family disruption events (for example, death of a parent). Risks are particularly high when there is no formal system in place to establish legal guardianship rights.<sup>66</sup> Furthermore, the effect of parental migration on children’s school attendance is ambivalent. On the one hand, financial support from remittances can allow children to stay in school, avoiding the need to work at an early age. On the other hand, children may have to take on more responsibilities at home, such as caring for younger siblings, which can divert their attention from school. Migration can also affect children’s interest in school, as they may start to perceive moving to another country as an alternative route to economic success, as opposed to dedicating time and efforts to education in their home country.<sup>67</sup>

86. **In STP, many vulnerable families perceive migration as a positive experience for those who leave but negative for those who stay, who face a greater burden of responsibilities and emotional disruption.** While vulnerable families acknowledge the likely difficult living conditions of migrants abroad, they tend to associate the experience positively with a sense of adventure. However, the view for families left behind is much more negative. In FGDs, participants with a migrant abroad expressed a certain level of sadness and helplessness, knowing that they cannot rely on their loved one or relative for emotional or practical support. When mothers migrate and leave their children with relatives, additional responsibilities such as providing meals and daily care fall on the host families. Even in cases where no children are left behind, social responsibilities previously shouldered by the migrant are transferred to those who remain. The division of labor within the household is affected, as the absence of one person necessitates the redistribution of tasks among the remaining members.

87. **It is common for migrant mothers who have many children to assign them to different family members and friends, which can have a detrimental impact on family ties.** Typically, younger children are prioritized for relatives who can provide more intensive care, such as grandparents, aunts, and uncles. In contrast, older children are often placed under the guardianship of more distant relatives or even neighbors. This situation not only creates a separation among siblings but also leaves older children, many of whom are teenagers, more vulnerable as they receive less attention and care. Interestingly, the absence of a migrant mother appears to have a greater impact than that of a migrant father, as the norm in STP is for caregiving responsibilities to fall to the women in the family. Fathers often have a secondary or even non-existent role in caregiving discussions, and it is not uncommon for children in families where the mother has migrated to stay with aunts or grandparents even when the father remains at home.

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<sup>65</sup> UNICEF, n.d.

<sup>66</sup> While adverse impacts of family separation, especially on children, have been well documented globally, it should be noted that some positive impacts on other social components, such as women empowerment and shifting gender-related norms, have also been identified (see, for instance, Doan et al. 2023).

<sup>67</sup> Hasan 2020; UNICEF, n.d.

*"Life has become a bit difficult because I only have two children of my own, but (now) I have three more to take care of, so the (amount of) work is bigger."*

Family member

*"[Migration] disrupts everything... There is divorce, the children start to spend days on the street, the older children start to be the main caretaker of the younger children at home, etc."*

Social Technician

*"She [the migrant] has five children, but only three are in the PFV because the two eldest stopped going to school. I take care of three of them, and two of my own. (In total, now) I have five children to take care of. Among the ones that stopped studying, one is living with my parents, and the other one (an older female teenager) went to live with a man."*

Family member

88. **Migration often leaves children unsupervised or without a parental figure, which tends to have negative consequences.** According to social technicians, this disruption can be significant, leading some children to be exploited for domestic work while staying with other families. Typically, children are assigned to live with their aunts, grandparents, or other family members, but sometimes they end up with friends or stepfathers who may not share the same level of responsibility. Additionally, when children are under the care of their grandparents, they can face neglect due to the grandparents' lack of energy and capacity to adequately care for them.

*"The family that remains, especially the children, are left adrift."*

Social Technician

*"When my uncle travelled, I got more comfortable doing the things he didn't like."*

Youth

*"My responsibility has risen because I have to look after my child and also look after my nephews. But there are things they have to go through (...) the situation has become complicated."*

Family member

89. **Older siblings often become caregivers for younger children due to parental migration, leading to increased responsibilities, vulnerability to exploitation, disruptions in schooling, and the need to take on work to support their families.** Social technicians note that this arrangement often places a heavier burden on older female siblings, making them more vulnerable to advances from men offering financial support in exchange for their company. When a teenager becomes the de facto household head, it is not uncommon for a family member or friend to regularly check on the household and provide some support. In one FGD, an aunt described visiting a migrant family's house weekly, where a 13-year-old boy was now acting as the head, taking care of four younger siblings. In another group, a 17-year-old teenager shared his experience of becoming the head of the household when his mother migrated to Portugal, leaving him and a 21-year-old cousin responsible for three younger siblings. He explained that he had to quit school and start full-time work in a bakery to support his brothers and sisters—an arrangement necessary until

his mother could start sending remittances. In the meantime, he does not believe that returning to school will be possible.

90. **Social technicians confirm that parental migration can discourage children from staying in school, potentially leading to school dropout and street begging due to the absence of authoritative caregivers.** Children and teenagers might be disincentivized to remain in school, knowing that they may be able to join their parents and migrate soon. They may also leave school if they do not recognize their new caregiver as an authority figure. The issue of children spending their days on the streets was noted in all FGDs with social technicians. They attribute this to mothers migrating out of the country, leading to school dropouts and time spent on the streets begging for money.

### Young Saotomeans in vulnerable migrant families feel a strong desire for family reunification and improved financial prospects and may thus also be incentivized to migrate

91. **Young people with a migrating parent often experience a sense of increased responsibility, alongside a longing for family reunification.** As mentioned earlier, older siblings frequently take on additional household duties such as washing clothes in the river, caring for the house, tending to sick family members, shopping for groceries, escorting younger children to school, and cooking or assisting with meal preparation. This situation often fosters a heightened sense of responsibility, which can also be accompanied by a sense of independence. However, it is clear that the separation significantly affects youth, with the majority of participants in FGDs expressing a desire for their family to be together again. Moreover, this newfound independence often leads them to venture out at night, exposing themselves to tobacco and alcohol and reducing their amount of sleep.

*"This older one I talked about, she studies in the morning, when she comes in the afternoon, she helps me with my youngest child of two years old. They play, she takes care of the house until I arrive, she washes dishes... She's just 11 years old."*

Family member

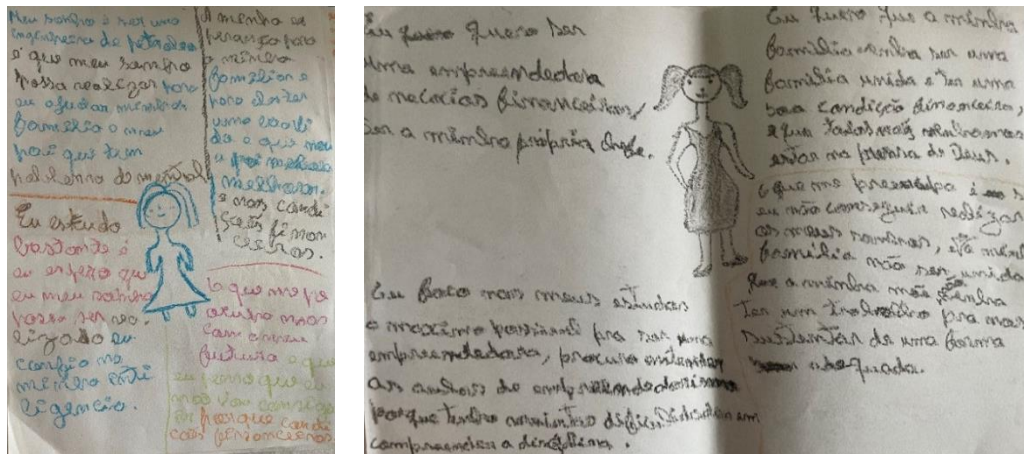
*"I have more responsibilities toward my brothers ... I have to make (my) brother go to school, bathe him, do laundry, etc."*

