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### **Togo: Selected Issues**

This Selected Issues report on Togo was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with this member country. As such, the views expressed in this document are those of the staff team and do not necessarily reflect the views of the Government of Togo or the Executive Board of the IMF.

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TOGO

**Selected Issues**

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**Glossary of Acronyms  
Public or Privatized Enterprises in Togo**

AGETU	Agence d'Equipement des Terrains Urbains
BALTEX	Banque Arabe-Libyenne-Togolaise du Commerce Extérieur
BB	Brasserie du Bénin
BCCI	Banque de Crédit et du Commerce International
BTCI	Banque Togolaise de Crédit et de l'Industrie
BTD	Banque Togolaise de Développement
CAAN	Centre Artisanal Agou-Nyogbo
CEET	Compagnie Energie Electrique du Togo
CET	Caisse d'Epargne du Togo
CIMTOGO	Ciment du Togo
CNCA	Caisse Nationale de Crédit Agricole
CNPPME	Centre National pour La promotion des Petites et Moyennes Entreprises
CNSS	Caisse Nationale de Sécurité Sociale
EDITOGO	Editions du Togo
FAB	Ferme Agricole de Baquida
GTA	Groupement Togolais d'Assurance
HT	Huileries Togolaises
IOTO	Industrie d'Oléagineux du Togo
ITP	Industrie Togolaise des Plastiques
ITT	Industrie Textile Togolaise
LNBT	Laboratoire National des Bâtiments et des Travaux Publics
LONATO	Loterie Nationale Togolaise
NIOTO	Nouvelle Industrie des Oléagineux
SOTOMA	Nouvelle Société Togolaise de Marbrerie
ODEF	Office de Développement des Exploitations Forestières
ONAF	Office National des Abattoirs Frigorifiques
ONPT	Office National des Postes et Télécommunications
OPAT	Office des Produits Agricoles du Togo
OPTT	Office des Postes et Télécommunications du Togo
OTODI	Office Togolais du Disque
OTP	Office Togolais des Phosphates
PAL	Port Autonome de Lomé
RNET	Régie Nationale des Eaux du Togo
SALINTO	Société des Salines du Togo
SALT	Société Aéroportuaire de Lomé-Tokoin
SATAL	Société d'Agriculture Togolaise Arabe-Libyenne
SATELIT	Société Autonome de Télécommunications Internationales du Togo
SBHT	Société Boutiques Hors-Taxes
SGMT	Société Générale des Moulins du Togo
SIAB	Société Inter-Africaine de Banque

SIT	Société Industrielle du Togo
SITO	Société Immobilière du Togo
SNI (-FA)	Société Nationale d'Investissement (et Fonds Annexes)
SNS	Société Nationale de Sidérurgie
SODETO	Société des Détergents du Togo
SOMAT	Société Maritime de l'Atlantique
SONACOM	Société Nationale pour le Commerce
SONAPH	Société Nationale pour le Développement des Palmeraies et des Huileries
SOPROLAIT	Société pour la Promotion du Lait
SOTCON	Société Togolaise de Confection
SOTED	Société Togolaise d'Etudes et de Développement
SOTEXMA	Société d'Exploitation de Machines Agricoles
SOTOCO	Société Togolaise de Coton
SOTOMA	Société Togolaise de Marbrerie et de Matériaux
SOTONAM	Société Togolaise de Navigation Maritime
SOTOPROMER	Société Togolaise pour la Promotion des Produits de Mer
SOTOTOLES	Société Togolaise de Galvanisation de Tôles
SPT	Société Togolaise des Postes
SRCC	Société Nationale pour la Rénovation et le Développement de la Cacaoyère et de la Cafèière Togolaises
STALPECHE	Société Togolaise Arabe-Libyenne de Pêche
STB	Société Togolaise de Boissons
STH	Société Togolaise des Hydrocarbures
STS	Société Togolaise de Sidérurgie
STSL	Société Togolaise de Stockage de Lomé
TOGOFRUIT	Société Togolaise des Fruits
TOGOGAZ	Société Togolaise de Gaz Industriel
TOGOGRAIN	Togo Grain Marketing Board
TOGOPHARMA	Office National Togolais de la Pharmacie
TOGOPROM	Société Togolaise de Promotion pour le Développement
TOGOROUTE	Société Nationale de Transport Routier
Togo-TELECOM	Togo Telecommunications Company
TOGOTEX	Société Togolaise de Textile
UPROMA	Unité de Production de Petit Matériel Agricole
UTB	Union Togolaise de Banques

## I. THE BANKING SECTOR IN TOGO—RECENT DEVELOPMENTS AND PERSPECTIVES FOR REFORM<sup>1</sup>

### A. Introduction

1. Prior to the 1990s, the Togolese banking system was one of the best performing in West Africa. Solid and profitable banks operating in a relatively stable macroeconomic environment were able to attract capital from, and provide financial services to, the entire subregion. As result of a period of political turbulence between 1991 and 1993, the banking sector in Togo experienced a serious decline from which it did not fully recover in the post-devaluation period, despite considerable progress in 1996-97. However, the recovery process suffered a major setback in 1998, as the deepening liquidity crunch developed into a serious crisis of confidence, leaving most banks in a much weakened position.

2. This chapter is organized into three parts. The first describes the nature of the problems presently confronting the Togolese banking system, most of which have their origins in the impact of the sociopolitical crisis of 1991-93 on the banks' portfolio structure and profitability. The second section therefore analyzes these vulnerabilities. The third discusses the reforms perspectives for the financial sector.

### B. The Present Situation of the Togolese Banking System

3. After two years of steady improvement in 1996-97, the financial position of the Togolese banks situation deteriorated abruptly with the outbreak of the energy crisis in February 1998. The volume of credit surged while deposits declined (Figure 1), and there was a steady deterioration in the cash-flow position from April onward (Figure 2, top panel). The sources of this deterioration in the liquidity position were twofold.<sup>2</sup> First, the energy crisis affected the cash-flow position of the debtor enterprises, increasing their credit demand while they drew down on their bank deposits to meet daily operating requirements. Second, the severe deterioration of the public finances led to the accumulation of payments arrears

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<sup>1</sup> This chapter concentrates on the banking system. However, planned reform and restructuring programs are intended to also address serious problems in the nonbank financial institutions, the insurance sector, and the social security system, as well as to promote the development of decentralized financial systems. Box 1 presents an overview of the structure of the Togolese financial system.

<sup>2</sup> While the Togolese banks had enjoyed a comfortable liquidity surplus through January 1998 (averaging more than 11 percent of total deposits over the preceding 12 months), Togo was one of only two countries in the WAEMU that did not benefit in the immediate postdevaluation period from the return of capital previously placed abroad; as such, the Togolese banks did not experience the exceptional excess liquidity encountered in the other countries of the union.

vis-à-vis domestic suppliers, further limiting their ability to service bank debts. Moreover, key public enterprises also increased their use of bank credit (drawing on short-term loans to effect rehabilitation and maintenance expenditures).

### **Box 1. The Structure of the Togolese Financial Sector**

The Togolese financial system consists of five commercial banks, one development bank, one savings bank, four nonbank financial institutions, six insurance companies, and two public social security funds. The system is dominated by the five commercial banks and the development bank, with a total nominal capitalization of CFAF 18.1 billion (roughly US\$26 million). The commercial banks account for 79.5 percent of total bank credit to the economy. The two largest banks account for 62 percent of the network of branches throughout the country; nonetheless, with only 86 branch offices for a population of 4.3 million, the network is very thin and is concentrated in the major cities and towns.

The capital structure of the banks is characterized by a heavy involvement of the state, which holds majority shares in three commercial banks, including the two largest, and in the development bank. Moreover, the savings bank (Caisse d'Epargne du Togo (CET)) and one of the financial institutions (Société Nationale d'Investissement (SNI)), as well as the two public social security funds (the Caisse de Retraite du Togo (CRT) for the civil servants, and the Caisse Nationale de Sécurité Sociale (CNSS)) are wholly state-owned. The government also holds a majority stake in the largest insurance company, (Groupement Togolais d'Assurance), which controls 40 percent of the market. The government exercises considerable influence over the management of the banks in which it holds majority ownership, including through direct participation of members of the government in the executive boards of some of the banks, in contravention of the rules of the regional banking convention. 1/

There has been a marked development of decentralized financial systems (DFSs) in Togo over the past five years. These take several forms, ranging from the mutual savings and loan institutions and direct credit institutions to the informal ambulant moneylenders (*tontiniers*). The mutual organizations have built a network of savings and loan cooperatives (Coopératives d'Epargne et de Crédit (COOPEC)). Finally, there is also a variety of other institutions serving the informal sector, such as the SODEVI and the SYNORSEC, whose volume of activity is relatively limited. Notwithstanding the impressive growth of their savings and deposits, the DFSs are still very small relative to the commercial banking sector; 2/ however, there are increasing signs of interest on the part of the commercial banks in collaborating with the DFSs.

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1/ The state's stockholdings in 7 of the 11 registered financial institutions in Togo amount to over 48 percent of the cumulative capital of the financial system, by far the highest such participation in the WAEMU.

2/ Total deposits in the DFSs amounted to only an estimated CFAF 9.2 billion in 1997, compared with private deposits in the commercial banks of CFAF 135 billion.



4. Consequently, the position of the banks relative to the BCEAO worsened dramatically in 1998 as they increased their recourse to central bank refinancing, shifting from a net creditor to a net debtor position in June (Figure 2, bottom panel).<sup>3</sup> Concerned by the deterioration of Togo's contribution to the international reserves of the regional central bank and by the rapid expansion of credit in a context of stagnating economic activity, the BCEAO began in August 1998 to limit the Togolese banks' access to the refinancing window, at the same time as it tightened monetary conditions throughout the zone.<sup>4</sup> Because of the tight liquidity situation, some banks toward the end of the year were unable to fully honor all checks drawn on their accounts, and the BCEAO occasionally excluded certain banks from participation in the daily payments preclearing sessions to avoid blocking the entire payments system.<sup>5</sup>

5. These developments led to a severe loss of public confidence in the banking system and further encouraged the withdrawal of deposits, as private individuals and firms sought to place their funds outside the Togolese banking system. The situation was further complicated toward the end of the year by the capital flight, also observed in other CFA franc countries, associated with fears of a renewed devaluation of the CFA franc in the context of the introduction of the euro.

6. As a result of these developments, the banking system in Togo is now in a very fragile position—the conjunction of the weakened portfolio structure and the liquidity crunch could have serious implications for the solvency of some of the banks, making immediate and far-reaching reforms essential. The situation confronting the Togolese banks by the end of 1998 is characterized by: (i) the liquidity crunch resulting from the loss of deposits and the increase in nonperforming loans in their portfolios, and an overdependence on refinancing from the central bank; (ii) the erosion of their net capital position; (iii) a renewed decline in

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<sup>3</sup> The volume of interbank transactions among Togolese banks and between these and other banks in the WAEMU was relatively modest, reflecting the rising perception of risk associated with the Togolese market. Some banks were also unable to renew their lines of credit with foreign correspondent banks.

<sup>4</sup> These actions included a differentiated increase in minimum reserve requirements. The rate for Togolese banks was raised from 1.5 percent to 9 percent on August 16, 1998; it was lowered to 3 percent on November 16 and to 1.5 percent on December 16. The banks moved from a surplus of reserves held at the BCEAO of CFAF 14 billion in mid-January 1998 to deficits in excess of CFAF 5 billion relative to the reserve requirement beginning in August. With the reduction of the reserve coefficient in November, the position shifted back into surplus.

<sup>5</sup> However, the liquidity situation varied considerably among the banks: Some ended the year in positions of comfortable surplus, but, given the relative lack of interbank transactions, this excess was not made easily available to the banks in difficult liquidity positions.

their profitability, which compromises their ability to adequately provision doubtful or nonperforming loans; and (iv) an unhealthy concentration of risk, with a high exposure to the public sector.

7. The weakened situation of the Togolese banks is clearly reflected in their position relative to the prudential ratios established by the regional banking commission (Box 2), although even prior to the negative developments in 1998, none of the Togolese banks were in full compliance with all the ratios (see Table 1). Overall, the Togolese banking system has an effective net capital ratio of 5.8 percent, though there is considerable variation among the banks. Five of the seven commercial banks are not in compliance with the liquidity ratio, while three are not in compliance with the solvency ratio.

### **Box 2. The Monetary, Regulatory, and Judicial Environment of the Financial Sector**

Togo's monetary policy is conducted on the regional level by the Central Bank of West African States (BCEAO), the common central bank for the eight states of the West African Monetary Union (WAMU). The BCEAO sets the targets for money and credit in each member state and, since October 1993, has relied on indirect instruments to achieve these objectives, including a range of interest rates to regulate bank liquidity (the repurchase rate and discount rate), the liquidity auction, and a special interest rate for direct borrowing by the national treasuries. It also uses a reserve requirement that is differentiated by country to help manage the banks' liquidity position.

**Banking regulation and supervision** within the WAMU are the responsibility of the regional banking commission, which began operations in October 1990 and conducts on-site inspections and off-site analyses of monthly statistics of all registered banks and financial institutions in the WAMU. **Prudential ratios** applicable to all banks in the union were introduced in 1991. They include: (i) a minimum risk-weighted capital asset ratio of 4 percent; (ii) a maximum ratio of fixed assets and participations to the capital base of 100 percent; (iii) a maximum ratio of loans and commitments to a single borrower relative to the capital base of 100 percent; (iv) a minimum liquidity ratio of 60 percent; (v) a maximum ratio of loans and commitments to bank staff and management relative to the capital base of 20 percent; (vi) a minimum ratio of long-term bank resources to long-term credit of 75 percent; (vii) a minimum share of credit admissible to central bank refinancing of 60 percent; and (viii) a maximum refinancing ratio of 35 percent. It is empowered to enforce its objectives through sanctions ranging from intensified monitoring of a bank's activities to disciplinary measures, such as removing individual bank managers or withdrawing a bank's operating license. However, the Ministries of Finance retain the national responsibility for implementing the decisions of the banking commission. The Togolese banks were last examined in 1998.

The **judicial environment for banking** in Togo remains very weak, particularly as concerns commercial jurisprudence, thereby complicating risk management. As in other countries in the region, laws often fail to provide an effective mechanism for banks to recover nonperforming loans or the associated collateral; it is very difficult for banks to bring delinquent borrowers to court and secure a favorable judgement, or to have such judgements enforced. The recent introduction of new laws and a simplified procedure for loan recovery has thus far not led to significant improvements, in part owing to poor application by the concerned parties

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1/ The eight member states are Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo. For more details on the conduct of monetary policy by the BCEAO, see *The West African Economic and Monetary Union; Recent Developments and Policy Issues*, IMF Occasional Paper No. 170, Washington D.C., 1998.

8. However, this analysis must be differentiated by bank. Of the six banks under consideration, two have not been deeply affected by the liquidity crisis, either because they have suffered less significant losses of deposits or because they have managed to maintain access to refinancing from other banks in the region (i.e., through their networks of partner banks). Judging also by the compliance with the prudential ratios, these banks have more comfortable solvency positions, and their rate of coverage of medium-term liabilities by resources with a similar maturity structure is more comfortable. Another bank, although hard hit by the liquidity crunch, is in a more solid position with regard to the medium-term coverage and the effective net capital ratio. However, what might appear to be a relatively manageable position on the part of some banks with regard to the net capital ratio may in fact reflect the underdeclaration of nonperforming loans, which raises doubts about the adequacy of their capital bases.

### **C. Factors Explaining the Weakened Position of the Banks**

9. In large part, the banking sector's difficulties in 1998 reflected the vulnerabilities stemming from the 1991-93 crisis. Until the beginning of the 1990s, the banking system had developed steadily in Togo, such that the principal indicators of financial intermediation were above the sub-Saharan average. However, the turbulent political environment during this crisis period brought about a severe contraction of economic activity and culminated in a general strike between November 1992 and July 1993, during which most banks were closed. This situation resulted in a considerable loss of resources by the banks, rising private sector credit demand, and a sharp increase in the proportion of nonperforming credits.

10. The deteriorating financial situation of the banks was aggravated by the increasing recourse of the state to bank credit to finance its rising budget deficits, as well as by a sharp increase in claims on the public enterprise sector, reflecting the persistent cash-flow difficulties of the government and some key public enterprises during and after the sociopolitical turbulence (see appendix on the commercial banks' exposure to the public sector).<sup>6</sup> The concentration of bank credits in a few major public enterprises, in contradiction of the prudential ratio on the dispersion of risk,<sup>7</sup> and the failure of some of these enterprises to service or repay these loans, further increased the share of nonperforming assets in the banks' portfolios. Moreover, the government itself has continually rolled over the stock of treasury bills held by the banks (see appendix on commercial bank exposure to the public sector). The Togolese banking system thus remained highly exposed to the public sector.

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<sup>6</sup> In part, this reflected the recourse of the state to transfers from public enterprises to finance its deficits, which reduced the ability of the latter to service their bank debts.

<sup>7</sup> However, given the structure of the Togolese economy and the dominance of public enterprises in key sectors, a certain degree of concentration of bank lending in these enterprises would have been expected.

11. The banks' efforts to recover from the severe deterioration of their financial situation after the end of the political crisis were complicated by the devaluation of the CFA franc in January 1994. The recovery of economic activity in Togo following the devaluation was slow, given the delay in reaching agreement with the Fund on a new financial arrangement, and the response of the domestic economy to the relative price adjustment was sluggish, in part a reflection of the loss of confidence resulting from the political crisis, as well as of the sharp decline in investment. These factors also limited the immediate repatriation of capital placed abroad during the crisis years.

12. At the same time, there was a considerable improvement in the macroeconomic situation in neighboring countries, particularly in Benin, Burkina Faso, and Mali. Whereas Togo had previously been able to attract financial flows and deposits from the subregion owing to the solidity of its banks and the relatively liberal and competitive economic context, the loss of macroeconomic stability after 1991 and the sociopolitical upheavals raised the perceived risk of Togo at just the time when its neighbors were rehabilitating their banking systems and strengthening their macroeconomic policies. The weakening of the Togolese banking system and the loss of its comparative advantage in financial services contributed to the outflow of resources from the Togolese banks to the banks of the surrounding countries (in part, a repatriation of funds from these countries previously held in the Togolese banking system, though the extent of this phenomenon is difficult to quantify).

13. The developments in the period 1991-93 also had a significant adverse impact on the profitability and portfolio structure of the Togolese banks. The entire period 1991-95 was marked by overall operating losses of the banking system, owing to the deterioration in the quality of the portfolio (with an increasing share of nonperforming loans and the capitalization of unpaid interest) and the relatively heavy banking costs. Moreover, with such a large share of available resources blocked or frozen by the claims on the public enterprise sector and the government, the banks' balance sheets were in a precarious position, and they lacked the resources to generate more income by lending to expanding sectors.

14. The balance sheets of the Togolese banks were also characterized by a dearth of medium- and long-term resources, compared with the term structure of the loan portfolios. Medium- and long-term loans were by and large not covered by resources of similar maturity (like their counterparts in other countries of the WAMU, Togolese banks have not been very successful in mobilizing term deposits, particularly since the beginning of the decade), and only the surplus of short-term resources allowed banks to equilibrate their overall balance sheets (Figure 4). Moreover, as indicated above, the Togolese banks, unlike banks in other WAMU countries, have generally not enjoyed an excess of liquidity since the CFA franc devaluation and have been very dependent on refinancing (primarily from the BCEAO, given the perception of the risk associated with the Togolese market among other banks in the region and abroad). This dependence has raised the average cost of bank resources and thus reduced their profit margins, while restricting the extent to which new loans could be extended. The low profitability of the commercial banks also limited their ability to constitute the necessary reserves and to provision doubtful and nonperforming loans, thus deepening their vulnerability.

15. The evolution of key banking aggregates reflected these developments. The reserve ratio of the banks fell precipitously from 38 percent of GDP in 1990 to 3.3 percent in 1995 and recovered only moderately to 8.1 percent in 1997, before falling back to 3.4 percent in 1998. Both the volume of credit and of private bank deposits contracted as a share of GDP through the period from 1990 to 1997. Broad money contracted in 1992, and 1996, and expanded slightly in 1998, with corresponding declines in both net domestic and foreign assets. In part, this contraction in money demand also reflected the effect of relatively successful bank restructuring and considerable improvement in the macroeconomic performance of neighboring countries.

16. A key feature of the period 1992-97 was the rising trend in the net domestic assets, primarily driven by the increase in credit. Commercial bank credit to the government rose from CFAF 2.1 billion in 1992 to CFAF 13.4 billion in 1997, while credit to the private sector increased by almost 50 percent over the same period, to CFAF 155 billion. A considerable share of the increase in credit to the nongovernmental sector consisted of loans to public enterprises.

17. The ratio of declared nonperforming loans to the total private loan portfolio fell from 17 percent in 1994 to 5.4 percent in 1998. However, a substantial part of this decline was due to the consolidation of nonperforming short-term loans into medium- and long-term loans. Moreover, it is unclear whether the banks have declared as such all doubtful loans, as this would give rise to a requirement for provisioning that would be difficult for many of them to comply with. The mismatch between medium- and long-term credits and the availability of resources of similar maturity structure deepened during 1998. The ratio of medium- and long-term credits to term deposits rose from 54.8 percent at end-December 1997 to 72 percent at end-1998 almost exclusively because of the loss of term deposits. Also, as mentioned above, a considerable portion of the increase in declared medium- and long-term lending in fact represented the reclassification of poorly performing short-term loans.

18. By 1996, however, the banks had gradually reversed the downward trend and, with an increase in credit demand, had moved back into profitability, although still not to the extent that would allow most banks to fully provision the nonperforming loan portfolios immediately or to restore their eroded net worth (Table 4). The increase in pretax income (over CFAF 15 billion in the 12-month period ended in September 1995, up 64 percent from the previous financial year) was due primarily to the sharp decline in interest expenses, as regional interest rates were brought down with the lessening of the postdevaluation inflationary pressures, as well as to an increase in income from lending, as the overall economic situation of the country gradually improved. This positive trend continued in 1996 and 1997—the commercial banks as a whole registered net profits, after taxes, of

CFAF 4 billion in 1996 and almost CFAF 9 billion in 1997—but is likely to have been abruptly reversed in 1998 with the onset of the liquidity crunch.<sup>8</sup>

### **Box 3. The Situation of Other Financial Institutions**

The three private nonbank financial institutions (involved in consumer credit and investment guarantees) have relatively low volumes of activity but also face a problem of nonperforming loans that threatens their solvency. The CNSS, which manages funds for retirement, as well as family and work injury benefits, suffers from premium arrears and management problems, and has also been drained of substantial amounts of resources by the government. The same problem affects the retirement fund for government employees, the CRT. The CNSS also has part of its resources tied up in poorly performing investments. Both agencies have considerable claims on the government in the form of positive balances in their correspondent accounts at the treasury, but they have only limited access to these accounts, given the liquidity difficulties of the government. As a result, both funds have experienced occasional difficulties in meeting their payment obligations. The balance sheets of the insurance companies have been adversely affected by the accumulation of premium arrears and the poor overall business environment since the early 1990s—the financial structure of the insurance sector is unbalanced, as these companies' rising liabilities are not adequately covered by their assets and they have not been able to constitute the reserves made necessary by the premium arrears.<sup>1</sup> The largest company, GTA, suffers from a very weak financial position. Finally, the CIMA code has not yet been fully applied, and the insurance sector would need to be restructured before it could respect the CIMA's prudential norms.

