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McNamara Paper



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Travel Briefings: West Africa (Sierra Leone, Togo, Dahomey, Liberia) - Travel briefs,
Togo

Archives

Folder 2 of 4

Folder 4

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OFFICE OF THE PRESIDENT

- A Itinerary
- B airport statement
- C Map, State Dept note
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- E Topics for disc.
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 - CDP
 - Updating memo on econ situation
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 - History, Policies
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VISIT TO WEST AFRICA, January 9-20, 1973

<u>DATE</u>	<u>TIME</u>	<u>GMT</u>		<u>REMARKS</u>
Jan. 9	1650	2150	Depart Washington (National)	NA153 (727)
Tues.	1745	2245	Arrive New York (JFK)	
	1900	2400	Depart New York (JFK)	PA184 (707)
Jan. 10	0720	0720	Arrive Dakar	
Wed.	0800	0800	Depart Dakar	RK502 (Caravelle)
				(Bamako GMT 0940-1025) (Abidjan GMT 1125-1315)
				(Accra GMT 1410-1450)
	1520	1520	Arrive Lome	Villas of the Entente
	1700		Meet UNDP ResRep.	At Villa
	1900		Dinner (private)	
Jan. 11	0800		Depart Lome	(by car)
Thurs.			Visit SONAPH oil palm plantation; oil palm nursery at Agou; OPAT coffee and cocoa nursery; IFCC coffee and cocoa research station	
	1100		Arrive Palime, welcome by local authorities	
			Visit Palime area	
	1230		Lunch at Palime	
	1400		Depart Palime	(by car)
	1530		Arrive Lome	
	1600		Working session with Government officials (until 1800)	
	1900		Meeting with President Eyadema	
	2000		Dinner hosted by President	
Jan. 12				
Fri.	0900		Depart Lome	(by car)
			Visit Port of Lome	
			Tropicana German tourism complex	
			CTMB phosphate plant and wharf	(by helicopter)
	1200		Lunch at Togo Lake	
	1330		Depart for Dahomey-Togo border	(by car)
	1400	1400	Arrive Togo-Dahomey border	
	1500	1400	Welcome at border, change cars, depart for Cotonou	
	1615		Arrive Cotonou	Villas of the Entente
	1715		Depart for Porto Novo	(by car)
			Visit bridge at lagoon entrance	
			Visit Porto Novo, welcome by prefect of Oueme region	
			Depart Porto Novo	
	1845		Arrive Cotonou	
	1915		Meeting with UNDP ResRep.	
	2000		Dinner (private)	At Villa
Jan. 13	0715		Depart Cotonou	(by car)
Sat.	0730		Arrive Abomey-Calavi on lagoon	
			Visit Ganvie lake village	(by boat)
	0830		Depart Abomey-Calavi	(by car)
	0915		Arrive Grand Hinvi	
			Visit agricultural project	
	1015		Depart Grand Hinvi	
	1130		Arrive Abomey	
			Visit museum and handicraft manufacturers	

<u>DATE</u>	<u>TIME</u>	<u>GMT</u>	<u>REMARKS</u>
	1230		Lunch at Prefect's residence
	1345		Depart Abomey
	1530		Arrive Cotonou
	1630		Working session with Government officials
	1930		Meeting with President
	2030		Dinner hosted by President
Jan. 14	0645		Depart villas for airport
Sun.	0700	0600	Depart Cotonou
	0730	0630	Arrive Lagos
	0800	0700	Depart Lagos
			(Accra GMT 0750-0820) (Monrovia GMT 1010-1040)
	1130	1130	Arrive Freetown
	1200		Tour Freetown bay by ship
			Informal lunch on board
	1400		Arrive Cape Sierra Hotel
	1500		Meet with Minister of Finance
	1530		Meet with Ministers
	1700		Meet with Minister of Agriculture
	1745		Meet with Minister of Education
	1830		Meet with Minister of Public Works
			Dinner (private)
Jan. 15	0810		Depart Hotel
Mon.	0830		Depart airport
	0930		Arrive Yengema
			Visit DIMINCO diamond mining operations
	1145		Depart Yengema
	1210		Arrive Kenema
	1220		Lunch and briefing on agricultural development
	1330		Visit agricultural research station and oil palm mill
	1530		Depart Kenema
	1630		Arrive Freetown
	1800		Meet with President Stevens and Minister of Finance
	2000		Dinner hosted by President
Jan. 16	0830		Meet with UNDP ResRep.
Tues.	0900		Depart for University
			Meet with University officials
	1030		Depart for airport
	1130	1130	Depart Freetown
	1215	1215	Arrive Robertsfield
	1220		Depart Robertsfield
	1300		Arrive Monrovia
	1330		Lunch with Finance Minister Tolbert
	1430		Courtesy call on Minister of Foreign Affairs with Minister Tolbert
	1500		Meet with Ministers
	1630		Meet with PUA officials on Power and Communications
	1700		Meet with Minister of Agriculture on Rural Development
	1800		Meet with UNDP ResRep.
	1900		Dinner (private)

<u>DATE</u>	<u>TIME</u>	<u>GMT</u>	<u>REMARKS</u>
Jan. 17	0810		Depart hotel
Wed.	0830		Depart Monrovia
	0930		Arrive Foya, Lofa County
			Visit Foya rural development project
			Meet with local officials and Paramount Chief
	1130		Lunch at Foya
	1230		Depart Foya
	1300		Arrive Zorzor
			Visit Teacher Training College
	1415		Depart Zorzor
	1445		Arrive Sanniequellie
			Visit hospital
	1530		Depart Sanniequellie
	1600		Arrive Nimba (Yekepa village)
			Visit LAMCO Iron Ore Mine
	1800		Arrive Lamco Lodge
	1900		Dinner (private)
Jan. 18	0815		Depart Lamco Lodge
Thurs.	0830		Depart Nimba
	0930		Arrive Monrovia
	1000		Visit Liberian rubber farmers
	1200		Arrive Hotel Ducor
	1230		Lunch (private)
	1400		Depart for University
	1415		Meet with University officials
	1545		Depart University
	1600		Meet with Liberian entrepreneurs
	1700		Meet with Liberian bankers
	1800		Meet with Liberian leading personalities
	2000		Dinner hosted by President Tolbert
Jan. 19	0915		Depart hotel
Fri.	0930		Meet with President at Mansion
	1300		Lunch (private)
	1600		Depart hotel
	1645	1645	Depart Robertsfield
	2305	0405	Arrive New York (JFK)
	2330	0430	Depart New York (JFK)
Jan. 20			
Sat.	0045	0545	Arrive Washington (National)

Government plane

Government plane

Government plane

(by car)

Government plane

(by car)

RK49 (DC8)
(Dakar GMT 1830-1930)
International Hotel
Charter (Queenair)

Briefing Loué 1/10/73
McCoy, X de la K, W. Clark

Talked about President, a soldier, a strong & simple man.

Migration north-south is normal. Loué ^{area} is not crowded yet
Wath has land which could be used.

We can only do small things in isolated places

Education. High attendance 40% literacy 10% Curriculum not qualified.
University.

Health. Low doctor ratio. 1/32000 Endemic diseases

Composts are savannah.

Financial: New budget increase 10% Current exp 15%
we have no credibility so no leverage.

Projects for food crop production ready.

Loué port expansion (needs doubted necessary)
Railway having money.

Shortage of projects, had projects → low funding.

Road project appraised but not negotiated. They want to pave - we think unpaved is ok.

Cocoa project can be ok but will not be sensational.

Cotton - we want govt to request in writing.

CIMAO - technical risk phosphate - new deposit. distance. Standard. Needs
firm participation of Ivory Coast, Ghana, Nigeria.

X - we can say yes or no by April 1. or a conditional yes.

Working Session Togo (Lomé) 1/11/73

Finance Minister Welcome. Presentation of why attendants.

McN Thank you. I am here to find projects, since Bk has not financed much in the past.

Mo Planning. You are seeing our problems. Plan 1971-75 is to be our main instrument for development. Budget equilibrium since 1968. This has enabled us to invest in projects as planned in 1st plan. Before discussing projects, I would like to mention plan. Priority on rural development. More project important (- other projects -) CIMA0 technically, economically & financially viable. It's our job of development. Infrastructure: transport, energy (cooperation with Ghana). Roads: disparity between Bk program and the ones we submitted. Water: hope Bk can help. Education: training of technicians especially. University is being built. Ministers & technicians will answer your questions.

McN. Budget. Past efforts for balance to provide savings. But recent explosive growth in current expenditure & exp. for expensive projects.

MoF. True, but we are trying to contain expenses and contain imported inflation. Also, receipts have grown. Will give you figures before departure.

McN Raised it since all nations must depend on own resources. Int'l agencies can only give a marginal contribution. Savings in local budget necessary. Lending program can be limited by local funds. Don't know if road should be paved or not. But we are hired by you to advise you. Credits must be repaid. If laborite can be used, should it not be used. If we recommend to high standards, we fail in our duty. We have duty to advise you on most economic alternative. Cement plant. Have discussed it. We want to encourage economic cooperation. Ghana power is example. Cement plant needs regional cooperation. Hope we can discuss further, you should expose its economic justification. Then I will have comment.

MoF. CIMA0 project is pivotal point of 5 yr plan.

Mo Public Works. First, would like to mention criteria used by Bk. Required rates of return are too high. Example: Roads, where you removed a lot of proposed and large studies compared to those financed.

McN Before CIMAO, let's talk about criteria. ① RoR too high ② Studies costly.
③ Studies too costly should not be made. On ①, level of return in Togo; how high should it be?

HoPW Bk requires 15-20% we want 8-10%.

McN Minister is wrong about Bk requirements. Excepting 20% of projects (educations etc) where you can't calculate RoR, other 80% averaged RoR = 19%. But we do not require 19%. \$2.4 B averaged that but we do not require more than 8-10%. We're not investing our money but yours, so let's try to find best possible solution together, close to mean of 12%.
In summary, we do not feel that we serve you right unless we find projects with higher return than marginal. Let's go back to cement project.

HoPW Advocated extension of capacity to pay.

McN Let's go to cement project.

HoPW History of project. Technical problems, market, incorporation of grinding mills. we now can plan on competitive prices. Phosphates can be removed or we can use new deposit. Studies are completed. Togo, Ivory Coast have agreed on means of

subgrating	34 states	Guaranteed market of Togo, I.C. & are negotiating with Gambia for part of these market.
	33 Grinding mills.	
	33 CIMAO	

Size of factory. 1.2 m tons decided.

Cost 13.5 B francs i/cos

Price \$4500/ton 1976 cost of cement production.

new Cif price 3700 CFA/ton, new contract will be 3900 and with unloading etc this will reach 4500 => competitive.

Infrastructure must be incorporated but will be done by gov't. RR, port, el., road. Services will be sold to CIMAO or others.

want Bk to take leadership in project.

McN You talk about 1.2 m tons. Initially, or in stages.

HoPW Two kilns, installed at same time.

McN Ghana: Do you have written contract for Ghana market.

MoPW we are trying to get Ghana as shareholder. They are studying papers. They would take corresponding to fuel & el. provided.

McN How many tons:

MoPW 300 000 tons.

McN would this get close to 1.2m tons?

MoPW 1276 IC 900 000
Togo 100 000
Ghana 300 000 } => market etc.

McN will EC give you contract?

MoPW EC will consume its production.

McN Nigerian interested.

MoPW Imports 900 000 tons now but has also cement factories => we can get part of N. market.

McN we finance cement plants all over the world - Thailand, Latin Am for ex.
So we are in favor, provided market etc, & cost reasonable.
Will talk to President about it and then respond.

McN would you be interested in the financing of cotton.

MoP we would but do not have enough info to apply.

McN with your soil & climate it looks interesting, would like to pursue
Coffee - cocoa project: will appraise in March-April. Hope for a good project.

~~MoF~~

1. Sio-Haho project. Has Ebi said last word.

mission in oct november.

X DdaBennuere we would like to study less ambitious possibilities to feed coastal zone. Small scale irrigation. Small scale. will tell you in a few weeks.

MoP. we are worried that you will tell us that soil regeneration [irrigation, regeneration of soil.] will be more expensive than irrigation. This may infern lead to no results at all.

X we have not abandoned irrigation, will give answer.

MoF

Bls policy has changed. more in social sectors.
Can you help in education + health?

McN

Coffee - cocoa, cotton, road, CFMAO should be our focus now.

MoF

Have better idea on where we go now.

MoP.

Port of ^{Home} Agriculture. Credit given through CNCA.
would like to create agricultural credit organization.

McN

We do finance ports (ex. Mogadishu, Dar es S.) We will be interested.
Agric. investment - we will be interested there, too. Sure you do not want to work your money

Min of Educ.

Have met with your people + UNESCO
How can we proceed to further this.

McN

we will have a mission in Feb.

To date we have failed in Togo. One projects is not much.
In Africa we have expanded a lot. Togo has not participated.
we would like to learn how to do better in the future.

MoF

Thanks for visit. Bls has > 100 members. Bls have more need than most
for your visit. Hope that your energetic help will help to
improve our conditions.

working with Colanau

MoF / Dir. of ^{Planning} Finance

Appreciate Bk's work. Hope for increase.

Stressed project management. Agriculture most important sector. Agriculture not only aspect of social development. Also education, health, telecommunications. inhibition is important. Agricultural exports. For econ. development, also need infrastructure.

Road project to tie together Dahomey & Niger. Part of Colanau.

Roads in Colanau region for agricultural & other products. Study financed by Bk has shown 12% ror for this project (?)

Energy. Have not been ambitious yet. No big dams. Get power from Akossombo, regional cooperation. want to distribute electricity more widely. Fishing. 30 000 fishermen should be made productive. want to go deep sea fishing. want 3 boats for this. Diversification of economy. Tourism will be one way. Hotels needed ~~to~~.

M.C.W.

Here to find out how Bk can be more useful. Before projects, let's talk about economic base for development. Economy of Dahomey was stagnant. ^{Econ.} Growth = pop. growth. Gov't believes that program of austerity will bring growth. We agree. Hope this includes less expenditure, limit to civil servants and improvement in taxes & tax collection. Explain measures to achieve this.

MoF

Financial and economic measures: 1972 budget ^{not} in equilibrium, ~~except for~~ adverse effects of Nigerian economy. 1973 budget will be balanced. will reorganize civil service. Increase of revenue: Have organized tax collection agency. But no big change in tax system. Management will be improved. Hope for higher investment to reduce unemployment.

MoE

2nd general question How important is education in your efforts?

MoF

Great importance

Mo Educ.

Education is at base of development. But Dahomey is only 25% literate. Present education system is not adapted to our needs. Will reform. Education is not only my business, it's a national affair. All population strata must be heard. Will present a project.

McN we agree its ill adapted. will be happy to help with project.

Dahomey is a LLDC, many LLDC's are small which poses problems.
what's your view of integration of economies?

McF we want integration in principle but think it's important to have it.
with large countries like Nigeria which is interested in our products,
we will go toward Togo too eventually.

McN would like to contribute to reg. integr. to extent possible.
will not be easy. Only 2 regions where progress has been made
East Africa & Central America. we should learn from them.

Earlier emphasis on project mgmt. we agree. Agric. project should
become effective soon.

More detail on agriculture.

Mc Agric. Budget is small. Problems in subsistence & cash crops.
Dahomey can export to subtropical countries Niger, U.V, Nigeria.
Big problem is Zan-Borgou. No problem with Grand Hémou.
Future agric. 2 objectives ① Subsistence crop increase
② Development of cash crop production.

McN. Migration N → S because of poor conditions in N.

Mc Agric. Yes N. has poor climate & soil.
will redistribute soil, produce tomatoes,

McN Agree with most of projects mentioned by size of plan.
Hope we can reg. proj for roads soon.
Cotton should go ahead as soon as well managed, But we
will agree on this. Agriculture.

Port is of interest. Tourism. Our objectives agree.
Esp. ① Austerity ② a prudent fin. mgmt,
③ Sound mgmt of each proj.

Dulmont is hard. Move ahead as fast as program allows.
we are your employees etc.,

TOGO

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A

PROPOSED PROGRAM

TOGO

Wednesday, January 10, 1973

15:20 Arrive Lomé RK 502 - Residence at villas
of the Conseil de l'Entente

~~18:30~~ 17:00 Cocktail by IBRD Governor
20:00 Private Dinner

Thursday, January 11

8:00 Depart Lomé for Palimé (by car)

Enroute, stop to visit Oil Palm Plantation (SONAPH) 1/
stop at Agou to visit the oil palm nursery
At Palimé, visit of the coffee and cocoa nursery (OPAT) 2/
Visit of IFCC 3/ research station

11:00 Arrive Palimé - Welcome by local authorities

11:00 - 12:00 Visit of Palimé Plateau area

12:30 Lunch at Palimé (hotel)

14:00 Depart Palimé for Lomé (by car)

15:30 Arrive Lomé

16:00 - 18:00 Working session with Government officials

19:00 Meeting with President

20:00 Official Dinner by President

Friday, January 12

~~8:00 - 8:30~~ Meeting with the UNDP Resident Representative

9:00 Depart Lomé to Dahomean border (by car)
Enroute stop at port of Lomé
stop at Tropicana tourism complex
short visit of CTMB 4/ plant and wharf (by helicopte

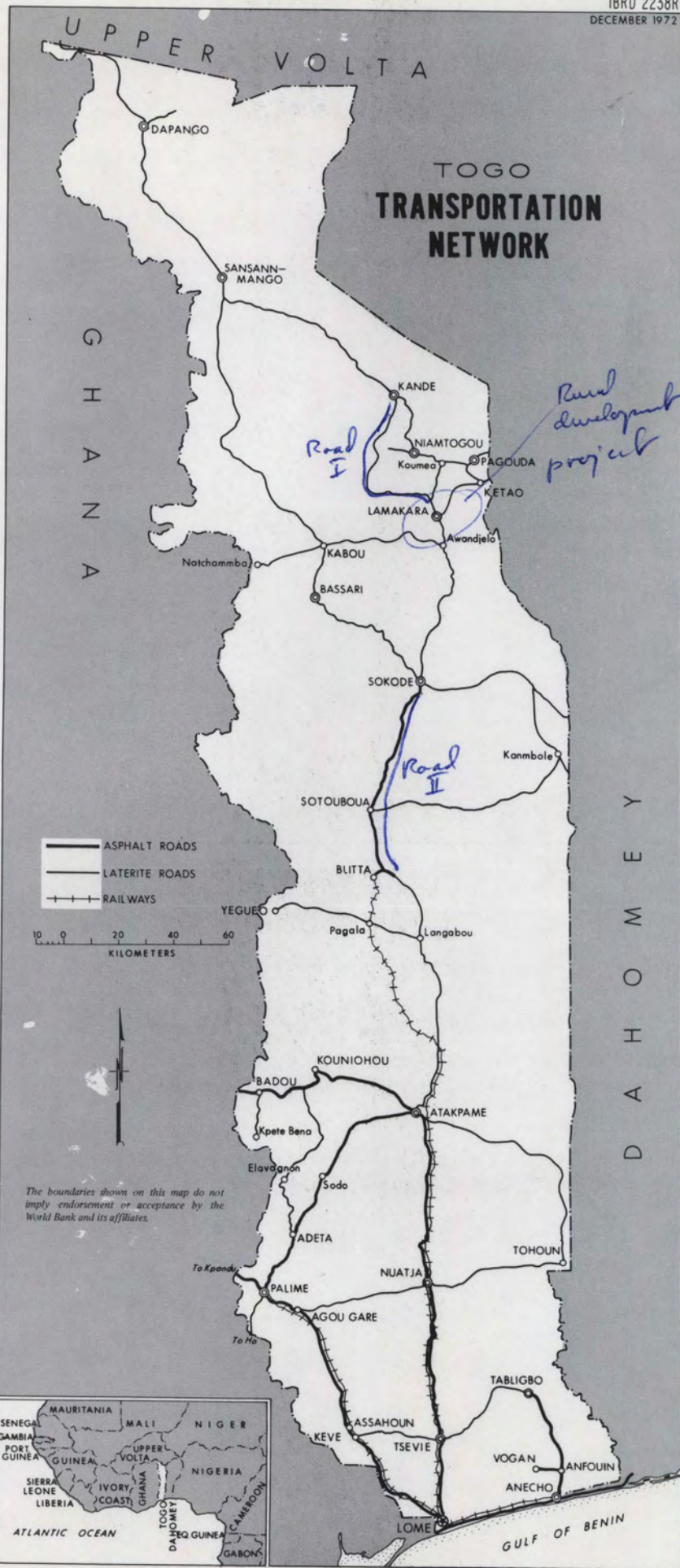
12:00 - 13:30 Lunch at Togo Lake

14:00 Arrive at the Dahomey-Togo border

-
- 1/ Société Nationale Palmier à Huile
2/ Office des Produits Agricoles Togolais
3/ Institut Français pour le Café et le Cacao
4/ Compagnie Togolaise des Mines du Bénin

B

C





REPUBLIC OF TOGO

BACKGROUND NOTES

Population: 1.9 million (1971 est.)

Capital: Lomé

Togo is located in West Africa bounded by the Gulf of Guinea on the south, Ghana on the west, Upper Volta on the north, and Dahomey on the east. It stretches 360 miles north from the gulf and is only 100 miles wide at the broadest point. Togo has a total area of 21,853 square miles, slightly smaller than West Virginia.

The country consists primarily of two savanna plains regions separated by a southwest-northeast range of hills (the Chaîne du Togo).

