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FY 85 TOGO PROGRAM STRATEGY

(Non-CDSS Country)

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I. Summary

Togo is a small country with limited natural resources and internal market upon which to base economic development. The 1970's ended with Togo in severe financial trouble caused by diminishing export earnings that could not keep pace with the debt burden of over-enthusiastic development investment in tourism, and industrial infrastructure earlier in the decade when export prices and demand for its primary products were high. During the past three years Togo has been through a series of discussions with the IMF and IBRD with the objective of stabilizing its economy and international debt structure. There is optimism on both sides that 1983 will see a satisfactory culmination of these negotiations.

Details are currently being worked out among the GOT, IMF and IBRD on a broad scope of issues that impinge upon Togo's economic policies which in turn influence economic development. Given the deep IMF/IBRD involvement in restructuring Togo's economic and financial position and the relatively negligible magnitude of USG programs in Togo, AID has no significant role in the dialogue on macro-economic policy issues. On the other hand, AID's program strategy concentrates on influencing GOT policy at the micro level with respect to specific sectorial activities, particularly those that impinge upon rural development.

The AID program, which focuses on the poorest groups in Togo, will positively affect Togo's political, economic and social stability by helping to reduce the relative difference in living standards throughout the country and help set the national economy on a sound, agriculturally centered course for growth. The AID program in Togo has two main objectives:

to improve the quality of life in rural areas and to increase agricultural production. More specifically, sub-project objectives are to:

- a. Develop a rural water supply; institute village sanitation and low-cost rural health delivery systems; reinforce and expand a national program to control communicable diseases; develop a national family planning information, education and service delivery system; and improve the distribution of nutritional food products.
- b. Increase agricultural yields and production through the use of animal traction as an affordable and workable farming system, through the provision of agriculture training and extension services to limited resource farmers; the development of a rural savings and credit system; and the introduction of innovative rural technology.

AID's sectorial contributions, orchestrated in large part with the efforts of the Peace Corps, PVOs, and other donors, are catalytic and influential to Togo's present development efforts.

Togo enjoys a significant strength in its private sector, and liberal GOT policies foster foreign investment. On the other hand, given various market considerations, small Togo is not particularly attractive to American business interests. The AID program nevertheless supports substantial private sector input through PVO involvement in program implementation. Also, the program has as its principal target private individuals with limited resources, particularly small-scale farm families.

Institutional development is a primary objective of the AID program which actively influences several key development areas. AID has made and/or is making significant contributions to the development and strengthening of Togolese institutions involved in rural water supply, village sanitation, small-scale farming techniques, health and agricultural training, rural savings and credit, low-cost health delivery, and low-cost housing.

A modest PVO food delivery program emphasizes development objectives which are closely related to the regular bilateral development grant program.

Training is an important aspect of the AID program. Emphasis is given to training in a broad area of subjects which support directly our overall program goals. A considerable amount of training has taken place in-country and at institutions in other African countries.

Although the program provides only modest opportunity for technology transfer and research, significant work has been accomplished with the national university on solar energy techniques adaptable to rural development requirements. Moreover, the utilization of appropriate technology for rural development is a key element of various projects within the program.

II. Economic Prospects

Togo is a small country of 56,000 sq kms with a potential agricultural area estimated at 25,000 sq kms. Only 11 percent of Togo's total land surface is currently under cultivation. Resources are limited and the economy is heavily dependent on three products: phosphates, cocoa and coffee. These three products accounted for an estimated 69 percent of Togo's 1975 - 1980 export earnings. Agricultural production has increased in Togo over the past three years. Successful programs to increase coffee, cocoa and cotton production are currently underway. 75-80 percent of the working population depends for its livelihood on agriculture. Togo's population is 2.5 million with an annual growth rate estimated at 2.4 percent. Nearly 50 percent of the population is under 15 years of age.

Economic growth in Togo has been primarily in the industrial and commercial sector with agricultural production accounting for 25 to 30 percent of its GNP. Togo's small size and population, however, imply a restricted domestic market limiting the prospects for industrial development based on local consumption. Except for phosphates, which are characterized by a fluctuating world market price and demand, the country's export possibilities are also limited.

Togo has a modern port at Lome which handled 1.15 million metric tons of cargo in 1981. The port is equipped for containerized traffic. A special, mineral quay has a pipeline for the importation of crude oil and exportation of refined petroleum products, as well as loading facilities for cement clinker. Expansion of the Lome port is now underway with the West Germans supplying partial financing. The Lome port should continue to expand and grow in importance as a route inland to Upper Volta, Niger and Mali. Niger and Upper Volta already have warehouses in the free port area and Mali has indicated its intention to build one. Around the port is the 70 hectare free port area and the government is seeking financing for an additional 36 hectares. The phosphate mine has its own loading/unloading pier down the coast at Kpeme.

Togo has 436 kilometers of railroad. There are 1355 kms of paved road, 1200 kms of all weather gravel and laterite road, and 5000 kms of dry weather unpaved road. About 90 percent of Togo's electrical power, or some 50 MW, comes from the Akosombo Dam in Ghana. Diesel generating capacity in Lome has been increased to 75 MW. The recent installation of a land station for satellite communication has improved international phone and cable communications markedly.