### **D. Perspectives for Restructuring and Reform**

19. A properly functioning financial system is essential to economic restructuring and the promotion of private sector-led growth. A dynamic financial system facilitates the mobilization of financial savings, the provision of resources for the diverse requirements of the economy, and a more efficient allocation of capital among competing uses. It also facilitates the efficient transmission of the effects of economic policy, particularly changes in monetary policy.

20. The weakened state of the Togolese commercial banks clearly prevents them from playing this role. The large share of their loanable resources that is tied up in nonperforming loans and in credit to the public sector limits their ability to lend profitably to productive sectors, while their vulnerable balance sheets have heightened the perception of risk and contributed to the loss of business to banks in neighboring countries with stronger banking

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<sup>8</sup> Based on preliminary results reported to the banking commission. Data for 1998 are not yet available.

systems. Moreover, the Togolese banks' high degree of dependence on borrowed resources raises their cost of funds and lowers their profitability, limiting their capacity to provision nonperforming loans or make the necessary increases in capitalization.<sup>9</sup>

21. To a certain extent, the problems experienced by the banks also reflect their predisposition to rely on lending to large and established clients, with considerable cash flows, rather than seeking out new lending opportunities. Where they do, banks have often demanded very high collateral or required that clients maintain substantial deposits. They have also been reluctant to finance investment in nontraditional activities, in part owing to their limited capacity to assess risk.<sup>10</sup> Overall, given the need of most banks to restructure the portfolios and strengthen the balance sheets, as well as the still fragile overall situation, bank lending practices have become considerably more prudent. While such prudence is understandable, it has also contributed to slowing their recovery, hindering their efforts to diversify the structure of their portfolios. In this connection, the sluggish implementation of past recommendations of the banking commission, particularly as concerns the recapitalization of certain banks, has prolonged their weakness and heightened the perceived risk of the banking system as a whole.

22. Beyond these problems specific to the banks, however, efforts to restore their financial situation have also been hindered by the slow recovery of the overall economy; the poor legal environment; and most important, the public finance situation—particularly the increasing dependence of the state on domestic bank financing of its budget deficits. The substantial domestic debt of the government and its recurring accumulation of domestic payments arrears have made it difficult for private suppliers to service their own bank debts, and have contributed to increasing the stock of nonperforming loans in bank portfolios.

23. The result of these developments has been the marked decline in the degree of formal financial intermediation (Box 4); this decline has hindered the recovery of the economy from the crisis of 1991-93 and prevented it from taking full advantage of the favorable relative price changes brought about by the devaluation. The problems of the commercial banks have favored the development of decentralized or informal small-scale financial institutions; however, the capacity of these institutions to finance or administer investments above a certain size is limited.

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<sup>9</sup> For example, the high cost of credit from commercial banks has increasingly led private sector intermediaries in the export agriculture sector to resort to prefinancing exports from their foreign partners.

<sup>10</sup> Moreover, there have been concerns about the overall quality of bank management, and state involvement in the management of the banks has on occasion resulted in inappropriate lending decisions.

#### **Box 4. Financial Intermediation in Togo**

As indicated above, prior to the 1990s, the efficiency of the Togolese banking system, measured by the usual financial ratios, was considerably higher than the sub-Saharan African average — broad money (M1) averaged some 25 percent of GDP (with M2 averaging about 43 percent), and domestic credit was roughly equivalent to 26 percent of GDP. Since the sociopolitical turbulence of the early 1990s, however, the degree of financial intermediation in Togo has weakened, more so since the devaluation of the CFA franc in January 1994. Bank deposits at end-1998 were somewhat below the level reached in 1990, and the ratio of the money supply to GDP declined continuously over that period, falling from 44 percent in 1990 to less than 25 percent at end-1998 (Table 2). The ratio of credit to the private sector relative to private deposits in the banking system rose sharply between 1990 and 1998 (from 65 percent to 107 percent); this rise primarily reflects the pronounced decline in the deposit base. The doubling of nominal GDP in the period 1990-98 was not accompanied by a matching increase in the assets of the banking system. The ratio of credit to the private sector to GDP in 1998 was only about 18 percent (compared with 24 percent in 1990 and some 70 percent in developed countries). Moreover, this decline in Togo occurred during a period when the performance of the banking sector was improving in other countries of the WAEMU. Thus, although Togo has the third-largest number of financial establishments in the union, it now ranks sixth in volume of activity, as measured by the size of the balance sheets.

24. The Togolese banking system thus faces four major problems that must be resolved before it can resume its proper role in financing economic activity. First, the high degree of exposure to the public sector, including the public enterprises, absorbs a substantial share of the banks' available resources and inhibits their ability to lend to productive private sector undertakings. Second, as a result of the difficulties of the past six years, the portfolio structure and balance sheets of the banks have been substantially weakened and some banks at present do not comply with the minimum net capital assets ratio requirements.<sup>11</sup> Third, the judicial environment is unfavorable, and hinders the effective recovery of nonperforming loans or collateral. This naturally leads to great caution in decisions about new lending. Fourth, state interference in the management of banks, including in key personnel decisions, undermines their ability to carry out the necessary restructuring quickly and efficiently.

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<sup>11</sup> The amount required to ensure that all banks and financial institutions are in compliance with the minimum required net capital is minor (CFAF 300 million), but considerably more is likely to be needed to ensure compliance with the risk-weighted capital assets ratio. As indicated above, the need to provide more comprehensive provisions for nonperforming loans may also imply that the existing capital of some banks is inadequate.



## Reform Initiatives

25. A major reform of the financial sector is under preparation with the assistance of the World Bank. The Togolese authorities have already prepared and discussed with the World Bank a letter of sectoral policy for the reform of the sector, as well as the basic principles of a financial sector rehabilitation and reform program that could be supported by the World Bank through a sectoral adjustment credit. A first phase of the reform has been launched in the context of the financial sector component of the Support Program for Public Enterprise Restructuring and Privatization (PAREP), approved by the World Bank's Executive Board in March 1998. It has three elements: the privatization of state-owned financial institutions and the development of the financial sector; the reform of the judicial framework pertaining to financial sector activity; and the promotion and development of the system of microfinance.

26. The overall objectives of the reform are to restore the credibility of the Togolese financial sector and to deepen financial intermediation. The key policies include: reducing the state's holdings in, and its influence on, the management of financial institutions through restructuring and privatization;<sup>12</sup> ensuring the solvency of all financial institutions through adequate recapitalization where necessary;<sup>13</sup> and restoring an effective and efficient judicial framework for financial sector activity.

27. Several steps have been taken in the context of the PAREP, although in most cases with considerable delays.<sup>14</sup> Diagnostic studies of the SNI, the CET, and the GTA have been completed.<sup>15</sup> The government has already decided to divest its holdings in the UTB, the

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<sup>12</sup> The government has agreed in principle to reduce its holdings in banks and financial institutions (UTB, BTCl, BTd, and SIAB, as well as the SNI) to a maximum of 20 percent. It is not clear in all cases whether the privatization should take the form of an augmentation of the capital of the banks concerned, or merely the sale of the government's shares—in some cases, the former alternative would be needed to achieve the required increase in the capital base.

<sup>13</sup> The SNI has already carried out a substantial recapitalization, in part through the conversion of some of its liabilities to the private sector into equity.

<sup>14</sup> Additional delays occurred at the beginning of the year as a result of the suspension (from December 31, 1998 to April 14, 1999) of the World Bank's activities owing to the accumulation of payments arrears in excess of the 60-day limit.

<sup>15</sup> The study of the SNI concluded that it could be viable as a commercial bank on condition that urgent measures are taken to solve its cash-flow problem and resolve the issue of its frozen assets. The state intends to divest its holdings completely, and transfer the management of the external public debt to the treasury. An action plan for the CET has been defined, aimed at reducing the state's holdings to 20 percent and ensuring an adequate (continued...)

BTD, and the BTCl—in all three cases, the authorities are considering a partnership with a foreign bank. An extraordinary general assembly of the SIAB in the first half of 1999 is expected to determine the course to be taken with respect to this bank.

28. Several aspects of the planned judicial reform are being implemented in the context of the introduction of the various elements of the OHADA Treaty,<sup>16</sup> such as the organization of roundtables and seminars with the private sector, including the financial institutions, on the perceived shortfalls of the existing system, and the preparation of a study analyzing the present judicial system.

29. Finally, in the area of microfinance, several steps have been taken, although again with considerable delay. In 1997 a special unit was created at the Ministry of Finance to support and monitor microfinance activities in Togo (the CAS-IMEC); the ALAFIA, a consortium of nongovernmental organizations, including some DFSs, in Togo and Benin was established to facilitate the exchange of information and experience; and a special microfinance “window” or facility was created at the BOAD. A comprehensive study of the microfinance system in Togo has been completed and is to serve as the basis for the preparation of an action plan for the development of the sector. A particular aspect of this policy will be to bring the microfinance institutions into full compliance with the laws and regulations governing their activity, provide training in management and accounting, and foster cooperation and collaboration between the formal commercial banks and the microfinance system.

30. The financial sector adjustment program to be supported by the World Bank is expected to build on the reforms initiated in the context of the PAREP, deepening and extending the reforms, and facilitating as well the diversification of the available financial institutions and instruments. Negotiation of the program is expected before the end of 1999.

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recapitalization, and at its incorporation as a bank while retaining its special status as a savings institution. The GTA study is still under consideration.

<sup>16</sup> OHADA (Organisation pour l'Harmonisation du Droit des Affaires en Afrique).

### COMMERCIAL BANK EXPOSURE TO THE PUBLIC SECTOR

31. A fundamental feature of the weakening of the Togolese banking sector since the beginning of the decade has been its rising exposure to the public sector (the central government and the key public enterprises). The extent of this exposure can be measured through certain key statistics (see Figure 5 and table 5): the share of credit to the government in total credit of the banking system rose from 1.6 percent in 1990 to 10.8 percent in 1994, and declined slowly to 9.4 percent in 1998.<sup>17</sup> During the same period, government deposits in the commercial banks, after peaking at 32.2 percent of total deposits in 1992, fell precipitously to 18.2 percent in 1997 and rose somewhat to 21.5 percent in 1998.<sup>18</sup> If one includes the key public enterprises in a broader definition of the public sector, the share of credit to the public sector in overall credit rose from 19.6 percent in 1990 to a peak of 39.2 percent in 1994, fell to 28.3 percent in 1997, and turned up again in 1998, as credit to two major public enterprises increased considerably.

32. Bank credit to the government increased dramatically in 1994 following the devaluation of the CFA franc, primarily reflecting a sharp increase in treasury bonds and other government paper—direct loans and advances remained relatively modest. A substantial part of these bonds were securities issued by the BCEAO in June 1994 on behalf of member governments of the WAMU, representing that part of the BCEAO's consolidated claims on the member governments arising from the restructuring operations of the national banking systems in the late 1980s.<sup>19</sup> The stock of regular treasury bills has been continually rolled over since 1995. During the same period, the government's cash-flow difficulties led to a substantial drawdown of its own deposits (see Statistical Appendix, Table 30).<sup>20</sup>

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<sup>17</sup> Part of the drop in 1998 was due to the quick expansion of overall credit to the economy, resulting from the energy crisis in the first quarter.

<sup>18</sup> Here too, the relative improvement in 1998 reflected the pronounced contraction in private deposits.

<sup>19</sup> Each of the securities issued has a nominal face value of CFAF 50 million with a 12-year maturity at 5 percent, tax-exempt, interest, payable semiannually; the securities can be used to meet the reserve requirements, and can be redeemed at the BCEAO at any time. The initial Togolese share in the scheme was CFAF 7.2 billion (about 2 percent of its total consolidated loans to the governments of the WAMU).

<sup>20</sup> As opposed to the earmarked deposits linked to externally financed projects and the deposits of the social security system. The freely usable deposits of the treasury and the line ministries declined from CFAF 11.3 billion in 1990 to an estimated CFAF 0.3 billion at end-1998.

33. While net claims on the government remained relatively stable during the period of the sociopolitical turbulence in 1990-93, net claims on the public enterprises increased dramatically. Deposits of public enterprises declined by almost one-third between 1990 and 1993, while outstanding credit rose considerably.<sup>21</sup> This development reflected the grave deterioration of the financial situation of the enterprises during the crisis period, as mounting operating losses were compounded by the drying up of government transfers and subsidies.<sup>22</sup> In addition, owing to its financial difficulties, the government was unable to pay its bills in full, and increasingly drew on the cash reserves of the major enterprises, further limiting the ability of both public and private enterprises to service their commercial bank debt. This was particularly true of the largest public enterprise, the phosphate mining company, OTP, which was critically affected by the general strike of 1992-93, and again by the devaluation of the CFA franc in 1994. Unable to service its bank obligations fully, a special rescheduling operation was conducted in 1995, converting CFAF 15 billion of the short-term debt into long-term maturities. Total bank debt, including the rescheduled debt, represented some 25 percent of total credit to the nongovernment sector at end-1996. In August 1997, in the context of the preparations for the partial privatization of the enterprise, CFAF 10.5 billion of this rescheduled long-term debt was reimbursed, financed by proceeds from the sale of some of the enterprise's financial assets. In 1998, however, there was a renewed sharp increase in recourse to bank financing.

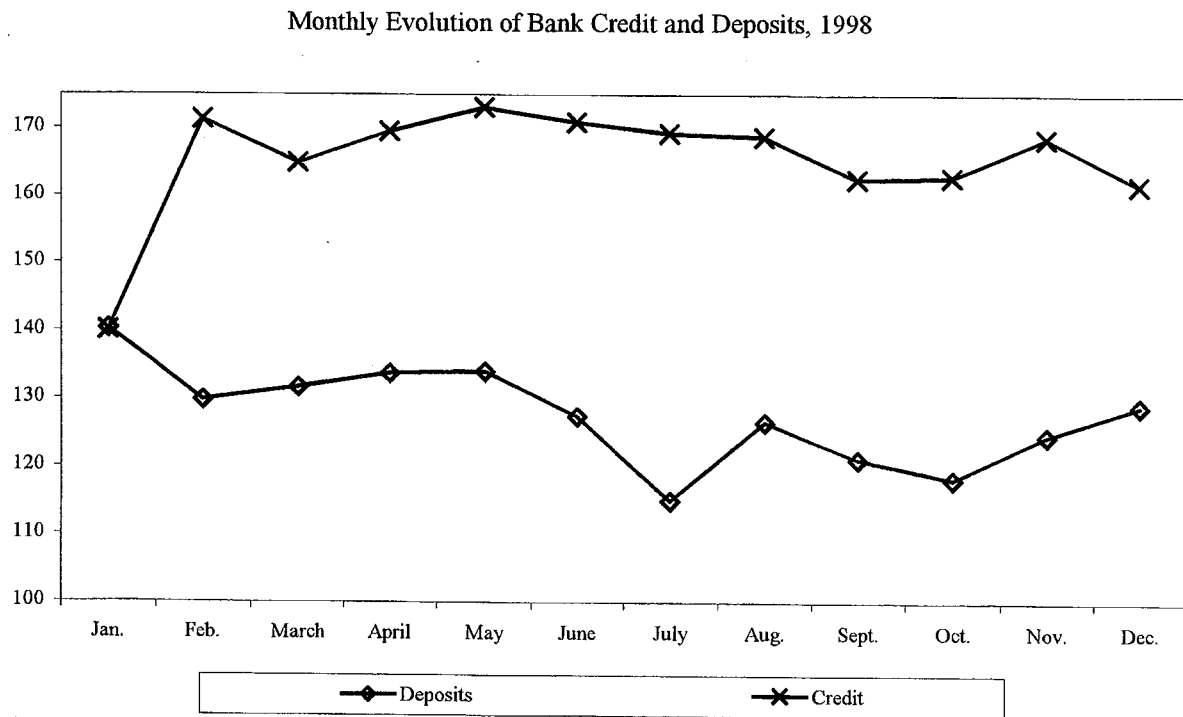
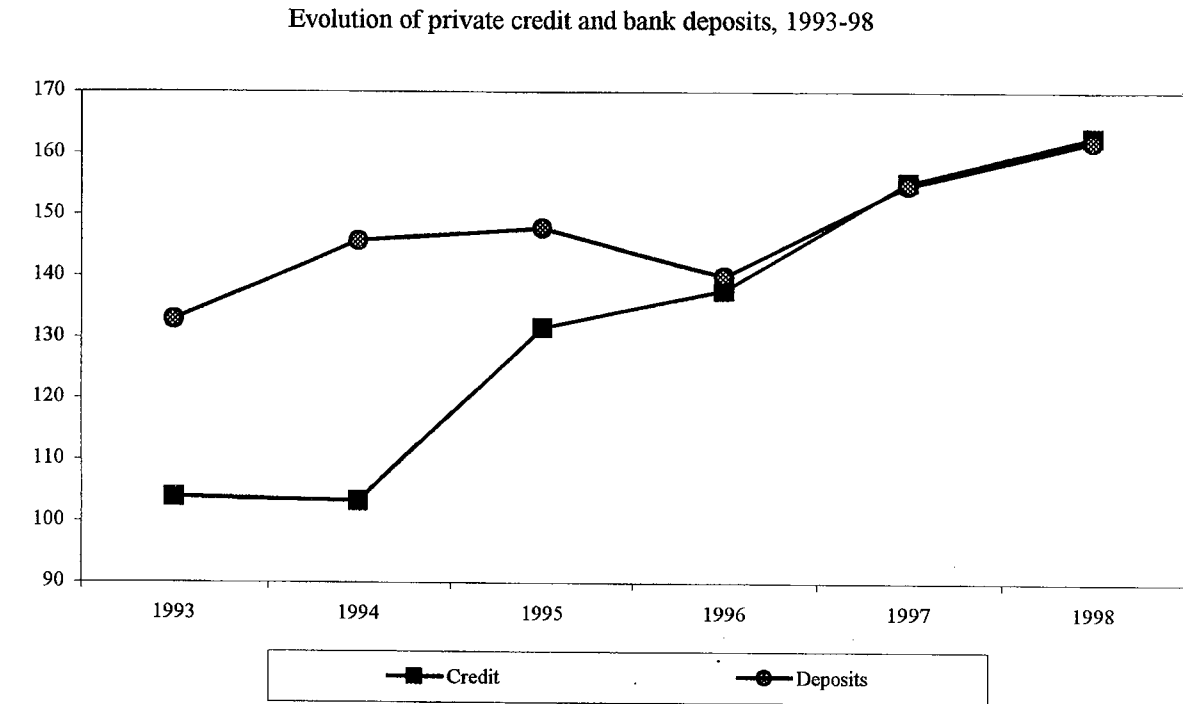
34. The impact of these developments on the financial situation of the banks was twofold. First, a considerable portion of their resources was tied up in lending to the public sector, limited their ability to engage in lending to the rest of the private sector. Second, because much of this lending did not generate the expected stream of income, the banks' exposure to the public sector reduced their overall profitability and slowed their recovery as the economy emerged from the crisis and the aftermath of the CFA franc devaluation.

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<sup>21</sup> Available bank statistics do not distinguish between credit to the private sector and credit to public enterprises.

<sup>22</sup> Moreover, part of these claims represented loans extended to public enterprises that had been liquidated.

Figure 1. Togo: Private Sector Credit and Deposits, 1993-98<sup>1</sup>  
(In billions of CFA francs)

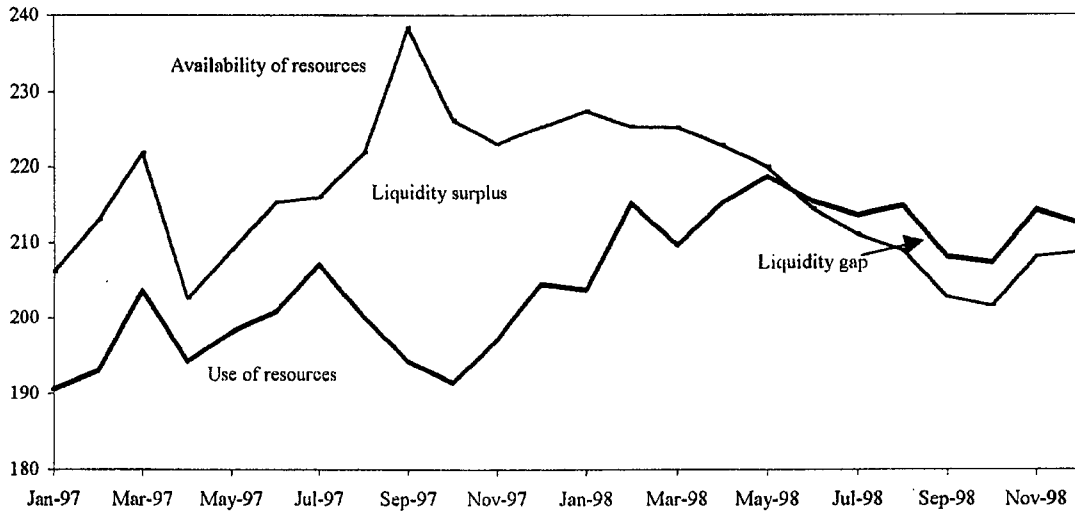


Source: Central Bank of West African States (BCEAO).

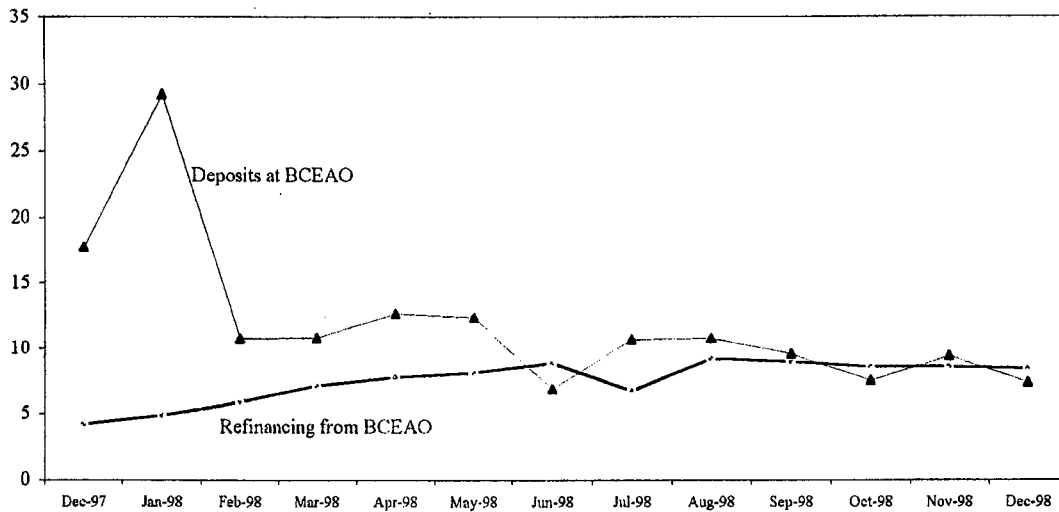
<sup>1</sup> Medium- and long-term credits include declared nonperforming loans.

