

Togo: Interim Poverty Reduction Strategy Paper

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TOGOLESE REPUBLIC



INTERIM POVERTY REDUCTION STRATEGY

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ACRONYMS AND ABBREVIATIONS

ABRP	Appui Budgétaire pour la Réduction de la Pauvreté [Fiscal Support for Poverty Reduction]
ACP	Africa, Caribbean, and the Pacific
AfDB	African Development Bank
AGR	Activité Génératrice de Revenu [Income Generating Activity]
AIDS/HIV	Acquired Immune Deficiency Syndrome/Human Immunodeficiency Virus
ALC	Aide extérieure Liée au Commerce [Trade-Related Foreign Aid]
APE	Economic Partnership Agreement
BCEAO	Central Bank of West African States
BTCI	Banque Togolaise pour le Commerce et l'Industrie
BWI	Bretton Woods Initiative
CFAF	CFA Franc
COGES	Management Committee
CPAR	Country Procurement Assessment Report
CPI	Consumer Price Index
CSO	Civil society organization
CU	Customs Union
DAC-OECD	OECD Development Assistance Committee
DC	Developing countries
DEC	Delegation of the European Commission
DGSCN	Directorate General of Statistics and National Accounts
DSA	Debt Sustainability Analysis
EBC	Enquête Budget Consommation [Consumption Budget Survey]
EBID	ECOWAS Bank for Investment and Development
EC	European Commission
ECA	Economic Commission for Africa
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EIB	European Investment Bank
EU	European Union
FAO	UN Food and Agriculture Organization
FDI	Foreign Direct Investment
F-PRSP	Full Poverty Reduction Strategy Paper
FSSA	Financial System Stability Assessment
FTA	Free Trade Agreement
FTZ	Free Trade Zone
GDP	Gross Domestic Product
GNI	Gross National Income
HDI	Human Development Indicator
HIPC Initiative	Heavily Indebted Poor Countries Initiative
HPI	Human Poverty Indicator
ICT	Information and Communications Technologies
IDA	International Development Association
IDB	Islamic Development Bank

IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
LDC	Less Developed Countries
MAEP	Ministry of Agriculture, Livestock, and Fisheries
MDAT	Ministry of Development and Regional Planning
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MEF	Ministry of Economy and Finance
MEPS	Ministry of Primary and Secondary Education
MERF	Ministry of Environment and Forest Resources
MFI	Microfinance Institution
MTEF	Medium-Term Expenditure Framework
MTFF	Medium-Term Fiscal Framework
NEER	Nominal Effective Exchange Rate
NEPAD	New Partnership for Africa's Development
NGO	Nongovernmental organization
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OHADA	Organization for the Harmonization of Business Law in Africa
OTP/IFG	Office Togolais des Phosphates/International Fertilizer Group
PARIS 21	Partnership in Statistics for Development in the 21st Century
PARMEC	Projet d'Appui à la Réglementation des Mutuelles d'Epargne et de Crédit [Support Project for the Regulation of Credit Unions]
PEFA	Public Expenditure and Financial Accountability
PER	Public Expenditures Review
PFM	Public Financial Management
PIP	Public Investment Program
PNMJ	Programme National de Modernisation de la Justice [National Program for the Modernization of Justice]
PPBS (IP)	Planification, Programmation, Budgétisation et Suivi (des Investissements Publics) [Planning, Programming, Budgeting and Monitoring (of Public Investment)]
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategy
PSA	Partenariat Stratégique avec l'Afrique [Strategic Partnership with Africa]
QUIBB	Questionnaire Unifié des Indicateurs de Base du Bien-être [Standardized Questionnaire on the Basic Indicators of Wellbeing]
REER	Real Effective Exchange Rate
SMP	Staff-Monitored Program (IMF)
SNA	System of National Accounts
SNPT	Société Nouvelle des Phosphates du Togo
SOTOCO	Société Togolaise de Coton
SSA	Sub-Saharan Africa
SWAP	Sector-Wide Approach
TA	Technical Assistant/Assistance
TEC	Common External Tariff
TOFE	Tableau des Opérations Financières de l'Etat [Fiscal Reporting Table]
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund

USP	Unité de Santé Primaire [Primary Health Care Unit]
WAEMU	West African Economic and Monetary Union
WB	World Bank
WFP	World Food Program
WTO	World Trade Organization

EXECUTIVE SUMMARY

Togo has been engaged in the process of preparing its PRSP since February 2001. In spite of the adoption of the Interim PRSP by the government in November 2004, the measures envisaged for this purpose have been implemented only to a very limited extent, largely as a result of the social and political crisis that has affected Togo in recent years, resulting in a slowdown in economic activity and the absence of major progress in social indicators. To overcome this crisis, the government since 2005 has been engaged in key reforms intended to restore harmony to the political climate. Thanks to the Comprehensive Political Agreement [Accord Politique Global (APG)], reached by the political community, the government has been focused on restoring financial aid. Against this backdrop, a staff-monitored program covering the period October 2006-June 2007 was entered into with the IMF, thereby leading the way to negotiations regarding a Poverty and Growth Reduction Facility (PRGF). Since then, the government has been actively committed to updating the I-PRSP with the aim of offering a platform of key agenda items for dialogue with the Bretton Woods Institutions and the full range of technical and financial partners.

The measures contained in this interim strategy—which will be consolidated in the context of the comprehensive strategy—lay the groundwork for improving the public policies/programs required to make progress toward achieving the Millennium Development Goals (MDGs). The requisite policymaking efforts and the performance of the underlying diagnostic assessment were the end-product of a broadly participatory exercise bringing together representatives of all segments of the economic and social life of the country.

Participatory process

The principle of dialogue that has guided the process thus far, has remained unchanged in spite of the interruption following the adoption in 2004 of the initial version of the I-PRSP. The initial phase, carried out between February 2001 and November 2004, was predicated upon a consultative exercise involving the civil service, civil society, and other groups, to wit: NGOs, trade unions, religious denominations, the private sector, etc. This initial phase began with a methodological seminar intended to define the conduct of the process for the I-PRSP. Over 70 percent of the participants at the seminar were not from the civil service. Following the seminar, seven (7) thematic groups were established. Each group numbered around 20 participants, including 5 or 6 representatives from civil society. The efforts of the thematic groups made it possible to prepare a draft interim paper which was validated during a workshop at which civil society was heavily represented (accounting for over half of the participants).

Furthermore, the phase devoted to updating the I-PRSP was characterized by the qualitative survey on poverty assisted by the World Bank. This survey strengthened the participatory dimension of the process, insofar as it made it possible to engage in discussions with the communities regarding their perceptions of poverty, and on that basis, to develop a clearer idea of their concerns on the subject.

Diagnostic assessment of poverty

According to the various surveys, over 60 percent of the Togolese population lives below the poverty line. The incidence of poverty is very high in rural areas where three households out of four are poor, as opposed to two out of five in urban areas. The regions hardest hit by poverty are the Région des Savanes (90.5 percent), the Région Centrale (77.7 percent) and the Région de Kara (75 percent) with a

strong prevalence in rural areas. Furthermore, poverty is strongly correlated with undernutrition to the extent that 64.2 percent of the poor community is undernourished.

Monetary inequalities are relatively low in all regions of Togo. Conversely, monetary inequalities are pronounced between rural areas and urban settings. Poor people are clearly disadvantaged in terms of their access to education, health, electricity, and safe water. If we take into account the vulnerability factor, some years from now, if now action is taken to improve the living conditions of the general public, 4 Togolese out of 5 will be poor.

The qualitative survey on poverty conducted in 2006 indicates that at the national level, 3 Togolese out of 4 may be regarded as poor. According to the communities questioned in the survey, the low income levels of farmers, the relatively poor levels of financing for education and health, social and political unrest, and constraints in access to water are the major causes of poverty in Togo. Households having a large number of children or elderly members have a higher likelihood of being in poverty. The same is true of those households where the heads of household have less education.

The MDG situation is fairly critical in Togo. Thanks to the efforts that have been made, the following three goals may be achievable, namely, ensuring universal primary education, improving maternal health, and combating HIV/AIDS. Conversely, it is unlikely that the following four goals will be achieved by 2015: eliminating extreme poverty, promoting gender equity, reducing infant mortality, and ensuring a sustainable environment.

Themes of the Interim Poverty Reduction Strategy

The preparation of the interim strategy reflects the determination of the senior authorities and people of Togo to overcome the social and economic instability that has repeatedly undermined the foundations needed to ensure the orderly, balanced, and sustainable development of the country. In this respect, the present strategy relies on the long-term national development strategy as well as on any existing relevant policy documents available to Togo with a view to achieving significant progress in the quest to achieve the MDGs.

Through this interim strategy, the Togolese authorities intend to achieve sustainable and meaningful improvements in the living conditions of the general public by focusing on the causes of poverty. This accounts for the authorities' decision to build the interim strategy on three main areas, namely: (i) achieving improvements in political and economic governance; (ii) strengthening the process of achieving economic recovery and promoting sustainable development; and (iii) developing the social sectors, human resources, and employment.

Area 1: Achieving improvements in political and economic governance

In the context of efforts to be made in this area, the government intends to take further steps to promote good political and economic governance, building upon the actions that have been taken since 2005. The government intends to achieve this result through four specific programs: (1) achieving improvements in political governance; (2) implementing institutional reforms; (3) achieving fiscal consolidation and combating corruption; and (4) ensuring the sound and efficient management of aid flows.

Area 2: Strengthening the process of achieving economic recovery and promoting sustainable development

In this Strategic objective, the government proposes to pursue structural reforms in order to revitalize the economy through stronger liberalization focused on regional integration and WTO multilateralist policies. This theme is also intended to ensure that domestic economic development is closely linked to equity and to promote pro-poor growth that reduces inequalities and yields sustainable development. For this purpose, this theme encompasses six specific programs: (1) strengthening the structural reforms; (2) strengthening regional integration and promoting trade; (3) revitalizing the agricultural and rural economy; (4) developing infrastructures to support economic growth; and (6) ensuring the effective management of natural resources and the environment.

Area 3: Developing the social sectors, human resources and employment

In this area, the government intends to promote harmonious and rapid development of human capital, a prerequisite for ensuring the emergence of sustainable economic growth, that achieves substantial reductions in poverty and in human and social vulnerability. For this purpose, this Strategic objective encompasses five specific programs: (1) promoting the education and training system; (2) developing the health system and health services; (3) improving the nutritional level of the general public; (4) improving access to safe water and to sanitation infrastructure facilities; and (5) promoting gender equity, employment, social protection, and grass-roots community development.

Macroeconomic Framework for the Interim Poverty Reduction Strategy

The macroeconomic framework for the interim strategy is predicated upon the basic framework adopted with Fund staff. This framework envisages a medium-term reform strategy for gradually increasing the rate of economic growth and laying the groundwork for fiscal viability and a favorable external reserves position. Thus, the baseline scenario for the I-PRSP focuses on achieving fiscal consolidation and implementing the structural reforms required to reinvigorate economic growth and enhance external competitiveness in the context of the WAEMU's fixed exchange rate regime.

The effective implementation of the strategy points to a growth rate of 3.0 percent in 2008 as opposed to the figure of 2.1 percent estimated for end-2007. In order of contributions, this growth is predicated on the tertiary sector (1.5 percent) and the primary sector (1.3 percent). However, in order for this to occur, it will be necessary for the government to bring about an increase within the economy of approximately two points in the total investment rate as a percentage of GDP over the course of 2008. In order to achieve further increases in capital expenditures and raise their returns on growth, an alternative scenario has been envisaged that takes account of the estimated costs of the MDGs. Incorporating a reasonable proportion of these estimated costs leads to a deficit of 9 percent, i.e., a bit more than 3 points above the deficit indicated in the baseline scenario. This will intensive negotiations with the donor community to secure the mobilization of the resources required to meet the additional financing needs. To take account of the risks associated with the efficient implementation of the envisaged reforms, provision has been made for a third low scenario, which leads to a rate of growth of 1.7 percent through 2010 as opposed to a little over 4 percent under the baseline scenario.

Cost and financing of the interim strategy

The total cost of the strategy is evaluated on the basis of the components of the macroeconomic framework and the costs of the MDGs estimated for the period 2008-2010. This cost represents the full set of priority expenditures which the government is undertaking to implement over the next three years in order to promote economic growth and reduce poverty. The implementation of the interim strategy costs a little more than 514 billion, i.e., approximately 47 percent of the overall budget envelope for the macroeconomic framework. 53 percent of this cost will be domestically financed,

35 percent will be externally financed, and the remaining resources have yet to be identified. By 2008, 27 percent of the total cost—i.e., about 140 billion—will be required in order to finance the measures envisaged for that particular year.

Over the period 2008-2010, the theme pertaining to “Developing the social sectors, human resources, and employment” amounts to 55 percent of the total cost and the themes pertaining to “Strengthening the process of economic recovery and promoting sustainable development” and “Achieving improvements in political and economic governance” respectively account for 31 percent and 11 percent of the total cost. The remainder of the total cost—i.e., 3 percent—is earmarked for monitoring and evaluating the strategy.

Of the 14 specific programs envisaged for implementing the strategy, the programs that cost the most over the period in question are three in number, namely: “Promoting the education and training system” (24 percent); “Developing the health system and health services” (21 percent), and “Developing infrastructures to support economic growth” (19 percent). This fully reflects the government’s determination to make major strides toward achieving the MDGs.

Monitoring and evaluating the strategy

The efficient implementation of the interim strategy calls for the timely establishment of a new institutional framework, but also makes it necessary to perform capacity-building at the main agencies.

The new institutional framework will be comprised of seven (07) entities organized to perform WAEMU monitoring through to centralized supervision. These entities are as follows: (i) the local participatory monitoring committees chaired by the future Mayors; (ii) the Regional Monitoring Committees chaired by the Regional Governors; (iii) the Sectoral PRSP Committees established within each line ministry and chaired by the chiefs of staff or general secretaries; (iv) the Permanent Technical Secretariat for the PRSP/MDGs which will represent the merger of the PRSP Coordination Unit and the MDG Monitoring Unit; (v) the Technical PRSP/MDG Steering Committee chaired by the Secretary General of the Ministry responsible for Finance; (vi) the Government-Donor Committee co-chaired by the Minister Responsible for Finance and the Coordinator of the Technical and Financial Partners; and (vii) the Interministerial Committee Responsible for Poverty Reduction Strategies (CILSP), chaired by the Minister in Charge of Finance and Economy, and the National Council of Development and Poverty Reduction Policies (CNPDLP), chaired by the Prime Minister. In order to ensure that the Poverty Reduction Strategy is monitored in a consistent fashion, five roles have been delegated to these various committees and their members, namely: (i) production of data and information; (ii) analysis of the results generated by these data and information; (iii) preparation and maintenance of registries and survey databases; (iv) dissemination of analyses in the form of reports; and (v) coordination of the entire system. The objectives of this system are as follows: (1) Systemic production of indicators and/or basic information required for each of the priority sectors identified in the PRSP or needed to attain the MDGs; (2) production of the information required to monitor poverty reduction projects and programs; and (3) production of the information required to assess the impacts of policies, programs, and projects.

In the context of efforts to monitor and assess the interim strategy, it is essential to ensure the rebuilding of a modern and effective civil service. Until such time as this reform strategy fully materializes and delivers the expected results, the government will focus on revitalizing certain key government functions with the aim of overseeing the implementation of the reforms and development programs. The goal is to establish—if not to restore—institutional and human capacities in areas where their absence or deficiencies are liable to do irreparable harm to the implementation of the

macroeconomic stabilization programs as well as the efforts to reconstruct various vital sectors such as infrastructure, health, education, and agriculture.

INTRODUCTION

Since the early 1990s, Togo has been experiencing a political crisis which has severely hampered its efforts to achieve development, and which has brought about a massive reduction in foreign aid. The Human Development Indicator fell from 0.510 in 1995 to 0.495 in 2004, in a departure from the rising trend observed in the preceding decade. Overall, the political crisis has had an adverse impact on the economic situation, and economic growth has been well below the natural increase in the population. This has also had repercussions on social conditions and has worsened poverty. In fact, according to the QUIBB survey conducted in 2006, 61.7 percent of Togolese are currently living below the poverty line. The situation is even more difficult in rural areas where the incidence of poverty is 74.3 percent. The political and economic instability has had an unfavorable impact on socially-oriented public expenditure, leading to insufficient progress in social indicators, particularly those related to education, health, and safe water, etc. This situation, unless rapidly brought under control, is liable to handicap efforts to attain the Millennium Development Goals (MDGs) in the sectors concerned.

Since the turn of the century, Togo has embraced international efforts to make poverty the key focus of economic and social policy. The government inter alia subscribes to the conclusions of the Libreville Summit of African heads of state and government in January 2000 on the topic of “Growth and Poverty Reduction, Agenda for Africa at the Threshold of the 3rd Millennium,” and endorses the findings of the Millennium Summit (New York, September 2000) which resulted in the MDGs. Against this backdrop, since February 2001 the government has been engaged in efforts to prepare its Poverty Reduction Strategy Paper, not only in order to meet the requirements for gaining access to the Heavily Indebted Poor Countries Initiative (HIPC), but also in order to turn the PRSP into the benchmark document serving as a touchstone for all actions implemented by the government authorities and all other development stakeholders such as foreign technical and financial partners, NGOs, and the national private sector. This process led to the government’s adoption in November 2004 of the Interim PRSP which—in light of the social, political, and economic conditions which Togo has faced—could not be implemented. Furthermore, the paper contained shortcomings, chief among which:

- The data that had been used to prepare the poverty profile were superseded as they had been taken from a consumption budget survey dating from the years 1987-1989;
- The medium-term outlook was unilluminating in view of the suspension of cooperation with the main foreign partners, which resulted in constraints in the macroeconomic framework characterized by poor transparency with respect to external financing arrangements.

To overcome the political, economic, and social crisis, the government since 2005 has embarked upon major reforms designed to restore harmony to the political climate. This framework resulted in the August 2006 signing of the Comprehensive Political Agreement [Accord Politique Global (APG)] which made it possible to take significant steps forward (establishment of a government of national unity, introduction of an independent electoral commission to prepare free and transparent legislative elections, as well as measures focusing on security and protection of human rights).

In 2006, the opportunity arose to have access to new data on household living conditions, in particular through the QUIBB and MICS (Multiple Indicator Cluster) Surveys. This information basis has enabled Togo to prepare its Long-Term Development Strategy focused on the MDGs. These efforts led to a review of the main sectors (agriculture and the war on hunger, gender issues, education, health, water and sanitation, rural roads and highways, access to energy services, etc.), and resulted in

action to assess the requirements and costs associated with MDG compliance and to propose strategies for each of these sectors.

Furthermore, the adoption with the IMF of a staff-monitored program covering the period October 2006-June 2007, has led to the prospect of negotiations for a Poverty Reduction and Growth Facility with the IMF. Thus it is imperative for Togo to have a medium-term poverty reduction and growth strategy.

The present interim strategy is a revised version of the 2004 text and is intended to remedy its deficiencies and to readjust national priorities and actions to reflect the needs of the hour. This is the framework paper that:

- Expresses the government's determination to turn poverty reduction efforts into the primary focus of macroeconomic and sectoral policies;
- Takes stock of the poverty situation;
- Presents the government's vision as well as the measures to be implemented prior to the finalization and approval of the Full PRSP and the attainment of the completion point under the HIPC Initiative;
- Lays the groundwork for a participatory framework bringing together all societal stakeholders;
- Indicates a timetable for preparation of the Full PRSP.

The measures contained in this interim strategy, which will be consolidated in the context of the full poverty reduction strategy, set the stage for improvements in the public programs and policies required to make progress toward achieving the MDGs. Accordingly, the requirements and costs presented in the MDG-focused National Development Strategy give an indication of the investments that need to be made in order to achieve MDG compliance. The operational implementation of the strategic options contained in the National Development Strategy will be achieved through the poverty reduction strategies that will be prepared and put into practice through 2015.

The present interim strategy encompasses five chapters:

- Recent developments and context for the Interim PRSP;
- Characteristics of poverty in Togo;
- Poverty reduction and growth strategy;
- Macroeconomic framework and cost of the interim poverty reduction strategy;
- Institutional framework and mechanisms for implementation, monitoring and assessment.

CHAPTER 1: RECENT DEVELOPMENTS AND CONTEXT OF THE INTERIM POVERTY REDUCTION STRATEGY PAPER

1.1 SUMMARY OF RECENT POLITICAL DEVELOPMENTS

Since the early 1990s, the democratization process has been marked by sociopolitical unrest that culminated, in 1992–93, in a nine-month general strike. This led to a deterioration of the economy, which was exacerbated by the suspension of cooperation by the European Union and other development partners. To eliminate the economic constraints linked to political red tape, the government held consultations with the European Union, and this led, in April 2004, to the signing of 22 commitments for the establishment of peaceful democracy in Togo. Much progress had been achieved in the implementation of those commitments, when the death of the Head of State triggered serious sociopolitical turmoil.

After the presidential election of April 24, 2005, the new authorities undertook to complete the implementation of Togo's 22 commitments to the European Union. A political dialogue thus took place with the participation of nationals from all walks of life, leading to the signing of a comprehensive political agreement (*Accord Politique Global*—APG) on August 20, 2006 and the formation of a government of national unity, the main task of which was to organize transparent legislative elections acceptable to all Togolese.

1.2 ECONOMIC SITUATION

Togo is a coastal country and a member of the West African Economic and Monetary Union (WAEMU) and the Economic Community of West African States (ECOWAS). Its currency has *de facto* convertibility, being anchored to the euro. Its economy is traditionally dependent on the primary sector, which accounts for about 40 percent of GDP and employs over 70 percent of the labor force. The secondary and tertiary sectors respectively represented about 23 percent and 36 percent of GDP in 2004. Agricultural production is primarily dependent on the vagaries of the weather, and small farms are its dominant feature. Togo has an open economy, with exports—mainly phosphates, cotton, cement, coffee, and cocoa—accounting annually for 34 percent of GDP, on average, between 2002 and 2005,² that is, well below the average of 45 percent that prevailed in the 1980s.

Before the sociopolitical crisis that peaked in 1993, the Togolese economy went through three periods: (i) the positive economic environment of the 1960s and 1970s, (ii) the decline that started from the mid-1970s, and (iii) economic recovery in the second half of the 1980s. Indeed, the country benefited from the positive impact of the encouraging international environment of the 1960s and 1970s, which was marked by rising global production; strong demand for commodities, which were favorably priced; and the availability of external resources for investment (e.g., petrodollars). Between 1980 and 1983, the Togolese economy was adversely affected by a drought in the subregion and by repercussions of the economic difficulties plaguing its neighbors. Togo was thus thrown far off its path to growth (-2 percent in 1980, -5 percent in 1981, -5.5 percent in 1982, and -6.5 percent in 1983). The recovery in the second half of the 1980s was possible only because of the considerable adjustment efforts made between 1983 and 1990 that facilitated a return to growth (1.3 percent in 1984,

² Source: World Bank, *World Development Indicators*, 2006.

14.8 percent in 1985, 1.6 percent in 1986, 0.5 percent in 1987, 6.2 percent in 1988, and 4.1 percent in 1989).³

From 1990 to 2005, which was the period of sociopolitical crisis, further problems were added to those of the previous period, namely, unrest, work stoppages, and other events—such as the devaluation of the CFA franc—that hampered economic activity.

According to the World Bank (Atlas Method), in 2005 Togo had a gross national income per capita of US\$350 in current dollars (compared with US\$310 in 2004 and US\$270 in 2003).⁴ This put it in the category of Least Developed Countries (LDCs). Moreover, the UNDP's *Human Development Report 2006* put the human development index (HDI) for Togo at 0.495 and ranked it 147th in the world out of 177 countries (the 2003 Report put the HDI of Togo at 0.510 and ranked it 141st in the world out of 173 countries). The Report placed the human poverty index (HPI-1) of Togo at 39.2 percent, ranking it 72nd in the world out of 102 developing countries (in 2003, the HPI-1 was 38.5 percent). The political crisis of these past 16 years has had a huge impact on the economic situation; indeed, GDP at constant prices grew only 1.1 percent a year, on average, since 1991, which is well below the natural annual population increase, estimated at 2.4 percent. This situation, coupled with an unequal distribution of the fruits of growth, has not at all resulted in improved levels of per capita real income for the poorest segments of the population. This crisis should not be allowed to mask the main problems that have undermined growth during the period. These include governance issues, the unsustainable level of debt, and the difficulties faced by the public enterprises and the key sectors (e.g., cotton, phosphates, coffee, cocoa, energy).

Togo relies on foreign assistance to finance a large part of its Public Investment Program (PIP). External resources, consisting of grants and loans on concessional terms, traditionally go toward financing 80 percent of all public investment. Because of the suspension of donor support since the early 1990s, the volume of public investment declined from 13.8 percent of GDP in 1990 to 3.3 percent of GDP in 2005, with a low representing 1.1 percent of GDP in 2003. This downturn in public investment reduced the country's production capacity and slowed economic growth. This is one of the key factors that have marked economic conditions over the past three years.

Since 2004, economic activity in Togo has been increasingly slow. Growth has been seriously eroded to less than 2 percent over the past three years. This is attributable to the primary sector, given its loss of vitality, and to the secondary sector, in light of the difficulties experienced in the phosphates subsector. Inflation stood at less than 3 percent over the period, apart from in 2006 when rising food and fuel prices pushed it up to 6.8 percent.

Public finances, for their part, are now constantly in deficit because of insufficient revenue mobilization and poor expenditure control. On the revenue side, it is noteworthy that the tax ratio is still below 14 percent of GDP, compared with a standard set at 17 percent by the WAEMU multilateral surveillance mechanism. This situation is mainly the result of major tax evasion and tax fraud, tax and customs exemptions, inefficiency of tax audits resulting especially from human resource issues in the revenue-collecting institutions, the inadequacy of incentives to match objectives, and the lack of government control over nontax revenue collection. In 2006, revenue totaled

³ Basic document for the December 2005 national seminar on Togo's economic recovery.

⁴ This trend in GNI per capita can probably be explained by the movements in the U.S. dollar:euro exchange rate. In any case, it cannot be interpreted as a reduction in the monetary poverty of poor Togolese during the period 2003–05.

CFAF 195.9 billion, compared with CFAF 174.9 billion in 2005, against current expenditure of CFAF 196.8 billion. The narrow fiscal balance was thus equivalent to -0.6 percent of GDP. This fiscal balance situation should not, however, mask the improvements achieved in the area of budget execution in 2006, particularly in the second half of the year, coinciding with Togo's entry into a staff monitored program (SMP) with the IMF between October 2006 and June 2007. For the first time in a long while, the government: (1) has not accumulated new domestic payment arrears, thus meeting one of the quantitative benchmarks under the SMP; (2) curtailed, again in the second half of the year, the use of discretionary spending procedures; and (3) put an end to the practice of causing strong fiscal distortions by committing expenditure for which payment orders have not been issued (*dépenses engagées non ordonnancées*—DENOs) when closing off expenditure commitments and payment authorizations at end-2006. Thus, several "domestic" fiscal quantitative benchmarks under the SMP were met. At the same time, observance is also confirmed, half-way through the SMP, of the "external" fiscal quantitative benchmarks, as the government did not contract any new nonconcessional debt.

Relations with the rest of the world show a current balance structurally in deficit during the period, caused especially by the high marginal propensity to import, the weakness of the marginal propensity to export, continuous deterioration of the terms of trade, and the low level of inward services and income transfers. Despite capital account surpluses, the authorities did not manage to use the capital account to offset the current account deficit, except in 2006 when coverage of the current account with capital account surpluses led to an overall surplus balance of CFAF 73.4 billion.

The monetary survey is characterized primarily by an improvement in the net government position. This resulted from the consolidation of monetary assistance and its steady repayment, which is a sign of the government's gradual and sensitive divestiture from the banking system. The latter lost its ability to finance economic activity because of the decline in profitability, the burden of nonperforming claims accounting for over 30 percent of total credit in 2004–05, and deficiencies in the legal framework that hinder the collection of those claims and the enforcement of collateral. In addition, most banks do not comply with the prudential rules. The sector also suffers from a lack of diversification of financial products and from factors that distort competition.

There is a problem regarding the sustainability of government debt, with its servicing becoming increasingly unbearable for the government budget. Indeed, the ratio of debt service to total revenue more than tripled between 2000 and 2005, from 11.2 percent to 36.2 percent. Also, the burden of total debt in relation to GDP went from nearly 70 percent in 1992 to 96 percent in 2006. The stock of external debt has changed little over the past three years. Estimated at CFAF 781 billion in 2004, it rose to CFAF 820 billion in 2005 before settling at CFAF 783 billion in 2006. Nearly one-third of that stock represents an accumulation of payment arrears. The stock of domestic debt, for its part, stood at CFAF 276 billion in 2004, CFAF 278 billion in 2005, and CFAF 311 million in 2006.