Togo's climate is tropical. The south is humid with temperatures ranging between 70° F. and 80° F. The coastal belt is exceptionally dry. Humidity is less severe in the north but temperature fluctuations are greater—from 65° F. to more than 100° F.

The national flag consists of five horizontal stripes—three green and two yellow—with a white star on a red square in the upper left corner.

THE PEOPLE

Togo has a population of approximately 1.9 million with an annual growth rate of about 2.6 percent. The population is distributed very unevenly because of soil and terrain variations, but the density averages 86 people per square mile. Lomé, the capital, has about 130,000 inhabitants.

There are 18 major ethnic groups in Togo plus a number of smaller groups. Although a distinct minority in the country, the tribal groups of the coastal region, particularly the 134,000 Ewes, are culturally dominant. The major northern tribe is the Cabrai, some 200,000 in number, located on poor land unable adequately to support its inhabitants. The Cabrais traditionally have emigrated from their home area in the Lama-Kars region, and many have taken to soldiering, a profession in which they excel. Conversely, the southern Ewe and Mina tribes have more representation in public administration and commercial activities.

Most of the coastal peoples use the Ewe language and many have cultures similar to that of the Ewes. However, Ewe is not well understood except in the south. French is the official language and is used in commerce, government, and public schools. Literacy is estimated at between 5 and 10 percent.

While the majority of the Togolese are animists, there are approximately 370,000 Christians (mostly Catholics) and 135,000 Moslems.

HISTORY

The Ewes moved into the area which is now Togo from the Niger River Valley between the 12th and 14th centuries. During the 15th and 16th centuries Portuguese explorers and traders visited the coast. For the next 200 years the coastal region was a major raiding center of Europeans in search of slaves, gaining Togo the name "Coast of Slaves."

In 1884 Germany declared a protectorate over a stretch of territory along the coast. The Germans extended the territory inland and worked energetically developing economic and social infrastructure (roads, railroads, schools, hospitals). They combined Togo with the Gold Coast (now Ghana) to form Togoland. Because it became Germany's only self-supporting colony, Togoland was known as the model possession of the Germans. In 1914 it was invaded by French and British forces from Dahomey and the Gold Coast and fell after a brief resistance. Following the war Togoland became a League of Nations mandate territory and was divided for administrative purposes between France and the United Kingdom.

After World War II the mandates became United Nations trust territories and continued to be administered jointly by the United Kingdom and France. During the mandate and trusteeship periods western Togo was administered as an integral part of the British Gold Coast, while French Togo was given its own governmental structure.

On October 28, 1956, the inhabitants of French Togo voted in a plebiscite to become an autonomous republic within the French Union. The arguments of the French Government notwithstanding, the United Nations refused to end the trusteeship status of the territory at that time. The new Republic of Togo had internal autonomy, but control of defense, foreign affairs, and currency remained a responsibility of France. In 1957 British Togoland joined with the Gold Coast to form the new nation of Ghana.

On April 27, 1960, in a notably smooth transition marked by a spirit of good will, Togo severed its juridical ties with France, shed its U.N. trusteeship status, and emerged fully independent.

Nicholas Grunitzky became Prime Minister of the autonomous Togolese Republic on September 10, 1956. He was defeated in the 1958 election, which brought the late Sylvanus Olympio to power. Grunitzky was unable to run again for the Assembly in 1961 because his party was disqualified from competing in the elections of April 9. Olympio's Unité Togolaisé (UT) party won 90 percent of the

vote and all 51 Assembly seats. Grunitzky went into exile after the 1961 elections but returned on January 15, 1963, 2 days after the assassination of President Olympio, to head the provisional Government with the title of Prime Minister. On May 5, 1963, the Togolese adopted a new constitution, chose deputies from all political parties to the National Assembly, and elected Nicholas Grunitzky President and Antoine Meatchi Vice President. Nine days later, President Grunitzky announced the formation of a Government in which all parties were represented.

The Grunitzky government became increasingly plagued by insecurity. On November 21, 1966, there was an unsuccessful attempt to overthrow Grunitzky, inspired principally by civilian political rivals in the Unité Togolaisé party. An uneasy period followed that ended on January 13, 1967, with the ouster of Grunitzky by Lt. Col. Etienne Eyadéma in a military coup d'état. The Committee of National Reconciliation ruled the country until April 14 when Col. Eyadéma assumed the office of President.

GOVERNMENT & POLITICAL CONDITIONS

The present Togolese Government rules by decree and ordinance. It is a highly centralized system, and all cabinet ministers are appointed by the President (Chief of State and Head of Government). There is no legislative branch at the moment.

The Togolese judicial system is modeled on the French pattern. The highest review court is the Supreme Court, headed by a presidential appointee. For administrative purposes, Togo is divided into 18 Districts, each having a district head appointed by the President.

Before January 1962, there were four principal political parties in Togo: (1) the leftist Juvente (Togolese Youth Movement); (2) the Union Démocratique des Populations Togolaises (UDPT); (3) the Parti Togolais du Progrés (PTP), founded by Mr. Grunitzky but having only limited support; and (4) the Unité Togolaisé (UT), the party of former President Olympio. In January 1962, President Olympio dissolved the opposition parties. There was and is no legal Communist Party organization in the country.

When President Eyadéma (now Brig. Gen.) assumed control, political parties were prohibited and all constitutional processes were suspended. With a mixed civilian and military cabinet, President Eyadéma embarked on an ambitious program to unify Togo, which was split by party disputes, and to promote economic development.

The country took its first steps back toward party rule in late 1969, when a single national political party, the Assembly of the Togolese People (Rassemblement du Peuple Togolais—RPT) was formed. President Eyadéma was elected National President of the party on November 29, 1969. The RPT has the support of many of the leaders of the former political parties, and all

ministers have been coopted into the party. Party development lagged in 1970 and the President remains Togo's principal leader.

ECONOMY

Togo's economy is agricultural, composed primarily of small family farms. It is on these farms that the country's commodity crops—cocoa and coffee—are grown for export. The artisan class is important, but there is little industry other than small enterprises supplying goods and services for the local population.

An important phosphate mining and primary processing operation began production in 1961. The phosphate deposit, located some 14 miles from the sea, is estimated to contain more than 50 million tons of high-quality ore. The company operating the phosphate industry is largely French-owned, with the Togolese Government and a private U.S. firm having part interest.

Togo's gross national product (GNP) is expected to be U.S. \$270 million in 1971 with a 6 percent growth rate. Annual per capita income is estimated at \$133.

The balanced budget has become a symbol of the Government's policy of living within its income and holding down inflation—1971 marks the fourth consecutive year with a balanced budget. This has not, however, acted as a brake on economic growth. Since 1967 government revenues and expenditures have doubled and the 1971 budget represents a 25 percent increase over that in 1970. The 1971 budget is balanced at \$36.1 million.

In 1970 Togo's exports totaled about \$54.8 million (primarily coffee and fish). Imports that year amounted to approximately \$64.7 million and consisted mainly of rags, tobacco, cotton fabric, machinery, and manufactured goods. The largest share of Togo's foreign trade (about 35 percent) is with France and the franc zone. The United States receives about 3 percent of Togo's exports (almost exclusively coffee and cocoa) and is the source of about 6 percent of its imports. U.S. foreign investment is about \$15 million, almost all in potash mining and petroleum.

Togo has received substantial foreign aid from France, the Federal Republic of Germany, the United States, the United Nations, and the European Communities. In 1971 this assistance will total approximately \$17 million.

Economic development remains the country's principal concern. Togo has mounted a progressive program to attract private and public capital as well as increased foreign assistance.

FOREIGN RELATIONS

Togo's foreign policy is characterized by non-alignment, moderation, independence, and a desire to maintain the widest possible circle of friends. Because of its history as a former U.N. trust territory, Togo is an especially strong

supporter of the United Nations and participates in several of its specialized agencies. It is also a member of the Organization of African Unity (OAU), the Common Organization of African, Malagasy, and Mauritian States (OCAM), and the Entente group (Ivory Coast, Upper Volta, Niger, Dahomey, and Togo). In addition, Togo is an associate member of the European Economic Community (Common Market), from whose development fund Togo has received considerable assistance.

Togo has good relations with Israel and the Republic of China on Taiwan, both of which cooperate actively in Togolese development efforts. However, Togo has recently declared its intention to recognize the People's Republic of China and continue its relations with the Republic of China.

Togo also participates in several regional projects along with other Entente states. These include livestock improvement, grain stabilization, and regional communications.

U. S. -TOGOLESE RELATIONS

The United States has excellent relations with Togo. There are about 80 Peace Corps volunteers at work throughout the country in such fields as teaching, fishing, and rural development. Since 1959 U. S. aid to Togo has averaged about \$1 million per year. The principal project currently is a heavy-equipment training center at Lomé.

The United States and Togo do not have a formal cultural exchange agreement. For several years, however, an informal exchange program has been in effect. There are currently 11 Togolese students attending U.S. universities (not under U.S. Government sponsorship). In addition, so far in 1971 nine Togolese government officials and public figures have visited the United States.

PRINCIPAL GOVERNMENT OFFICIALS

President; Minister of Defense—Brig. Gen. Etienne Eyadéma
Minister of Interior—(Battalion Chief) James Assila
Minister of Health—(Squadron Leader) Albert Alidou
Minister of Justice—(Squadron Leader) Janvier Chango
Minister of Foreign Affairs—Joachim Hunlede
Minister of Public Works—Alex Mivedor
Minister of Delegate to the Presidency charged with Labor and Social Affairs—Barthelemy Lambony

Minister of Rural Economy—Paulin Eklou
Minister of National Education—Benoit Malou
Minister of Commerce—Nanamale Gbegbeni
Minister of Finance—Jean Tevi
Minister of Information—Frederic Ali Dermame
Ambassador to the U.S.—Epiphane Ayi Mawussi
Ambassador to the U.N.—Michel Eklo

Togo maintains an Embassy in the United States at 2208 Massachusetts Avenue, N. W., Washington, D.C. 20008. (Telephone: 202-234-4212)

PRINCIPAL U. S. OFFICIALS

Ambassador—Dwight Dickinson
Deputy Chief of Mission—Winifred Wieslogel
Director, Peace Corps—Marie Gadsden
Public Affairs Officer (USIS)—Vincent Ro'undo

The U.S. Embassy in Togo is located at Rue Pelletier and Rue Victor Hugo, Lomé.

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D

TOGO

THE GOVERNMENT

General Etienne EYADEMA

President of the Republic
Minister of National Defense

Mr. Frederic D. ALI

Minister of Information and Press

Lieutenant Colonel
Albert D. ALIDOU

Minister of Public Health

Mr. Louis AMEGA

Minister of Rural Economy

Commander Janvier CHANGO

Minister of Justice

Mr. Koffi G. DJONDO

President of the Economic and
Social Council and
Director General of Social Security

✓ Mr. Henri DOGO

Presidential Secretary for Commerce,
Planning and Industry

✓ Mr. Laurent GABA

Secretary of State for Public Works,
Post and Telecommunications

Mr. Nanamalé GBEGBENI

Minister of the Civil Service,
Labor and Social Affairs

Mr. Joachim HUNLEDE

Minister of Foreign Affairs

Mr. Mathieu KOFFI

Minister of Youth, Sports, Culture
and Scientific Research

Mr. Barthelemy LAMBONY

Minister of the Interior

✓ Mr. Benoit MALOU

Minister of National Education

✓ Mr. Alex MIVEDOR

Minister of Public Works, of
Transport and Mines

✓ *with* Mr. Jean TEVI

Minister of Finance and Economics

General Etienne EYADEMA
President of the Republic of Togo

Born in 1935, at Pya, in Togo's northern Lama Kara region, General Eyadema is a member of the Cabrei tribe.

He entered the French army prior to Togo's independence in 1960 and served as a non-commissioned officer in Indochina and Algeria. With independence, he joined the Togolese armed forces and took part in the 1963 coup which overthrew President Olympio. Eyadema rose quickly and in January, 1965, was named Army Chief of staff while holding the rank of Lieutenant Colonel.

In 1967, Eyadema led an army coup which overthrew the Grunitzky Regime and set up a Committee of National Reconciliation whose President was Colonel Kléber Dadjo. Shortly thereafter, Eyadema had himself named Chief of State and on November 30, 1969, he was named President of the Rally of the Togolese People (RPT) - the country's only legal political grouping.

Eyadema's presidency was confirmed by a popular plebiscite held in January, 1972, and his present military rank is that of General.

Mr. Frederic D. ALI
Minister of Information and Press

Another Cabrei serving in the present Government, Mr. Ali was born in 1933 in Bouziré, a town in the northern Lama Kara region.

After completing his primary and secondary studies in Togo, he taught from 1952 to 1959, and then entered the Ecole Togolaise d'Administration from which he graduated in 1960.

In February 1963, he was named head of the Bafilo District and subsequently left to study at the Institut des Hautes Etudes d'Outre Mer in France. Upon his return to Togo in 1965, he was appointed District Chief of Tabligbo and Atakpamé before being promoted to the position of Secretary General in the Ministry of the Interior in 1967. General Eyadema named Mr. Ali his Information and Press Minister in 1969.

Lieutenant Colonel Albert D. ALIDOU
Minister of Public Health

Minister Alidou was born in 1922 at Lama Kara and, like President Eyadema, is a member of the Cabrei tribe.

In 1942, he entered the Togolese militia and rose to the rank of lieutenant colonel. After independence, he spent three months in France undergoing military training and returned to Togo in 1962 to be named Military Commander of Togo's northern region. In 1965, he was promoted to Chief of Togo's National police force and he has held the position of Minister of Public Health since April 15, 1967.

Mr. Louis AMEGA
Minister of Rural Economy

A native of Lome, Mr. Amega was born in 1932. He completed his primary and secondary studies in Brazzaville and then travelled to France where he obtained his law degree in 1956. He then enrolled at the Ecole Nationale de France d'Outre Mer in Paris and simultaneously earned degrees from that institution and from the University of Paris.

From 1960 to 1965, he served as a judge in Brazzaville, and in 1966, he returned to Togo where he served as counsellor to the Supreme Court and rose to the rank of President of the Supreme Court's Judicial Chamber. He was subsequently named Minister of Rural Economy by General Eyadema.

Minister Amega is a politically powerful cabinet member and is one of the founding fathers of the RPT. He is an outgoing, personable albeit somewhat flamboyant individual who is close to the President.

Commander Janvier CHANGO
Minister of Justice

Commander Chango was born at Koumea in the Lama Kara region and entered the French army in 1950 serving in Indochina and Algeria. He returned to Togo in 1961 and entered the Togolese armed forces.

In 1963, Chango took part in the successful coup which overthrew President Olympio. Unlike other military members of the present Government, however, Commander Chango did not receive a governmental position until 1969 when he was named Minister of Justice.

Mr. Koffi G. DJONDO
President of the Economic and Social Council
Director General of Social Security

Mr. Djondo, one of the most influential men in Togo, was born in 1937 at Ouidah in southern Dahomey. He is married and has three children.

Djondo holds degrees in law and social sciences from the University of Paris and is a graduate of the Institut des Hautes Etudes d'Outre Mer.

At present, Mr. Djondo is President of Togo's Economic and Social Council and Director General of the country's Social Security System. He is also a high-ranking official in the RPT and is a Director of the Togo Development Bank.

Mr. Djondo has a keen appreciation of Togo's economic problems and is particularly anxious to foster the country's rural development. He is a hard-nose, practical individual who feels that the Bank Group can play a definite role in Togo's future development.

Mr. Henri DOGO
Presidential Secretary of Commerce, Planning and Industry

Mr. Dogo was born in 1938 at Pagouda in the northern Lama Kara region and is also a member of General Eyadema's Cabrei tribe.

In 1964, he obtained his "licence" in law from the University of Dakar and then studied for two years at that city's Institute of Development and Planning.

After a short training period at FAO in Rome, Minister Dogo returned to Togo in 1965 and was named Chief of the Industrial Projects Division in the Planning Office. He quickly rose to Director of Studies and Planning and actively participated in the preparation of the country's first two Five-Year Plans.

Minister Dogo is one of General Eyadema's most influential advisers. He is one of the founding fathers of the RPT as well as the Bank Group Governor for Togo. He is young, dynamic and has a ready sense of humor.

Mr. Laurent GABA
Secretary of State for Public Works,
Post and Telecommunications

At the age of 33, Minister Gaba, who was born at Kpété-Naflo, is the youngest cabinet rank official in General Eyadema's Government. Like Minister Dogo, he obtained his law degree at Dakar. He then enrolled at the University of Paris where he was taking graduate level courses in law when he was called back to Togo to serve in the Eyadema Government.

From 1968 to 1969, he served as Deputy Director of the Budget and was then promoted to the position of Director General. In 1971, Mr. Gaba was appointed to his present position.

Mr. Nanamalé GBEBENI
Minister of the Civil Service,
Labor and Social Affairs

Like several other members of the Eyadema Government, Mr. Gbegbeni hails from the Lama Kara region.

He is 39 years old and received all of his schooling in Togo graduating from the Togoville Teachers School in 1946.

After teaching at the secondary school level in Togo and France during the fifties, he was elected a representative in Togo's National Assembly. In 1963, he was named Secretary to the Minister of Finance and three years later he was appointed to the same post at the Ministry of Social Affairs, Labor and Civil Service. In 1969, President Eyadema appointed him Minister.

Mr. Joachim HUNLEDE
Minister of Foreign Affairs

Mr. Hunlede was born in Anecho on Togo's south-eastern coast in 1925. After completing his primary education in Togo, he went to France where he studied law at the University of Montpellier and, in 1958, he graduated from France's prestigious Ecole Nationale de la France d'Outre Mer.

In 1960, he was named Togo's First Ambassador to France, Britain and to the EEC. He held this position until 1965 when he was appointed the nation's Chief of Planning. In 1969, President Eyadema named Mr. Hunlede Minister of Foreign Affairs.

Mr. Mathieu KOFFI
Minister of Youth, Sports, Culture
and Scientific Research

Mr. Koffi is one of the youngest members of the Eyadema Government having been born in 1937 at Kpéle-Djamipé. After completing his elementary and high school studies in Togo, he travelled to France where he underwent teacher training at Chalons-sur-Saône.

In 1958, Mr. Koffi returned to Togo where he briefly taught at a boys school in Sokodé before returning, once again, to France to undergo further training in education.

In 1963, Koffi returned to Togo once again and entered the Ministry of Education where he gradually rose to the position of Planning Director. In 1971, Mr. Koffi was named administrative head of the Klouto District but shortly thereafter he was asked by General Eyadema to serve as Minister of Youth, Sports, Culture and Scientific Research.

Mr. Barthelemy LAMBONY
Minister of the Interior

Mr. Lambony was born in 1937 in Nandoga in Togo's savannah region. After successfully completing his primary and secondary education in Togo, he journeyed to France where he studied law at the University of Bordeaux. From 1958 to 1960, he studied at the Ecole Nationale de la France d'Outre Mer and also obtained a "licence" in law from the University of Paris. Prior to returning to Togo, Minister Lambony also studied at France's extremely competitive Ecole Nationale d'Administration.

Shortly after returning to Togo in 1961, Mr. Lambony was named Secretary General of Togo's National Assembly. He also served as Minister of Education in the Grunitzky Regime. From 1967 to 1969, he served as Eyadema's Minister of Information and from 1969 to 1971, as Minister of the Civil Service, of Labor and of Social Affairs. He was named to his present position in 1972.

Mr. Benôit MALOU
Minister of National Education

Mr. Malou, aged 40, was born in General Eyadema's hometown, Pya, and is also a member of the Cabrei tribe. Malou completed his primary and secondary training in Protestant missionary schools in Togo and spent two years at the Federal Police School in Bamako, Mali.

In 1960, Minister Malou returned to Togo where he served in the country's National Security Office and eventually rose to the rank of Deputy Director. In 1965, he travelled to France where he studied at the Ecole Supérieure de Police and in 1966 he was named Minister of National Education. He resigned from this position in the waning days of the Grunitzky Regime but was reappointed by General Eyadema in 1967.

Mr. Malou is a serious, quiet-spoken individual, whose background in education is limited. He is, however, conscious of Togolese education problems and appears to support curriculum modifications and other reforms of the system.

Mr. Alex MIVEDOR
Minister of Public Works, of Transport and Mines

Aged 45, Minister Mivedor is one of the oldest members of the Eyadema Government. He was born in Anecho (south-eastern Togo) and earned an engineering degree at the Ecole Nationale Supérieure d'Electrotechnique et d'Hydraulique de Toulouse in 1955.

From 1956 to 1958, he worked as an engineer in Bamako, Mali. He then returned to Togo where he held several high positions in the Lome electric and water supply authorities before being named Minister of Public Works in 1967.

Mr. Mivedor is a well-trained, serious professional who is overseeing the execution of the Bank Group's road maintenance project in Togo and who is familiar with our modus operandi.

Mr. Jean TEVI
Minister of Finance and Economics

Born in Anecho (south-eastern Togo) in 1933, Mr. Tevi completed his primary and secondary studies in Togo and travelled to France where he obtained degrees in law and economics from the University of Paris. From 1959 to 1961, he studied at France's National School of Customs Duties and then returned to Lome.

Shortly after independence, Tevi served as an Inspector of Customs at Lome. From 1964 to 1969, he served as Togo's Director of Customs and in August of 1969, he was named Minister of Finance and Economics by General Eyadema.

It is interesting to note that Minister Tevi served as Togolese Governor to the Bank Group from 1968 to 1971.

Mr. Tevi is a shy, unassuming individual who has generally been sympathetic towards Bank Group involvement in Togo.