Figure 2. Togo: Liquidity Situation of the Commercial Banks, 1997-98  
(In billions of CFA francs)

Availability and Use of Resources, January 1997-December 1998

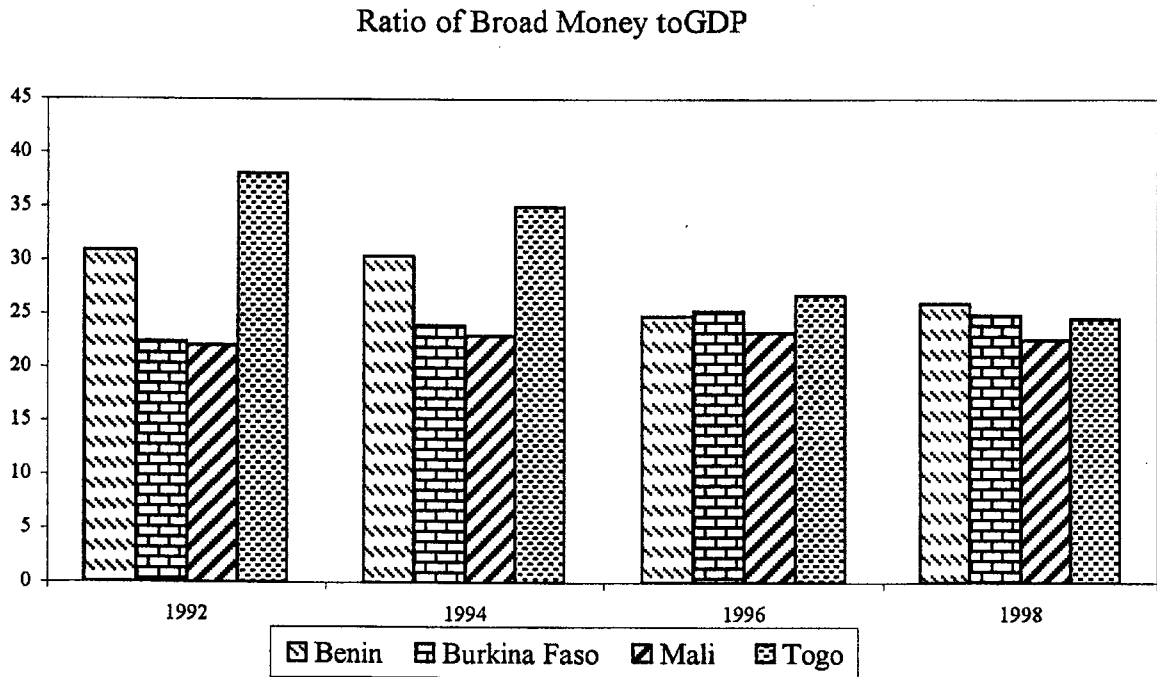
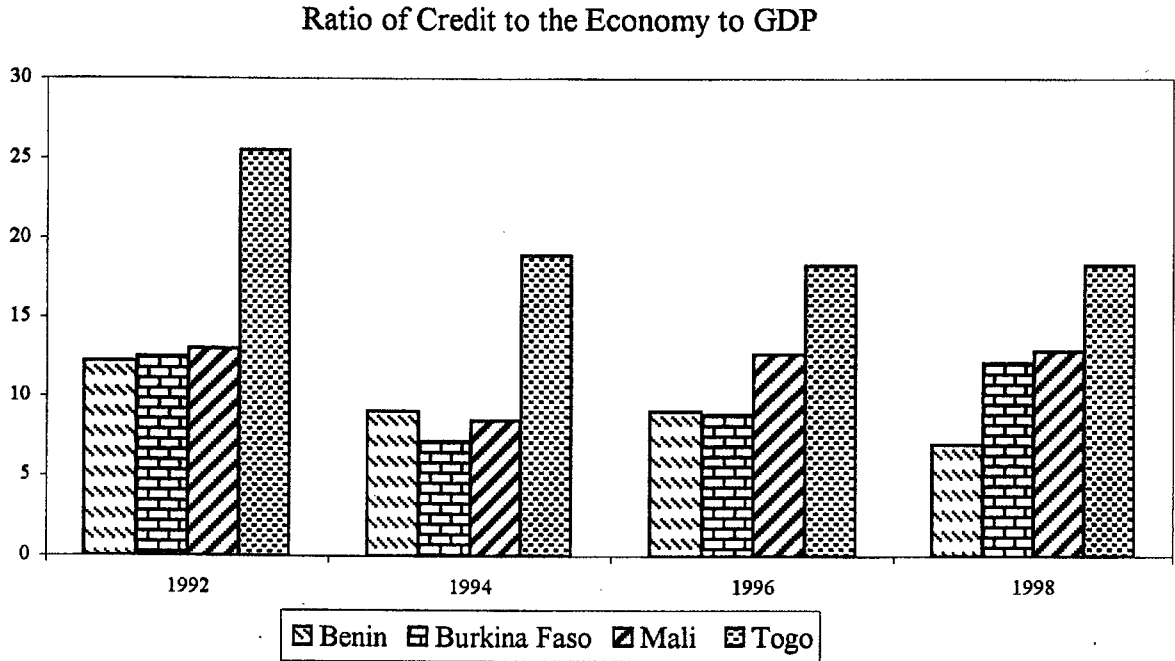


Position of Banks at the BCEAO,  
December 1997-December 1998



Source: Central Bank of West African States (BCEAO).

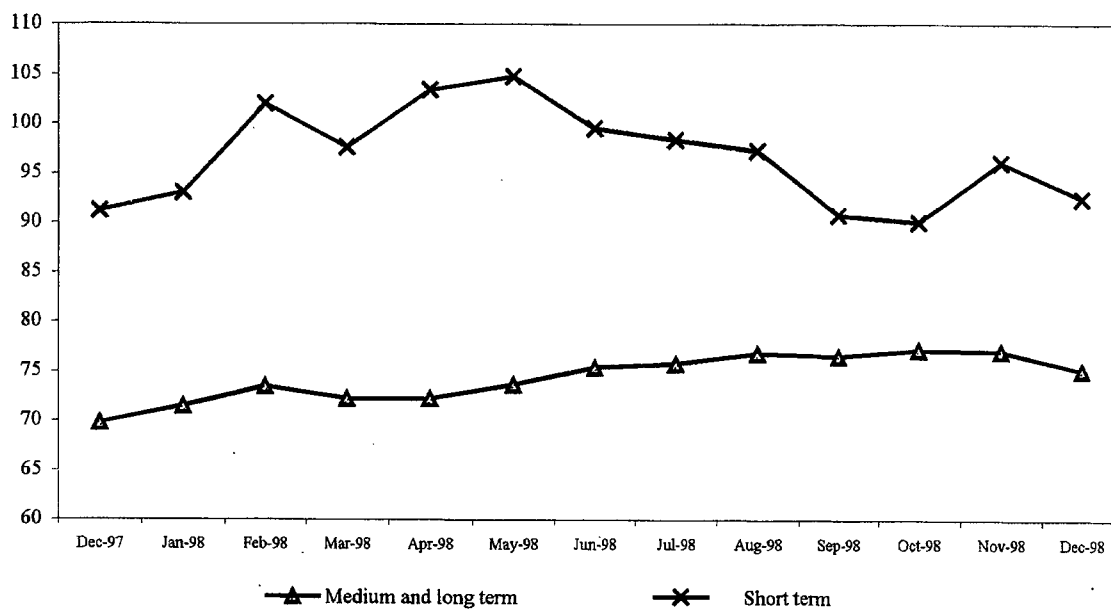
Figure 3. Comparison of Financial Indicators with Other WAEMU Countries, 1992-98  
(In percent)



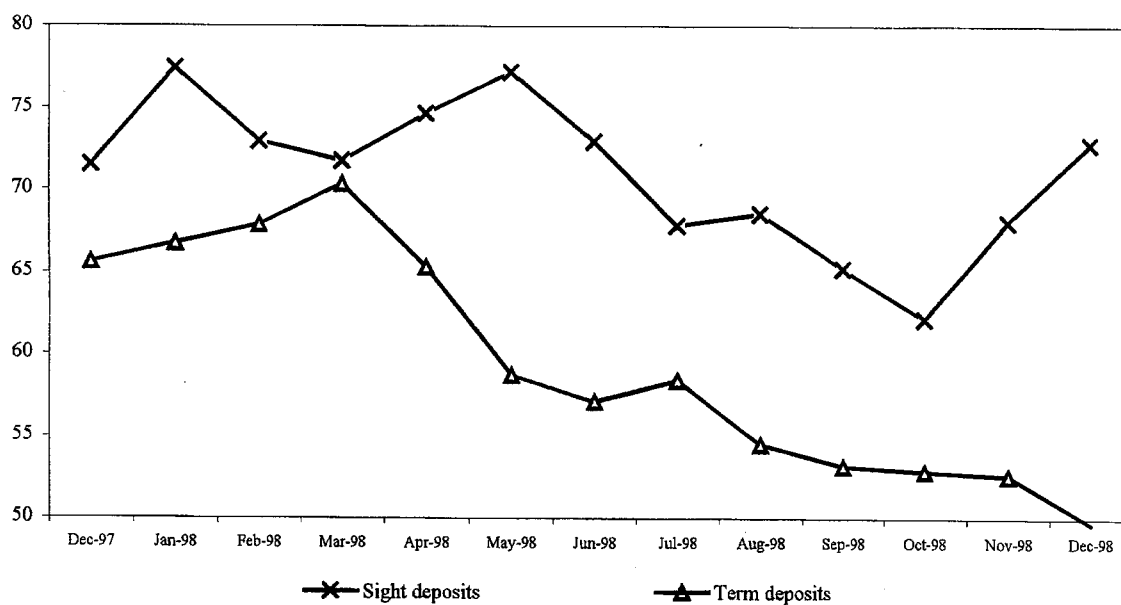
Source: Central Bank of West African States (BCEAO).

Figure 4. Togo: Maturity Structure of Deposits and Credits,  
December 1997-December 1998

Maturity Structure of Bank Credit



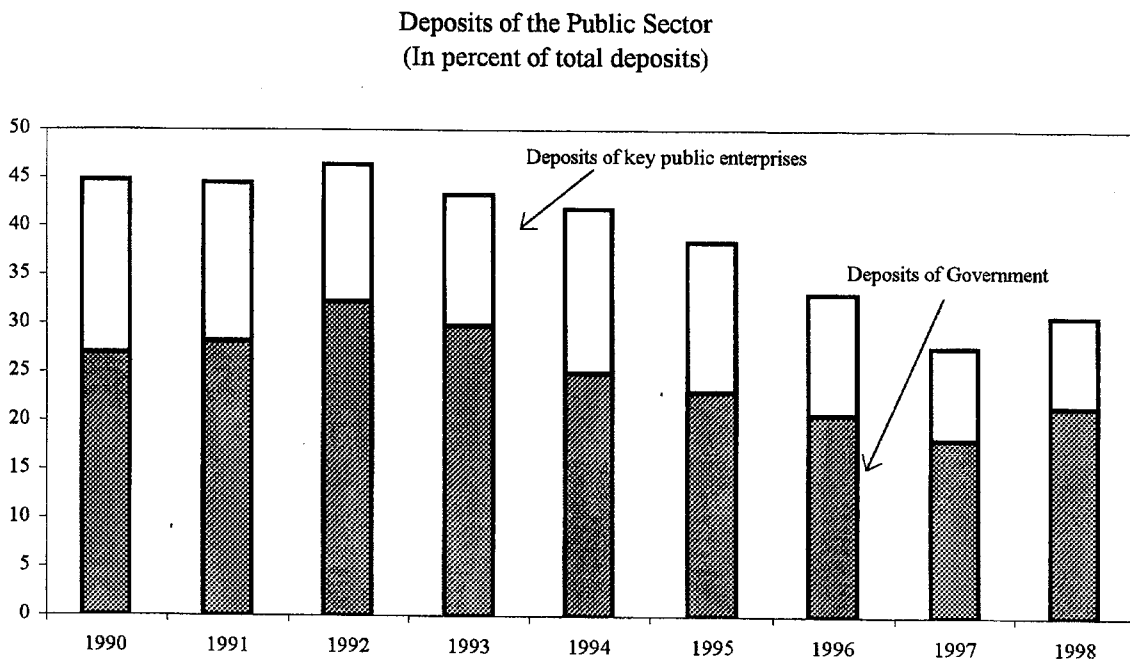
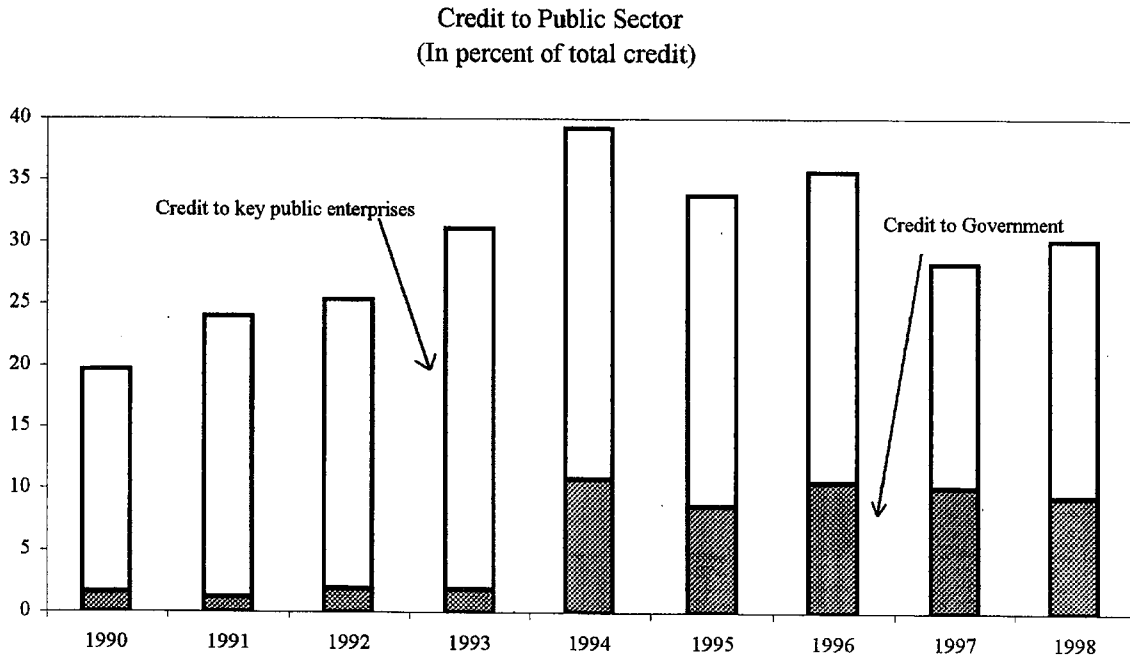
Evolution of Sight and Term Deposits



Source: Central Bank of West African States (BCEAO).



Figure 5. Togo: Indicators of Bank Exposure to the Public Sector, 1990-98



Source: Central Bank of West African States (BCEAO); and staff estimates.

Table 1. Togo: Summary of Commercial Bank Compliance with Prudential Ratios, 1996-98

	Own Capital	Risk- Weighted Capital Asset Ratio	Coefficient of Highest Exposure	Coefficient of Division of Risk	Refinancing Quotient	Coefficient of Liquidity	Coefficient of Coverage of Fixed Assets and Participations	Ratio of Portfolio Structure	Ratio of Coverage of Medium- and Long-Term Lending	Ratio of Credit to Bank Management
	CFAF 1 billion min. (monthly)	4% Min (monthly)	100% max (monthly)	10 max (monthly)	35% max (monthly)	60% Max (quarterly)	100% max (quarterly)	60% min (quarterly)	75% Min (semiannual)	20% max (semiannual)
(Number of banks in compliance at each measurement date) 1/										
Dec. 1996	6	6	2	6	7	5	5	0	4	4
Mar. 1997	6	6	2	5	7	4	5	0	...	...
June 1997	6	6	2	6	7	2	4	0	4	4
Sept. 1997	6	6	2	6	7	3	4	0	...	...
Dec. 1997	6	6	2	6	7	2	4	0	3	5
Mar. 1998	7	7	3	6	7	3	5	0	...	...
June 1998	7	6	3	6	7	3	5	0	4	6
Sept. 1998	6	6	3	6	7	3	5	0	...	...
Nov. 1998	6	6	3	6	7	n.a.	n.a.	n.a.	n.a.	n.a.
(Number of banks in compliance at every measurement date) 2/										
	5	5	2	4	7	2	4	0	3	4

Source: National Agency of the Central Bank of West African States (BCEAO), Lomé.

1/ Refers to the five commercial banks, the development bank and the the Société Nationale d'Investissement (SNI), which did not have the status of a bank until February 1998.

2/ No individual bank was in compliance with all ratios at all measurement dates.

Table 2. Togo: Selected Indicators of Financial Intermediation, 1990-98

	1990	1994	1995	1996	1997	1998
(In billions of CFA francs; unless otherwise indicated)						
Credit to the economy	103.6	103.2	131.5	137.6	155.2	162.6
Money supply (M2)	190.5	190.9	223	200.9	217.2	218.7
Base money	37.8	50.2	95.6	78.8	72.7	72.5
Currency in circulation	32.1	44.2	73.6	59.7	60.1	66.4
Bank deposits	158.4	146.7	149.4	141.2	157.1	152.3
Banks reserves	72.3	18.3	7.4	14.9	17.7	7.4
Gross domestic product (GDP)	431.6	545.5	653.6	753.7	860.2	890.6
(In percent of broad money)						
Currency in circulation	16.9	23.2	33.0	29.7	27.7	30.4
Banks reserves	38.0	9.6	3.3	7.4	8.1	3.4
(In percent of GDP )						
Credit to the economy	24.0	18.9	20.1	18.3	18.0	18.3
Money supply	44.1	35.0	34.1	26.7	25.2	24.6
Base money	8.8	9.2	14.6	10.5	8.5	8.1
Currency in circulation	7.4	8.1	11.3	7.9	7.0	7.5
Bank deposits	36.7	26.9	22.9	18.7	18.3	17.1
Bank reserves	16.8	3.4	1.1	2.0	2.1	0.8
Credit to the economy/bank deposits (in percent)	65.4	70.3	88.0	97.5	98.8	106.8

Source: Central Bank of West African States (BCEAO); and IMF estimates.

Table 3. Togo: Comparison of Financial Indicators with Other WAEMU Countries, 1992-98

	1992				1994				1996				1998			
	Togo	Benin	Burkina Faso	Mali	Togo	Benin	Burkina Faso	Mali	Togo	Benin	Burkina Faso	Mali	Togo	Benin	Burkina Faso	Mali
	(Annual change in percent)															
Nominal GDP growth	-0.9	6.6	0.6	4.1	56.2	39.4	29.3	45.4	15.3	12.6	10.4	10.5	1.7	7.1	16.6	...
Broad money	-13.9	16.5	5.9	2.9	32.3	47.9	28.8	39.1	-9.9	13.1	9.6	24.8	0.7	5.8	4.2	0.4
Credit to the economy	-3.6	-19.1	-12.3	7.2	-0.7	12.3	-17.0	-8.6	4.7	25.8	42.7	31.4	4.8	29.8	12.5	8.0
	(In percent of GDP, unless otherwise indicated)															
Currency	4.9	9.1	8.3	8.5	8.1	9.3	9.2	8.8	7.9	6.1	10.6	8.8	7.5	6.1	10.9	8.2
Banks' deposits	33.2	12.4	12.4	13.5	26.9	20.7	12.9	14.3	18.7	18.2	12.6	14.5	17.1	19.6	14.7	14.4
Credit to the economy	25.5	12.2	12.5	13.0	18.9	9.1	7.2	8.5	18.3	9.1	8.9	12.7	18.3	7.0	12.3	12.9
Money supply	38.1	30.9	22.4	22.0	35.0	30.4	23.9	23.0	26.7	24.8	25.3	23.3	24.6	26.0	25.6	22.6
Money velocity	2.4	3.2	4.5	4.5	2.9	3.3	4.2	4.3	3.8	4.0	4.0	4.3	4.1	3.8	3.9	4.4

Source : Central Bank of West African States (BCEAO).

Table 4. Togo: Selected Indicators of Banking System Performance, 1995-98

	1995	1996	1997	1998
	(In billions of CFA francs)			
Assets	225.6	183.0	204.5	212.4
<i>Of which: gross credits to the economy</i>	126.5	140.4	160.8	167.6
Resources	246.7	225.6	225.3	208.7
<i>Of which: deposits and lines of credit</i>	130.6	171.9	181.8	162.5
Net banking product	19.7	19.1	20.3	n.a.
Operating expenses				
Net operating gain/loss	-2.8	4.0	8.6	n.a.
Gross nonperforming loans	8.6	7.5	n.a.	n.a.
Provisions	10.7	2.7	2.1	n.a.
	(In percent)			
Gross non performing loans / total credit	6.8	5.3	n.a.	n.a.
Provisions/ total credit	8.5	1.9	1.3	n.a.

Source: Central Bank of West African States (BCEAO); and IMF estimates.

Table 5. Togo: Commercial Bank Exposure to the Public Sector, 1992-98

(In billions of CFA francs, unless otherwise indicated)

	1992	1993	1994	1995	1996	1997	1998
Treasury bonds held in portfolio	0.0	0.0	0.0	6.6	6.6	6.6	6.6
Advances to the government	2.1	1.9	12.4	5.7	9.8	10.8	10.1
Loans outstanding to the key state-owned enterprises 1/ <i>Of which:</i> credit to OTP	26.6 25.3	30.5 25.9	30.5 32.6	32.6 35.9	35.9 33.8	31.2 24.9	36.9 30.6
Government securities guaranteed by BCEAO	0.0	0.0	0.0	2.8	3.7	4.0	1.4
Total	28.7	32.4	42.9	47.7	56.0	52.6	55.0
Credit to key state-owned enterprises in percent of total credit to the economy	23.3	29.4	29.6	24.8	26.1	20.1	22.7

Source: Central Bank of West African States (BCEAO).

1/ Togolese Phosphate Office (OTP), the telecommunications company (TOGO-TELECOM), the Togolese Cotton Company (SOCOTO), and the Office of Agricultural Products of Togo (OPAT).

## **II. TAX STRUCTURE AND REVENUE PERFORMANCE IN TOGO**

### **A. Introduction**

35. After some initial success in narrowing the budget deficit, fiscal pressures have re-emerged in Togo. The overall budget deficit widened considerably in 1998, following a fiscal consolidation equivalent to about 9.5 percent of GDP during 1995-97 (Figure 6). Underlying this development was a decline in revenue, which was compounded to a considerable degree by the lack of control in public spending. The tax revenue shortfall in 1998 is attributable in part to the effect of the February-May energy crisis on the economic activity. However, the tax revenue-to-GDP ratio fell short of program targets throughout 1994-98 and remains substantially below the level prevailing during the 1980s.

36. The decline in revenue as a share of GDP raises the questions of whether the current tax structure has been fully exploited, and whether it is realistic to expect substantial additional revenues within the existing system. These questions are particularly important in light of the revenue constraints that will be erected by the introduction in January 2000 of the common external tariff and the planned harmonization of domestic taxation in the West African Economic and Monetary Union (WAEMU) countries. The lack of scope for additional revenues within the existing system would imply that the authorities should either contemplate new sources of taxation or undertake a fundamental change in the structure of public expenditure which contains a large share of incompressible spending (personnel, debt service to multilaterals, essential materials). This chapter analyzes the structure of the tax system, with a view to determining whether there is scope for substantially increasing tax revenue over the medium term through an expansion of the tax base, greater administrative efficiency, different tax policies, or a combination of the three.

### **B. Revenue Developments**

37. Three periods should be distinguished when analyzing revenue trends in Togo: the period 1985-90, during which the overall fiscal deficit was brought down from double-digit figures to close to 6 percent of GDP, thanks in part to stronger revenue collections; the period of 1991-93, characterized by a marked weakening of public finances when the overall tax-to-GDP ratio fell dramatically in response to social and political disruptions; and, finally, the period 1994-98, during which the authorities pursued a structural adjustment program, and undertook a number of tax reforms aimed at improving the structure of the tax system.