Development investment over the last decade has been characterized by tourism infrastructure and the creation of several enclave-type heavy industrial enterprises in mining and manufacturing: phosphates, petroleum refining, steel based on scrap, electric power generation, and cement production. A number of these investments, e.g. hotel operations, petroleum refining, steel processing have not been profitable. Phosphate mining has been of particular importance for Togo's economy, accounting for 42 percent of total exports in 1980, but the boom and bust character of the world market for phosphates has had a marked effect on the economy. Togo's limited heavy industry is supplemented by about 40 medium-size modern manufacturing plants and an active small enterprise sector.

With a recent limited growth rate resulting from declining export earnings and unprofitable state enterprises, Togo in recent years has entered into a period of current economic difficulty including a high international debt burden. In recognition of Togo's precarious situation, the last session of the United Nations General Assembly recently approved Togo's designation as a least developed country.

Following the quadrupling of phosphate prices in 1974, Togo embarked on an ambitious development plan. Although phosphate prices fell drastically in 1975, Togo continued its expansionary fiscal and monetary policies sustained in large part by private capital inflows. As a result of some imprudent investments, a

rising short and medium-term debt burden, continued heavy investment spending and slower-than-anticipated growth in export earnings, Togo had increasing difficulty servicing its debts in 1978. By early 1979, Togo had built up arrearages of over 100 million dollars to both external and domestic creditors. Faced with a debt service amounting to 39 percent of government revenues in 1979, Togo undertook a financial program in cooperation with the International Monetary Fund and a rescheduling of public and private debts falling due in 1979 and 1980 with its major creditors. Over 52.1 billion CFA worth of debt (Dols 257.9 million) was rescheduled, however, the GOT was not able to meet its arrears as rescheduled.

Although Togo initially attempted adherence to the original IMF guidelines and honored its obligations to the IMF under the financial program, continued deterioration of phosphate, coffee and cocoa earnings resulting from dwindling production and decreasing world prices further weakened Togo's position obviating the recovery originally anticipated in the first financial program. Therefore, in 1980 the GOT entered into a second round of negotiations with the IMF and Paris Club, and a second IMF financial program and debt rescheduling were instituted for 1981 and 1982. Due to less than anticipated revenues from exports, GOT did not comply with the guidelines of its second financial program and its IMF stand-by agreement was suspended in 1981.

The GOT has been engaged in a continuing round of negotiations with the IMF and IBRD over the past year in an attempt to reach an agreement to put Togo's economic house in order. Recent indications are that the GOT and IMF/IBRD have reached a working agreement on issues concerning domestic credit, public investment and savings, arrearages and overall financial restructuring impinging upon mutually agreed upon stand-by arrangements. It is anticipated that Paris Club meetings will take place early 1983 to re-schedule Togo's international debt burden.

Concurrently, IBRD has been working with the GOT to detail various aspects of the GOT's new development policy designed to bring about efficiency to public enterprises in Togo. The GOT is expected to issue in the near future a statement delineating those development policies it intends to follow under the IMF/IBRD inspired austerity program. It is anticipated that the IBRD/GOT agreement on development policy will lead to a credit agreement in early 1983 with the IBRD Executive Board granting final approval shortly thereafter. This will open the way to the issuing of the first tranche of a \$40 million structural reconstruction loan to cover balance of payments expenditures and limited local financial requirements during the next several years with \$12.5 million of disbursement expected in 1983. It is also anticipated that various studies identified in the GOT statement on development policy will get underway in 1983 in order to provide the details for various aspects of public enterprise reform.

In summary, it can be stated that the major constraint to Togo's economic development, today, is basically its limited resource-base and weakness of its financial position. The latter is, in part, attributable to previous over-ambitious development investments which in retrospect can now be termed as unwise policies of the past. Even though the GOT has indicated its intention to comply with IMF/IBRD recommendations for curing its current financial problems, it is anticipated that Togo's economy will continue to decline somewhat under present near-term conditions because of decreasing revenues from commodity export sales and, to a lesser degree, lower cross-border trade due to political and economic instability in neighboring countries. Although it is still too early to predict favorable resolution of Togo's current economic problems, continued prudence and austerity in government spending combined with expanding exports should allow Togo to rectify its economic situation by the mid-1980s, at which time the GOT may be able to relaunch a meaningful investment program. In contrast to Togo's past concentration on industrialization, for the future, it can be anticipated in accordance with recent GOT pronouncements that a renewed investment program will emphasize agricultural production.

III. Mission Strategy and Goals

As a relatively poor country, Togo has a clear need for concessionary economic assistance to help further its development. With a Western oriented, moderate, and cooperative government, Togo represents an attractive partner for the United States in a development assistance relationship. Selected as the seat of several regional economic institutions, e.g., the West African Development Bank (BOAD) and the development funding entity of the Economic Community of West African States (ECOWAS), Togo's strong partnership role with its African neighbors has already been established. The A.I.D. program addresses USG foreign policy objectives in the recognition of past and present demonstration of Togo friendship to the United States, including support it has given the U.S. in the international area. Togo is presently a member of the United Nations Security Council.