TOGO

OTHER BIO-SKETCHES

Mr. Leon BLOCH

UNDP Resident Representative,
Togo

Mr. Jean Pierre CAMPREDON

French Ambassador, Togo

Mr. Dwight DICKINSON

American Ambassador, Togo

Mr. Boukari DJOBO

Advisor, Secretariat of State
for Commerce, Planning and
Industry.

Mr. Leon BLOCH
UNDP Resident Representative, Togo

Mr. Bloch is an American citizen who is married, has three children and is 55 years old.

After studying business administration in France and England, he worked in retail merchandising for six years and then served in the U.S. Navy during World War II. He joined the United Nations in 1947 and was assigned to the UNDP in 1954. After stints in the Far East and North Africa, Mr. Bloch was named UNDP Resident Representative for Dahomey in 1964 and to his present assignment in 1968.

Mr. Bloch is a pleasant, cooperative individual who has a good appreciation of development problems in West Africa in general and, more specifically, in Dahomey and Togo.

Mr. Jean Fierre CAMPREDON
French Ambassador, Togo

Aged 56, Ambassador Campredon has served in the French Foreign Office since 1942. During his career, he has worked in North Africa, Latin America and the Middle East and he was assigned to Lomé, his first ambassadorial post, in 1971.

As one might expect, Mr. Campredon is well briefed on Togo's economic, social and political developments. He has also proved cooperative to the Bank Group in the past.

Mr. Dwight DICKINSON
American Ambassador, Togo

A Harvard graduate, Ambassador Dickinson is 56 years old. He is married and has two sons.

He served in the U.S. Navy during World War II and then entered the American Foreign Service. During his diplomatic career, he has been stationed in Latin America, Europe and North Africa. He was assigned to Togo, his first ambassadorial post, in 1970.

Mr. Boukari DJOBO
Advisor, Secretariat of State for
Commerce, Planning and Industry

Mr. Djobo is Togo's Alternate Governor for the Bank Group and a close personal friend and adviser of Minister Dogo. He is a gregarious, pleasant individual who has inter-acted with the Bank for years.

E

TOPICS FOR DISCUSSION

1. PAST BANK GROUP LENDING: During the course of Mr. McNamara's visit, Government officials are likely to remind him that, to date, we have extended only one Credit totalling \$3.5 million to Togo. They can be expected to express their disappointment over the meagerness of this program and will almost certainly refer to the CIMAO Project and also, possibly, to the Sio Haho Dam Project as recent examples of operations for which Bank Group financing was sought but not obtained. Special briefs on both projects can be found in Section F of this book.

2. The reasons for the paucity of our past lending to Togo are spelled out in the paper on Bank Group operations contained in Section G. Summarily stated, however, Togo has had a shortage of good development projects, has preferred to seek grant financing for most of these and has insisted that we consider only large, often marginal or unsuitable operations. It may become necessary to remind the Togolese of these reasons for the disappointing past if they insist on pressing hard on this point. In any discussion on overall lending, however, it would be more useful to focus on the future and, more specifically, on the growing pipeline of projects for Togo. The operations which we expect to finance through FY75 are summarized in Section G of the brief.

3. THE CIMAO PROJECT: This operation, originally co-sponsored by the Togolese and Ivorian Governments, is almost certain to crop up during discussions with Mr. McNamara. The reader will find a comprehensive treatment of this project in the special brief on CIMAO contained in Section G. The following four paragraphs are only meant to serve as a summary.

4. The CIMAO operation originally called for investment of \$90 million in the construction of a large clinker factory at Aveta, Togo, and of related infrastructure. The clinker produced at Aveta would then be marketed in Togo, the Ivory Coast and, possibly, in other West African countries as well.

5. Bank Group financing for the project was first sought in 1969. In 1971, our Industrial Projects Department prepared a thorough report on the project's suitability for Bank Group financing which concluded that the operation's technical and marketing risks were too high and the economic return too low (10-11 percent, at best) to justify a positive reply from the Bank. The report was submitted to the Togolese and Ivorian Governments for comments but, as of this writing, we have not received their official response to the study.

Best hope we will have financed - best case
3) best hope we would work on + affected banking FY 73 FY 74-78

6. In recent months, a few developments favorable to the project have taken place. The most noteworthy of these has been the discovery of a high quality limestone deposit near Tabligbo reducing the high technical risks associated with the original, Aveta operation. On the minus side of the ledger, however, the Togolese have been unable to interest other West African countries, particularly Ghana, in CIMAO clinker. Furthermore, there are indications that the Ivory Coast is beginning to drag its feet on the project. In short, our preliminary findings indicate that, despite recent events, the conclusions of the 1971 study still stand.

7. During the course of discussions on CIMAO, the Togolese are likely to ask Mr. McNamara for a Bank Group commitment to finance the project. Any response to such a request should be cautious. The Togolese should first be asked to provide us with their comments on the 1971 report. They should also supply us with convincing arguments for re-opening consideration of the project. We, for our part, should be prepared to be flexible and to take one hard, last look at the operation to gauge to what extent the project's overall suitability has been changed, for better or for worse, by new developments.

8. ROAD CONSTRUCTION PROJECT: As is indicated in paragraph 9 of the paper on Bank Group operations in Togo (see Section G), President Eyadema is likely to question Mr. McNamara on our reasons for proposing to construct the Agou-Nuatja road and to improve the Sokodé-Tchamba-Kambolé road to an all-weather, gravel standard. The Government would prefer to have us pave both roads as a part of this upcoming project. The reason for our position, as explained in paragraph 9, is that both these roads are secondary routes with low predicted traffic volumes. Paving them is simply unwarranted from the economic standpoint.

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SUMMARY AND CONCLUSIONS OF TOGO ECONOMIC REPORT DATED 12/20/72,

BASED ON MISSION JANUARY 1972

1. Togo, a narrow elongated country wedged between Ghana on one side and Dahomey and Nigeria on the other, has substantial scope for development. Climate and soil conditions favor a variety of crops while half of the cultivable land is still unused. Although mineral resources are not yet fully explored, there are substantial phosphate and limestone deposits and indications of other minerals. Togo's geographical position vis-a-vis its neighbors, coupled with low import duties and a liberal investment climate, had important effects on the structure of the economy. It has favored the development of a large commercial sector as well as of banking and transport activities.

2. With per capita GNP at \$140, Togo is still very poor. Disparities in income are moreover considerable. Farm families, about three quarters of the total population, have incomes of only \$70 per capita. Average incomes in the rest of the economy are five times as high. Incomes in the disadvantaged Savanna area in the north are far below the \$70 average for farm families. In search of better opportunities, people have been moving from the north to rural areas in the south, where pressure on the land is becoming evident, and to the cities, where overcrowding and unemployment have appeared. Meanwhile, there has been little spontaneous settlement from over-exploited rural areas in the north to other less exploited sections in the same general area. Reasons are lack of secondary roads and bridges, which make marketing difficult, and--perhaps more seriously--traditional land rights of the various tribes, which complicate the sale or lease of land between different ethnic groups. A land property law, drafted with FAO assistance to encourage mobility within rural areas, is being put to the test on a limited scale.

3. The rural exodus is also due to shortcomings in the school system which prepares students for life in the cities rather than in rural surroundings. A beginning is made with the introduction of revised curricula in primary schools. To alleviate the shortage of teachers, the Government has moreover set up, with UNDP assistance, a teacher-training college. The rapid rise of school attendance (now 41 percent of the 5-14 years of age group, as compared to 28 percent in other French speaking African countries), although evidence of the Government's strong interest in education, is putting rapidly increasing claims on budgetary funds. In view of the development claims of other sectors, an education strategy needs to be worked out which takes into account the priorities of other sectors. In this connection, it is important that the new national university at Lome turn out professional technicians which the country will need in growing numbers, and does not become an overly sophisticated and expensive university.

4. Recently, the Government has been stepping up its efforts to make basic health care available. Health conditions appear to be improving, but endemic diseases (malaria, tuberculosis, leprosy, river-blindness) still present serious problems. Emphasizing preventive rather than curative medicine in its official policy, the Government intends to continue fighting

with WHO assistance against endemic diseases, to establish secondary health centers and dispensaries throughout the country, and to promote better hygienic practices. Health efforts are, however, hampered by a severe lack of doctors (one per 32,000 inhabitants) and other medical personnel.

5. With the average calory intake at 2,300 per person, nutrition does not present a severe problem, although seasonal food shortages occur in the north (Kara region). The Government is undertaking research regarding the nutritional value of local food products, an important matter which, in Togo as in other West African countries, is still largely unexplored.

B. Recent developments

6. Owing to vigorous trade expansion--export earnings increased by 22 percent a year during 1965-69--the economy grew during the last half of the 1960's by eight percent a year at current prices and five percent or more at constant prices. The export increase was mostly due to high world market prices for cocoa which permitted the Government to pay an attractive price to producers. Although international cocoa prices dropped considerably since then, economic growth remained high in 1970 (7.7 percent at current prices) and probably also in 1971. The reasons were increased construction activity in the public sector and completion of a few industrial projects.

7. An important element in the development of foreign trade and indeed of the entire economy was the substantial improvement in the terms of trade during the late 1960's. The favorable effect on external payments equalled two percent of GDP during the 1966-68 and four percent during 1969. Since the beginning of 1970, terms of trade have been deteriorating due to the drop in world cocoa prices and soaring import prices. Nevertheless, foreign reserves (\$37 million at the end of July 1972, equivalent to four months of imports) still are at twice the level of the mid-1960's.

8. Domestic investment during the late 1960's is estimated at 14 percent of GDP. This fairly low rate is, to some extent, a reflection of Togo's difficulties in identifying and implementing investment projects. Savings covered a high proportion, about 80 percent, of investments. On a net basis, Togo has thus been less dependent than many other West African countries on foreign capital. However, most of the savings which arose from the improvement of terms of trade during the late 1960's were not used for increased domestic financing of investment but were deposited abroad leading to increased exchange reserves. On a gross basis, aid from abroad financed 70 percent of public investment.

9. Both savings and investment are possibly under-estimated, because of serious gaps in knowledge about the rural economy. As in many other developing countries, little is known about investments in traditional housing and land improvement which are more or less neglected in national account estimates. However, estimates of the overall savings gap are not affected by these statistical shortcomings.

10. Foreign trade expansion led to rapid monetary expansion. However, with money supply at 14 percent of GDP, Togo is still at an early level of monetization. The high level of liquidity resulting from the export boom enabled the banks to expand their short-term credit substantially, without recourse to the rediscounting facilities of the central bank.

11. Medium- and long-term lending by the commercial banks has remained small. The national development bank (BTD), finding few industrial or other productive projects fulfilling its requirements, has mostly been lending for housing and durable consumer goods including cars. Similarly, the agricultural credit institution has so far made few long-term investments. The main reason is that there are few suitable projects. To stimulate greater private sector activity, the Government is establishing the Societe Nationale des Investissements, which will participate in the preparation and financing of investment projects and guarantee credits.

C. Public Finance

12. Traditionally, the Togolese Government has followed prudent financial policies leading to substantial current savings and a high level of external reserves. The foreign trade boom in the late 1960's as well as the introduction of new fiscal measures and a certain improvement in tax collection resulted in revenue growth of 14 percent a year and large overall surpluses. The more recent deterioration in the terms of trade will unavoidably be accompanied by a slowdown in revenue growth and it is therefore unlikely that revenues in 1972 will rise by 17 percent as shown in the budget.

13. Up to 1968, the Government followed an austerity policy with regard to current expenditures. Subsequent relaxation led to explosive growth of current expenditures--20 percent a year during 1968-71. The chief reasons were increases in personnel expenditures. The number of government servants almost doubled in six years, which seems greatly out of proportion to the actual increase in tasks performed by the Government. In future, the authorities should be able to meet personnel requirements chiefly by re-deploying government servants rather than by new appointments. On the other hand, allocations for supplies and maintenance, now only 15 percent of total expenditures, should be increased.

14. Current savings reached a total of 25 percent of revenue (3.4 percent of GDP) in 1970 but declined sharply in 1971 and may have all but disappeared in 1972.

15. Public investment, 8 percent of GDP, was mostly financed with foreign aid (70 percent during 1966-70). Capital expenditures financed through the budget became more important during 1971 when various public works were undertaken in Lome. The increased level of capital expenditures and the decline in public savings led to a sizeable overall deficit in 1971, CFAF 2 billion or 19 percent of revenue.

16. In spite of this deficit, foreign reserves still amounted to CFAF 9 billion at the end of 1971, the equivalent of 90 percent of revenue.

D. Development Prospects

17. During the first decade of Togo's independence, the groundwork was laid for the country's economic development. Transport and communications, rudimentary at independence, were improved and a general framework of development institutions created. A 20-year perspective plan provided the first articulation of the country's long-term development objectives. The objectives for 1985 were a tripling of national income (which would require a real growth rate of almost 6 percent) and complete independence from foreign financial aid and technical assistance. The first five-year plan (1966-70) was to be a step towards the realization of these objectives. GDP growth during the plan was at about the level required by the perspective plan but, due to lack of project preparation, public investment remained well below the target.

18. Reaching the worthwhile goals of the perspective plan will require a decisive increase in absorptive capacity. More than anything else, Togo's economic progress is being slowed down by a serious lack of projects ready for implementation. Aware of this need, the authorities are making attempts to strengthen development institutions and working out, with UNDP assistance, a program of basic resource exploration and pre-investment studies.

E. Prospects of Main Sectors

19. Among the different sectors of the economy, agriculture deserves highest priority in official development efforts. For a considerable time to come, the overwhelming majority of Togolese will have to continue to depend for its livelihood on this sector. Although the authorities are aware of this priority, development efforts have only begun to touch the rural areas. Development of agriculture will require, in the first place, improved functioning of the rural development agencies (SORADs). Set up during the first plan, the SORADs need better management and technical personnel, needs which can only be met by sustained technical assistance from abroad. Furthermore, the SORADs should probably be divested of their role in agricultural marketing activities which are better pursued by the private sector. On its part, the Government could help private trade in food crops by providing warehousing and marketing facilities and perhaps by directly influencing producer prices for food products now seasonally in short supply in the northern part of the country and increasingly in demand in the cities.

20. Throughout the country, there is considerable scope for increased food crop production. In spite of the large commercial significance of cash crops (cocoa, coffee, groundnuts, palm oil, copra and cotton), by far the largest part (75 percent) of agricultural production consists of food crops.

About half of this is consumed on the farm, which highlights the predominance of subsistence activities in Togo. Little is known about trends in food crop production. While response to increased urban food requirements has probably been substantial in areas close to the cities, regions in the north are still plagued by seasonal food shortages. Although the second plan emphasizes rapid increase of food production, few projects aimed at this objective appear to be ready for implementation. The Government is investigating, with UNDP/FAO assistance, the feasibility of resettlement schemes in the north (Kara region) and the scope for irrigation (for food and cash crops) in the fertile Sio and Haho valleys in the south. An integrated cotton-food livestock project would also deserve serious consideration.

21. Cocoa and coffee, the country's most important cash crops, meet favorable natural conditions and sufficient land is available for increased production. Emphasis in both crops should be on yield increase through introduction of high-yielding plants and improved cultivation. In view of market prospects, coffee development should aim at higher productivity and better financial results for farmers, rather than increased production volume. Groundnuts and palm oil production also could be expanded, in the first place to cover a larger share of domestic consumption.

22. Taking into account a few industrial projects now under preparation, Togo has the beginning of an industrial sector. The Government, moreover, hopes to initiate, during the second plan, the construction of the multinational CIMAO cement project based on Togolese limestone deposits. This project of about \$90 million (as estimated at the beginning of 1972), would satisfy the cement requirements of Togo, the Ivory Coast, and possibly other West African countries. Feasibility is still under review by the Bank and the international group interested in the project.

23. Significant progress has been achieved in the establishment of a basic transport network. Transport investment will continue to require a large part of total investment resources. The Government may, however, wish to defer the second phase of the Lome port extension project which seems premature and review the economic justification of continued operation of the railway. The railway, which largely parallels existing roads or roads under construction, is running at a loss and has little prospects for improved results.

F. Overall Growth and Financial Requirements

24. The overall growth rate of GDP during 1971-75, the period of Togo's second five-year plan, is forecast by the mission 4.7 percent a year in real terms, well below the 7.7 percent growth target of the development plan. Our projections also show a lower export growth rate (5.2 percent as against 7.7 percent). Although the plan's assessment of growth possibilities for production and exports appears to be basically correct, the state of project preparation, particularly in the primary sector on one hand, and the likelihood of declining prices for Togo's export products on the other, will probably lead to several years of fairly modest economic growth. The composition

of public investment does not follow the highest sectoral priorities. Too much of public investment is in infrastructure projects, many of them in urban areas while investments in rural development are on the low side.

25. Based on the state of readiness of various projects, public investment during 1971-75 is estimated at CFAF 42 billion, 75 percent of the investment provision in the plan, but 60 percent higher than investments in the first plan. However, investment could exceed this amount if substantial investments in the CIMA0 project were undertaken during the plan period.

26. Absorptive capacity rather than the availability of financial resources will continue to be the chief determinant of future growth. Nevertheless, additional government efforts will be needed to maintain the level of domestic resources for investment. Trends in public savings are not favorable. Current expenditures are growing far too rapidly and as yet there is no evidence of increased restraint on current expenditure growth. On the contrary, the plan provides for 12.6 percent growth of current expenditures a year. In view of the 20 percent current expenditure growth during each of the first two years of the plan, expenditures will probably continue to rise rapidly unless spending policies are changed.

27. Since revenue growth in the next several years is bound to be more modest than in the past--in the mission's estimate, 8 percent a year--budgetary savings could become quite insignificant. In view of unfavorable market prospects for Togo's main export products, the profits of the agricultural stabilization fund, a main source of public savings, will at best remain stable. On the basis of current trends, public savings are likely to amount to about CFAF 15 billion, which would be about one-third of estimated public investment during the second plan period.

28. In view of the amount of foreign aid already committed and substantial foreign reserves, Togo is unlikely to experience acute shortage of funds for development purposes during the next few years. Aid disbursements during 1971-75 are tentatively estimated at CFAF 25-30 billion, while the drawdown of reserves ought not to exceed CFAF 3 billion. However, when lack of absorptive capacity becomes less of a constraint, increased public savings will become a more important factor in determining the level of Togo's development expenditures. Measures to curb current expenditure growth will therefore become increasingly important. At the same time, current expenditures should be restructured to give greater emphasis to agricultural extension services, vocational and technical education, health and other economic and social services.

29. Recently increased efforts to improve project preparation and a more favorable attitude towards foreign technical assistance should eventually lead to a larger volume of investment and a larger inflow of foreign aid. For the next few years disbursements are likely to amount to CFAF 5-6 billion, as compared to CFAF 3.6 billion a year during the first plan. These disbursements would cover 70 percent of forecast public investment, about the same proportion as in the past.

30. In view of market prospects for Togo's major exports (coffee, cocoa, phosphates) export growth is likely to remain somewhat behind the rate of growth of imports. As a result, the current account deficit is likely to grow, but most of it will be covered by foreign aid inflows. Nevertheless, a drawdown of reserves (from CFAF 9 to 6 billion) may also be needed.

31. As in the past, the Government should seek foreign assistance on mainly concessionary terms. The grant element of aid during the first plan was over 90 percent. With a debt service ratio of six percent and substantial exchange reserves, Togo should have no immediate debt servicing problems. However, in view of the country's poverty and only fair prospects for GDP and export growth, a very high grant element in the aid inflow remains desirable.

TOPICS FOR DISCUSSION

1. PAST BANK GROUP LENDING: During the course of Mr. McNamara's visit, Government officials are likely to remind him that, to date, we have extended only one Credit totalling \$3.7 million to Togo. They can be expected to express their disappointment over the meagerness of this program and will almost certainly refer to the CIMAO Project and also, possibly, to the Sio Haho Dam Project as recent examples of operations for which Bank Group financing was sought but not obtained. Special briefs on both projects can be found in Section F of this book.

2. The reasons for the paucity of our past lending to Togo are spelled out in the paper on Bank Group operations contained in Section G. Summarily stated, however, Togo has had a shortage of good development projects, has preferred to seek grant financing for most of these and has insisted that we consider only large, often marginal or unsuitable operations. It may become necessary to remind the Togolese of these reasons for the disappointing past if they insist on pressing hard on this point. In any discussion on overall lending, however, it would be more useful to focus on the future and, more specifically, on the growing pipeline of projects for Togo. The operations which we expect to finance through FY75 are summarized in Section G of the brief.

3. THE CIMAO PROJECT: This operation, originally co-sponsored by the Togolese and Ivorian Governments, is almost certain to crop up during discussions with Mr. McNamara. The reader will find a comprehensive treatment of this project in the special brief on CIMAO contained in Section G. The following four paragraphs are only meant to serve as a summary.

4. The CIMAO operation originally called for investment of \$90 million in the construction of a large clinker factory at Aveta, Togo, and of related infrastructure. The clinker produced at Aveta would then be marketed in Togo, the Ivory Coast and, possibly, in other West African countries as well.

5. Bank Group financing for the project was first sought in 1969. In 1971, our Industrial Projects Department prepared a thorough report on the project's suitability for Bank Group financing which concluded that the operation's technical and marketing risks were too high and the economic return too low (10-11 percent, at best) to justify a positive reply from the Bank. The report was submitted to the Togolese and Ivorian Governments for comments but, as of this writing, we have not received their official response to the study.

