Statement by Jan Piercy  
Date of Meeting: June 20, 2000

**Togo: Country Assistance Strategy Progress Report**

**Introduction:**

1. We welcome the discussion of Togo's CAS Progress Report and commend staff on its frankness. Given the deterioration of Togo's macroeconomic performance since 1997, the declining social sector indicators, the increasing infection rate of HIV/AIDS and the halting progress on privatization, it is timely to discuss the direction, strategy and prospects for altering this course. Indications of commitment -- such as some reform of the legal framework for business operations and the steady increase of expenditures for health -- are encouraging in the face of such numerous and daunting challenges. We agree with the Bank that the next CAS should be developed after the formation of the new government. We hope today's discussion sends a clear message to the leaders and people of Togo that steady commitment and progress are essential for Togo's sustainable development.

**Governance:**

2. Political instability and lack of capacity have hindered Togo's development throughout most of the last decade. As the Progress Report notes, the lack of basic political reform forced many donors to cease assistance. Political stalemate since 1998 has added to Togo's inability to make marked development progress. Togo's Government has difficult decisions ahead and must be prepared to make tough decisions, and more importantly stand by them. Sustaining governance reform will form the solid foundation on which to develop the country's assistance strategy -- beginning with improving transparent use of resources.

3. Of particular concern is the increasing military expenditures and the lack of effective auditing functions to track these outlays. We strongly urge the Government of Togo to operationalize an annual process for ex-post audits of all expenditures -- including the military -- with the results released to civilian authorities. The current process of government spending
does not serve the authorities' interests or poverty reduction efforts on behalf of the Togolese people. The US has legislation that took effect on October 1, 1999, requiring us to oppose IFI assistance to countries which lack a functioning system for reporting audits of military expenditures to civilian authorities. Prior to extending assistance, the IFIs should have some assurance of the accuracy of military finance based on a functioning audit capability. This would ensure that IFI assistance supplements poverty reduction and efforts to achieve sustained economic growth, and it reflects our expectation that countries receiving development assistance must maintain transparency and accountability in the management of all public resources.

4. Fundamental improvement in governance, transparency and anti-corruption are absolutely necessary if Togo is to create an environment that attracts investors. The fact that "non-transparent use of resources from public enterprises continues" is sobering. We would welcome Togo's participation in WBI's Anti-Corruption/Governance Learning program in coordination with the Africa region. We believe that efforts focusing on analysis as well as concrete actions are imperative if Togo is to make measured progress. Building capacity of the government to govern well is an area where the Bank can add value. The Progress Report lays out the next steps regarding legislative elections and dissolution of the one party parliament. These are important steps. The weak capacity of the government at all levels, however, requires serious capacity building effort and strengthening of institutions at all levels of government. Elections are just the beginning. The Bank and the international community must be prepared to help Togo develop the tools to establish transparent institutions and democratic systems that will last.

5. As the Progress Report states, Togo is a poor country and has become poorer in recent years. Staff report that Togo had relatively up to date information on poverty statistics for the 1995 CAS. We would appreciate a summary of the key outcomes and findings of the PER conducted since the last progress report. Given the importance of the fundamental reforms the Government must undertake, we believe it is critical that Togo also have an up to date CPAR and CFAA, and would like to know the status of doing such essential analytical work.

HIV/AIDS and Infectious Diseases:

6. The insufficiency of "client responsiveness" is clear in the report's observation that "despite the seriousness of the situation, HIV/AIDS is virtually absent from public discourse and media in Togo." This is dire for Togo and its neighbors. A new Africa HIV/AIDS approach was recently mentioned: how would this program propose to reverse the situation of public denial and inattention which still prevails in too many countries? The Bank's response in Togo appears excellent as far as it goes, but unless advocacy and education can create a sense of urgency and priority in Togo, these efforts will fail. Moreover, an AIDS strategy must be gender-based, and there is no reference to this in the report. Togo's collapsing health delivery system must be addressed. It appears that Togo's health system is unable to deal with old fashioned killers -- infectious diseases -- which we know how to treat and cure.

Lending Scenario:
7. We concur with the focus on the low case lending scenario, particularly given the current political and economic picture. Even under the low-case lending scenario, however, the CAS should include triggers for disbursements. What triggers will govern the interim lending program? Why are triggers not indicated in this CAS Progress Report?

**Interim-PRSP:**

8. The Progress Report highlights the participatory preparation of the Social Protection Strategy as a precursor to the eventual preparation of an Interim-PRSP. We commend the preparation of the strategy, but stress the importance of strategic and constructive sequencing of these exercises. Analytical work like the PER, CFAA, CPAR should be completed and their findings incorporated. These are critical to evaluating Togo's eligibility for debt relief under the Enhanced HIPC initiative.

9. While we welcome the participatory process evidenced through the Social Protection Strategy development, Togo is a country with a weak tradition in consulting civil society. Could staff provide a description of how the Bank will support the Government's efforts to pursue a genuine, constructive participatory process?

**Donor Coordination:**

10. The Progress Report mentions briefly the various donors playing a significant role in Togo. We would appreciate a description of donor coordination in Togo and the Bank's assessment of its effectiveness.