38. During the period 1985-90, the fiscal situation improved, despite a fall in receipts from the phosphates and agricultural marketing companies (the OTP and OPAT, respectively) caused by a decline in the volumes and international prices of phosphates and cotton exports. Other direct tax revenues and tax receipts from imports and domestic sales showed a steady increase, in line with economic activity. Receipts from the Petroleum Product Price Stabilization Fund (CSSPP) substantially increased, owing to the combined

effects of steadily growing oil consumption and low import prices.<sup>23</sup> Import taxes developed favorably, as the ratio of import tax receipts to value of imports was maintained at about 12 percent. As a result, the tax-to-GDP ratio averaged 20.2 percent during 1985-90 (Figure 6; Tables 6 and 7).

39. Beginning in 1991—the second phase of revenue performance—the public finance situation turned around dramatically, when sociopolitical turmoil brought the Togolese economy to a virtual standstill. The overall tax-to-GDP ratio fell dramatically from 18.6 percent in 1990 to about 9.0 percent in 1993, reflecting a substantial decline in the receipts from direct taxes. This decline was due principally to the absence of contributions from the OTP and OPAT, and to lower receipts from CSSPP, which was attributable to a sharp decline in domestic consumption. Although receipts from direct taxes on income and profits of individuals remained relatively stable through 1992, they fell sharply in 1993 as economic activity stagnated, and the yield of the profits tax for enterprises declined with the steady erosion of companies' profitability resulting from the political upheaval. Indirect tax receipts also fell over the period, with the receipts from taxes on international trade declining to a low of 3.9 percent of GDP by 1993.<sup>24</sup> Indirect tax receipts on domestic goods and services plunged from 1.6 percent of GDP in 1990 to less than 1 percent of GDP by 1993.

40. The public finances began to improve in 1994, the beginning of the third phase, thanks to a good performance of tax revenue. This improvement was brought about by a series of tax reforms and the effect of the robust economic recovery, which benefited from the impetus provided by the January 1994 devaluation of the CFA francs. Compared to 1991-93, the direct tax component in particular surged, primarily reflecting the renewed contributions from the OPAT and OTP, while the growth of indirect tax revenue was attributable to a doubling of receipts from taxes on international trade in the aftermath of the devaluation of the CFA franc. Other indirect tax receipts grew in line with overall economic activity.

### C. Tax Structure in Togo

41. The tax structure in Togo is typical of developing countries, with more reliance placed on indirect taxes than direct taxes. Customs tax revenue, which comprises mainly import duties, the value added tax at customs, and the statistical tax, accounts for about 47 percent of total tax revenue (Figure 6, Table 8). Import duties are imposed on the c.i.f. values of imports through three categories of rates (5, 10, or 20 percent) depending on the

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<sup>23</sup> The CSSPP contributed to maintaining fixed retail prices by absorbing the surpluses generated by declining import costs (given the fixed pricing structure) and by using the accumulated surpluses when import costs rose.

<sup>24</sup> This was due to the sharp contraction of imports, which fell from CFAF 165.2 billion in 1990 to only CFAF 82.3 billion in 1993.



products. The value added tax (VAT) is applied at a single rate of 18 percent, whereas the statistical tax is currently levied at 2 percent and is set to decline to 1 percent in 2000 in the context of the common external tariff (CET) in the WAEMU (Box 5). Other taxes include the custom stamp duties levied at 4 percent on all import goods that fall into the category zero, and the tax on import transactions, levied on the c.i.f. value of raw materials of certain enterprises granted concessions under the investment code prior to the 1989 reform. Domestic tax revenue represents about 53 percent of the total tax revenue, with nearly two-thirds accounted for by direct taxes, comprising essentially transfers from public enterprises, corporate and business profit taxes, personal income taxes (IRPP), and other taxes (e.g., wage taxes, and receipts from the previous years). The other main source of revenue for the domestic tax administration is indirect taxes, namely, the VAT on domestic goods, petroleum taxes, and other indirect taxes (e.g., stamp duties).

#### **Box 5. Indirect Tax Harmonization in the WAEMU**

A **Common External Tariff (CET)** is scheduled to become effective in the WAEMU countries by January 2000, with a new **classification of imports** under four basic rates (0, 5, 10, and 20 percent) to be introduced in 1999. Togo has already in place a three-rate tariff structure (5, 10 and 20 percent) that is somewhat simpler than the structure envisaged under the CET.

In December 1998, the WAEMU Council of Ministers adopted, in the form of regional directives, a program to harmonize the value added tax (VAT) and excise regulations. **The VAT regulations** aim at (a) implementing a single rate (ranging from 15 percent to 20 percent), (b) broadening the VAT base (e.g., by extending it to all services, agricultural inputs, and petroleum products), (c) reducing the number of exemptions and improving exemption control, and (d) improving refund procedures. Each member country is expected to bring its VAT legislation into line with the common regulations by January 2000. With its current single VAT rate of 18 percent, Togo is well ahead of other countries in the union, and has also made considerable headway with regard to the reduction of exemptions.

Regulations regarding **excise taxes** are aimed at (a) limiting the number of goods subject to these taxes, (b) implementing ad valorem rates, (c) harmonizing excise rates, and (d) unifying the excise rates for domestically produced and imported goods. It is expected that these measures will be introduced in the member countries by January 2000. Togo's standing with respect to this norm is no worse than its partners.

42. Despite the elimination of export taxes in 1990, which were initially imposed via the OPAT, the international trade sector remains an important source of revenue, given the degree of openness of the economy. The share of international trade taxes in total tax revenue rose during 1994-98, reflecting improvements in administrative efficiency and reductions in

exemptions. As a result of recent administrative reforms aimed at controlling and reducing the wide range of special deductions, exemptions and tax relief embodied in investment codes, the share of fully exonerated goods in total imports has fallen sharply. Nonetheless, import duties have declined in relation to GDP, owing to changes in rate structure in connection with the trade liberalization regime, and this decline has been only partially offset by a rise in the contribution from the VAT collected on import goods.

43. The rise in the share of revenue from international trade taxes in Togo, contrary to what might be expected during a trade liberalization period, is consistent with revenue trends in ESAF countries over the average program period. Although most ESAF countries underperformed relative to program targets on revenue from international trade taxes, they showed an average increase in the share of revenue generated by customs administration between the preprogram year and the program period.<sup>25</sup> Indeed, in some CFA franc zone countries (Burkina Faso), the strengthening of customs administration and policy reform contributed to increases in customs revenue of, on average, about 1.5 percent of GDP over the program period.

44. The decline in custom revenues in relation to GDP in Togo was not offset by an equivalent increase in revenues from the domestic tax administration. Indeed, domestic tax collections have fallen by about 5 percentage points of GDP from their level in 1985-90, with a consequent decline in their share in total tax revenue. This development, however, masks the contrasting performances of domestic direct and indirect taxes. Domestic indirect tax revenues rose during the program period as a share of total revenues, owing to improvements in VAT collections and a sharp increase in petroleum taxes. In the case of the VAT, the improvement is attributable to some extent to the unification of the VAT rate at 18 percent in 1997, the introduction of the practice of withholding the VAT at the source, and the strengthening of regular audit operations. For the petroleum taxes, the combination of a change in the tax structure and the elimination of the CSSPP, which was in charge of collecting petroleum taxes prior to 1991, contributed to the favorable development.

45. Meanwhile, domestic direct tax revenue—as a share of total revenue—fell during the program period. Reflecting the liberalization of the coffee and cocoa sectors, the liquidation of the OPAT, and the end of the monopoly on cotton exports for the cotton company (SOTOCO), the fiscal contributions from public enterprises—including profit and income taxes—in the agricultural sector have declined.<sup>26</sup> Unfortunately, this decline has not been compensated for by a corresponding increase in taxation of the income and profits of firms that substituted for them. The corporate profit tax actually declined by half between 1985-90 and 1994-98. Tax collections from the OTP have also declined in line with the decline in the

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<sup>25</sup> See “Fiscal Reforms in Low-Income Countries: Experience under IMF-Supported Programs,” IMF Occasional Paper No. 160.

<sup>26</sup> Prior to 1990, public enterprises were not subject to taxes on their operating profits.

value added of the phosphates sector. The other major categories of taxes have been broadly stable as sources of revenues. In particular, the share of personal income tax in total tax revenue has been broadly maintained at about 9 percent.

#### **D. Revenue Policy and Performance**

46. A major component of Togo's adjustment program has been a series of reforms aimed at improving the structure of the tax system. The immediate aims of these reforms are first, to reduce the huge fiscal imbalance that arose during the period of substantial political upheavals, and, second, to achieve macroeconomic stability in the aftermath of the devaluation. These reforms are designed to broaden the revenue base, improve compliance, and reduce the distortions associated with the previously complex and inefficient tax system. Although available information does not allow for a firm conclusion as to whether these reforms have yielded the expected results, a close examination of recent trends suggests that some progress has been made toward strengthening the efficiency of the tax administration and expanding the tax base, in particular through a reduction and strict control of exemptions. The tariff structure has been simplified and the share of fully and partially exonerated imports has been reduced considerably. However, these improvements in the structure of the tax system have not yet been reflected in large changes in the scale of revenue mobilization: the average share of total tax revenue in GDP over the program period (1994-98)—12.8 percent—represents a clear improvement over the preprogram period (1991-93), but is still a significant deterioration from the situation prevailing during the second half of the 1980s, when the average ratio reached 20.2 percent.

47. Revenue efforts are generally assessed in terms of the objectives of improving the underlying structure of the tax system, and placing the public finances on a permanently sound basis; in theory, an improved tax structure should reduce the deadweight loss associated with raising a given amount of revenue. However, because this outcome is unobservable, improvements in the tax structure can be approximated by comparing the shares of different sources of revenue before (in this case, the period 1985-90) and after the reform period.<sup>27</sup> At this level of aggregation, reductions in the share of nontax revenue and increases in the share of taxes on consumption could be taken as evidence of an improvement in the tax structure, on the grounds that nontax revenue sources are often arbitrary and inefficient. Moreover, the taxation of consumption is perceived to be less distortionary to resource allocation than other sources of revenue. In this sense, changes in the composition of tax revenue in Togo during the reform period indicate some improvement in the tax structure. Not only has there been a steady increase in the share of tax revenue in total receipts, which reached about 90 percent in 1998, but also a rise in the relative importance of domestic taxation of consumption, as reflected in the performance of the VAT. The major factors accounting for this increase include the introduction of new forms of taxation, such as

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<sup>27</sup> The period 1991-93 is not considered here as a reasonable base for comparison, given the unusual economic circumstances of the time.

the VAT which has the additional advantage of taxing partially the informal sector, the substantial reduction in exemptions, and the strengthening of the tax and customs administrations.

48. Some features of the existing tax system are suboptimal, in that a large share of the tax revenue is generated from relatively few taxes. In fact, nearly half of the tax revenues are collected from two main sources: consumption taxes (VAT), and import duties, which coexist with a number of lower yielding taxes. Consequently, a shock to a single tax base can have a serious impact on the overall tax performance. The tax structure has apparently shifted away from a dependence on direct taxes, as their contribution to total tax receipts has declined over the period considered. The direct fiscal contributions from the key public enterprises have decreased as a result of the privatization process and the changes in the fiscal regime to which these enterprises are subject. While declining transfers from public enterprises are consistent with the restructuring of the economy, these reductions have not been compensated for by increases in the private sector contribution through increased direct taxation (personal and profit taxes). This situation may suggest that privatization has not yet yielded the revenue gains through increased profitability that improved economic performance was expected to generate. However, it is also the case that transfers from public enterprises were exceptionally large prior to 1990, reflecting the heavy state involvement in the financial management of these firms.

49. The scale of revenue mobilization has not improved much, as evidenced by the magnitude of the overall tax revenue-to-GDP ratio. Togo's tax ratio of 13 percent compares unfavorably to the average ratio of 15.2 percent in the other WAEMU countries (Table 9). However, using the tax-to-GDP ratio to judge tax efforts can be misleading because this indicator ignores the taxable capacity of a country, which depends on such factors as the degree of openness of the economy and the sectoral composition of the value added. In the case of Togo, the agricultural sector, which contributes about 40 percent of the value added in the economy, does not generate taxable revenues, because it is difficult—for both technical and political reasons—to tax the basic foodstuffs.<sup>28</sup> Moreover, a large share of economic activity takes place in the informal sector, which is hard to tax. As a result of this, the burden of taxation on the sectors that are taxed is much heavier than the tax-to-GDP ratios would imply.

50. A simple tax base, such as GDP, is not sufficient as a measure of the taxable capacity because not all taxes vary directly with the value of overall activity. Moreover, revenue

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<sup>28</sup> While the formal manufacturing sector is easier to tax because businesses typically keep better books and records, the sector's contribution to budgetary revenue is limited by its small size (about 9 percent of value added). By contrast, the lack of easily used measures of turnover or value added in informal sector activities, combined with the absence of reliable accounting and, often, any clear overview of the nature or location of the activity, makes it difficult to tax activities in that sector efficiently.

weakness may be caused primarily by changes in the tax base rather than by the elasticity of the tax itself. To analyze Togo's tax performance, therefore, the main individual tax components are explicitly related to macroeconomic aggregates assumed to represent their specific bases; instead of linking these components to nominal GDP, we relate the value added tax, import duties, direct receipts from public enterprises, and petroleum taxes to domestic demand, import values, exports of phosphates and cotton, and imports of petroleum products, respectively. Table 10 presents a decomposition of the overall responsiveness of taxes with respect to nominal GDP into the elasticity of each tax item with respect to its own base, and the elasticity of the actual tax bases with respect to nominal GDP.

51. While the overall tax elasticity declined during the recent period (1994-98), this was not the case with some individual tax items. For example, the total elasticity of import duties increased in the recent period, on account of both an expanding tax base and a greater responsiveness with respect to that base. The latter development is attributable to efforts undertaken in recent years to considerably reduce the scale of exemptions.<sup>29</sup> Petroleum taxes also become more elastic, even though the degree of responsiveness of their taxable base (imports of petroleum products) fell. The elasticity of the VAT with respect to its own base can be seen to have increased, but, owing to the diminution in responsiveness of its taxable base, the overall elasticity with respect to GDP has actually declined. Transfers from public enterprises had a lower overall elasticity with respect to GDP, essentially because of their limited responsiveness with respect to their taxable bases, which have remained buoyant with respect to nominal GDP.

### **E. Tax Reforms**

52. Starting in 1990, the authorities began to introduce a series of tax reforms aimed at making the tax system revenue neutral, by, inter alia, (a) reducing the number of import taxes to four and aligning the rates of the general turnover tax (TGA) levied at customs with domestic rates; (b) restructuring the TGA to make it similar to a value-added tax, with only three rates; and (c) reducing the number of exemptions. However, these initiatives were not effectively implemented, as their introduction coincided with the sociopolitical crisis. As the fiscal situation deteriorated in 1992 and 1993, a series of revenue-enhancing measures was initiated. These additional measures included (a) the generalized use of procedures for spontaneous payment of income and profits taxes; (b) a simplified business tax on small enterprises; (c) improved collection of taxes from the informal sector through the application of a withholding tax at the level of customs and at the time of wholesale purchases, with the application of the proceeds to the income and profits tax liabilities of the registered taxpayers; (d) introduction of a tax on the purchase of airline tickets; and (e) increased rates

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<sup>29</sup> The share of fully exonerated goods in total imports has fallen to less than 10 percent. These goods include at present imports on behalf of the government and embassies, as well as capital goods, materials, and supplies imported by enterprises granted concessions under the investment code.

for various stamp taxes. These revenue-enhancing measures contributed to the recovery of domestic tax revenue.

53. Further tax measures were introduced in the context of the 1994 budget, including inter alia, (a) the introduction of the withholding tax on imports at customs and on wholesale purchases, which could be used to offset the assessed tax liability of registered taxpayers; (b) the creation of a single unit responsible for assessing and collecting taxes from major taxpayers; and (c) the assignment of a single taxpayer identification number (TIN) and creation of a single taxpayer registry, and a strengthening of tax administration, particularly the domestic tax service. The tax reform effort was intensified and expanded in 1995 with the replacement by the VAT with rates of 7 percent and 18 percent of the more complicated general sales tax, the further simplification of the customs tariff structure, and the conversion of the remaining specific taxes (on rice, sugar, wax prints, alcoholic beverages, and tobacco products) to ad valorem rates. These measures contributed to an increase in revenue efforts and improvement in the tax structure.

54. Since 1996, two major reforms have been introduced: the monitoring of exemptions under externally financed government contracts (April 1996), and the extension of the self-assessment procedure for all taxes (January 1997). Moreover, the VAT, which was initially introduced with two rates (7 percent and 18 percent), has been set at a single rate of 18 percent since 1997, and most exemptions have been removed. Also, several reforms aimed at strengthening the tax administration have been introduced, including the reinforcement of the large taxpayer unit, which currently controls 90 percent of tax revenue, the development of a computerized collection and assessment system, the strengthening of audit operations using issue-oriented audits (mainly for the VAT and the taxes withheld at source by enterprises) and the implementation of modern enforcement procedures.

55. At the customs level, the considerable effort devoted to strengthening the customs administration has resulted in improved revenue collections. The reforms, undertaken over the period 1994-96 with Fund technical assistance, were focused on (a) strengthening the surveillance of transit and warehousing operations, with a rigorous implementation of penalties; (b) verifying declared values, including through cooperation with a preshipment inspection agency, COTECNA; (c) monitoring and strictly controlling customs exemptions; (d) tightening the port security and customs procedures for merchandise clearance; and (e) developing more comprehensive computerized procedures, including the introduction of the SYDONIA system for custom clearance.

56. In spite of these reforms, the efficiency of the tax and customs administrations continues to be hampered by difficulties in ensuring VAT reimbursements to exporting enterprises. This situation typically gives rise to tax credits that are seldom refunded in cash, but rather applied to current and future tax liabilities, thereby complicating the management of the tax system. The new tax regime for foreign-financed procurement, which consists of payment of duties at import and refunds through treasury checks, has yet to be extended to all other types of exonerations. The reform of small business taxation, which was effected with the introduction in 1997 of a single business tax "*taxe professionnelle unique*" or TPU has so

far not produced substantial gains. The TPU is based on the rental value of business premises, and replaces all taxes currently applied to small enterprises (patent, property, and income).

#### F. Revenue Outlook

57. The comprehensive tax reforms implemented in Togo point to the likelihood that revenue performance will improve over the medium term through increased elasticity of the new and broadly based tax system. However, in light of the analysis presented above, one must be realistic in terms of the improvement in revenue ratios that can reasonably be expected in an economy undergoing structural change, where traditional tax bases have fallen and fundamental weaknesses in the tax system remain uncorrected. The revenue experience during 1994-98 suggests that revenue ratios of 18-20 percent are difficult to obtain and may even be highly distortionary, given the narrow tax bases. In view of the still considerable weaknesses that characterize the current tax system, it may be feasible to increase the tax elasticity, but the scope for such an improvement is limited.

58. Greater administrative efficiency could in the present context at best raise the revenue ratio by some 1-2 percentage points of GDP. However, this improved efficiency will have to be complemented by adjustment measures in the tax structure aimed at increasing reliance on expenditure-based taxes and domestic taxes and at reducing dependence on taxation of international trade. The objective should be to adjust the structure of the tax system to reduce distortions and lessen the vulnerability of revenue to changes in the external environment. The heavy reliance on import taxes has been useful so far, because of the need for early and rapid deficit reduction, but it poses a risk for efficiency in the future. Against this backdrop, a major effort is needed to further improve the tax structure through appropriate institutional reforms, notably the strengthening of the tax and customs administrations.

59. Over the medium term, the major challenge facing the authorities is how to broaden the structural tax handles so as to ensure a durable increase in revenue collections, perhaps on the order of 18-20 percent of GDP. Achieving this objective will require a strategy for tax reforms that involves (a) a reduction and gradual elimination of all remaining exemptions in the tax codes, (b) a simple and easy-to-administer taxation regime for the informal sector, and (c) the design of workable mechanisms for income (or imputed income) or land taxation.

60. The broadening of the tax base should be sought through a further reduction or a complete elimination of exemptions. Customs and tax laws and regulations should be revised to limit severely the scope for possible exemptions, including repealing all tax waiver provisions in investment codes. Exemptions for nongovernmental organizations (NGOs) should be tightly controlled and, where possible, restricted to specific quantities of certain items (cars, and personal effects) for limited period. Abuses in the use of diplomatic tax exemptions should be monitored. The basis of exemptions should be converted from institutions to products, and, where institutions remain exempt for political or contractual reasons, the exemptions can be made time bound rather than left open ended or limited to specified products.

61. Although efforts to collect taxes from the largest taxpayers should remain a priority, the tax base can also be broadened through a more adequate taxation of small and medium-sized companies, and of the informal sector. The taxation of the latter, though difficult, cannot be ignored if one is to prevent large scale evasion and limit the distortions that would arise if only the formal sector is taxed. One approach consists of administering a commercial transactions levy, which is a tax on services applied on a minimum presumptive basis. Such taxes can initially be administered through “community policing” techniques, as in Benin. Likewise, businesses could be required to pay a 3-5 percent withholding tax on imports, which they could pass on through the selling prices to small informal retailers. Finally, street vendors could be required to display stickers that would be provided by the tax administration as evidence of their compliance with the tax obligations. With the sheer size of the informal sector (30 percent of the formal economy by some estimates), it is difficult to imagine an increase in the revenue ratio without finding an appropriate way of bringing this sector into the tax net. However, given its importance as a source of employment, the taxation of small companies—representing the bulk of informal sector activity—should be done with great caution.

62. A central focus of tax policy should be to put in place workable mechanisms for bringing the agricultural sector into the tax net. The devaluation of 1994 and the reduced role now played by the state agricultural marketing boards have helped to increase the fortunes of those sectors in many CFA franc zone countries. Thus, exempting agriculture from taxation imposes a heavy burden on the rest of the economy, as well as significant loss of revenues for the budget. With the sector accounting for nearly 40 percent of value added in Togo, it is estimated that applying the same tax as in other sectors would yield substantial revenues over the medium term. The debate has now shifted from the question of whether agricultural incomes and wealth should be taxed at all to the issue of how agricultural producers should be taxed. For countries such as Togo, where food crops are predominant, an area-based land tax, making rough allowances for differences in the productive capacity or economic value of the land, offers a possible solution.

63. In conclusion, the analysis of the structure of tax revenue in Togo indicates that the scope for a substantial increase in tax revenue within the existing system is very limited. If the tax-to-GDP ratio is to be raised to the level prevailing in the 1980s, priorities must be given to expanding the tax base, increasing administrative efficiency, or designing different tax policies, or a combination of all three. With the overall fiscal deficit (excluding grants) at around 6.5 percent of GDP, one implication of this analysis is that the structure of public expenditures should be changed fundamentally. An intermediate solution would be for the authorities to envisage the introduction of user charges, which are a potentially important but neglected source of revenue in Togo. Unlike taxes, properly designed user charges can generate revenue without creating distortions in the economy. They can be used in financing economic infrastructure services, such as water and power, and can reduce the need to increase taxes when spending cannot be cut further.