Youth

92. **Although young people from vulnerable migrant families do not feel that remittances have significantly improved their lives, many still aspire to migrate, either to reunite with their family or improve their financial conditions.** Many young people interviewed expressed contentment with their current lives but aspire to emigrate, especially to Portugal or the United States, to access better opportunities and enhance their living conditions. Their desire to migrate is not fueled by dissatisfaction with their current lives but by the perceived lack of opportunities in STP. There is a shared belief that foreign countries offer more work opportunities. While Portugal and Angola have historically been common destinations for Saotomean migrants, the United States now appears to be the most desired destination among youth. Migration aspirations often stem from the hope of improving family living conditions through work abroad. Some wish to migrate with their families, while others plan to travel alone and provide support through remittances.



Figure 22: Dream maps of teenagers expressing their desire for family unit



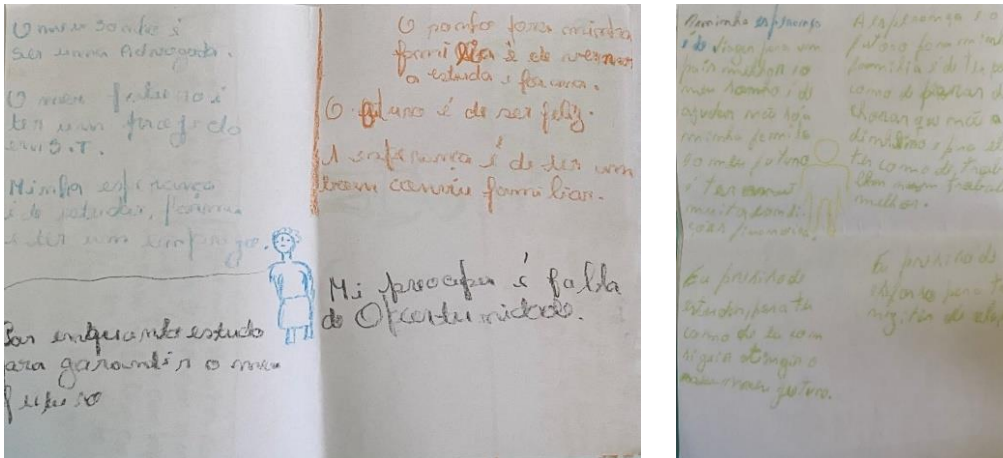
Source: FGDs.

93. **Youth from rural areas appear to place a higher importance on family unity compared to their urban counterparts, which could make them less prone to seek migration.** Rural youth often prioritize family unity, whether it means joining their family abroad or having their family return to STP. Young people whose parents have recently migrated often talk about their plans to join their family in Portugal. In contrast, some express a desire to continue living in STP, for instance, to work as fishermen. It is common to hear aspirations of living with their family in a large house on stilts, typical in coastal villages. The importance of a unified family is frequently mentioned as a source of hope. However, many express concerns about the future, citing the lack of opportunities in the country. In a 'dream map' exercise organized as part of this study, all participants expressed their desire to support their family, particularly their mother (Figure 22). The maps highlight desires related to family unity and financial stability, without necessarily mentioning migration.<sup>68</sup>

94. **Many teenagers recognize the importance of education in achieving their desired career goals but lack enthusiasm for school.** Generally, aspirations are focused on obtaining resources to support their families rather than seeking personal fulfillment. For some, migration represents a significant means to achieve their ambitions. When discussing their dreams, youth still in school expressed desires to become administrators, oil engineers, lawyers, judges, or local entrepreneurs. Those already working expressed hope for jobs that can financially support their families and provide decent living conditions (Figure 23). Their desires typically center around securing stable employment and contributing financially at home. Despite acknowledging the importance of education for their future, many young people show little enthusiasm for school or their favorite subjects. They recognize that dedicating themselves to studies offers a potential pathway to improve their future income but also fear academic failure, which could jeopardize their ability to secure good jobs and support their families. Some attribute this concern to the perceived lack of opportunities in STP.

<sup>68</sup> FGD scripts and dream map prompts are provided in the annexes.

Figure 23: Dream maps of teenagers expressing their desire to support their family



Source: FGDs.



## V. Five Policy Recommendations for a More Beneficial Migration Model in STP

### Policy recommendations:

1. Improve the employability of young Saotomeans, both in the country and overseas, through a combination of skills development, entrepreneurship support, and partnerships with employers.
2. Establish labor mobility agreements with major destination countries to ensure alignment between the skills of migrants and the needs of destination labor markets.
3. Strengthen migration management systems to better support migrant workers, provide intermediation services, more actively engage the diaspora, and generate and organize data for policy development.
4. Encourage innovations in digital payment services to improve the availability and affordability of remittance options.
5. Protect migrant family members remaining in the country through social assistance programs and complementary measures, with a special attention to children and youth.

95. **Migration is a natural phenomenon that can be beneficial to STP, but some policy actions are necessary to maximize positive outcomes.** Migration is a global phenomenon used as a strategic response to global imbalances and driven by a complex mix of economic, social, environmental, and personal factors. Under the right circumstances, migration can offer tremendous benefits for both origin and destination countries, including through the transfer of resources, skills, and knowledge. As a small island developing nation, STP is naturally subject to strong emigration pressures, especially from its growing youth population grappling with limited job and economic prospects at home. Acknowledging this reality, country authorities should seek to integrate migration as part of their national development strategies. This section offers a number of policy recommendations for policy makers to maximize the benefits of migration while attenuating its potential downsides.

**#1: Improve the employability of young Saotomeans, in the country and overseas, to ensure that those who want to stay have some economic prospects and those who want to leave are able to secure productive jobs abroad**

96. **Limited access to jobs and economic opportunities in the country pushes many young Saotomeans to migrate, which may create gaps in the labor force and hinder private sector development.** There is a vicious cycle at play here: constrained access to productive jobs and economic opportunities pushes many Saotomeans, especially among the youth, to want to emigrate. As they leave the country, the labor force is depleted of useful skills and ideas, which may contribute to ‘brain drain’ (or ‘skills drain’). In this context, local companies may struggle to find qualified workers and develop their activities, while less people are also likely to start their own business, which further undermines the economy. This situation appears to accentuate an existing mismatch between labor supply and demand in STP. A recent study found that local companies expressed high demand for technical competencies, communication and interpersonal skills, knowledge of a foreign language, and digital skills, but are often

unable to find these skills in the local labor market and thus unable to hire the necessary workforce to grow their business.<sup>69</sup>

97. **At the same time, many migrants find themselves confined to low-income, precarious jobs once abroad, preventing them from generating significant amounts of remittances.** The type of jobs available to migrants abroad and the conditions in which they migrate do not currently translate into significant economic benefits for STP. Most Saotomean migrants are confined to low-skill, underpaid, and precarious jobs, which does not allow them to earn significant income. This situation is worsened by the conditions in which many undertake their journey, often taking out loans to cover their trip and requiring significant time to find a job and turn a positive cashflow. Faced with high living expenses, especially in Portugal, most are unable to save and send remittances home. This ‘low-return migration’ does not translate into positive economic gains for STP, which constitutes a missed opportunity.