1.3 ROLE PLAYED BY CIVIL SOCIETY IN RECENT SOCIOPOLITICAL AND ECONOMIC DEVELOPMENT

The reasons for the emergence of Togolese civil society and its strong involvement in sociopolitical and economic affairs in recent years include: new visions of and approaches to development, the social impacts of structural adjustment programs (SAPs), the trend toward the decentralization of development assistance, and, more particularly, the process of democratization of Togo's political, economic, and social affairs since 1990.

The activities and contribution of civil society in all its components over the past few years have been concentrated primarily in four areas: poverty reduction, environmental conservation, good governance, and the advancement of women. The very active participation of civil society in sociopolitical and economic affairs has mitigated the negative impacts of Togo's protracted crisis. The performances achieved through the actions of civil society and the results obtained in the fields of health, education and training, social and community infrastructures, the promotion of income-generating activities, microfinance, governance, and the advancement of women are generally appreciated by the government and its development partners. But it is worth noting that in the area of governance, only a few NGOs, associations, and trade unions are involved in actions relating to the defense and promotion of human rights, workers' rights, and the strengthening of democracy.

It has become clear, however, that despite the potential of the social and cultural organizations, they are faced with institutional, organizational, material, and financial constraints that hamper or limit their actions in the field.⁵

1.4 PARTICIPATORY PROCESS FOR PREPARING THE INTERIM POVERTY REDUCTION STRATEGY PAPER

The interim Poverty Reduction and Strategy Paper (I-PRSP) was prepared in two phases. The first, between October 2001 and November 2004, occurred in three key steps, namely: the seminar on methodology, the work of groups on specific topics, and the drafting and validation of the paper. The document produced through this process was not used as the basis for establishing, with the development partners, relevant poverty reduction programs; this state of affairs was attributable *inter alia* to the difficult political situation in the first half of 2005. Following the signing of the APG in August 2006 and the negotiation of a SMP with the IMF in October 2006, the government initiated the process of updating the I-PRSP.

The first phase of preparation began with a methodological seminar, held in October 2001, to define the process. There were 73 participants at the seminar, including 32 from civil society, five resource persons, and 27 representatives of organized groups (NGOs, trade unions, religious groups, the private sector, etc.). This event paved the way for, among other things:

- Taking cognizance of the poverty situation in Togo and of previous poverty reduction policies;
- Proposing the broad outline of a strategy to be formulated;
- Proposing a plan for participation by the people in the process and for consultations with the development partners;
- Discussing the various components of an appropriate mechanism for monitoring and assessing implementation of the strategy; and
- Proposing an indicative timetable for the formulation of an I-PRSP and a full PRSP, as well as a list of the surveys and studies needed for successful completion of the entire process.

⁵ That is why various actions have been launched by the government and by civil society itself to respond to the recommendation formulated by the ACP Civil Society Forum in Brussels, stressing the need for each ACP member state to have a structured, democratically organized, responsible, and transparent civil society.

Following the methodological seminar, seven groups, each addressing a specific topic, were formed to develop the I-PRSP. In each of these groups, there were about 20 participants, including five or six representatives of civil society. The work of the groups served as the basis for the drafting of an interim paper, which was validated at a workshop held from June 29 to July 1, 2004 in Kara.

Representatives of civil society participated in large numbers in this validation; indeed, of the 67 national participants, 33 represented civil society.

As part of the exercise to update the I-PRSP, the Togolese government (with World Bank support) carried out a qualitative survey of poverty. This survey reinforced the participatory dimension of the process, insofar as it fostered discussions with population groups about their perceptions of poverty and clarified their concerns. This was, indeed, an opportunity especially to organize group discussions and individual interviews throughout the national territory. In all, 25 groups of 15-25 persons were formed, on the basis of the socioprofessional categories and ages of participants. The discussions and interviews, generally involving more than 600 people in all, enabled participants to express their perception of poverty and assess the ongoing initiatives or to suggest future anti-poverty initiatives. These were opportunities for the authorities to listen to the people, particularly those from the most vulnerable segments of the population, so as to be able to take account of their concerns (priorities, approaches, etc.) when formulating public poverty reduction policies. In addition, the process of finalizing the revised paper was carried out by two technical workshops and a national validation workshop, in which all players in the development process, including civil society, took part.

It should also be noted that the preparation of the National Strategy for Long Term Development structured around the Millennium Development Goals (MDGs), has made it possible to pursue the dialogue on public poverty reduction policies with representatives of civil society. Indeed, the process of updating the I-PRSP has benefited from the work of the groups set up within this framework to address specific topics. There has been a high level of participation in these groups by all the actors in the various phases of the process. This participatory process will be strengthened and institutionalized during the phase of preparation of the full PRSP.

CHAPTER 2: THE DIMENSIONS OF POVERTY IN TOGO

There are many dimensions to the phenomena of poverty, and it does not lend itself to any single definition. In Togo, the measurement and study of poverty are based on two approaches, the monetary approach and the approach based on people's perception of poverty. The data presented in this chapter derive from a number of surveys, the most important ones of which are:

- The 2006 Core Welfare Indicators Questionnaire (CWIQ) household survey
- The 2006 Multiple Indicator Cluster Survey (MICS)
- The 2006 Qualitative Poverty Survey
- Several other sectoral studies conducted between 2000 and 2006

2.1. THE QUANTITATIVE APPROACH TO POVERTY

2.1.1. The monetary approach to poverty

The quantitative assessment of poverty was conducted in Togo in 1995, on the basis of results from the 1987-89 consumer budget survey (EBC). Because those figures were out of date, a CWIQ-type survey was conducted in July and August 2006, using a sample of 7500 households (or nearly 1 percent of all Togolese households). However, the methodologies and the designs of those two surveys were different, and a comparative analysis of the data is not possible.

Thus, the results from the 2006 CWIQ survey were taken as the reference point for this analysis of poverty in Togo. Poverty thresholds were calculated for five regions of Togo and for the capital, Lomé, using methods based on food needs (2400 Kcal per adult equivalent per day) and nonfood needs (as a proportion of the food component). These thresholds vary between CFAF 154,853 and CFAF 179,813 per adult equivalent per year for the administrative regions, compared to CFAF 242,094 in Lomé and its surroundings.

Table 1. Poverty thresholds by region

	Lomé	Maritime ⁶	Plateaux	Centrale	Kara	Savanes	National ⁷
Poverty threshold per adult equivalent per year in CFAF	242,094	156,115	154,853	179,813	155,026	157,294	242,094

Source: DGSCN, Poverty Profile 2006 based on the QUIBB (CWIQ) survey

Regional price disparities explain the poverty threshold discrepancies among regions.

2.1.2. The profile of monetary poverty in Togo

According to the CWIQ survey, the incidence of poverty is estimated at 61.7 percent of the population, or 3,242,257 individuals distributed among 545,486 households. Poverty is essentially rural: in the countryside, the incidence is 74.3 percent, accounting for 79.9 percent of the total poor population. In urban areas, the incidence of poverty is 36.8 percent, representing 20.1 percent of the total poor population. Generally speaking, the Savanes region is the poorest in the country, with an incidence of 90.5 percent, followed by the Centrale region (70.7 percent), Kara (75.0 percent), Maritime (69.4 percent), Plateaux (56.2 percent), and finally Lomé (24.5 percent).

It should be noted that, given their demographic weight, the Maritime and Plateaux regions alone account for 44.6 percent of the poor population.

Table 2. Incidence of monetary policy by locality (in %)

	Lomé	Maritime	Plateaux	Centrale	Kara	Savanes	Urban	Rural	National
% of population	19.9	21.0	23.0	10.3	13.3	12.5	33.7	66.3	100
Incidence of poverty (%)	24.5	69.4	56.2	77.7	75.0	90.5	36.8	74.3	61.7
Contribution to poverty	7.9	23.7	20.9	12.9	16.2	18.4	20.1	79.9	100

Source: DGSCN, Poverty Profile 2006 based on the QUIBB (CWIQ) survey

Rural poverty is very pronounced in the Savanes, Centrale and Kara regions, where the incidences are 92.5 percent, 84.0 percent and 80.0 percent, respectively. It is relatively moderate in the Plateaux region, with an incidence of 60.2 percent, and in the Maritime region, where 71.1 percent of the rural population is poor.

Urban poverty is much less severe in Lomé, where the incidence is 24.5 percent, and in the Plateaux region (36.5 percent). These two regions stand out as quite different from the other regions, where at least 50 percent of the urban population is poor, and particularly the Savanes region, where 76.8 percent of the urban population is poor.

Table 3. Incidence of monetary poverty by place of residence, by region (in %)

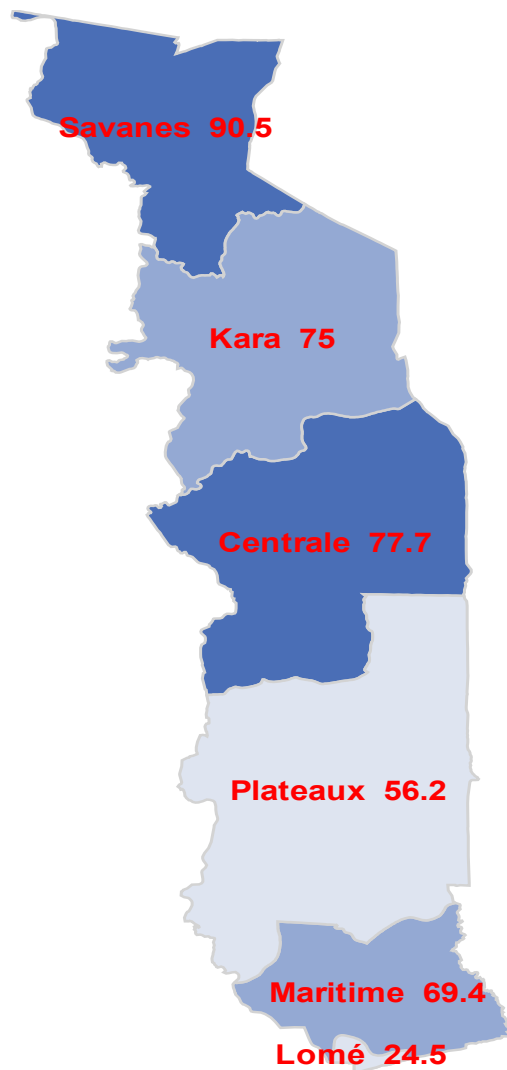
⁶ / Maritime Region excluding Lomé.

⁷ / The Lomé threshold is taken as the national poverty threshold. However, the incidence of poverty nationwide is not calculated directly from this threshold, but rather from the regional thresholds, determining the number of poor people in each region and, by aggregation, the number of poor people nationwide, which is then compared with the total population.

	Lomé	Maritime	Plateaux	Centrale	Kara	Savanes
Urban	24.5	54.3	36.5	60.2	60.9	76.8
Rural	-	71.1	60.2	84.0	80.0	92.4
Total	24.5	69.4	56.2	77.7	75.0	90.5

Source: DGSCN, Poverty Profile 2006 based on the QUIBB (CWIQ) survey

Chart 1. Poverty map of Togo, showing the incidence of poverty in each region in 2006



2.1.3 Poverty and inequality

Monetary inequality

The Gini index, based on CWIQ results, was 33.5 percent in 2006. This index, calculated on the basis of consumption expenditure, seems relatively low in comparison to other countries of West Africa. Thus, inequalities are nearly the same in urban and rural areas: the Gini indices are respectively 31.1 percent and 29.8 percent. Nevertheless, inequalities between urban and rural areas are fairly high, and account for more than 53 percent of inequality at the national level. On an interregional basis, inequality rates do not differ greatly from one region to another. Nevertheless, Lomé and the Plateaux region have relatively higher inequality rates, with Gini indices of around 30 percent. Conversely, the Centrale region has the lowest inequality indicator (Gini index 26 percent).

Inequality of access

When it comes to education, the distribution of subsidies is not pro-poor. The poorest 20 percent currently receives the equivalent of CFAF 5,607 in education subsidies per capita, while the wealthiest 20 percent receive CFAF 10,376, or double the amount per capita.

Similarly, the distribution of health subsidies is not pro-poor. The poorest 50 percent receives only 20 percent of subsidies to the CHU (university hospital centers), and 30 percent of subsidies to the hospitals and health centers. In rural areas, where around 80 percent of the poor population lives, health services are provided through dispensaries or health posts. The health posts do not receive government subsidies.

An analysis of electricity services in Togo shows, first, that the poor have no access: only 11.1 percent of poor people have access to electricity, versus 42.9 percent of the nonpoor. When it comes to drinking water, the gap between the poor and the nonpoor is relatively low: more than 39 percent of the poor have access to drinking water, versus 53.5 percent of the nonpoor.

2.1.4 Poverty and vulnerability

The poverty profile reflects the situation at the time of the survey, and does not show the poverty trend over the medium and long term. Consequently, individuals were questioned as to their perception of the risk of "becoming poor" or of "remaining in poverty". This analysis, based on the notion of vulnerability, defines the present probability of remaining poor or of becoming poor in the future, regardless of the current situation. This simultaneous analysis of poverty and vulnerability can be used to distinguish:

- i) The long-term poor: these are poor people with a probability higher than 0.5 of "remaining poor" in the future.
- ii) The short-term poor. These are poor people with a probability lower than 0.5 of "remaining poor" in the future.
- iii) The vulnerable nonpoor: these are nonpoor people with a probability higher than 0.5 of "falling into poverty" in the future.
- iv) The nonvulnerable nonpoor: these are nonpoor people with a probability lower than 0.5 of "falling into poverty" in the future.

Using this classification, the poverty and vulnerability rate emerging from the CWIQ survey is 81.8 percent, distributed among the long-term poor (39.6 percent), the transitory poor (22.0 percent), and the vulnerable nonpoor (20.2 percent). This implies that, if no action is taken to improve living conditions in Togo, the poverty incidence could reach 81.8 percent.

The vulnerability rate is higher in rural areas (87.4 percent) than in the cities (71.0 percent). However, it is the urban nonpoor who are most vulnerable, with a rate of 34.2 percent versus only 13.0 percent in the countryside. Thus, the low rate of actual urban poverty must be viewed in light of this greater vulnerability among the urban nonpoor.

2.1.5 Poverty and household socio-demographic characteristics

Household poverty is directly related to household size. More than 90 percent of households with over 10 members are poor, compared to only 24.5 percent of households with three members.

The less educated the head of the household, the more likely the household is to be poor. 63.9 percent of households where the head has no schooling are poor, whereas the rate is 44.9 percent among households where the head has completed primary school, 20 percent where the head has completed secondary school, and only 8.5 percent where the head has pursued post secondary studies.

An analysis of poverty by occupational category shows that people living in households headed by independent farmers are most likely to be poor, with a poverty incidence of 78.8 percent, followed by people living in households where the head is "inactive or unemployed" (with a poverty incidence of 55.2 percent) and households with "other independent" heads (44.4 percent). The persons least likely to be poor are wage-earning or salaried employees in the public and private sectors (with poverty rates of 38 percent and 37 percent, respectively).

The poverty incidence is higher among households headed by men than among those headed by women: 51 percent of the former are poor, compared to 34.8 percent of the latter.

Households with younger heads are less likely to be poor than those headed by older persons. The poverty incidence is 27.7 percent among households where the head is aged 15-30 years, versus 49.8 percent where the head is in the 31-55 age bracket, and 56.6 percent where the head is over 55. This may be explained by household size, which is lower in the first case.

Households where the head is polygamous have the highest poverty rate, at 63.9 percent, followed by monogamous households (49.9 percent), and those headed by a widow or widower (42.2 percent). Households headed by a separated or divorced person and those where the head has never married have a lower poverty incidence, at 23.4 percent and 12.6 percent respectively.

2.2. THE QUALITATIVE APPROACH TO POVERTY

Monetary poverty does not take account of all the dimensions of a complex phenomenon that can be difficult to interpret. People's perception of poverty, the causes of the poverty, and their priority needs can contribute to a better understanding of the phenomenon. This analysis derives from a qualitative survey conducted in December 2006 among a representative population sample.⁸

⁸ The qualitative survey was conducted by the Population Research Unit (URD), with World Bank funding.

2.2.1 People's perception of poverty

It emerges from the individual interviews that 74.6 percent of respondents consider themselves poor, and that they have their own definition of poverty. Generally speaking, the meaning of poverty is defined in a contextual framework (condition of the dwelling, size of fields), but there is in all these perceptions, group and individual alike, a common denominator, which is the lack of basic necessities.

The people interviewed were virtually unanimous in considering themselves poor, because they could not meet very specific needs, such as schooling for their children, health care, clothing, housing and food. As these people put it, *"You can tell a poor person, first, by his looks: he's not dressed well, he has nothing to eat, his children are hungry, and they cry all the time because they have no food. A poor man always looks pensive. When he is sick, he can't work in the fields, and he has no money".* A poor person is one *"who must live off other people, and has lost his self-esteem"*. Many people felt that their lives had deteriorated a great deal between 2000 and 2006.

The perception of poverty that emerges from the interviews, then, can be summarized as follows: *"Poverty is the inability of people to meet their essential needs for food, health, education, water, clothing and housing. In collective terms, poverty is defined by such factors as lack of basic infrastructure (schools, dispensaries, drinkable water, a market) and poor transportation facilities"*.

2.2.2 The causes of poverty, as people see it

The people interviewed gave several reasons for the deterioration in living conditions, including low incomes from farming, lack of working capital, wages that are too low and sporadic, and unemployment among school graduates. In short, determinants of poverty, as they emerged from the interviews, can be summarized as follows:

- Low incomes from farming.
- Lack of financing in education and health.
- Social and political problems.
- Lack of access to water.

2.2.3 People's expectations

People were very clear in identifying the causes of poverty, and they had many suggestions for improving their lives. Their expectations can be summarized under three points:

Social support (education, health, drinking water, basic supplies). For rural people, reducing poverty means providing drinking water and access to basic goods. It is true that these people carry a heavy burden in the form of disease, early death, and inability to work, because of diseases caused by the water they drink. In the towns, people mentioned (in addition to drinking water) the importance of building schools and health centers as a way to help them reduce poverty.

Employment (jobs for young people, income generating activities, access to credit). Urban households emphasized in particular the problem of youth unemployment, while rural people were more likely to stress the need for income generating activities. Unemployment among urban youth is a

real problem for parents who, having supported their children's education and training, must continue to meet their basic needs.

Good governance. People defined this indirectly as the guarantee that everyone will be rewarded for his effort. Good governance means a peaceful political life, more justice, and less corruption.

Box 1. Perceptions of the state of democracy and governance in Togo

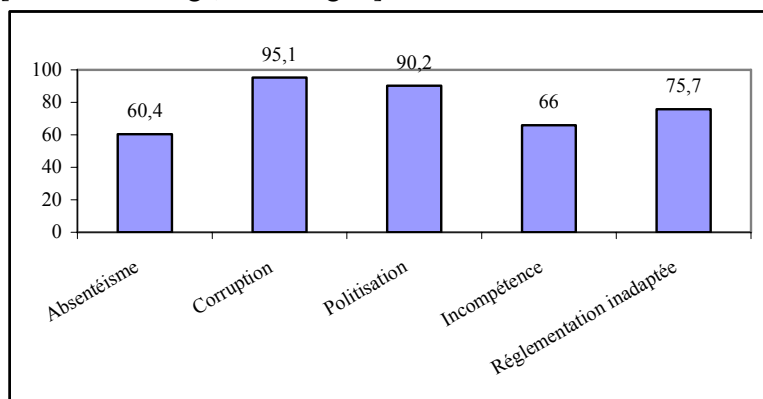
A study on "Governance, Democracy and Poverty in Togo: the viewpoint of people in the capital" was conducted in 2005 by the Statistics and National Accounts Department (DGSCB), in cooperation with AFRISTAT, Paris 21 and DIAL, using results from the 1-2-3 survey that was used to measure poverty and urban governance in Lomé. The main lessons from the study may be summarized as follows:

- *In the area of governance*

The great majority of Lomé residents believe that the public administration operates poorly and ineffectively. 80 percent of those surveyed rated government administration as poor, and 50 of percent as very poor. The direct consequence of this unfavorable public opinion of government administration is the low level of trust in public institutions.

About two out of three persons interviewed had no confidence in government. Confidence ratings were lowest for the judicial system (18 percent), social security (22 percent), the tax administration (23 percent) and the Army (24 percent). Nearly 90% had no confidence in their parliament. In the view of these people, the ineffectiveness of public administration could be measured by record corruption levels, sharp politicization, and failure to address the challenges of government in a modern and effective way.

Chart 2. Perceptions of key problems in government
[column headings, left to right:]



Absenteeism. Corruption. Politicization. Incompetence. Inappropriate regulations

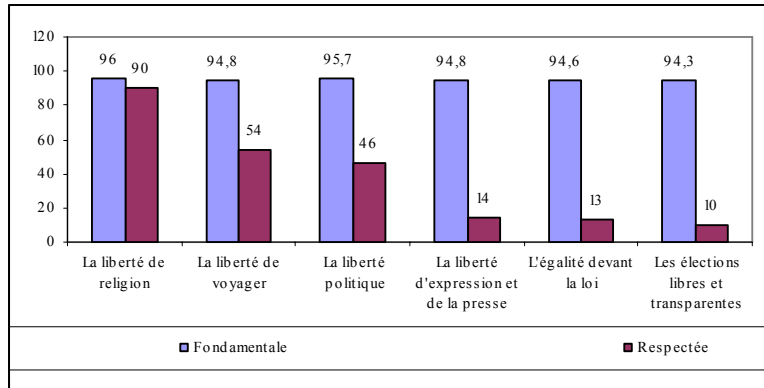
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- *In the area of democracy*

While majority of people in Lomé are fully committed to democracy (90 percent), rather than to any other political system, this does not mean they are satisfied with the way democracy has worked so far in their country. The interviews revealed a great majority (90 percent) who think that elections are not

free and transparent, and a similar proportion who think that individuals are not equal before the law. In the view of these people, only religious freedom is reasonably respected. Moreover, only 18 percent of persons surveyed think that human rights are respected in the country, and 10 percent would agree that the political class reflects the concerns of the population/is attuned to the needs of the general public.

Chart 3. Perception of the main problems with democracy
[column headings, left to right:]



Freedom of religion. Freedom to travel. Political freedom. Freedom of expression and the press. Equality before the law. Free and transparent elections.

Essential. Respected

[End of box]

2.3. DETERMINANTS OF POVERTY

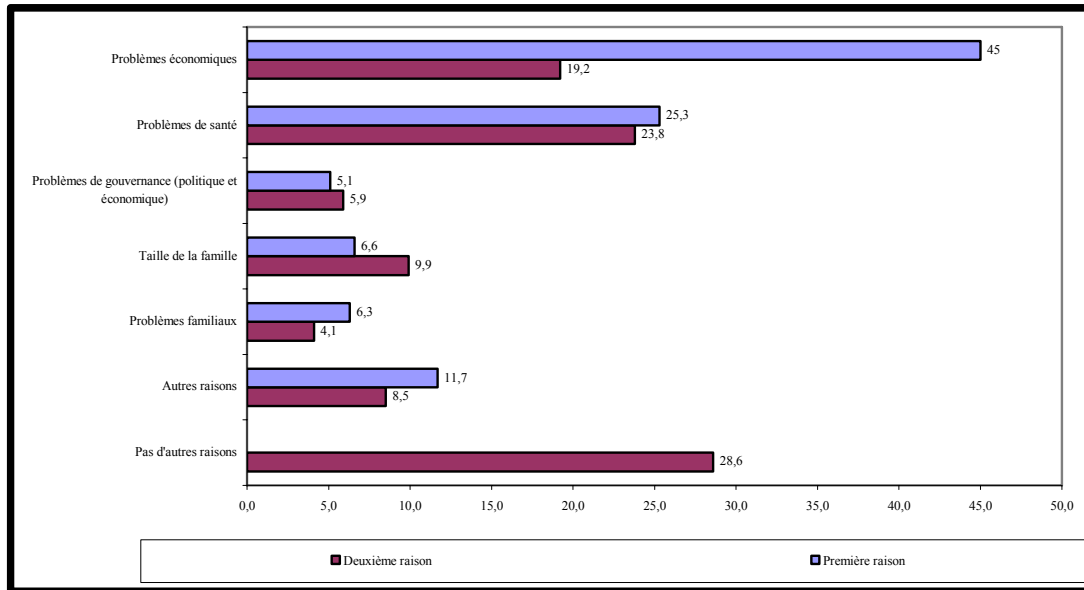
Data from the CWIQ survey were used to identify the determinants of poverty through an econometric model. The determinants or explanatory factors for poverty as revealed in the study are the following:

- The spatial dimension of poverty indicates that rural families are more likely to be poor than are urban families.
- Household makeup has an impact on poverty. Families with many teenage children or elderly members are more likely to be poor. On the other hand, families with more adults have a better chance of escaping poverty. In other words, poverty rises with the dependency ratio (the number of dependents for each employed person).
- The level of education of the household head, and especially of the wife, is directly related to living standards. Moreover, the effect of education on household poverty is more pronounced in rural than in urban areas. A rural family where the head has completed primary school is half as likely to be poor as an urban family where the head has the same level of education.
- The state of health or working capacity of household members, in particular that of the head of the household, has an influence on poverty. In Lomé, a household where the head is incapacitated is 17.2 percent more likely to be poor than a household with an able-bodied head.

- Households' factors of production, such as the size of their farm or the number of livestock they own, have a significant impact on rural poverty. Household poverty is inversely related to the size of the farm. Moreover, agricultural productivity and fluctuating prices for agricultural products also have an impact on poverty.
- Access to education, health and transport facilities, as well as to markets for agricultural products, have a strong influence on household poverty, especially in rural areas.

Chart 4. Reasons given by people to explain the deterioration of their living conditions between 2000 and 2006

[line headings:]



Economic problems.

Health problems.

Governance problems (political and economic).

Family size.

Family problems.

Other reasons.

No reasons given

Second reason. First reason

Source: Qualitative survey: Study of the perceptions of poverty in Togo, Université de Lomé/ URD-2006

2.4. POVERTY AND HUMAN DEVELOPMENT IN TOGO

2.4.1 Human capital

Education and training

As with other sectors, the education and training sector has suffered greatly from the prolonged social and political crises that the country has experienced since the 1990s. The upheavals unleashed by the crisis have prevented the effective renewal and upgrading of the teaching profession and the renovation or construction of education facilities at a pace sufficient to meet constantly growing needs for education and training at all levels. The shortcomings are reflected in performance that falls short of what would normally be expected.

Moreover, with the decline in government investment in education, the private sector has outstripped the public sector, especially in the towns. Between 1990 and 2000, the proportion of students enrolled in private institutions rose from 27 percent to 31 percent at the primary school level, from 13 percent to 17 percent at the secondary level, and from 30 percent to 46 percent in technical and vocational education.

Rural areas have also seen the emergence of other types of private institutions known as "Local Initiative Schools" (EDIL). The growing importance of these institutions, which rely entirely on local community financing and family support, is placing an increasing financial burden on poor families, and constitutes an obstacle to reducing rural poverty. For example, more than 40 percent of schools in the Savanes, the poorest region, are of the EDIL type.

In the absence of external funding, the education system has been financed in recent years entirely by the State. Yet capital spending in education represents barely 3 percent of the 2007 Public Investment Program. This goes part way to explaining why the quality of education continues to decline.

At the preschool level, enrollment rates are still very low, although more and more families have begun to enroll their children in recent years. Thus, from 2000 to 2006, the proportion of children aged 36 to 59 months enrolled in schools of this kind rose from 8.6 percent to 15.7 percent. This rate conceals sharp differences according to place of residence. In 2006, 31.6 percent of urban children were registered in kindergarten, versus 5.3 percent in the countryside. This difference reflects in part a shortage of facilities and their unequal distribution within the country, as well as discrepancies in the willingness of parents to enroll their children. From another angle, girls are more likely to be enrolled in kindergarten than are boys (17.8 percent versus 13.5 percent in 2006).

In primary school, despite the problems noted above, the country still boasts high enrollment levels in comparison with most other West African countries. The net primary school enrollment rate for children aged 6-11 years rose from 63.0 percent in 2000 to 73.4 percent in 2006. At the same time, the gross rate for the same age group rose from 103 percent to 115.3 percent.

The main problem facing basic education in Togo⁹ is the performance of the system itself. The system is characterized by high repeater and dropout rates in the sixth year, particularly among girls. In 2006, only 17 percent of 11-year-olds (who should be finishing the first cycle) were actually in the last year of that cycle. The primary cycle completion rate was 78.1 percent in 2005.¹⁰

The literacy rate among persons 15 years and older was 56.9 percent in 2006 (CWIQ), with sharp differences between males and females: 70.3 percent versus 44.4 percent.

⁹ In Togo, basic education includes primary school and the first cycle of secondary school.

¹⁰ This completion rate refers to all children completing primary school.