*we ought to
promise to
agree on a course
of action for CIMAO*

6. In recent months, a few developments favorable to the project have taken place. The most noteworthy of these has been the discovery of a high quality limestone deposit near Tabligbo reducing the high technical risks associated with the original, Aveta operation. On the minus side of the ledger, however, the Togolese have been unable to interest other West African countries, particularly Ghana, in CIMA O clinker. Furthermore, there are indications that the Ivory Coast is beginning to drag its feet on the project. In short, our preliminary findings indicate that, despite recent events, the conclusions of the 1971 study still stand.

7. During the course of discussions on CIMA O, the Togolese are likely to ask Mr. McNamara for a Bank Group commitment to finance the project. Any response to such a request should be cautious. The Togolese should first be asked to provide us with their comments on the 1971 report. They should also supply us with convincing arguments for re-opening consideration of the project. We, for our part, should be prepared to be flexible and to take one hard, last look at the operation to gauge to what extent the project's overall suitability has been changed, for better or for worse, by new developments.

8. ROAD CONSTRUCTION PROJECT: As is indicated in paragraph 9 of the paper on Bank Group operations in Togo (see Section G), President Eyadema is likely to question Mr. McNamara on our reasons for proposing to construct the Agou-Nuatja road and to improve the Sokodé-Tchamba-Kambolé road to an all-weather, gravel standard. The Government would prefer to have us pave both roads as a part of this upcoming project. The reason for our position, as explained in paragraph 9, is that both these roads are secondary routes with low predicted traffic volumes. Paving them is simply unwarranted from the economic standpoint.

*longer time period
fines.*

*9-10
study*

*- Could the Bk provide help in project preparation?
- why nothing on cotton possibilities?*

F

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May 10, 1972

COUNTRY PROGRAM NOTE

TOGO

Bank/IDA Lending Program (US\$ millions)
FY 1964-68 FY 1969-73 FY 1974-78

1971 Population: 2 million	IBRD	-	-	-
	IDA	<u>3.7</u>	<u>4.5</u>	<u>29.5</u>
1968/69 GDP per capita: US\$120	TOTAL	<u>3.7</u>	<u>4.5</u>	<u>29.5</u>
		==	==	==
Rate of Population growth: 3.7 percent p.a.	Operations Program			
Exchange Rate: Before August 11, 1969: US\$1 = 246.85 CFAF	IBRD	-	-	20.0
	IDA	<u>3.7</u>	<u>4.5</u>	<u>34.5</u>
	TOTAL	<u>3.7</u>	<u>4.5</u>	<u>54.5</u>
		==	==	==
Before December 20, 1971: US\$1 = 277.71 CFAF				<u>Annual Average per capita (\$)</u>
After December 20, 1971: US\$1 = 255.79 CFAF	IBRD/IDA	-	-	-
	IDA	0.4	0.5	3.0

A. COUNTRY OBJECTIVES

Introduction

1. The last Country Program Paper was based on an economic mission in mid-1970, and was reviewed on December 14, 1970. The paper noted Togo's wide regional economic disparities and the country's apparent inability to prepare and implement projects. Available financial resources, both internal and external, would have in fact permitted a higher level of development expenditure than was being achieved. Agriculture, the most important sector, suffered most from this lack of absorptive capacity. Relatively fast GDP growth in recent years (5-6 percent in real terms) was found to be due to high export prices (cocoa and coffee) and a high level of trade (smuggling) with Ghana and other neighbouring countries. The CPP noted that although Togo

may continue to benefit from its liberal trade policies, its long-term development requires that the Government come to grips with the problems of expanding and diversifying directly productive activities and engage adequate technical assistance to improve project preparation and implementation.

2. An updating mission visited Togo in January 1972. Its conclusions reinforce those of the earlier mission. Moreover, it found that relations between the Government and the Bank are strained due to the fact that the Bank Group has not yet been able to become very active in Togo. Most important, a preliminary Bank review of the CIMAO cement project, a US\$100 million regional venture to be located in Togo, concluded that the project's rate of return was low. The Government expressed its keen disappointment to the mission, as it considers the project central to Togo's Development Plan.

Political Situation

3. In spite of its ethnic and economic diversity, Togo continues to show political stability. General Eyadema, who assumed the Presidency in January 1967, following a military take-over, was reappointed by referendum in January of this year to a new five-year term. Considerable effort has gone into the building of a unitary party to overcome regional differences and eliminate the old political factions through reconciliation. On the other hand, after several years of austerity, the Government is showing a tendency to favor prestige projects and increased public consumption. A cabinet reshuffle, which took place immediately after the referendum, indicates that economic development remains a prime concern of the Government. A new Planning Ministry has been established, and younger and more dynamic personalities have taken over this ministerial position, and those of Agriculture and Post and Telecommunications. It might also be mentioned that relations between Togo and Ghana are reasonably good, despite the fact that cocoa smuggling from Ghana accounts for a substantial part of Togo's external trade and the fact that some 75,000 Togolese were deported from Ghana about two years ago.

Financial and Development Policy

Public Finances (in billion of CFA francs)

	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>Budget</u> <u>1972</u>
Current revenues	5.6	6.2	7.5	9.9	10.5	12.5
Current expenditures	4.4	4.8	5.8	6.8	8.4	9.7
Current savings	1.2	1.4	1.7	3.1	2.1	2.6
Capital budget expenditures	1.1	1.0	0.5	0.7	3.5	1.6
Public debt service	0.3	0.5	0.4	0.6	0.7	1.0
Overall surplus/deficit	-0.2	-0.1	0.8	1.8	-2.1	-

4. Through 1968, the Government implemented a policy of austerity which has now been reversed. Current expenditures have doubled in the past four years, partly to keep up with long delayed pay increases for civil servants, and the new Plan indicates a ten percent increase per year in public consumption (to a level of about CFAF 12 billion in 1975, or 12 percent of GDP). Increased investment expenditures, which were for 1971 as high as the four preceding years combined, and increases in current expenditures have resulted in an overall deficit in 1971 of CFAF 2 billion. This deficit amounts to 20 percent of the budget. The high level of public investment in 1971 was mostly due to a high volume of construction of public buildings and street paving in Lomé, executed mainly by foreign contractors who supplied part of the finance. The 1972 budget proposes a return to more modest investment expenditures and overall equilibrium. However, it seems likely that revenues will be lower than estimated in the budget. Capital expenditures will taper off with the completion of the above-mentioned public works, but these may well exceed budget estimates. As a result, 1972 will probably show a deficit again.

5. The Government's development policy is defined in the Second Five-Year Plan (1971-75). The Plan aims at a 7.5 percent GDP increase per year, which would bring it to CFAF 100 billion in 1975 (roughly \$400 million) and a GDP per capita of about \$170 at the present exchange rate (US\$1 = CFAF 255.79). The Plan forecasts that private consumption would increase by only six percent a year, which would permit a sharply increased level of domestic savings. Total investment during the period would be CFAF 76 billion (about \$300 million), of which CFAF 46 billion would be financed with external funds. Public external aid would be CFAF 36 billion (roughly \$130 million at the previous exchange rate and more than \$140 million at the present exchange rate), and would account for about two-thirds of public investment, less than the three-quarters financed during the first Plan. Private external funds (CFAF 10 billion) would finance most of the industrial investment, mainly part of the CIMAO project falling into the 1971-75 period. Out of a total of CFAF 30 billion to be financed internally, a sum of CFAF 20 billion would be provided from public sources, two-thirds of which would come from public agencies.

6. As in the first Plan, the sectorial distribution of investment is heavily weighted in favor of infrastructure with rural development receiving only fifteen percent of the investment budget. Agriculture is the most important sector of the economy, but few agricultural projects are ready for implementation. About a third of the Plan hinges on the implementation of the CIMAO project which is discussed later.

7. Apart from the specific problem of CIMAO, the implementation of the second Plan will face the problem of the availability of domestic resources, and the realism of production targets. Availability of domestic resources and particularly of public savings is likely to be much smaller than estimated in the Plan. The ten percent annual increase in current expenditures, as foreseen in the Plan, would not permit the Government to realize budgetary savings of any importance. The other important component of public savings is the surplus of the commodity stabilization fund. In view of poor market prospects for cocoa, these savings are likely to be minimal in the next few years. The Government thus will have to return to its previous policy of austerity if it is to make a sizeable domestic contribution to the financing of public investment. The economic mission has discussed this conclusion with the Government, and we will further elaborate on this point in the economic report.

8. Several of the production targets of the Plan appear too optimistic and it is, therefore, unlikely that the target GDP growth rate of 7.5 percent can be achieved. Agricultural production is expected to increase by 6.6 percent per year, on the average, with most of the food crops increasing by only about half of this amount. However, a sizeable increase in technical assistance will be needed before projects can be sufficiently identified or prepared. Export crop objectives appear on the high side. They assume a fifty percent increase in the coffee crop, and a trebling of the cotton crop in five years. They also implicitly assume the profitability of cocoa smuggling from Ghana, in spite of poor price prospects. The most serious constraint on agricultural development is probably the weakness of the regional development agencies (the SORADs), which are inadequately staffed and subject to the pressure of local vested interests. The weakness of the SORADs is partly due to the Government's past reluctance to give an adequate role to foreign technical assistance. In future discussions with the Government, we will stress the need to strengthen agricultural administration and, particularly, the SORADs. The recent (March 8, 1972) French-Togolese agreement for CFTD^{1/} technical aid to the SORADs is a good indication of the Government's new approach.

9. The experience of the first Plan shows that large discrepancies can be expected between planned objectives and actual accomplishments. Two important discrepancies between the second Plan and its execution can be given already: the University and an oil refinery. The urgency and importance of the first project, largely

^{1/} Compagnie Française pour le Développement des Fibres Textiles.

the result of the expulsion of Togolese students from the universities of Dakar and Abidjan, could hardly be foreseen when the Plan was drawn up. The Lomé oil refinery just recently financed externally was, however, only alluded to in the Plan. Its total cost, about US\$28.0 million, amounts to nearly ten percent of the whole second Plan, and its economic justification is highly dubious.

External Trade and Balance of Payments

10. Preliminary estimates indicate that Togo's external trade balance suffered a setback in 1970: the deficit was CFAF 2.0 billion (14 percent of recorded exports). It was the first deficit since 1966. Whereas total imports increased by about fifty percent, from CFAF 13.4 billion in 1968 to CFAF 20.4 billion in 1970, total exports increased only by about 25 percent, from CFAF 14.9 billion to CFAF 18.4 billion. The overall balance of payments also showed a slight deficit instead of a surplus for the first time in several years. These results are, however, uncertain since both import and export figures include only rough estimates of sizeable unrecorded trade flows (unrecorded exports may account for a quarter of the total export figure, unrecorded imports for roughly an eighth of total imports).

11. Export prospects are not favorable. Cocoa is the main export (42 percent of recorded exports) and its price in the near future will very probably remain depressed. The price of phosphates (25 percent of recorded exports) has been declining for some years and is expected to remain low. Even under the most favorable circumstances, the CIMAO project will not be implemented before the end of the second Plan, and will not have any positive effect on Togolese exports up to 1975. Despite the deterioration of the trade balance, net foreign exchange holdings had increased slightly to CFAF 10.3 billion (about \$37 million) by the end of 1970, amounting to about six months of recorded imports. Togo's foreign debt service ratio showed very little change from 1967 to 1970 (around three percent of total exports). It is, however, expected to increase by about 50 percent from 1970 to 1972.

General economic prospects

12. Projections of economic growth in the Government's Development Plan are considerably more optimistic than the growth forecasts of the economic mission. One of the reasons for the discrepancy is the decline in cocoa prices which the Plan had not taken into account. Since prospects for growth of other exports are only modest, both export and GDP growth are likely to be moderate, about 3.5-4.5 percent a year, much below the growth rate achieved in the late sixties. However, thanks to the activities of foreign aid agencies, a considerable volume of public investment, particularly in infrastructure projects, may be expected. The economic report on Togo which is presently in preparation will review these matters in detail.

B. EXTERNAL ASSISTANCE

13. During the 1969 to 1971 period, average foreign aid disbursements, mostly for investment purposes, amounted to CFAF 4.7 billion per year (about US\$17 million at the then current exchange rate, or slightly more than US\$18 million at the present exchange rate). This is more than a forty percent increase over average disbursements in the three preceding years and reflects, principally, an increase in FED disbursements. Togo, once a German and later a French colony, has traditionally received favorable aid treatment from both France and Germany. FED, FAC and the German Government have provided most of Togo's aid. The UNDP has also had an important role. As noted in paragraph 5, foreign aid provided three-quarters of public investment financing during recent years, but the Government has, by choice, limited technical assistance. However, the Government is changing its attitude towards technical assistance and since 1970 the number of technical assistants has started to increase (25 percent per year).

14. Togo's public investment program, as presently outlined in the 1971-75 Plan, would require about \$144 million annually in investment. However, in view of lack of project preparation, we estimate that Togo can only expect to absorb usefully public investments of 80 percent of this amount, \$36 million a year. To the financing of these investments, the Government may not be able to contribute more than \$10 million a year in public savings. For the remainder, about \$26 million a year, Togo would have to look to external sources of funds. Despite a possible decrease of German aid, the overall level of aid from traditional sources is likely to increase slightly (about 10 percent) during the current Plan period, to \$20 million a year. This would leave a gap of \$6 million a year, which is approximately the level of assistance which we think the Bank should try to reach in Togo.

15. We have excluded the CIMAO project from the above rough calculations since it tends to distort Togo's investment planning and the estimate of the resource gap. Moreover, we must stress that the volume of Togo's investment will be determined largely by the quantity and quality of technical assistance it receives and the willingness of its aid donors to devote resources to the identification and preparation of sound projects. The resource gap will, therefore, tend to reflect these two factors.

C. BANK/IDA LENDING PROGRAM

16. In the past, the Bank Group has played a negligible role in the development of Togo, and Togo's capital needs have been met without any noticeable shortfalls by FAC, FED and the German Government. We have faced the problem of identifying projects which were within the capability of the Government to execute. Togolese confidence in the Bank has, on the other hand, been undermined by the failure of the road studies in the US\$3.7 million road maintenance credit to identify the expected amount of roads for construction, by our approach in developing an economic justification for the CIMAO project, the failure of the cocoa project to materialize, our advice on the SIO-HAHO project and the rather critical tone of our draft 1970 economic report. However, through frank discussions, we feel that the situation is changing. The Government is beginning to understand the Bank Group, and, more importantly, it has an increased awareness of its own weaknesses and its need for technical assistance. Thus, we feel that we are at a turning point and, provided that we make a major effort, cooperation with Togo should increase substantially. The issue of CIMAO looms large, however, as a potential stumbling block in our relations.

17. The agricultural sector is clearly the priority sector in Togo and it is to this area that we are devoting most of our attention. Our activity in the transport sector is in direct support of the emphasis on agriculture, since roads are needed to open up under-utilized areas of the country. Togo is also a commercial country, which lives very much from its port and the economic life of the capital. Therefore, we do not wish to neglect the development of Lomé. Industry is, at this point, marginal in our lending program for Togo, except to the extent that the CIMAO regional cement complex warrants further consideration. We have worked closely with FAC, FED and the UNDP in the development of our program and in the identification of our individual areas of interest in order to promote cooperation between donors.

18. The CIMAO project merits special consideration since, in terms of the volume of investment, it is the key to the Togolese Five-Year Plan 1971-75. It represents approximately one-third of all planned investments and is strategic in the sense that other lending agencies such as FED, German aid, CIDA and CCCE, which provide funds on concessional terms, have earmarked funds for the project or the infrastructure necessary for it. A final decision, therefore, on the project is essential in order, if necessary, to allow these funds to be utilized elsewhere. We have expressed our readiness to discuss this project further with the Togolese in order to allow them to present information to us which might affect the conclusions contained in our report on it (see also para. 23).

19. In the past, the Togolese have requested that the Bank give them greater assistance in the identification of projects and in the preparation of a pre-investment inventory. More recently, they have requested that we second one or two economists for a period of up to six months to assist them in their planning efforts. In view of the great difficulty that we have had in implementing a lending program for Togo, we believe that it is time that we give serious consideration to providing such technical assistance. Therefore, we propose to send an economist to Togo for a period of about two months, as soon as one is available, to work with their planning administration, to prepare an inventory of projects, and to advise on those areas in which further identification work could usefully be undertaken. Moreover, we believe that the Bank should make a special, coordinated and sustained effort in the implementation of the program put forward in this paper and take whatever measures are necessary to do so.

D. ECONOMIC SECTORS AND SECTORIAL DISTRIBUTION OF BANK/IDA OPERATIONS

20. We are proposing an operations program of US\$54.5 million for the years 1974-78. This compares with the unusually low level of lending of only \$3.7 million up to the end of 1972. Considerable work has been done on several projects, but it is only in the coming years that we expect some of these to come to fruition. The road and cocoa projects in 1973, 1974 and 1975 are at advanced stages of preparation and should be reasonably certain. The SIO-HAHO project and the Northern Togo Rural Development project are in the stage of active identification. The lending program for Togo has been substantially modified since the previous CPP; in particular the cocoa projects and the first road project have all slipped by one or more years, and five entirely new projects have

been added: an RDF, Small Industries, Northern Togo Rural Development, Water Supply and Sanitation and Road Construction III. The size of the program depends, of course, very much on the CIMAO cement project which is a regional project. While the amount of the Bank loan for this project was increased by US\$8.0 million to \$20.0 million, the project has slipped because of our findings concerning its economic justification.

Agriculture

21. This sector has been relatively stagnant. Nevertheless, it remains the critical sector for Togo, which has few other exploitable resources. Togo has relatively favorable climatic and soil conditions in all its major regions, but 50 percent of the tillable land remains unused, and in some regions, the soils have been seriously depleted and population pressure is intense.

Cocoa I and II - This project has had an unfortunate history. The original studies, made of a limited area in the cocoa growing region, were rejected by the Government. It was also clear that a satisfactory project could only be commenced when sufficient planting material would be available in 1974. Therefore, FAC agreed to finance an interim rehabilitation program, additional studies and the preparation of seed gardens. We have cooperated in the preparation of this project, and expect it to be ready for appraisal during FY 73. Cocoa is one of Togo's most important exports. Although Togo is a negligible producer of cocoa, the industry must be thoroughly revitalized if Togo is to retain its market share. For 1974, US\$3.5 million is provided in the program. An additional \$3.0 million has been provided in 1978 for a follow-on project.

*for what?
smuggling?*

SIO-HAHO (irrigation) - This project was originally identified by an FAO/IBRD mission in 1967. The SIO river is close to Lomé in the maritime savannah region of Togo and is in the heart of Togo's most densely populated area. Nevertheless, due to flooding, the rather good soils of the valley have been very little exploited. The project has been studied by two teams of Canadian consultants acting for the Canadian International Development Agency, and we believe that the Canadian Government will finance studies for the preparation of a project. As presently outlined, the project includes a major dam and extensive irrigation works.

We consider, however, that an economically viable project can only be developed on the basis of a progressive approach to the agricultural development of the valley, starting with such flood control as is necessary to bring into general cultivation increased areas of land, followed by small scale irrigation and, eventually, the construction of the necessary infrastructure to complete the development of the valley at a much later date. We estimate a credit of US\$5.0 million would be appropriate about 1976.

Northern Togo Rural Development - The UNDP has been financing a pilot project in the La Kara region of Togo, is extending its work to the Oti River Valley, and will finance a pilot project of major dimensions in one of these two areas. We have been following this work closely and the UNDP has sought our cooperation, since the Government wishes to prepare a project in this area for IDA financing. The project would be a food crop project and might well include small irrigation works on the Oti River. The amount included for this project, US\$5.0 million, is, at this point, strictly notional, and we do not expect that the results of the UNDP work will be available until 1975-76.

Rural Development Fund - The UNDP is presently working on a program to assist the SORADs to execute small rural investments. If this pilot program proves successful, it could lay the foundation for the preparation of a Rural Development Fund (RDF) project. The administrative capacities of the SORADs have been much criticized. Therefore, it is not clear, at present, that Bank assistance in this sector will be necessary or feasible. Nevertheless, we have placed the notional amount of US\$3.0 million in the program for 1976, the earliest date at which such a project could be ready.

Education

22. The Government has, in the last couple of years, placed considerable emphasis on the development of education. Primary education is being extended with the objective of reaching during the 1971-75 Plan a target enrollment of about three-fifths of the school age population (presently two-fifths) and new curricula are being

introduced. At the same time, however, the Government has taken the first steps in the creation of a university out of the former Institut du Bénin, which was a joint Togo/Dahomey Institute. The university would, according to some accounts, be expanded only gradually and would provide a sort of junior college level of education to prepare students for various community services and commerce. The report of a UNESCO mission on the proposed university will soon be available. The Government had asked that the Bank be associated in the UNESCO mission, and we did express interest in the mission's conclusions. Meanwhile, the French Government has accepted the fact that a university will be created in Togo, and wishes to shape it along rational lines. The French would welcome our assistance. If a project in accord with Bank criteria appears possible, we shall consider submitting it in the next Togo review.

Industry

23. The industrial sector in Togo is dominated by the phosphate industry. There are several smaller industries which are oriented toward import substitution, such as brewing, textiles, plastic utensils, stone cutting, detergents, soft drinks, industrial gases, shoes and cement grinding, and some small agro-industries such as oil palm extraction, cotton ginning and starch manufacturing. The most important industrial project planned for the future is the CIMAO clinker factory. This project has been delayed by the problem of meeting the competition of cheap clinker imports and market size.