Togo: Summary of Tax System as of January 1999  
(All amounts in CFA francs)

Tax	Nature of Tax	Deductions and Exemptions	Rates
<b>1. Taxes on income and profits</b>			
1.1 Personal income tax ( <i>impôt sur le revenu des personnes physiques—IRPP</i> )	Tax on overall net income of individuals from their work, pensions, property, and capital gains (other than on their own residence, vehicles, agricultural land, real estate valued at less than CFAF 2 million, and movable assets valued at less than CFAF 10 million).	<p>Net taxable income below CFAF 24,000 a month is exempted from the IRPP. In this case, a single presumptive amount of CFAF 250 a month is withheld; this is the only supplementary tax (a minimum TCS). Tax is levied on only 50 percent of gross retirement pension payments received. Wages and salaries: to determine the net taxable amount before deductions for dependents, the following formulas should be applied to the gross base x (after deductions authorized by Art. 27, paras. 1-4 of the General Tax Code):</p> <p>1. Monthly schedule            (a) If <math>x &lt; \text{CFAF } 740,740</math>: multiply x by 0.765            (b) If <math>x &gt; \text{CFAF } 740,740</math>: multiply x by 0.855 and deduct CFAF 66,666</p> <p>2. Annual schedule            (a) If <math>x &lt; \text{CFAF } 8,888,889</math>: multiply x by 0.765            (b) If <math>x &gt; \text{CFAF } 8,888,889</math>: multiply x by 0.855 and deduct CFAF 800,000</p> <p>Exemptions for dependents            Net taxable income is reduced by:            CFAF 48,000 for one dependent            CFAF 120,000 for two dependents            CFAF 216,000 for three dependents            CFAF 288,000 for four dependents            CFAF 360,000 for five dependents            CFAF 432,000 maximum for six dependents.</p>	<p>0 - 270,000 Exempt            271,000 - 375,000 10 percent            376,000 - 600,000 14 percent            601,000 - 900,000 18 percent            901,000 - 1,500,000 22 percent            1,501,000 - 2,400,000 26 percent            2,401,000 - 3,250,000 30 percent            3,251,000 - 7,500,000 35 percent            7,501,000 - 9,750,000 40 percent            9,751,000 - 12,500,000 45 percent            12,501,000 - 15,000,000 50 percent            12,501,000 - 15,000,000 55 percent</p> <p>Withholding tax on income from securities: 15-25 percent of gross revenue. Minimum presumptive tax (<i>impôt minimum forfaitaire—IMF</i>): for individuals subject to the tax on business profits (<i>bénéfices industriels et commerciaux—BIC</i>) or on nonbusiness profits (<i>bénéfices non commerciaux—BNC</i>), in accordance with the rates set for each turnover bracket.</p>
Tax on nonbusiness profits (BNC)	Tax on business profits (BIC) is assessed presumptively for taxpayers with a turnover of up to CFAF 30 million whose chief business is the sale of goods or the provision of housing (CFAF 10 million for service enterprises and other businesses).	Tax on nonbusiness profits of self-employed persons carrying out a noncommercial activity as well as on profits not falling into any other income category.	<p>15 percent withheld on payments to individuals and companies subject to personal income tax or corporate tax and having no permanent facilities in Togo.</p> <p>15 percent; withheld on payments to individuals and companies subject to personal income tax or corporate tax and having no permanent facilities in Togo.</p> <p>20 percent on revenue of individuals and companies with permanent facilities in Togo.</p>

Togo: Summary of Tax System as of January 1999  
(All amounts in CFA francs)

Tax	Nature of Tax	Deductions and Exemptions	Rates
1.2 Corporate tax ( <i>impôt sur les sociétés</i> —IS)	Tax on income and profits of companies.	Cooperatives, mutual farm credit banks, low-cost housing associations, and other mutual institutions are exempt. Special treatment: parent companies and subsidiaries, mergers, and splits. Companies established under the free-zone statute are exempt for 10 years.	37 percent of taxable profits for industrial concerns and 40 percent for others. Presumptive minimum tax (IMF), depending on turnover bracket.  Turnover < CFAF 10 million      CFAF 20,000 Turnover > CFAF 30 billion CFAF 80,000,000
1.3 Tax on road transport income ( <i>impôt sur le revenu des transporteurs routiers</i> —IRTR)	Presumptive taxation of profits of highway carriers (individuals who do not keep regular or complete accounting records).	Togo government vehicles. Privately used passenger cars. Vehicles registered outside Togo and used occasionally in Togo. Vehicles in international transit for which a customs transit bond has been obtained. Vehicles not in use, provided a prior statement has been filed with the tax authorities. Vehicles specially equipped for nontransportation use, including ladder trucks, crane trucks, and forklifts. Tractors for agricultural use.	10 percent presumptive turnover tax set by law for two-wheel vehicles. IRTR payment does not discharge the taxpayer from the payment of other taxes.
1.4 Supplementary income tax ( <i>taxe complémentaire à l'impôt sur le revenu</i> )	Supplement to personal income tax.		25 percent of IRPP Minimum: CFAF 6,000 Maximum: CFAF 200,000 (wage earners and pensioners, maximum CFAF 3,000 or minimum CFAF 1,500, as applicable).
2. Social security contributions	i) Retirement pensions	No ceiling	Employer: 3.6 percent. Employee: 2.4 percent.
	ii) Family allowances	No ceiling; payments in kind are excluded.	Employer: 10 percent (plus 2 percent maternity allowance).
	iii) Workmen's compensation (accidents at work).		Employer: 2.5 percent.
3. Employers' payroll taxes ( <i>impôts sur les salaires versés par les employeurs</i> )		Central government. Nonprofit public establishments. Diplomatic missions. Private schools. Private persons employing domestic personnel.	7 percent of gross salary, reduced to 6.5 percent for enterprises which filed and conducted in the previous year a training program for senior and middle-level managers. The rate can be reduced in cases specified in the <i>Code des Investissements</i> and the <i>Charte des Entreprises Togolaises</i> and for entities under the free-zone statute engaged in processing for export.

Togo: Summary of Tax System as of January 1999  
(All amounts in CFA francs)

Tax	Nature of Tax	Deductions and Exemptions	Rates	
<b>4. Taxes on real property</b>				
4.1	Tax on buildings for professional use ( <i>taxe foncière sur les propriétés bâties à usage professionnel</i> )	Real annual tax based on net cadastral income, i.e., 50 percent of rental value.	Buildings used for public religious services. Buildings used for medical or social purposes. Buildings and premises used for farming purposes. Buildings used solely as owner-occupied residences and having an annual rental value of less than CFAF 360,000. Buildings belonging to foreign governments and used as the official residences of their diplomatic missions. Buildings belonging to local authorities.	10 percent of net cadastral income for owner-occupied property. 25 percent in other cases.
4.2	Residency tax ( <i>taxe de résidence</i> (TR)) on property built for use as housing	Payable by all persons, whatever their capacity, having housing at their disposal in the Togolese Republic.	Apart from a few exceptions, the same exemptions apply as in regard to the head tax ( <i>taxe civique</i> ).	Established for the whole year, regardless of the duration of occupation of the premises, as calculated presumptively on the basis of the amenities, type, and status of the building.
4.3	Property tax on undeveloped land ( <i>taxe foncière sur les propriétés non bâties</i> )	Real annual tax based on the market value of undeveloped urban land.	Real property used for farming, schools, state railways, or the land on which buildings exempted under 4.1 are located.	2 percent of market value.
4.[4]	Real property surcharge ( <i>surtaxe foncière</i> )	As above.	As above.	1 percent of market value.
4.5	Garbage removal tax ( <i>taxe d'enlèvement des ordures</i> ) for professional premises; it is included in the residency tax in the case of housing)	Real annual tax for services rendered, same base as land taxes.	Industrial, business, and other establishments which make their own arrangements for waste removal and destruction. Premises rented by the Central Government. Premises located where no municipal services exist for refuse removal.	Developed property: 2 percent of cadastral income. Undeveloped land: 0.2 percent of market value.
4.6	Filing fees ( <i>droits d'enregistrement</i> )	Property transfers, capital increases, company mergers, and other transactions.	Companies established under the free-zone statute engaged in processing for export.	Fixed duty of CFAF 2,000-30,000 plus proportional duty of 2-15 percent. < CFAF 50,000,000 = CFAF 50,000 > CFAF 50,000,000 = CFAF 200,000
4.7	Stamp-duty ( <i>droits de timbre</i> )	Tax on shares and bonds of companies established in Togo.	Companies established under the free-zone statute engaged in processing for export.	1-1.5 percent of nominal value. 1-1.5 percent by annual subscription.
<b>5. Tax on goods and services</b>				
5.1	Value-added tax (VAT)— <i>Taxe sur la valeur ajoutée</i> (for the formal sector only)	Tax on transfers of goods and on services (value before tax), transportation of merchandise and livestock.	Companies established under the export processing free-zone statute. Exports in general.	Single rate: 18 percent.

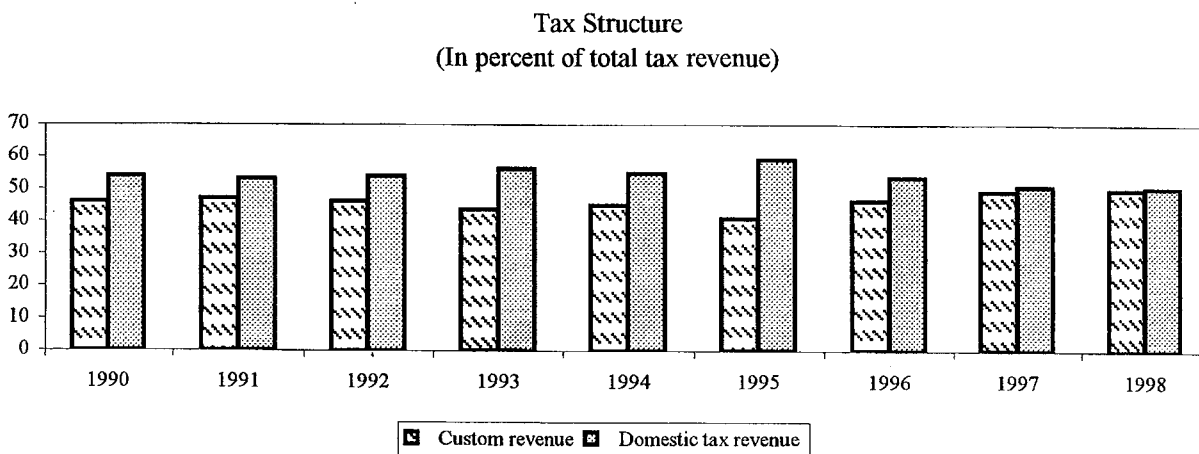
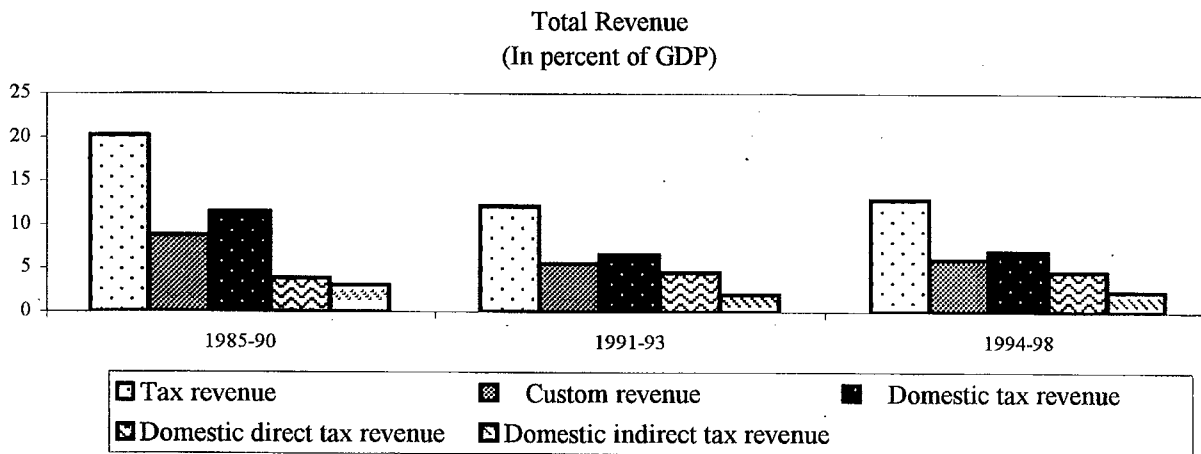
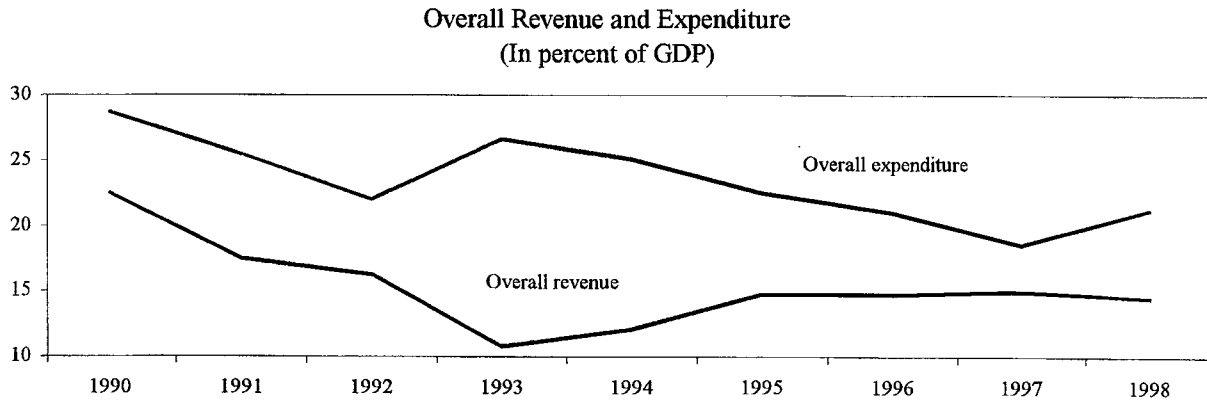
Togo: Summary of Tax System as of January 1999  
(All amounts in CFA francs)

Tax	Nature of Tax	Deductions and Exemptions	Rates
5.2	Financial activity tax ( <i>Taxe sur les activités financières—TAF</i> )	Indirect tax on banking and financial activities (nondeductible).	<p>Passenger transport carriers Agriculture and fisheries. Medical and veterinary care. Education. Public utility agencies. Artisans. Pharmaceuticals. Exempt portion of water and electricity consumption of households. Credit to the Public Treasury and to local governments. Investment and housing loans.</p> <p style="text-align: right;">10 percent.</p>
5.3	Levy on income from gambling ( <i>prélèvement sur les produits des jeux de hasard</i> )	Duty on income from gambling.	<p>Progressive, by bracket of products, from a minimum of 5 percent to a maximum of 40 percent. Minimum presumptive payable per annum of CFAF 1,200,000 for LONATO; 8 percent gross receipts for LOTOSPORT and LOTOBEZ. 10 percent of gross receipts for the others:</p>
5.4	Entertainment tax ( <i>taxe sur les spectacles</i> )	Tax levied on income from entertainment or from possession of automatic equipment for games, amusement, etc.	<p>Certain cultural and sports events are exempt under municipal <i>arrêtés</i>.</p> <p>Variable, ranging from 5 percent to 20 percent, depending on entertainment category and commune. CFAF 5,000-6,000, depending on activity and commune. CFAF 5,000-25,000 a month, depending on activity and commune.</p>
5.5	Consumption duties on petroleum products ( <i>droit de consommation sur les produits pétroliers—TCPP</i> )	Initial product deliveries are taxable.	<p>Kerosene for household use.</p> <p>CFAF 59.17 a liter for regular gasoline. CFAF 60.18 a liter for super gasoline. CFAF 52.91 a liter for diesel oil. CFAF 50.00 a liter for heating oil. CFAF 50.00 a liter for petroleum.</p>
5.6	Other consumption and excise duties ( <i>autres droits de consommation ou droits d'accises</i> )	Specific tax per unit of measurement (liter, kilogram, cubic meter, etc.)	<p>1.2 or 2 percent for alcoholic beverages, 10 percent for tobacco, 0.2 percent for cement. 1 percent for wheat or rye flour, groats and meal, or mixed wheat and rye semolina. 0.5 percent for oils and fats. 0.5 percent for industrial goods. 1 percent for mineral, spring, or sparkling water.</p>
5.7	Tax on insurance ( <i>taxe sur les assurances</i> )	Levied on insurance premiums.	<p>Fire: 25 percent Accident: 6 percent Maritime: 5 percent Life: 3 percent Export credit: 0.2 percent</p>

Togo: Summary of Tax System as of January 1999  
(All amounts in CFA francs)

Tax	Nature of Tax	Deductions and Exemptions	Rates
5.8.1 Business tax ( <i>taxe professionnelle</i> —formerly <i>patente</i> —for the formal sector)	Payable by all self-employed persons and enterprises carrying on a nonwage business activity or occupation. Taxable base: turnover and rental value of business premises.	Various exemptions specifically stated in the law (including artisans in the tax sense, the government, local governments, farmers, agricultural cooperatives, new enterprises eligible for exemptions under the Investment Code).  Companies established under the free-zone statute engaged in processing for export.	0.5-1.5 per mill or 3 percent of turnover, depending on the nature of the business, plus 2-6 percent of the rental value of business premises. Another range of rates is now added for peddlers and others selling in the markets and on public thoroughfares.
5.8.2 Single business tax ( <i>taxe professionnelle unique</i> )	Levied on small taxpayers and those in the informal sector. This supersedes the IRPP (business persons), IMF, TP, TS, and VAT.	Individuals liable for the BNC, real estate lessors, travel agencies, messengers, bread-makers (bakeries, cake shops).	Overall presumptive rate calculated on the basis of the estimated turnover tax per bracket.
5.9 Special tax on the manufacture and sale of beverages ( <i>taxe spéciale sur la fabrication et le commerce des boissons</i> —TSFCB; formerly licenses).	As for the business tax.		CFAF 5-50 a bottle, depending on the nature of the beverage and the manufacturing group; CFAF 10, CFAF 25, or CFAF 50 a bottle or container, depending on the nature of the beverage and the import group.
6. Taxes on international trade			
6.1 Import duties and taxes (DGD)			
6.1.1 Fiscal import duty ( <i>droit fiscal d'entrée</i> )	Levied on the c.i.f. value of all imports, irrespective of origin.	Imports on behalf of the government and embassies, and capital goods, materials, and supplies imported by enterprises granted concessions under the Investment Code are exempt.	0-30 percent.
6.1.2 Tax on import transactions ( <i>taxe sur les transactions à l'importation</i> )	Levied on the c.i.f. value of raw materials of certain enterprises granted concessions under the Investment Code prior to the 1989 reform and, in exceptional cases, on wax cloth.  Applied to foreign-owned vehicles with a capacity of [sic] 1,500 kg or tractor-trailers. The tax is levied on foreign-owned vehicles transiting through Togo, whether empty or loaded.		3-25 percent for raw materials and 6 percent for wax cloth.  CFAF 3,000 CFAF 5,000

Figure 6. Togo: Developments in Revenue, 1990-98



Source: Togolese authorities; and staff estimates.

Table 6. Togo: Tax Revenue, 1990-98

(In billions of CFA francs)

	1990	1991	1992	1993	1994	1995	1996	1997	1998 Est.
Tax revenue	82.5	68.9	54.8	30.8	60.3	88.8	98.1	115.7	115.5
Custom revenue	38.0	32.3	25.3	13.5	27.2	36.3	45.5	56.9	57.4
Import duties	15.7	14.1	11.0	6.0	10.9	14.9	16.9	20.9	21.15
Value-added tax on imports	14.3	11.6	8.7	4.3	10.2	14.8	20.3	27.2	28
Other	8.1	6.7	5.6	3.2	6.1	6.6	8.3	8.8	8.24
Domestic tax revenue	44.5	36.5	29.5	17.4	33.1	52.5	52.6	58.8	58.1
Domestic direct tax revenue	31.9	24.0	22.2	11.8	26.7	40.2	34.1	34.4	30.1
Public enterprises	12.1	8.0	7.5	2.3	12.9	18.1	11.4	11.2	6.6
Profit taxes (BIC/IS)	8.5	5.6	3.7	1.6	1.9	3.0	6.7	8.4	7.8
Income taxes (IRPP)	6.4	5.8	6.8	2.3	6.4	6.9	7.3	9.5	7.9
Other	5.0	4.7	4.1	5.7	5.5	12.2	8.7	5.3	7.8
Domestic indirect tax revenue	12.6	12.5	7.4	5.5	6.4	12.3	18.5	24.4	28.0
Value-added tax on domestic goods	6.9	6.5	5.3	2.9	4.8	5.5	8.4	12.8	13
Petroleum taxes	1.31	2.52	0.22	0.07	0.1	4.5	6.8	8.4	10.4
Other	4.4	3.5	1.8	2.6	1.6	2.4	3.4	3.2	4.6

Sources: Togolese authorities; and staff estimates.

Table 7. Togo: Tax Revenue, 1990-98

(In percent of GDP)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1985-90	1991-93	1994-98
	Average											
Tax revenue	18.6	15.2	12.2	8.8	11.1	13.6	13.0	13.5	13.1	20.2	12.1	12.8
Custom revenue	8.6	7.1	5.6	3.9	5.0	5.6	6.1	6.6	6.5	8.7	5.6	5.9
Import duties	3.5	3.1	2.5	1.7	2.0	2.3	2.2	2.4	2.4	5.1	2.4	2.3
Value-added tax on imports	3.2	2.6	1.9	1.2	1.9	2.3	2.7	3.2	3.2	1.8	1.9	2.6
Other	1.8	1.5	1.2	0.9	1.1	1.0	1.1	1.0	0.9	1.9	1.2	1.0
Domestic tax revenue	10.0	8.1	6.6	5.0	6.1	8.0	7.0	6.8	6.6	11.5	6.5	6.9
Domestic direct tax revenue	7.2	5.3	4.9	3.4	4.9	6.2	4.5	4.0	3.4	3.9	4.5	4.6
Public enterprises	2.7	1.8	1.7	0.7	2.4	2.8	1.5	1.3	0.7	4.6	1.4	1.7
Profit taxes (BIC/IS)	1.9	1.2	0.8	0.4	0.4	0.5	0.9	1.0	0.9	1.5	0.8	0.7
Income taxes (IRPP)	1.4	1.3	1.5	0.6	1.2	1.1	1.0	1.1	0.9	0.6	1.1	1.0
Other	1.1	1.0	0.9	1.6	1.0	1.9	1.2	0.6	0.9	0.5	1.2	1.1
Domestic indirect tax revenue	2.8	2.8	1.6	1.6	1.2	1.9	2.5	2.8	3.2	3.1	2.0	2.3
Value-added tax on domestic goods	1.6	1.4	1.2	0.8	0.9	0.8	1.1	1.5	1.5	1.8	1.2	1.2
Petroleum taxes	0.3	0.6	0.0	0.0	0.0	0.7	0.9	1.0	1.2	0.3	0.2	0.8
Other	1.0	0.8	0.4	0.7	0.3	0.4	0.4	0.4	0.5	0.9	0.6	0.4

Sources: Togolese authorities; see Table 1.