Health

Health facilities are in no condition to meet the growing needs posed by the country's demographic trends. This lack of capacity can be seen in the shortage of human resources, the low technical quality of care and diagnostic tools, outmoded infrastructure, and inadequate financing.

In geographic terms, accessibility is fairly satisfactory: 88 percent of the population lives no more than 5 km (an hour's walk) from a health facility. The population living within 2.5 km (30 minutes walk), at 62 percent, is again acceptable (MICS3, 2006). It should be possible to identify and correct the remaining inadequacies in the distribution of health facilities, using the health services map that was prepared in 2007.

In terms of financial accessibility, primary health care services are much more affordable than hospital care. The 2006 MICS3 survey showed that 73.8 percent of people stay away from modern health facilities for economic reasons.

There are great challenges with regard to the quality of care. The MICS3 survey showed that only 9 percent of people are satisfied with the current quality of care offered in the modern health services. This situation in the national health system has a strong impact on the state of public health.

When it comes to maternal health, 83.8 percent of pregnant women receive prenatal consultations, and 62.9 percent of babies are born in a qualified health facility. However, the maternal mortality rate remains high, at 478 deaths per 100,000 live births (EDSR II, 1998).

Between 1993 and 1998, 80 of every 1000 children born alive died before their first birthday. The mortality rate to age five was estimated at 146 per thousand. In 2006, the figures showed a slight improvement in child health, although the country is far from meeting the MDG target in this respect. The two mortality rates stand today at 77 and 123 per thousand, respectively.

Infant and child mortality rates are much lower in urban areas (49 and 73 per thousand, respectively) than in the countryside (89 and 143 per thousand respectively). These differences can be explained in part by better sanitary conditions and more accessible health services in the towns. As well, the infant mortality rate varies sharply by region. The Savanes region fares worst, with a rate well above 100 deaths per thousand, followed by the Centrale Region, with 86 per thousand. Infant mortality rates for the other regions are as follows: Lomé 37 per thousand, Maritime 78, Plateaux 79, and Kara 77 per thousand.

According to the 2006 MICS3 data, 49.2 percent of children were receiving all eight doses under the Expanded Program on Immunization (EPI) before their first birthday. This average rate of vaccination coverage, however, conceals fairly significant disparities, by sex and by location.

For some time now, with the assistance of donors, Togo has been making a major effort to combat malaria, particularly through distribution of treated mosquito nets to pregnant women. Between 2000 and 2006, the number of children under five years of age sleeping with a mosquito net rose from 15 percent to 41 percent. This expanded use of treated mosquito nets is the likely explanation for the declining prevalence of the disease, which dropped from 36 percent among children under five in 2000 to only 19 percent in 2006.

A 2003 analysis of the reproductive health situation in Togo showed that 11.3 percent of women of childbearing age were using modern contraceptive methods, compared to only 8 percent in the 1998

Demographic and Health Survey in Togo (EDST II). However, unmet family-planning needs persist, even if they declined from 35 percent to 25 percent between 1998 and 2003. People are fairly well informed about HIV/AIDS, its modes of transmission, and its means of prevention (the awareness rate is over 96 percent for women and 98 percent for men, according to EDST II). However, behavior is slow to change and consequently the prevalence of HIV in the population at large declined only moderately from 6 percent in 2000 to 3.2 percent in 2005. It should be noted that the 2000 rate was based exclusively on urban data, while the 2006 rate includes data from rural areas. Because of this, the decline in HIV/AIDS prevalence may reflect the change in the database rather than any actual halt or reversal of the disease.

Nutrition

Because of the economic crisis and rising poverty, the country's nutritional status has not improved. From 2000 to 2006 there was in fact a slight deterioration in the nutritional status of children: in 2000, 21.7 percent of children under 5 years were suffering from malnutrition as measured by retarded growth, and 7 percent were severely malnourished, while these proportions were respectively 23.7 percent and 10 percent in 2006. These levels are respectively 10 and 70 times higher than would be expected in a population where children are healthy.

In 2006, rural children showed much greater malnutrition than urban children (28 percent versus 17 percent, see chart below). A breakdown of this indicator by region shows that Kara fares worst in terms of nutrition: around 37 percent of children under 3 show retarded growth. The rates for other regions are respectively: Lomé 14 percent, Maritime 20 percent, Plateaux 26 percent, Centrale region 24 percent, and Savanes 33 percent.

Chart 5: Nutritional Status of Children, by Region

	Underweight (weight/age)	Retarded growth (height/age)	Emaciation (weight/height)
Lomé			
.....			
Total			

Source: MISC2, MISC3, DGSCN

According to the 2006 CWIQ survey, 42.1 percent of people are undernourished (with a daily caloric intake below the FAO standard of 2400 Kcal per adult equivalent). This under-nourishment is strongly correlated with monetary poverty: 64.2 percent of the poor population nationwide is undernourished. Moreover, 6.4 percent of the nonpoor are also undernourished.

Nutritional poverty, like monetary poverty, is much more prevalent in rural than in urban areas. However, the gap between the urban and rural food poverty incidence is narrow, compared to the monetary poverty gap. In rural areas, 47.1 percent of people are undernourished, compared to 32.2 percent in the towns. On the other hand, the correlation between monetary poverty and food poverty is stronger in urban than in rural areas: 69.3 percent of the urban poor are undernourished, compared to 62.9 percent of the rural poor. Moreover, 10.6 percent of the urban nonpoor are undernourished, compared to only 1.3 percent of the rural nonpoor.

The Plateaux region suffers least from food poverty, with an incidence of 25.3 percent, followed by Lomé (30.1 percent), the Maritime region (38.6 percent), Kara (48.6 percent), the Centrale region (63.9 percent), and the Savanes (72.9 percent). The correlation between poverty and undernourishment is strongest in Lomé, where 85.2 percent of the poor population is undernourished. This correlation is

also very high in the Centrale region and in the Savanes region, where 78.9 percent and 79.5 percent of poor people, respectively, are undernourished.

Table 4. Correlation between monetary poverty and undernourishment

	Rural	Urban	Lomé	Maritime	Plateaux	Centrale	Kara	Savanes	National
Monetary poverty	36.8	74.3	24.5	69.4	56.2	77.7	75.0	90.5	61.7
Food poverty	47.1	32.2	30.1	38.6	25.3	63.9	48.6	72.9	42.1
Percentage of poor who are undernourished	62.9	69.3	85.2	55.2	45.0	78.9	62.9	79.5	64.2
Percentage of nonpoor who are undernourished	1.3	10.6	12.3	0.9	0.0	11.6	5.7	9.3	6.4

Source: based on data from the 2006 QUIBB survey

Breast-feeding and vitamin A supplements

The proportion of infants who are exclusively breast-fed to the age of three months rose from 23 percent in 2000 to 35 percent in 2006. This improvement has unfortunately not been accompanied by any enhancement of child nutrition status. The explanation may lie in the fact that it is not always easy to move from exclusive breast-feeding to the addition of food supplements. For example, the proportion of children aged 6 to 59 months receiving vitamin A supplements rose from 16 percent in 2000 to 39 percent in 2006. The improvements by region were 38 percent in Lomé, 42 percent in the Maritime region, 46 percent in the Plateaux region, 27 percent in the Centrale region, 38 percent in Kara, and 39 percent in the Savanes.

2.4.2 Basic socioeconomic infrastructure

Drinking water

The shortage of water and sanitation facilities and their accessibility are major problems, especially in rural areas.

Drinking water, of course, is a prerequisite for good health, while water that is unsafe is an important factor for such diseases as trachoma, cholera, typhoid fever, and schistosomiasis. Drinking water may be contaminated as well by chemical products, or by physical and radiological materials that are harmful to human health. According to MICS2 and MICS3 data, the proportion of Togolese

households using safe drinking water rose from 53 percent in 2000 to 57.1 percent in 2006 (88 percent in urban areas and 40 percent in the countryside).

The drinking water supply situation is best in the capital city of Lomé (92 percent), followed by the Kara region (62 percent), the Centrale region (61 percent), the Savanes (50 percent) and the Plateaux (41 percent). While coverage has improved in all these regions, this cannot be said for the Maritime region, where the proportion of families using safe drinking water was unchanged, at 49 percent, from 2000 to 2006.

Box 2. The drinking water situation, according to the Water Ministry

There are three zones of intervention in relation to drinking water supply: rural areas, semiurban areas, and urban areas. The drinking water supply situation is of concern nationwide, regardless of the zone.

According to the DGEA/AFD inventory conducted in 2006, the water supply ratio is 30 percent in rural areas, and 29 percent in semiurban areas. As to urban areas, the rate is 39 percent in the prefecture and subprefecture seats, and 44 percent in Lomé. The drinking water infrastructure deficit is considerable in both rural and urban areas. As a result, a large portion of the population is exposed to waterborne diseases. In addition, people (and women in particular) must devote a great deal of time to carrying water. This is one of the main factors behind the low rate of school enrollment for girls, and the low proportion of women engaged in income generating activities.

Hygiene and sanitation

The inadequate elimination of human wastes and household garbage, and shortcomings in personal hygiene, can be cited as causes of a range of illnesses, notably diarrhea and polio.

In 2000, 40 percent of the population lived in households with an adequate sewage disposal system. This indicator declined somewhat over the following five years, and stood at 32 percent in 2006. The rate is estimated at 67 percent in the towns, but only 10 percent in the countryside.

According to data from 2006 CWIQ survey, nearly half (47.9 percent: rural 64.6 percent and urban 19.4 percent) of households had no home toilet. Only 21.8 percent had covered latrines, and 11.2 percent uncovered latrines. According to the same survey, 69.3 percent of households were dumping their wastewater directly into the environment. This practice is especially noticeable in rural areas (91.3 percent). In the towns, wastewater is most likely to be dumped in the streets (54.6 percent).

Energy

Electricity supply falls short of people's needs. There is much to be done to enhance the quality of service and to reduce connection costs. Moreover, the country has been in the grip of a severe energy crisis since 2006, and this has had an enormous impact on the national economy, and in particular on the subsistence activities of the poor.

In 2006, 28 percent of Togolese households had access to electricity, with sharp variations depending on place of residence: 43 percent in urban areas, and only 4 percent in rural areas. As well, the poor are less likely to have access to electricity (11 percent) than the nonpoor (43 percent).

Transportation

There are parts of the country with high agricultural potential that are still severely isolated. Almost 83.5 percent of roads are unpaved. Many urban and rural roads are poorly maintained, and are sometimes impassable during the rainy season. This situation poses obstacles to the freedom of movement of goods and people, and acts as a damper on socioeconomic activities.

Communications

Telephone coverage in Togo is 4.8 percent, meaning that 95.2 percent of the population has no telephone access (and telephone coverage is particularly poor in rural areas). As to the Internet, 96.3 percent of people have no access. For the sake of its development, the country needs proper interregional and international communications, and a modern communication system.

2.4.3 Employment and incomes

Overall, Togo had fairly high unemployment and underemployment rates in 2006, at 32.9 percent of the active population (which is 83 percent of the total). Men and women are affected by unemployment and underemployment to different degrees: 34.9 percent for men, versus 31.2 percent for women.

The distribution of the unemployed population reveals discrepancies by place of residence. While 27.4 percent of the active rural population is unemployed, the figure rises to 36.6 percent in the towns. Moreover, the unemployed say that the main factor explaining their status is the sluggishness of the job market (no work available).

Households derive their incomes from a number of sources that are not mutually exclusive. Thus, 36.8 percent draw earnings from wages and salaries, 61.8 percent from farming, 29.2 percent from livestock raising, 1.6 percent from fishing, 78.9 percent from property, and 42.2 percent from transfers (4.1 percent from the public sector and 40.1 percent from the private sector). This distribution of income sources varies sharply by place of residence and between the poor and nonpoor: while 25.9 percent of rural households earn wages and salaries, the figure is 55.9 percent for urban households. On the other hand, more rural families earn income from agriculture (86.4 percent) than do urban families (19.9 percent).

2.5. MDG STATUS AND CHALLENGES TO 2015

2.5.1 Togo's MDG status

At the United Nations General Assembly session of September 2005, devoted to tracking progress in relation to the MDG, the Togolese authorities reaffirmed their commitment to implementing the policies needed to combat poverty and hunger, illiteracy, discrimination against women, HIV/AIDS and other diseases, as well as degradation of the environment.

This commitment is of great importance, for Togo's current socioeconomic situation (cf. Table 5) suggests that at the current rate of progress the country is unlikely to achieve the MDG targets by 2015.

The conclusions from the first national MDG monitoring report approved in October 2003 showed that, at the current pace, none of the millennium development goals was likely to be achieved. With sustained effort, three of the goals could be within reach: "Achieve universal primary education," "Improve maternal health," and "Combat HIV/AIDS." On the other hand, the country is unlikely to achieve four other objectives by 2015: "Eradicate extreme poverty," "Promote gender equality," "Reduce child mortality," and "Ensure environmental sustainability."

Table 5. MDG indicators in Togo

MDG	Available data 1990 to 2002	Available data for 2006	Target 2015
<p><u>Goal 1: Eradicate extreme poverty and hunger</u></p> <p><i>Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day</i></p> <p>1. Proportion of population living below the poverty threshold (incidence of poverty) (national threshold)*</p> <p><i>Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger</i></p> <p>1. Proportion of underweight children.....</p>	<p>...</p> <p>...</p>	<p>61.7% (2006)^a</p> <p>26.0% (2006)</p>	<p>30.9%</p> <p>13%</p>
<p><u>Goal 2: Achieve universal primary education</u></p> <p><i>Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling</i></p> <p>1. Net enrollment rate in primary education (6-11 years).....</p> <p>2. Primary school completion rate</p> <p>3. Literacy rate of 15-24-year-olds</p> <p>4. Literacy rate of persons aged 15 and older*</p>	<p>109.4% (1990)</p> <p>...</p> <p>69.6% (1995)</p> <p>...</p>	<p>74.6% (2006)</p> <p>78.1% (2006)</p> <p>76.4% (2006)</p> <p>56.9%</p>	<p>100%</p> <p>100%</p> <p>100%</p> <p>100%</p>
<p><u>Goal 3: Promote gender equality and empower women</u></p> <p><i>Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015</i></p> <p>1. Ratio of girls to boys in primary school</p> <p>2. Ratio of girls to boys and secondary school</p> <p>3. Literacy rate of women aged 15-24.....</p> <p>4. Ratio of literate women to literate man, 15-24 years old *</p>	<p>80% (2000)</p> <p>50% (2000)</p> <p>...</p> <p>67% (1995)</p>	<p>90% (2006)</p> <p>80% (2006)</p> <p>...</p> <p>67.9% (2006)</p>	<p>100%</p> <p>100%</p> <p>...</p> <p>100%</p>

MDG	Available data 1990 to 2002	Available data for 2006	Target 2015
<p><u>Goal 4: Reduce child mortality</u></p> <p><i>Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate</i></p> <p>1. Under-five mortality rate per 1000 live births</p> <p>2. Infant mortality rate</p> <p>3. Proportion of children immunized against measles</p>	<p>...</p> <p>80% (1998)</p> <p>58% (2000)</p>	<p>123% (2006)</p> <p>77% (2006)</p> <p>63.1% (2006)</p>	<p>41%</p> <p>26.6%</p> <p>100%</p>
<p><u>Goal 5: Improve maternal health</u></p> <p><i>Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio</i></p> <p>1. Proportion of births attended by skilled health personnel</p> <p>2. Maternal mortality rate per 100,000 live births.....</p>	<p>49% (1998)</p> <p>478 (1998)</p>	<p>62.9% (2006)</p> <p>478 (1998)</p>	<p>12.25%</p> <p>119</p>
<p><u>Goal 6: Combat HIV/AIDS, malaria and other communicable diseases</u></p> <p><i>Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS</i></p> <p>1. HIV prevalence rate among the sexually active population (15-49 years)</p> <p>2. Ratio of school attendance of orphans/non-orphans</p> <p>3. Contraceptive prevalence rate</p> <p>4. Condom use with casual partners.....</p> <p>5. General knowledge of HIV prevention among young people...</p> <p><i>Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases</i></p> <p>1. Intermittent preventive treatment for malaria among pregnant women</p>	<p>6% (1999)^b</p> <p>...</p> <p>...</p> <p>...</p> <p>...</p> <p>...</p>	<p>3.2% (2005)</p> <p>0.9 (2006)</p> <p>16.8% (2006)</p> <p>49.9% (2006)</p> <p>12.6% (2006)</p>	<p>0.0%</p> <p>100%</p>

MDG	Available data 1990 to 2002	Available data for 2006 (2006)	Target 2015
<p>.....</p> <p>2. Percentage of under-five children sleeping under a treated mosquito net</p> <p>.....</p> <p>3. Percentage of under-five children appropriately treated for malaria</p> <p>.....</p>	<p>15% (2000)</p> <p>...</p>	<p>41% (2006)</p> <p>37.5% (2006)</p>	<p>100%</p> <p>100%</p>
<u>Goal 7: Ensure environmental sustainability</u>			
<p><u>Target 9:</u> <i>Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.</i></p>			
<p><u>Target 10:</u> <i>Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation</i></p>			
<p>1. Proportion of population using an improved drinking source</p>	<p>48% (2000)</p>	<p>57.1% (2006)</p>	<p>74%</p>
<p><u>Target 11:</u> <i>Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers</i></p>			
<p>1. Proportion of population with access to improved sanitation</p>	<p>40% (2000)</p>	<p>31.7% (2006)</p>	<p>100%</p>
<p>2. Proportion of population living in shacks</p>	<p>...</p>	<p>76.4% (2006)</p>	
<u>Goal 8: Develop a global partnership for development</u>			
<p><u>Target 16:</u> <i>Develop and implement strategies for decent and productive work for youth</i></p>			
<p><u>Target 17:</u> <i>Provide access to affordable essential drugs</i></p>			
<p><u>Target 18:</u> <i>Make available the benefits of new technologies, especially information and communications technologies.</i></p>			
<p>1. Telephone lines and cellular subscribers per 100 population***</p> <p>.....</p>	<p>...</p>	<p>48% (2003)</p>	<p>100%</p>
<p>2. Internet users per 1000 population**</p>	<p>...</p>	<p>37% (2004)</p>	<p>100%</p>

*Sources: MICS 3; * QUIBB (CWIQ); ** EDST 1998; *** WDI 2006 (World Bank)*

a – in the absence of data for the previous decade, the 2006 incidence is the reference point for the 2015 target

b – Prevalence in 1999 refers to the entire population.

2.5.2 Challenges to achieving the MDG in Togo

Because of the crisis, Togo has not been in a position to entering toward programs with its development partners for moving toward the Millennium Development Goals (MDG). According to the current outlook, while considerable efforts have been made in such fields as education, maternal health and HIV/AIDS, it will be 2008 before decisive actions can be taken in this direction, with the gradual return of donors. Togo has thus lagged well behind other countries, and this compounds the challenges that must be met to achieve appreciable results by 2015. Moreover, in the course of preparing the long-term development strategy based on the MDG, studies evaluating needs and costs for achieving the MDG by 2015 have shown that the State will have to invest resources in MDG-related sectors in amounts 1 1/2 times greater than the country's total budget. Given this major need for resources, three broad challenges have been identified for achieving the MDG: mobilizing domestic and external resources, achieving efficiency in public expenditure, and building institutional and human capacities.

Mobilizing domestic and external resources. The government faces the problem of expanding the tax base in a situation where a significant portion of the economy (agriculture, accounting for around 30 percent of GDP) is not taxed, and where the informal economy has gained rapidly in importance in recent years. In addition, tax evasion as well as tax and customs exemptions constrain the performance of the revenue system. This situation is accentuated by the ineffectiveness of tax audits, due primarily to human resource problems in tax administration and the inadequacy of measures to encourage tax compliance. Consequently, the average tax pressure rate of recent years has been 14 percent, compared to a minimum of 17 percent called for in the WAEMU context, and this is not producing the revenues needed to meet priority needs. On the external front, cooperation with the country's main partners has been frozen for more than a decade, and this has greatly reduced external financial assistance. Traditionally, nearly 80 percent of government capital spending was financed by external resources, and the drying up of those resources has jeopardized achievement of the MDG. The political crisis seems to be the main factor behind the suspension, even if the halt in multilateral aid disbursements has more to do with the buildup of arrears.

Efficiency of public spending. A recent review of government expenditure showed that a great many operations are executed using exceptional procedures, thereby increasing the risk that a significant portion of funds will be allocated to nonpriority sectors. Moreover, the lack of transparency in procurement procedures and weaknesses in expenditure monitoring and control have meant that investments do not always produce the expected effects

Institutional and human capacities. In terms of resource absorption capacity, the prolonged sociopolitical crisis in Togo has led to a marked deterioration in the institutional and human capacities needed to manage development properly. While the financial resources available to the State are low, the absorption rate is also very low. This is primarily attributable to the shortage of physical resources, and the failure to follow donor-mandated procedures, which in turn reflects the lack of training among government officials, and depletion of their ranks through retirement. The scarcity of budgetary resources and the freeze on recruitment in the public service have produced considerable capacity

constraints, particularly in key ministries responsible for the economy, finance, health and education. There was an overall decline in the public service staff complement from 34,736 in 1994 to 23,256 in 2005. Forecast retirement figures for the next five years are alarming: nearly 50 percent of current public servants are slated to retire by the end of 2009. By 2010, if nothing is done to rebuild the public service, ministries will have a combined staff of only 9000.

CHAPTER 3: POVERTY REDUCTION AND GROWTH STRATEGY

The ultimate goal of the interim poverty reduction strategy that the government expects to pursue with the participation of all stakeholders and the beneficiary population is to achieve a sustainable and effective improvement of living conditions by addressing the principal causes of poverty outlined above. Accordingly, the government intends to implement a policy of strong and sustained economic growth compatible with the Millennium Development Goals (MDGs) to which it is committed. The country's overall long-term approach is geared to meeting the MDGs. To that end, and in line with the commitments undertaken at the United Nations General Assembly of September 2005, which was devoted to monitoring progress with the MDGs, the government embarked in July 2006 on the preparation of the long-term National Development Strategy (NDS) geared to the MDGs. Adopted in September 2007, this overall strategy serves as a benchmark paper for drawing up cooperation frameworks, including, in particular, the PRSP and the technical assistance programs. Thus, the interim poverty reduction strategy paper attempts to provide an operational framework for implementation of the NDS. Furthermore, the interim PRSP is the government's frame of reference in its dialogue with technical and financial partners. The same will be true of the full PRSP.

This poverty reduction and growth strategy is built around three major strategic objectives, namely:

- Strategic objective 1: Enhancement of political and economic governance;
- Strategic objective 2: Consolidation of the economic revival and promotion of sustainable development; and
- Strategic objective 3: Development of the social sectors, human resources, and employment.

Each of these objectives involves clear directions that the government will periodically adjust in line with economic and social developments, the availability of resources, and progress made with implementation.

3.1 STRATEGIC OBJECTIVE 1: IMPROVEMENT OF POLITICAL AND ECONOMIC GOVERNANCE

In its pursuit of **strategic objective 1**, the government intends to continue the actions to promote good political and economic governance undertaken since 2005. Four specific programs are involved: (1) Improvement of political governance; (2) Implementation of institutional reforms; (3) Fiscal stabilization and efforts to combat corruption; and (4) Sound and effective management of aid flows.

3.1.1 Improvement of political governance

Analysis of Togo's political, economic, and social situation shows that, for the past 15 years, governance problems have been by far the most important bottleneck for the country's development. Indeed, by triggering unprecedented social and political unrest, the democratization process that began in the early 1990s has destabilized the national economy and exacerbated the poverty of the population. As a result of that destabilization, moreover, the European Union and Togo's principal development partners suspended their cooperation with the country, thereby depriving the national economy of its principal sources of financing for public investments. The quest for peace, stability and security through dialogue and consensus-building, rather than confrontation, therefore appears to be one of the core prerequisites for the country's recovery. It was with that in mind that inter-Togolese political dialogue got underway and led to the Comprehensive Political Agreement (*Accord Politique Global-APG*) of August 20, 2006.

The APG provided for the establishment of a new National Assembly, in accordance with a transparent, fair and democratic electoral process; measures to address security, human rights, refugee and displaced persons issues; and the pursuit of the constitutional and institutional reforms needed to consolidate democracy, the rule of law, good governance, and the formation of a government of national unity.

Togo's strategy for promoting good governance is based on the principle that the participation of the population in the establishment of political, social, and economic priorities is a prerequisite for the success of any development strategy. That is why the government has embarked on promotion of democratic governance, transparency and accountability at the same time as reaffirming its commitment to the basic tenets of liberal economics. That commitment should lead to a broad consensus in Togolese society that the aspirations of the least privileged are taken into account in the allocation of the resources needed for development.

Improving political and economic governance presupposes a continuation of efforts to achieve national reconciliation and political reforms, strengthening the rule of law and the security of persons and property, reform of the administration and of the justice system, decentralization and town and country planning, reorganization of the fiscal management system, and reform of the government procurement system.

As regards political reforms, the government's goal is to strengthen democratic institutions by effectively putting in place all the institutions contemplated in the Constitution of October 14, 1992, observance of the principle of the separation of powers provided for in the Constitution, strengthening of the judicial system, the State's subordination to the rule of law, and regularly and routinely operational democratic institutions aimed at protecting individual freedoms.

Within the national reconciliation framework, the priority today is to achieve consensual implementation of the APG and, especially, to hold free and transparent legislative elections, the return of the refugees onto national territory, the provision of care and shelter for them, their reincorporation into society, and stronger security for persons and property.

Finally, with respect to improvement of political governance, there will be a major effort to involve civil society in training activities and in campaigns to raise awareness among all members of society regarding the principles of good governance and the promotion and protection of human rights and public freedoms. To accomplish this, CSOs already active in this field will have their organizational, material and financial capacities strengthened in a way that will highlight their work and make it more effective.

- ***Continuation of the national reconciliation and political reform process***

The national reconciliation process must be continued by, among other things, organizing free and transparent legislative, communal, and presidential elections. Respect for human rights and fundamental freedoms will also help boost national reconciliation. That will require strong political will and monitoring of the extent to which all members of society are represented in political and social dialogue.

- ***Strengthening of the rule of law and of security for persons and property***

A sound and equitable justice system, made accessible for all thanks to the reform currently under way; more robust promotion and protection of human rights, and actual enforcement of laws and regulations, will help establish credible institutions capable of guaranteeing security for people and property. For that to materialize, the political and administrative authorities and the population need to be informed as to their rights and duties and made aware of the importance of human rights for a country's harmonious development.

3.1.1 Implementation of institutional reforms

- ***Streamlining the Administration***

A number of studies and assessments of public administration in Togo have highlighted inefficiencies and other shortcomings in the management of institutions and in the human capacities needed for development. Overall, the Administration is perceived as lacking (or failing to abide by) standardized working procedures and methods and as suffering from insufficient capacity and a concentration of decision-making powers detrimental to transparent management of public resources.

These operational shortcomings in Togo's public administration have been exacerbated by the suspension of civil service recruiting, which has led to major shortages of skilled staff in key development sectors. It is projected that 50 percent of today's civil servants will be retiring between now and 2009. The social sectors (education, health) will be particularly hard hit.

To address these shortages the government, with the support of its partners, launched the Public Administration Reform Process by organizing the Estates General of Public Administration (*États Généraux de l'Administration Publique – EGAP*) in December 2006. Its principal recommendations concern: rationalization of the job and staffing structures of the ministries and government services; human resource development and the crafting of human resource training programs; the computerization and automation of administrative procedures; and the promotion of ICTs.

The government's plan to implement a specific Administration Reform Program is based on the Estates General and the recommendations they gave rise to. It aims to bring about a genuine modernization of the Togolese Administration, making it more effective and efficient.

In this connection—and with respect to the strengthening of human capital in the civil service—particular heed will be paid to joint implementation of two interrelated components. One, *qualitative*, component has to do with enhancing the technical skills of senior civil servants, while the other, *quantitative*, component has to do with preventing the risks of trained and qualified civil servants leaving the service.

The first component requires the development of appropriate training and professional skills improvement programs. The second requires improving motivation among civil servants in the performance of their duties. It is principally a question therefore of reassessing the ways in which civil service wages and salaries are determined and making them competitive with other branches of public administration (the Central Bank, the National Social Security Fund, and so on), and, naturally, with the private sector, too.

As the first component goes hand in hand with the second, striking a correct balance between the two of them should enable human capital in the civil service to accomplish the missions that the country will entrust to civil servants as they endeavor to implement the national poverty reduction strategy. One of the essential ingredients of the full PRSP will therefore be to consider the prerequisites for achieving that balance with the help of a custom-tailored capacity-building plan.