Cement - This regional project (Togo and Ivory Coast) was transferred from IFC to the Bank in early 1970 because the company would be majority Government-owned. After extensive review, it was determined that the economic return on the project would be low, in the range of 9 to 11 percent, and that the risks involved in the project (technical and market) were substantial. The low rate of return is due to the assumption that the countries the factory would serve would continue to be able to import clinker from Europe at a price which would be close to the marginal cost of production for European mills. We advised the Governments (Togo and Ivory Coast) that we could not recommend implementation of the project in view of the rather low rate of return and the risks surrounding it. At this point, the Togo and the Ivory Coast Governments have appointed an inter-governmental committee for the project and indicated to us that they would like to discuss our report with us. The project was studied jointly with the ADB and the EIB, with a view to

joint financing. CCCE and FED were expected to finance part of the necessary infrastructure and, possibly, some of the government equity required for the company. Until we have discussed our report with the Governments, we have retained this project in our program.

Small Industries - The Government has launched a program to establish a small industries estate in the port area of Lomé and to relocate small enterprises, provide them with extension services and with credit facilities. This program is being assisted by UNIDO. Togo has a very small market, and although we doubt that their small enterprises program could soon require our assistance, we feel that in view of UNIDO's work, we should review it further. We have, therefore, included a project in the lending program for 1977.

Transport

24. Togo's internal transportation system is based on the main north-south artery connecting Lomé with Upper Volta. This principal artery has, thus far, been paved only on three of the nine sections into which it is divided. A number of secondary roads are also under study. However, the traffic on most of these roads is so small that it is difficult to justify new construction on them. Of eight roads which we studied under our first maintenance credit, only one and part of another were considered to merit detailed engineering at this time. The Government has also more recently asked us to assist in the paving of two sections of the main north-south road.

Road Construction I - As stated above, this project is based on the studies executed under the IDA Road Maintenance Credit of 1968, and includes a section of the main road between Lama-Kara and Kandé. Detailed engineering has been started and the project should be ready for appraisal in the fall of this year. At that time, we will decide whether to include funds in the credit for a continuation of the ongoing road maintenance project and for additional road studies. The amount of the credit is presently estimated at US\$4.5 million.

Road Construction II and III - A feasibility study has been started on the Blitta-Sokodé section of the main road. This road is already paved, but is only 3.5 meters wide and requires repaving and widening. Feasibility and detailed

engineering studies are being financed out of funds available under the road maintenance credit and it is expected that the project should be ready by 1975. We may include in this project funds for further studies of secondary roads for a project by 1978.

Water Supply

25. Except for Lomé, Togo is almost devoid of towns of any size. The population of Lomé, presently 150,000 is growing at a rate of about five percent a year, but this rate is expected to rise rapidly. Both the water and sanitation systems are seriously deficient, and the Government has repeatedly asked us to take an interest in this area.

This should be easy to do quickly.

Water Supply - Work on the water supply and sanitation system is urgently needed. The existing wells are insufficient and the distribution system is dilapidated. The UNDP is continuing hydrological exploration in adjacent areas. Work should be commenced as soon as possible on the preparation of a suitable project to be ready by 1975. We have included a notional amount of US\$5.0 million for this project.

E. CONCLUSION AND RECOMMENDATION

26. The political situation in Togo is stable. The Government's Five-Year Development Plan presents an adequate strategy for the social and economic development of the country. However, the prospects for implementing this Plan are clouded since the Government is lacking in ability to formulate and carry out development projects and, in particular, to provide the administrative machinery to support agricultural development. It is, therefore, in the fields of project preparation and sectorial technical assistance that the Bank Group can make its most valuable contribution to the development of the country. In the next several years, we will attempt to intensify Bank Group assistance to Togo, giving due emphasis to the need for increased assistance in project identification, planning and implementation.

27. Financially, the country has been relatively well-off, better than many others in the region. This is due partly to conservative financial management. In the last few years, however, financial management has become looser, current expenditures have increased much too rapidly, and a number of prestige investments were undertaken. Since

financial prospects for the next several years are not particularly favorable, the Government will need to tighten up on spending. We shall, therefore, continue to emphasize to the Government the need to restore public savings. The chances for a successful dialogue on this subject are reasonably good in view of the Government's past financial policies and its strong political determination. Nevertheless, we recognize that our leverage will remain limited until we can mount a larger lending program than in the past.

28. While Togo enjoys limited creditworthiness, the level of GDP per capita leaves Togo with a long and difficult development path ahead of it. In view of its poverty and reasonably good performance, Togo should continue to be considered eligible for IDA assistance. We further recommend that Togo be considered eligible for local currency financing in view of the difficulties the Government will have in the next several years in generating counterpart funds.

29. We, therefore, recommend:

- i) that an economist be sent to Lomé for approximately two months to assist the Government in its planning and project identification; and that a special effort be made to implement the present program (para. 19);
- ii) that an immediate effort be made to assist the Togolese Government in defining its water supply needs for Lomé and proceeding, if indicated, to the preparation of a suitable project (para. 25);
- iii) that the country be considered as eligible for IDA assistance (paras. 27 and 28) and that the Bank should keep pressing for continued improvement in fiscal performance; and
- iv) that the Bank finance at least 75 percent of project cost, including local currency (paras. 14 and 15).

Western Africa Department

Population : 2.0m
 GDP per capita : \$120

T O G O - IDA/IBRD LENDING PROGRAM

Attachment I

		(\$ millions)													
		through	Fiscal Years									Total	Total	Total	
		1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1964-68	1969-73	1974-78
Cocoa I	IDA						3.5								
Cocoa II	IDA										3.0				
Sio-Haho (irrigation)	IDA								5.0						
Northern Togo Rural Development	IDA									5.0					
Rural Development Fund	IDA								3.0						
Cement (regional)	IBRD						20.0								
Small Industries	IDA									2.0					
Road maintenance	IDA	3.7													
Road Construction I	IDA						4.5								
Road Construction II	IDA							3.0							
Road Construction III	IDA										5.0				
Water Supply and Sanitation (Lomé)	IDA							5.0							
Operations Program								20.0	-	-	-	-	-	-	20.0
	IDA	3.7					4.5	3.5	8.0	8.0	7.0	8.0	3.7	4.5	34.5
Total		3.7	-	-	-	-	4.5	23.5	8.0	8.0	7.0	8.0	3.7	4.5	54.5
Lending Program															
	IBRD														
	IDA	3.7					4.5	3.5	8.0	5.0	5.0	8.0	3.7	4.5	29.5
Total		3.7					4.5	3.5	8.0	5.0	5.0	8.0	3.7	4.5	29.5
No.		1					1	2	2	2	2	2	1	1	10
FED/FAC					10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0			
IDA Loans Outstanding															
- including undisbursed		3.7			3.7	3.7	8.2	11.7	19.7	24.7	29.7	37.7			
- excluding undisbursed					2.4	2.9	5.4	7.7	11.0	14.3	19.0	24.0			
IDA Gross Disbursements						0.5	2.5	2.3	3.3	3.3	4.7	5.0	-	3.0	19.0
- net disbursements						0.5	2.5	2.3	3.3	3.3	4.7	5.0	-	3.0	19.0
- net transfer						0.5	2.5	2.3	3.3	3.3	4.7	5.0	-	3.0	19.0

TOGO: CUMULATIVE ESTIMATED AND ACTUAL DISBURSEMENTS ON LOANS AND CREDITS
(\$ millions)

Project & No.	Amount:	Date:	Closing Date	Forecast Date	FY'69	FY'70	1	2	3	4	1	2	3	4	FY'73
	- Original - Cancelled - Net	- Approved - Signed - Effective													
Highway	3.7	10/ 8/68	Orig: 6/30/73	N.A.	-	-	-	-	-	-	-	-	-	-	-
Maintenance	-	10/10/68		9/30/70 (first)	-	-	1.3	1.9	2.6	2.9	3.1	3.2	3.3	3.4	3.7
IDA 131	-	1/14/69	Rev: -	5/31/71	-	-	-	-	-	2.4	2.7	3.0	3.3	3.6	3.7
			Act: -	-	.3	1.2	1.6	1.9	2.0	2.4	2.5	2.5	2.7		

Controller's
3/31/72

TOGO - ECONOMIC WORK PROGRAM

1. Date Last Basic Mission: May 1970
Headed by L. Rist
Sectors covered: Agriculture
Livestock and Fisheries
Transport

2. Date last Updating Mission: January 1972
Headed by C. Jansen
Report in grey cover May or June 1972

3. Under consideration
Special mission: Assistance to Planning Department
Approximate duration in Togo: 2 months
Number of person(s): 1 economist

4. Date of next basic mission:
(a) next Basic or Updating Mission: during or before Fy 74
(b) will be decided in light of results of progress of economic dialogue and project identification

Basic DataAttachment V

Area 56,000 square kilometers

Population (1971)^{1/} 2.0 million; estimated annual growth rate: 2.7 percent

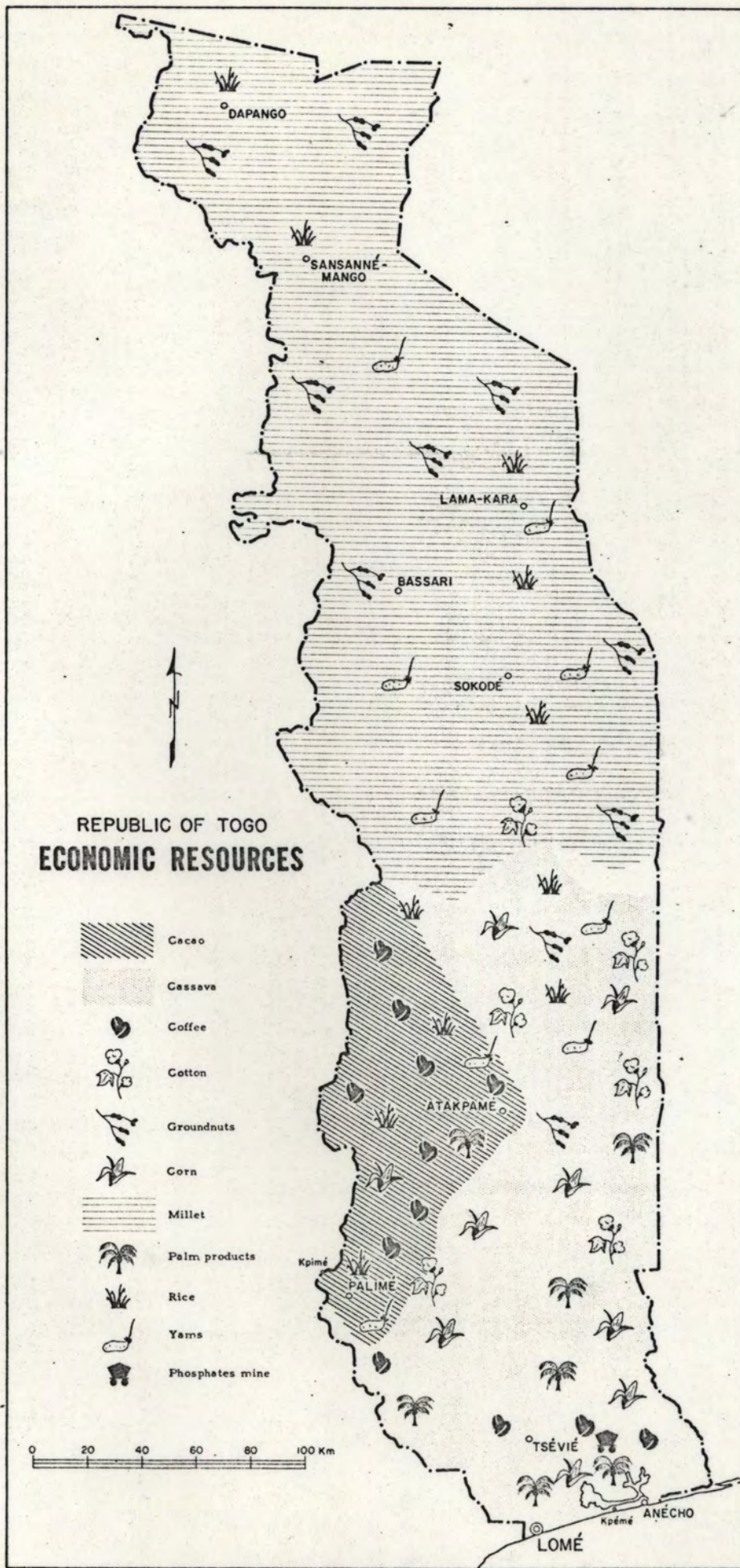
Gross domestic product per capita (1968/69) US \$ 120

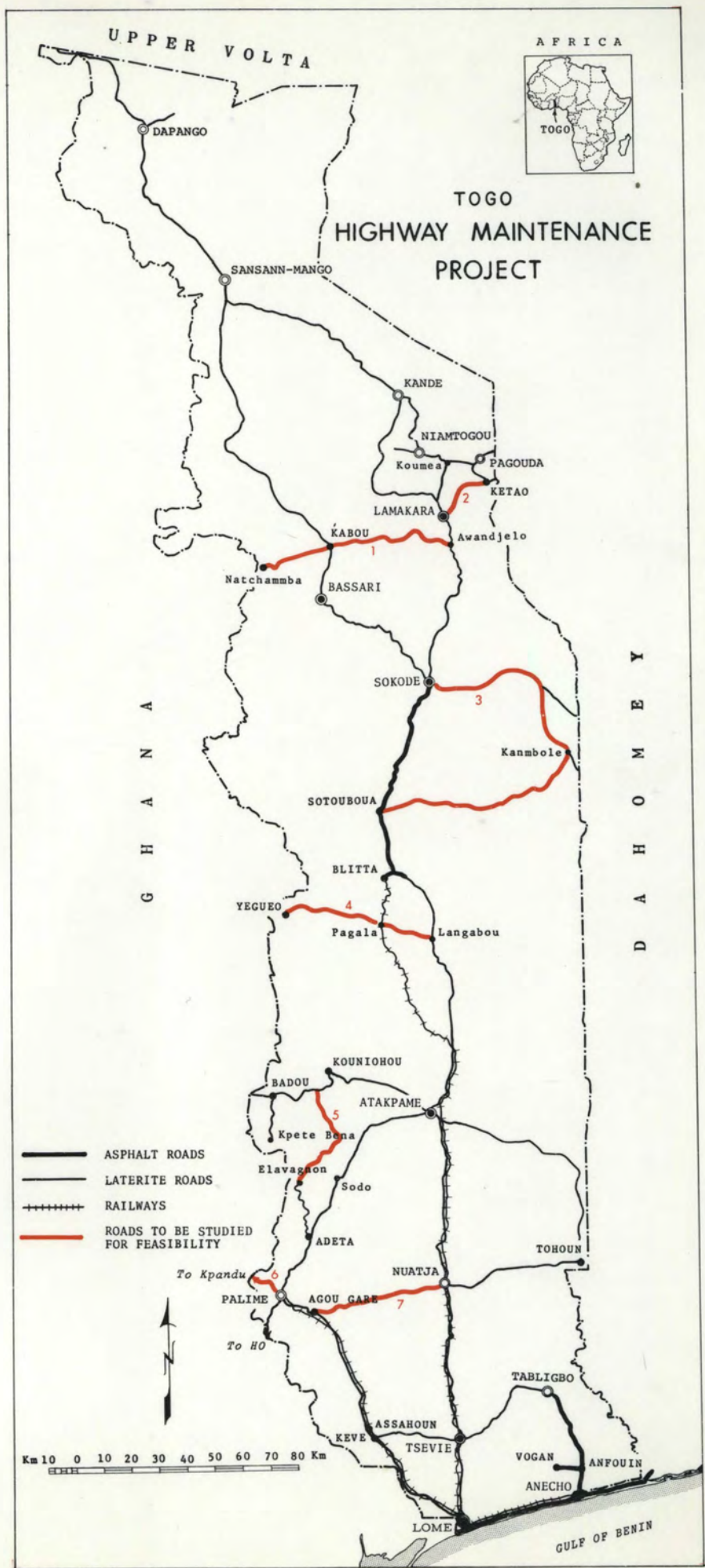
(In billions of CFA francs)

<u>National accounts</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u> ^{1/}			
GDP at market prices	53.1	57.0	59.9	66.6			
Gross fixed investment	7.3	10.2	7.0	9.6			
Consumption	45.3	49.4	52.1	57.0			
<u>Monetary survey</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u> ^{2/}	
Foreign asset (net)	4.7	5.8	6.3	10.1	10.3	10.3	
Domestic credit	1.7	1.8	3.4	3.7	3.7	4.4	
Claims on Governments (net)	(-2.0)	(-2.5)	(-2.6)	(-2.7)	(-4.7)	(-4.7)	
Claims on private sector	(3.7)	(4.3)	(6.0)	(6.4)	(8.4)	(9.1)	
Money and quasi money	5.9	7.0	8.6	11.5	12.7	13.5	
Other liabilities (net)	0.5	0.7	1.0	2.3	1.3	1.2	
<u>Balance of payments</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u> ^{1/}		
Goods and services	-2.5	-1.4	-0.6	-1.1	-3.7		
Exports	(11.9)	(12.4)	(14.9)	(19.0)	(18.4)		
Imports	(-12.8)	(-12.2)	(-13.4)	(-17.6)	(-20.4)		
Services (net)	(-1.6)	(-1.6)	(-2.1)	(-2.4)	(-1.7)		
Transfer payments (net)	2.4	2.4	2.7	4.7	4.3		
Capital movement (net)	1.2	1.0	-1.7	-0.5	-1.8		
Errors and omissions	-0.5	-0.2	0.5	0.6	0.7		
Over-all surplus or deficit (-)	0.6	1.8	0.9	3.7	-0.1		
<u>Public finances</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u> ^{1/}
Current revenues	5.5	5.6	6.2	7.5	9.9	10.5	12.3
Current expenditures	4.5	4.4	4.8	5.8	6.8	8.4	9.7
Current savings	1.0	1.2	1.4	1.7	3.1	2.1	2.6
Public debt & Capital budget expenditures	1.3	1.4	1.5	1.0	1.5	4.2	2.6

^{1/} Preliminary estimates

^{2/} September 1971





JUNE 1968

IBRD - 2238R



June 15, 1972

COUNTRY PROGRAM NOTE

T O G O

DECLASSIFIED

APR 05 2013

WBG ARCHIVES

Postscript

30. This paper was reviewed under the chairmanship of Mr. Knapp on May 19, 1972. The principal conclusions were:

- a) to accept the first three recommendations in para. 29¹;
- b) with respect to the fourth recommendation, Mr. Knapp asked P&B to prepare a brief study of the percentages of project costs that the Bank Group finances. Until more data is available, the recommendation that IDA finance at least 75% of project costs will be kept in mind but each project will be considered on its own merits;
- c) that the program for FY 72-74 (\$2.00 p.c.p.a.) was acceptable. During the fourth IDA replenishment period, FY 75-77, the program may rise to \$2.50 p.c.p.a., but not beyond. Hence, lending in FY 75-77 would have to be held at a level of \$5.0 million p.a., requiring a \$3.0 million cut in the proposed FY 75 lending program.

31. Attachment I has been revised accordingly (attached).

-
- /1
- i) that an economist be sent to Lomé for approximately two months to assist the Government in its planning and project identification; and that a special effort be made to implement the present program (para. 19);
 - ii) that an immediate effort be made to assist the Togolese Government in defining its water supply needs for Lomé and proceeding, if indicated, to the preparation of a suitable project (para. 35);
 - iii) that the country be considered as eligible for IDA assistance (paras. 27-28) and that the Bank should keep pressing for continued improvement in fiscal performance; and
 - iv) that the Bank finance at least 75% of project costs, including local currency (paras. 14-15).