A.I.D.'s development strategy is to foster the well-being of the Togolese rural population by attacking critical deterrents to social and economic development, i.e., inadequate income on the part of rural inhabitants due to the lack of appropriate technical means at the disposition of the masses and the ill health of a large percentage of the population. This strategy therefore addresses itself simultaneously to interrelated problems of agricultural production/marketing and rural public health.

AID's input to the Togolese development budget is modest to varying degrees, however each sectorial contribution is intended to be catalytic and influential. We believe the degree of our involvement in each to be appropriate with respect to other donor inputs, the GOT's relative absorptive capacities and current AID resource availability.

The principal AID strategy objective for Togo is to foster development in agriculture production and the rural quality of life, in the process of strengthening and influencing the policies of GOT that operate in those areas.

Our specific goals in Togo are:

- 1) Increase agricultural production through the use of animal traction as a affordable/workable farming system, the provision of agriculture training and extension service to limited resource farmers and the introduction of innovative rural technology;
- 2) Improved rural water supply; village sanitation and low-cost rural health delivery systems, and a coordinated approach to population growth.

Our priorities lie with those activities in which GOT effort warrants our continued support, in which we have a good record of

accomplishment, which is not redundant to other donor's work and where our endeavor remains influential to the development process. We also strive to maximize the impact of AID's inputs by stressing close collaboration with the Peace Corps, PVOs and other donors. AID programs in Togo will continue to be supportive of the macro-economy policies of the IMF and the IBRD and new projects will be designed and managed in ways fully consistent with the applicable international stabilization agreements.

During the course of 1982, significant headway was made in a number of program areas, including laying the groundwork for advancing the program still further. On the other hand, other objectives identified earlier have been abandoned in an effort to focus the program and for related budgetary reasons. OAR ratifies its basic management objectives with respect to those areas in which substantial efforts are to continue. Emphasis continues to be given to cooperative action with Peace Corps, PVOs and other donors. Our major efforts are targeted to GOT institutions, primarily within two ministries, one responsible for agricultural affairs and the other public health, both being prime movers of rural development in Togo.

Overall, OAR believes that relative to the resources applied, appropriate progress has been made with respect to strengthening and influencing at the project level specific GOT institutions.

The most substantial headway has been made with respect to improved rural water supply. In this regard, satisfactory implementation involving the drilling of productive wells has taken place, while AID has continued to influence GOT rural water policy. Significant groundwork, particularly in the form of pre-implementation training, has been laid with respect to a complementary village sanitation program. To a great extent, satisfactory implementation in the future will depend upon adequate organization of GOT project management capability; in this respect, we hope to be influential in the establishment and operation of an effective GOT management capability for this activity.

We have recently completed, in close collaboration with the GOT, identification and design of elements for a low-cost health delivery system scheduled for initiation in FY 83. Given the nature and attributes of this activity, we would see AID bringing to bear considerable influence on the national program involved. The construction component of the family health training center project has been completed and work has been initiated with the GOT for the development of a health training curriculum, including substantial attention to family planning concerns. We foresee continuation of our current bilateral rural sanitation/family health activities throughout the planning period with substantial financial support through centrally and regionally funded programs.

Our contribution to increased agricultural production during the reporting period has been modest. On the other hand, several small related activities involving the introduction of appropriate farm technology, the strengthening of rural savings and credit cooperatives and the introduction of agricultural training in secondary schools have experienced successful implementation during the past year. More significantly, we have completed the design for an ambitious undertaking to expand in collaboration with other donors, our efforts in disseminating appropriate farm technology involving the principal vehicle identified in the GOT's present five-year plan for increasing agricultural production, i.e., animal traction. This new project, scheduled to get underway in FY 83, is based on three year's experience with a smaller accelerated impact (AIP) effort.

We have also guided the recent design of a joint AID/PVO/GOT effort addressing the vital need for an agricultural training program integrated with the extension requirements of small resource farmers. This activity represents an important opportunity to influence GOT efforts in that regard while redirecting the inputs of the involved PVO which until this time has had limited success with its program in Togo.

U.S. bilateral assistance to Togo will continue to focus on the rural sector, primarily in services to the rural population and other activities which increase food production through the efforts of small resource farmers. Our original intentions of addressing other critical growth issues identified in the 1982 statement of management objectives have had mixed results and have been somewhat modified to conform with a strategy calling for a tighter focus.

- Population growth issues have received considerable attention through a variety of family planning training activities; we see continuation of these activities as an integral element of our family health and rural health delivery programs.
- Planning activities with respect to low-income shelter requirements have advanced soundly, including initiation of a small pilot core housing activity; on the other hand, mobilization of large-scale private sector housing initiatives through a HIG remains problematic due to current high investment rates and overall constraints on additional government borrowing.
- As appropriate centrally-funded resources originally contemplated have not materialized, we have made no appreciable

headway in the support of small and medium sized enterprise. In accordance with present program strategy constraints calling for a tighter focus on our program, we do not contemplate substantial future efforts in that regard.

- The same holds true for our capability to assist the GOT rationalize its approach to energy issues affecting developmental and economic growth.