- ***Justice system reform***

An in-depth diagnostic assessment of the justice system in Togo was conducted in 2004 and forms the basis for the National Modernization of Justice Program (PNMJ). This is a six-pronged program involving: (i) strengthening justice administration capacities; (ii) modernizing legislation; (iii) boosting the independence of the bench based on a code of ethics and courts with specific jurisdictions; (iv) capacity building for judges and justice auxiliaries; (v) jurisdictional control of administrative activities; and (vi) improving the public's access to law.

Considerable progress has been made with the implementation of this program, with, for instance, an awareness and information campaign on the contents of the program; establishment of the Commission to review and/or draft laws and regulations; the start of hearings by the administrative chambers of the Court of Appeals in Lomé and of the Supreme Court; development of the legislative database, and so on. The government intends to continue implementing the PNMJ and to build upon the results already achieved under the program.

- ***Human rights***

To promote human rights and honor its commitments to the Togolese people and the international community, in May 2007 the government adopted a four-year National Program to Promote and Protect Human Rights (PNPPDH). The overall objective of this program is to improve the human rights situation, as a prerequisite for sustainable human development.

The five principal courses of action under the program are: (i) to seek ongoing improvement of the legal/regulatory, institutional and operational framework for human rights; (ii) to persuade the authorities to be more respectful of human rights; (iii) to increase the effectiveness of other stakeholders; (iv) to lay the foundations for a genuine culture of human rights at every level; and (v) to establish a human rights documentation and information center.

- ***Decentralization and regional development***

The partly autonomous regions (*collectivités territoriales*), in partnership with the technical ministries directly involved in the poverty reduction strategy (health, education, water resources, public facilities, environment, and so on), are called upon to play a fundamental part in that strategy, given their importance in establishing and helping to run the grassroots facilities needed to attain the MDGs.

Given that the regional governments contribute to the development of the local economy and thereby provide the rural population with opportunities to engage in poverty-reducing activities, it is important

(i) to promote the decentralization of government activities and (2) to strengthen regional governments in terms of both their responsibilities and their financial resources. Thus, to make this approach operational, within the framework of Law No. 2007-011 of March 13, 2007 on decentralization, the government intends to deepen the decentralization process by, above all: organizing local elections, strengthening the legal framework, and putting into place a strategy designed to raise awareness of decentralization. It also intends to promote community development through all the participants involved, particularly civil society organizations, which will be strengthened at every level.

Regional planning policy pursues the same rationale as decentralization. The partly autonomous regions will therefore be closely associated with the preparation and implementation of the national strategy for regional development. At the same time, the government's Declaration of National Policy for Regional Development (DEPONAT), which takes into account the provisions of the policy framework paper on regional development of the West African Economic and Monetary Union (WAEMU), will be the formal and legal framework for implementation of the regional development process.

The national regional development strategy will primarily seek to mitigate the effects of the gravitational pull of the capital, Lomé, by giving the country's other regions and towns their own development opportunities, especially by continuing construction of major road networks. In the same vein, a policy will be pursued that encourages the installation of structuring administrative and social facilities (hospitals, schools, and so on) and basic infrastructure to facilitate craftwork and small and medium-sized industry. In the short-term, the government plans to emphasize the following priorities: (i) preparation of a regional development strategy and policy that should give rise to regional development instruments; (ii) recruitment of personnel with appropriate regional development qualifications; and (iii) training for all those involved in regional development.

3.1.3. Fiscal stabilization and efforts to combat corruption

Fiscal stabilization

There is a broad consensus among all public and private economic transactors that effective fiscal management institutions and systems are essential for implementing economic policies in support of the national poverty reduction strategy.

To that end, the government has set itself the goal of continuing its efforts to stabilize public finances, gradually raising fiscal revenue to over 17.8 percent of GDP by 2010 and to achieve a primary fiscal surplus of at least 1.5 percent of GDP by the same year. Within that framework, all necessary reforms will be undertaken to ensure improved resource mobilization and better fiscal management. Parallel to those endeavors, priority will be given to optimal medium-term allocation of public funds directed toward priority poverty-reduction sectors. Several layers of government intervention are planned.

As regards the mobilization of domestic resources, the strategy of broadening the tax base remains relevant and should translate into enhanced revenue collection, the simplification and rationalization of tax and customs codes, and the implementation of tax audits based on risk assessment and a plan to reduce tax and customs duty exemptions. In that framework, the government already began, in 2006, a process of streamlining the tax and customs administrations, which envisages, for instance, computerizing tax returns and accounting, and the introduction of ASYCUDA++ software.

Simultaneously, the government will continue reforms aimed at achieving credible and realistic budget programming and proper budget execution, to wit, non-accumulation of domestic arrears; control and monitoring of expenditure aimed at making it more effective; a stronger accounting and registration information system; and, finally, surveillance and external verification of public finance. Measures to achieve all this will include, in particular: (1) implementation of WAEMU directives and BCEAO rules regarding fiscal management; (2) improved ex ante control over fiscal expenditure; (3) the elimination of exceptional procedures; (4) improved control over budget execution to allow real-time monitoring of expenditure by item; (5) making the Treasury the sole entity responsible for managing Government cash flow; and (6) making the Audit Office function properly in respect of its responsibility for drawing up the annual budget outturn laws (*Lois de Règlement*), which are then debated by Parliament. To the same end, the public accounting system will be revamped so that it produces reliable accounts within a reasonable period of time that will make it possible to monitor cash flow and give a rendering of government accounts. The government will also take steps to avoid accumulating domestic arrears. A plan will be drawn up for getting rid of the current backlog.

In general, taking as a basis the various diagnostic assessments conducted of government financial management,¹¹ the government will prepare an action plan for improving the public financial management system. That action plan will contain a calendar for implementation and monitoring of related technical assistance, capacity-building and logistical support needs.

For the government, a vigorous return to public investment will be one of the pre-conditions for implementation of the poverty reduction strategy and hence for achievement of the MDGs. With that in mind, consideration will be given to a number of principles that are likely to ensure an effective and efficient revival of public investment.

This interim PRSP advocates the following principles for a revival of public investment: (1) Care to ensure that financial programming of public investment is consistent with a prudent and credible macroeconomic framework¹²; (2) Alignment of public investment financing with the public financial management reforms so that the investments are properly budgeted, monitored, and audited; and (3) Proper adjustment of the supply of public investment projects to private demand for project execution, via a transparent and financially fair procurement system capable of ensuring “value for money” in public expenditure.

As regards government orders¹³ and the procurement system, the government intends to be guided by the updated version of the analytical report on procurement procedures in Togo.¹⁴ The updating of that report will be effected as part of the preparation of the Full PRSP and in conjunction with preparation of the Specific Action Program to strengthen the Public Investment Program (PIP).

With respect to the allocation of resources to the priority sectors, the chief concern will be to prepare a Medium-Term Expenditure Framework (MTEF) geared to this strategy’s priorities. The MTEF will be

¹¹ “Republic of Togo – Review of Public Expenditure and Government Financial Management,” World Bank (AFTFM), African Development Bank, UNDP, and French Cooperation, June 2006; and “Togo – Public Expenditure Management,” IMF, July 2007.

¹² The macroeconomic parameters of the I-PRSP are addressed in Chapter 4 of this paper.

¹³ It is worth recalling that government procurement orders accounted for 12 percent of GDP in 2002.

¹⁴ World Bank and African Development Bank; “Report of the Analytical Review of the Procurement System – Togo,” Vol. 1, October 2003.

drawn up by stages, depending above all on capabilities and the progress made with implementing the public financial management reforms. Its core ingredients will involve: (1) establishing the amounts of resources and outlays based on the macroeconomic parameters; (2) reviewing and defining sectoral programs; (3) setting ceiling guidelines for each sector; (4) preparing medium-term sector frameworks; (5) integrating the MTEF with the budget law; and (6) parliamentary adoption of the budget law.

The government is prepared to strengthen public finances and improve the effectiveness and efficiency of public financial management. The government also believes that it will be in a position to evaluate and measure progress made in respect of performance goals for the national public financial management system. In that capacity, it will be actively involved in the standardized international program known as “Public Expenditures and Financial Accountability” (PEFA),¹⁵ which aims to provide an integrated and homogeneous framework for measuring, over time, the performance of national public financial management systems. To that end, an initial PEFA/DPRF is planned for 2008 and it would appear to be essential to launch it in connection with the preparation of the Full PRSP. The government will pay attention to this Program because of what it enables it to deliver: a joint platform of dialogue and evaluation of progress made, aimed at ensuring that reforms are sustainable by simultaneously emphasizing national “ownership” of the reform process; harmonization and alignment of development partners’ interventions with the country’s strategy; follow-up; and results.

To implement, coordinate, and monitor all the above-mentioned activities, the government will seek the establishment of a Group to Coordinate and Harmonize Public Financial Management Reforms comprising all national financial and fiscal authorities and those of the development partners directly involved in this process. This Group’s chief responsibility will be to steer, manage, monitor and evaluate the action plans, programs, technical and logistical support and institutional capacity-building activities related to fiscal reform. It will also coordinate and harmonize the fiscal support furnished by the various creditors and donors and development partners in order to finance the national poverty reduction strategy. It will also be in charge of follow-up activities to the Paris Declaration on Aid Effectiveness.¹⁶

Efforts to combat corruption

The government considers that the direct effect of coherent and swift implementation of the public financial management reforms will be a markedly lower risk of corruption in the handling of public funds. The aforementioned actions will be supplemented by the establishment of a transparency framework covering all spheres of public life in order to make it possible for public resources to be used to produce, in sufficient quantity and quality, public services that are fairly distributed among the population. In this perspective, efforts will focus in the medium-term on:

- drawing up a national anti-corruption strategy;
- establishing an institutional framework that fits in with existing structures; and
- adopting an action plan geared to preventing corruption and ensuring fair and transparent treatment of corruption cases by the competent courts.

¹⁵ Referred to in French as “Dépenses Publiques et Responsabilité Financière” (DPRF).

¹⁶ See, below, § 3.1.4, “Sound and effective management of aid flows.”

Furthermore, to underscore the Togolese State's determination to combat money laundering and the financing of terrorism, the National Assembly has just passed the uniform law on money laundering. The government will do everything in its power to ensure strict enforcement of that law. In particular, it will set up the National Financial Information Processing Task Force (*Cellule Nationale de Traitement des Informations Financières – CENTIF*).

3.1.4 Sound and effective management of aid flows

With a view to the provision of aid and reforming it in such a way as to render it most effective for achieving the MDGs and poverty reduction, a High-Level Forum was held in Paris in March 2005. Its purpose was to institute a partnership commitment between donors and development partner countries that would set targets and measure progress toward them. It gave rise to a declaration, known as the Paris Declaration on Aid Effectiveness.¹⁷

Having subscribed to that Declaration, Togo intends to play its part locally and honor its commitments with respect to improving the management and efficiency of overseas aid flows aimed at reducing poverty and inequality and pursuing the MDGs. To start with, it will prepare to meet the next international deadline for following up on the Paris Declaration at the Accra Summit Meeting in 2008. The government will also prepare a report on the status of the indicators related to commitments undertaken in connection with the Paris Declaration.

It is, in addition, essential to improve debt management capabilities in order to avoid new arrears and to qualify for the HIPC Initiative. At the same time, the government intends to apply the WAEMU regulation establishing that only the Minister of Finance is authorized to contract or guarantee external debt on behalf of the State. Furthermore, a national indebtedness strategy will be adopted that will include the implementation of appropriate coordination mechanisms to ensure the management and monitoring required to make Togo's debt viable.

3.2 STRATEGIC OBJECTIVE 2: CONSOLIDATION OF ECONOMIC REVIVAL AND PROMOTION OF SUSTAINABLE DEVELOPMENT

In this part of its strategy, the government plans to continue and to establish specific programs: (1) Strengthening structural reforms; (2) Strengthening regional integration and trade promotion; (3) Reviving agriculture and the rural economy; (4) Developing infrastructure to support economic growth; and, finally, (5) Effective management of natural resources and the environment.

3.2.1. Strengthening structural reforms

These reforms focus primarily on public enterprises, the financial system, and the business environment. The government attaches particular importance in its economic policy to the implementation and culmination of these reforms.

¹⁷ More than 100 countries subscribed to the Paris Declaration (including, in West Africa: Benin, Burkina Faso, Gambia, Ghana, Guinea, Mali, Mauritania, Niger, Senegal and Togo), along with over 25 ODA organizations, including the OECD, the World Bank, UNDP, the African Development Bank, the European Community, the IMF, the Economic Commission for Africa (ECA), the European Investment Bank (EIB), and so on; the bilateral aid agencies of Germany, France, Denmark, China, Japan, and others; and, finally, numerous internationally acclaimed NGOs.

- ***Public enterprises***

To galvanize the national economy, the government has, since the early 1980s and in the context of structural adjustment efforts, been engaged in the reform of the public enterprise sector, in particular by restructuring the legal and institutional framework and by withdrawing from State involvement in the productive sector in favor of private national and international operators. Backed by Togo's development partners, these actions have permitted the liquidation of several unprofitable enterprises and the privatization of a number of others that were not deemed to hold strategic importance. That policy will be continued under the present strategy with a focus on certain key enterprises, such as SOTOCO (the Togolese Cotton Company) and OTP/IFG (Office Togolais des Phosphates/International Fertilizers Group), given their importance for economic growth and poverty reduction.

As regards SOTOCO, the company will undergo extensive reform following recent financial, strategic and operational audits. The findings of those audits will help, in the near future, to identify practical measures that could lead either to the company being taken on by a strategic partner or to its dissolution, in order to make room for a new enterprise. Pending such a restructuring, the enterprise will be kept under tight management control in order to avoid further deterioration in its financial position.

In the case of the OTP/IFG, a decision to dissolve the enterprise was taken recently and steps are currently being taken to liquidate it, which include settlement of its dispute with former partner IFG, for which an agreement has been signed by the two parties. In its stead, a Government enterprise, Société Nouvelle des Phosphates du Togo (SNPT), was established on May 14 2007. Negotiations between the government and the Islamic Development Bank (IDB) led to the signing, on September 28, 2007, of a loan agreement in the amount of EUR 45.11 million (CFCA 30 billion) to finance part of the cost of the project for reviving production of Togo phosphates (that is to say, 74.6 percent of EUR 60.5 million, which is the total cost of the project excluding taxes). The remaining costs will be covered by the Togolese Government with the participation of the Investment and Development Bank (BIDC) of the Economic Community of West African States (ECOWAS). Negotiations with the bank are currently under way. In addition, a strategic development plan for the phosphates sector will be formulated and put into effect with a view to increasing the sector's contribution to economic growth.

In general, in order to boost the performance of the other public enterprises, the government considers that additional analysis and auditing are needed to refine the diagnostic assessment of their situation and to detect possible operating flaws and both financial and logistical imbalances, as well as shortcomings in effective provision of services. Based on these elements, the government will proceed to examine recommendations with a view to compiling an action plan of reforms to be undertaken, particularly as regards the institutional framework and the way the enterprises are run, as well as outside auditing of their financial management.

- ***Financial system***

The financial system comprises the banking and microfinance sectors.

Banking sector

The banking system, which is the predominant sector in Togo's financial system,¹⁸ has been troubled for many years now. Notable features of the national banking system include its small size, a large State presence and only minor foreign bank participation, heavy concentration (at end-2005, the largest bank accounted for 26 percent of bank assets, 29.4 percent of deposits, and 39.5 percent of total loans), and, finally, very limited diversification of products available to customers (essentially short-term loans and deposits, for lack of long-term resources).

In addition, banking sector performance has been such that it is in poor shape, not to say in near critical position, in terms of both solvency and liquidity. For the most part, this is attributable to serious governance issues in certain large government enterprises as well as the major banks. Thus, there is a high level of nonperforming loans (30 percent of total loans in 2004-2005, most of them being loans to SOTOCO and OTP/IFG) and clearly insufficient provisioning against those nonperforming loans (barely 41.6 percent, for instance, in one bank with a gross nonperforming loan ratio of 69.1 percent). Furthermore, for several years bank liquidity has been below prudential standards, except at end-2005, a year in which five of the six banks for which data were available met the liquidity ratio requirements. However, most Togolese banks have, in recent years, had serious difficulties meeting the other prudential ratios established by the Banking Commission. In 2005, there were numerous violations of prudential standards in a majority of banks and low profitability of the national banking sector as a whole, with, for instance, average operating ratios (*coefficients d'exploitation*) still above 55 percent. So it is obvious that the banking system has lost its capacity to finance economic activities. Hence the importance of creating the conditions for easier and more profitable access to credit and diversified financial services for the private sector, in order to better meet its expectations and improve the conditions needed for it to develop.

To that end, the authorities intend to adopt the following measures contemplated, for the most part, in community provisions and WAEMU prudential regulations: (1) implement the restructuring and rehabilitation measures identified by the recent BCEAO, WAEMU Banking Commission and IMF mission in its roadmap document (*feuille de route*) regarding the BTCI, UTB, and BIA; (2) develop a local Treasury bill market to enable the banks to diversify their assets while improving their liquidity management; (3) substantially improve banking supervision, particularly as regards the frequency of on-site inspections, risk assessment, and capacity to carry out office audits; and, finally (4) abide by the structural benchmark of the 2006-2007 Reference Program, which envisages a comprehensive rehabilitation plan for the BTCI and the UTB and the establishment of a schedule for implementing it.

Microfinance sector

With average annual outstanding loans per client ranging from CFCA 62,300 and CFCA 80,100 between 2000 and 2004, the microfinance sector is directed above all at the poorest segments of the Togolese population.

In recent years, this sector has achieved some growth. Indeed, between 2000 and 2004, the number of active customers grew 17 percent; total deposits were up 76 percent; outstanding loans 50 percent; and

¹⁸ At December 31, 2004, the Togolese financial system was structured as follows, in terms of the distribution of total assets: 62.14 percent for the banks; 27.19 percent for insurance companies and pension funds; and 10.67 for other financial institutions (including 5.97 percent for licensed microfinance institutions). Total assets of the financial system accounted for 51 percent of GDP (bank assets 32 percent, insurance company and pension fund assets 14 percent, and other financial institutions 5 percent). Consequently, given that the banking sector dominates the Togolese financial system, while the microfinance sector is crucial for implementation of a national poverty reduction strategy, this I-PRSP obviously focuses on both.

average deposit per customer, 50 percent. The microfinance sector is, moreover, dominated by cooperative institutions and savings and loan associations, which operate in networks. There are six such networks, which, at end-2004, accounted for approximately 87 percent of the licensed institutions, 77 percent of customers, 81 percent of deposits, and 71 percent of outstanding loans.

An analysis of the sector's financial performance, based on the five most active microfinance institutions, shows that: (i) overall the portfolio quality and viability of Togolese MFIs is rather satisfactory; (ii) nonperforming loans are below the international threshold of five percent in at least three of the five largest MFIs. Furthermore, most MFIs observe the majority of the prudential standards decreed in the PARMEC law. They are, however, below international standards. Nevertheless, it is important to point out that the microfinance sector has several shortcomings, including insufficient human resources and organizational problems. Moreover, the perverse effects for poverty reduction of the high interest rate charged by the MFIs have yet to be studied.

To address those shortcomings, the government's strategy pursues the following general objectives: (i) extend access to microfinance services to the majority of poor households and micro-entrepreneurs; (ii) integrate the viable MFIs more closely with the national banking network; (iii) diversify the sector's financial products and services so that they can respond better to customers' needs; (iv) strengthen the institutional capacities of the MFIs, their inclusion in networks, and their supervision mechanism; and, finally, (v) ensure that beneficiaries are trained and organized.

- *Business environment*

According to several international surveys, the business environment for development of the private sector in Togo is one of the least attractive in the subregion.¹⁹ The business climate in the subregion as a whole is already weak by international standards. This state of affairs, which is to a large extent related to the country's social and political crisis and to the constraints in the regulatory and institutional framework for the private sector, constitutes a serious obstacle to the development of the national private sector and to the promotion of foreign direct investment (FDI), two indispensable factors for a sustainable upsurge in economic growth.

The government intends to remedy this state of affairs by taking several steps designed to improve the business environment for development of the Togolese private sector, while at the same time making the country more attractive to foreign investors.

The following emergency measures will be taken to enhance the regulatory framework: (i) reducing bureaucratic red tape by improving the operations of the one-stop shop for the administrative procedures involved in establishing an enterprise and by expediting the establishment of a one-stop shop for customs clearance; (ii) streamlining and simplifying tax, customs, and land ownership codes; (iii) amending the law on the status of the Free Trade Area; (iv) promoting a new business practices code based on OHADA rules as well as an investment code that guarantees property rights, the remittance of capital and dividends, the freedom for private enterprise. As for the institutional framework, the government intends to promote the establishment of an agency to develop the private sector and enterprise, and to strengthen the capacities of the ministerial departments responsible for SMEs and SMIs.

¹⁹ In the World Bank report *Doing Business in 2007*, in a ranking of business regulations in 175 countries (starting a business, dealing with licenses, employing workers, enforcing contracts, closing a business), Togo is No. 151 in terms of business facilities.

Furthermore, in order to achieve a sustainable improvement in private sector competitiveness, it will be advisable to identify profitable market niches and, in particular, those in which Togo has comparative advantages within the subregion, to invest in basic infrastructure, and to undertake specific actions in the priority productive sectors. Thus, in its efforts to discover profitable niches, the government will conduct studies of the agricultural, manufacturing and services sectors with a view to supporting activities in the various growth areas and targeting, in particular, those closest to the poor. To that end, it will be necessary to restructure the informal sector which is a major part of the national economy, accounting for 24 percent of nonagricultural employment. While waiting for those studies, target actions are planned in the tourism, artisan and services sectors.

3.2.2 Strengthening regional integration and trade promotion

As a member of WAEMU and CEDEAO, has room to expand its markets and deepen opportunities for investment, both of which are essential to revive its economy and put it on the path to sustainable and sustained economic growth. Its membership in these two blocs places Togo at a distinct advantage with respect to moving toward a globalization of its economy via the strengthening and deepening of regional integration. In that connection, there is a pressing need for the pilot units for monitoring the free circulation of goods and persons to become operational and for harmonization of national regulations with those of the community.

The government is also going to continue a trade policy geared to: (i) implementing the action plan for developing and promoting trade; (ii) improving the institutional and regulatory environment in such a way as to establish a private sector-friendly environment that encourages investment and promotion of trade and exports; (iii) enhancing the productive capacity and competitiveness of enterprises; (iv) strengthening and improving human and institutional management and trade promotion capacities, with a view to achieving more pro-active integration into the liberalization mechanisms currently being developed; and (v) stepping up the country's active participation in the international organizations concerned with world trade.

The Economic Partnership Agreement (EPA) between the EU and CEDEAO²⁰ also opens up prospects for Togo's economic development. In the economic and trade integration framework, Togo is keen to receive stronger technical assistance from the WTO and to benefit from the Joint Integrated Technical Assistance Program (JITAP), from the integrated framework and from other programs run by international organizations in the field.

3.2.3 Revival of the agricultural and rural economy

²⁰ Since January 1, 2001 (when Mauritania left it), CEDEAO/ECOWAS comprises 15 countries. Officially, it has been a free-trade zone since January 1, 2000, but that Free Trade Agreement (FTA) has not yet been implemented in a meaningful way. Tariff and nontariff barriers still hamper the development of intra-regional flows of goods, services, people, and capital. These obstacles explain, in part, the low volume of official intraregional trade, which accounted for 13 percent of total DEDEAO trade in 2001, up from 11 percent in 1996, whereby a substantial share of those intra-CEDEAO official trade figures refer to intra-WAEMU trade. As for the prospects of a customs union, CEDEAO agreed, in December 2000, to take WAEMU's four-rate common external tariff (CET) as the basis for its own TEC. Finally, we emphasize that the negotiations of the West Africa—EU economic partnership agreement are being conducted by all CEDEAO countries, *except* the Cape Verde islands, which decided to leave it in September 2006, but *including* Mauritania.

The agricultural sector is a major factor for Togo's economic recovery. It plays a dominant part in the Togolese economy, since it has accounted for approximately 38 percent of GDP over the past decade (1995-2005) and for more than 20 percent of export revenue, with cotton traditionally occupying second or third place in Togo's exports, after cement and/or phosphates, depending on the year. In addition, the agricultural sector employs approximately two-thirds of the economically active population. Within the sector, subsistence crops account for about two-thirds of output and have done so more or less consistently for the past 10 years. Furthermore, over the same period, agricultural GDP has grown faster than total GDP. Unfortunately, public spending on agriculture collapsed as a result of Togo's social and political crisis.

At the same time, there are still major constraints on the development of the agricultural sector. Essentially, these have to do with an inappropriate land ownership regime and degradation of the soil; insufficient financing for agriculture; insufficient control over water resources; the absence of structural organization in the rural environment; and capacity constraints among agricultural partners.

Given the importance of agriculture in Togo's economy, the government intends to revive it on a sustainable basis as part of its poverty reduction strategy, particularly since farming is done in rural areas, which are home to 79.7 percent of the poor population. Thus, it has set itself the goal of raising farmers' incomes and contributing to an improvement of the living standards of the rural population within a sustainable development perspective and with particular attention to the poorest and most vulnerable segments, especially women and young people.

The measures needed to attain this objective will be geared to: (i) strengthening the legal and institutional framework; (ii) building economic and social structures in rural areas and professionalizing farming activities; and (iii) achieving sustainable improvements in access to productive resources and markets. A number of emergency programs are scheduled to come on stream in 2008. These include the Institutional Review, the National Food Security Program, the Program to Combat Avian Influenza, and the Program for Opening Up Rural Areas with strong farming potential.

As regards *strengthening the legal and institutional framework*, the strategic actions that the government proposes to undertake have to do with: (i) completion of the liberalization of the agricultural sector and harmonization of regulatory provisions with those of WAEMU and CEDEAO; (ii) improved quality control of agricultural products and inputs; (iii) capacity-building for central and regional units of the Ministry of Agriculture; (iv) improving the regulatory framework for entrepreneurship in rural areas; (v) enhancing information and communication systems; and (vi) improving the supply of agricultural services.

The strategic actions planned by the government to *enhance the structural organization of rural areas and make agricultural activities more professional* will involve: (i) supporting the emergence or strengthening of village associations or communities; (ii) strengthening farmers' professional organizations (OPA) and regional farmers' associations; (iii) strengthening all the professions making up the agricultural sector; and (iv) helping to usher in a new generation of farmers.

With respect to *achieving sustainable improvements in access to productive resources and markets*, the government will take the following strategic actions: (i) improve access to land ownership and the use of land as collateral (*sécurisation foncière*); (ii) enhance soil fertility; (iii) improve access to financing for agricultural and other rural activities; (iv) promote water resource management; (v) tailor research and advisory and support service programs to producers' needs; (vi) boost access to improved seeds; (vii) improve access to storage, processing, and marketing infrastructure and to markets for agricultural products; and (viii) develop agricultural and rural infrastructure and facilities.

In addition, the government is planning to take specific steps to boost coffee-cocoa and cotton growing, as well as livestock breeding and fishing.

In the coffee-cocoa sectors, the drastic drop in output over the past ten years (57 percent in the case of coffee and 67 percent for cocoa) is related to: the lack of supporting measures since the liberalization of this sector²¹; the lack of financing for these crops; the low extension services for farmers ratio (30 percent); the ageing of the plantations and impoverishment of the soil; and the resurgence of diseases and pests due to the change of biotope in farming areas and inadequate maintenance work on the plantations. The government intends to embark on the following actions in an effort to revive these crops: (i) conduct a diagnostic assessment of the subsector accompanied by a revival strategy; (ii) establish a small-scale entity responsible for advisory support to farmers; (iii) wage a well-coordinated attack on pests and diseases; (iv) support research aimed at finding varieties that tolerate cocoa bush swollen shoot and necrotic wilting (*dépérissement nécrotique*) in coffee trees; (v) provide improved plant material; (vi) establish an effective credit system; and (vii) support implementation of sector-wide activities (*une interprofession*).

Analysis of the current situation of cotton farming points to high production costs²² and indicates that the goal of achieving more intensive farming has not been met because of: (i) poor previous management in SOTOCO; (ii) overheads that are too high in relation to the current volume of business; small farmer reallocation of some cotton inputs to subsistence crops; and (iv) obsolete infrastructure and machinery. Measures to revive the cotton industry have to do with: (i) improving SOTOCO management; (ii) steps to reduce production costs at every level; (iii) introducing analytical accounting at the SOTOCO level; (iv) setting up a transparent and negotiated mechanism for establishing the price of cottonseed; (v) strengthening of farmers' associations and the consolidation of their umbrella organization; (vi) financing research, the rehabilitation of cotton tracts, cotton storage warehouses, and ginning mills; and (vii) in the medium term, supporting the establishment and operation of sector association activities.

As regards livestock farming (especially small animal farming), it is still basically traditional, despite efforts to upgrade it. The principal constraints on its development are: poor performance of stud animals; lack of extension work (*encadrement*) and of animal health controls; poor use of available fodder, and limited access to credit. Actions that the government intends to promote include: (i) stepping up dissemination of technical itineraries for improving livestock farming techniques; (ii) promoting the integration of livestock farming and agriculture; (iii) reinstating vaccination campaigns to combat the major epidemic diseases; and (iv) establishing a credit system tailored to the animal husbandry cycle.