Attachment
Western Africa Department

Population : 2.0m
 GDP per capita : \$120

T O G O - IDA/IBRD LENDING PROGRAM

Attachment I

		(\$ millions)													
		through	Fiscal Years									Total	Total	Total	
		1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1964-68	1969-73	1974-78
Cocoa I	IDA						3.5								
Cocoa II	IDA										3.0				
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Northern Togo Rural Development	IDA									5.0					
Rural Development Fund	IDA								3.0						
Cement (regional)	IBRD						20.0								
Small Industries	IDA									2.0					
Road maintenance	IDA	3.7													
Road Construction I	IDA					4.5									
Road Construction II	IDA							3.0							
Road Construction III	IDA										5.0				
Water Supply and Sanitation (Lomé)	IDA							5.0							
Operations Program								20.0	-	-	-	-	-	-	20.0
	IBRD							20.0	-	-	-	-	-	-	-
	IDA	3.7					4.5	3.5	8.0	8.0	7.0	8.0	3.7	4.5	34.5
	Total	3.7	-	-	-	-	4.5	23.5	8.0	8.0	7.0	8.0	3.7	4.5	54.5
	No.	1					1	2	2	2	2	2	1	1	10
Lending Program															
	IBRD														
	IDA	3.7					4.5	3.5	5.0	5.0	5.0	8.0	3.7	4.5	26.5
	Total	3.7					4.5	3.5	5.0	5.0	5.0	8.0	3.7	4.5	26.5
	No.	1					1	1	1	1	1	2	1	1	6
FED/FAC					10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0			
IDA Loans Outstanding															
- including undisbursed		3.7			3.7	3.7	8.2	11.7	19.7	24.7	29.7	37.7			
- excluding undisbursed					2.4	2.9	5.4	7.7	11.0	14.3	19.0	24.0			
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- net disbursements						0.5	2.5	2.3	3.3	3.3	4.7	5.0		3.0	19.0
- net transfer						0.5	2.5	2.3	3.3	3.3	4.7	5.0		3.0	19.0

POLITICAL SITUATION

1. In comparison with neighboring Dahomey, Togo has enjoyed a relatively high degree of political stability. The country has had only three governments since independence in 1960 and General Etienne Eyadema, the nation's present head of state, has been in power since he successfully toppled the Grunitzky regime in 1967.
2. Despite underlying political divisions within the country, there does not appear to be serious, organized opposition to the present regime in Togo and President Eyadema was reappointed to a second five year term as chief executive in a national referendum held last January. Eyadema is in firm control of the army and his political base rests solidly on the loyalty and support of his fellow Cabrei tribesmen who make up 65 percent of the troops in the country's armed forces. The general is also the founder and unchallenged head of Togo's only legal political grouping—the Rally of the Togolese People Party (RPT)—and has succeeded in attracting to the party most of the nation's young, politically active and academically prepared elite.
3. To be sure, the first five years of Eyadema's presidency have witnessed an ebbing of political liberty in Togo. On the other hand, however, the present regime has provided a stable political milieu which has contributed to the country's recent economic boom. The Eyadema government has also fostered the development of a national consciousness in Togo and has made noteworthy strides in eradicating the country's regional and tribal differences as well as the intense political factionalism which plagued Togo during the early sixties.
4. Relations between Togo and the West are good. While France, the country's colonial power from 1918 to 1960, has close ties with Lomé and is a major source of foreign aid, Togo is less dependent on Paris than most other francophone nations in the region. West Germany, for example, provides Togo with nearly as much foreign assistance as does France and the link between Lomé and Bonn—a holdover from pre World War I days when Togo was Germany's "model colony" in Africa—is still strong.
5. While President Eyadema has been careful to maintain Togo's traditional international bonds, his regime has struck a decidedly independent note in its external relations and has pursued a policy of non-alignment. Within the African context, Togo is an outspoken opponent of the South African and Rhodesian governments, is a reluctant member, at best, of the five nation Conseil de l'Entente and has sought to establish closer ties with the anglophone nations of West Africa, particularly Nigeria and Ghana. In this regard, Togo recently entered into an economic and commercial pact with Nigeria but has been stymied in establishing better relations with Accra by its unwillingness to shut-off the extensive smuggling across the Ghana-Togo border.
6. Togo's independent stance was underscored during President Pompidou's November, 1972, visit to Lomé. During the course of discussions between the two heads of state, Eyadema frankly advised Pompidou that his government supported the demands being voiced in other quarters of West Africa for a revision in existing monetary agreements between France and franc zone nations in the region. Ranging farther afield, the Eyadema government also broke off diplomatic relations with Nationalist China in 1972 and recognized the People's Republic of China. In return, Peking pledged to provide Togo with \$45 million in soft term development assistance.

*Still a lot of
repetition here!*

ECONOMIC SITUATION

THE SETTING

1. A sliver-like country wedged between Dahomey to the east, Upper Volta to the North and Ghana to the west, Togo stretches approximately 550 km. inland from the Bight of Benin but is, on the average, only 100 km. wide. Its total land area, 56,000 km.², makes it the smallest francophone nation in West Africa and about the same size as the Benelux countries.

2. Togo's population is estimated at 2,000,000 and is growing at the rate of 2.7 percent yearly. Average population density in the country is 35 inhabitants per sq. km. but settlement patterns vary widely. In large parts of the northernmost Savanna region, for example, there are fewer than 20 inhabitants per sq. km. At the other extreme of the spectrum, population density peaks at over 200 per sq. km. in stretches of the coastal Maritime region where approximately a third of Togo's population is crowded into one ninth of the nation's area. Only 15 percent of Togo's people are urban dwellers and Lomé (population 150,000) is the country's only sizeable town as well as its capital, principal port and commercial hub. Despite the fact that Togo is still overwhelmingly rural, its urban population is growing at nearly twice the national clip and rural exodus, urban unemployment and overcrowding are becoming increasingly important factors in the country's economy. Although there are over a dozen important ethnic groupings in Togo, two tribes — the Cabrei found mainly in the northern Lama Kara area and the Ewe living along the coast — have traditionally played dominant roles in national affairs and are heavily represented in politics, commerce, the civil service and army.

RECENT DEVELOPMENTS

3. Almost without interruption, Togo's economy has maintained high growth levels since independence. From 1966 to 1970, for example, GDP growth in real terms averaged 5 percent yearly and the country's per capita income climbed to \$140, still low but nearly 60 percent higher than in neighboring Dahomey. While the nation's economic expansion appears to have slowed down somewhat in 1971 and 1972, there are indications that growth at healthy levels continued through both years.

4. The sustained boom in Togo's economy has been due, in great part, to a vigorous expansion in the country's commerce which, in turn, was spurred on by favorable world market conditions for two of Togo's principal exports, cocoa and coffee. Blessed with a low tariff structure, a legacy of trusteeship days, the country has become an important regional commercial entrepot for both official and unrecorded trade. Thus, between 1965 and 1969, Togolese exports including cocoa (about two thirds of which was grown in Ghana) increased by 22 percent yearly. During this same period, imports — particularly of consumer goods a high percentage of which were subsequently re-exported clandestinely to Ghana — also rose sharply. International cocoa prices began dropping after 1969 and Togolese exports also leveled off. As was mentioned earlier, however, economic growth remained high through 1972 fueled by increased construction activity in the public sector and by completion of a few industrial projects.

5. Not all sectors of the Togolese economy have benefitted from the nation's long-lived economic upswing. While the quality of life for urban dwellers engaged in commerce, industry, construction and the civil administration rose significantly particularly in Lomé, most of the country's rural population remained largely unaffected by the modern society's prosperity and continues to live in poverty. Agriculture which accounts for 42 percent of GDP and provides a livelihood for three quarters of Togo's population is still the mainstay of the national economy but is virtually stagnant. At present, most cultivation is by traditional methods and yields are correspondingly low. Despite the important commercial significance of cash crops such as cocoa, coffee and groundnuts, 75 percent of production in the sector consists of food crops one half of which are consumed on the farm.

PRESENT PROBLEMS

6. The backwardness of Togo's rural economy and the yawning gap in living standards between that part of the population living in the modern society and those engaged in agriculture is clearly the most pressing problem facing the Togolese economy. Per capita incomes in the nation's cities average an estimated \$350 and are growing. Meanwhile, farm incomes hover around \$70 overall and are considerably lower in the country's desperately poor northern regions. Unless the present trend towards growing disparity between Togo's modern and rural societies is reversed, rural exodus, urban overcrowding and underdevelopment will not only continue to plague the nation's economy but will be accentuated. The government is aware of the seriousness of the situation and has recently taken steps towards mounting an effective rural development program aimed at increasing production of food crops as well as important cash crops, e.g., cotton, cocoa and coffee.

7. The scarcity of carefully prepared, suitable development projects is one of the principal obstacles to economic progress in Togo. For years, the government pursued a policy of technical self reliance and was reluctant to recruit experienced expatriate personnel to provide technical assistance for project preparation and other needs. More recently, however, the government has reversed its stance vis-à-vis foreign technical assistance and has asked UNDP, the Bank Group and other aid donors to provide funds for much-needed pre-investment studies and technical assistance. The fruits of an expansion in this form of aid should be forthcoming during the second half of the seventies as more projects are identified and prepared with the help of foreign technical assistance for eventual financing by international and bilateral aid donors.

8. Like most other West African countries, Togo still lacks qualified manpower at all levels. The government has attached, therefore, a high priority to the improvement and expansion of education in the nation. Reflecting the importance assigned to this sector by Togolese authorities, a decision to establish a national university in Lomé was recently taken and, during the past few years, education outlays have grown rapidly and now account for one sixth of current budget expenditures. These measures have paid off. School attendance among 5-14 year olds, for example, jumped from 36 percent in 1966 to 41 percent in 1970 - a figure which is well above the average for Western Africa.

not same
as CPP (2/3)

9. Despite the noteworthy strides achieved to date, Togo's education sector is still beset by major problems. Classroom overcrowding and the generally poor quality of teachers sharply undercut the overall effectiveness of the system. The most serious drawback, however, centers around the classical curriculum followed by most Togolese students. As in other francophone countries of Africa, this curriculum was transplanted from France and is poorly related to Togo's economic and social conditions. It is geared to turn out students whose basic skills are of limited usefulness in an overwhelmingly rural nation at Togo's stage of development. Aware of this fact, Togolese authorities have set up a National Reform Commission to introduce a revised course of studies in primary schools. This Commission has only now begun to tackle the curriculum problem, however, and extensive further study is needed to work out a detailed comprehensive reform program which is better suited to the needs of the country.

10. Traditionally, the Togolese Government has followed prudent financial policies leading to substantial current savings and to a high level of external savings. Since 1968, however, there has been a relaxation of governmental austerity programs and current expenditures have skyrocketed, i.e., they rose by 20 percent a year during 1968-71. This rise in current outlays coupled with a leveling off of current revenues due to the recent deterioration in Togo's terms of trade have led to a more difficult financial situation. Unless the present trend is reversed and the volume of public savings is raised, Togo's ability to contribute financially to its own development in the future will be severely hampered. The following table summarizes the situation in the government budget.

GOVERNMENT REVENUE AND EXPENDITURES, 1966-72

	1966	1967	1968	1969	1970	1971	Average annual increase 1966-71	1972 budget
(in CFAF billion)								
Current revenue	5.5	5.6	6.2	7.5	9.9	10.5	14.1%	12.3
Current expenditure	4.6	4.7	5.3	6.2	7.4	9.1	14.7%	10.7
(of which public debt)	(0.1)	(0.3)	(0.5)	(0.4)	(0.6)	(0.7)	(21%)	(1.0)
Current surplus	0.9	0.9	0.9	1.3	2.5	1.5	10.7%	1.6
Capital expenditure	1.2	1.1	1.0	0.5	0.9	3.5	24%	1.6
Overall surplus or deficit	-.3	-.2	-.1	+.8	+1.6	-2.0	-	0

The main cause for the increases in Togolese current expenditures has been stepped up outlays for personnel. In this regard, the Government

also in CPR!

increased previously frozen salaries paid to public employees in 1968 and also proceeded to recruit large numbers of personnel raising the total number of government employees from approximately 10,000 in 1968 to an estimated 15,300 in 1972. These increases in new staff were larger than warranted to meet the tasks performed by the Government. Togolese authorities should, therefore, be urged to hold down new hirings. During the next few years, it should be possible to meet most new demands for government services by redeploying presently underutilized personnel to more productive activities.

11. Despite the recent, rapid growth in personnel referred to above, it is interesting to note that Togo's total government payroll and number of public employees are still relatively low in comparison with other francophone countries in the region. The following table highlights this point:

Country	Number of Government Servants per 1000 Inhabitants	Government Payroll as % of GDP
Togo	5.7	5.3
Ivory Coast	6.6	6.8
Cameroon	7.8	8.6
Senegal	9.4	9.3
Dahomey	5.0	10.8

FUTURE PROSPECTS AND DEVELOPMENT AID

12. During Togo's first decade as an independent state, the foundations for the country's future economic development were laid. The nation's transport and communications networks were improved and a general framework of development institutions including a relatively effective planning office were set up. The economic mission which visited Togo in January of 1972 estimates that GDP will grow at a real rate of 4.7 percent yearly through 1975. Trade and commerce should continue to be among the most dynamic sectors in the economy although presently unforeseen political and economic events in neighboring countries, particularly Ghana, could hamper trade — especially of the unrecorded variety — in the future. The industrial sector should also experience healthy expansion through 1975 with textiles, beverages and the manufacture of rubber and leather articles leading the way. On the minus side of the ledger, agricultural production should continue to lag through 1975. As mentioned earlier, the identification and preparation of development projects in this sector has just begun in earnest and it will be some time before these projects and programs become operational. In the meantime, several years of modest economic growth appear likely for Togo.

13. From 1965 through 1970, 70 percent of Togolese public investment was financed by foreign aid and total aid disbursements during the period averaged \$14 million yearly. The European Economic Community (EEC) was the single largest donor providing roughly a third of this aid with France and Germany funding another 20 and 15 percent, respectively. The Bank Group and other U.N. agencies contributed a fifth of the total aid package and the remaining 12 percent was provided by other sources, e.g., the U.S. and Canada. Most of the foreign aid given Togo through 1970 was earmarked for infrastructure development, e.g., the construction of Lomé's modern deep water port and the improvement and construction of roads.

14. The recent Bank economic mission to Togo estimates that aid inflows will average \$20 million yearly through 1975 and that thereafter foreign aid will grow steadily as more suitable projects are identified and prepared for financing. As in the past, foreign aid will continue to account for 60-70 percent of Togolese public investment but increasing amounts of aid will be earmarked for projects in the agricultural sector and to finance technical assistance. While traditional aid donors should continue to be active in Togo through 1975, it is interesting to note that the People's Republic of China recently pledged to provide Togo with approximately \$45 million in assistance. As of this writing it is unclear when or how this aid will be made available but it appears likely that a part, at least, of the Chinese aid package will be committed and disbursed before 1975. According to Togolese officials, the Chinese assistance will take the form of 30-year interest free credits with 15-year grace periods. Most of Peking's aid will help finance rural development projects in Togo.

15. Aid to Togo has traditionally been provided on generous terms with grants accounting for most of the foreign assistance provided to date. As of January 1, 1971, the country's external public debt amounted to \$48 million and most of this was incurred at modest interest rates and with repayment periods of more than ten years. By 1973, service on this debt will reach an estimated \$5 million or 6 percent of projected exports for the year. Given the nation's favorable reserve position, Togo should be able to service this debt without difficulty. In view of the country's poverty and only fair prospects for GDP growth, however, foreign aid donors should continue to provide aid on mainly concessionary terms.

TOGO

Statement of Bank and IDA Subscriptions

	<u>Subscriptions</u>		<u>Voting Power</u>	
	<u>Amount*</u>	<u>Percent of Total</u>	<u>No. of Votes</u>	<u>Percent of Total</u>
IBRD	15	.06	400	.15
IDA	760	.08	652	.25

*Expressed in thousands of units of currency. The amount of subscriptions to the Bank is expressed in July 1, 1944, U.S. dollars. The amounts of subscriptions to IDA is expressed in January 1, 1960, U.S. dollars.

OFFICE MEMORANDUM

TO: Mr. Xavier de la Renaudière

DATE: December 29, 1972

FROM: André R. Gué *AR*SUBJECT: TOGO - Back-to-Office Report

1. Mr. Aguirre-Sacasa and I visited Togo from December 17 to 20, 1972. Mr. El Moghazi, from PMWA, was in Lome at the same time on a project identification and preparation mission (cocoa and cotton).
2. We discussed Bank operations with Messrs. Dogo, Secretary of State to the Presidency, Mivedor, Minister of Public Works, Amega, Minister of Rural Economy, Malou, Minister of Education and Djondo, President of the Economic and Social Council. We also met the UNDP Resident Representative, Mr. Bloch, the U.S. Ambassador, Mr. Dickinson, the French Ambassador, Mr. Campredon, and the head of the FAC mission.
3. The mission was very well received by the Togolese authorities and we noticed at the outset a considerable change in attitude towards the Bank. Mr. Djondo even went so far as telling us that Togo, not the Bank, was to blame for our meager lending to that country. This is the more remarkable since, even in the recent past, Togo's relations with the Bank had been strained, mostly because the Bank Group has financed only one project in Togo. About a year ago, we had agreed with the Togolese that the Bank would make special efforts to identify and prepare projects which, unlike the ones submitted to it before (Mono irrigation and hydro-electric, Sio-Haho irrigation, CIMAO clinker) would have a better chance of success and corresponded better to Togo's development priorities. This effort is now bearing fruit. The following recent event might also have contributed to improve the climate.
4. A few months ago, President Eyadema apparently realized suddenly that Togo, which at the time of independence, was the largest cotton producer in West Africa, was making no progress while production increased rapidly in other countries, including politically unstable and financially broke Dahomey. He reportedly told his ministers that he could not accept this state of affairs and that cotton development would be given top priority. He asked the French Government to send a team (including CFDT ^{1/} experts) to Togo to report to him on what should be done to launch a successful cotton development program. The report prepared by CFDT and Caisse Centrale was handed to the President while we were in Lomé. We were promised this report and Minister Dogo told us that the Government wished the Bank to finance cotton development as soon as possible.

Review of Bank Operations

5. Minister Dogo gave us the following priority ranking of projects submitted to the Bank:
 - a) highway project (already appraised)
 - b) cocoa (and possibly coffee) : to be appraised next March

^{1/} Compagnie française pour le Développement des Fibres Textiles

- c) CIMAO (in abeyance)
- d) cotton (new project proposed by Togo)
- e) tourism (new project identified by the recent project mission)
- f) airport (new project proposed by Togo)
- g) Lome water supply
- h) rural development in the south (new project identified by our recent project mission)
- i) education
- j) rural development in the North.

6. I think we can agree with the above rankings which, in fact, correspond more or less with the state of preparedness of those projects. Surprisingly, the Sio-Haho project has disappeared and rural development in the North is ranked last. This could mean that the Government has accepted our negative position on Sio-Haho and is abandoning the project or that Togo hopes to use the CFAF 12.5 billion line of credit from mainland China, not only to finance rural development in the North, which is very likely, but also perhaps Sio-Haho. Strangely enough, Minister Dogo was not interested in an early Bank preparation mission for the rural development project in the South which we had proposed as an alternative to Sio-Haho. He told us that the Government needed time to reflect on our proposal before deciding on what position to take.

Highway Project

7. Togolese officials repeated to us their objections to the appraisal mission's preliminary recommendations that the two secondary roads in the project be built to laterite standard. They want these roads to be paved. We explained that we would take all their arguments into account and would discuss the matter in detail during negotiations, but that if the rate of return for paving was too low, we could probably not accede to their wish.

Cocoa (and Coffee)

8. The Togolese welcome our suggestion to appraise a first phase Cocoa project next spring. Since FAC is interested in financing the coffee part of the project (cocoa and coffee are grown in the same project area and should not be dealt with independently) but has no funds available in 1974 for the coffee project, the Togolese have requested the Bank to consider including in its project the first one or two years of the coffee planting and rehabilitation program. At first, FAC was reluctant to have us go ahead

without them, but they have abandoned their objections and requested that we agree to work out the project together and invite them to participate in the appraisal. They agree to pick up and finance the later years of the coffee program. We proposed to discuss the matter with them again as soon as we receive Mr. El Moghazi's preparation report.

CIMAO

9. The December meeting of the CIMAO board only resulted in two decisions:

- a) a shift to the Tabligbo deposit; and
- b) the partial integration of the Ivory Coast grinding mills through crossed participation of CIMAO in the grinding companies and of these companies into CIMAO. | ?

The Togolese seemed disappointed by the reluctance of the Ivorians to agree to a joint commitment in favor of the project by Presidents Eyadema and Houphouët-Boigny before Mr. McNamara's visit. A high-level Togo mission flew to Abidjan to see the Ivorian President. The meeting took place the night before we left Abidjan and we do not know its outcome. Minister Bédié, nevertheless, told us a few hours before the meeting that the Ivorian position was as follows:

- a) to obtain the services of an independent cement expert from UNDP/UNIDO (a joint Togolese-Ivorian request was made to UNDP about six weeks ago);
- b) to have this expert review all the project reports (including the Bank's) and prepare recommendations to both Governments on the basis of which a reply to the Bank would be prepared.

In reply to my question, Minister Bédié said that this review might take about six months. If nothing else, this confirms that the Ivory Coast is in no hurry to proceed with the CIMAO project. It also confirms the pessimism about the project expressed by Mr. de la Malène, CIMAO's Director General. He thinks that if the Ivorians continue to stall, Togo will try to proceed on its own with a smaller plant. In this last case, the financial return on the investment might be too low to interest private parties including Lambert.

Cotton

10. As mentioned earlier, the Togolese will give us the CFDT/CCCE report as soon as they have reviewed it. I suggest we then discuss the whole matter with FED again in order to agree with them on how best to proceed and avoid undue embarrassment for both of us. They have told us informally that they would not mind our taking over from them when their present commitments come to an end, late 1974. CCCE and/or FAC might want to join in with us in a joint or parallel operation which, if all goes well, should materialize in early FY 75.

Tourism

11. The Togolese welcome our interest in considering financing a tourism project on the coast near Anecho. This project could be similar to the recently inaugurated Tropicana complex which is promoted by a German tourism agency and almost entirely financed by Togo. The timing of this project will depend on how fast tourism develops in Togo.

Airport

12. This is a new project presented to the mission. It would consist of a lengthening of the runway and construction of necessary circulation and parking facilities for aircraft. According to Minister Dogo, airport facilities are not adequate to accommodate rapidly increasing traffic and the airport will rapidly become unable to comply with international safety standards. We asked the Minister to give us a preliminary outline of the project (which will be done shortly) and suggested that when one of our airport missions goes to Africa next, we would try to arrange for a stop-over in Lomé for the mission to have a closer look at this possible project.

Lomé Water Supply

13. We confirmed the preliminary conclusions of our recent project mission and explained that before deciding ourselves whether we would consider a water supply project, we would have to know more about CIDA and FAC intentions in this field. CIDA, after shelving the Sio-Haho report prepared by Canadian consultants proposed to Togo to finance \$800,000 worth of hydrological and water supply studies in the South of the country including the city of Lomé. They are interested in financing projects resulting from their studies. Also, during President Pompidou's visit, Togo asked FAC to finance water supply projects in several cities other than Lomé. FAC has not yet responded to this request but is likely to agree and finance a few small projects. To avoid duplication and confusion, it is, therefore, important that CIDA, FAC and the Bank define their interests more clearly. FAC will inform us shortly about their intentions and we have scheduled a meeting with CIDA for January in Washington. The Togolese agree to this approach and have promised to clarify on their part the respective roles they wish to assign to each agency. One obvious problem for us is that water is heavily subsidized and that the Government is opposed to charging the full cost of service to water users except perhaps in the well-to-do sections of Lomé.