IV. Policy Reforms

Just which GOT policies might be considered as imposing major constraints on Togo's economic development is part of a dialogue that has been going on among GOT, IMF and IBRD for the past two years, and substantial agreement among the parties reportedly was reached by the end of 1982. The ability of Togo to service its international debt and financial stability have been the major IMF/IBRD concerns: continued access to international financial resources and the preservation of political and social stability has been the GOT's.

Past and present GOT negotiations with IMF/IBRD involve a number of issues. The principal ones have involved:

- setting of farmgate prices at an appropriate level to encourage increased agricultural production;
- relaxation of export bans on food crops to stimulate export earnings and increased farm average;
- elimination of subsidized prices for the small amount of grain stored by GOT;
- elimination of food crop price controls;
- closure of unprofitable state enterprises;
- establishment of an adequate accounting system for proceeds from profitable state enterprises;
- decreasing the financial magnitude of the current development plan;

- undertaking new investments based on advance feasibility studies and likelihood that selected initiatives will be immediately profitable;
- limiting GOT budget deficit to a fixed percentage of GNP;
- reduction of the civil service payroll;
- progressive cutting of GOT expenditures;
- reduction of debt arrearages;
- limiting external loans and domestic credit with sub-limitations on credit to the government.

Citing political, social and economic imperatives of Togo's present situation which it believed should modify standard IMF/IBRD solutions to any country's fiscal difficulties, the GOT initially objected to a number of the IMF/IBRD conditions and recommendations. The GOT's arguments emphasized the need for assuring societal stability, including prevention of revolutionary reaction and defense against speculators from neighboring countries (i.e. Nigeria, who would buy the bulk of Togo's food crop if allowed to do so).

Nevertheless, recent indications are that although specific details remain to be worked out, the GOT has agreed to accept reform criteria to the satisfaction of the IMF and IBRD. Noteworthy examples have been the GOT agreement to:

- modest price increases for coffee and cocoa;
- grain market adjustments limiting the role of the GOT grain marketing agency, Togograin;
- reduction of government employee personnel costs;
- food crop price policy changes;
- close down of certain state enterprises and the removal from the public sector of others; (this last item offers a number interesting cases for which the details still need to be worked out, e.g. the final disposition and/or utilization of the infrastructures associated with the oil refinery and the scrap iron processing mill).

The GOT has recently released its 1983 budget which is scheduled for ratification early 1983. Although the new budget at roughly \$220 million (345 CFA to US\$1), represents a 5.22 percent increase over the previous one, it is indeed one of austerity which calls for increased revenues to balance anticipated expenditures. Noteworthy is the fact that 34.7 percent of the budget, or roughly \$134 million, is earmarked for public debt, including long-term debt repayment. This compared to an investment budget of only \$11 million. Of the various ministries, only the Ministry of Primary and Secondary Education is to receive an increase, i.e., 4.65 percent. The ministries of Defense, Foreign Affairs and Interior each took cuts in the neighborhood of 9 percent. The highest budgetary outlays go to the following ministries: Primary and Secondary Education, \$22 million,

Defense, \$16 million, and Public Health, \$9 million.

Now, to put Togo's economic situation and policy trends in the context of USG involvement and policy influence. The GOT has been engaged for the better part of the past year in negotiations with the IMF and IBRD with the intent of putting its house in order. The point to be made here is that whatever the merits of the GOT case, or that of the IMF/IBRD, negotiations have been underway and, indeed, still continue with respect to detailing final agreements, and any USG intervention with the GOT about attempts to influence development policies must be carefully considered and orchestrated to avoid being counter-productive. Given the negligible magnitude of our inputs in comparison with Togo's development needs and the anticipated efforts of other donors, the AID program cannot be expected at this time to have, relatively speaking, a significant impact on influencing GOT fiscal policies or improving Togo's macro-economic problems and, therefore, should not be considered in that light.

Our program strategy also takes into consideration not only Togo's crying need for broad assistance in meeting the basic human needs implicit in economic and social development, but also the GOT's presently very limited capacity to supply counterpart funds or to meet in the near future substantial recurrent

costs, although the GOT is committed to trying. In this respect, it should be pointed out that we consult regularly with the other donors which are our principal associates in joint program activities, i.e. FED and FAC, as well as with IBRD representatives to assure that the AID program is in concert with the reforms being supported by these other donors.

On the other hand, it is appropriate to comment on those other aspects of GOT policy which impinge upon development and which form the context in which we are presently working in dialogue with our GOT counterparts. Basically, it can be said that Togo currently has a satisfactory development plan with respect to AID's way of thinking. Agricultural development is the strong theme with emphasis on achieving food self-sufficiency, the establishment of food processing industries, construction of grain storage facilities, application of appropriate technology to agricultural production and development of increased irrigated agriculture capacity. The government has begun implementing an agrarian reform program which will bring unused land under cultivation and distribute land resources more widely among the people. The program also plans to designate large sections of land in each of Togo's region for use by foreign investors interested in large-scale agricultural projects. A national education plan has been conducted to convince tenants and land owners that they must utilize the land under their control or run the risk of losing it.