98. **This situation calls for a two-pronged approach to improve employability and access to productive jobs for young Saotomeans, both in the country and overseas.** This dual agenda could be supported through a combination of core initiatives centered around skills development, support to entrepreneurship, and partnerships with the private sector. These initiatives can be tailored to focus on different labor markets, including priority sectors of the Saotomean economy, sectors with high labor demand in destination countries, and the global digital economy that can be accessed from anywhere. Overall, this dual agenda should seek to strike a better balance away from a situation where ‘everyone wants to leave’ to one where skilled nationals find incentives to stay in the country, making migration outflows more manageable, while those who wish to migrate can effectively secure productive jobs abroad and generate remittances.

99. **Improving access to jobs and economic opportunities in STP could be supported through job-relevant trainings, partnerships with local companies, and entrepreneurship programs.** The skills development system in STP appears to be weakly linked to the labor market and is not currently able to adequately respond to private sector needs.<sup>70</sup> There are opportunities to organize practical and on-the-job trainings for young graduates; generalize the use of internships and apprenticeships; and better engage employers in skills development, particularly in priority sectors such as tourism, the digital economy, and climate resilience.<sup>71</sup> Such interventions should seek to facilitate the transition from education to the job market for young people. Self-employment can also offer attractive economic prospects for youth. Entrepreneurship and business development should be supported and fostered, to reduce the reliance on formal employment. This could be achieved through entrepreneurial mentorship programs, easier access to finance to start or grow one’s business, and the provision of business incubation services.<sup>72</sup> Importantly, this agenda would require a deeper assessment of STP’s labor market, including its weaknesses and needs.

100. **Digital jobs also offer promising economic opportunities for young people and should be further explored.** Online gig jobs, including freelancing and microwork, present a range of promising options. Freelancing involves larger projects requiring intermediate- to high-level skills such as software development and graphic design. Microwork consists of small tasks performed with basic skills such as image tagging and data categorization, which are increasingly used to train artificial intelligence

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<sup>69</sup> World Bank 2023c.

<sup>70</sup> Ibid.

<sup>71</sup> Ibid.

<sup>72</sup> Some initiatives are already underway, such as through the National Network of Business Incubators and Accelerators (REINA), but would benefit from further expansion.

algorithms. These jobs already engage up to 12 percent of the global labor force, providing income and digital skills development, especially in developing countries, which account for 40 percent of gig platform traffic. Mobile penetration has increased significantly in STP—household access to mobile phones rose by 9 percentage points in 2017, reaching 74.3 percent of households. Many young Saotomeans are already equipped with the tools to tap into the digital job market and improve their economic prospects. They can be provided with access to technology and digital jobs (‘gig jobs’) through training in digital skills and connected with international platforms offering employment opportunities (‘microtasks’).

#### **Box 5: Improving skills and competitiveness in Tonga**

Just like STP, Tonga has a fast-growing youth population with a limited level of education that is currently not significantly engaged in productive activities. To deal with this challenge, Tonga has established a vocational training program under the Skills and Employment For Tongans Project (P161541), which focuses on enhancing the quality and market relevance of certificate-level courses leading to better employment opportunities, both domestically and abroad. One of the central objectives of the program is to improve the skills and competitiveness of Tongans in the global labor market. Courses offered by technical and vocational education and training (TVET) providers are designed to meet the needs of major industry players and employers, and there is a focus on improving the participation and successful completion of courses by disadvantaged individuals, especially women and people living in remote areas.

The TVET system established through the project involves the participation of the government, employers, training providers, professional associations, and quality assurance boards. Under this arrangement, the program provide grants to selected institutions as incentives to enhance the quality of their TVET offering. Grants are used for activities such as curriculum development, equipment purchases, hiring and training of additional staff, and the establishment of partnerships with overseas institutions. This approach aims to ensure that qualifications obtained by students in Tonga are recognized by international accreditation agencies.

101. **Ensuring that migrants secure good-quality jobs abroad would require promoting education and trainings in skills that are in high demand globally, while ensuring that qualifications are recognized in destination countries.** Expanding access to education and training in skills that are in high demand in destination countries, such as Portugal, would make migrants more competitive in destination labor markets, allow them to access higher-quality jobs, generate higher revenues, and send more money home. Leveraging experiences from other similar country contexts (Box 5), STP could seek to improve TVET offerings available to its young people while ensuring that qualifications acquired in STP are recognized internationally. Currently, the recognition of foreign degrees in Portugal is often left to the discretion of individual institutions.<sup>73</sup> Some efforts are under way in this regard, including through CPLC, but these should be accelerated and scaled up.<sup>74</sup> There is also a strategic opportunity to train youth in digital skills to prepare them for the digital economy. Overall, supporting this agenda may thus require undertaking some of the following initiatives:

- (i) **Collaborating with employers, training providers, and professional associations abroad,** to collect information about job markets in destination countries, identify skill gaps, and use this information to design courses that meet industry needs.

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<sup>73</sup> Currently, Brazil is the only country to have an agreement in place ensuring automatic recognition of qualifications with Portugal (*Divisão de Reconhecimento, Mobilidade e Cooperação Internacional* 2021).

<sup>74</sup> The CPLC has been supporting efforts to harmonize criteria for diploma recognition and ensure consistency in the quality of higher education among member countries, including through the training of teaching staff and the promotion of academic exchange programs. However, these efforts are still at an early stage. (<https://www.cplp.org/Default.aspx?ID=4643>).

- (ii) **Establishing partnerships with overseas institutions**, to enhance the quality of trainings and improve the recognition of prior learning. This could be achieved through exchange programs, joint curriculum development, accreditation processes, and mutual recognition agreements. Portugal is already a major contributor to STP’s education system and TVET in particular and could be willing to support these efforts.
- (iii) **Instituting quality assurance mechanisms**, such as through a national TVET quality assurance board or agency, to oversee the accreditation of training providers, monitor program quality, and ensure compliance with international standards.
- (iv) **Promoting career paths in high-demand activities for which youth may have a perceived negative attitude**, such as vocational trades, by showcasing success stories and highlighting income prospects.
- (v) **Improving data collection and monitoring**, to track outcomes and impact of training programs and identify areas for improvement.

102. **Ensuring that migrants can compete internationally and secure good-quality jobs may also require providing intermediation services and supporting them while abroad.** This study could not identify any government services specifically designed to support Saotomean migrants overseas. Public services could be introduced to help migrants identify job opportunities and secure employment before leaving STP, preventing them from lingering at the destination and fall into debt. Once at the destination, support could be provided through nongovernmental organizations (NGOs) or other types of civil organizations specialized in assisting migrants, such as *Associação Mém Non*, which supports Saotomean women in Portugal, or *Jovens Diaspora*, which helps youth find employment opportunities (Box 6). These organizations regularly engage with the Saotomean diaspora and can provide targeted support and resources but need to be supported financially. Support could also be provided in collaboration with the host countries’ government, by ensuring that bilateral discussions and agreements address issues faced by migrants and the protection of their rights.