Rural Development in the South

14. This project would consist of wells, small-scale land reclamation, small-scale low-land gravity irrigation and extension services (and probably rural training). As mentioned earlier, the Government is interested in principle in our proposal but Minister Dogo asked us not to send a preparation mission until it has had time to review and discuss our proposal.

Education

15. The Government welcomes our interest in education. Togo has initiated a comprehensive reform of its education system, and the Minister of Education, to whom we explained the Bank's general approach in this field (putting emphasis on rural education), expressed full agreement with our approach. I think, therefore, that we should start project preparation as soon as possible and I suggested to Projects that we try to arrange a first visit to Togo by the education mission which will visit Dahomey next February.

Rural Development in the North

16. The UNDP Resident Representative, Mr. Bloch, explained to us that after the failure of the UNDP/FAO pilot project in the Lama Kara region, he had proposed to the Government to start from scratch and finance a comprehensive feasibility study for a rural development project in the same area. But before proceeding further, he wanted to know whether the Bank would support him and give assistance for writing the terms of reference and supervising the study, it being understood that the Bank would also be willing to consider financing a project, if a feasible one emerged from the study. I think that, if the Government would agree, we could support Mr. Bloch's scheme. The Government is, however, unlikely to do so, unless it runs into difficulties with the Chinese who, as mentioned earlier, will no doubt be asked to finance rural development in the North.

Technical Assistance

17. More than a year ago, the Government has requested Bank assistance in project formulation, preparation and planning. We proposed to station a Bank staff member in Togo for about three months, as soon as one were available. We also proposed to send, in the meantime, more project identification and preparation missions. The Government has confirmed that it still wishes a Bank staff member to come to Togo for about three months. A member of the planning division will be available for this task starting next May and I suggest that we discuss the terms of reference for his assignment with Minister Dogo as soon as possible.

Conclusion

18. Our relations with Togo have taken a marked turn for the better and we now have a more satisfactory operations program. I hope we shall be able to follow through and, if necessary, be prepared to make special efforts in order that this program may be implemented without undue delays.

ARGué:tp

cc. Messrs. Chauffournier
De Vries /Jansen
Thalwitz
PMWA

Recent Developments in French-African Relations

1. President Pompidou's visit to Upper Volta and Togo in November 1972 has been surrounded by several important developments in the relations between France and the African member states of the franc zone; those referring to member countries of the Central Bank for Western African Countries (BCEAO) are summarized below for information.

A. Alleviation of External Debt Service Burden

2. On November 22, during his visit to Upper Volta, President Pompidou announced that France would cancel certain debts incurred by the African countries and Madagascar before independence. These debts, so called FIDES ^{1/} loans, covered mainly infrastructure investments in the period 1946 to 1959 and were consolidated in 1962 and 1963 in agreements between the newly independent states and France. Mr. Pompidou mentioned a total of about French francs 1 billion (US\$ 200 million). Although this debt cancellation which concerns roughly 45 percent of French government medium- and long-term claims on the countries in question and about 15 percent of the public debt outstanding of the fourteen African countries concerned is an important and novel decision, it has to be borne in mind that repayment was scheduled for a forty years' period, at an interest rate of 1 percent; therefore, the relief in terms of debt service payments is less significant. The impact of the decision varies from country to country; Cameroon, Ivory Coast, Malagasy Republic, Mali and Senegal are the major beneficiaries. The preliminary figures of debt outstanding per country according to our External Debt Section are shown in Annex I, and will be checked with the French authorities.

B. Changes in Franc Zone Arrangements

3. Discontent with existing franc zone arrangements started to emerge early in 1972 when Mauritania, Niger, People's Republic of Congo, Madagascar and Cameroon officially notified France that they wanted to revise the present cooperation and monetary agreements with France of which the arrangements concerning the franc zone form an essential part. During President Pompidou's visit to Togo, President Eyadema expressed his country's complaints, and statements calling for changes have since been made by Commandant Kerekou of Dahomey and President Senghor of Senegal.

4. President Eyadema surprised his French guests on November 22 by publicly stating that Togo would like to adjust the exchange rate of the CFA franc, presumably by revaluing the CFA franc against the French franc.

^{1/} Fonds d'Investissements pour le Développement Economique et Social.

Togo which has substantial French franc reserves had suffered a considerable loss in the sudden devaluation of August 1969. President Pompidou, obviously annoyed, replied tersely that a change in the parity of the CFA franc was possible but would have to be agreed upon by all members of the monetary union; and of course the parity had to be reasonable if the French guarantee was to be maintained.

5. It would appear, however, that only Mauritania is heading towards fundamental changes in the existing arrangements, reflecting that country's attempt to associate itself more closely with the North African world. On November 29, Mauritanian President Moktar Ould Daddah announced in his state of the nation report that his country would establish its own currency and assume full control of its credit policy; Mauritania would leave the West African Monetary Union, but would maintain the closest possible relations with the franc zone. On December 1, the Mauritanian government introduced foreign exchange controls aimed at safeguarding its reserves.

6. The other six members of the BCEAO (including Togo and Dahomey which had called for changes) issued a statement following a regular Board meeting in Niamey on December 2 reaffirming their intention to continue the West African Monetary Union, including the principle of free convertibility between CFA franc and French franc and the French guarantee for their monetary system. The BCEAO further decided to increase the discount rate from 3.5 to 5.5 percent. The World Bank had repeatedly stated in its economic reports that the BCEAO's interest rate policy was unrealistic and harmful for mobilization and allocation of savings. BCEAO took this decision after seeking the World Bank's and IMF's advice. At the same time, however, the BCEAO established a special Committee to review and improve the present set-up and policies of the monetary union.

7. It would therefore appear that further changes in the BCEAO arrangements will be brought about more gradually and in any case not before the elections in France in March 1973. The pressure for changes can be expected to continue, though. President Senghor's report of December 19 refers to strengthening of the African voice in decisions, more rapid africanization of the staff, relaxation of credit policy and increased support for national Treasuries. Similar changes have recently been agreed upon between France and the members of the Banque des Etats de l'Afrique Centrale.

Annex I

External Public Debt Outstanding and Disbursed, December 31, 1971
of Fourteen African Countries Having Cooperation
Agreements with France

(In US\$ million)

	Total Debt	External Debt to French Government	
		Total	Of Which Consolidated FIDES Debts
<u>External Debt with a Maturity of one year or more</u>	<u>1,408.7</u>	<u>486.4</u>	<u>188.3</u>
Cameroon	143.8	62.8	31.4
Central African Republic	26.2	14.6	7.5
Chad	34.8	18.8	10.2
Dahomey	39.5 a/	21.8 a/	9.1
Gabon	95.3	30.8	8.2
Ivory Coast	342.6	100.2	21.4
Malagasy Republic	110.7	63.4	30.0
Mali	261.1	42.3	16.2
Mauritania	36.4	12.2	2.0
Niger	32.0 a/	21.0 a/	4.2
People's Republic of Congo	102.0 b/	22.5 b/	9.9
Senegal	123.1	52.4	26.2
Togo	36.4 a/	7.3 a/	4.2
Upper Volta	24.8	16.3	7.9

a/ 1970

b/ 1969

Source: World Bank External Debt Section

THE CIMAO PROJECT

1. The CIMAO^{1/} project consists of a cement clinker plant (capacity 1.2 million tons a year) and related infrastructure including a power line, a rail link and an extension of port facilities at Lomé. The purchase of ships for clinker transportation is also included. The plant was originally to be located at Aveta, Togo, 20 kms. from the port of Lomé and it was envisaged that CIMAO would sell its clinker to grinding mills in West African countries i.e., Togo, the Ivory Coast and hopefully Ghana, Dahomey and Upper Volta.
2. The project's total cost, including infrastructure and ships, is about \$90 million (in 1971 prices) of which \$13.5 million would be earmarked for infrastructure and another \$5.5 million for ships. The project (excluding infrastructure) would be owned and operated by CIMAO, a multinational company with a majority of the shares held by Togo, Ivory Coast and other participating countries. The rest would be held by the European sponsors, at present Lambert Frères of France, and others.
3. The project was submitted to IFC in 1969 but was transferred to the Bank in mid-1970 because of the majority government participation. In October, 1970, the Bank accepted the leadership in coordinating the studies and eventual financing of the project. EIB and ADB indicated a potential interest in participating in financing the plant and ships while FED, FAC and the German Government expressed an interest in the project's infrastructure components. In February, 1971, Lambert and its consultants presented revised cost estimates showing a 60% increase in the cost of the clinker plant thus making the project much less attractive than before. In June, 1971, a Bank mission pre-appraised the project. A report presenting its conclusions was sent to the Togo and Ivory Coast Governments in November, 1971, asking for their comments. The Governments have not yet replied to this report.
4. The major conclusions contained in our report were that:
 - (a) The project was technically feasible and could probably be set up as a financially viable operation either by imposing reasonable customs duties on clinker imports or by integrating existing grinding mills into CIMAO. Profit margins on grinding are very high in West Africa because cement prices in the region are fairly high while imported clinker is relatively cheap.

^{1/} Ciments de l'Afrique de l'Ouet.

*Capage
UNICEM*

- (b) The economic return from the project, basically the addition of a clinker plant and related infrastructure, was low (10 to 11 percent at best for a 1.2 million ton plant). It would be substantially lower for smaller sized plants.
- (c) important uncertainties and risks weighed heavily against the project in the form of:
- marketing problems: only Togo and Ivory Coast were firmly committed to the project; Ghana was not; Upper Volta was hesitant and Dahomey intended to build its own small and economically unfeasible clinker plant. The Togolese and Ivory Coast markets alone would not justify a 1.2 million ton plant for a long time;
 - technical problems: because of the high phosphate content in Aveta limestone, the production process would not only be costly but also delicate and fraught with high risks of technical breakdowns and of obtaining an end-product of uneven quality;
 - managerial problems: since Lambert, the promoter, had divested itself of its cement interests, it was no longer qualified as a technical partner, and another cement producer (UNICEM of Italy was approached) would have to be brought in; the new partner would, no doubt, wish to wrest managerial responsibility from Lambert;
 - political risks: one or more countries might withdraw from CIMAO at any time for political reasons.

5. The Bank, therefore, concluded that the risks were too high and the economic return on the project too low in relation to the size of the investment to justify a positive response from the Bank.

Latest Developments

6. Togo was disappointed by our conclusions but continued to push the project. In early 1972, CIMAO geologists found an important

high quality limestone deposit near Tabligbo (Togo) about 80 kms. from Lomé. Lambert and its consultants have prepared a preliminary feasibility study based on the new deposit which concludes that savings in production costs due to the high quality of limestone would be approximately offset by higher transportation costs to the port of Lomé.

7. The Togo and Ivory Coast Governments have decided to abandon the Aveta deposit in favor of the new deposit. They have also decided, in principle, that existing Ivorian and Togolese grinding mills should be integrated into CIMAO. They have requested UNDP/UNIDO to send them a cement expert who would review the project and propose a Government reply to the Bank's report. Negotiations with Ghana are making no progress and, according to latest news, the Ivory Coast is in no hurry to proceed with the project.

8. A Bank geologist visited the new deposit and confirmed its high quality. The Industrial Department has up-dated the data on the clinker market (see attached memo of December 29) and concluded that market prices for clinker have increased lately but are so volatile that it is difficult to try and forecast them in a meaningful way; a better benchmark for assessing the economic feasibility of the CIMAO project might be the average marginal cost of European producers.

(over time or between producers or both)

9. We are now waiting for an official reply to our report from the Togolese and Ivorian Governments and for more detailed revised project cost estimates from CIMAO. Although a few recent developments are favorable to the project (higher clinker prices, reduction of technical risks, decision to integrate grinding plants) these are not decisive enough to make us change our basic conclusion that the project is economically marginal. Before taking a final position on the project, we should, however, be prepared to undertake a complete up-dating of our analysis.

OFFICE MEMORANDUM

TO: Mr. H. Fuchs (through Mr. F.T. Moore)

DATE: December 29, 1972

FROM: Paul Ragetly

SUBJECT: TOGO-CIMAO PROJECT- Cement/Clinker Trade and Price Review

1. As you requested, I visited in Europe, on my way back from Turkey, several cement manufacturing companies and the European Association of Cement Producers (Cembureau). Taking advantage of these meetings, I reviewed the recent developments of the cement and clinker trade in an area comprising Europe, North- and West-Africa. A draft report on my findings is attached to this memorandum.

2. The most salient conclusions of this report are the following:

- (i) The cement and clinker trade pattern within the defined area is substantially changing. Eastern European countries as a whole are not exporting any more. For the short term, the U.S.A. will be a large importer. At the same time, the demand from African countries, in particular from oil-producing countries, is steadily growing. European cement capacity is also increasing, but more slowly than the overall demand, and "export cement" tends to be a "less available" commodity.
- (ii) Operating costs have substantially increased over the last two years as a result of sharp increases of fuel-oil prices and wages bill. But only part of these increases has been passed on to the consumers. To the extent possible, domestic cement prices are kept down in many countries. But other operating cost increases are anticipated for the short to medium term, and this will probably augment the pressure on the domestic prices.
- (iii) As a result of a comparatively tighter supply, the "free" price of internationally traded cement has been steeply rising over the last year, and went up to \$16-17/ton, from \$12/ton. The market price of clinker, which is closely linked to that of cement, has also been simultaneously rising from \$9/ton to about \$12/ton.
- (iv) However, this price is too volatile to be projected over the long term in a quantitative economic analysis. To be used as a reference, it should be related to costs of production. And projections of average costs and marginal costs (as well as of handling and shipping costs) should be given prime emphasis. This is equivalent to saying that

the economic return of a new cement plant will be acceptable if and only if it succeeds in producing cement (or clinker) in the same economic conditions as alternative cement (or clinker) suppliers, taking into account the reduced economic cost of transport. In the case of the Togo project, this calls for a comparative economic analysis with other European cement plants.

3. Our preliminary review of the CIMAO project was based on exploiting the AVETA deposit. We now have a new proposal, based on the TABLIGBO deposit. However, the data provided by the new PEG report^{1/} are still too preliminary, and the analysis not comprehensive enough to be used as bases for revising our "project review". Regarding the various costs, a number of questions still remain unsolved:

- (i) Did the new estimations of capital expenditures take into account the recent cost increases, or are they based on the first analysis of the AVETA project?
- (ii) Did the production costs also include the recent changes (new fuel-oil prices, for instance)?
- (iii) Furthermore, in view of higher cost of maintenance, isn't it possible to further decrease the plant's sophistication?
- (iv) On the transport side, the PEG preliminary analysis of alternative railroad lines as well as of alternative wharves is unsatisfactory, and the estimations of the corresponding costs are too approximate (c.f. Mr. de Gryse's memo dated December 28, 1972).

4. The potential markets ought to be reassessed, too. The combined demand from Togo and Ivory Coast may be sufficient, at start-up of operations, to warrant a 600,000 tons/yr. capacity, but this may still not be enough for the project economic return to be satisfactory. In fact, preliminary calculations indicate that transport cost^{2/} (per ton-km) increases by 63 per cent when the yearly freight decreases from 990,000 tons to 550,000 tons. The importance of the Ghana market for this project is therefore quite clear. Three elements ought to encourage the Ghana government to participate in the Cimao project (i) Ghana would supply the electricity, and possibly fuel-oil and even kraft paper, (ii) Ghana has not as yet found a viable lime-stone deposit of its own, and (iii) Ghana's Norwegian suppliers are now much more interested by the American market, and this will certainly be reflected in the terms of their new contractual arrangements with Ghana, due in March 1973.

5. On the other hand, the new Tabligbo project has the advantage of utilizing good phosphate-free raw materials. This substantially decreases the risk of manufacturing low grade clinker. It also decreases the risks of difficult plant operation, and of having to purchase additional equipment, if the clinker quality is not found reliable. Finally, the risk of quarry

^{1/} Dated July 22, 1972

^{2/} For an Envisaged Tsévié - Cimao Line, 42 kms.

flooding is eliminated.

6. However, many problems still remain unsolved, and there is no fundamental change in the project's outlook that would necessarily cause us to revise the conclusions of our October 1971 preliminary review. These conclusions were given to the Togolese government, but no comment has been communicated to us so far. In particular, the following issues ought to still be considered as critical to the project's viability:

- (i) Participation of the Ghana government;
- (ii) Participation of an experienced technical partner willing to make a substantial equity participation, (besides the promoter, Lambert Freres).
- (iii) Possibility of integrating easily into the project the various grinding plants of the participating countries, and
- (iv) Possibility of improving the financing plan and the other financial arrangements, as suggested in our report.

This should be clearly indicated to the Togolese authorities at the occasion of Mr. McNamara's visit, in January 1973.

7. In spite of the above, if our project review is to be up-dated, I recommend that:

- (i) A short field trip be envisaged^{1/} to visit Geneva (PEG), Abidjan, Accra, and Lomé, up-date our cost and market figures, and discuss possible new elements on the project organization; and that
- (ii) A transportation expert also undertakes a short field trip to review the proposed alternatives and calculations.

Our position on this new project could then be finalized.

cc: Messrs. Kalmanoff, Carmignani, Gue, Aguirre-Sacasa, Cash, Chardon, Pouliquen, Oursin, de Gryse

PRagetly:vlb

^{1/} Possibly in 2 months' time.

SIO-HAHO PROJECT

1. As is mentioned in the Topics for Discussion paper in this book, during Mr. McNamara's upcoming visit to Togo, Government officials may cite the Sio-Haho Project as an example of a promising operation for which Bank Group financing was sought but not obtained. The following paragraphs aim, therefore, at giving the reader a summary of the project's history and of the reasons for our unwillingness to finance it.
2. This operation had its genesis in 1968. In that year, a Bank/FAO mission visited Togo's heavily populated Maritime region and recommended that a study be undertaken to explore ways of more fully exploiting the coastal plain's agricultural potential including possible irrigation of the Sio and Haho Valleys. This recommendation was passed along to the Togolese Government which, we expected, would then submit the project to UNDP or FAC for necessary studies. Instead, Lomé asked Canada (CIDA) to finance the study in early 1969.
3. The first CIDA-funded report was a disappointment. Instead of studying the agricultural potential of Togo's entire coastal area, the Canadian consultants, probably at Togolese Government insistence, focused only on the Sio River basin neglecting, *inter alia*, the Haho River valley and the Lake Togo areas. Furthermore, in considering the Sio basin's development, the study looked exclusively at irrigation and ignored the possibility of increasing rain-fed cultivation in the valley. Finally, and probably also as the result of Togolese prodding, the report recommended that the valley could best be developed by the construction of an expensive (\$8 million) dam on the river which would have the dual function of protecting the lower Sio valley from flooding during the rainy season and of providing it with water for irrigation during the dry season. The project total cost, including related flood control and irrigation works, was estimated by the consultants at \$30 million and its economic return at a low 5 percent.
4. We expressed our reservations on the project, as defined, to both the Togolese Government and CIDA. In this regard, we questioned the wisdom of tackling the valley's agricultural development problems through construction of a \$30 million, prestige project with a low rate of return. Instead, we suggested that a second study be undertaken which would examine the valley's potential for rain-fed agricultural development — something we have always felt would be better suited to Togo's needs — and a more modestly priced dike system to protect the valley from seasonal flooding. While we did not rule out irrigation in the river basin altogether, we did indicate that we felt that a phased, pilot project approach to this aspect of the operation was called for.

5. CIDA concurred with our position and agreed to fund a follow-up report on the Sio Valley. This second effort was completed, in preliminary form, early in 1972. Unfortunately, it proved to be little more than an elaboration of the earlier study and focused, once again, on the costly dam/irrigation scheme recommended by the 1970 report. We expressed our reservations on this preliminary study to all parties concerned and, as in the previous case, CIDA concurred in our criticism of the proposed project. This second time around, however, CIDA advised us that it was scrapping all further consideration of the project and would let the 1972 preliminary report stand.

6. In light of CIDA's decision to bail out of the operation, we sent a Bank/FAO mission to Togo last November. Its aim was to inform Government officials that the preliminary CIDA-financed study would not be finalized and that the Bank Group could not consider financing the Sio-Haho Project as defined. The mission was also asked to attempt to identify a more reasonable alternative to the dam project as a means of fostering agricultural development in Togo's Maritime region. With regard to this second point, the mission recommended that an integrated rural development program be mounted in the country's coastal plain. Such a program could include well construction, extension services, agricultural credit, feeder roads and, possibly, rural training.

7. Despite the project's tortured history, the Togolese do not seem to have given up on the Sio dam/irrigation scheme yet and there is speculation in Lomé that they may ask Peking to finance this undertaking. As for the rural development project identified by our recent mission as an alternative to Sio-Haho, the Government has asked for time to reflect on our proposal before deciding what position to take.

G

BANK GROUP OPERATIONS

1. To date, Bank Group operations in Togo have been meager amounting to only one \$3.7 million Credit extended for road maintenance in 1968. The paucity in our lending to Togo has been due to the overall shortage of development projects in the country; to the Government's preference for grant financing from other sources for most of the good available projects; and to its insistence that the Bank Group consider only large, prestige and often marginal or unsuitable operations, e.g., the Mono Hydroelectric and Irrigation Scheme and the Sio Haho Dam and Cimao Clinker Factory Projects.