Finally, in the case of fishing, the principal constraints on its development are: the inadequacy of, and failure to abide by, the regulations in force; the narrowness of the continental shelf; over-fishing of scarce fishing resources; pollution of the sea; the high cost of fish catch and conservation facilities; the nonexistence of an appropriate credit system; the lack of organization among artisanal fishermen on matters having to do with water resources, and the lack of conservation infrastructure. The government's efforts to address these limitations will entail: (i) organizing and training fishermen and

²¹ With the exception of the project in support of coffee and cocoa farmer's associations (PAOP), conducted from 1999 to June 2005, with French Development Agency [FDA] financing.

²² In 2004-2005, the production cost of cotton fiber CFCA 25/kg higher than the average cost in Mali, Burkina Faso, and Cameroon.

fish farmers; (ii) strengthening the health controls system; (iii) enforcing fishing regulations; (iv) promoting thermally insulated containers for marketing fresh fish; (v) making an inventory of, and rehabilitating, fish farming and fish stocking infrastructure; (vi) credit services; and (vii) strengthening the statistics system. Overall, efforts to develop fisheries must cover small-scale maritime fishing, inland fishing near dams, and aquaculture.

3.2.4 Development of infrastructure to support economic growth

Togo is short on the basic infrastructure needed to support growth, especially in the energy, transportation and telecommunication sectors. Regional disparities mean that some areas are practically devoid of such infrastructure because of regional imbalances in investment.

With respect to energy, the evident lack of national energy infrastructure and resources amounts to a major handicap for economic activity. Indeed, Togo depends too heavily on neighboring countries for its electric energy supply, which, moreover, fails to satisfy domestic demand. As a result, there are frequent power cuts affecting all branches of the national economy.

Togo pays a high price for the shortage of road and railway transportation infrastructure. In fact, certain areas of the national territory are cut off from the rest for lack of highways and access roads, and this poses a problem for the distribution and sale of agricultural products. In addition, urban congestion, especially in the capital, poses road quality and maintenance problems. Furthermore, the virtual disappearance of the railways deprives economic agents of an inexpensive form of transport for goods both nationwide and for the countries in the hinterland. The disappearance of the railways also further complicates efforts to achieve the profitable development of certain mineral deposits.

With respect to port infrastructure, the Autonomous Port of Lomé appears to be under-utilized, considering its strategic position in the West African subregion. Its services could also be improved.

In the telecommunication sector, despite encouraging development of information and communication technologies in recent years, much still needs to be done to make this factor of production accessible to all parts of the country and to lower its cost.

Thus, mindful of these shortcomings that increase production costs and slow down economic growth, the government has resolved to breathe a new dynamism into the aforementioned sectors. The goal is to promote the development of energy resources, overland and maritime transportation infrastructure, and telecommunications, while taking environmental concerns into account.

- *Development of energy resources*

The overall objective being pursued by the government is to satisfy the energy needs of both households and enterprises. More specifically, an effort will be made to manage energy more efficiently by reducing losses and waste; to put an institutional and legal framework in place that facilitates the development of the sector; and implementing a plan to develop promising alternative sources of energy, taking environmental considerations into account and promoting private sector involvement.

Government intervention will focus on the following aspects of each subsector:

Electricity: (i) in the short term, reactivation of dormant energy sources to deal with the current crisis; (ii) in the medium term, boosting electric energy output by using gas turbines and potential hydroelectric sites and by installing mini-hydroelectric plants in the country's more economically active regions; and (iii) institutional and technical support for the Directorate General of Energy. These measures could be integrated into an electric power policy compatible with subregional policies in this sector. As for electric energy distribution, the government will embark on a reform aimed at making the Electric Energy Company of Togo (CEET) financially viable by means of transparent management practices and a balanced rates policy.²³

Biomass energy: (i) establishment of a suitable legal, regulatory and institutional framework that will facilitate household access to sources of energy other than wood energy; and (ii) implementation of measures aimed at increasing sustainable energy output.

Renewable sources of energy: (i) promotion and popularization of micro hydroelectric plants, solar energy and biofuels; (ii) tax exemptions for renewable energy devices and equipment.

Cross-cutting government measures will focus principally on: (i) strengthening private sector participation in the development of energy production; (ii) boosting subregional cooperation in the production, purchase, sale and transmission of energy; (iii) promoting and popularizing domestic gas use (LPG); (iv) establishing a rural areas electrification fund; (v) implementing a financing mechanism, with the participation of donors and creditors and the national financial system; and (vi) running awareness campaigns on the rational use of all forms of energy.

- *Development of overland and maritime transportation infrastructure*

For the **overland transportation** sector, the government's objectives are to: (i) enhance the competitiveness of Togolese products on domestic and external markets by lowering transportation costs and improving the quality of services provided; (ii) facilitate the movement of goods and persons; and (iii) contribute to poverty reduction in urban and rural areas by opening up remote regions, providing access to basic services, providing transportation services in production zones, and generating employment, directly and indirectly.

To enable the road transport sector to play its full part in the country's development, the authorities have developed—specifically for road infrastructure—a transport sector strategy which is currently being implemented.

The government envisages: (i) building, rehabilitating, strengthening, and maintaining rural and farm roads, urban roads, bridges, national highways and national highways linking up with neighboring countries' networks; (ii) expanding or splitting sections of the major roads to the capital; (iii) improving road network structures; and (iv) supporting the organization of private mass transportation systems in order to improve the circulation of both freight and passengers.

Accompanying this strategy, institutional and capacity-building steps will be taken to strengthen the Directorate General of Public Works and all other stakeholders in this sector. Those measures will aim to enhance the quality of management and the sector's ability to execute projects and make good use

²³ The task will be to establish a rates schedule that will yield a return on CEET investments, while at the same time guaranteeing users a steady supply of electricity at a reasonable cost.

of loans. They will also seek to strengthen the statistical data system and improve sector coordination and governance.

As for the **railroad network**, rehabilitation and extension of the central North-South axis will make it easier to move freight within the country and also to the borders of neighboring countries in Togo's hinterland: a major factor in market integration.

With respect to **maritime transportation**, the focus will be on enhancing the competitiveness of the autonomous Port of Lomé. To that end and in order to offer all its clients quality services, the Autonomous Port of Lomé has drawn up a port development program which envisages, among other things, construction of a third dock, development of several parking areas, the construction of an inland dry port, and, in the near future, the establishment of a one-stop shop designed above all to expedite formalities. As the ideal transit port for shipping merchandise to the Sahel countries, the Autonomous Port of Lomé embarked in 1994 on its "maritime solidarity" operation, which consists of shipping freight swiftly and safely, and at special reduced rates, to the countries of the hinterland. The idea is to strengthen this operation in the coming years. With a view to boosting the security, speed, and efficiency of port operations, the port community has also formed an association called "Partnership for the Promotion of the Port of Lomé" (A2PL), the chief purpose of which is to provide a consultation and cooperation framework for all stakeholders in the maritime transportation chain in Togo.

- *Development of telecommunications*

In the area of telecommunications, efforts will be made to encourage investments aimed at achieving coverage of the whole country. For that, the government plans to open up the capital of the national telecommunications company to the private sector, allowing it to lay the groundwork for raising the necessary financial resources on the regional and international financial market. The government also aims to expedite development of information and communication technologies, especially mobile telephony and Internet access, and to make them accessible for a larger share of the population.

Specific actions will include: (i) providing Togo with a reliable, high-speed and less expensive Internet connection; and (ii) embarking on a dialogue between Togo Télécom, users and ICT operators aimed at adopting suitable measures to remove obstacles to the development of telecommunication services.

3.2.5. Effective management of natural resources and the environment

There is a correlation between poverty and environmental and natural resource degradation. For that reason, a poverty reduction strategy needs to mainstream environmental considerations in its preparation and in implementation. With that in mind, the government has formulated an environmental policy geared to promoting comprehensive and rational management of the environment so as to improve the context and living conditions of the population in a sustainable economic and social development framework.

To achieve that, the government intends to take the following steps: (i) reduce pressure on natural resources; (ii) promote integrated management of the coastal areas; (iii) strengthen subregional and international cooperation in the area of environmental management; and (iv) enhancing national environmental management capabilities. CSOs will be invited to participate in the implementation of these measures, so as to tap their contributions in certain areas of natural resource and environmental management.

- ***Reducing pressure on natural resources***

Here it will be a question of rationalizing the management of natural resources by using tools and techniques that are suitable for furthering sustainable economic and social development. The government's strategic actions will be grouped together in three program areas: conservation and promotion of biodiversity; efforts to combat desertification and soil degradation; and decreasing greenhouse gas emissions and other sources of pollution.

- ***Promoting integrated management of coastal areas***

The goal here is to promote integrated development compatible with the survival of coastal ecosystems. To achieve that, the government has planned to: assign a special sustainable environmental management framework for coastal areas; and bring coastal erosion under control.

- ***Strengthening national environmental management capabilities***

In strengthening national environmental management capabilities, the government seeks to provide the country with tools for managing the environment and natural resources, with stakeholder participation, to ensure sustainable and decentralized management of both. Governmental intervention will focus on three areas: mainstreaming environmental issues in development policies, strategies, plans and programs; strengthening legal, institutional, technical and financial environmental management capacities in the different branches of activity and among all categories of persons involved in development; and raising ecological awareness in the population.

- ***Preventing and combating pollution and other forms of environmental nuisance***

Here the focus is on pursuing the following objectives: (i) rational ecological management of the different categories of waste material; (ii) rational management of chemical substances; (iii) keeping urban and rural living environments free of all forms of pollution and nuisance.

- ***Disaster prevention and management***

The objective is to provide the country with adequate tools for preventing and managing natural and technological disasters. The strategic actions consist of: (i) improving the political and institutional frameworks for disaster prevention and management; (ii) technical and human capacity-building with respect to planning, monitoring, and early warning systems; and (iii) the introduction of budget line in the government's general budget for these types of disasters.

3.3 STRATEGIC OBJECTIVE 3: DEVELOPMENT OF THE SOCIAL SECTORS, HUMAN RESOURCES AND EMPLOYMENT

In the context of this strategic objective, the government intends to promote harmonious and swift development of human capital: a core ingredient for the sustainable economic growth needed to sharply reduce poverty and human and social vulnerability. To that end, this strategic objective comprises five specific programs: (1) Promotion of the educational and training system; (2) Development of the health system and health care; (3) Improvement of the nutritional status of the population; (4) Improved access to drinking water and sanitation infrastructure; and (5) Promotion of gender equity, employment, social protection and community development.

Moreover, given its recognition of the major part played by CSOs in the social sectors, especially education, literacy, training and health as well as in gender issues and income-generating activities (IGA), the government regards their effective participation in implementation of the various programs associated with this strategic objective as indispensable. With that in mind, appropriate actions and measures are being taken by both the government and the CSOs to remove the various bottlenecks hampering their work in the communities. In addition, steps are to be taken to establish a trusting and lasting partnership between CSOs and the government.

3.3.1. Promotion of the educational and training system

Education for all as the basis for equal opportunities and for combating poverty over the long term is a key ingredient in the government's development strategy. It is recognized nowadays that a higher level of education and training is particularly important for boosting a country's social and economic development and that investment in education has a direct impact on labor productivity and hence on job opportunities. It therefore constitutes a necessary complement to investment in productive infrastructure. In the political sphere, democracy is only sustainable if the electorate is educated and informed. Education also helps narrow income distribution gaps, facilitates social mobility, and is particularly important for women, for whom the illiteracy rate is approximately 65.6 percent, compared to 29.7 percent for men, according to the QUIBB Survey of 2006.

Now, the Togolese educational system suffers from a number of shortcomings, including: (i) lack of teaching staff and insufficient training of local teachers; (ii) insufficient and obsolete infrastructure and facilities, and shortage of textbooks (one math book for every eight pupils; one reader for every five) and of teaching materials; (iii) weak teaching support services and weak centralized management; and (iv) a mismatch between study programs and the realities of the labor market.

Because of the importance of education and aware of the constraints in the Togolese context, the government has made primary education one of its top priorities, with a goal of reaching primary education for all by 2015, as envisaged in the Millennium Development Goals. To capitalize on the high returns on investment in primary education, the government has included the first four years of secondary school among its priorities. For this determination to materialize, there will have to be ambitious educational and training policies, sustained by optimal budget appropriations. Following are the strategic goals pursued for each level of education.

Pre-school education. The goals include, but are not restricted to: (i) promoting pre-school education and encouraging community-based initiatives aimed at developing it, so as to prepare children for subsequent learning activities; and (ii) achieving quantitative and qualitative improvements in the pre-school education available by rehabilitating existing infrastructure, constructing new classrooms, training teacher trainers, and improving the training that educators receive. The government will take care to ensure equitable coverage of rural and urban areas through a communication plan and by encouraging pertinent educational initiatives by nongovernmental organizations (Plan Togo, Aide et Action, and so on), by the private sector, and by communities on behalf of pre-school children and above all those promoting school education for girls.

Primary and Secondary Education. The government will make a special effort to achieve a quantitative and qualitative improvement in educational services, while lowering the repeater rate and enhancing equity. To that end, it has been decided: (i) to improve the pupil reception framework, with particular emphasis on quality and equity at all levels, by building new functional classrooms with

latrines, rehabilitating old classrooms, providing schools with benches; (ii) improve conditions for supervising pupils by recruiting teachers and providing them with the requisite training and refresher courses; (iii) make more textbooks and materials available to pupils; (iv) introduce sub-cycles in order to lower the repeater rate, once the reception environment, supervision, and provision of textbooks and materials have been raised to satisfactory levels; (v) raise enrolment and retention rates among pupils, with a view to setting Togo on the path toward universal education by 2015, by – on the supply side – providing certain schools with canteens and – on the demand side – subsidizing poorer parents, in cooperation with partners for development (UNICEF, FAO, WFP, and NGOs, and so on, particularly in less-favored areas); and (vi) carry out a study of the feasibility of providing cost-free primary school education, including in that study – given the dire budgetary consequences – some thoughts on alternative ways of providing educational services for the very young in a strategy that would strike a balance between reasonable Government support and a contribution by the parents.

Technical education and professional training. The government plans to: (i) improve facilities for taking in students by constructing classrooms and workshops and providing tables, benches and textbooks; (ii) improve conditions for supervision and promoting equity in technical education and professional training by recruiting, training and recycling teachers/trainers.

Higher education. The government intends to continue supporting the training of high-level executives capable of driving development. This support will take the form of: (i) improved management and steering of higher education; (ii) more emphasis on quality and the promotion of gender equity in higher education; and (iii) strengthening facilities (adequate buildings and materials) in order to cater to the fast-growing number of students enrolled in the country's universities.

However, inasmuch as (i) the modern-sector job market appears to be saturated and can only absorb a small proportion of graduates, (ii) teaching conditions are deteriorating (the resources cannot keep up with the growth in students), and (iii) the share of the budget allocated to higher education (18 percent in 2005) already seems very high, pupil flow management measures will have to be taken throughout the system, but especially as regards the transition from the first four years to the last three years of secondary school and from there to higher education. This, of necessity, entails technical education and vocational training in order to avoid inconsistency between the measures taken to reduce repeater rates in primary and secondary school and control over the flow of students into higher education.

Literacy campaigns. The government will seek to expedite the process of working out a national literacy policy, review the contents of programs (functional literacy programs), and create an environment that enables illiterate adults, especially women and young people who have dropped out of school, to have access to an education that will allow them to be better integrated in their milieu and to embark on income-generating activities.

3.3.2. Development of the health system and health care

With regard to health, the government has adopted five strategic goals, geared to the health-related Millennium Development Goals, namely: (i) strengthen the national health system; (ii) place maternal child care at the center of concerns; (iii) facilitate access to HIV/AIDS prevention, treatment, care, and support services; (iv) boost prevention and treatment activities to make significant progress against malaria; and (v) strengthen screening for and treatment of tuberculosis through the Directly Observed Therapy Short-Course (DOTS) strategy.

Strengthening the national health system. In this area, the government intends to pursue national health system reforms aimed at making it capable of achieving the Millennium Development health goals by 2015. The actions to be undertaken are: (i) institution-building, to be achieved by the National Assembly's adoption of a public health code and its enforcement; (ii) reform of the State-community co-management system through the Management Committees (COGES), which will clarify the latter's juridical status; (iii) effective participation by the COGES, representatives of civil society, and (national and international) NGOs involved in community health and support for the COGES, in every area in the health sector that deals with right-to-health issues; (iv) more precise definition of the prerogatives and responsibilities of the different levels in the system (central, regional, district, and primary health care units-USP) and actual enforcement of both; (v) strengthening human resources by organizing health officer recruitment campaigns and drawing up a national human resource policy and health worker management plan that would include capacity-building for currently employed personnel; (vi) reform of the resource mobilization and utilization system and strengthening of infrastructure and facilities; and (vii) organization of partner-for-development support for the formulation and implementation of a medium- and long-term human resource development plan. Priority needs to be given to ensuring that whatever already exists functions properly by rehabilitating and equipping existing infrastructure, the drawing up of a health map to show what areas of the country are under-covered, and the construction of new infrastructure based on the needs shown in the health map.

Promotion of maternal—child health care. The government's objective is to provide accessible and affordable maternal-child health care services in order to bring down, by any means whatsoever, the number of deaths of mothers and of children under five years of age. The actions envisaged to achieve that are: (i) increasing the availability and affordability of preventive and health care services for children under five by implementing a complete long-term plan of the Expanded Vaccination Program, the provision of infant and neonatal primary health care, and hospital health care; and (ii) increasing the availability and affordability of preventive and curative care for mothers by promoting family planning, pre-natal examinations, and the prevention of obstetrical complications, improving maternal-child health care, preventing malaria during pregnancy, the provision of care for childbirth and post-natal complications, and prevention of sexually transmitted diseases.

Prevention and treatment of HIV/AIDS. The government intends to continue efforts underway that successfully brought down the prevalence rate from 6 percent in 2000 to 3.2 percent according to the last estimates in 2005. The aim is to make the whole range of preventive, curative and support care available and affordable so as to turn HIV/AIDS into what could be called a chronic illness. The actions chosen will involve: (i) expediting or strengthening preventive measures by focusing interventions on young people, sex workers and their clients; on the supply, distribution and social marketing of condoms; on blood security; on the prevention of HIV transmission from mother to child; and on counseling regarding voluntary and anonymous testing; (ii) strengthening care capacities; (iii) strengthening support measures that principally target orphans and children rendered vulnerable as a result of HIV/AIDS; and (iv) boosting coordination, monitoring/evaluation and research.

Prevention and treatment of malaria. The government's aim is to increase the availability and use of mosquito nets impregnated with insecticide (MII), effectively prevent malaria during pregnancy, and ensure that malaria treatment policy is actually applied. Public interventions will entail: (i) strengthening prevention measures by supplying and distributing MII, and putting into effect a social marketing plan on the use of MII and intermittent preventive care for pregnant women; and (ii) implementing malaria treatment policy by providing anti-malarial (CTA and other) drugs and edible/drinkable medicines (*consommables*), conducting diagnostic tests to confirm malaria, providing

correct care for cases of simple malaria in health care units or at home, delivered by community health workers, and correct care at health centers for cases of severe or complicated malaria.

Strengthening screening and treatment for tuberculosis. The government is anxious to improve tuberculosis screening and treatment, using the DOTS strategy. Its interventions will aim to increase capacity to detect new cases of pulmonary tuberculosis with positive microscopy (TPM+), improve therapy by using the DOTS strategy, and introducing a monitoring and evaluation mechanism.

3.3.3. Improving the nutritional status of the population

Nutritional surveys show that there has been no trend toward improved macronutrients since 1988 and the relevant indicators have, overall, remained stable since then. At that pace, macronutrient indicator goals (underweight, wasting, and stunting) will not be met by 2015, as envisaged in MDG commitments. In 2006, according to the findings of the MICS3 survey, 26 percent of children under the age of five are underweight and nearly 24 percent of them suffer from stunted growth. However, micronutrient indicators (iron, iodine and Vitamin A) clearly improved during the period under review. Generally speaking, the northern regions, and the swamp areas, in particular, are the most prone to malnutrition. The undernourishment rate is higher in rural areas than in urban areas and there is often a positive correlation between the educational level of the mother and improved nutrition indicators in children.

Given the fact that a person's nutritional status is generally reflected in his or her state of health, above all in the mother-child case, the government intends to improve the nutritional status of the vulnerable segments of the population by: (i) making existing programs more effective and establishing new programs to combat undernourishment and meet other mother-child health needs; (ii) increasing awareness among the vulnerable population of the impact of a proper diet on its state of health; and (iii) improving the institutional framework with respect to nutrition and diet.

Making existing programs more effective and establishing new programs to combat nutritional deficiencies. This will be done by implementing the Accelerated Child Survival and Development Strategy, promoting foods rich in micronutrients, and enriching/fortifying foods. In addition, the national strategy for feeding new-born babies and infants, in the HIV context, will be implemented as a matter of urgency, as will the establishment of school canteens for pre-school and primary school children in vulnerable areas. The government will also provide, on the one hand, for the implementation of a nutrition program for adolescent girls and pregnant and breast-feeding women and, on the other, for the establishment of an animal and plant health, food and nutrition surveillance mechanism. Finally, specific programs to provide food for vulnerable persons (the elderly, those infected with HIV/AIDS, mothers and children suffering from severe nutritional deficiencies) will be started and implemented by the government.

As for **increasing awareness among the vulnerable segments of the population regarding the impact of a proper diet on a person's state of health**, there will be information, awareness, and educational campaigns for all public officials and civil society on the importance of a health diet.

Improvement of the institutional framework. This will take the form of measures to strengthen institutional capacity and the policy framework for promoting a proper diet and nutrition; improving the legal framework for promoting a proper diet and nutrition; and improvement of information and data-gathering systems in the food and nutrition sector.

3.3.4. Improving access to drinking water and sanitation infrastructure

Providing access to drinking water and sanitation infrastructure is one of the government's top priorities. According to the findings of the 2006 MICS survey, 57.1 percent of the Togolese population uses improved drinking water sources. According to the same survey, the ratio for overall access to sanitation systems remains low: 31.7 percent of the population uses improved sanitation installations (66.6 percent in urban areas, compared with only 10 percent in rural areas).

These figures indicate that much remains to be done to achieve a sustainable improvement in the population's access to drinking water and sanitation. To meet those challenges, the government has set itself four strategic goals, namely to: (i) improve the water resource management system by adopting the Integrated Water Resource Management (GIRE) approach; (ii) improve the population's access to drinking water in rural, semi-urban, and urban areas; (iii) improve the extent of access to sanitation services by promoting appropriate infrastructure; and (iv) raise awareness in the population of the impact of proper hygiene and sanitation on individuals' state of health.

Improving the water resource management system by adopting the GIRE approach. The government will proceed to: (i) adopt and put into effect the GIRE national policy and strategy paper as well as the water code law; (ii) implement a GIRE priority actions program (data collection, awareness raising, capacity building); (iii) establishing the GIRE institutions and issuing the required regulations; and (iv) operating a pilot scheme application of GIRE principles in the Zio-Lake Togo basin.

Improving the population's access to drinking water in rural, semi-urban, and urban areas. Here it will be a matter of: (i) implementing the Supply of Drinking Water and Sanitation Policy in rural and semi-urban areas, so that the population takes responsibility for looking after and maintaining the installations; (ii) supplying drinking water to rural populations above all in areas where there is currently very little coverage and with special emphasis on those semi-urban centers with the lowest coverage rates; and (iii) in urban areas, providing towns that still lack them with piped drinking water systems, and strengthening those systems in Lomé and Kara.

Improving the extent of access to sanitation services by promoting appropriate infrastructure. Actions to be undertaken in this respect include: (i) facilitating household access to decentralized sanitation systems by adopting a subsidization policy; (ii) carrying out emergency work on Lomé's rain water sanitation system, along with a sustainable maintenance system; and (iii) preparing master plans for sanitation systems in towns other than Lomé.

Raising awareness in the population of the impact of proper hygiene and sanitation on individuals' state of health. Actions planned here include: (i) raising awareness in households of the benefits of using sanitary facilities for sewage and waste water disposal; and (ii) raising awareness in and organizing sewage disposal associations to ensure that sewage and waste water are disposed of in suitable sites.

3.3.5. Promotion of gender equity, employment, social protection and community development

Promotion of gender equity and the empowerment of women. The government is convinced that women are vehicles for spreading social and economic well-being in a society, No human development strategy can be viable unless women have a key role to play in it. Therefore, the

government regards women's participation in the development process as a determining factor in its development strategy. To that end, the following areas of intervention have been chosen to promote gender equality and strengthen women's participation in the development process, thereby reducing gender inequalities: (i) promotion of education and training for girls and women; (ii) promoting women's health and special health care needs; (iii) empowerment and respect for the legal and social status of women within a human rights perspective; and (iv) promotion and appreciation of women's work and of their participation in decision-making.

Promotion of decent work. The employment situation in Togo is increasingly precarious. It is characterized by a sharp contraction of the job market, the increasingly informal nature of employment, and an unemployment rate (including under-employment) estimated at over 30 percent in 2006. This translates into explosive growth of the informal sector, which, if you include the agricultural sector, employs more than 80 percent of the economically active population. Against that backdrop, the young lack any sense of a future and only weak mechanisms exist to support and facilitate job and income-generating initiatives. Thus the government's key objective is to create the legal, institutional and economic conditions for employment generation and higher incomes. Thus, raising the quantity and quality of job opportunities for the Togolese in the different branches of the economy by ensuring training and sufficient resources, and the promotion and development of labor-intensive sectors with real potential for growth constitute an important part of the government's poverty reduction strategy.

With that in mind, an Employment and Poverty Reduction Policy Framework Paper was drafted in 2004. The government's priority actions, with the support of its development partners involve: (i) strengthening and improving the legal and institutional framework by bringing on stream the National Agency for Employment Promotion, which would contain an Employment Observatory, to respond better to the public's expectations on employment promotion and social exclusion issues; (ii) the development of self-employment through women's access to more and higher quality jobs, access by young people and vulnerable groups to decent jobs, and improvement of informal sector activities; (iii) strengthening micro-credit and micro-insurance mechanisms, in order to transform them in a veritable financing system for the informal sector and income-generating activities; and (iv) strengthening qualifying training programs, with emphasis on capacity to analyze the job market and the training system as well as on boosting the National Fund for Professional Apprenticeship, Training, and Improvement. The revitalization of the National Agency for Promoting and Guaranteeing Financing (ANPGF) for SMEs and SMIs and of the Support Fund for Young People's Initiatives (FAIEJ) will likewise contribute to the attainment of these objectives.

These actions will be accompanied by important measures designed to make them sustainable over time, such as: (i) the promotion of an entrepreneurial culture and its integration into training curricula; and (ii) efforts to strengthen the social dialogue.

Social protection. The importance of social protection lies in the fact that the dramatic outbreak of poverty is also a result of the population not being able to handle unforeseen contingencies, such as the loss of a job, illness, poor harvests because of vulnerable farming methods, and so on, all of which have a more devastating impact when there is no social safety net.

The government's general objective here is to improve social protection for poor and vulnerable segments of the population, especially the elderly and the disabled. The government will therefore opt for a social protection policy geared principally to: (i) developing new strategies for caring for the abovementioned groups, as a way of mitigating the demise of family solidarity by putting in place new mechanisms and structures; (ii) raising the capacity of existing facilities for caring for the vulnerable,

in this case, the National Solidarity Agency; (iii) supporting the establishment of social protection and social security measures for informal sector workers and artisans; and (iv) improving forecasting and management of vulnerability to different kinds of shocks and disasters.

As regards the disabled, it will especially be a matter of: (i) providing education and professional training for disabled persons, as well as help with finding a job; and (ii) updating sectoral policies with a view to ensuring that they take disabled persons' particular conditions into account. As for the elderly, a study is currently underway with a view to the formulation of a national policy to protect seniors.

Protecting children. To achieve protection-of-children goals, it is essential to target the right beneficiaries, who are, first and foremost, the child, the mother-child pair, and the family. Strategically, a communication process to induce changes in behavior should be at the forefront of our concerns. The principal areas of intervention are: (i) formulation and implementation of a national policy to protect and promote childhood; (ii) the adoption of an appropriate legal and institutional framework for protecting children in general and the orphans and other children rendered vulnerable as a result of HIV/AIDS; (iii) organization and training of the population to play an active, ongoing part in endogenous and self-sustained development; (iv) planning, coordination, and monitoring of programs for the protection and promotion of distressed children and youth; and (v) support for the least privileged segments of society to provide a shield against all forces bringing about the breakdown of the family structure and to combat the trafficking and exploitation of children.