**Box 6: NGO support to migrants, the example of *Jovens Diaspora***

*Jovens Diáspora* is a nonprofit organization seeking to strengthen connections among young Saotomeans residing in Portugal. The organization provides advice to immigrants, organizes online discussions and events, and collects data to better understand the profile of migrants. According to its national coordinator, it is not uncommon for migrants to move to Portugal without a job, with many taking four to six months to secure employment. Paradoxically, skilled workers often face higher obstacles to enter the labor market due to difficulties in getting their education and skills formally recognized. Many migrants seek assistance in obtaining necessary work documentation and structuring their CV. Others struggle to integrate due to challenges in articulating thoughts and presenting ideas in a compelling way. *Jovens Diáspora* has advocated for the organization of public speaking workshops to help migrants better communicate and improve their chances of securing employment in Portugal.

**#2: Establish labor mobility agreements with key destination countries to foster alignment between the skills of migrants and the needs of destination labor markets**

103. **While the CPLC mobility agreement facilitated the movement of workers among Portuguese speaking countries, it was not designed to necessarily benefit both origin and destination countries.** Although there is evidence that many Saotomeans have taken advantage of the program to ‘try their luck’ in Portugal, the relatively easy visa application process created a situation where many migrants were allowed to move to Portugal only to find themselves jobless or confined to low-pay occupations. Migration between the two countries holds great promises but remains underexploited. For STP, Portugal could

offer income generation opportunities and prospects to generate more remittances, which could translate into socioeconomic gains at home. For Portugal, Saotomean migrants offer an opportunity to address gaps in their aging labor force and come with a strong competitive advantage: there are limited integration concerns (the two countries speak the same language and share cultural ties) and no risk of inducing massive inflows of migrants (considering the small size of the STP population).

#### **Box 7: Global Skill Partnerships**

Global Skill Partnerships (GSPs) are legal migration pathways that promote skill development of prospective migrant job seekers in their country of origin, to facilitate coordinated job matching that maximizes positive outcomes for job seekers, origin countries, and destination countries alike. Under the GSP model, the destination country agrees to provide technology and financing to train both potential migrants and non-migrants in the country of origin, focusing on skills that are needed in both the origin and destination labor markets. Participants who end up migrating can then more easily find jobs and integrate upon arrival. The country of origin agrees to host and provide the trainings. By also providing support for the training of non-migrants, GSPs help increase rather than drain human capital in origin countries.

Several GSPs are already in operation around the world. One such example is the Pilot Project Addressing Labor Shortages Through Innovative Labor Migration Models (PALIM) between Belgium and Morocco. Faced with a shortage of information and communication technology (ICT) workers, the Belgian Flemish region financed a seven-month intensive training course in Morocco, a country with a large youth population, covering ICT-specific modules, soft skills, English classes, and information on work and life in Belgium. Participants were connected with companies in both countries, and by the end of the program, half of them secured employment in Morocco while the other half either continued with more specialized training abroad or sought employment in Belgium. Other examples include partnerships between Germany and Kosovo in the construction sector and between Australia and Pacific Island nations across several industries with high labor demand. Other GSPs are currently under preparation.

104. **There are opportunities to work more closely with major destination countries, especially Portugal, to ensure that the skills of migrants who arrive in the country more closely match the needs of the local labor market.** This would entail identifying labor market gaps in Portugal and promoting migrants' profiles that can meet these needs. This process could take the form of a collaborative bilateral arrangement between the two countries to establish an organized migration scheme with mutual benefits. One example of such an arrangement is a Global Skill Partnership (GSP), where migrant workers (as well as non-migrants) are trained in their home country before moving to the destination country for work. Central to the GSP concept is the generation of benefits for all parties involved: migrant workers gain valuable skills that increase their employability, the home country benefits from skills development and reduced brain drain, and the destination country fills labor shortages with skilled workers (Box 7). An alternative approach lies in temporary migration schemes, where individuals from a country go live and work in another country for a fixed period to fill labor shortages that are seasonal, project based, or otherwise temporary, often in the agricultural sector (Box 8). Participants in such programs are typically required to return to their home country once their work permit or visa expires.

### Box 8: Temporary migration schemes

Temporary or seasonal labor migration programs aim to add workers to a country's labor force on a temporary basis, without adding permanent immigrants to the population. Several countries already operate such arrangements, especially in the Pacific. Examples include New Zealand's [Recognized Seasonal Employer](#) program (RSE) and Australia's [Pacific Labour Mobility](#) program (PALM). These initiatives allow local employers to recruit low-skilled workers under short-term visas for seasonal work in the horticulture and viticulture industries. Tasks typically involve planting, picking, pruning, and packing work for harvest, helping ease seasonal labor shortages while supporting economic development in neighboring small island developing nations. The significant economic benefits for participants in these programs have been well documented, with income often increasing by factors of four to six times, translating into positive impacts on consumption, goods ownership, expenditure, and standards of living (Gibson and McKenzie 2014). A recent comprehensive survey further identified benefits expanding to both participating and non-participating households, and well as positive effects on shifting gender norms and empowering women (Doan, Dornan, and Edwards 2023). However, temporary migration schemes must be managed carefully. Some programs have left migrant workers vulnerable to exploitation and abuse, allowing employers to rely on low-wage labor without incentives to improve salaries and working conditions (Costa and Martin 2018).

105. **Win-win labor mobility agreements involve defining a set of prioritized skills profiles for migrants, the intended scale of migration, work and pay conditions, and other arrangements pertaining to sharing costs and benefits.** Legal migration frameworks can take different forms, including bilateral agreements, multilateral agreements, or even more simple memoranda of understanding. In all cases, they should aim to define (a) the scope and scale of migration; (b) the type of skills sought, based on destination labor market needs; (c) the minimum working and pay conditions for immigrant workers; and (d) provisions for return to the origin country or assimilation into the destination country.<sup>75</sup> Such agreements also offer an opportunity for both origin and destination countries to agree on benefit- and cost-sharing arrangements, so that migration remains mutually beneficial. For example, GSPs typically involve splitting the costs of supplying skills that are in demand between destination and origin countries. Other arrangements could cover financial transfers, capacity building, and technical assistance.<sup>76</sup> The African Union offers guidelines and templates for 'rights-based and gender-responsive' bilateral labor agreements, drawing from the ILO conventions and recommendations, which could offer a good model for STP.<sup>77</sup> An interesting follow-up to this study would be an analysis of candidate sectors for a labor mobility agreement between STP and Portugal, identifying which type of migration arrangements (for example, GSP, temporary schemes, and so on) would be best suited for each sector.

### #3: Strengthen migration management systems to better support migrant workers, engage the diaspora, and generate data for policy making

106. **There is currently limited information available about Saotomean migrants, complicating policy development efforts and effective migration governance.** This study leveraged a number of innovative datasets to generate new insights on migration and remittances dynamics in STP and their social and economic impacts. However, the research faced challenges due to the general lack of information on Saotomean migrants, including the exact number of migrants, where they reside, the types of jobs they hold, the amounts of money they are able to send home, and the socioeconomic situations of their families back home. Such data are necessary to design effective migration policies such as bilateral labor

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<sup>75</sup> World Bank 2024c.

