Board Meeting of Thursday, December 11, 1997
Statement by Joaquim Carvalho

**Togo: Country Assistance Strategy - Progress Report**

We welcome this progress report on the Bank’s country assistance strategy for Togo. We are pleased with the progress made by the country in the implementation of its reform measures. The government has restored macro-economic stability, with inflation now in single digits, government revenue on the increase, deficit spending on the decline and GDP growing appreciably. However, significant economic and social challenges remain.

We also observe that there has been considerable improvement in portfolio management, particularly with respect to those projects where adequate consultations have taken place with stakeholders. We, therefore, wish to encourage staff to build on the success achieved in this regard when designing and implementing projects. Strengthening the Resident Mission in Togo and delegating of more authority to it will, no doubt, improve portfolio management.

On the steps being taken to address poverty in Togo, we are pleased to note the increase in allocations for the health and education sectors, as well as the rehabilitation of the transport and energy sectors. In view of the fact that more than 75 percent of the population is engaged in agriculture, we find the attention being given to the agricultural sector to be quite appropriate. Both the Agricultural Service Sector Project and Transport Sector Project, approved by the Board recently fit well into the strategy of helping the rural poor, as they will increase the access of the small producer to agricultural credit and broader markets at affordable cost.

With respect to private sector development, noticeable progress has been made with privatization, with many state-owned enterprises having been privatized or liquidated. In this connection, we note with satisfaction the progress made thus far in the privatization of the phosphates company (OTP), a major source of government finance. IFC’s role in helping the country to provide an enabling environment for private sector activity is quite important. Both IFC and MIGA need to be more proactive in helping to mobilize investors, both domestic and foreign, to invest in Togo.

On the external front, we are pleased to note that the government has resolved the problem of its external payment arrears with official
creditors and is currently engaged with the Bank in a program to reduce its commercial debt through the IDA-only Debt Reduction Facility. It is our view that Togo’s external debt is still not sustainable and should therefore receive more debt relief and concessional resources. In this connection, we would appreciate staff’s elaboration on the role the other donors are playing, and on the role of the Bank in coordinating their efforts.

We note that the country’s economic performance has exceeded most of the economic indicators projected during the CAS discussion in June 1995. We, therefore, wonder why the next CAS for Togo is scheduled to be discussed in 1999 and not next year.

Institutional capacity building needs special attention in order to strengthen the government’s capacity to manage and implement reform programs. In particular, public expenditure management, civil administration, and the judiciary are areas where capacity building needs are more pronounced.

Finally, we commend staff for their support of the government’s development efforts, and for their close collaboration with the stakeholders in the implementation of the country’s reforms. We wish the Government of Togo success in its efforts to sustain the reform program.