Finally, the USG is presently bringing to bear its influence on economic development policy precisely where we believe we can be the most effective, i.e., through the implementation of an assistance strategy which calls for the strengthening of key institutions involved in the development process and the influencing of the policies of those institutions. We are doing so in close dialogue with the GOT agencies concerned as well as in collaboration with other donors. Our particular focus in that respect is to foster development of agriculture production and to improve the quality of rural life. Our present influence on GOT development policies extends into the use of appropriate technology in agricultural production, agricultural training and extension, rural water supply and sanitation, rural health delivery, and low-cost housing. The GOT has been, and is, receptive to this influence.

V. The Private Sector

Togo's development potential benefits from an active private sector and liberal GOT policies fostering greater participation and foreign investment in the economic development of Togo. There appears to be adequate access by the private sector to productive resources. The GOT's agrarian reform program proposes designation of substantial land area in each of Togo's regions for use by foreign investors interested in large-scale agricultural projects. There appears to be no difference between official positions on investment and the manner in which investment laws are enforced. The laws are fairly administered and the widespread, major corruption that exists in some countries is not of that order here. There has been only one case of nationalization and, in that case, full and fair compensation was paid.

The general government attitude toward foreign private investment is positive. Togo actively searches for foreign participation in its growing industrial base. The government maintains a very liberal investment code providing new capital with customs duty and tax exonerations as well as the right to repatriation of profits. The government has also created a free port area and an industrial zone in Lome and Lama Kara. Togo hopes that with the advent, by the early 1990's, of a free trade area and custom union through the 16 member nation Economic Community of West African States (ECOWAS), it will be able to offer private investors a stable political environment, an open market philosophy and a freely convertible currency, combined with access to a market of the more than 130 million people who live in the ECOWAS area.

The GOT has created a number of major laws affecting foreign investment in Togo. On February 1, 1978, a new investment code, number 78-6, was signed into law by President Eyadema. The new, detailed code not only maintains Togo's liberal policy, but strongly encourages investment in national development by the use of incentives.

The code gives two general guarantees to all investors:

1. Within the framework of exchange regulations and the arrangements which created the National Investment Corporation, the right to repatriate profits derived from foreign investments.
2. With the exception of certain advantages accorded small and medium size Togolese businesses, national treatment for foreign investors.

The code designates certain categories of business that can receive preferential tariff and/or tax treatment. These categories are: small and medium size Togolese businesses, businesses approved for the common law regime, businesses approved for the priority regime and priority businesses approved for the long-term fiscal regime. There are special tax exemptions to encourage development in all regions of the country with the greatest benefits going to industrial companies establishing themselves in the three northern-most regions. There are special exemptions to spur agriculture with most favored conditions once again going to agriculture projects and agro-industries in the north.

Investment screening begins with the presentation of the planned investment to the Ministry of Plan. The Minister then notifies the

investor(s) within 3-6 months whether the government agrees to the investment and whether the investment qualifies for one of the categories contained in the investment code. Disputes between the government and investors arising from an outside investment in Togo are submitted to the International Center for the Regulation of Investment Differences (CIRDI).

There does not appear to be a specific government policy on import substitution. However, there is a desire on the part of the Togolese government to promote import substitution.

The investment code, under the system of common law and priority enterprises, makes allowance for exoneration from duties and provides tax benefits for substantial plan expansions or modernizations. Businesses can also benefit from the reinvestment of capital gains.

Togo does not have a codified policy for dealing with patents, trademarks or royalties, but there are scattered decrees dealing with particular issues. The government also does not have a codified policy toward the transfer of technology.

The government does not have a stated policy toward investment funds flowing out of Togo to other developing countries. While strongly encouraging and desirous of having investment in Togo, the government does not forbid the outflow of private investment funds.

As a member of the West African Monetary Union which governs the Franc zone, Togo joins the other members in coordinating monetary and credit policies. Rediscount rates are established for all members and the governing board of the zone has attempted to influence sectoral

distribution of credit by establishing preferential discount rates for agriculture, low income housing and small and medium size businesses.

Depending on the type of commitment the investor is willing to make in training, most levels of technology can be applied. Intermediate technology enterprises would involve longer-term programs than low technology industries and high technology enterprises would initially need expatriates as managers and technicians until Togolese could be trained to take over.

The GOT does not require that foreign investors enter into joint venture with either private or government partners. If, however, a business wishes to qualify under the special regime for small and medium size Togolese businesses, majority capital (51 percent) must be held by a Togolese partner. Only investments that qualify for benefits as small and medium size Togolese businesses have requirements for local management or participation. Outside of that category, managers may come from anywhere. In new high technology industries, expatriate management tends to be the rule rather than the exception.

Togo's open door non-discriminatory trade and investment policies do not present any significant tariff barriers to U.S. products. Togo is eligible for the U.S. generalized system of preferences.

The Togolese government maintains few import or export controls. Goods originating within the Franc Zone, including the West African Monetary Union of which Togo is a member, can be cleared through customs by merely obtaining an import authorization from customs after the goods arrive. Goods originating from outside the Franc Zone, i.e., the

United States, require a more complex procedure as the government controls outflows of foreign exchange.