<sup>76</sup> Ibid.

<sup>77</sup> African Union 2022.

mobility agreements, initiatives to upgrade skills and competitiveness of migrants, or efforts to support migrants throughout the migration process.

107. **STP could benefit from the creation of a new agency (or expansion of the mandate of an existing one) dedicated to supporting and protecting migrant workers, providing intermediation services with employers abroad, and generating and organizing data for policy development.** Effective migration governance requires strong institutional capacity, with appropriate data collection and statistical tools, human and financial resources, and administrative authority. Migration management systems should be able to support migrants through all stages of migration—from making the decision to migrate or not, preparing for departure, working abroad, and returning to STP—ensuring access to information, documentation, permits, rights, and recourse along the entire process. Strengthening the capabilities of migration and border services is essential for effective migration management. This involves improving the data monitoring capacity to record travelers and integrating information with other databases to provide a comprehensive view of migration patterns and trends. East and South Asian countries, such as Bangladesh, Nepal, Pakistan, the Philippines, and Sri Lanka, could provide valuable models of high institutional capacity in this area.<sup>78</sup> Other countries like Papua New Guinea could provide examples of the types of investments that could be supported under dedicated projects (Box 9). A stand-alone agency may not necessarily be possible considering the small size and limited budget of STP, but other forms of institutional strengthening and coordination (for example, though an inter-agency task force or committee) could be explored.

108. **In the meantime, there could be more concerted efforts to productively engage the diaspora to share its knowledge and experience and, when possible, some of its resources with fellow citizens.** Currently, the potential of the large Saotomean diaspora to contribute to the country's social and economic development remains largely underexploited. While this situation can partly be explained by the low wages and precarious status that typically characterize their job situation abroad, the lack of an effective migration management and engagement system also contributes to this situation. However, there may be opportunities to further incentivize diaspora contributions, which do not need to be only of a financial nature. Support provided by the Saotomean diaspora also includes information and administrative and logistical support, but this support is currently offered only informally within family circles, and thus does not reach many individuals. Communication platforms could be developed to facilitate flow of information and knowledge between migrants and the broader population. Returnees could also be engaged to share their knowledge with prospective migrants in STP, helping manage expectations and preparing them for integration into the global economy. Countries such as Guyana and Jamaica have developed relatively sophisticated diaspora engagement strategies and could serve as interesting models.<sup>79</sup> In many cases, governments can also engage their diaspora by supporting diaspora-led organizations in destination countries.<sup>80</sup>

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<sup>78</sup> World Bank 2024c.

<sup>79</sup> Lacarte et al. 2023.

<sup>80</sup> Newland 2022.



#### Box 9: Enhancing labor mobility systems in Papua New Guinea

The Enhancing Labor Mobility Project in Papua New Guinea seeks to strengthen government systems that support workers and their households to benefit from overseas employment opportunities, with a focus on women and disadvantaged groups. Activities focus on improving processes throughout the entire migration process, including through the following:

- **Before departure:** Selection, recruitment, and mobilization of prospective migrants; work readiness and financial literacy trainings; and technical assistance and financing to reduce pre-departure costs.
- **During migration:** Outreach and remote support for migrants.
- **After return:** Reintegration support services.

109. **Importantly, this agenda would require improving data collection efforts to better the understand the size of the diaspora in key destinations and the volumes of existing and potential remittances.** It would be useful to undertake a comprehensive mapping of Saotomean diasporas in key destination countries, starting with Portugal, to better understand the size of the migrant population and the potential scope of their contribution. Ideally, this effort should extend to quantifying the volume of informal remittances that currently pass through unregulated channels and are not being counted toward estimated aggregated volumes. More accurate estimates of diaspora finances that remain on bank balance sheets outside STP would be an important first step toward further mobilizing these funds for repatriation and could also possibly enable the country to reduce the cost of borrowing through an improved credit rating.

#### #4: Reduce obstacles to receiving remittances by encouraging the development of a conducive ecosystem for digital financial services that promotes financial inclusion

110. **There are currently few options to send remittances to STP and the cost is generally high.** Sending money to STP and ensuring that recipients can access the funds is not easy. There is no real alternative other than banks (with only one being relevant for remittances) and a few MTOs (Western Union and MoneyGram) to send money electronically. Financial inclusion is still rather limited in the country and many households, especially those living outside the capital, have limited access to cash-out points. In addition, transaction costs are higher than global and regional averages. In this context, many migrants resort to using informal channels. While informal channels have lower transaction costs, their impact on the broader economy is less pronounced due to a lack of transparency and regulatory oversight.

111. **On the supply side, boosting the offering of digital payment services would help improve the availability and affordability of remittance channels.** The government has an important role to play in this respect by facilitating the emergence of PSPs motivated to bring innovative financial services to the market, including for remittances. This would require passing specific regulations to help the market organize in a competitive and productive way. Examples include (a) streamlining the process for license approvals of MMOs; (b) developing transparent pricing and dispute resolution procedures for digital payments, to be communicated to consumers; (c) introducing a separate, lighter regulatory framework for low-value money transfers, to regulate the informal sector without punishing informal actors; and (d) facilitating the appointment of agents who can offer digital financial services across the entire country territory, mobilizing all relevant market actors (that is, not only banks but also MFIs), MTOs, and other relevant PSPs). All these recommendations must be considered under the higher-level objective of creating a digital payment ecosystem that promotes financial inclusion to remove obstacles to sending and receiving remittances.



112. **On the demand side, measures should be directed to incentivizing the adoption of digital financial services among all users, that is, not only consumers but also merchants.** This may require providing financial incentives or tax credits to merchants and/or consumers to adopt digital payment instruments. Another idea would be to promote electronic and/or mobile money payments for government-related transfers, such as government to person social transfers, civil servant salaries, or the payment of taxes and utility bills, to initiate a demonstration effect and foster the utilization of digital payments. These activities may need to be combined with financial and digital literacy programs by public or private actors, to help overcome the digital divide. The BCSTP is already active in this area, through social media postings and a toll-free call line, offering examples of initiatives that could be replicated and scaled. Annex 4 provides a more detailed roadmap of policy actions that Saotomean authorities and other key stakeholders could implement to improve the digital payment and remittance ecosystem, based on the 'General Principles' (Box 3). The roadmap provides a time horizon for the proposed actions, suggests priority levels, and estimates potential impact of each action.

### #5: Protect and support migrant family members remaining in the country to offset the social impacts of migration, with special attention to youth and children

113. **Emigration trends in STP lead to mixed social and financial experiences for family members left behind, including important changes in care practices and well-being for children.** When an adult migrates, especially a parent, the care of the children left behind in the household undergoes critical adjustments. In many cases, children are left under the supervision of grandparents or older siblings, which may lead to emotional challenges and a rearrangement of responsibilities and freedom. For younger children, this situation may have adverse effects on social and cognitive development. For older children, it may lead to school dropouts and negative views about the future. Children of migrants long for reunification with their parents, leading some to aspire to migrate themselves. Overall, there is a discrepancy between the expected benefits of migration and the actual benefits produced. Faced with bleak economic prospects at home, vulnerable families tend to view migration as an opportunity to improve their circumstances, but the experienced reality is more nuanced. Resources sent by migrant members are often small and irregular, which undermines the potentially transformative impacts of remittances for family members at home.

