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TOGO

SUMMARY OF DRAFT NATIONAL
PROGRAMME OF ACTION
(preliminary version)

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I. REVIEW OF THE 1990s

Introduction

1. Togo is a small, poor coastal country with a per capita income of about US\$ 300. Its small population is mostly concentrated in the south of the country. The Togolese economy is based on the exploitation of natural resources. Over 60 per cent of the population depend on the rural sector, but its contribution to gross domestic product (GDP) is estimated at only 36 per cent. The other sectors contributing to GDP are mining (7 per cent), industry (19 per cent) and services (38 per cent). The country has a relatively well developed basic transport infrastructure, including a network of 3,000 km of trunk roads and a deep-water port at Lomé with a handling capacity of over 3 million tons a year.

Situation in the 1990s

2. In the 1990s, Togo enjoyed annual average growth in GDP of around 1.7 per cent in real terms. However, a closer look at movements in the economy reveals three different periods: (1) an economic recession from 1990 to 1993, brought on by a steady fall in production as a result of lower world prices for its main export products and aggravated by an eight-month strike in 1992-1993, with GDP falling in real terms by 22.3 per cent between 1989 and 1993; (2) an economic recovery beginning in 1994, after the change in parity of the CFA franc, and sustained in 1995 and 1996 in all sectors of the domestic economy; and (3) a downturn aggravated by the energy crisis in 1998. Efforts since 1994 to put government finances on a sound footing (by increasing budget revenue and limiting the growth in State expenditure) allowed the overall budget deficit to be trimmed from 15 per cent of GDP in 1993 to 13.2 per cent in 1994 and 8.4 per cent in 1995. However, the deficit is still above the sustainable level (below 5 per cent of GDP).

3. In the 1990s, the Government set itself two main goals: (1) to restore macroeconomic and financial balances; and (2) to give a new impetus to development programmes for sustainable and effective economic growth. It is with those goals in view that efforts are being made to straighten out government finances and privatize State-owned enterprises through successive economic adjustment and reform programmes set up with the help of several foreign partners.

Constraints on development

Obstacles

4. The structural characteristics of the mode of production (basically a subsistence and barter economy, with a narrow production base), consumption and trade (a restricted domestic market) in the Togolese economy are the basic constraints on its development, besides natural constraints such as farmers' dependence on weather conditions, strong demographic pressures and limited energy resources. These natural constraints stem from the country's physical location. The constraints on economic policy are linked to rapid population growth, which is outstripping economic growth, the continuing implementation of structural adjustment

programmes and the narrowness of the tax base. A further constraint is the political crisis, which has adversely affected all sectors other than the informal and agricultural (food-producing) sectors, which have since recovered.

Development finance, external debt and investment

5. Togo is becoming more and more dependent on foreign aid as it finds itself in the middle of a widespread economic and financial crisis and the State does not have the resources to honour its commitments. There was a drop in foreign aid between 1991 and 1997. Official development assistance slipped from \$57.3 per inhabitant in 1990 to \$24.4 in 1997, after falling to \$18 in 1993. The level of assistance is low because some foreign aid was suspended and because of the conditions imposed by some donors, the country's weak capacity to absorb foreign aid and poor programme execution.

6. The amount spent on debt-servicing means that the State has been unable to honour its commitments for lack of budgetary resources. On average, debt-servicing accounted for 32 per cent of the State's revenues from 1996 to 1998. Because of its debt-servicing burden Togo has successfully renegotiated some debt relief and some new bilateral arrangements with its partners (through the Paris Club and the London Club). Thanks to this policy of restructuring, external debt was reduced from 129.7 per cent of GDP in 1994 to 91.9 per cent in 1998. Under a policy of restructuring the servicing of the country's external debt, debt-servicing as a percentage of exports of goods has fallen considerably, from an annual average of around 19 per cent in 1990 to 9 per cent in 1998.

7. Foreign direct investment, which accounts for 1.43 per cent of GDP, rose from CFAF 4.2 billion to CFAF 14.7 billion between 1996 and 1999, while portfolio investment dropped from CFAF 10.8 billion to CFAF 3 billion between 1996 and 1999. These two types of investment in the productive sectors amount to far less than the foreign investment in government administration and exceptional funding arrangements (rescheduling, recalculation of arrears, etc).

II. PROGRAMME OF ACTION, 2001-2010

Development objectives and national priorities

8. The Government is concerned with poverty reduction and the country's medium-term development and in this context has defined the following objectives: (i) to stimulate economic growth; (ii) to combat poverty; and (iii) to improve the country's macroeconomic performance.