Community development. In implementing its grassroots development policy, Togo has opted for micro-achievement projects and programs funded by both internal and external resources. That option has made it possible to respond on the ground to the particular needs expressed at the grassroots level and thereby to bring about a marked improvement in their standard of living.

Thus, some 20 years ago, the government embarked on a Local and Participatory Development Program focusing on local-initiative micro-achievement. The Program has triggered renewed interest in the social and political crisis that Togo has been going through for approximately 15 years, during which time the State's ability to intervene in local development has dwindled. In fact, several micro-projects in health, education, village water resource management, and income-generating activities, and so on, were started and executed directly by communities at the grassroots level or with the support of local or foreign partners (NGOs, associations, development assistance institutions, and others).

These achievements on a small scale have in recent years had a beneficial social and economic impact. They are now a true means of reducing poverty, along with many others, and a way of ensuring the participation of local authorities and beneficiaries in the grassroots development process. Given the key part played by local organizations, especially NGOs, in promoting community development over the past few years, the government intends to boost their organizational, physical and financial capacities in order provide more effective outreach to grassroots communities.

In order to support and expand the community development process, the government, with United Nations system support, plans to implement the "Millennium Villages" initiative in the most disadvantaged parts of the country. This initiative consists of endowing targeted areas with all the infrastructure and resources they need to achieve the Millennium Development Goals.

Box 3: Millennium Village

The “Millennium Village” project was born in 2005 of a partnership between the University of Columbia in the United States and the United Nations, in the framework of efforts to achieve the eight Millennium Development Goals. It seeks to show the 8 MDGs can be achieved in rural Africa through the rural population’s access to technologies that can boost farm productivity and improve their health, education, and access to markets. In the case of Togo, a pilot phase is scheduled to test this experiment in 10 villages.

These villages will be chosen basically because of their agro-ecological nature and critical poverty -- (i) severe famine; (ii) widespread disease; (iii) lack of access to education and medical care; (iv) severely deficient infrastructure -- to reflect batches of challenges in agriculture, education, health, water, energy, and transportation. Other criteria, such as proximity to research centers, partnership possibilities, and democratic forms of organization, also play a part. Actions rely, in particular, on multifunctional platforms, the planned agricultural development areas (ZAAP), and technical packages.

In addition, the “Millennium Village” Program is a community development program in that sense that the actions aimed at lifting the villages out of extreme poverty will be undertaken by the communities themselves, in cooperation with the government and NGOs. The United Nations system will be responsible for coordination.

CHAPTER 4: MACROECONOMIC FRAMEWORK AND COST OF THE INTERIM POVERTY REDUCTION STRATEGY

The framework for the Interim Poverty Reduction Strategy was prepared taking the strategic options described in Chapter 3 into account. They are intentionally conservative and seek first and foremost to be credible and realistic. For the time being, the current structural and business situation of the Togolese economy makes accelerations or substantial increases in the real GDP growth rate an impossibility for Togo, as these could hover around 7.5 percent. This is the level that is generally acknowledged to be necessary to achieve the MDG with respect to reducing monetary poverty. The framework also strives to be a catalyst for macroeconomic stability, a prerequisite for properly implementing the PRS. Finally, it is designed to be a transparent and intelligible framework in order to facilitate proper monitoring in particular. It consists of three scenarios: a baseline scenario, a high alternative scenario and a low alternative scenario.

The I-PRSP baseline scenario focuses on the correction in fiscal policy and the implementation of structural reforms to revive economic growth and external competitiveness under the WAEMU fixed exchange rate regime. Based principally on a correction in fiscal policy, it does not sufficiently incorporate the requirements in terms of the MDGs. Although the GDP rises by two points between 2007 and 2010, total expenditures and investment expenditures in particular grow less than in 2005, 2006 and 2007. Under these conditions, by 2010, a GDP growth rate of roughly 4 percent is expected, with a budget deficit of less than 6 percent of GDP.

The high alternative scenario includes the estimate of MDG costs. Full incorporation leads to unsustainable deficits of roughly 20 percent of GDP. Consequently, it was necessary to set a target for the public deficit, increasing it by an average of three points above the baseline scenario deficit, reaching about 9 percent with a 7 percent real growth rate in 2010. Estimating the costs of the specific programs for the Interim PRSP necessitates inter-sectoral tradeoffs. It also presupposes vigorous

negotiations with the donor community to mobilize resources in order to deal with the additional financing requirements.

To take the constraints and risks related to the proper implementation of the proposed reforms (the foundation of the baseline scenario) into account, as well as the highly rigid output, the low alternative scenario is contemplated, which results in a growth rate of around 1.7 percent by 2010 and a public deficit of over 6 percent.

4.1 MACROECONOMIC FRAMEWORK AND SCENARIOS

4.1.1 Baseline scenario

The baseline scenario relies on a basic framework adopted with IMF staff during their missions of March 2007 and December 2007.²⁴ It is based on a medium-term strategy to gradually increase the economic growth rate and lay the groundwork for a viable budget and a good external reserves position.

The assessment of Togo's economy that was prepared indicates that the main economic challenges Togo will have to face in the short and medium term are: (i) mitigating macroeconomic risks related to a tenuous fiscal situation; and (ii) the sustainable establishment of stronger economic growth after a period of 25 years marked by the decline in per capita income.

This should result in (i) a stronger fiscal policy and budgetary governance; (ii) an improvement in agricultural sector productivity; (iii) infrastructure renovations (particularly in the energy sector); (iv) an increase in resources allocated to health and education; (v) financial sector development; (vi) a lower current account deficit to avoid dependence on short-term capital flows and to decrease the risks of potential external crises; and (vii) an improvement in the business climate.

As a result, the government is counting on a correction in fiscal policy and structural reforms to boost economic growth and external competitiveness under the current foreign exchange regime. An increase in the primary budgetary balance becomes a goal to obtain a surplus of at least 1.5 percent in GDP by 2010 to avoid accumulating new arrears and to reduce the necessity of resorting to new loans. Likewise, the strategy to reform the Togolese economy is counting on an increase in foreign aid and an overall easing of the debt under the HIPC initiative.

The macroeconomic framework for the baseline scenario that underlies this approach yields the following results:

Table 6: Principal macroeconomic framework indicators

²⁴ This second mission, which was in Togo from November 28 to December 12, 2007, is a joint International Monetary Fund/World Bank/African Development Bank mission.

Principal indicators	2007	2008	2009	2010
Real GDP growth rate	2.1	3.0	3.5	4.2
Investment rate	14.1	16.5	18.7	19.3
Primary budgetary balance (as a percentage of GDP)	-1.8	0.2	0.9	1.5
Budgetary balance excluding grants (as a percentage of GDP)	-4.1	-4.6	-5.4	-5.6

Source: MEF

There is strong output of more than one additional point per year during the period, rising from 2.1 percent in 2007 to 4.2 percent in 2010. Cotton and phosphate output would rise from 65.0 thousand metric tons and 0.7 million metric tons in 2007 to 101.4 thousand metric tons and 1.0 million metric tons in 2010 respectively.

On the demand side, the investment rate has been rising steadily during the period. From 14.1 percent in 2007, it will be 19.3 percent of GDP in 2010. A consistent level of savings due to aid flows and other transfers, expected to derive from the new economic context, results in an improved savings – investment balance over the period, falling from 6.8 percent in 2007 to 3.5 percent in 2010.

TABLE 7: PRINCIPAL OUTPUT GROWTH RATES, 2007-2010

	2007	2008	2009	2010
Cotton output	54.7	6.0	35.0	10.0
Phosphate output	-38.4	2.9	24.7	14.3
GDP	2.1	3.0	3.5	4.2

Source: MEF

Price stability: Despite the increase in domestic demand, which would be caused primarily by the higher government spending necessary to finance the basic socioeconomic infrastructures, domestic price stability should be an objective for the period assuming no crises occur abroad. The goal will be to maintain price stability and to bring down the inflation rate to within the WAEMU limit, which is no more than 3.0 percent. This result would be obtained through a strong increase in output and an effective community monetary policy.

Stronger fiscal policy: The budgetary policy and overall budget levels are consistent with the government's option to rely on the correction of fiscal policy to revive economic growth and external competitiveness. Thus, the tax pressure rate will improve, rising from 16.5 percent in 2007 to 16.8 percent by 2010. The increase in tax revenue would be promoted by the simplification of administrative procedures related to the payment of taxes and other fees by the institutional units. This would stem from the implementation of the one-stop shop, without neglecting economic growth per se. It would support the increase in budgetary revenue, which would rise from the equivalent of 17.1 percent of GDP in 2007 to 17.8 percent in 2010.

On the other hand, operating expenses were lower than past trends, since the government chose the option of emphasizing financing for socioeconomic infrastructures. Thus, current expenditures would

decline from the equivalent of 18.9 percent of GDP in 2007 to 16.3 percent in 2010, and capital expenditures over the same period would rise from 2.4 percent to 7.1 percent of GDP.

Table 8: Fiscal Reporting Table (TOFE), 2008-2010, Source: MEF

Government	Baseline Scenario			
	2007	2008	2009	2010
	<i>(as a percentage of GDP)</i>			
REVENUE AND GRANTS	18.7	19.5	21.2	22.1
REVENUE	17.1	17.2	17.5	17.8
GRANTS	1.6	2.3	3.7	4.3
TOTAL EXPENDITURES	21.3	21.7	22.9	23.4
CURRENT EXPENDITURES	18.9	16.9	16.6	16.3
Domestic current primary expenditures	15.5	15.2	14.9	14.7
Interest on the public debt	2.1	1.3	0.9	0.8
Current expenditures using external financing	1.3	0.4	0.8	0.8
INVESTMENT EXPENDITURES	2.4	4.8	6.3	7.1
Domestic contribution	1.6	1.9	2.0	2.0
External sources	0.7	2.9	4.3	5.1
Primary balance (baseline domestic current)	0.0	0.0	0.6	1.1
Primary current balance	-1.8	0.2	0.9	1.5
Total balance based on payment order excluding grants	-4.1	-4.6	-5.4	-5.6
Total balance based on payment order	-2.6	-2.3	-1.7	-1.3
Change in arrears	1.2	0.4	-0.4	-0.7
Total balance (cash basis)	-1.4	-1.8	-2.1	-2.0
Financing	1.4	1.8	2.1	2.0
Domestic financing	0.9	-0.4	-0.6	-0.7
External financing	0.5	0.5	1.1	1.4
Consists of: Drawings	0.7	1.0	1.4	1.6
Debt retirement	-1.7	-1.8	-1.8	-1.7
Settlement of the debt and arrears	0.0	-28.7	0.0	-21.6
Reschedulings obtained	0.0	19.5	0.0	0.0
Debt cancellation	0.0	9.2	0.0	21.6
Financing gap	0.0	1.8	1.5	1.3

In this context, the budget deficit (excluding grants based on payment orders) remains at an average of roughly 5 percent of GDP throughout the period. This is quite sustainable, because based on available information about financing likely to be mobilized, the residual financing requirement to be raised for the TOFE is only about 22.1 billion CFAF in 2008, 20.3 billion in 2009, and 18.7 billion CFAF in 2010. A greater commitment of the international financial community alongside the government of Togo to support its socioeconomic recovery efforts will be necessary to cover this financing gap between 2008 and 2010.

TABLE 9: TOTAL BUDGET AND FINANCING OF THE PRS (IN BILLIONS OF CFAF)

	2008	2009	2010
Estimated public expenditures	271.8	303.3	329.9
Domestic resources*	214.7	218.9	231.4
External resources**	35.0	64.2	79.9
Financing gap	22.1	20.3	18.7
* total revenue + domestic financing+ change in arrears			
** external financing + grants			

A sustainable external payments deficit: In conjunction with an improvement in the terms of trade, export growth and the increase in transfers, the average shortfall of current external payments over the period should stand at roughly 4 percent of GDP versus 6 percent, due to an increase in imports consistent with domestic demand. However, gross international reserves stabilize at around three months of imports.

Stabilized money supply: Over these last years, the money supply in Togo has risen considerably and reached 22 percent in twelve months as of end-December 2006, despite the persistent problems different banks are experiencing. Through the reforms carried out in the sector, it is expected that the money supply will be controlled during the PRS period. In accordance with the common monetary policy in the WAEMU countries, the priority is price stability and a conservative lending policy in the economy.

To achieve the above results the government will implement policies that help to ensure: (i) the stability of the macroeconomic framework, and controlling inflation, price relatives and the real effective foreign exchange rate; (ii) agriculture sector reform; (iii) better access to health and education; (iv) overhaul of public infrastructures; and (v) strengthening the architecture of the financial system (strengthening bank surveillance and compliance with the prudential framework, diversity in the supply of financial services and at lower costs).

The government is well aware of the fact that the achievement of the above-mentioned goals could be jeopardized unless a certain number of key conditions are met. These conditions include the rigorous implementation of the principal political and economic reforms and sector reforms more particularly, such as public finance and public enterprises. It is also clear that a return to a situation of lasting security and peace by implementing the APG Agreement is a prerequisite for bringing about a more buoyant economic atmosphere. Consequently, the government will continue its efforts to minimize

these risks, mainly by establishing the conditions for a full resumption of international development cooperation.

4.1.2 Low alternative scenario

Consideration is also given to a low alternative scenario that primarily reflects the heavy constraints in the implementation of the reforms, and hence would entail the mobilization of domestic and external resources. These constraints have a direct impact on the volume of public investments and on allocations of resources to sectoral priorities. There are also direct consequences that affect growth as well as the pace at which the MDGs are achieved. In addition, there are the likely constraints linked to the supply sector, primarily a result of the uncertainties in the agriculture sector.

Thus, growth is just over 1.8 percent in 2010, the investment rate hovers around 12 percent, and the shortfall in the savings-investment balance deepens further due to lower public savings. This shortfall reaches 7.7 percent at the end of the period. The budget deficit stands at more than 6 percent of GDP in 2010. This profile of government spending makes it completely impossible to move toward achieving the Millennium Development Goals.

4.1.3 High alternative scenario

Over the last decade donor disengagement has weakened the government's institutional capacities, interfered with the provision of education and health services, and has seriously eroded the quality of public infrastructures. The scenario above places emphasis on structural reforms, which are essential for reenergizing the economy, and it even uses highly optimistic assumptions as a base. Thus, achieving the MDGs under this scenario will require much greater international assistance than the baseline scenario. That is why a more bold and ambitious scenario is proposed for public investment. The introduction of the results from the costing for eight sectors brought about an increase in the volume of expenditures of over 40 billion CFAF per year compared to the baseline situation. This brought the average investment rate for the period to above 20 percent, versus 18 percent in the baseline scenario.

This results in a higher GDP growth rate, which reaches 4.5 percent in 2008, 6.0 percent in 2009, and 7.0 percent in 2010, but the budget deficit is higher, at 9.7 percent in 2008, 9.3 percent in 2009, and 9.0 percent in 2010. The residual financing requirement in the TOFE is therefore 80.0 billion CFAF in 2008, falling to 56.1 billion CFAF in 2010.

TABLE 10: CHANGE IN THE PRINCIPAL AGGREGATES BY SCENARIO

	2008			2009			2010		
	Base S.	Altern Base S.	Altern H.S.	Base S.	Altern Base S.	Altern H.S.	Base S.	Altern Base S.	Altern H.S.
Real GDP in percent	3.0	1.7	4.5	3.5	1.7	6.0	4.2	1.7	7.0
Investment rate	16.5	12.8	19.3	18.7	12.8	20.7	19.3	12.8	21.6
Total expenditures as a percentage of GDP	21.7	19.8	26.2	22.9	21.0	26.4	23.4	22.1	26.6
Budget deficit as a percentage of GDP	4.6	5.8	9.7	5.4	6.1	9.3	5.6	6.2	9.0

Base S: baseline scenario; Altern Base S.: alternative baseline scenario; Altern H.S: Alternative high scenario

4.2 COST ESTIMATE FOR THE INTERIM POVERTY REDUCTION STRATEGY

4.2.1 Total cost of the strategy

The total cost of the I-PRSP includes all of the priority expenditures that the government agrees to execute over the next three years to foster economic growth and reduce poverty. The ultimate objective of the I-PRSP is to advance Togo's development process toward the Millennium Development Goals (MDG).

The total cost of the strategy is evaluated based on the components of macroeconomic framework and the estimated costs of the MDGs for the period from 2008 to 2010.

The assumptions used to evaluate it are as follows:

- The cost of the strategy amounts to 57 percent of total expenditures under the guidance for the 2008-2010 period. It will evolve gradually during the period and amount to 52 percent, 57 percent, and 62 percent of projected annual expenditures in the macroeconomic framework in 2008, 2009, and 2010 respectively.
- The average cost of the strategy is 12.9 percent of GDP during the period; 11.2 percent in 2008, 13.0 percent in 2009, and 14.4 percent in 2010.
- The allocation of the strategic objectives through the specific programs is consistent with the breakdown of the MDGs and estimates of economic and political governance requirements for the period from 2008 to 2010.

TABLE 11: TOTAL COST OF THE INTERIM POVERTY REDUCTION STRATEGY (IN BILLIONS OF CFAF)

	2008 – 2010
Total guidance budget	905.0
Cost of the Poverty Reduction Strategy	514.2
Domestic financing portion	274.2
External financing portion	179.0
Portion of financing to be raised	61.0
Percentage of GDP	12.9%

During the PRS implementation period (2008 to 2010), expenditures by specific programs to revive growth and support the social sectors will account for 86 percent of the total cost of the PRS, versus 14 percent for the programs specific to good political and economic governance and the monitoring-evaluation of the strategy.

For the next three years (2008 to 2010), the government plans to concentrate its human and financial efforts, and to focus the efforts of its development partners on the implementation of specific programs identified in the Interim PRSP. The fourteen (14) specific programs of the I-PRSP will be funded using domestic and external resources, some of which have already been mobilized, while others must be raised. The total cost of the interim strategy is estimated at 514.2 billion CFAF for the period from 2008 to 2010 and is broken down as follows: 274.2 billion CFAF financed from domestic resources,

179.0 billion CFAF financed from external resources, primarily as grants (budget support for poverty reduction), and there may be highly concessional loans; and 61.0 billion CFAF in additional financing requirements (for details, see Annex 3).

4.2.2 Breakdown of the total cost by strategic objective

The breakdown of the cost of the strategy among the strategic objectives took into account the recent studies on the evaluation of MDG costs broken down by sector as well as rough estimates of the cost of governance and macroeconomic consolidation programs.

This breakdown in the table below shows that objectives 1, 2 and 3 account for 11 percent, 31 percent and 55 percent of total financing respectively; the rest (3 percent) is allocated to the “PRSP Monitoring and Assessment” Special Program.

Table 12: Cost of the I-PRS by strategic objective (in millions of CFAF)

	2008	2009	2010	2008-2010	Portion expressed as a percentage
STRATEGIC OBJECTIVE 1: Improvements in economic and political governance	17,664.2	19,716.7	21,445.1	58,826.0	11%
STRATEGIC OBJECTIVE 2: Consolidation of economic revival and promotion of sustainable development	42,236.8	52,567.3	65,516.4	160,320.5	31%
STRATEGIC OBJECTIVE 3: Development of the social sectors, human resources and employment	75,977.3	94,549.9	110,993.4	281,520.6	55%
Special program: Monitoring and evaluation of the I-PRS	4,076.3	4,550.0	4,948.9	13,575.2	3%
Total Cost of the I-PRS	139,954.6	171,384.0	202,903.8	514,242.4	100%

4.2.3 Breakdown of the total cost by specific program

The financing required by strategic objective and by specific PRSP program is broken down as follows:

Strategic objective 1: “Improvements in economic and political governance.” The estimated cost of this axis for the 2008-2010 period is 58.2 billion CFAF, divided into the following four annual programs:

Table 13: Cost of programs specific to strategic objective 1 (in millions of CFAF)

		2008 – 2010			
		2008	2009	2010	2008-2010
STRATEGIC OBJECTIVE 1: <i>Improvements in economic and political governance</i>	Program 1: Improve political governance	10,870.3	12,133.4	13,197.0	36,200.6
	Program 2: Implement institutional reforms	1,358.8	1,516.7	1,649.6	4,525.1
	Program 3: Carry out fiscal consolidation and corruption control	4,076.3	4,550.0	4,948.9	13,575.2
	Program 4: Manage aid flows effectively and soundly	1,358.8	1,516.7	1,649.6	4,525.1
TOTAL STRATEGIC OBJECTIVE 1		17,664.2	19,716.7	21,445.1	58,826.0

Strategic objective 2: “Consolidation of economic revival and promotion of sustainable development.” The estimated cost of this strategic objective for the 2008-2010 period is CFAF 160.3 billion, divided into the following six annual programs:

Table 14: Cost of programs specific to strategic objective 2 (in millions of CFAF)

		2008	2009	2010	2008-2010
STRATEGIC OBJECTIVE 2: Consolidation of the economic revival and promotion of sustainable development	Program 5: Strengthen structural reforms	6,793.9	7,583.4	8,248.1	22,625.4
	Program 6: Strengthen regional integration and promote trade	2,717.6	3,033.3	3,299.2	9,050.2
	Program 7: Revive the rural and agricultural economy	4,959.6	6,076.9	7,818.2	18,854.6
	Program 8: Develop infrastructures that support economic growth	24,245.3	31,284.3	41,216.6	96,746.2
	Program 9: Effectively manage natural resources and the environment	3,520.4	4,589.4	4,934.3	13,044.1
TOTAL STRATEGIC OBJECTIVE 2		42,236.8	52,567.3	65,516.4	160,320.5

Strategic objective 3: “Development of the social sectors, human resources and employment.” The estimated cost of this strategic objective for the 2008-2010 period is 281.5 billion CFAF, divided into the following five annual programs:

Table 15: Cost of programs specific to strategic objective 3 (in millions of CFAF)

		2008	2009	2010	2008-2010
STRATEGIC OBJECTIVE 3: Development of the social sectors, human resources and employment	Program 10: Promote the education and training system	32,623.1	39,972.2	51,426.2	124,021.5
	Program 11: Develop the health system and health services	27,967.7	34,416.2	44,579.9	106,963.8
	Program 12: Improve the people’s nutrition level	2,100.5	2,424.4	3,045.5	7,570.3
	Program 13: Improve access to drinking water and sanitation infrastructures	11,927.2	16,220.5	10,292.2	38,439.9
	Program 14: Promote gender equality, employment, social protection and community development	1,358.8	1,516.7	1,649.6	4,525.1
TOTAL STRATEGIC OBJECTIVE 3		75,977.3	94,549.9	110,993.4	281,520.6

CHAPTER 5: INSTITUTIONAL FRAMEWORK AND IMPLEMENTATION, MONITORING AND ASSESSMENT MECHANISMS

The monitoring/evaluation mechanism makes it possible not only to learn more about the population's living conditions, but also to gauge the results and impacts of policy measures on the phenomenon of poverty. The government therefore intends to establish a coherent and effective system to document the implementation of poverty reduction projects and programs.

Implementation of the interim strategy depends on the fulfillment of three essential conditions, namely: prompt set-up of the new institutional framework; preparation of a quantitative priority action plan that is to be an integral part of the interim paper; and capacity-building within the main agencies.

Thus, implementation of the interim PRS and its monitoring/evaluation mechanism is based upon six (6) key principles:

- (i) Consolidation of past accomplishments and of currently available assets;
- (ii) Promotion of the participatory approach to ensure national ownership;
- (iii) Progressive adoption of 'results-based management' at the national and sectoral levels;
- (iv) Empowerment of line ministries, regions, prefectures and local governments to implement and monitor the various priority interventions for which they are responsible;
- (v) The critical importance of further enhancement and strengthening of the array of statistical tools at the central, sectoral and decentralized levels. Indeed, the monitoring/evaluation mechanism requires a public information policy aimed at improving transparency in public administration;
- (vi) Involvement of all non-governmental stakeholders, and especially of civil society, in the monitoring/evaluation process, so as to enhance collaboration on the preparation and implementation of public development policies, and also to gradually put in place a functional system of citizen oversight.

To attain these objectives, the mechanism will be based upon a revamped institutional framework for implementation and on a coherent information system allowing for more effective efforts to monitor implementation of the PRS and MDGs.

5.1 institutional framework for implementation, monitoring and evaluation of the strategy

The various stakeholders (central and local governments, civil society, private sector, and donors) will be responsible for ensuring that the program actually reaches the target populations. It is therefore necessary to create networks of key participants and representatives of the target populations, including, among others, employees of regionalized departments and representatives of local governments, leaders of community organizations such as Village Development Committees (CVDs) and Neighborhood Development Committees (CDQs), women's organizations, youth groups, professional associations and, more generally, civil society organizations.

The success of the Poverty Reduction Strategy (PRS) depends to a great extent on the relevance, functionality and effective implementation of the institutional mechanism for PRS

monitoring/evaluation (See Annex 6). The institutional mechanism will consist of the following components:

- **National Council on Development Policy and Poverty Reduction (*Conseil national des politiques de développement et de lutte contre la pauvreté, CNPDLP*):** Under the Chairmanship of the Prime Minister, the CNPDLP is made up of representatives of all branches of Government and of non-governmental stakeholders, i.e., civil society organizations, unions, the Economic and Social Council (to be established), leaders of religious denominations, and the technical and financial partners. The CNPDLP is the lead agency for policy guidance in the area of poverty reduction, and for development policy in general. Its general mandate is the assessment of the government's public policy. More specifically, it is charged with evaluating progress made under the PRSP and all economic and financial programs,²⁵ through development policy reviews.
- **Interministerial Committee on Poverty Reduction Strategies (*Comité interministériel chargé des stratégies de lutte contre la pauvreté, CISLP*):** This committee sets out the broad themes of the PRSP and of its successive action plans, oversees implementation of the national strategy, and handles the political validation of PRSP-related documents (e.g., action plan, annual implementation progress report, etc.). It is also charged with monitoring the Millennium Development Goals and the Paris Declaration at the national level.

The CISLP will consist of: the Minister of Economy and Finance (Chairman); the Minister of Cooperation, Development and Regional Planning (Vice-Chairman); the Minister of Health; the Minister of Primary and Secondary Education, Technical and Vocational Training and Literacy; the Minister of Public Works, Transportation, Urban Planning and Housing; the Minister of Mines, Energy and Water; the Minister of Agriculture, Livestock and Fisheries; the Minister of Environment, Tourism and Forestry; the Minister of Territorial Administration, Decentralization and Local Governments; the Minister of Civil Service, Administrative Reform and Relations with Institutions of the Republic; the Minister of Trade, Industry, Handicrafts and Small and Medium Enterprises; the Minister of Justice; the Minister of Social Welfare, Women's Affairs, and Protection of Children and the Elderly; the Minister of Higher Education and Research; the Minister of Postal and Telecommunications Services and Technical Innovation; the Minister of Communication, Culture and Civic Education; the Minister of Youth, Sports and Recreation; and the Minister of Labor and Social Security.

The Permanent Technical Secretary will perform secretarial functions for the meetings of the Interministerial Committee.

- **PRSP Technical Steering Committee (*Comité technique de pilotage des activités du DSRP*):** This committee handles technical coordination of projects based on periodic reports and performance charts submitted to it, and closely monitors all priority PRSP operations, and especially macro-economic stabilization measures and sectoral or cross-cutting reforms introduced under the PRSP and/or cooperative programs with international institutions. The Technical Steering Committee includes – in addition to the General Secretaries (or Cabinet Directors, as the case may be) of ministries participating in the CISLP – the National Director of the BCEAO.

²⁵ i.e., those signed by the government with technical and financial partners.

In accordance with its mandate to coordinate reform, the Committee will work closely with any national Committee involved in economic and social reform (e.g., the Permanent Secretariat of the National Council for the Prevention of HIV/AIDS and STDs).

The Technical Steering Committee is organized around a Coordination Secretariat, a role performed by the Permanent Technical Secretariat and four (4) Technical Sub-Committees (SCTs): SCT 1 on Macroeconomic Policy; SCT 2 on Economic Infrastructure; SCT 3 on Social Sectors; and SCT 4 on Governance. Specialists working for the Permanent Technical Secretariat of the PRSP will serve as secretaries of the Technical Sub-Committees.