Despite the generally favorable investment climate generated by the GOT policies described above, Togo has not attracted significant American business. This is due primarily to the fact that American entrepreneurship and risk capital can find more profitable opportunities in better known terrain than Togo, where French and other European influences are predominant. Limited local markets, transportation costs and linguistic differences are other factors which have contributed to the disinterest of the American businessman.

The AID program in Togo stresses involvement with the private sector primarily through use of American private voluntary organizations and/or by assistance to individual Togolese beneficiaries with limited resources, e.g., small resource farmers.

Four major U.S. Private Voluntary organizations are operating in Togo with AID funding. The Opportunities Industrial Centers International (OICI), active in Togo since 1976, has embarked on a new phase of agricultural training by joining with the GOT Ministry of Rural Development (MDR) in a project to strengthen extension activities to small resource farmers in the geographic area of Notse, Togo. The OICI center at Notse provides beginning and in-service training for agricultural extension and training personnel of the MRD as well as personnel from parastatal agencies, private organizations and other donor activities.

Since 1980, an AID-financed program of technical assistance has been provided to the Togolese national association of credit unions

(CONAUDEC), a national private sector service organization owned and operated by and for member credit unions. Funding has been provided through the World Council of Credit Unions (WOCCU) for a full-time resident advisor to assist in the early formation and structural development of CONAUDEC. Based upon the results of an in-house evaluation which confirmed the positive results of the initial phase of the WOCCU grant, OAR/Lome anticipates continuation into a second three-year phase of assistance to CONAUDEC.

The National Council of Negro Women (NCNW) has been collaborating in the implementation of a woman's skills training project in the north of Togo in collaboration with the Ministry of Social Affairs and the Togolese National Womens' Association. This project is focusing on the development of cottage industries with a long-range goal of marketing products through cooperatives emphasizing private entrepreneurship.

Catholic Relief Services (CRS) is also active in Togo, primarily as an implementing agent for an AID-sponsored PL 480, Title II program described later in this presentation.

Additionally, a fifth American PVO, Partnership for Productivity (PPF), an organization specializing in the provision of assistance to small entrepreneurs, has been welcomed by the GOI to explore project development possibilities, particularly in the rural sector. Establishment of a PFP presence in Togo is dependent upon identification of an appropriate project and source of funds.

Finally, it should be pointed out that AID's major new project initiative in Togo involves the wider application of a farming system (i.e., animal traction) to increase individual small-resource farm revenues.

VI. Technology Transfer and Research

In general, the GOT welcomes technology transfer and is receptive to new ideas. The GOT is particularly keen on the adaptation of appropriate technology to Togo's developmental needs. The GOT also regularly seeks out opportunities to engage in the exchange of students, instructors and information with more scientifically advanced countries. Cooperation in scientific research is a continuing objective. The GOT is particularly keen on expanding its capability to undertake agricultural research geared to local conditions and has advanced plans to do so, although adequate financial backing is apparently not available. Improved crop storage techniques and the establishment of a seed multiplication capability for locally effective varieties are high on the list of GOT's agricultural research goals. Limited resource availability presently precludes AID from collaborating with the GOT in such initiatives.

Although the AID program in Togo has had only modest resources available for such undertakings, we have provided substantial support to the national university, the University of Benin (UB), for the development of prototype apparatus lending itself to Togo's developmental requirements, i.e., solar-powered grain-dryers and water heaters. We have also assisted with the development of a recently approved proposal to AID's Office of Science for gradient solar pond experimentation.

In follow-up to this initial action and in further response to AID/W policy directives re support of institution building and technology transfer, OAR is contemplating a proposal for the development of a block grant to the U.B.'s Science and Technology lab for the development,

construction and testing of innovative technologies ranging from traditional methods to renewable energies and appropriate technology. Research would be directed at improving agricultural production in rural areas and on small farm holdings. In the development of the grant, OAR would seek the assistance of the University of Florida, Gainesville, (Title XII institution) which has growing ties with UB through AID-financed scientific training at Gainesville and staff exchanges. The grant would be designed to strengthen those ties.

Finally, it should be pointed out that the development and institutionalization of appropriate technology is the back-bone of our animal traction project and is a key element within our agricultural training and extension project implemented by OICI.

VII. Institutional Development

Institutional development is the main thrust of the AID program in Togo. AID has been instrumental in the development of a number of Togolese developmental institutions.

AID is a charter member of the national animal traction agency (PROPTA) which was created to rationalize the many and varied donor-supported and national activities involving animal traction. We have been influential in establishing related policies. AID has also been a prime participant in the national rural water supply movement and has led the effort to impose village sanitation considerations on the development and execution of potable water supply activities. We are assisting the GOT to establish a national in-service public health training facility and curriculum and have laid the groundwork for doing the same thing with agricultural extension agent and small farmer training programs. We have also provided essential inputs to the creation of a national urban housing agency.

In general, the GOT is highly susceptible to institutional development and related activities. The GOT is making a major effort to incorporate women in education as well as into all other aspects of development concern. Togolese society appears open to new ideas and there is a free flow of information concerning the general state of affairs affecting national concerns. On the other hand, mass media are under government control.