Stimulating economic growth

9. The new programme for the period 2001-2010 is aimed at improving the country's international competitiveness and maintaining its financial viability at home and abroad so as to create a sound and stable macroeconomic environment, which is essential for sustainable real growth with controlled inflation. In the area of government finances, priority will be given to cutting expenditure and increasing the mobilization of resources. The objective of monetary policy will be to ensure an appropriate supply of credit to the private sector in a manner consistent with the targets for the balance of payments and the inflation rate. The policy of

flexible interest rates will be maintained with a view to encouraging private savings and ensuring the efficient allocation of resources. Structural reforms will be introduced more quickly, with structural adjustment measures emphasizing institutional capacity-building, the sound management of natural resources, the development of human resources, a narrowing of the gap between rural and urban incomes and an improvement in the social services provided, while protecting the most vulnerable groups. Action by the authorities will also be aimed at continuing the reform of the public sector, reducing its size relative to the economy and making State enterprises more efficient.

Growth sectors

Agriculture

10. The objectives for the agricultural sector are: (1) to increase and diversify production with a view to greater food security and increased exports; (2) to combat poverty by increasing incomes in rural areas and by creating jobs; and (3) to achieve growth in environmentally sustainable agriculture.

Industry

11. The Government's aim is to stimulate domestic industrial production with a view to increasing exports. The Government's strategy is to encourage private initiative through reforms aimed at: (1) creating a legal, institutional and regulatory environment that is conducive to the development of private initiative; (2) developing human resources; (3) encouraging entrepreneurship; (4) promoting export industries and developing the free zone; and (5) setting industry on the path towards ecologically sustainable development (combating industrial pollution). The Government also intends to support the informal sector in order to revitalize the urban economy. The other sectors to be promoted are small-scale production, trade and tourism. Strategic guidelines based for the most part on measures to stimulate the private sector are envisaged for this purpose.

Infrastructure

12. The Government's strategy for infrastructure is based on: (1) the promotion of maritime transport and the reorganization of the railways; (2) efforts to improve the regulatory framework for the sector; and (3) the gradual liberalization of port activities such as warehousing and the establishment of a clear system of charges for port services.

Combating poverty

13. The aim of the framework programme for combating poverty is to improve and back up the efforts under way to reduce and, eventually, eradicate poverty in Togo. The framework programme will have four elements:

- (i) Economic development in poor areas;
- (ii) Improvements in essential social services (basic education, drinking water and sanitation);
- (iii) Institutional capacity-building;
- (iv) Improved living conditions in vulnerable areas.

Economic stabilization

14. The Government intends to respect the convergence criteria defined by the West African Economic and Monetary Union (UEMOA) and increase public savings in order to maintain a high level of public investment. The overall deficit excluding donations will be reduced within the foreseeable future to around 1 per cent of GDP. In the area of public spending, the Government is pressing ahead with reforms of the budgetary process while seeking to improve the overall transparency of budgetary management, now that the State's operating budget and investment budget have been brought together. With regard to current expenditures, the Government's two main concerns are to bring staff costs down to 40 per cent of fiscal revenue and to ensure that substantial resources are allocated to the priority sectors, particularly health and education.

Programme for the basic social sectors

Education

15. The Government gives priority to three objectives: (1) to make schools more democratic; (2) to adapt the educational system to the socio-economic environment; and (3) to improve the quality of education and training. To achieve these objectives, it has plans for administrative and teaching reforms, more active management of internal resources, social and professional training and promotion, and an effective system of assessment.

Health

16. The general aim is to improve the Togolese people's state of health in the context of socio-economic development and efforts to combat poverty. This general aim is to be achieved through three intermediate aims: (1) to reduce mortality and morbidity and to improve people's welfare; (2) to extend health coverage to the whole of the population; and (3) to tackle the causes of poor health in order to make the system practical and effective.

Water and sanitation

17. The targets set for water supply are difficult to meet. In towns and cities, drinking water is a problem. The situation can be improved by providing universal access to drinking water and sewage systems, extending and consolidating existing water-supply networks and building new water-supply systems.

Gender-mainstreaming in national development programmes

18. Women make up 51 per cent of the population of Togo and are a key productive force in all sectors of the country's socio-economic and cultural life. The action taken on their behalf by the Government, non-governmental organizations and associations has had a limited impact so far. To remedy this, the national programme of action for 2001-2010 that is now under preparation aims to raise women's standard of living and help assure their welfare, particularly in the case of women in rural areas.