- **Permanent Technical Secretariat of the PRSP:** This secretariat has been created to meet the need for a lasting structure equipped with substantial permanent expertise and capable of coordinating all technical activities associated with the development, implementation, monitoring and evaluation of the PRSP. The Permanent Technical Secretariat of the PRSP is thus the keystone of the entire PRSP institutional framework. It is led by a Permanent Technical Secretary, who is assisted by local specialists. The Permanent Technical Secretariat of the PRSP is a permanent agency for technical oversight of monitoring and evaluation of the national poverty reduction strategy, for monitoring of the MDGs and the Paris Declaration, and for monitoring of all economic and financial programs concluded with bilateral and multilateral partners.
- **Sectoral PRSP Committees:** These exist within each line ministry and are chaired by the General Secretaries of the line ministries (or by their chiefs of staff, as the case may be), with the Directors of Studies and Programming serving as recorders with the assistance of the specialists working for the Permanent Technical Secretariat of the PRSP. Other members include one representative per technical directorate, coordinators/directors of programs or projects in the relevant sector, one representative per subsidiary agency and/or oversight entity, representatives of civil society and the private sector involved in the sector, and representatives of the technical and financial partners.
- **Regional Participatory Monitoring Committees (*Comités régionaux de suivi participatif, CRSP*):** These committees carry out participatory monitoring and evaluation of projects and programs at the regional level. These entities are independent and autonomous vis-à-vis the national structures, but are the latter's counterparts. These regional committees will work closely with prefectural administrations and local civil society organizations to monitor and implement the PRSP in their regions.
- **Local Participatory Monitoring Committees (*Comités locaux de suivi participatif, CLSP*):** At the local level, these may be put in place after local elections. These committees, chaired by the future mayors, will be responsible for collecting statistical data pertaining to their *communes* and for monitoring interventions within the framework of the PRSP in their *communes*.

The government will endeavor to put in place and ensure the effective operation of the CRSPs and CLSPs, as soon as local elected officials are in place subsequent to local elections.

Once the priority monitoring mechanisms are in place and consolidated, the creation of a **Government/Donor Committee** is planned. This would be the preferred agency for dialogue between the Togolese Government and its technical and financial partners. A specific mechanism for monitoring and consultation on PRSP matters, to be managed at the initiative of non-governmental stakeholders and intended to ensure concurrent monitoring and evaluation by civil society organizations, is also envisaged.

5.2 INFORMATION SYSTEM FOR MONITORING AND EVALUATION OF THE STRATEGY

In the interest of ensuring that the PRS is monitored in a consistent fashion, the various stakeholders mentioned above will coalesce around a PRSP monitoring and evaluation information system. These various stakeholders will have five essential roles to play: (i) production of data and information; (ii) analysis of results derived from this data and information; (iii) creation and maintenance of databases and survey bases; (iv) dissemination of analyses in the form of reports; and (v) system-wide coordination. The purposes of this information system will be:

- systematic production of basic indicators and/or information for each priority sector identified under the PRSP and in connection with the MDGs;
- production of information for monitoring of poverty reduction programs and projects;
- production of information for assessment of the impact of policies, programs and projects.

5.2.1 Structure of the system

The information system for monitoring the PRSP and MDGs will be partly based on sectoral information systems already existing, particularly in the areas of health care (SNIS), education, HIV/AIDS, finance, and rural development. The system consists of three components, or sub-systems, which complement each other and are thoroughly interlinked. These components are:

Sub-system for “Monitoring of Household Living Conditions”

The purpose of this sub-system is to systematically produce and manage indicators concerning household living conditions and/or basic information for each priority sector identified under the PRSP or in connection with the MDGs. These will essentially be results indicators or global impact indicators based on the ‘monetary poverty,’ ‘basic needs poverty,’ ‘capacity or opportunity poverty,’ and ‘social exclusion poverty’ approaches. These indicators are regularly updated on the basis of national accounts, statistical surveys and administrative statements. The system will be under the authority of the Permanent Technical Secretariat of the PRSP (PTS-PRSP), with the DGSCN handling technical coordination.

A list of 32 results and impact indicators is appended to this document. It covers the various PRSP areas identified: macroeconomics, poverty, governance, security, participation, private sector, energy, transportation and infrastructure, telecommunications, agriculture, education, health, HIV/AIDS, sanitation, water, employment, nutrition, and the environment.

Sub-system for “Monitoring of Programs and Projects”

The purpose of this sub-system is to monitor the financial and physical execution of poverty reduction programs and projects. Its indicators involve inputs and outputs. Input monitoring refers to the monitoring of the level of resources allocated to services and programs. It also includes the monitoring of available human and physical resources. Monitoring of outputs generated by the implementation of project and program activities refers to the monitoring of the output of poverty-reducing services (e.g., construction of schools, health centers, hydraulic infrastructures, roads, etc.). This monitoring helps determine the existence and status of investments planned under poverty reduction programs and projects. Most of the data required for this purpose is derived from the administrative files of program and project agencies, and from the internal statistics of the oversight ministries. In order to function properly, this sub-system requires the establishment of Medium Term Expenditure Frameworks (MTEFs) as frameworks for budget planning and execution. Coordination will be handled by the General Directorate for Development, while secretarial functions will be the responsibility of the General Budget Directorate.

Sub-system for “Impact Assessment”

Impact assessment makes it possible to identify those changes in the wellbeing of individuals in a specific population group that can be ascribed to a particular program or policy. Impact assessment involves studies of a specific project, program or policy and of a well-defined population. The results of these assessments are used to guide decisions regarding the continuation, modification or elimination of a policy, program or project, and to rank public interventions by order of priority. It is a tool to aid decision-making, and also has the advantage of enhancing the visibility of programs vis-à-vis the population as a whole. This sub-system is controlled by the Permanent Technical Secretariat of the PRSP.

5.2.2 Improved production and dissemination of statistical information

In order to re-energize the national statistics system, the government will need to elevate the DGSCN to the status of National Statistics Institute. Improved monitoring of MDGs and the PRS requires reorganization and strengthening of the national statistics system, which has been dysfunctional and poorly coordinated for several years.

The efficacy and efficiency of the national system of poverty statistics depend on the existence of functional relationships between the structures that produce the statistics and those that use them. Mechanisms to generate collaboration and synergy among the primary sources of statistical data collection and processing – such as the relevant departments of line ministries, regional statistical bureaus, and other data-generating entities—will therefore be developed. Such collaboration must obviously be part of an effort to better coordinate and improve the data-collection framework and methodology.

To this end, the government pledges to:

- Improve the operation of the DGSCN by: (i) increasing its staff for its internal needs and for purposes of availability to other administrations; (ii) developing the National Strategy on Statistics Development (*Stratégie nationale pour le développement de la statistique, SNDS*); and (iii) strengthening and re-invigorating the regional statistics bureaus.
- Make the National Statistics Council (*Conseil national de la statistique, CNS*) a reality by (i) drawing up legal texts on the composition, mandate and operation of the CNS; and (ii) preparing enabling decrees for the laws.
- Develop a capacity building program for the various ministries in the area of sectoral statistics. In this connection, activities will include: (i) creation/strengthening of statistics units within ministries; (ii) the definition of statistics production activities in the relevant ministries; (iii) assignment of the required staff through redeployments, as necessary; (iv) technical assistance dispensed by DGSCN, as necessary, to establish or improve statistical work (methodologies for data collection, processing and publication); and (v) the provision of computer equipment and operational resources to the relevant departments.

5.3 CAPACITY BUILDING

The profound crisis that Togo has experienced for the past sixteen years has had significant repercussions on the Public Administration. The system is currently having difficulty functioning because its employees, while qualified, sometimes have poor morale. The Public Administration is also characterized by an aging corps of civil servants and a shortage of operating resources. Current trends indicate that the civil service may lose nearly two-thirds of its personnel over the 1994 – 2009 period.

If the strategic objectives of the Interim PRSP are implemented and the full PRSP prepared relying on the Public Administration in its current state, the impact of these measures may be compromised. Indeed, successful implementation of this program requires, over the long term, the reconstruction of a modern State based on a well-organized public administration staffed with youthful, qualified and motivated employees. It is in this context that the States General of the Public Administration (*Etats*

Généraux de l'Administration Publique) were held in December 2006, the first stage of an in-depth reform that will take several years to produce the desired results. This reconstruction of a modern and effective public administration is expected to improve the provision of the public services (e.g., health, education, safe water, sanitation, etc.) expected by the population. It is expected to be based on a public/private partnership for the provision of certain public services. Finally, while simultaneously building public sector capacities, this program is to be based on the principles of the rule of law, transparency, participation, and accountability.

Until such time as this reform takes shape and produces the desired results, certain key functions (and structures) of the administration will be reactivated so that they can steer the implementation of reforms and development programs. One goal is to improve the policy-making leading to the full PRSP and the provision of public services. The impact sought through the re-start of essential program execution and reform implementation functions within the administration is to create, or restore, institutional and human capacities in areas where their absence or weakness may irreparably compromise macroeconomic stabilization programs and the reconstruction of such vital sectors as infrastructures, health, education and agriculture. The short-term goal is to establish the conditions under which internationally supported reconstruction programs can be implemented effectively, and to draw up the full PRSP. The more specific points deserving attention are the following:

- Coordination of government actions, to ensure more effective supervision and greater consistency of reforms and investment programs by placing them within a more coherent framework (including macroeconomic balances, global and sectoral objectives, reduction of regional disparities, creation of an environment conducive to the private sector, etc.);
- Consolidation of the process of public finance reorganization, through budget preparation and execution, and consolidation of public accounts and internal and external controls;
- Implementation of development programs in the aforementioned ministries (education, health, agriculture, infrastructure, etc.);
- Finalization of the Poverty Reduction Strategy Paper, particularly through capacity building in the area of development policy formulation (macroeconomic framework, reactivation of sectoral policies, formulation of an action program in the form of a revamped Public Investment Program).

A review of the main points mentioned above indicates the importance of strengthening the coordination of government activities and of establishing a framework for operational collaboration between the government and its development partners. Indeed, substantial assistance from the international community will be needed to meet the various challenges enumerated above. Restoration of this minimal capacity will improve the planning of this external assistance and boost the absorption of the financial resources mobilized. This minimal capacity must also include the establishment of a functional mechanism for coordinating the interventions of the development partners.

5.4 OUTLOOK FOR PREPARATION OF THE FULL PRSP

5.4.1 Indicative timetable and broad process outlines

The government plans to draw up the full PRSP on the basis of the initial results of the interim PRSP. An indicative timeframe of one year has been set for the production of the first draft of the full PRSP. This timeframe comprises three main sequences of events, namely: (i) start-up of the process of producing a full PRSP; (ii) a diagnostic phase ranging from an initial status inventory to the definition

of the characteristics of poverty; and (iii) formulation of the strategy and of the tools for its implementation and monitoring/evaluation.

- ***First sequence: Start-up of the full PRSP process***

This sequence calls for the government to: (i) develop and adopt the definitive road map for preparation of the full PRSP using a participatory approach; (ii) mobilize all development stakeholders around the process thus outlined; and (iii) launch the studies and specific surveys needed in connection with the process.

This first sequence will occupy the last four months of 2007.

- ***Second sequence: Diagnostic***

During the first phase of this sequence, most of which will occur over the first quarter of 2008, the government will establish thematic groups responsible for producing a complete diagnostic assessment of each sector, based on the results of the studies and surveys carried out. Solutions will be envisioned on the basis of this diagnostic assessment.

The second phase will be devoted to an estimate of the cost of the proposed measures.

- ***Third sequence: Formulation of the strategy***

This sequence covers the second and third quarters of 2008 and includes the preparation of the draft full PRSP and its subsequent finalization.

Concerning the preparation of the draft version, the government plans for the time being to define PRSP themes on the basis of the medium- and long-term development strategies that the country has set for itself. In other words, the full PRSP must be in keeping with the existing medium- and long-term strategies. Once these themes have been defined, preparation of a draft version of the full PRSP will begin. This exercise will receive external assistance, and all local skills within the Public Administration, civil society and the private sector will also be deployed.

The final phase of preparation of the full PRSP will include, in addition to refinement of its thematic content, work on implementation and monitoring/evaluation instruments, such as framing, the monitoring/evaluation system, the matrix of measures, the priority action plan, etc. Given the particular importance that the government attaches to indebtedness, the finalization tasks will also include a debt sustainability analysis, in order to help the country avoid falling into another cycle of excessive debt, and thereby reassure the financial community that the HIPC and MDRI resources sought by the Togolese Government will be used rationally.

5.4.2 Participatory preparation of the full PRSP

Improvement of the participatory process began with the qualitative survey carried out by the Research Unit (URD) with technical and financial assistance from the World Bank. The process of developing a full PRSP will entail enhanced participation at all levels. Indeed, as soon as Togo agrees to its PRGF program, the process will continue with supplemental studies,²⁶ after which the work of

²⁶ See annexes for indicative list of these studies.

the thematic groups will resume. In this connection, efforts will be made to ensure that participants in this work are drawn, to the extent possible, from all of the country's regions and from all economic and social milieus.

The work of the thematic groups will be followed by preparation of the first draft of the full document. At this stage, the drafting team will be broadened to include resource persons, including certain representatives of civil society and the private sector.

The first draft will then be widely distributed to enable as many people as possible to examine it and make suggestions. These contributions will be formulated by organized groups, as well as through regional workshops held throughout the country, in order to better incorporate the concerns of all segments of the population, and particularly those of the poor.

In a final phase, the document will be presented at a validation workshop prior to its approval by the government.

All partners will be consulted at the various stages of the process in the interest of harmonization, as well as to lay the groundwork for budgetary support.

ANNEXES

1. Indicative List of Surveys and Studies to be Performed

1. General Population and Housing Census (PM)
2. Integral Consumption Budget Survey (PM)
3. QUIBB Survey
4. 123 Survey on Employment and the Informal Sector
5. Population and Health Survey with HIV/AIDS Module
6. Serological Survey on the Prevalence of HIV/AIDS
7. Sources of Growth/Growth-bearing Sectors
8. Business Climate
9. Review of Agricultural Policy and Overview of Water Control Works for Agricultural Production
10. Assessment of Policy on Safe Water, Sanitation, and Hygiene
11. Study on the Contribution of NGOs and Religious Associations and Denominations to Development and Poverty Reduction
12. Study-Overview of Government Actions to Combat Poverty
13. Assessment of the Interim Poverty Reduction Strategy
14. Report on the Situation with Respect to the Paris Declaration Indicators
15. PEFA Public Expenditure Review
16. Feasibility Study on Free Primary Education
17. Study on Means of Transportation

2. Poverty Monitoring Indicators

Area	Indicators	Data Source	Initial value (Reference year: 2006)	Target value (PRSP implementation)	
				2010	2015
Macroeconomic framework and poverty					
Macro-economic framework	1. Real economic growth rate	DGSCN/DE	1.9%	4.1%	4.0%
	2. Investment ratio (private and public)	DGSCN/DE	17.6%	20.0%	25.0%
	3. Inflation ratio	DGSCN	2.2%	2.0%	2.0%
Poverty	4. Poverty ratio	DGSCN	61.7%	58.6%	53.4%
	5. Share of the poorest fifth of the population in national consumption	DGSCN	7.8%	10.0%	10.0%
Strategic objective 1: Improvement in political and economic governance					
Economic governance	6. Rate of overall budget execution	DGB	106.6%	100.0%	100.0%
Security	7. Number of cases of human rights violations	LTDH/CNDH	177	0	0
Political governance	8. Percentage of public resources allocated to local governments	DGB	n.a.		
Participation	9. Percentage of female government ministers	National Assembly	7.4%	15.0%	30.0%
Strategic objective 2: Consolidation of economic recovery and promotion of sustainable development					
Private sector	10. Industrial production index	DE	145		
Energy	11. Number of new electrified villages	DGE	n.a.	10	10
Transportation and Infrastructure	12. Length of upgraded paved roads	DGTP	16.5%		
Telecom	13. Number of telephone subscribers (land and portable) per 1,000 inhabitants	Togo Telecom ARTP	48	70	100
Rural development	14. Maize production (thousands of tonnes)	DSID	538.4	640.6	833.5
	15. Cassava production (thousands of tonnes)	DSID	767.4	913.1	1187.5
	16. Cotton production (millions of CFA francs)	CCFCC	45.3	87.9	114.2
	17. Coffee production (millions of CFA francs)	CCFCC	6.8	7.2	7.6
Environment	18. Share of protected ecosystem areas	Environment Directorate	7%	10%	10%

Area	Indicators	Data Source	Initial value (Reference year: 2006)	Target value (PRSP implementation)	
				2010	2015
	19. Percentage of households using solid fuels (wood, coal)	DGSCN	96.1%	93%	90%
Strategic objective 3: Development of the social sectors, human resources, and employment					
Education	20. Gross enrollment ratio at the primary level	DPPE/ MEN DGSCN	115.3%	100.0%	100.0%
	21. Literacy rate	DGSCN	56.9%	70.0%	100.0%
	22. Primary level completion rate	DPPE/ MEN DGSCN	78.1%	85.0%	100.0%
Health	23. Rate of immunization coverage, by antigen type (measles, DTC, polio, BCG), of children 0-11 months old	EPI /DGSCN	49.2%	70.0%	100.0%
	24. Rate of infant and juvenile mortality	DGSCN	123‰	100‰	41‰
	25. Proportion of births assisted by health personnel	DISER/ DGSCN	62.9%	80.0%	100.0%
HIV/AIDS	26. Prevalence rate of HIV/AIDS in persons 15-24 years old	PNLS	3.2%	1.5%	0.0%
Sanitation	27. Proportion of the population with access to a better sanitation system	DGSCN	31.7%	60.0%	100.0%
Water	28. Proportion of the population with access to a better water source	DGSCN	57.1%	65.0%	74.0%
Employment	29. Underemployment rate	DGSCN	19.7%	17.2%	15.0%
	30. Percentage of female wage-earners in the female labor force	DGSCN	3.5%	5.0%	8.0%
Nutrition	31. Percentage of underweight children under five years old	DGSCN	26.0%	20.0	13.0%

3. Overall Cost of the Interim Strategy by Type of Financing

	2008			2009			2010			2008-10		
	Domestic resources	External resources	To be sought	Domestic resources	External resources	To be sought	Domestic resources	External resources	To be sought	Domestic resources	External resources	To be sought
Program 1: Improvement of political governance	6.44	2.72	1.72	6.15	4.55	1.43	6.79	5.65	1.32	19.38	12.92	4.47
Program 2: Implementation of the institutional reforms	0.80	0.34	0.21	0.77	0.57	0.18	0.85	0.71	0.17	2.42	1.61	0.56
Program 3: Fiscal adjustment and action to combat corruption	2.41	1.02	0.64	2.31	1.70	0.54	2.55	2.12	0.50	7.27	4.84	1.68
Program 4: Sound, efficient management of assistance flows	0.80	0.34	0.21	0.77	0.57	0.18	0.85	0.71	0.17	2.42	1.61	0.56
KEY OBJECTIVE 1: Improvement of political and economic governance	10.46	4.41	2.79	10.00	7.39	2.33	11.03	9.19	2.15	31.49	20.99	7.27
Program 5: Strengthening of the structural reforms	4.02	1.70	1.07	3.85	2.84	0.90	4.24	3.53	0.83	12.11	8.07	2.80
Program 6: Strengthening of regional integration and trade promotion	1.61	0.68	0.43	1.54	1.14	0.36	1.70	1.41	0.33	4.85	3.23	1.12
Program 7: Revival of the agricultural and rural economy	2.94	1.24	0.78	3.08	2.28	0.72	4.02	2.83	0.66	10.04	6.35	2.16
Program 8: Development of infrastructures supporting economic growth	14.36	6.06	3.83	15.87	11.72	3.70	21.20	14.58	3.41	51.43	32.36	10.93
Program 9: Efficient management of natural resources and the environment	2.08	0.88	0.56	2.33	1.72	0.54	2.54	2.14	0.50	6.95	4.74	1.60
KEY OBJECTIVE 2: Consolidation of economic recovery and promotion of sustainable development	25.01	10.55	6.67	26.66	19.69	6.21	33.70	24.50	5.72	85.38	54.74	18.61
Program 10: Promotion of the education and training system	19.32	8.15	5.15	20.27	14.97	4.73	26.45	18.63	4.35	66.05	41.75	14.23
Program 11: Development of the health system and health services	16.56	6.99	4.42	17.46	12.89	4.07	22.93	16.04	3.75	56.95	35.92	12.23
Program 12: Improvement of the level of nutrition of the people	1.24	0.52	0.33	1.23	0.91	0.29	1.57	1.13	0.26	4.04	2.56	0.88

Program 13: Improvement of access to safe water and sanitation infrastructures	7.06	2.98	1.88	8.23	6.08	1.92	5.29	7.56	1.77	20.58	16.62	5.57
Program 14: Promotion of gender equity, employment, social welfare, and community development	0.80	0.34	0.21	0.77	0.57	0.18	0.85	0.71	0.17	2.42	1.61	0.56
KEY OBJECTIVE 3: Development of the social sectors, human resources, and employment	45.00	18.98	12.00	47.95	35.42	11.18	57.09	44.06	10.30	150.05	98.46	33.47
Special program: Monitoring and assessing the I-PRS	2.41	1.02	0.64	2.31	1.70	0.54	2.55	1.95	0.46	7.27	4.67	1.64
Cost of the I-PRS by financing type	82.89	34.97	22.10	86.92	64.20	20.26	104.37	79.87	18.66	274.18	179.04	61.02
Total cost of the I-PRS		139.95		171.38			202.90				514.24	

4. Cost of the Interim Strategy (in percentage of GDP)

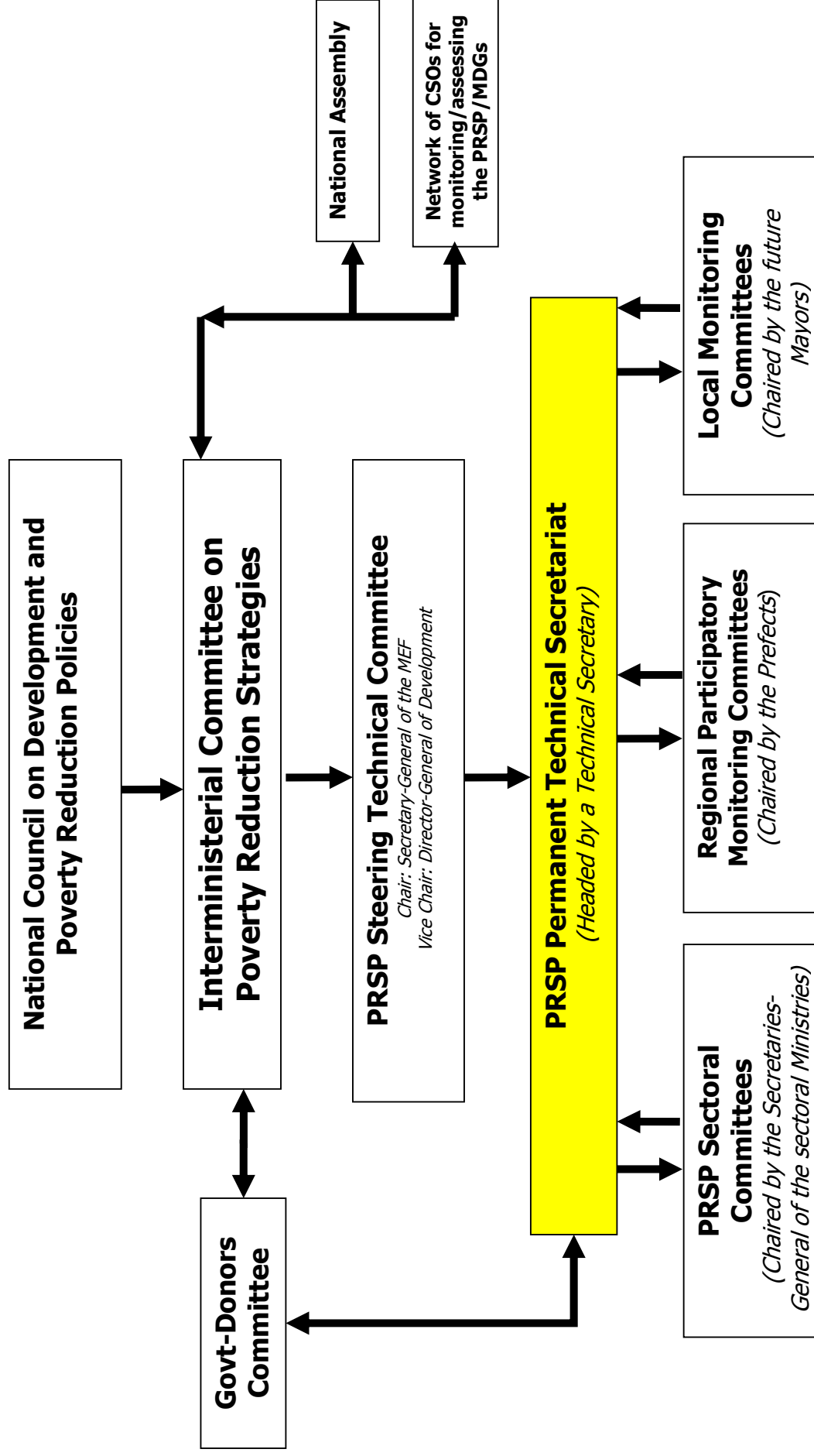
	2007			2008			2009			2010						
	<i>Of which:</i>			<i>Of which:</i>			<i>Of which:</i>			<i>Of which:</i>						
	Total	Budget	To be sought	Total	Budget	To be sought	Total	Budget	To be sought	Total	Budget	To be sought				
<i>(In percentage of GDP)</i>																
Strategic objective 1: Improvement in political and economic governance	1.26%	1.00%	0.26%	0.00%	1.41%	0.84%	0.35%	0.22%	1.49%	0.76%	0.56%	0.18%	1.59%	0.78%	0.65%	0.15%
Improvement of political governance	0.78%	0.61%	0.16%	0.00%	0.87%	0.51%	0.22%	0.14%	0.92%	0.47%	0.34%	0.11%	0.98%	0.48%	0.40%	0.09%
Implementation of the institutional reforms	0.10%	0.08%	0.02%	0.00%	0.11%	0.06%	0.03%	0.02%	0.11%	0.06%	0.04%	0.01%	0.12%	0.06%	0.05%	0.01%
Fiscal adjustment and action to combat corruption	0.29%	0.23%	0.06%	0.00%	0.33%	0.19%	0.08%	0.05%	0.34%	0.17%	0.13%	0.04%	0.37%	0.18%	0.15%	0.04%
Sound, efficient management of assistance flows	0.10%	0.08%	0.02%	0.00%	0.11%	0.06%	0.03%	0.02%	0.11%	0.06%	0.04%	0.01%	0.12%	0.06%	0.05%	0.01%
Strategic objective 2: Consolidation of economic recovery and promotion of sustainable development	3.02%	2.39%	0.63%	0.00%	3.38%	2.00%	0.84%	0.53%	3.97%	2.02%	1.49%	0.47%	4.54%	2.39%	1.74%	0.41%
Strengthening of the structural reforms	0.49%	0.38%	0.10%	0.00%	0.54%	0.32%	0.14%	0.09%	0.57%	0.29%	0.21%	0.07%	0.61%	0.30%	0.25%	0.06%
Strengthening of regional integration and trade promotion	0.19%	0.15%	0.04%	0.00%	0.22%	0.13%	0.05%	0.03%	0.23%	0.12%	0.09%	0.03%	0.24%	0.12%	0.10%	0.02%
Revival of the agricultural and rural economy	0.35%	0.28%	0.07%	0.00%	0.40%	0.23%	0.10%	0.06%	0.46%	0.23%	0.17%	0.05%	0.53%	0.29%	0.20%	0.05%
Development of infrastructures supporting economic growth	1.73%	1.37%	0.36%	0.00%	1.94%	1.15%	0.48%	0.31%	2.36%	1.20%	0.89%	0.28%	2.78%	1.51%	1.04%	0.24%
Efficient management of natural resources and the environment	0.25%	0.20%	0.05%	0.00%	0.28%	0.17%	0.07%	0.04%	0.35%	0.18%	0.13%	0.04%	0.37%	0.18%	0.15%	0.04%
Strategic objective 3: Development of the social sectors, human resources, and employment	5.43%	4.30%	1.14%	0.00%	6.08%	3.60%	1.52%	0.96%	7.15%	3.62%	2.68%	0.84%	7.92%	4.05%	3.13%	0.73%
Promotion of the education and training system	2.33%	1.84%	0.49%	0.00%	2.61%	1.54%	0.65%	0.41%	3.02%	1.53%	1.13%	0.36%	3.51%	1.88%	1.32%	0.31%
Development of the health system and health services	2.00%	1.58%	0.42%	0.00%	2.24%	1.32%	0.56%	0.35%	2.60%	1.32%	0.97%	0.31%	3.03%	1.63%	1.14%	0.27%
Improvement of the level of nutrition among the people	0.15%	0.12%	0.03%	0.00%	0.17%	0.10%	0.04%	0.03%	0.18%	0.09%	0.07%	0.02%	0.21%	0.11%	0.08%	0.02%
Improvement of access to safe water and sanitation infrastructures	0.85%	0.67%	0.18%	0.00%	0.95%	0.56%	0.24%	0.15%	1.23%	0.62%	0.46%	0.14%	1.04%	0.38%	0.54%	0.13%
Promotion of gender equity, employment, social welfare, and community development	0.10%	0.08%	0.02%	0.00%	0.11%	0.06%	0.03%	0.02%	0.11%	0.06%	0.04%	0.01%	0.12%	0.06%	0.05%	0.01%
Special program: Monitoring and assessing the I-PRS	0.29%	0.23%	0.06%	0.00%	0.33%	0.19%	0.08%	0.05%	0.34%	0.17%	0.13%	0.04%	0.35%	0.18%	0.14%	0.03%
Total for strategic objectives	10.00%	7.91%	2.09%	0.00%	11.2%	6.63%	2.80%	1.77%	13.0%	6.57%	4.85%	1.53%	14.4%	7.41%	5.66%	1.32%