The current relative political calm is conducive to an

openness with respect to economic, social and technical matters related to the development effort. The political leadership is attentive to the needs of the poor country-wide. The sole political party (RPT), has an organizational structure which permeates all levels, sectors and regions of Togolese society. Although its direction of communication is more down than up, it provides some opportunity for the poor to be heard and, to a certain extent, participate in the addressing of their concerns. It is GOT policy to reduce regional disparities which implies equal treatment to various ethnic and geographical groupings. Closely related to this desire to eliminate regional disparities are the government's efforts to decentralize the administrative structure, particularly with respect to agricultural and rural development, and to open new lands for settlement. The tendency is toward broadening regional representation within the administrative and political power structure. Administrative reform is a priority concern of the GOT, and the organizational structure to accomplish this goal has been established. Many of the short-comings within the government bureaucracy can be attributed to a lack of depth in managerial and technical capabilities and an associated over-centralization of responsibilities in the hands of a small number of government officials. Overall effectiveness is also limited by short-comings in the practical aspects of interministerial coordination, although attempts are made along those lines. Finally, the capability of the government

to implement its policies and projects is limited by financial and technical restraints that negate the ambitious nature of its plans. AID's efforts toward institutional development are intended to correct this situation.

VIII. Development Uses of PL 480

With the exception of the USG contribution to the World Food Program, PL 480 activity in Togo is limited to a Title II food delivery program implemented by Catholic Relief Services (CRS) serving as the cooperating sponsor. This program is basically oriented to socio-economic development of the most needy sector of Togo. CRS and OAR/Lome view the PL 480 Title II program in Togo as an important development tool.

Since 1958, CRS has been a partner in Togolese self-development activities as well as a source of aid for other organizations and groups, both local and international, working for the advancement of Togo. Included among these activities: founding member National Credit Union; participant and organizer in village level development projects (agricultural, animal husbandry, sanitation, etc.); sponsoring donor of medicines and medical equipment to hospitals and missions; founding member and current administrator of National Leprosy Service; and manager of various food-aid related programs including Maternal-Child Health centers and School Lunch programs.

In order to resolve serious and long-standing logistical problems, and to fulfill its obligation to assure appropriate management and timely use of PL 480 commodities, CRS/Togo, with AID/Mission concurrence, suspended its operational activities in mid-1980 until a revised agreement, acceptable to all parties, was agreed to and formally approved on July 9, 1981.

A significant aspect of the CRS program is its integration into overall public health structures, and whenever possible, acting as the catalyst for community development activities.

Maternal/Child health (MCH) is the principal thrust of the CRS/Togo PL 480 program. Short-term goals include putting into operation approximately 50 MCH centers providing 50-55,000 recipients (children under five years and their mothers) with monthly nutritional support. This modest program level during the first year of renewed operations reflects a cautious start-up in recognition of the necessity for establishing appropriate GOT counterpart structures per the revised Country Agreement, as well as CRS's commitment to maintaining careful Program management and control.

During FY 83, CRS will increase by approximately 50% the number of centers across Togo, stressing as with the first group of centers, an effective geographic distribution particularly in terms of the most disadvantaged and hard-to-reach Northern Regions. During this period, CRS plans increasingly to coordinate its activities with development projects initiated by Togolese agencies or communities, and by other development agencies (i.e., the current USAID sanitation project). This phase will hopefully bring the MCH recipients from approximately 55,000 recipients eventually to 72,000. During this expansion stage, CRS/Togo plans to identify any remaining geographic areas in priority need of nutritional assistance. At the same time, CRS will refine and, when necessary, modify procedures in order to maximize not only overall program management, but the utilization of data retrieved from the centers.

However, the main thrust of CRS planning will involve using the program's established infrastructure and basic nutritional inputs as key elements in the design, implementation, and support of village based projects which correspond to national development strategies and priorities. Concentration will be on support of associated development activities at MCH centers, with centers deciding areas. We are particularly interested in projects which will help to improve the overall nutritional status of the family, while also generating income for the family. This is in recognition of the relationship which exists between the economic status of the family and the nutritional status of the child. Hopefully, associated projects for the mothers at the center level will develop along these lines.

CRS has also planned a modest school feeding "pilot" program involving a group of ten elementary schools. As in all such programs, the core problem addressed is that in an agrarian less-developed environment the crucial process of improving universal education levels is often inhibited by the inability of students, who frequently must travel long distances on foot, to benefit from the family mid-day meal or to be able to have any other nourishment during the school day. The lack of such a mid-day nutrition component leads to lower energy, reduced attention, and increased absenteeism. The weakness of such school feeding programs is lack of involvement or understanding of its objectives and goals by the community, the school administration, or even the students themselves.

In order for the program to be effective, CRS has designed the initial stage to be limited and located so that frequent progress verification can be accomplished. In addition CRS worked in cooperation with local Peace Corps volunteers in establishing an associated productive activity, i.e., gardens planted and maintained by the students themselves, which are to provide a portion of the lunch meal, and, whenever possible, funds (through produce sales) to purchase condiments, cooking utensils, etc. The local villagers provide a cooking facility and the requisite personnel.

As with the MCH program, data concerning program participants is collected to track individual and group nutritional trends. Explanation of program goals and on-site program control are provided by the teachers. In the near term, CRS plans to continue improving the management of the School Feeding Program, particularly in areas of interaction between school administration, village committees, and outside agencies such as CRS and the Peace Corps. Plans call for each of the ten schools to participate successfully in agricultural and animal raising activities.