114. **Existing social protection programs could be leveraged to provide dedicated assistance to migrant families' children and other vulnerable household members who remain in the country.** Specifically, the government could use the CSU to identify, monitor, and provide dedicated support to families with migrants.<sup>81</sup> The PFV managed by the Ministry of Employment and Solidarity already provides cash transfer support to vulnerable families and could serve as a powerful platform to provide additional services. For instance, social technicians working on the PFV could pay particular attention to the well-being of children and adolescents when visiting migrant families. Training activities offered to the PFV beneficiaries under the PEP could also serve as a forum to help families better navigate the challenges of migration and plan caregiving arrangements more carefully.<sup>82</sup> PEP sessions could also be used to provide financial literacy education and domestic budget planning advice so that families can make the best use of their limited resources. For migrant families, this could include training on the use of safe and

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<sup>81</sup> The registry includes a module allowing to identify migrant families (see Annex 1).

<sup>82</sup> The PEP (Parental Education Program) is a set of accompanying activities offered to the PFV beneficiary households, centered around empowering and providing parents and caregivers with information on positive parenting practices.

regulated remittance channels or on financial planning tools to ensure that remittances can be used for human capital investments.

115. **Links could be built with the education system to more closely monitor school attendance among migrant households and support adolescents who have become de-facto caregivers.** Children from migrant households identified in the CSU could be referred to the Ministry of Education to ensure that appropriate measures are taken to monitor school attendance and overall well-being. Older siblings who have assumed caregiving responsibilities due to parental absence could be connected with childcare support services, provided with counseling and social support, offered after-school tutoring and homework assistance, or targeted for specific social activities to foster their overall well-being. Ultimately, a holistic approach combining social action with behavior change communication and legal protection may be necessary to ensure effective support to migrant family members who remain in the country (Box 10).

**Box 10: Complementary actions to support migrant family members who remain in STP**

- **Foster social networks and community support systems for migrant families.** Encourage and organize the formation of support groups, community organizations, and mentorship programs to provide assistance and guidance to family members left behind. Encourage volunteer programs where community members can offer assistance and support to migrant families.
- **Promote gender equality and share of caregiving responsibilities.** Challenge traditional gender roles and encourage the involvement of fathers in caregiving and household responsibilities to alleviate the burden on mothers and older siblings. Adopt communication strategies that empower women and reinforce their rights.
- **Raise public awareness and support for children of migrant families.** Develop media campaigns, community outreach, and educational initiatives to highlight the diverse challenges faced by children of migrant families. Messaging should focus on promoting regular parental communication during migration and ensuring supportive guardianship for children left behind. Communication should avoid focusing solely on negative impacts but recognize parental sacrifices and the resilience of children and communities in adapting to these circumstances.
- **Strengthen the legal framework related to the rights of children and of families affected by migration.** Policy makers should ensure that robust child protection laws are in place and enforced to safeguard the well-being of children whose parents have migrated. Clear regulations regarding guardianship arrangements for migrants' children should be implemented and enforced.

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## Annexes

### Annex 1: São Tomé and Príncipe's national social registry

STP's CSU was updated at the end of 2023 and early 2024 as part of ongoing efforts to more precisely identify the most vulnerable households in the country through targeted methods. The CSU gathers information from households in areas recognized for high poverty and vulnerability rates. The CSU questionnaire is based on the 2017 IOF, developed by INE. Unlike the random sampling design of the IOF, the CSU expands its scope by conducting a census-like survey, focusing specifically on the lowest-income households.

The CSU is composed of the following modules:

- Dwelling physical characteristics
- Connection to utilities (water, sewage, electricity, and so on)
- Source of fuel used for cooking
- Ownership of goods and equipment
- Individual characteristics:
  - Identification of main caregiver
  - Education level
  - Labor status
  - Income from all sources.
- Participation in other transfer programs
- Information of family or household members who have migrated.

As of July 2024, the CSU had collected information from 8,000 Saotomean households, representing over 39,000 individuals or 15 percent of the country's total population.

## Annex 2: Historical evolution of international remittances policy development

Following a request by the G-8 (Sea Island 2004) and the G-7 finance ministers (Boca Raton 2004) to develop international standards and guidelines for remittance services, the World Bank's Payment System Development Group (PSDG), together with the CPSS (now, CPMI) of the Bank for International Settlement, several central banks, as well as other stakeholders developed the General Principles for International Remittance Services ('General Principles').<sup>83</sup>

In January 2007, the World Bank and the CPSS<sup>84</sup> of the BIS issued the General Principles for International Remittance Services, hereinafter referred to as the 'General Principles'. The General Principles provide best practices and guidelines for efficient remittance markets and have been endorsed by various international organizations, including the Financial Stability Forum and the G-8 and G-20 group of countries.

At the Summit in Cannes in 2011, the G-20 adopted a quantified target to reduce the global average price of remittances (as measured by the World Bank's RPW Database) to 5 percent by 2014 and a list of measures that G-20 countries could implement to support progress toward this target (the Remittance Toolkit). The commitment was confirmed at the G-20 Brisbane Summit, in November 2014. Amongst other initiatives, the Remittances Toolkit recommends countries to assess whether their national remittance market complies with the recommendations of the General Principles. In 2015, the UN SDGs set an even more ambitious target, to reduce the average cost to 3 percent and have all remittance corridors below an average of 5 percent by 2030.

G-8 Heads of Government and States endorsed the objective of reducing the cost of remittance services by 5 percentage points in five years at the July 2009 summit in L'Aquila, Italy.

At the G-20 Seoul Summit in November 2010, the G-20 leaders reiterated the importance of facilitating international remittance flows. The G-20 Seoul Multi-Year Action Plan on Development of 2010<sup>85</sup> states: "We recognize the importance of facilitating international remittance flows and enhancing their efficiency to increase their contribution to growth with resilience and poverty reduction. We ask the World Bank, regional development banks (RDBs) and other relevant organizations, including the Global Remittances Working Group, to work with individual G-20 members and non-G-20 members in order to progress further the implementation of the General Principles for International Remittance Services and related international initiatives aimed at a quantified reduction of the global average cost of transferring remittances."

As already done by the G-8, the G-20 (Cannes 2011) also adopted a quantified target to reduce the global average price of remittances (as measured by the World Bank's RPW Database)<sup>86</sup> to 5 percent by 2014 and a list of measures that G-20 countries could implement to support progress toward this target (the Remittance Toolkit). Among other initiatives, the Remittances Toolkit recommends that countries assess whether their national remittance market follows the recommendations of the General Principles.

At the G-20 Brisbane Summit in November 2014, the G-20 recommitted to the 5 percent target "to maintain momentum and to translate G-20 ambition into practical development outcomes." The G-20

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<sup>83</sup> [http://siteresources.worldbank.org/INTPAYMENTREMITTANCE/Resources/New\\_Remittance\\_Report.pdf](http://siteresources.worldbank.org/INTPAYMENTREMITTANCE/Resources/New_Remittance_Report.pdf).