5. Fiscal Reporting Table: Projections for 2008–10 (in billions of CFA francs)

Government	Baseline scenario			
	2007	2008	2009	2010
<i>(In billions of CFA francs)</i>				
REVENUE AND GRANTS	223.4	243.6	281.2	311.6
REVENUE	204.5	214.6	232.1	251.1
GRANTS	18.9	29.0	49.1	60.5
TOTAL EXPENDITURE	254.0	271.8	303.3	329.9
CURRENT EXPENDITURE	225.4	211.9	220.3	230.0
Domestic primary current spending	184.8	190.6	197.7	206.9
Interest on public debt	24.8	16.2	12.1	11.9
Externally financed current expenditure	15.8	5.0	10.6	11.3
CAPITAL EXPENDITURE	28.6	59.9	83.0	99.9
Domestic contribution	19.7	23.9	26.5	28.1
External sources	9.0	36.0	56.5	71.8
Primary current balance	-9	2.7	11.8	21.1
Domestic primary current balance	0.0	0.0	8.0	16.1
Commitment-basis overall balance, excluding grants	-49.5	-57.2	-71.2	-78.8
Commitment-basis overall balance	-30.6	-28.2	-22.1	-18.3
Change in arrears	13.9	5.1	-5.3	-9.9
Cash-basis overall balance	-16.7	-23.0	-27.4	-28.2
Financing	16.7	23.0	27.4	28.2
Domestic financing	10.7	-5.0	-8.0	-9.9
External financing	6.1	6.0	15.1	19.4
Of which: Drawings	8.0	12.0	18.0	22.5
Debt amortization	-4	-22.7	-23.8	-24.3
Settlement of debt and arrears	0.0	-359.2	0.0	-303.9
Rescheduling obtained	0.0	244.4	0.0	0.0
Debt cancellation	0.0	114.8	0.0	303.9
Financing gap	0.0	22.1	20.3	18.7

Source: MEF

6. Institutional Framework for Implementing and Monitoring/Assessing the PRS



Annex 7. Matrix of measures

Strategic objective	Program	Area of intervention	Measures	Implementation period	Indicators	Overseeing institution	
Key objective 1: Improvement of political and economic governance	Program 1: Improvement of political governance	Political governance	Define the structure of the Audit Office	Q1 2008		Office of the PM/Office of the Pres./Finance Min./ Justice Min.	
			Appoint Audit Office judges	Q1 2008		Office of the PM / Office of the Pres. / Finance Min. /Justice Min.	
			Draft legislation governing the Economic and Social Council	Q1 2008	Laws, decrees, orders, decisions	Institutions Ministry	
			Establish the Economic and Social Council	Q2 2008	Operational and functional Economic and Social Council	Institutions Ministry	
			Continue encouraging the return of refugees and assisting them	Q3 2008	Number of refugee returns recorded and quality of assistance provided to them	Territorial Administration Ministry	
			Follow up the reforms envisaged by the APG and the recommendations issued by the CNSEI, HCDH, and CADHP	Q2 2008		Reconciliation & Human Rights Ministry/Ad Hoc Committees/APG Monitoring Committees	
	Program 2: Implementation of the institutional reforms	Reform of the Administration		<i>Finalization of the National Capacity Building Program</i>			
				Review the legal and statutory framework of civil service positions and staff numbers	Q1 2008	Laws, decrees, orders, decisions	Civil Service Ministry
				Streamline the job structures of the staff of Ministries and government departments	Q2 2008		Civil Service Ministry/ DRH/ Trade unions
				Draw up personnel career and training plans aimed at human resources development	Q3 2008		Civil Service Ministry/Finance Ministry
Program 2: Implementation of the institutional reforms	Reform of Justice		Computerize and automate the administrative procedures and promotion of the ICTs	Q3 2008		Civil Service Ministry/Finance Ministry	
			Revise the categorization of jobs on the basis of diplomas and draw up a list of jobs	Q1 2008		Civil Service Ministry	
<i>Continued implementation of the National Justice Modernization Program</i>							
	Reform of Justice		Draft a Code of Good Conduct to ensure the independence of the Judiciary	Q1 2008	Code of Good Conduct drafted and disseminated	Justice Ministry	
			Make the courts more operational	Q1 2008		Justice Ministry	
			Build the capacity of the Office of the Inspector-General of Judiciary Services and establish and put into operation the Public Prosecutor's Department	Q1 2008		Justice Ministry	
<i>Implementation of the National Program for the Promotion and Protection of Human Rights</i>							

Strategic objective	Program	Area of intervention	Measures	Implementation period	Indicators	Overseeing institution	
Key objective 1: Improvement of political and economic governance (continued)	Program 2: Implementation of the institutional reforms (continued)	Promotion and Protection of Human Rights	Hold a roundtable meeting of donors and lenders for implementation of the program	Q1 2008	Number of donors and lenders at the meeting	Human Rights Ministry, interministerial committee	
			Harmonize the national legislation on human rights with international conventions	Q4 2008	Number of reforms Number of instruments ratified Number of regulatory measures taken Number of judgments handed down in implementation of the provisions of conventions	Human Rights Ministry, interministerial committee	
			Implement the regional and international conventions on human rights	2008-10	Number of reports presented by Togo Number of reports presented by NGOs	Human Rights Ministry, interministerial committee	
			Build institutional and operational capacity for the promotion and protection of human rights	2008-10	Number of measures taken Number of staff, managers, and other players trained Number of resources and equipment available	Human Rights Ministry	
	Decentralization			Support the process of decentralization, especially through the organization of local elections and an awareness campaign	Q1 and Q2 2008	Holding of local elections Number of awareness campaigns run	Decentralization Ministry
				Hold information seminars on the Declaration of National Land Development Policy (DEPONAT) in the regions	Q1 2008	Number of seminars held	Land Development Ministry
				Formulate the national land development policy and identify instruments for its implementation	Q4 2008	Policy and implementation instruments available	
				Update the basic data for the preparation of studies on land development	Q1 2008	Necessary data available	Land Development and Territorial Administration Ministries and University of Lomé
				Prepare Atlas of Togolese development	Q2 2008	Atlas prepared	
				Draw up an action plan for improving the fiscal management system that takes account of the public expenditure review (World Bank-June 2006) and of the report on public expenditure management (IMF-July 2007)	2008	Action plan available and implemented	
Program 3: Fiscal consolidation			Establish budget classifications in conformity with WAEMU Directives	Q4 2008	Budget classifications document prepared	Finance Ministry	
			Strengthen the automated network of expenditure procedures and acquire an integrated fiscal management system (SIGFIP)	Q2 2009		Finance Ministry, GCHB	
			Prepare a public expenditure procedures manual and train staff to use it in the context of a more general training program	Q3 2008		Finance Ministry, GCHB, Programming Directorate of the sectoral ministries	

Strategic objective	Program	Area of intervention	Measures	Implementation period	Indicators	Overseeing institution	
Key objective 2: Economic recovery consolidation and promotion of sustainable development	Program 4: Sound, efficient management of assistance flows Program 5: Strengthening of the structural reforms		Regularly publish reports on debt management operations and related projections	Q1 2009		Finance Ministry	
		Medium-term use of resources	Initiate the sectoral ministries (health, education) to the Medium-Term Expenditure Framework (MTEF)	Q3 2008		Finance Ministry, GCHB, MEPS, Health Ministry	
		Anti-corruption action	Integrate the global (and sectoral) MTEF into the Budget Law	Q4 2009		Finance Ministry, MEPS, Health Ministry, Parliament	
			Formulate a national policy and establish an efficient institutional framework for its implementation	Q3 2008		MEF, Justice Ministry, GCHB	
		External assistance	Establish the appropriate structures for combating money laundering, in particular the CENTIF, in accordance with the uniform law passed in August 2007 by the National Assembly	Q2 2008	Operational CENTIF		Finance Ministry, BCEAO, commercial banks
			Continue implementation of the Paris Declaration action plan	Q1 2008	Report on the Paris Declaration available		Finance and Development Ministries, GCHB, CAD of the OECD
		Public enterprises	Draft the Paris Declaration national report	Q2 2008	National report available		
			SOTOCO: Find a strategic partner, restructure the company, and reactivate this strategic activity in a sustainable way in the context of the poverty reduction process	Q1 2008	Agreements signed		Finance Ministry, MCI, SOTOCO, potential international investors
			SOTOCO: Strengthen the mechanisms for controlling the management of SOTOCO	Q2 2008	Number of measures taken		Finance Ministry, SOTOCO
			OTP/IFG: Settle the dispute with the former IFG partner	Q1 2008	Court action stopped End of liquidation		Courts concerned
			Perform a strategic audit of the phosphates sector and formulate a plan for developing the new Togolese phosphates company (SNPT)	Q3 2008	Audit report available Plan drafted	Finance Ministry	
			For the other public enterprises, have financial and strategic audits performed for refining analyses and recommending actions	2008 – 2009	Audit reports available	Finance Ministry, MCI, enterprises concerned	
			Implement the restructuring and readjustment measures identified by the BCEAO mission, the WAEMU Banking Commission, and the IMF	Q1 2008	Laws, decrees, orders, decisions	Finance Ministry, commercial banks concerned, BCEAO	

Strategic objective	Program	Area of intervention	Measures	Implementation period	Indicators	Overseeing institution	
Key objective 2: Consolidation of economic recovery and promotion of	Program 5: Strengthening of the structural reforms (continued)	Banking sector	Establish a local treasury bills market integrated with the WAEMU's BRVM	Q2 2008	Treasury bills issuance program for the year	Finance Ministry, commercial banks concerned, WAEMU's BRVM, GCHB	
			Adopt the overall adjustment plan for the BTCl and UTB	Q1 2008	Laws, decrees, orders, decisions, terms of reference	Finance Ministry, BTCl, UTB, BCEAO, international audit firm	
		Microfinance sector	Implement and ensure broad adoption of the BCEAO's regulatory framework for supervision and spell out its context of constraint and enforcement	Q2 2008	Decisions, implementation of the Banking Law	Finance Ministry, commercial banks concerned, BCEAO	
			Give access to microfinance services to more than 430,000 beneficiaries (poor households, micro-entrepreneurs, and SMEs)	Q4 2009	Increase in the number of members, coverage rate	IMF, MEF, MCI, GCAP, BCEAO	
			Diversify the financial products and services provided, to better meet the needs of customers and increase the profitability of the MFIs	Q4 2008	Number of products and services supplied	IMF, MEF, MCI, GCAP, BCEAO	
			Define the legal, institutional, and human frameworks in the sector to strengthen its supervision mechanisms and adapt to international standards	Q4 2008	Laws, decrees, orders, decisions	IMF, MEF, GCAP, BCEAO	
	Program 6: Strengthening of regional integration and trade promotion	Business climate	Regional integration	Integrate the MFIs with the national traditional banking market and develop regional networks in the WAEMU context	Q2 2009	Number of MFIs turned into banks	IMF, MEF, GCAP, BCEAO
				Simplify the administrative procedures related to payments of export duties and business regulation. Reduce administrative red tape.	Q1 2008	Number of administrative procedures Time needed for the creation of an enterprise	MEF, MCI, CCI, NEPAD, private enterprises, MPME
			Regional integration	Restructure the informal sector, organize and train informal operators	Q4 2008	Number of informal operators organized and trained	MEF, MCI, CCI, NEPAD, enterprises
				Draft a new Business Code in accordance with OHADA standards and an Investment Code guaranteeing property rights, free transfer of capital and dividends, and private freedom to conduct business, draw up the charter of SMEs/SMIs	Q4 2008	Business and Investment Codes available	MEF, MCI, CCI, Justice Ministry, private enterprises, MPME
				Strengthen regional cooperation at the WAEMU and ECOWAS levels	Q1 2008	Number of agreements signed	MCI, MEF, EC (HQ), DCE of Lomé, ECOWAS, WTO, NEPAD
				Conduct an institutional review of the Department of Agriculture, Livestock Production, and Fishing	Q2 2008		Agriculture Ministry
Program 7: Recovery of the	Agriculture	Take regulatory actions to remove tariff and nontariff barriers to food exports	Q4 2008	Laws, decrees, orders, decisions			
		Formulate and/or adopt quality standards for agricultural products and inputs, in accordance with WAEMU and ECOWAS Directives	Q4 2008	Documents spelling out quality standards for agricultural products and inputs drawn up and adopted in accordance with the WAEMU Directives			

Strategic objective	Program	Area of intervention	Measures	Implementation period	Indicators	Overseeing institution
sustainable development (continued) Key objective 2: Economic recovery and consolidation and promotion of sustainable development (continued)	agricultural and rural economy Program 7: Recovery of the agricultural and rural economy (continued)	Agriculture (continued)	Strengthen the capacity of the central and regional structures of the overseeing ministry for its functions of formulating and monitoring agricultural policies, issuing regulations, and exercising quality control	2008–09	Increased staffing and budgetary resources	Agriculture Ministry
			Support producers by making quality services available to them – advice, agricultural education and training, and research and development for improving the supply of agricultural services	2008–09	Increased number of agricultural advisers, training sessions, demonstration fields	
			Formulate and implement a program for organization of the maize and sorghum subsectors	2008–10	Document on programs organizing the maize and sorghum subsectors Structures for implementation of the program	
			Update the studies on reviving the seed production subsector	Q3 2008		
			Formulate strategies for the development of the coffee and cocoa subsectors	2008–10	Strategy document available	
			Formulate and implement a program for the installation of trained young people with a view to promoting a new generation of farmers	2008–10	Document on installation program for trained young persons Number of young persons trained and installed	
			Update the land development policy and disseminate it	2008–10	Land policy paper updated Number of information and awareness sessions organized	
			Carry out a feasibility study on the creation of a rural development bank	2008–09	Study document	
			Construct and/or restore irrigation works and develop irrigation techniques	2008–10	Number of irrigation works constructed and/or restored Number of committees formed to manage these works	
			Revise and disseminate the regulations for implementing the legislation on agricultural cooperatives	2008–09	Regulations document revised Number of information and awareness sessions organized	
			Strengthen the capacity of the Regional Chambers of Agriculture to help them play their roles competently	2008–10	Renewal of the CRA bodies Increased support personnel and budgetary resources	
			Formulate and implement a national food security program	Q3 2008	Program document available Number of information and awareness sessions organized	
			Increase campaigns for immunization against the major epidemic diseases	2008–10	Rate of coverage of immunization campaigns organized	
			Livestock production	Fishing	Formulate and implement a fish farming development program	
Enforce the fishing regulations, in particular by formulating and monitoring the enforcement of the implementation decrees	2008–09	Decrees on implementation of the fishing regulations drafted. Arrangements made for monitoring compliance with the implementing decrees				
Promote the wide placement of isothermal boxes for the marketing of fresh fish	2008–09	Number of vendors using isothermal boxes				

Strategic objective	Program	Area of intervention	Measures	Implementation period	Indicators	Overseeing institution	
Program 8: Development of infrastructures supporting economic growth (continued)	Development of infrastructures supporting economic growth (continued)	Energy	Reactivate dormant electricity capacity in response to the current crisis	2008	Number of restored electricity plants	Energy Ministry, CEB, CEET	
			Establish structures for definitive management of the CEET	Q1 2008		Energy Ministry	
			Increase the capacity to produce electric power by using potential hydroelectric sites and installing 23 micro-hydroelectric power plants in the economic regions of the country	2008	Report on feasibility studies available. Number of micro-plants installed	Energy Ministry	
			Eliminate the "spider web" networks in agglomerations	2008	Number of large agglomerations that benefited from an extension of the electricity network. Rise in the rate of access to electricity by urban households	Energy Ministry, CEET	
			Establish an appropriate legislative, regulatory, and institutional framework conducive to an increase in households' access to power to replace the use of wood for power	2008	Laws and decisions Implementing orders	Energy Ministry	
			Promote and expand the use of micro-hydroelectricity, solar and wind power, and bio-fuels	2008	Information program prepared to heighten awareness of renewable energies Types of renewable energies adopted by population groups	Energy Ministry	
			Grant tax exemptions on renewable energy devices and equipment	2008	Laws and decisions granting tax exemptions on renewable energy devices and equipment	Finance and Energy Ministries	
			Intensify subregional cooperation in the area of production, purchase, and sale of energy and energy transportation	2008	Number of lines interconnected with the networks of other countries in the subregion Number of electricity plants installed by international organizations operating in the sector	Energy and Technical Assistance Ministries	
			Construct, restore, and maintain rural and agricultural tracks, urban roads, national routes, and interstate routes	2008			
			Expand/widen sections of major access roads to the capital	2008			
			Support the private organization of mass transportation with a view to improving the circulation of goods and persons	2008			
			Continue the construction of toll booths on major access roads to the capital	2008			Transportation Ministry
			Improve the structure of the road network and develop crossroads	2008			
			Construct a third wharf	2008			Transportation Ministry, Autonomous Port of Lomé
Develop parking areas	2008						

Strategic objective	Program	Area of intervention	Measures	Implementation period	Indicators	Overseeing institution		
Program 9: Efficient management of natural resources and the environment			Set up a one-stop counter	2008–10		Autonomous Port of Lomé		
			Carry out a financial and strategic audit of the operations of the Autonomous Port of Lomé	Q1 2008		Autonomous Port of Lomé		
		Telecommunications	Provide Togo with a reliable fast-speed connection to the Internet at least cost	2008		Telecommunications Ministry		
			Promote information and communication technologies	2008		Telecommunications Ministry		
		Environment		Build up the legal, institutional, technical, and financial capacity for environmental management	National environmental management agency created and functional	2008	National environmental management agency created and functional	Environment Ministry
					National Environmental Fund created, National Commission on Sustainable Development created	2008	National Environmental Fund created, National Commission on Sustainable Development created	Environment Ministry
				Preserve and enhance protected areas with the participation of local communities	Number of protected areas restored	2008	Number of protected areas restored	Environment Ministry
					Number of enhancement plans formulated and implemented	2008	Number of enhancement plans formulated and implemented	Environment Ministry
				Implement a strategic biosecurity framework	Law on biosecurity passed and published	2008	Law on biosecurity passed and published	Environment and Agriculture Ministries
					National BCH portal	2008	National BCH portal	Environment and Agriculture Ministries
				Implement the national program against coastal erosion	Coastline level, number of works installed	2008	Coastline level, number of works installed	Environment, Mining, and Land Development Ministries
					National Emergency Plan against hydrocarbon spills at sea	2008	National Emergency Plan against hydrocarbon spills at sea	Environment, Mining, and Land Development Ministries
				Establish a national emergency plan against hydrocarbon spills at sea	Integrated coastal management plan, program, and project	2008	Integrated coastal management plan, program, and project	Environment, Amenities, and Land Development Ministries
					Develop and commission tools for the integrated management of coastal areas and put them into use	2008	Develop and commission tools for the integrated management of coastal areas and put them into use	Environment, Amenities, and Land Development Ministries
				Formulate a blueprint for concerted development and sustainable enhancement of the aquatic, marine, and continental ecosystems	Blueprint for development, number and types of zones	2008	Blueprint for development, number and types of zones	Environment and Land Development Ministries
Implement the National Environmental Management Program of Decentralized Actions (PNADE)	2008				Human development indicator Rate of surface regression in natural ecosystems	Environment and Land Development Ministries		
Finalize and implement environmental standards, procedures, and directives for study of environmental impact, environmental assessments and audits in the various development sectors					Environmental standards	2008	Environmental standards	Environment Ministry
		Number of projects that have achieved the EIE	2008		Number of projects that have achieved the EIE	Environment Ministry		
		Number of certificates of environmental conformity issued	2008		Number of certificates of environmental conformity issued	Environment Ministry		
Formulate and implement the national strategy for reducing disaster risks			Strategy available and implemented	2008	Strategy available and implemented	Environment and other sectoral Ministries		
			Number of awareness campaigns run	2008	Number of awareness campaigns run	Environment and other sectoral Ministries		
			Number of communications issued	2008	Number of communications issued	Environment and other sectoral Ministries		
Integrate environmental education and training in the curricula at the various levels of education			Textbooks written and disseminated	2008	Textbooks written and disseminated	Environment Ministry		

Strategic objective	Program	Area of intervention	Measures	Implementation period	Indicators	Overseeing institution
		Environment (continued)	Develop an environmental information, monitoring and early warning system	2008	System operational and functional	Environment Ministry
	Program 10: Promotion of the education and training system	Pre-school, primary, secondary, and higher education and technical training	Survey reception facilities to be upgraded and needs to be assessed	2008	Number of classrooms to be upgraded Number of classrooms to be constructed Number of desks to be manufactured	Education Ministry
			Formulate a program for upgrading, constructing, and equipping reception facilities	2008	Upgrading, construction, and equipping plan	
			Assess, for the various levels of education, the needs for teachers and the costs of recruiting and training teachers	2008	Number of teachers Cost/teacher/level Unit cost of training Training plan	
		Primary education	Carry out a study on the feasibility of providing free primary education	2008	Study report Fee schedule	
Key objective 3: Development of the social, human resources, and employment sectors	Program 10: Promotion of the education and training system (continued)		Update the sectoral literacy policy and review the contents of functional literacy programs	2008	National literacy policy Functional literacy programs	Education and Social Affairs Ministries
		Literacy	Formulate a national literacy and adult education plan	2008	National literacy action plan	Education and Social Affairs Ministries
			Create a fund in support of literacy and adult training	2008	Support fund	Social Affairs and Finance Ministries
			Pass the draft law establishing a Public Health Code, laid before the National Assembly in December 2005	Q1 2008	Law passed	
			Implement the law establishing the Public Health Code	Q1 2008	Orders signed and implementing regulations available	
	Program 11: Development of the health system and health services		Recruit 2,000 health workers into the civil service	Q1 2008	Number of health workers recruited into the civil service	
		National health system	Formulate and implement a human resources development plan for the health sector	Q2 2008	Availability of the human resources development plan	Health Ministry
			Formulate and implement administrative, financial, and accounting management procedures for the districts, regions, and central departments	Q2 2008	Availability of procedures manuals	
Key objective 3: Development of the social, human resources, and employment sectors (continued)			Expand and equip 12 existing infrastructures	Q1 2008	Number of hospital centers and hospitals upgraded and equipped	
			Construct and equip 22 new infrastructures	Q1 2008	Number of infrastructures constructed and equipped	
			Equip the National Quality Control Laboratory	Q1 2008	Laboratory functional	
			Formulate a national plan for mutual benefit healthcare groups	Q2 2008	Availability of the plan for mutual benefit groups	Health and Social Affairs Ministries

Strategic objective	Program	Area of intervention	Measures	Implementation period	Indicators	Overseeing institution	
Program 11: Development of the health system and health services (continued)	Program 11: Development of the health system and health services (continued)	Maternal and infant health	Implement a comprehensive multiyear plan for the expanded program on immunization (EPI)	Q1 2008	Rate of availability of EPI vaccines, rate of immunization coverage (VAR, BCG, DTC3, VAM)	Health Ministry	
			Improve the accessibility and quality of obstetric and neonatal healthcare	Q2 2008	Obstetric health coverage Percentage of births assisted by qualified personnel		
		HIV/AIDS	Improve the availability and accessibility of family planning services	Q1 2008	Rate of availability of contraceptive products Rate of contraceptive prevalence		
			Set up a Prevention of Mother-to-Child Transmission (PMTCT) unit in all prenatal consultation centers	Q3 2008	Percentage of prenatal consultation centers providing PMTCT services		
		Malaria	Strengthen the prevention of HIV among high-risk groups (sex workers)	Q1 2008	Availability of a program targeting sex workers		
			Provide support for orphans and other vulnerable children (OVCs)	Q3 2008	Number of OVCs receiving support		
			Cover medical and psycho-social funding for at least 10,000 persons living with HIV (PLWHIV)	Q4 2008	Number of PLWHIV receiving funding for antiretroviral drugs		
			Ensure the availability and accessibility of the new anti-malaria drugs (CTA) and insecticide-impregnated mosquito nets (IIMs), in particular for children under five years old and pregnant women	Q1 2008	Percentage of pregnant women sleeping under IIMs, percentage of children under five years old sleeping under IIMs, rate of availability of CTA in healthcare units		
		Tuberculosis	Implement the malaria therapy policy	Q2 2008	Percentage of districts implementing the new malaria therapy		
			Provide Intermittent Preventive Treatment (IPT) for pregnant women	Q4 2008	Percentage of pregnant women receiving IPT		
			Implement the social marketing plan on the use of IIMs	Q3 2008	Rate of implementation of the social marketing plan		
			Provide healthcare units with anti-malaria medication	Q4 2008	Rate of availability of anti-malaria medication		
			Strengthen the ability of districts to implement the Directly Observed Therapy Strategy (DOTS)	Q3 2008	Percentage of tuberculosis sufferers under the DOTS		
			Improve the rate of detection and the quality of funding as defined in the DOTS	Q4 2008	Percentage of tuberculosis sufferers cured in the cohort		
Nutrition	Set up a mechanism for effective monitoring and assessment	Q4 2008	Rate of slippages				
	Implement the accelerated strategy for the survival and development of children and develop new programs to combat nutritional deficiencies	2008					
	Develop information, awareness, and education campaigns on the importance of good food in the preservation of health	2008					
	Build institutional capacity and a policy framework for the promotion of food and nutrition	2008					

Strategic objective	Program	Area of intervention	Measures	Implementation period	Indicators	Overseeing institution
	Program 13: Improvement of access to safe water and to sanitation in infrastructures	Safe water	Continue implementing the ongoing programs	Q1 2008	At least 500 waterworks constructed	Water and Hydraulic Resources Ministries
			Reorganization	Formulate blueprints for the reorganization of towns other than Lomé	2008–10	Blueprints under preparation for at least 50 percent of the towns
		Gender equity and empowerment of women	Strengthen the actions to heighten people's awareness of the impact of good hygiene and of the reorganization on the state of health	2008–10	Number of tours, campaigns, personnel in the field Number of works achieved	Health, Environment, Water, and Reorganization Ministries
	Ensure observance of the legal and social status of women from a human rights standpoint		2008	Number of laws and regulations adopted in favor of women	Social Affairs and Human Rights Ministries	
	Demonstrate appreciation for the work done by women and promote the participation of women in decision making forums		2008	Proportion of the female labor force by sector Percentage of women in decision-making positions at all levels	Social Affairs, Labor, and Employment Ministries	
	Formulate and implement the action plan in the national policy on employment and poverty reduction		Q1 2008	Action plan available	Employment Ministry	
	Modernize and disseminate the legislation on employment and labor		Q1 2008	Number of workshops organized Number of radio and television shows produced on the new Labor Code	Labor and Employment Ministries	
	Make the National Employment Agency operational		Q2 2008	Infrastructures available Personnel recruited and trained	Employment Ministry	
	Make the National Employment Department functional and install within it an Employment Monitoring Post		Q2 2008	Infrastructures available Personnel recruited and trained	Employment Ministry	
	Formulate, adopt, and implement a national program for the employment of young persons (PRONEJ)		Q3 2008	Program document drafted, adopted, and implemented	Employment Ministry	
	Prepare the annual overview of employment		Q4 2008	Employment yearbook available and disseminated	Employment Ministry	
	Formulate, adopt, and implement the national policy on health and worksite safety, so as to reduce the morbidity/mortality related to basic risks in the workplace		Q1 2008	Policy paper on health and worksite safety available	Labor and Health Ministries	
	Adopt a social welfare policy with a view to improving the safety net for the poor and vulnerable segments of the population, especially the aged and the handicapped		2008	Policy paper available	Social Affairs and Development Ministries	
	Program 14: Promotion of gender equity, employment, social welfare, and community development (continued)	Social welfare	Build the capacity of the National Solidarity Agency	2008–10	Number of instances of provision of support	Social Affairs, Economy, Development, and Finance Ministries
Establish social welfare and safety net mechanisms for workers in the informal sector and artisans			2008–09	Number of social welfare mutual associations established	Social Affairs, Economy, Development, and Finance Ministries	
Draw up an emergency management plan to cover persons vulnerable to various shocks and disasters			2008–10	Yearly availability of a contingency plan	Social Affairs, Economy, Development, and Finance Ministries	
Community development	Child welfare	Formulate and implement a national child welfare and promotion policy	2008	Policy paper drawn up and implemented	Social Affairs Ministry	
		Formulate plans for developing communes and prefectures and local development plans	2008	Documents on plans available for communes and prefectures	Development Ministry	