Later, the findings and data from the pilot program will be applied to the establishment of a much more extensive system of schools. Responding to GOT development policies, CRS plans that the schools will be evenly distributed across Togo in each of the varied cultural, economic and geographic environments, ultimately providing all Togolese schools with models from which to work. This expansion, dependant upon funding availability, will necessarily be modest in keeping with the original perspective of maximizing efficiency. It is expected that five or six

school programs in each of the four remaining regions of Togo will be established for a total of 20-24 bringing the total number of recipients to approximately 10,000.

CRS/Togo plans to continue, as appropriate, supporting the most vulnerable groups of Togolese society, the elderly, the destitute, mothers and children, with humanitarian assistance/feeding programs in churches, social welfare centers and child feeding centers.

CRS/Togo has attempted to profit from its long history of assistance to Togo as well as from its recently interrupted activities to redesign its PL 480 activities in order to better respond to the requirements of national development strategies. All activities will have a much higher level of Togolese participation and responsibility and greater coordination with other international projects and programs thereby maximizing total development benefits.

Major new emphasis of CRS activities will be the full integration of PL 480 commodity distribution into the overall development strategy for Togo. The planning period will see the CRS and AID offices in Togo working together to achieve this integration to the fullest extent possible with emphasis on village level MCH activity.

IX. Training

The Togo country training program supports fundamental AID and Africa bureau policy objectives with primary emphasis on training in target sectors of agriculture, rural development and health. Training will also be directed at activities to promote policy changes advocated by AID as well as train key public administrators in ways consistent with our strategy to support sound economic planning. OAR/Lome will also attempt to identify key Togolese administrators for training in areas where there are discernible planning gaps, i.e., economic analysis within priority sectors, development of sectorial priorities and the identification and preparation of discrete projects.

In the agriculture and rural development sector, OAR/Lome plans to continue to provide training that links up with our dual project purpose of increasing food crop production and improving the incomes of rural small holder farm families. The current and proposed program strategy in agriculture is intended to coordinate activities with other donors in order to assist the GOT to improve the rural institutional infrastructure, both public and private, in terms of physical and human resources.

Improved manpower training in selected technical and planning subjects, related to specific AID-funded project interventions, will better enable the local rural development agents and entrepreneurs to provide timely and meaningful inputs and services to farm families. AID training in agricultural projects in Togo is directed at making improvements in on-farm technology and methods (in-country training), and at strengthening the project management level (third-country and U.S.). The proposed

training program also reflects a long-standing AID interest in improving the agricultural research capacity of Togolese institutions.

In the health sector, the focus of the training will be to improve the Ministry of Public Health and Social Affairs' capacity to conduct programs in health, nutrition and population. OAR plans to provide training that reinforces and complements our efforts to help the GOT improve its capacity to design, implement and evaluate primary health care activities. Proposed training will support the specific program goals associated with monitoring the growth and nutritional status of small children; introduction of better nutritional practices; control of diarrheal diseases in small children; vaccination against contagious diseases; control of malaria in small children and pregnant women; and provision of health education in reinforcement of primary health care activities.

Also, OAR plans to identify new training activities reflective of AID's goal to stimulate indigenous private enterprise in Togo. The efforts will be made in two directions, i.e., strengthening the role of public sector institutions to promote private sector growth and supporting policy development as well as promoting the growth of small and medium enterprises, particularly as they relate to the increase of agricultural production and farmer income. A portion of the training would be directed to identifying constraints to private sector growth, including government policy, market outlets, infrastructure, and supply of investable funds.

As in the past, OAR places heavy reliance on the support given to its training activities from the regionally funded African Manpower

Development Project (AMDP). Because of the relatively small size of the Togo bilateral program, AMDP enables us to be more responsive and to undertake a wider variety of training activities than would be possible through the ordinary bilateral program. Because of the limited funds available to the regular bilateral program, required training activities through AMDP are a valuable adjunct to the bilateral program and, as such, are indispensable to advancing AID's total development program in Togo.

The GOT is extremely interested in AID-financed training opportunities, both in the United States and in African institutions and has consistently utilized to good avail the opportunities presented. The GOT values highly the need for human resource development in the satisfaction of overall development requirements. The GOT is particularly appreciative of international donor sponsored training.

Given the fact that Togo's foreign exchange reserves and balance of payments are in a precarious position, the GOT has recently adopted an austerity program under World Bank and IMF guidelines which has limited government spending. Donor governments have been asked to assist in the conservation of foreign exchange reserves by assuming the international travel costs related to training courses offered Togolese trainees. Not to provide international travel as an integral component of our training assistance would severely curtail that endeavor and, as a result, adversely affect the objectives of our overall program strategy for Togo. It is, therefore, the policy of OAR/Lome to fund international travel costs incidental to individual

participant training programs, and an appropriate waiver has been issued to that effect. On the other hand, the GOT continues payment of salary and allowances to participants in training, as well as funding significant portions of in-country seminars, thereby contributing financially to the AID-sponsored training program.