<sup>84</sup> The CPSS was renamed as Committee on Payments and Market Infrastructures (CPMI) in September 2014. Throughout this report, CPMI is used.

<sup>85</sup> <http://www.g20.utoronto.ca/2010/g20seoul-development.html>.

<sup>86</sup> <http://remittanceprices.worldbank.org>.

also recognized that: “(i) reducing the costs of remittances and increasing their development impact is a long-term goal; (ii) costs are influenced by market settings in both sending and receiving countries; and (iii) a global goal plays a useful role in encouraging action.”

The Remittances and Payments Program (RPP) aims to increase the efficiency of retail payments in selected countries, with a specific focus on international remittances.



### Annex 3: Detailed description of different types of remittances services<sup>87</sup>

Broadly speaking, remittances services take place under four types of networks. In the unilateral service model, an MTO offers its service without involving any other actor as capturing or disbursing agents. This is only possible when the MTO is physically present at both jurisdictions (as access points) or when the network is virtual (computers and mobile phones are the service channel). One example of the former is global banks, who have a physical presence in many countries. Even so, this model constrains their ability to deliver remittances services in many locations, for example, those in which, for any reason, it is not economically viable for them to be physically present. However, many of those locations are precisely where migrants come from. Two examples of such a model are the ICICI Bank branch in the United Kingdom sending remittances to India and Standard Chartered Bank in the United Kingdom sending remittances from London to its branch in Zambia.

In the franchised service model, the MTO enters a legal contract (be it a franchise agreement or not) with the so-called agents who are interested in offering remittances services on the MTO's behalf. The MTO provides all the necessary back-end infrastructure (for example messaging, settlement, and so on) and front-end-related needs (for example marketing). For the MTO, the advantage of this model is that it can vastly expand its network of physical access points and its global geographical reach. Gas stations, liquor stores, supermarkets, post offices, and foreign exchange bureaus are some of the typical MTO agents. This is the main model followed by the traditional MTO (for example Western Union, MoneyGram, Ria, and UAE Exchange) and provides them great capillarity.

In the negotiated service model, the MTO engages with selected institutions in other jurisdictions to create a mutually beneficial network of physical access points. In this case, the MTO are likely not competitors and share some type of comparative advantage at each access point. This model is more commonly used by those MTOs focused on specific corridors. Some examples are bilateral arrangements between banks (one in the sending country and one in the receiving country), credit union schemes, and various transfer services or schemes established by postal organizations (CPSS and World Bank 2007). Two practical examples are the agreements between La Poste (France's national post) and Algerie Poste and between the DBS (Singapore) and DBO (Philippines) banks.

In an open service model, the capturing MTO uses an open network—which any MTO can gain access to it, either directly or indirectly—to send funds to the disbursing MTO. A key feature of an open service is that the capturing MTO (and its agent) has no direct relationship with the disbursing MTO (and its agent). As a result, the flows with the transaction information and funds need to travel together so that all required settlements can take place. This is the type of service typically provided by banks as they can access a foreign country's national payment system through correspondent bank relationships (or through interlinked national payment systems). Non-bank MTOs can also access the network as customers of banks. While this model provides a valuable service, as it allows banks to send funds to virtually any other bank in the world, being able to reach even the smallest corridors, it has non-negligible shortcomings. For example, given the absence of a direct link between the capturing and disbursing MTOs, the former does not know in advance the fee charged by the latter. Thus, the final remittance cost may not be known until the payment is completed. This contrasts with other service models, where the fee is known beforehand. In addition, in this case, not only is the payment settlement slower, but its timing is also difficult to predict.

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<sup>87</sup> IMF Working Papers 2021; WP/21/199.

## Annex 4: Action plan to stimulate the remittance ecosystem in STP

	Term	Priority	Proposed Action	Expected Outcome	Responsible Entity
<i>GP 1: Transparency and Consumer Protection</i>					
1	Medium	Medium	Develop dispute resolution mechanisms and communicate them to consumers.	Ensure receivers of remittances have effective and economic means to resolve complaints.	BCSTP
2	Medium	High	Ensure that financial education and awareness campaigns focus on remittances.	Enable consumers to make appropriate choices at lower cost.	BCSTP
3	Medium	Medium	Pass legislation or issue decrees providing greater protection and transparency for consumers.	Consumers, including remittance customers, will be protected from unfair practices.	BCSTP, Ministry of Consumer Affairs or Justice
<i>GP 2: Payment Systems Infrastructure</i>					
4	Medium	Medium	Enhance remittance inflow reporting requirements for banks.	Improve insights into dynamics and trends of remittance activity	BCSTP, INE
5	Short	High	Encourage (re)submission of PSP license request by Unitel and CST	Facilitate move from cash to electronic payments.	BCSTP, CST, Unitel
6	Short	High	Proactively facilitate participation in SPAUT by PSPs.	Reduce costs of clearing and interchange, making electronic payments more attractive.	SPAUT
8	Medium	Medium	Consider alternatives to ATM business model to drive expansion of ATMs to non-bank locations.	Wider presence of ATMs beyond bank branches	BCSTP, banks
<i>GP 3: Legal and regulatory environment</i>					
9	Medium	Medium	Allow PSOs/PSPs to operate ATMs.	Ensure safety and development of MFI sector, offering benefits to consumers, including remittance recipients.	BCSTP
10	Long	Low	Ensure that there are no exclusivity clauses in contracts relating to remittances.	Enhance competition, offering more choice and lower costs to consumers.	BCSTP, Ministry of Justice?
11	Medium	Medium	Review legislation for 'Casas de Cambio'.	Ability to enter into agency agreements with MTOs, PSPs, and fintechs	BCSTP, Ministry of Justice?
<i>GP 4: Market structure and competition</i>					
14	Medium	Medium	Encourage non-cash receipt of remittances.	Promote the transition from cash to electronic channels.	BCSTP

	<b>Term</b>	<b>Priority</b>	<b>Proposed Action</b>	<b>Expected Outcome</b>	<b>Responsible Entity</b>
15	Medium	Medium	Further study of informal cash channels used for remittances	Improved macroeconomic insights and identify targets for DFS awareness campaigns	BCSTP
<i>GP 5: Governance and risk management</i>					
16	High	Short	Create a dedicated workstream or task force within the NPC to address relevant remittance issues (business growth, operational, legal, and risk).	Optimal market development and maximize remittance inflows	BCSTP, NPC participants
17	Medium	Medium	Ensure continued cooperation between BCSTP departments (supervision, oversight, and studies) and INE.	Improved insights into relative importance of remittances to the STP economy	BCSTP, INE
18	Long	Low	Ensure high standards of AML/CFT compliance are maintained.	Reduce risks of money laundering and terrorist financing.	BCSTP
<i>The Role of Remittance Service Providers (MTOs)</i>					
20	Medium	Medium	Encourage transfer of remittances directly into transaction accounts.	Promote move from cash into electronic channels.	Banks.
21	Medium	Medium	Play a part in educating customers in financial issues and increasing financial inclusion.	Encourage Saotomeans to benefit from access to financial services.	Banks and other PSPs with MTO agency agreements.
<i>The role of public authorities</i>					
22	High	High	As mentioned under GP 3, various legal changes are required, plus regulation of MFIs, promotion of DFS, and rollout of financial literacy programs.	Creation of a safe, predictable, and developing market for remittances to the benefit of the STP economy and consumers	BCSTP, relevant ministries

## Annex 5: Focus groups script for vulnerable families

Hello everyone! Thank you very much for being here today. My name is \_\_\_\_\_ and I am a consultant for the World Bank. I am here to learn more about each of you and your stories. I want to make it clear that our conversation will be confidential and that I am here to listen to and understand your experiences.

