Board Meeting of December 11, 1997  
Statement by Juanita D. Amatong

TOGO Country Assistance Strategy - Progress Report

1. We thank Management and staff for this concise update on the implementation progress of the Bank’s assistance strategy in Togo. On the whole, we are pleased to see positive developments in Togo after some years of political and social turmoil.

2. Macroeconomic performance has been satisfactory, with annual growth rates exceeding 6 percent in 1995-96, inflation rates have been brought under control at single-digit pre-devaluation level, and fiscal deficit reduced from 8 percent in 1995 to 6.5 percent in 1996. Despite these developments, however, the uneven performance in 1996 as noted in page 2 para 3 of the report and the upcoming presidential and legislative elections underscore the need for effectively monitoring and managing any risks arising from political instability and weak Government commitment to continuing economic reform and social progress.

3. On the implementation of the CAS objectives, we are happy to see that satisfactory progress has been achieved in adopting measures aimed at restoring macroeconomic stability as described in para 5. Similarly, we welcome the progress made under the Economic Recovery and Adjustment Credit and the substantial increase in expenditure allocations to key social sectors. This is a necessary and critical step towards developing the human resource base to underpin long-term and sustained economic activity in Togo, which in the past was considered as one of the best economic performers in Western Africa.

4. We appreciate the focus and importance attached in the implementation of the CAS to: (i) strong economic and sector work to underpin the design of new operations, enhance donor coordination and facilitate policy dialogue; (ii) participation of key constituencies in the design and implementation of policy reforms; and (iii) client orientation and listening to their concerns and fine tuning implementation details accordingly. While considerable improvements may be noted in project implementation (para 19) and portfolio management and performance issues have been carefully dealt with (para 20), providing such a focus systematically integrates important lessons learned to ensure a more effective CAS implementation process.
5. Finally, we would like staff to further elaborate on three specific areas of concern:

**first**, is on the IDA-financed Grassroots Development Initiative which provides grants to poor communities through local NGOs. What has been the role of government in this collaboration with NGOs? Who set the eligibility and selection criteria of NGOs? Who identified the beneficiary communities and types of projects to be implemented? What lessons can be learned from this experience?

**second**, is the unsatisfactory implementation progress in two education projects, notwithstanding increased government-financed expenditures on education. Another Bank operation in education and training is planned for FY 2000 and is rated as high implementation risk (Annex B3). What measures are envisioned to mitigate such risks in a sector which has a poor track record in implementation?

**third**, is the proposed Social Sector Strategy identified in the 1995 CAS to be undertaken in FY 1996. This ESW is an important analytical input to the three proposed lending instruments outlined in Annex B3 (i.e. Social Fund, Health Sector Restructuring Program and Education and Training), all of which are considered to be high implementation risks. However, we miss any reference to this in the Progress Report. What is the status of this?