2. The smallness of our previous lending program has strained relations between Togo and the Bank Group in the past but, more recently, our contacts with Lomé have taken a turn for the better. Thanks to frank discussions with top Government officials, we have impressed the Togolese with our genuine desire to step-up operations in their country. Authorities in Lomé, for their part, seem to have an increasing awareness of Bank Group procedures and lending criteria. In addition, finally conscious of the fact that the country lacks well prepared, high priority development projects, the Government has reversed its previously negative stance towards foreign technical assistance and is now welcoming it. Recently, for example, Lomé asked CFDT, a French firm active in cotton, to prepare a cotton development program in the country's central region. The Togolese Government has also asked us to second a Bank staff member to Togo for a stay of, say, three months to work closely with local authorities in identifying and preparing bankable projects. We have agreed, in principle, to this request and had intended to have Mr. Bazin undertake the above mentioned task. His recent promotion to division chief, however, ruled him out for such an assignment. Consequently, we now propose to send Mr. Chevallier, a planning officer in the Development Services Department, to Lomé. His curriculum vitae has been made available to Togolese authorities who are now reviewing his candidacy.

3. We are optimistic that the developments referred to above will result in increased IDA financing for Togolese projects in the future. In this regard, the following paragraphs summarize our on-going program as well as operations slated for Bank Group funding through FY 75.

4. HIGHWAY MAINTENANCE PROJECT (Credit 131, September 10, 1968, \$3.7 million): As in many other African countries, highway maintenance in Togo fell off in the years after independence due to the poor state of the Department of Public Works' maintenance fleet and to the lack of adequate personnel and funds. As a result, the condition of the national highway network deteriorated and long stretches of road became virtually impassable, particularly after heavy rains.

5. This Credit aimed at reversing the situation described above. More specifically, the project provided funds

- (a) to finance a four-year maintenance program (running through 1972) including the purchase of maintenance and shop equipment, the improvement of maintenance operations and the training of Department of Public Works (DPW) staff at all levels; and

- (b) to finance feasibility studies for about 450 kms. of secondary roads and subsequent detailed engineering and preparation of bidding documents for the 300 kms. of road sections identified by the feasibility studies to be of the highest priority.

The DPW was, and still is, responsible for the project's execution with the assistance of consulting firms who have provided maintenance advisory services and prepared the necessary studies. The projects' total cost was \$3.95 million with the IDA Credit totalling \$3.5 million of this amount. The Government has financed the remaining \$450,000 and met all recurrent highway maintenance expenditures for the four-year program. These have amounted to approximately \$5.9 million.

6. As of November 30, 1972, disbursements on this Credit amounted to approximately \$3.3 million and the project's maintenance component was proceeding satisfactorily. The feasibility studies financed under the Credit, however, showed that only about 85 kms. of the roads examined were of sufficiently high priority to warrant the preparation of detailed engineering and bidding documents. Consequently, in 1971, the Togolese Government asked us to finance detailed engineering studies for the 82 km. Blitta-Sokodé road as well as an updating of existing economic and engineering studies on the Lama Kara-Kandé road (70 kms.). Both these routes form part of the country's main north-south transport axis and the Blitta-Sokodé road is in need of resurfacing and widening. The Lama Kara-Kandé road requires realignment. In October, 1971, the Association agreed to finance the studies requested by the Government and allocated the funds originally earmarked to finance detailed engineering and preparation of bidding documents for approximately 200 km. of secondary roads to this purpose.

7. ROAD CONSTRUCTION PROJECT: This promises to be our next operation in Togo. Studies for the several roads to be built, improved and/or completely reconstructed under this project were financed with funds made available under the Road Maintenance Credit. The project was appraised in early December, 1972, and its total cost is estimated at \$7.7 million. The Association would finance its foreign exchange component, approximately \$6 million, and we are hopeful that the project will be negotiated, approved by the Board and signed before the end of FY73.

8. The project is tentatively set to include:

- (a) reconstruction to a paved two lane standard of the badly deteriorated Blitta-Sokodé road (78 km.) — part of Togo's main north-south transport axis;
- (b) construction of an all-weather gravel road between Agou and Nuatja (55 km.), two towns in Togo's south-eastern Plateau region;
- (c) improvement of the existing 75 km. earth road between the northern towns of Sokodé, Tchamba and Kambolé to

engineered gravel standards. Six bridges on the road between Tchamba and Kambolé are also to be reconstructed;

- (d) an extension of ongoing technical assistance to the DPW to further strengthen its highway maintenance capabilities;
- (e) feasibility and detailed engineering studies for the reconstruction of the badly deteriorated, paved 40 km. road between the southern towns of Tabligbo and Anecho;
- (f) an inventory of Togo's secondary road network.

The Lama Kara-Kandé road which had previously been considered for Bank Group financing will now unfortunately be funded, at the Government's request, by a FED grant.

9. While the Togolese authorities, particularly those in the Ministry of Public Works, are generally satisfied with the project as defined, Minister Dogo has informed us that the Government would prefer to have us pave the Agou-Nuatja and Sokodé-Tchamba-Kambolé roads. In this regard, we have explained to him that our preliminary analysis shows that paving these secondary routes is simply not justified from an economic viewpoint. In fact, we have advised him that justifying construction of the Agou-Nuatja road — a link which presently does not exist — to an all-weather gravel standard is proving difficult. Minister Dogo understands our position. Nevertheless, he has warned us that President Eyadema is likely to raise this question with Mr. McNamara during the upcoming official visit.

10. COCOA-COFFEE PROJECT: This operation, scheduled to be appraised in March, 1973, is included in the FY74 lending program. While the project's content has not yet been clearly defined, it should consist of the first phase of a two stage Togolese Government program to increase cocoa and coffee production in the country's Plateau region. Under phase one, approximately 8,000 ha. of high yielding, hybrid cocoa would be planted. An equal amount of land would be cleared and planted with coffee. Related infrastructure for the project would also be set in place.

11. The project's executing agency is expected to be the Togolese Company for Coffee and Cocoa Development (SRCC). Foreign financing for the operation would be provided jointly by the Association and FAC. The IDA Credit (\$3-4 million) is expected to be earmarked for the project's cocoa and related infrastructure components while FAC would provide financing for coffee development.

12. It is interesting to note that FAC has already funded both the establishment of coffee and cocoa nurseries in the project area and the

strengthening of extension services. It has not, however, allocated funds for the start-up of the coffee plantings before 1975. Consequently, the Togolese Government has asked us not only to fund the operation's cocoa component but also to consider financing the initial stages of the new coffee plantings.

13. COTTON DEVELOPMENT PROGRAM: In the early sixties, Togo was one of West Africa's major cotton growers. Togolese production of the fiber stagnated, however, and a number of countries in the region — including neighboring Dahomey — overtook and passed Togo in cotton output. This fact, probably more than anything else, has awakened Lomé to the need for increased attention to the country's languishing agricultural sector. As a result of the Government's recent emphasis on agricultural development, Togolese officials have asked the Bank Group to provide financing for a cotton program. We have expressed our willingness to consider this project and Mr. El Moghazi of PMWA visited Togo in December to gather information on the country's present cotton production and potential for expansion.

14. It is worth noting that FED has been financing a cotton program in Togo which is scheduled to wind to a close in 1974. The FED operation has proven disappointing, mainly because the Togolese attempted to develop cotton production on their own and without adequate foreign expertise. FED is not anxious, therefore, to extend the project beyond 1974 and has indicated to us that it has no objection to our entering the sector.

15. We hope to be able to mount a cotton project in Togo in time to include it in the FY75 lending program. While it is still too early to say how large the project would be or exactly what it would contain, we expect its total cost to be in the order of \$8 million with an IDA contribution of, say, \$5 million. Our project would be located in the nation's Central Region and would provide for appropriate technical assistance supplied, perhaps, by CFDT. It would also probably include extension services, construction of a ginney, a feeder road component and food crop development.

16. ROAD CONSTRUCTION II PROJECT: There is a good chance that a road construction project could also be included in the FY75 lending program. This project would center around reconstruction of the Tabligbo-Anecho road for which studies are to be provided under the FY73 road project. It would also include upgrading of some high priority secondary roads in the country.

TOGO

Statements of IDA Credit
(as of November 30, 1972)

<u>Credit Number</u>	<u>Year</u>	<u>Borrower</u>	<u>Purpose</u>	<u>Amount</u> <u>(in US\$ million)</u>	
				<u>Credit</u>	<u>Undisbursed</u>
131	1968	Togo	Road Maintenance	<u>3.7</u>	<u>.6</u>
		Total		3.7	
			of which has been repaid	-	
			Total now outstanding	3.9*	
			Total now held by IDA	3.9*	
			Total undisbursed	.6	

*Expressed in terms of the U.S. dollar of the weight and fineness in effect on 1/1/60 adjusted to reflect the devaluation of the U.S. dollar on 5/8/72.

H

Project number and title	Executing agency	Date approved	Estimated completion date	Estimated project cost (US dollar equivalent)	
				UNDP	Government counterpart contribution
<u>AGRICULTURE, FORESTRY AND FISHERIES</u>					
TOG-68-510 DEVELOPMENT OF FOREST RESOURCES	FAO	01/68	06/72	943,400	644,960
TOG-68-009 NUTRITION - HOME ECONOMICS	FAO	12/68	01/73	26,600	
TOG-69-007 SYSTEM FONCIER	FAO	12/69	10/72	67,150	
TOG-71-003 ASSISTANCE IN THE PREPARATION OF A NATIONAL FOOD CROPS MARKETING BOARD	FAO	06/71	03/72	11,250	
<u>CULTURE AND SOCIAL AND HUMAN SCIENCES</u>					
TOG-70-006 DOCUMENTATION	UNESCO	10/70	10/72	11,800	
<u>EDUCATION</u>					
TOG-68-011 EDUCATIONAL PLANNING	UNESCO	12/68	01/74	152,275	
TOG-68-513 TEACHER TRAINING COLLEGE, ATAKPAME	UNESCO	06/68	08/73	1,381,406	1,235,320
TOG-69-009 EDUCATION EXTRA-SCHOOLAIRES DE LA JEUNESSE	UNESCO	03/70	04/71	5,400	
TOG-68-012 ADULT EDUCATION (LITERACY)	UNESCO	12/68	01/73	122,100	
<u>GENERAL ECONOMIC AND SOCIAL POLICY AND PLANNING</u>					
TOG-68-007 AGRICULTURAL STATISTICS	FAO	12/68	01/73	124,300	
TOG-68-010 RURAL INSTITUTIONAL SERVICES	FAO	12/68	01/73	108,600	
TOG-71-009 MANAGEMENT TRAINING	FAO	09/71	01/72	1,500	
TOG-69-515 ASSISTANCE TO THE DEVELOPMENT AGENCY OF THE KARA REGION	FAO	01/69	06/72	695,400	1,682,538
TOG-69-001 OPERATIONAL ASSISTANCE TO SOTEXIM	UN	08/69	05/73	9,100	
TOG-69-004 GENERAL ADMINISTRATION	UN	09/71	03/72	3,700	
TOG-71-010 PLANNING AND DEVELOPMENT	UN	03/72	02/72	5,300	
<u>HEALTH</u>					
TOG-68-014 EPIDEMIOLOGICAL SERVICES	WHO	12/68	01/74	123,400	
TOG-68-013 DEVELOPMENT OF BASIC HEALTH SERVICES	WHO	12/68	03/72	75,650	
<u>INDUSTRY</u>					
TOG-69-003 INDUSTRIAL DEVELOPMENT	UNIDO	11/69	01/72	49,925	
TOG-62-504 SURVEY OF GROUNDWATER AND MINERAL RESOURCES	UN	01/62	10/72	1,336,889	513,188
TOG-71-005 SMALL SCALE INDUSTRIES	UNIDO	05/71	01/73	12,000	
TOG-71-519 SMALL-SCALE INDUSTRIES AND ESTABLISHMENT OF AN INDUSTRIAL ESTATE NEAR LOME	UNIDO	01/71	04/74	454,689	641,624
TOG-69-512 FERTILISER USE, PROMOTION, DEMONSTRATION AND PRODUCTION SCHEME, LOME	UNIDO	06/69	11/75	953,020	1,046,392
TOG-68-004 INDUSTRIAL TRAINING	ILO	12/68	06/74	241,450	
<u>INTERNATIONAL TRADE</u>					
TOG-70-001 GATT COMMERCIAL POLICY COURSE	UNCTAD	07/70	01/73	2,800	
TOG-71-008 EXPORT PROMOTION	UNCTAD	10/71	02/72	4,500	
TOG-71-006 TOURISM	UN	06/71	11/71	2,000	

II. COUNTRY PROJECTS
Approved as of 30 June 1972

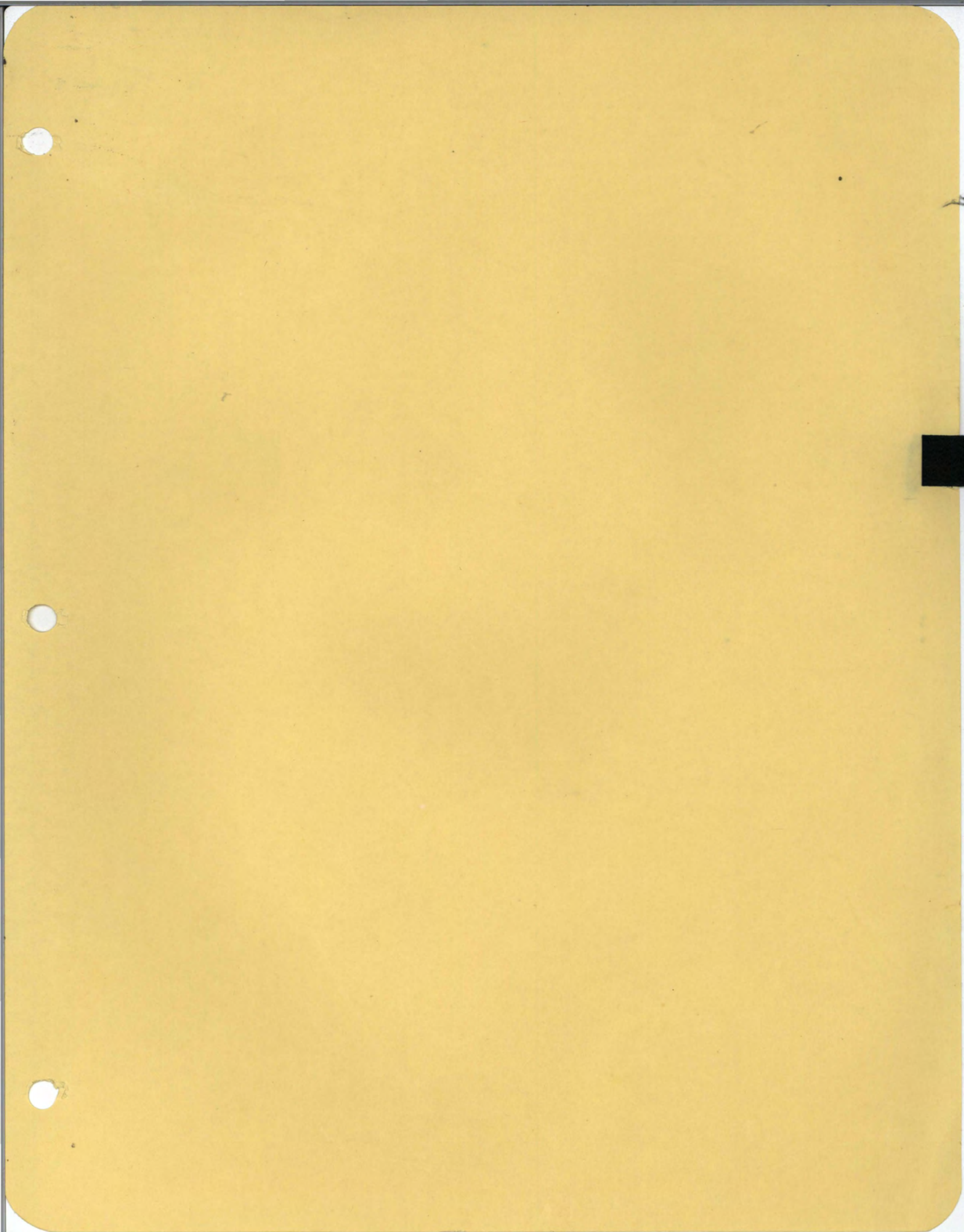
TOGO (continued)

Project number and title	Executing agency	Date approved	Estimated completion date	Estimated project cost (US dollar equivalent)	
				UNDP	Government counterpart contribution
<u>NATURAL RESOURCES</u>					
TOG-70-003 DEVELOPPEMENT DE L'ENERGIE ELECTRIQUE	UN	12/70	01/73	54,000	
TOG-70-511 GROUNDWATER EXPLORATION IN THE COASTAL REGION	UN	06/70	07/73	407,235	261,320
<u>SCIENCE AND TECHNOLOGY</u>					
TOG-70-009 METEOROLOGY	WMO	10/70	02/74	12,200	
TOG-71-002 GEOLOGIE	UN	04/71	01/73	3,800	
<u>SOCIAL SECURITY AND OTHER SOCIAL SERVICES</u>					
TOG-71-001 SOCIAL SECURITY ACCOUNTING	IL	04/71	03/73	43,000	
TOG-67-509 BUILDING CONSTRUCTION CENTRE, CACAVELLI	UN	06/67	01/74	1,110,808	556,000
TOG-68-002 SOCIAL DEVELOPMENT	UN	12/68	11/72	171,100	
<u>TRANSPORT AND COMMUNICATIONS</u>					
TOG-70-004 CIVIL AVIATION	ICAO	09/70	09/72	11,800	
TOG-71-004 MATIERE D'AERONAUTIQUE CIVILE	ICAO	07/71	04/73	12,200	
TOG-70-005 TELECOMMUNICATIONS TRANSMISSION	ITU	09/70	09/73	13,350	
TOG-70-007 TELECOMMUNICATIONS TRAINING	ITU	10/70	10/73	17,200	
TOG-69-005 FORMATION POSTALE (CADRES D'EXECUTION)	UPU	10/69	09/72	57,200	

UNDP SUMMARY OF OPERATIONS

1. In 1971, UNDP prepared a five-year program of operations which calls for \$2 million of that agency's aid to Togo per annum through 1976. As in the case of Dahomey, UNDP attaches highest priority to the country's agricultural sector and approximately 36 percent of the agency's funding during the next five years will be channeled into rural development projects. A quarter of UNDP's aid is earmarked for education and 20 percent should be evenly split between programs in the industrial and infrastructure sectors. The balance is allocated to projects aimed at strengthening development-oriented Government agencies and at exploring the nation's natural resources.
2. Some of UNDP's most important ongoing operations are summarized in the following four paragraphs.
3. Northern Togo Rural Development Project : This joint UNDP/FAO project aimed at resettling people from the overpopulated and agriculturally poor Cabrei highlands into near-by river valleys. The project, concluded in 1972, received a total of \$700,000 in UNDP assistance but had disappointing results, in great part because of political squabbles and the inefficiency of the executing agency—the Lama Kara region's Rural Development Agency (SORAD). Mr. Bloch, UNDP's resident representative in Lomé, is anxious to start the operation up again and hopes to get the Bank Group involved in financing a project in the area. It is important to note, however, that the Togolese Government does not seem to share his interest in Bank involvement in this operation and that there is speculation in Lomé that Peking will be asked to finance any further projects in the region.
4. Survey of Ground Water and Mineral Resources Project: This ten-year program, which is expected to be completed in 1973, has received a total of \$1.3 million in UNDP financing. This sum was used to finance technical assistance to Togo's Office of Mineral Resources and to its Hydrogeological Service. Proceeds from this UNDP operation were also used to fund extensive ground water and mineral resource studies throughout the country. This project has been relatively successful leading, inter alia, to the discovery of the Tabligbo limestone deposit and UNDP intends to extend the operation in 1973.
5. Atakpame Teachers College Project: The Atakpame Teachers School was founded in 1969 and, that same year, UNDP agreed to provide it with \$1.3 million of financing to cover a UNESCO-run technical assistance program. The ongoing project is expected to draw to a close in late 1973 but the Government has requested an extension of UNDP assistance through 1976.
6. Building Construction Center Project: In 1968, UNDP agreed to support this Togolese Government project, located at Cacavelli, with \$1.1 million of technical assistance through 1973. The project itself aims at training local contractors and workmen in new construction techniques. It has also focused on exploring ways of producing low cost building materials in the country.

7. Relations between the Bank Group and UNDP in Togo have traditionally been close and Mr. Bloch, whose biosketch is contained in Section D of this briefing, is a valuable contact for us in Lome.



REPUBLIC OF TOGO

News Media

NEWSPAPERS:

Togo-Press: published daily in French by Agence Togolaise de Presse, fully owned by the Government. Circulation is about 3,000 copies a day.

Director of Publication: M. Felix Patsh

Editor: Yves Brenner

L'Espoir: published monthly in French by Agence Togolaise de Presse.

RADIO:

Radiodiffusion du Togo is fully owned by the Government, headquartered in Lome, with daily broadcasting in French, English and vernaculars.

Weekdays: 05:30 - 09:00

12:00 - 14:00

16:30 - 23:00

Saturdays: 12:00 - 23:00

Sundays: 05:00 - 23:00

The English newscast is at 12:45 and 19:50.

The Director General is G. Ekue and Technical Director is L. Poenou.