Table 8. Togo: Tax Structure, 1990-98

(In percent of total tax revenue)

	1990	1991	1992	1993	1994	1995	1996	1997	1998 Est.	1985-90 Average	1991-93 Average	1994-98
Tax revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Customs revenue	46.1	46.9	46.1	43.7	45.0	40.9	46.4	49.2	49.7	43.3	46.0	46.7
Import duties	19.0	20.5	20.1	19.4	18.0	16.8	17.2	18.0	18.3	15.2	20.1	17.7
Value-added tax on imports	17.3	16.8	15.9	14.1	16.9	16.6	20.7	23.5	24.2	18.3	15.9	21.0
Other	9.8	9.7	10.2	10.2	10.1	7.4	8.5	7.6	7.1	9.8	10.0	7.9
Domestic tax revenue	53.9	53.1	53.9	56.3	55.0	59.1	53.6	50.8	50.3	56.7	54.0	53.3
Domestic direct tax revenue	38.7	34.9	40.4	38.3	44.3	45.3	34.8	29.7	26.0	40.7	37.5	34.6
Public enterprises	14.7	11.7	13.6	7.5	21.4	20.4	11.6	9.7	5.7	18.9	11.5	12.6
Profit taxes (BIC/IS)	10.2	8.1	6.8	5.1	3.2	3.4	6.9	7.3	6.8	9.4	7.0	5.8
Income taxes (IRPP)	7.8	8.4	12.5	7.3	10.6	7.8	7.4	8.2	6.8	6.7	9.6	7.9
Other	6.0	6.8	7.6	18.5	9.1	13.7	8.9	4.6	6.7	5.7	9.4	8.2
Domestic indirect tax revenue	15.3	18.2	13.4	18.0	10.6	13.8	18.9	21.1	24.3	16.0	16.5	18.7
Value-added tax on domestic goods	8.4	9.5	9.7	9.3	7.9	6.2	8.5	11.0	11.3	9.6	9.5	9.3
Petroleum taxes	1.6	3.7	0.4	0.2	0.1	5.0	6.9	7.3	9.0	1.5	1.8	6.3
Other	5.3	5.0	3.4	8.4	2.6	2.7	3.4	2.8	4.0	5.0	5.1	3.2

Source: Togolese authorities.

Table 9. Togo: Revenue Developments in the WAEMU Countries, 1985-98

(In percent of GDP)

	1985-90	1990-93	1994	1995	1996	1997	1998 Est.
<b>Tax revenue</b>							
Benin	9.6	10.2	12	12.3	12.6	12.7	13.3
Burkina Faso	9.4	9.3	10.1	10.8	11.5	11.9	12.5
Côte d'Ivoire	18.7	17.9	15.9	17.9	19	18.6	18.6
Mali	9.6	11.3	10	10.7	12.7	13.4	13.6
Niger	8.5	6.8	5.4	6.6	6.7	7.2	7.3
Senegal	14.3	15.4	14.6	14.7	15	15.2	15
Togo	20.1	11.8	11.1	13.6	13.0	13.5	13.1
WAEMU	14.1	13.9	13.1	14.4	15.1	15.2	15.3
<b>Total revenue</b>							
Benin	11.7	12.2	12.8	14.9	15.2	14.6	15.3
Burkina Faso	11.1	12.6	11	11.6	12.7	13	13.9
Côte d'Ivoire	27.7	21.3	19.9	22.1	22.5	22.2	22.2
Mali	15.5	14.6	10.6	11.4	13.6	14.2	14.2
Niger	10.7	8.0	11.8	11.9	12.6	12.9	13
Senegal	17.8	18.0	16.3	16.3	16	16.4	15.7
Togo	20.2	14.5	12.1	14.7	14.6	14.7	14.3
WAEMU	17.8	16.8	15.8	17.2	17.7	17.7	17.7

Sources: Data provided by the authorities; and staff estimates.

Table 10. Togo: Elasticity of Tax Components

	Share in tax revenue		Elasticity w.r.t taxable base		Elasticity of base w.r.t GDP		Overall tax elasticity	
	1985-90	1994-98	1985-90	1994-98	1985-90	1994-98	1985-90	1994-98
Value-added taxes 1/	18.5	30.3	0.9	1.2	5.7	3.6	5.13	4.32
Import duties 2/	24.5	17.7	0.7	0.8	1.8	2.1	1.26	1.68
Public enterprises 3/	22.3	12.6	1.1	0.3	6.8	4.9	7.48	1.47
Petroleum taxes 4/	1.5	5.4	1.8	2.9	5.9	5.1	10.6	14.8
Other 5/	33.2	34.0	0.3	0.6	1.0	1.0	0.3	0.6

Source: staff calculations.

1/ Domestic demand as taxable base.

2/ Taxable Imports as taxable base.

3/ Exports of cotton and phosphate (and coffee until 1990) as taxable base.

4/ Petroleum Imports as taxable base.

5/ Linked to Nominal GDP.

Table 11. Togo: Gross Domestic Product by Sector of Origin, 1993-98 1/

	1993	1994	1995	1996 Rev.	1997 Rev.	1998 Est.
(In current prices billions of CFA francs at current prices, unless otherwise indicated)						
Primary sector	154.2	190.5	246.8	305.9	369.6	375.1
Food crops	105.0	113.8	168.8	202.2	262.5	247.9
Cash crops	13.0	27.1	23.6	43.2	43.0	57.2
Other 2/	36.2	49.6	54.4	60.6	64.2	69.9
Secondary sector	72.2	115.8	145.0	157.9	176.1	188.0
Mining	13.4	28.9	33.9	37.8	48.2	52.1
Phosphate rock	12.5	26.5	30.5	34.3	43.3	41.9
Other	0.9	2.4	3.4	3.5	3.8	4.1
Manufacturing	31.8	49.8	64.7	69.2	73.6	81.3
Construction	6.5	15.8	22.5	23.4	25.0	27.2
Energy	20.6	21.3	24.0	27.4	29.3	27.5
Tertiary sector	122.9	239.2	261.8	289.9	330.4	327.5
Commerce and tourism	46.5	115.1	121.6	134.7	155.8	151.1
Transport and communications	14.2	34.3	38.1	41.9	47.9	47.3
Public services	38.5	49.4	53.1	56.5	60.8	62.1
Other services	23.7	40.5	49.0	56.9	65.9	67.0
GDP at market prices	349.3	545.5	653.6	753.7	876.0	890.6
Change in percent	-22.1	56.2	19.8	15.3	16.2	1.7
(In billions of CFA francs at 1978 prices, unless otherwise indicated)						
Primary sector	81.9	81.8	86.4	100.5	105.0	102.3
Food crops	54.2	50.8	57.2	64.6	70.1	64.2
Cash crops	7.2	10.1	8.1	13.7	12.7	15.0
Other 2/	20.5	21.0	21.1	22.1	22.2	23.1
Secondary sector	33.6	42.5	51.3	54.0	55.2	56.8
Mining	10.4	12.9	14.8	16.2	16.1	15.8
Phosphate rock	10.1	12.2	14.0	15.3	14.8	12.6
Other	0.3	0.6	0.9	0.9	1.3	3.2
Manufacturing	12.3	15.3	19.1	19.6	20.1	22.0
Construction	3.1	6.1	8.9	8.8	9.2	9.9
Energy	7.8	8.2	8.5	9.4	9.8	9.0
Tertiary sector	64.0	84.6	85.4	90.3	95.2	93.8
Commerce and tourism	25.4	38.1	35.6	37.7	40.3	38.7
Transport and communications	6.2	10.9	11.1	11.3	11.5	11.2
Public services	21.0	20.5	21.1	21.4	21.1	21.3
Other services	11.4	15.0	17.7	19.9	22.3	22.6
GDP at 1978 prices	179.5	208.9	223.1	244.8	255.4	252.8
Change in percent	-16.1	16.4	6.8	9.7	4.3	-1.0
GDP deflator (1978 = 100)	194.6	261.2	292.9	307.9	343.0	352.2
Change in percent	-7.1	34.2	12.2	5.1	11.4	2.7

Sources: Ministry of Planning and Territorial Development, Directorate of Statistics, Central Bank of West African States (BCEAO); and staff estimates.

1/ At market prices.

2/ Includes forestry, fishing, livestock, and hunting.

Table 12. Togo: Sectoral Composition and Growth of GDP, 1993-98 1/

	1993	1994	1995	1996 Rev.	1997 Rev.	1998 Est.
(In percent of nominal GDP)						
Primary sector	44.1	34.9	37.8	40.6	41.8	42.2
Food crops	30.1	20.9	25.8	26.8	29.0	30.0
Cash crops	3.7	5.0	3.6	5.7	5.4	4.9
Other 2/	10.4	9.1	8.3	8.0	7.5	7.3
Secondary sector	20.7	21.2	22.2	20.9	20.8	20.1
Mining	3.8	5.3	5.2	5.0	6.3	5.5
Phosphate rock	3.6	4.9	4.7	4.6	5.0	4.9
Other	0.3	0.4	0.5	0.5	0.4	0.4
Manufacturing	9.1	9.1	9.9	9.2	8.7	8.4
Construction	1.8	2.9	3.4	3.1	3.0	2.9
Energy	5.9	3.9	3.7	3.6	2.9	3.3
Tertiary sector	35.2	43.9	40.1	38.5	37.4	37.7
Commerce and tourism	13.3	21.1	18.6	17.9	17.4	17.8
Transport and communications	4.1	6.3	5.8	5.6	5.4	5.5
Public services	11.0	9.1	8.1	7.5	7.1	6.9
Other services	6.8	7.4	7.5	7.5	7.6	7.5
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0
(Annual growth rate in constant prices)						
Primary sector	6.0	-0.1	5.5	16.4	4.5	-2.6
Food crops	25.9	-6.3	12.6	13.0	8.4	-8.4
Cash crops	-2.7	40.4	-20.1	70.4	-7.4	18.1
Other 2/	-23.5	2.3	0.7	4.9	0.2	3.9
Secondary sector	-29.4	26.3	20.8	5.2	2.3	2.8
Mining	-15.9	23.4	15.4	9.3	-0.7	-1.7
Phosphate rock	-13.5	21.2	13.9	9.9	-3.6	-14.5
Other	-55.7	95.4	45.0	-0.3	49.6	140.7
Manufacturing	-37.9	24.4	24.4	2.7	2.9	9.4
Construction	-55.6	95.4	45.0	-0.3	4.5	7.2
Energy	-6.9	5.5	4.3	9.6	4.3	-7.3
Tertiary sector	-28.2	32.2	1.0	5.7	5.4	-1.5
Commerce and tourism	-43.3	50.2	-6.5	5.8	6.9	-4.0
Transport and communications	-44.7	75.2	1.2	2.6	1.3	-2.2
Public services	2.8	-2.1	2.8	1.4	-1.2	0.6
Other services	-8.8	-9.9	31.4	17.5	12.6	12.1
GDP at 1978 prices	-16.1	16.4	6.8	9.7	4.3	-1.0

Sources: Ministry of Planning and Territorial Development, Directorate of Statistics, Central Bank of West African States (BCEAO); and staff estimates.

1/ At market prices.

2/ Includes forestry, fishing, livestock, and hunting.

Table 13. Togo: Supply and Use of Resources at Current Market Prices, 1993-98

	1993	1994	1995	1996 Rev.	1997 Rev.	1998 Est.
(In billions of CFA francs)						
Supply of resources	461.4	732.4	907.2	1,061.1	1,237.5	1,250.3
Gross domestic product at market prices	349.3	545.5	653.6	753.7	876.0	890.6
Imports of goods and nonfactor services	112.1	186.9	253.6	307.5	361.4	359.7
Use of resources	461.4	732.4	907.2	1,061.1	1,237.5	1,250.3
Total consumption expenditure	350.1	483.7	575.7	690.5	802.4	823.8
Private sector	293.9	411.9	496.4	602.6	713.4	722.8
Government	56.2	71.8	79.2	87.8	89.1	101.0
Gross domestic investment	26.1	82.1	105.4	123.7	130.9	126.2
Fixed capital formation	38.1	65.5	88.8	112.8	117.8	122.5
Nongovernment	29.9	53.0	65.9	92.0	100.2	86.6
<i>Of which</i>						
Public enterprises	3.9	3.6	13.3	15.2	22.9	23.6
Government	8.2	12.4	22.9	20.8	17.6	35.9
Changes in stocks	-12.0	16.6	16.6	10.9	13.1	3.7
Exports of goods and nonfactor services	85.2	166.7	226.1	247.0	304.1	300.3
Resource balance	-26.9	-20.2	-27.5	-60.5	-57.3	-59.4
Memorandum items:						
Gross domestic savings	-0.8	61.9	77.9	63.2	73.6	66.8
Gross national savings	2.2	46.8	74.2	66.5	79.7	73.7
Gross national income	352.3	530.5	649.8	757.0	882.2	897.5
(In percent of nominal GDP)						
Total consumption expenditure	100.2	88.7	88.1	91.6	91.6	92.5
Private sector	84.1	75.5	76.0	80.0	81.4	81.2
Government	16.1	13.2	12.1	11.7	10.2	11.3
Gross domestic investment	7.5	15.0	16.1	16.4	14.9	14.2
Fixed capital formation	10.9	12.0	13.6	15.0	13.4	13.8
Nongovernment	8.6	9.7	10.1	12.2	11.4	9.7
<i>Of which</i>						
Public enterprises	1.1	0.7	2.0	2.0	2.6	2.7
Government	2.3	2.3	3.5	2.8	2.0	4.0
Gross domestic savings	-0.2	11.3	11.9	8.4	8.4	7.5
Gross national savings	0.6	8.6	11.3	8.8	9.1	8.3

Sources: Ministry of Planning and Territorial Development, Directorate of Statistics, Central Bank of West African States (BCEAO); and staff estimates.

Table 14. Togo: National Income at Market Prices, 1993-98

	1993	1994	1995	1996 Rev.	1997 Rev.	1998 Est.
	(In billions of CFA francs)					
Gross domestic product at factor costs	330.2	512.0	605.0	689.7	794.7	805.3
Indirect taxes minus subsidies	19.0	33.6	48.6	64.0	81.3	85.3
Gross domestic product at market prices	349.3	545.5	653.6	753.7	876.0	890.6
Net factor income from the rest of the world 1/	-7.5	-28.6	-22.2	-16.1	-13.5	-13.4
Gross national product at market prices	341.8	517.0	631.4	737.6	862.5	877.2
Net transfers from the rest of the world	10.5	13.6	18.5	19.4	19.7	20.3
National income at market prices	352.3	530.5	649.8	757.0	882.2	897.5
National income at 1978 prices	181.1	203.1	221.8	245.9	257.2	254.8
Memorandum items:	(In units indicated)					
Population (in millions)	3.8	3.9	4.1	4.2	4.3	4.4
Per capita income (in thousands of CFA francs)	91.7	138.9	161.3	180.6	203.8	201.1

Sources: Ministry of Planning and Territorial Development, Directorate of Statistics, Central Bank of West African States (BCEAO); and staff estimates.

1/ Net investment income minus interest on external debt. The major component of the former is accrued interest on central bank reserves held on deposit in the operations account of the French Treasury.

Table 15. Togo: Investment-Saving Balance, 1993-98 1/

(In percent of GDP)

	1993	1994	1995	1996 Rev.	1997 Rev.	1998 Est.
Gross investment	7.5	15.0	16.1	16.4	14.9	14.2
Government investment	2.3	2.3	3.5	2.8	2.0	4.0
Nongovernment investment 2/	5.1	12.8	12.6	13.7	12.9	10.1
Domestic savings	-0.2	11.3	11.9	8.4	8.4	7.5
Government savings	-9.7	-5.7	-1.2	-1.2	0.5	-0.6
Nongovernment savings	9.5	17.0	13.1	9.6	7.9	8.1
Investment-savings balance	7.7	3.7	4.2	8.0	6.5	6.7
Government	12.1	7.9	4.7	4.0	1.5	4.6
Nongovernment	-4.4	-4.2	-0.5	4.1	5.1	2.0
National savings 3/	0.6	8.6	11.3	8.8	9.1	8.3
Government savings	-13.3	-9.4	-2.9	-3.0	-0.1	-1.0
Nongovernment savings	13.9	18.0	14.3	11.8	9.2	9.3
Memorandum items:						
Unrequited transfers	3.0	2.5	2.8	2.6	2.2	2.3
<i>Of which</i>						
Project grants	0.3	0.7	0.6	0.5	0.9	1.0
Program grants	0.0	0.7	0.7	0.0	0.5	0.7
Net service income from abroad	-2.1	-5.2	-3.4	-2.1	-1.5	-1.5
<i>Of which</i>						
Net interest on external debt	-3.8	-5.1	-3.1	-2.3	-2.0	-2.0

Source: Staff estimates.

1/ The nongovernment sector includes public enterprises.

2/ Includes changes in stocks.

3/ Defined as domestic savings plus unrequited transfers, excluding project grants, plus net factor income from abroad.



Table 16. Togo: Income Statement of SOTOCO, 1994/95-1997/98 1/

(In millions of CFA francs)

	1994/95	1995/96	1996/97	1997/98
Total revenues	23.21	38.56	44.36	57.04
Sales of ginned cotton	17.27	29.46	26.18	39.21
Sales of cotton seed	0.86	0.30	8.23	8.19
Accumulation of stocks	0.05	0.03	2.25	0.00
Sales of agricultural inputs	2.70	2.91	5.16	0.31
Other sales	0.01	0.81	0.60	6.37
Other revenues	2.33	5.07	1.94	2.96
Total costs	23.14	36.56	41.06	52.95
Crop purchases	10.77	18.96	20.19	26.36
Variations in stock of cottonseeds	-0.06	0.00	-0.10	0.12
Purchases of agricultural inputs	2.71	4.63	6.20	6.66
Other purchases	1.40	3.60	3.59	3.49
Personnel costs	1.58	1.98	2.19	2.66
Taxes	0.37	1.17	2.37	4.15
External services	1.80	3.51	3.61	4.16
Transportation	0.54	0.52	0.96	1.42
Overhead costs	0.05	0.08	0.10	0.63
Interest	0.21	0.17	0.12	0.33
Other financial costs	0.00	0.00	0.06	...
Other costs	3.77	1.95	1.77	2.97
Profit/loss	0.07	2.00	3.30	4.09

Source: Togolese Cotton Company (SOTOCO).

1/ Crop year from October to September.

Table 17. Togo: Acreage, Production, and Yield of Food Crops, 1993/94-97/98 1/

(Area in thousands of hectares; production in thousands of metric tons;  
and yield in metric tons per hectare)

	1993/94	1994/95	1995/96	1996/97 Rev.	1997/98 Est.
<b>Cassava</b>					
Area planted	56.8	90.4	101.8	96.4	98.7
Production	389.4	430.8	602.2	548.3	595.8
Yield	9.00	8.10	9.50	8.3	8.6
<b>Sweet potatoes</b>					
Area planted	51.3	49.3	61.8	69.3	61.9
Production	530.4	484.0	530.5	604.7	683.0
Yield	10.30	9.90	10.40	9.0	11.3
<b>Corn</b>					
Area planted	338.9	373.6	339.6	412.1	422.8
Production	393.1	347.6	290.4	387.6	452.2
Yield	1.20	0.99	0.85	1.0	1.1
<b>Millet and sorghum</b>					
Area planted	345.7	357.9	309.5	365.5	300.0
Production	201.5	167.4	246.5	211.0	200.5
Yield	0.68	0.60	0.61	0.6	0.7
<b>Rice</b>					
Area planted	28.2	52.7	42.3	57.4	31.7
Production	34.0	50.1	51.2	76.5	86.2
Yield	1.40	1.20	2.00	1.9	2.7
<b>Beans</b>					
Area planted	180.1	85.8	129.1	173.1	169.5
Production	38.6	27.7	29.0	42.6	46.7
Yield	0.43	0.43	0.35	0.4	0.4
<b>Groundnuts</b>					
Area planted	73.5	102.0	71.7	110.1	583.4
Production	34.7	38.6	35.1	55.4	36.2
Yield	0.57	0.46	0.50	0.6	0.6

Source: Ministry of Agriculture, Directorate of Surveys and Agricultural Statistics.

1/ Crop year from April 1 to March 31. Yield adjusted to take multicropping into account.

Table 18. Togo: Balance Sheet of OTP, 1993-97 1/

(In billions of CFA francs; end of period)

	1993	1994	1995	1996	1997
Assets	76.74	74.77	104.32	95.43	91.24
Liquid assets	3.71	6.10	3.62	5.08	10.52
Accounts receivable	28.89	23.82	15.20	14.20	21.96
Stocks	5.92	8.20	6.98	8.94	14.67
Investments	31.77	36.65	78.52	67.21	44.09
Physical investments	17.14	15.90	38.51	34.68	38.54
Other	14.63	20.75	40.01	32.53	5.55
Losses	6.44	0.00	0.00	0.00	0.00
Liabilities	76.74	74.77	104.32	95.43	91.24
Debts	67.71	72.38	69.37	58.64	63.47
Bank debt	28.82	29.77	15.94	17.89	31.48
Accounts payable	3.73	4.16	6.98	5.30	7.33
Incurred expenses	22.04	14.54	14.74	14.76	15.29
Medium- and long-term debt	13.12	23.90	31.71	20.69	9.37
Capital and reserves	9.02	1.22	17.51	34.26	24.57
Profits	0.00	1.17	1.26	2.53	3.20

Source: Togolese Phosphate Office (OTP).

1/ The financial year of OPT runs from October 1 until September 30.

Table 19. Togo: Financial Operations of OTP, 1993-97 1/

	1993	1994	1995	1996	1997
	(In billions of CFA francs)				
Total receipts	15.90	39.13	44.16	54.57	0.00
Export receipts	14.84	37.26	40.84	45.34	57.32
	1.06	1.87	3.32	9.23	-57.32
Operating costs 2/	12.29	24.66	...	32.79	42.49
Other administrative expenses 2/	0.88	0.61	...	8.37	37.50
Amortization and provision	3.77	4.81	...	6.31	7.25
Financial costs	4.90	5.22	...	4.34	4.05
<i>Of which</i>					
Interest on short-term bank credit	3.36	3.10	...	2.57	3.04
Net margin before transfers to the government	-5.94	3.83	1.85	2.76	-91.29
Gross transfers to the government	0.87	0.85	4.22	0.23	2.00
Transfers to the treasury	0.00	0.00	0.00	0.00	0.00
Participation in government investment	0.00	0.00	0.00	0.00	0.00
Other tax and nontax transfers to the government	0.87	0.85	4.22	2.53	2.00
Memorandum items:					
	(In units indicated)				
Production of phosphate rock (in millions of metric tons)	1.79	2.18	2.57	2.73	2.66
Exports of phosphate rock (in millions of metric tons)	1.57	2.23	2.65	2.68	2.62
Export price of phosphate rock (in millions of CFA francs per metric ton)	10.13	17.40	15.40	16.88	21.90

Source: Togolese Phosphate Office (OTP).

1/ The financial year of OTP runs from October 1 until September 30.

2/ In 1997, reflects accounting transactions related to the transfer to the government of proceeds from the sale of OTP's shares in a foreign firm.

Table 20. Togo: Value Added of Manufacturing Industry, 1993-98

(In billions of CFA francs at current prices)

	1993	1994	1995	1996	1997	1998
Food, beverages, and tobacco	20.1	31.8	38.4	39.8	39.6	41.4
Textiles, clothing, and leather goods	2.8	3.3	3.8	4.1	4.5	4.9
Wood industry and wood products	1.7	2.1	3.0	4.3	5.0	4.7
Paper, printing, and publishing	2.2	2.9	3.2	3.9	4.1	4.6
Chemical industry	2.0	3.1	4.4	4.6	4.8	3.6
Nonmetallic products	1.8	3.4	5.7	5.6	6.5	8.5
Steel industry	0.0	0.0	0.0	0.0	0.0	0.0
Metallic goods	1.0	2.8	5.4	6.0	7.9	12.0
Other	0.1	0.4	0.8	1.0	1.2	1.7
Total	31.8	49.8	64.7	69.2	73.6	81.3

Sources: Ministry of Planning and Territorial Development, Directorate of Statistics, and staff estimates.