During our conversation, I will ask some personal questions to get to know you and your routines a little better. However, I want to emphasize that if at any point you do not feel comfortable answering, please feel free not to do so. The most important thing is that you feel comfortable and safe throughout the process.

I am here together with \_\_\_\_\_ to learn more about your lives and routines, to understand your current needs, and to think about different forms of support that might help you. We really want to understand your realities and find ways to improve and support you in the best possible way.

1. Why did a member of your household decide to move to another country? Was the migration process easy?
2. How has the migration of this family member affected daily life and relationships within the home? Are there any specific positive aspects or challenges that have emerged from this change?
3. How do you maintain communication with the family member who migrated? What tools or methods have proven most effective in keeping family ties strong across the distance?
4. In what ways has the absence of this member impacted your own well-being and daily responsibilities within the family?
5. Have you noticed any changes in the care, support, and emotional well-being of the children and young people at home since the migration? How have you been dealing with these changes?
6. Does your family receive remittances from the migrated member? How are these resources used, and what impact do they have on your family budget and quality of life?
7. For those who receive remittances, how does it work? How do they arrive? Through Western Union, other types of bank transfers, or through other people?
8. Is the way you receive remittances satisfactory? Is it a secure way to receive the money? Are you satisfied with the time it takes for the money to arrive?
9. Do you pay any fees or commissions? How does that work?
10. Would you like the possibility of receiving remittances in a different way?
11. When you receive the remittance, do you withdraw it all from the bank or leave it in the bank and withdraw it gradually?
12. How has migration influenced your family's financial planning and long-term goals? Is there a greater sense of financial security, or have new concerns arisen?
13. How has migration influenced the decision-making process within the family? What were the biggest adaptations your family had to make in response to the absence of the migrant member?

14. How do children and teenagers view the migration of the family member? Has it affected their future aspirations or the way they value education and job opportunities?
15. Can you share how relationships between family members and the overall quality of life have been affected by migration? Have you noticed improvements or difficulties in aspects such as education and health?
16. How do you see the future of your family considering the migration of one of its members? Are there plans for reunification or other planned migrations?
17. How important are job opportunities and working conditions in the decision-making process for a family member to migrate? Do you know of cases where migration resulted in significant improvements in these areas?
18. In your opinion, does the migration of community members affect the local job market? Does it create new job opportunities for those who remain?
19. Based on your family's experience, would you encourage other members to migrate? What advice or considerations would you share with a family thinking about migration?

## Annex 6: Focus groups script for youth

### Roteiro Grupo Focal - Jovens (> 15 e <20) Migrante

Hello everyone! Thank you so much for being here today. My name is \_\_\_\_\_ and I am a consultant for the World Bank. I would like to start by saying that I am here to learn more about each of you and your stories. I want to make it clear that our conversation will be confidential and that I am here to listen to and understand your experiences.

During our conversation, I will ask some personal questions to get to know you and your routines a little better. However, I want to emphasize that if at any point you do not feel comfortable answering, please feel free not to do so. The most important thing is that you feel comfortable and safe throughout the process.

I am here together with \_\_\_\_\_ to learn more about your lives and routines, to understand your current needs, and to think about different forms of support that might help you. We really want to understand your realities and find ways to improve and support you in the best possible way.

1. Let's start by sharing migration stories within our families. Why did a family member decide to migrate, and how do you feel about that decision?
2. How is the communication with the family member who migrated? Do they participate in any way in the care and family responsibilities from a distance?
3. How did the departure of a family member affect the daily routine and responsibilities in your home? I would like to hear about the positive aspects and the challenges that arose from this change.
4. Does your family receive remittances from the migrated member? How are these resources used, and what impact do they have on your family budget and quality of life?
5. Considering the care of siblings or younger members at home, what changes have you noticed? Who has taken on new responsibilities, and how has this affected your daily life, including school and free time?
6. How do you balance your school or work responsibilities with the caregiving duties and other household tasks? Can you share specific strategies or difficulties?
7. In light of the challenges brought by the absence of a family member, are there personal experiences you would like to share about dealing with these situations? Have you ever felt supported by any initiatives?
8. How do you evaluate the opportunities available in your country compared to what you expect to find abroad? To what extent do you feel prepared to face the current job market?
9. Has the experience of having a migrant family member influenced your educational or professional choices in any way? Has it changed your interests or the field of study/work you wish to pursue?
10. Has the migration of a family member influenced your own dreams and goals? Do you see yourself following a similar migration path to achieve your professional aspirations?

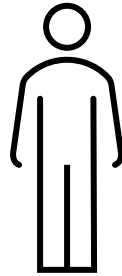
11. If you were to consider migrating, to which countries or regions would you like to go, and why? What specific challenges and concerns do you anticipate facing in this process?
12. What type of training or social support do you think could be provided by the government or community to support young people in situations similar to yours?
13. Finally, I would like to open the floor for you to share any other experiences, thoughts, or feelings about being a young person with family responsibilities due to a family member's migration. Is there anything specific that we haven't covered and that you think is important to discuss?

## Annex 7: Dream map exercise

What are your dreams and hopes for your future?

What are your dreams and hopes for your family members for the future?

You



What do you do today thinking about your future?

What worries you when you think about your future and your family future?



## Social Protection & Jobs Discussion Paper Series Titles 2025

<u>No.</u>	<u>Title</u>
2501	São Tomé and Príncipe: Unpacking Migration Dynamics: Critical Issues and Policy recommendations

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## ABSTRACT

São Tomé and Príncipe (STP), a lower-middle-income small island nation, is undergoing a significant wave of emigration, driven largely by limited job opportunities and economic prospects, particularly among younger generations. This paper explores the drivers, dynamics, and impacts of migration on the country's economy and social fabric, drawing on a combination of primary and secondary data sources. These include local emigration records, the national social registry, the latest household budget survey, global estimates of migrant stocks and remittance flows, and focus group discussions with migrant families. The findings reveal that at least 18 percent of STP's population now resides abroad, with numbers growing rapidly. Migration is increasingly dominated by young individuals moving to Portugal, attracted by shared linguistic and cultural ties and facilitated by a recent Community of Portuguese Language Countries mobility agreement. However, migration currently delivers limited economic benefits to STP, as remittances are low, irregular, and constrained by high transfer costs, inadequate financial infrastructure, and migrants' precarious employment abroad. Socially, migration may also disrupt family structures, particularly affecting children, who face challenges in care and emotional well-being. Policy recommendations include enhancing migrants' employability, exploring bilateral migration partnerships, strengthening migration management systems, improving remittance services, and supporting families who remain in the country through social assistance.

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