Table 21. Togo: Availability and Consumption of Electrical Energy, 1993-97

(In millions of kilowatt-hours)

	1993	1994	1995	1996	1997
Total electricity available	295.6	334.5	373.2	384.4	392.5
Domestic production	54.4	81.5	43.3	35.1	34.7
Purchased from Beninese Electricity Company	241.2	253.0	329.9	349.3	357.8
Consumption of electricity	239.6	231.1	271.0	262.5	282.2
Low tension	119.5	100.9	119.6	114.9	127.3
Medium and high tension	120.1	130.2	151.4	147.6	154.9

Source: Togolese Electricity Company (CEET).

Table 22. Togo: Imports and Domestic Consumption of  
Selected Petroleum Products, 1993-98

(Volume in cubic meters; value in millions of CFA francs;  
and price in thousands of CFA francs per cubic meter)

	1993	1994	1995	1996	1997	1998
<b>Imports</b>						
<b>Volume</b>						
Super	20,387	40,071	79,078	76,793	72,098	70,403
Regular	9,951	33,660	54,598	55,862	47,245	57,233
Kerosene	15,346	30,884	51,715	59,788	52,355	71,482
Gas oil	33,302	57,986	82,242	90,075	81,893	93,277
<b>Total</b>	<b>78,986</b>	<b>162,601</b>	<b>267,633</b>	<b>282,518</b>	<b>253,591</b>	<b>292,395</b>
<b>Value</b>						
Super	836	3,446	6,031	5,752	6,906	5,785
Regular	368	2,625	3,935	3,960	4,372	4,276
Kerosene	660	2,532	3,926	4,443	4,854	4,723
Gas-oil	1,399	4,523	6,063	6,454	7,197	5,791
<b>Total</b>	<b>3,263</b>	<b>13,126</b>	<b>19,955</b>	<b>20,609</b>	<b>23,329</b>	<b>20,575</b>
<b>Unit price</b>						
Super	41	86	76	76	96	82
Regular	37	78	72	72	93	75
Kerosene	43	82	76	75	93	66
Gas oil	42	78	74	72	88	62
<b>Domestic consumption</b>						
<b>Volume</b>						
Super	24,200	50,343	60,540	69,403	75,513	85,487
Regular	11,800	34,789	40,065	42,118	41,208	51,596
Kerosene	6,300	22,283	24,178	26,163	25,521	26,419
Gas-oil	28,400	31,500	41,273	49,499	63,265	67,106
<b>Total</b>	<b>70,700</b>	<b>138,915</b>	<b>166,056</b>	<b>187,183</b>	<b>205,507</b>	<b>230,608</b>

Sources: Togolese Storage Company (STE); Togolese Company for Storage in Lomé (STSL); and Central Bank of West African States (BCEAO).

Table 23. Togo: Consumer Price Indices, 1993-98 1/

	1987 Weights (percentages)	1996 Weights (percentages)	1993	1994	1995	1996	1997	1998
<b>Low-income households 2/</b>								
Food	41.1		107.3	132.9	157.1	166.6		
Beverages	4.8		95.4	168.8	193.8	202.2		
Household supplies and maintenance	13.4		88.7	115.1	142.8	157.1		
Clothing	11.4		106.8	162.0	184.0	188.7		
Housing	5.9		57.6	118.4	141.4	147.5		
Services	20.5		115.6	151.5	161.4	162.2		
Miscellaneous	3.0		118.5	172.4	214.1	220.7		
<b>Food products, beverages, and tobacco</b>		<b>38.0</b>					<b>108.3</b>	<b>99.0</b>
Food products		36.1					108.1	97.8
Beverages		1.6					110.6	0.0
Tobacco		0.3					113.8	0.0
Clothing and shoes		6.0					103.6	108.2
Housing, water, electricity and gas		12.4					102.1	103.0
Household supplies and maintenance		5.6					102.9	106.3
Health		4.0					103.7	109.3
Transport		8.5					117.7	115.6
Entertainment		2.2					100.0	101.2
Schooling		2.8					101.9	107.3
Hotels, cafes and restaurants		12.9					99.8	102.8
Other goods and services		7.6					100.1	112.4
<b>General index</b>	<b>100.0</b>	<b>100.0</b>	<b>103.3</b>	<b>139.7</b>	<b>161.7</b>	<b>169.2</b>	<b>105.3</b>	<b>106.3</b>
<b>Percent change</b>			<b>-0.1</b>	<b>35.3</b>	<b>15.9</b>	<b>4.6</b>	<b>5.3</b>	<b>1.0</b>
<b>Memorandum items:</b>								
Consumer price index percent change, end-of-period								
Low-income households			2.3	48.5	6.4	4.9	3.0	-1.3
GDP deflator percent change			-7.1	34.2	12.2	5.1	11.4	2.7

Source: Ministry of Planning and Territorial Development, Directorate of Statistics.

1/ For 1993-96, index with base year 1987=100 used; for 1997-98, rebased index (1996=100) based on harmonized West African Economic Monetary Union (WAEMU) methodology used.

2/ In Lomé.



Table 24. Togo: Official Salary Scales for Workers in Major Sectors, 1989-97

(In thousands of CFA francs per annum) 1/

	1989	1990-95	1996	1997
<b>Agriculture</b>				
Minimum 2/	157.3	165.1	165.1	165.1
Maximum	204.4	214.6	214.6	214.6
<b>Industries not subject to a specific scale</b>				
Minimum 3/	157.3	165.1	165.1	165.1
<b>Specific scales</b>				
<b>Construction and public works</b>				
Minimum (unskilled workers)	157.3	165.1	165.1	165.1
Minimum (others)	229.9	241.4	241.1	241.3
Maximum	1,185.7	1,245.0	1,245.0	1,245.0
<b>Industry</b>				
Minimum	190.7	200.3	200.3	200.3
Maximum	1,998.9	2,098.8	2,089.9	2,098.8
<b>Commerce</b>				
Minimum	190.7	200.3	200.3	200.3
Maximum	1,317.4	1,383.3	1,383.3	2,140.0
<b>Transport</b>				
Minimum	157.2	165.1	165.1	165.1
Maximum	1,317.4	1,383.3	1,383.3	1,383.3
<b>Banks</b>				
Minimum	201.3	211.3	252.9	265.5
Maximum	2,657.4	2,790.2	3,561.6	3,739.7

Source: Ministry of Employment Promotion and the Civil Service, Directorate of the Computerized Management of Personnel and Employment.

1/ Based on 2,080 working hours a year, except for SMAG (minimum guaranteed agricultural wage).

2/ SMAG, based on 2,400 working hours a year.

3/ SMIG (minimum nonagricultural wage).

Table 25. Togo: Salaries of Civil Servants, 1987-99 1/

(In CFA francs per month)

	1987-89		1990-96		1997 - Present		Number of Index Points in Range	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum		
<b>Civil servants</b>								
Category A1	103,032	221,914	108,184	233,010	113,593	244,661	1,486	3,200
Category A2	87,180	166,435	91,540	174,758	96,117	183,496	1,257	2,400
Category B	59,441	138,696	62,413	145,632	65,534	152,913	857	2,000
Category C	43,590	83,218	45,770	87,379	48,059	91,748	629	1,200
Category D	21,399	53,101	22,469	55,756	23,592	58,544	309	766
<b>Permanent employees</b>								
Category 1	17,390	20,393	18,260	21,413	19,173	22,484	251	294
Category 2	20,393	24,675	21,413	25,909	22,484	27,204	294	356
Category 3	24,675	28,547	25,909	29,974	27,204	31,473	356	412
Category 4	28,547	32,652	29,974	34,285	31,473	35,999	412	471
Category 5	32,652	43,668	34,285	45,851	35,999	48,144	471	630
Category 6	43,668	60,144	45,851	63,151	48,144	66,309	630	867

Source: Ministry of Employment Promotion and the Civil Service, Directorate of the Computerized Management of Personnel and Employment.

1/ Minimum and maximum level within each range.

Table 26. Togo: Employment in the Public Sector, 1993-98 1/

(Number of employees)

	1993	1994	1995	1996	1997	1998 Sep.
Civil servants	21,756	21,709	21,792	21,463	20,997	20,680
Category A1	1,852	1,881	1,923	1,994	1,966	1,953
Category A2	2,474	2,526	2,700	2,683	2,623	2,658
Category B	6,990	7,293	7,362	7,346	7,184	7,144
Category C	6,498	6,026	5,902	5,618	5,460	5,249
Category D	3,942	3,983	3,905	3,822	3,764	3,676
Permanent government employees	6,755	6,748	6,394	6,064	5,769	5,473
Technical assistants	89	60	63	63	63	63
Guards	567	948	938	925	875	858
Contractual employees	32	33	32	32	32	33
Teachers in religious schools	2,408	2,398	2,436	2,581	2,572	2,597
Others	129	136	141	140	134	134
Total	31,736	32,032	31,796	31,268	30,442	29,838

Source: Ministry of Employment Promotion and the Civil Service, Directorate of the Computerized Management of Personnel and Employment.

1/ Based on the civil service survey completed in December 1983 and regularly updated since then; data are for December 31 of each year, excluding military personnel.

Table 27. Togo: Retirement and Recruitment in the Civil Service, 1995-98 1/

Category	1995			1996			1997			1998 (Proj.)		
	Retirement	Recruitment	Net changes	Retirement	Recruitment	Net changes	Retirement	Recruitment	Net changes	Retirement	Recruitment	Net changes
Civil servants												
Category A1	51.0	26.0	-25.0	77.0	32.0	-45.0	77.0	14.0	-63.0	101.0	19.0	-82.0
Category A2	59.0	14.0	-45.0	88.0	24.0	-64.0	97.0	0.0	-97.0	102.0	17.0	-85.0
Category B	99.0	6.0	-93.0	200.0	1.0	-199.0	194.0	0.0	-194.0	168.0	8.0	-160.0
Category C	60.0	1.0	-59.0	109.0	0.0	-109.0	142.0	0.0	-142.0	138.0	2.0	-136.0
Category D	41.0	1.0	-40.0	76.0	0.0	-76.0	56.0	0.0	-56.0	80.0	16.0	-64.0
Permanent government employees	307.0	108.0	-199.0	540.0	10.0	-530.0	343.0	0.0	-353.0	396.0	0.0	-396.0
Technical assistants	0.0	2.0	2.0	0.0	0.0	0.0	3.0	0.0	-3.0	2.0	0.0	-2.0
Guards	0.0	0.0	0.0	3.0	0.0	-3.0	12.0	0.0	-12.0	0.0	13.0	13.0
Contractual employees	17.0	10.0	-7.0	2.0	10.0	8.0	0.0	1.0	1.0	0.0	64.0	64.0
Teachers	13.0	0.0	-13.0	26.0	170.0	144.0	25.0	0.0	-25.0	187.0	32.0	-155.0
Others	23.0	16.0	-7.0	7.0	30.0	23.0	5.0	0.0	-5.0	2.0	0.0	-2.0
Total civil servants	670.0	184.0	-486.0	1,128.0	277.0	-851.0	954.0	15.0	-939.0	1,176.0	171.0	1,005.0
Memorandum items:												
Education sector	207.0	53.0	-154.0	356.0	178.0	-178.0	445.0	0.0	-445.0	540.0	68.0	-472.0
Health sector	64.0	3.0	-61.0	142.0	0.0	-142.0	105.0	0.0	-105.0	129.0	10.0	-119.0

Source: Ministry of Employment Promotion and the Civil Service, Directorate of the Computerized Management of Personnel and Employment.

1/ Including public enterprises, public administrations, national and international organizations, and autonomous agencies.

Table 28. Togo: Number and Wages of Auxiliary Teachers, 1995-98 1/

Category	1995			1996			1997			1998		
	Number	Annual wage bill (In millions of CFA francs)	Average monthly wage (In CFA francs)	Number	Annual wage bill (In millions of CFA francs)	Average monthly wage in CFA francs	Number	Annual wage bill (In millions of CFA francs)	Average monthly wage in CFA francs	Number	Annual wage bill (In millions of CFA francs)	Average monthly wage in CFA francs
First level 2/												
B	513	86.5	14,044	790	532.5	56,175	950	504.3	44,238	1467	972.9	55,268
C	4,174	515.8	10,299	4,162	2,057.4	41,195	4,169	1,623.0	32,441	4785	2414.8	42,056
D	795	48.2	5,056	1,162	281.9	20,216	1,288	246.2	15,926	794	199.2	20,902
Total	5,482	650.5	9,889	6,114	2,871.9	39,144	6,407	2,373.4	30,870	7046.0	3586.9	42,423
Second level												
A1	52	63.8	102,239	65	79.7	102,239	82	100.6	102,239	100.0	109.7	91,440
A2	276	285.5	86,197	442	458.8	86,510	519	538.8	86,510	658.0	618.2	78,289
B	6	4.2	58,984	4	2.8	58,734	6	4.2	58,984	0.0	0.0	...
C	5	2.6	43,255	4	2.1	43,255	16	8.3	43,255	18.0	8.9	41,112
Total	339	356.1	87,542	515	543.5	87,944	623	651.9	87,204	776.0	736.8	79,121
Third level												
A1	309	379.1	102,239	391	479.7	102,239	420	515.3	102,239	512.0	561.8	91,440
A2	431	447.4	86,510	281	291.7	86,510	328	340.5	86,510	279.0	262.1	78,289
B	6	4.2	58,984	9	6.4	58,984	6	4.2	58,984	8.0	5.3	54,923
C	2	1.0	43,255	7	3.6	43,255	12	6.2	43,255	0.0	0.0	...
Total	748	831.8	92,671	688	781.4	94,649	766	866.3	94,241	799.0	829.2	86,482
Technical training 2/												
A1	81	17.0	17,500	151	185.3	102,239	161	197.5	102,239	157.0	172.3	91,440
A2	93	18.1	16,250	132	137.0	86,510	137	142.2	86,510	138.0	129.6	78,289
B	35	4.7	11,250	71	50.3	58,984	86	60.8	58,926	90.0	59.3	54,923
C	16	1.7	8,750	35	18.2	43,255	51	26.5	43,255	47.0	23.2	41,112
D	3	0.2	5,000	17	4.3	21,234	9	2.3	21,234	4.0	1.0	20,475
Total	228	41.7	15,252	406	395.0	81,084	444	429.3	80,579	436.0	385.4	73,663

Source: Ministry of National Education and Scientific Research, Project in Support of the Management of Education (PAGED).

1/ Excluding social security contributions to be paid by employer.

2/ Salary costs in 1995 were CFAF 768.3 million, paid by PAGED (CFAF 521.8 million) and the Employment and Training Program (CFAF 246.5 million).

Table 29. Togo: Seniority Premiums for Permanent Employees,  
as of January 1, 1998

(In CFA francs per month)

Years of Seniority	Category 1		Category 2		Category 3		Category 4		Category 5		Category 6		No category
	From	To	From	To	From	To	From	To	From	To	From	To	
1	192	225	225	272	272	315	315	360	360	481	481	663	663
2	383	450	450	544	544	629	629	720	720	963	963	1,326	1,326
3	575	675	675	816	816	944	944	1,080	1,080	1,444	1,444	1,989	1,989
4	767	899	899	1,088	1,088	1,259	1,259	1,440	1,440	1,926	1,926	2,652	2,652
5	959	1,124	1,124	1,360	1,360	1,574	1,574	1,800	1,800	2,407	2,407	3,315	3,315
6	1,150	1,349	1,349	1,632	1,632	1,888	1,888	2,160	2,160	3,889	3,889	3,979	3,979
7	1,342	1,574	1,574	1,904	1,904	2,203	2,203	2,520	2,520	3,370	3,370	4,642	4,642
8	1,534	1,799	1,799	2,176	2,176	2,518	2,518	2,880	2,880	3,851	3,851	5,305	5,305
9	1,726	2,024	2,024	2,448	2,448	2,833	2,833	3,240	3,240	4,333	4,333	5,968	5,968
10	1,917	2,248	2,248	2,720	2,720	3,147	3,147	3,600	3,600	4,814	4,814	6,631	6,631
11	2,109	2,473	2,473	2,992	2,992	3,462	3,462	3,960	3,960	5,296	5,296	7,294	7,294
12	2,301	2,698	2,698	3,265	3,265	3,777	3,777	4,320	4,320	5,777	5,777	7,957	7,957
13	2,492	2,923	2,923	3,537	3,537	4,091	4,091	4,680	4,680	6,259	6,259	8,620	8,620
14	2,684	3,148	3,148	3,809	3,809	4,406	4,406	5,040	5,040	6,740	6,740	9,283	9,283
15	2,876	3,373	3,373	4,081	4,081	4,721	4,721	5,400	5,400	7,222	7,222	9,946	9,946
16	3,068	3,597	3,597	4,353	4,353	5,036	5,036	5,760	5,760	7,703	7,703	10,609	10,609
17	3,259	3,822	3,822	4,625	4,625	5,350	5,350	6,120	6,120	8,184	8,184	11,272	11,272
18	3,451	4,047	4,047	4,897	4,897	5,665	5,665	3,480	3,480	8,666	8,666	11,936	11,936
19	3,643	4,272	4,272	5,169	5,169	5,980	5,980	6,840	6,840	9,147	9,147	12,599	12,599
20	3,835	4,497	4,497	5,441	5,441	6,295	6,295	7,200	7,200	6,929	6,929	13,262	13,262
Memorandum item:													
Minimum													
base salary	19,713	22,484	22,484	27,204	27,204	31,473	31,473	35,999	35,999	48,144	48,144	66,309	66,309

Source: Ministry of Employment Promotion and the Civil Service, Directorate of the Computerized Management of Personnel and Employment.

Table 30. Togo: Distribution by Type of Economic Activity of Employers and Employees Subject to CNSS, 1994-97

	1994			1995			1996			1997		
	Less than 20 employees	More than 20 employees	Total	Less than 20 employees	More than 20 employees	Total	Less than 20 employees	More than 20 employees	Total	Less than 20 employees	More than 20 employees	Total
(Number of Employers)												
Primary sector	101	32	133	80	29	109	64	35	99	83	31	114
Mining	0	2	2	0	2	2	0	2	2	0	3	3
Manufacturing	132	36	168	111	40	151	92	25	117	147	31	178
Construction	383	19	402	335	16	351	331	14	345	326	16	342
Energy	29	5	34	17	8	25	12	5	17	34	7	41
Commerce and tourism	894	64	958	889	62	951	1,055	66	1,121	1,001	64	1,065
Transport and communications	119	22	141	118	20	138	127	22	149	123	20	143
Services	1,821	135	1,956	2,172	146	2,318	2,131	144	2,275	2,328	145	2,473
Total	3,479	315	3,794	3,722	323	4,045	3,812	313	4,125	4,042	317	4,359
(Number of Employees)												
Primary sector	307	4,430	4,737	201	5,179	5,380	156	4,723	4,879	186	3,827	4,013
Mining	0	2,823	2,823	0	2,807	2,807	0	2,594	2,594	0	2,726	2,726
Manufacturing	323	4,844	5,167	220	4,611	4,831	171	2,775	2,946	295	2,905	3,200
Construction	776	1,625	2,401	284	1,867	2,151	269	1,658	1,927	323	2,317	2,640
Energy	80	1,875	1,955	31	2,246	2,277	28	1,849	1,877	79	2,066	2,145
Commerce and tourism	2,067	4,937	7,004	1,301	4,362	5,663	1,392	4,215	5,607	1,540	3,654	5,194
Transport and communications	383	4,167	4,550	268	3,676	3,944	245	3,662	3,907	275	3,473	3,748
Services	3,632	24,198	27,830	2,847	24,006	26,853	2,605	23,805	26,410	3,540	29,769	33,309
Total	7,568	48,899	56,467	5,152	48,754	53,906	4,866	45,281	50,147	6,238	50,737	56,975

Source: Social Security Fund (CNSS).

Table 31. Togo: Consolidated Government Operations, 1993-98 1/

	1993	1994	1995	1996	1997	1998 Est.
(In billions of CFA francs)						
Revenue and grants	38.5	73.5	105.2	114.3	140.4	142.4
Revenue	37.5	65.9	96.3	110.4	128.5	127.6
Tax revenue	30.8	60.3	88.8	98.1	115.7	115.4
Nontax revenue	6.7	5.6	7.5	12.3	12.8	12.2
Grants (project and program)	1.0	7.6	8.9	3.9	11.9	14.7
Expenditure and net lending	93.0	137.0	147.2	157.7	159.0	187.5
Current expenditure	84.8	124.6	124.4	136.9	141.4	151.1
<i>Of which</i>						
Primary expenditure	70.1	94.6	101.7	116.5	121.1	132.0
Investment expenditure and net lending	8.2	12.4	22.9	20.8	17.6	36.4
<i>Of which</i>						
Financed by domestic resources	6.0	3.5	8.5	4.3	-3.3	-7.3
Primary balance (excluding grants)	-38.6	-32.2	-13.9	-10.4	4.1	-11.7
Current balance (excluding grants)	-47.3	-58.7	-28.0	-26.5	-12.9	-23.5
Overall deficit (commitment basis)						
Excluding grants	-55.5	-71.1	-50.9	-47.3	-30.5	-59.4
Including grants	-54.5	-63.5	-42.0	-43.4	-18.6	-44.7
Payment arrears, net (decrease -)	37.4	32.4	-48.2	-2.6	-28.0	9.1
Domestic (treasury)	28.0	11.2	-9.1	3.6	-2.3	6.6
Other domestic arrears	0.0	-0.6	0.0	-1.7	-11.5	-4.6
Interest on external debt	9.4	21.7	-39.1	-4.5	-14.3	7.0
Overall deficit (cash basis)						
Excluding grants	-18.1	-38.8	-99.1	-49.9	-58.5	-50.4
Including grants	-17.1	-31.2	-90.2	-46.0	-46.6	-35.6
Financing	18.1	38.8	99.1	49.9	58.5	50.3
Domestic financing	15.4	12.3	22.6	5.7	11.1	11.5
Banking system	8.8	12.9	8.9	1.5	-12.9	14.5
<i>Of which: net use of Fund resources</i>	-2.1	4.7	10.5	-6.1	2.6	2.4
Nonbank financing	6.6	-0.6	13.7	4.2	24.0	-3.0
External financing	2.7	26.5	76.5	44.1	47.4	38.8
Borrowing	1.2	20.6	14.5	41.3	29.5	28.7
Amortization due	-17.2	-33.1	-24.2	-23.9	-17.5	-20.6
Rescheduling and cancellation obtained	7.2	0.0	102.8	20.7	15.6	8.1
Arrears on amortization (net)	10.5	28.1	-26.8	1.1	-29.2	7.9
Debt cancellation	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0
(In percent of GDP)						
Total revenue	10.7	12.1	14.7	14.6	14.7	14.3
Total expenditure and net lending	26.6	25.1	22.5	20.9	18.2	21.1
Primary balance	-11.0	-5.9	-2.1	-1.4	0.5	-1.3
Current balance	-13.5	-10.8	-4.3	-3.5	-1.5	-2.6
Overall deficit (commitment basis)						
Including grants	-15.6	-11.6	-6.4	-5.8	-2.1	-5.0
Excluding grants	-15.9	-13.0	-7.8	-6.3	-3.5	-6.7

Sources: Togolese authorities; Central Bank of West African States (BCEAO); and staff estimates.

1/ Includes treasury operations, external government debt service and payments arrears, government operations directly financed by the Togolese Phosphate Office (OTP), and expenditures financed by foreign grants and loans; excludes the Social Security Fund (CNSS).



Table 32. Togo: Classification of Government Revenue, 1993-98

(In billions of CFA francs)

	1993	1994	1995	1996	1997	1998 Est.
Tax revenue	30.8	60.3	88.8	98.1	115.7	115.4
Direct taxes	11.8	26.7	40.2	34.1	34.4	30.1
Taxes on income and profits of individuals 1/ <i>Of which</i>	3.4	8.3	9.3	8.6	11.3	9.9
Salaries	1.1	1.9	2.4	1.3	1.8	1.8
Taxes on enterprises	1.6	3.0	5.2	6.7	8.4	7.8
Direct contribution of public enterprises <i>Of which</i>	2.3	12.9	18.1	11.4	11.2	6.4
Togolese Phosphate Office (OTP)	0.0	2.3	3.5	4.0	5.0	1.8
Petroleum Fund	2.3	5.9	6.7	3.4	2.7	0.0
Other direct taxes 2/	4.6	2.5	7.7	7.3	3.5	5.9
Indirect taxes	19.0	33.6	48.6	64.0	81.3	85.3
Domestic taxes on goods and services	3.2	5.4	11.0	16.8	22.6	26.0
General sales tax (TGA)	2.9	4.8	5.5	8.4	12.8	13.7
Excise taxes (on fuel consumption)	0.1	0.1	4.5	6.8	6.5	7.4
Other taxes on goods and services	0.3	0.6	1.1	1.6	3.3	4.9
Taxes on international trade	13.5	27.2	36.3	45.5	56.9	57.4
Import duties 3/	10.3	21.1	29.7	37.2	48.1	49.2
Export duties	0.0	0.0	0.0	0.0	0.0	0.0
Statistical tax	1.8	4.0	5.4	6.3	7.1	6.7
Other taxes on international trade	1.3	2.1	1.2	2.0	1.7	1.6
Other indirect taxes	2.3	1.0	1.3	1.8	1.8	1.9
<i>Of which: Registration and stamp duties</i>	2.3	1.0	1.3	1.8	1.8	1.9
Nontax revenue	6.7	5.6	7.5	12.3	12.8	12.2
Property income 4/	0.4	0.7	1.9	1.8	1.9	2.6
Net income from fees and charges of autonomous entities and organizations	1.7	3.0	0.0	4.8	5.8	6.1
OTP contribution to government investment	0.0	0.0	0.0	0.0	0.0	0.4
Other nontax revenue 5/ <i>Of which</i>	4.6	1.8	5.6	5.7	5.1	3.1
Debt service of public enterprises	4.5	0.3	0.8	3.5	3.8	0.3
Total revenue	37.5	65.9	96.3	110.4	128.5	127.6

Sources: Togolese authorities; and staff estimates.

1/ Includes taxes on wages and salaries, on business income of individuals, rental income, and professional income. Also includes the national solidarity tax.

2/ Includes receipts from previous years and various other direct taxes.

3/ Includes the turnover tax (TGA) or value-added tax (VAT) applied to the value of imports.

4/ Includes dividends from public enterprises and the central bank, interest income on treasury deposits, revenue from the sale of government assets, including shares in public enterprises, and other miscellaneous revenue.

5/ Includes contributions to government investment by autonomous agencies, and the contribution of seven key public enterprises to the service of their external debt.

Table 33. Togo: Government Revenue, 1993-98

	1993	1994	1995	1996	1997	1998
	(Annual percentage change)					
Total revenue	-48.3	75.6	46.2	14.6	16.4	-0.7
Tax revenue	-43.7	95.5	47.3	10.4	18.0	-0.2
Direct taxes	-46.7	126.2	50.5	-15.3	0.8	-12.5
Indirect taxes	-41.7	76.4	44.7	31.7	27.1	4.9
Domestic taxes on goods and services	-50.3	66.8	104.0	52.0	34.9	15.1
Taxes on international trade	-46.7	101.5	33.6	25.3	25.1	0.9
Nontax revenue	-62.5	-16.7	34.9	64.6	4.0	-4.8
	(In percentage of GDP, unless otherwise indicated)					
Nominal GDP (billions of CFA francs)	349.3	545.5	653.6	753.7	876.0	890.6
Total revenue	10.7	12.1	14.7	14.6	14.7	14.3
Tax revenue	8.8	11.1	13.6	13.0	13.2	13.0
Direct taxes	3.4	4.9	6.2	4.5	3.9	3.4
Indirect taxes	5.4	6.2	7.4	8.5	9.3	9.6
<i>Of which</i>	0.0	0.0	0.0	0.0	0.0	0.0
Domestic taxes on goods and services	0.9	1.0	1.7	2.2	2.6	2.9
Taxes on international trade	3.9	5.0	5.6	6.0	6.5	6.4
Nontax revenue	1.9	1.0	1.1	1.6	1.5	1.4
	(In percent of total revenue)					
Tax revenue	82.2	91.6	92.2	88.8	90.0	90.4
Direct taxes	31.5	40.6	41.8	30.9	26.7	23.6
<i>Of which: OTP and OPAT 1/</i>	0.0	10.6	11.9	7.2	6.6	5.0
Indirect taxes	50.7	51.0	50.5	58.0	63.3	66.9
<i>Of which</i>	0.0	0.0	0.0	0.0	0.0	0.0
Domestic taxes on goods and services	8.6	8.2	11.4	15.2	17.6	20.4
Taxes on international trade	35.9	41.2	37.7	41.2	44.3	45.0
Nontax revenue	17.8	8.4	7.8	11.2	10.0	9.6

Source: Table 23.

1/ Togolese Phosphate Office (OTP) and Togolese Office of Agricultural Products (OPAT).

Table 34. Togo: Classification of Government Expenditure, 1993-98

(In billions of CFA francs)

	1993	1994	1995	1996	1997	1998
Current expenditure (excluding external debt service)	71.6	96.7	103.9	119.6	123.8	133.0
<b>Economic classification</b>						
Wages and salaries	38.5	49.4	52.4	53.6	57.0	58.9
Materials and supplies	17.7	22.3	26.9	31.7	28.3	37.8
Subsidies and transfers	13.4	21.2	21.3	20.0	28.8	26.3
Interest due on domestic debt	1.5	2.1	2.2	3.1	2.7	1.0
Other budgetary expenditure	...	...	...	2.6	3.8	4.4
Extrabudgetary subsidies and transfers	0.5	1.6	0.2	0.5	0.0	0.0
<b>Functional classification</b>						
<b>Ministries 1/</b>	52.4	64.8	69.9	75.3	85.3	96.6
General administration	3.7	8.5	8.5	...	...	...
Defense	14.2	14.1	15.4	...	...	...
Education	7.3	25.2	23.8	...	...	...
Health	2.2	5.8	5.9	...	...	...
Agriculture	1.4	3.3	2.8	...	...	...
Other 2/	23.6	7.9	13.5	75.3	85.3	96.6
<b>Not allocated to ministries</b>	19.2	31.9	34.1	44.3	38.6	36.4
Common expenditures	3.0	5.3	5.6	11.4	6.2	14.6
Scholarships and training	2.1	3.4	3.7	3.7	3.7	3.9
Interest on domestic debt	1.5	2.1	2.2	3.1	2.7	1.0
Contribution to state agencies	2.9	1.2	1.5	1.0	3.9	2.8
Subsidies and transfers	4.6	12.6	9.8	9.6	14.0	12.7
Extrabudgetary expenditure 3/	4.4	6.6	6.5	15.0	7.2	9.3
Other	0.8	0.6	4.8	0.6	0.9	0.0
Interest due on external debt	13.3	27.9	20.4	17.4	17.6	18.1
Investment expenditure	8.2	12.4	22.9	20.8	17.6	35.9
Of which : financed by domestic resources	6.0	3.5	8.5	4.3	3.3	7.3
Unclassified expenditure and net lending	0.0	0.0	0.0	0.0	0.0	0.5
<b>Total expenditure and net lending</b>	<b>93.0</b>	<b>137.0</b>	<b>147.2</b>	<b>157.7</b>	<b>159.0</b>	<b>187.5</b>

Sources: Togolese authorities; and staff estimates.

1/ Expenditure budgeted for, or directly allocated, to ministries.

2/ Includes social and economic services not classified elsewhere.

3/ Excludes net expenditures of the University Hospital (CHU) reallocated to the Ministry of Health.

Table 35. Togo: Selected Ratios of Government Expenditure, 1993-98

	1993	1994	1995	1996	1997	1998
	(Annual percentage change)					
Total expenditure	-5.9	47.3	7.5	7.1	0.8	17.9
Current expenditure (excluding external debt service)	0.0	35.1	7.5	15.0	3.6	7.4
Wages and salaries	-0.2	28.5	6.0	2.3	6.4	3.3
Materials and supplies	5.0	26.0	20.2	17.9	-10.6	33.5
Subsidies and transfers	-6.7	58.2	0.5	-6.2	43.9	-8.5
Interest due on domestic debt	12.3	44.0	3.8	39.4	-13.3	-62.2
Interest due on external debt	16.3	110.4	-26.7	-15.0	1.3	2.9
Investment expenditure	-47.8	51.6	84.1	-9.1	-15.2	103.9
	(In percent of GDP)					
Total expenditure	26.6	25.1	22.5	20.9	18.2	21.1
Current expenditure (excluding external debt service)	20.5	17.7	15.9	15.9	14.1	14.9
<i>Of which</i>						
Wages and salaries	11.0	9.1	8.0	7.1	6.5	6.6
Materials and supplies	5.1	4.1	4.1	4.2	3.2	4.2
Subsidies and transfers	3.8	3.9	3.3	2.7	3.3	3.0
Interest due on domestic debt	0.4	0.4	0.3	0.4	0.3	0.1
Interest due on external debt	3.8	5.1	3.1	2.3	2.0	2.0
Investment expenditure	2.3	2.3	3.5	2.8	2.0	4.0
<i>Of which</i> : financed by domestic resources	1.7	0.6	1.3	0.6	0.4	0.8
	(In percent of current expenditure, including interest)					
Wages and salaries	45.4	39.7	42.1	39.1	40.3	38.9
Materials and supplies	20.9	17.9	21.6	23.1	20.0	25.0
Subsidies and transfers	15.8	17.0	17.1	14.6	20.3	17.4
Interest due on domestic debt	1.7	1.7	1.8	2.2	1.9	0.7
Interest due on external debt	15.6	22.4	16.4	12.7	12.4	12.0
Other	0.6	1.3	1.0	8.2	5.0	6.0

Source: Table 26.

Table 36. Togo: Composition of Government Wage Bill, 1993-98

(In billions of CFA francs, unless otherwise indicated)

	1993	1994	1995	1996	1997	1998
Wages and salaries 1/	37.7	43.6	40.6	41.3	56.3	52.7
Base salaries of government civil servants	37.8	39.0	36.0	36.6	56.3	52.7
Employers' contributions	...	4.6	4.6	4.7	0.0	0.0
Allowances	...	4.6	8.7	7.6	...	...
Family allowances	...	1.7	2.7	2.7	...	...
Various compensations	...	2.8	5.3	4.2	...	...
Travel allowances	...	0.1	0.7	0.7	...	...
Salary expenditure of municipalities	0.1	0.6	2.4	4.0	0.7	4.2
Contribution to CNSS 2/	0.7	0.7	0.7	0.7	0.0	1.1
Total wage bill	38.5	49.4	52.4	53.6	57.0	58.0
<i>Of which</i>						
Military	10.7	11.0	11.5	10.3	11.1	...
Memorandum items:	...	...	...	...	...	...
Average wage bill (in thousands of CFA francs per month, excluding the military) 3/	79.0	108.2	116.1	123.3	152.5	129.3

Sources: Ministry of Economy and Finance, Directorate of the Economy; and staff estimates.

1/ Owing to the lack of disaggregated data, the 1993 figure include allowances.

2/ Social Security Fund (CNSS).

3/ Total wage bill minus the military wage bill divided by the number of nonmilitary civil servants.

Table 37. Togo: Government Investment, 1993-97

(In billions of CFA francs, unless otherwise indicated)

	1993	1994	1995	1996	1997
Investment expenditure 1/	8.3	12.0	20.6	15.2	14.3
Rural development	1.8	1.9	2.4	2.1	3.1
Economic infrastructure	1.7	4.0	9.1	2.9	3.9
Administration and social sectors	4.5	5.5	8.4	8.4	5.8
Other 2/	0.3	0.6	0.7	1.9	1.5
Phosphate counterpart trade 3/	0.0	0.0	0.0	0.0	0.0
Other 4/	0.0	0.5	2.2	0.0	0.0
Total	8.2	12.4	22.9	15.2	14.3
Financing					
External project financing	2.2	9.0	14.4	16.5	14.3
Grants	1.0	4.0	4.1	3.7	7.7
Loans	1.2	4.9	10.2	12.8	6.6
Other 5/	6.1	3.0	6.3	5.1	3.3
Of which:					
Financed by domestic resources 6/	6.1	2.9	6.3	4.3	3.3
Rate of implementation (in percent) 7/	53.5	53.1	60.5	37.0	68.9

Source: Ministry of Planning and Territorial Development.

1/ Investment expenditure of the government as included in the public investment program (PIP).

2/ Includes industry, mining, crafts, commerce, tourism, and environment.

3/ Investment financed through phosphate countertrade or executed by the state phosphate company (OTP) for the account of the government. It involves trucks and fertilizers transferred to projects and public enterprises, or mining research and small rural projects executed by OTP. Since 1989, the value of the goods transferred, and the investment expenditure for the account of the government by OTP have been estimated.

4/ Includes spending by localities and capital subscription in African Development Bank.

5/ Includes domestic resources from the budget or non earmarked external program grants or loans.

6/ Budget d'Investissement et d'Equipeement-Budget Général (BIE-BG).

7/ Actual investment expenditure relative to programmed expenditure (excluding phosphate countertrade).

Table 38. Togo: Monetary Survey, 1993-98

	1993	1994	1995	1996	1997	1998			
						Mar.	Jun.	Sep.	Dec.
(In billions of CFA francs; end of period)									
Net foreign assets	23.2	36.8	24.1	15.0	14.5	-0.8	-4.8	-18.0	5.9
Central bank	24.1	-2.5	3.4	-2.8	17.4	-1.5	9.1	-2.5	6.1
Commercial banks	-0.9	39.3	20.7	17.8	-2.9	0.7	-13.9	-15.5	-0.2
Treasury	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net domestic assets	128.2	163.0	209.2	195.8	210.2	220.1	235.0	226.9	221.2
Net claims on government	23.6	57.4	69.9	69.6	58.7	81.5	74.6	74.2	71.6
Net claims on central government	38.2	72.4	79.6	79.0	67.3	80.3	79.9	79.5	79.0
Other 1/	-14.6	-15.0	-9.7	-9.3	-8.6	1.2	-5.4	-5.3	-7.3
Credit to the private sector	103.9	103.2	131.5	137.6	155.2	165.3	171.5	163.2	162.6
Key public enterprises	30.5	32.6	35.9	39.5	31.2	37.1	42.9	35.2	36.9
Others deposits	73.4	70.6	95.6	98.2	124.0	128.1	128.7	128.0	125.7
Other items (net)	0.6	2.3	14.9	-11.4	-3.8	-26.7	-11.1	-10.5	-13.1
Broad money	145.3	190.9	223.0	200.9	217.2	212.3	222.5	201.0	218.7
Currency in circulation	10.5	44.2	73.6	59.7	60.1	57.6	72.5	58.7	66.4
Demand deposits	98.5	96.5	53.9	58.7	62.9	63.5	63.0	58.3	66.6
Time deposits	36.4	50.2	95.5	82.5	94.3	91.2	87.0	84.0	85.7
SDR allocation	4.2	8.9	8.5	8.2	8.7	8.7	8.7	8.9	8.9
Medium and long-term foreign borrowing	1.9	1.7	3.5	3.4	0.5	0.0	0.7	0.8	1.2
Revaluation account	0.0	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7
(Change in percent of money stock at beginning of period, unless otherwise indicated)									
Memorandum items:									
Net foreign assets	-20.7	21.9	-6.6	-4.1	-0.3	-12.7	-4.1	-15.6	-4.0
Net domestic assets	5.9	10.2	24.2	-6.0	7.1	7.6	7.0	-2.0	5.1
Credit to the government	5.1	10.9	4.0	3.1	-5.4	6.4	-1.5	-1.7	5.9
Credit to the economy	-9.1	-0.5	14.8	2.8	8.8	5.7	9.7	8.1	3.4
Broad money	-14.9	32.3	16.8	-9.9	8.1	-4.7	2.8	-16.2	0.7

Sources: Central Bank of West African States (BCEAO); and staff estimates.

1/ Deposits related to foreign-financed projects.

Table 39: Togo: Net Banking System Credit to the Government, 1993-98

(In billions of CFA francs)

	1993	1994	1995	1996	1997	1998
<b>A. Claims (1+2+3+4+5)</b>	<b>50.5</b>	<b>49.8</b>	<b>46.2</b>	<b>41.0</b>	<b>40.1</b>	<b>35.5</b>
1. Cash held by the treasury	0.3	0.6	0.6	0.4	0.6	0.3
2. Deposits with the Central bank	6.2	9.3	7.3	8.0	9.4	5.7
a. French deposits	2.0	2.4	5.1	1.0	0.4	0.3
b. European Union deposits	2.7	2.7	0.4	0.2	0.0	0.0
c. Treasury	1.5	4.1	1.8	6.8	9.0	5.4
3. Deposits with the commercial banks	43.1	39.3	37.4	32.0	29.8	28.9
a. Social Security Fund	28.4	25.5	19.5	17.9	18.9	18.6
b. National Investment Fund	0.3	0.1	1.2	1.0	1.2	0.2
c. Other projects	1.1	1.0	0.3	0.0	0.2	0.6
d. Public agencies	13.4	12.7	16.4	13.2	9.5	9.5
i. Ministries	5.1	2.2	1.6	1.6	0.0	0.0
ii. Treasury	2.4	3.0	9.0	4.2	1.3	0.3
iii. Other project deposits	5.9	7.6	5.8	7.4	8.2	9.3
4. Customs duty bills	0.9	0.7	0.9	0.7	0.2	0.5
5. Treasury deposits abroad	0.0	0.0	0.0	0.0	0.0	0.0
<b>B. Liabilities (6+7+8)</b>	<b>43.2</b>	<b>63.2</b>	<b>89.6</b>	<b>92.6</b>	<b>78.5</b>	<b>85.5</b>
6. Central bank	40.4	49.8	82.3	81.6	66.0	74.3
a. Advances	21.1	24.0	28.6	33.3	15.9	21.7
b. Rediscount of customs duty bills	0.0	0.0	0.0	0.8	0.0	0.0
c. Counterpart of IMF purchases	19.3	25.8	53.7	47.5	50.1	52.5
d. Bonds from consolidation operations	0.0	0.0	0.0	0.8	0.0	2.3
7. Commercial banks	1.9	12.4	5.7	9.8	10.8	10.1
a. Credit to the government	1.9	12.4	9.5	12.7	13.4	15.4
b. Bonds from consolidation operation	0.0	...	6.6	6.6	6.6	6.6
c. Treasury bonds	0.9	1.0	2.8	3.7	4.0	1.3
8. Deposits with the postal checking system (CCP)	0.9	1.0	1.7	1.2	1.7	1.2
<b>Net claims on the government</b>						
I. Net claims on central government, BCEAO definition (B-A+5)	7.3	-30.8	-50.1	-58.9	-45.0	-58.9
II. Net claims on central government, IMF definition (1+2c+3dii+4+5)-(B+7b)	-33.1	-70.2	-75.8	-79.0	-67.3	-79.0

Sources: Central Bank of West African States (BCEAO); and staff estimates.



Table 40. Togo: Summary Accounts of the Central Bank, 1993-98

( In billions of CFA francs)

	1993	1994	1995	1996	1997	1998			
						Mar.	June	Sep.	Dec.
Net foreign assets	24.1	-2.5	3.4	-2.8	17.4	-1.5	9.1	-2.5	6.1
Assets	46.1	50.5	63.9	46.3	71.2	61.3	73.5	57.8	66.2
Liabilities	21.9	53.0	60.5	49.1	53.8	62.8	64.4	60.4	60.1
Use of Fund credit 1/	18.9	45.4	54.4	46.8	51.6	59.7	57.7	57.7	54.6
Trust Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	3.1	7.7	6.1	2.3	2.2	3.2	6.7	2.6	5.5
Net claims on the government	33.9	80.0	94.5	85.9	64.6	76.0	74.4	74.4	73.5
Net claims on deposit money banks	-44.5	-11.1	-5.3	-7.4	-13.5	-3.6	4.0	-0.6	0.6
Claims	6.4	7.2	2.1	7.5	4.2	7.2	10.9	9.0	8.5
Claims on money market	0.0	0.0	0.0	7.5	4.2	7.2	0.0	0.0	0.0
Rediscount	6.4	7.2	2.0	0.0	0.0	0.0	10.9	9.0	8.5
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	50.9	18.3	7.4	14.9	17.7	10.8	6.9	9.6	7.9
Deposit with money market	38.8	2.7	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Other deposits	10.1	12.5	3.5	11.2	11.6	6.1	2.4	3.9	4.2
Currency held by banks	2.0	3.2	3.6	3.7	6.1	4.7	4.6	5.7	3.7
Net claims on other financial institutions	1.5	1.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Claims	1.5	1.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Liabilities (demand deposits)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Other deposits	0.1	0.1	0.1	0.1	0.7	0.8	1.0	1.5	2.8
Currency outside banks 2/	10.5	44.2	73.6	59.7	60.1	57.6	72.5	58.7	66.4
Counterpart of SDR allocation	4.2	8.9	8.5	8.2	8.7	8.7	8.9	8.9	8.9
Other items (net)	0.4	14.5	10.7	7.8	-0.8	3.9	5.3	2.4	2.3

Source: Central Bank of West African States (BCEAO).

1/ BCEAO valuation.

2/ Excluding currency held by the treasury.

Table 41. Togo: Summary Accounts of the Deposit Money Banks, 1993-98

(In billions of CFA francs)

	1993	1994	1995	1996	1997	1998			
						Mar.	June	Sep.	Dec.
Net foreign assets	-0.9	39.3	20.7	17.8	-2.9	0.7	-13.9	-15.5	-0.2
Assets	15.8	59.2	54.4	55.1	39.7	49.4	41.1	34.7	38.7
Liabilities	16.7	19.9	33.7	37.3	42.5	48.7	55.0	50.2	39.0
Net money market position	38.8	2.7	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Deposits	38.8	2.7	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other reserves	12.1	15.7	7.1	14.9	17.7	10.8	6.9	9.6	7.9
Currency holdings	2.0	3.2	3.6	3.7	6.1	4.7	4.6	5.7	3.7
Deposits at the central bank	10.1	12.5	3.5	11.2	11.6	6.1	2.4	3.9	4.2
Net claims on the government	-11.5	-0.4	-9.1	-3.4	1.3	1.4	4.6	3.6	0.5
Credit to private sector	101.5	101.3	130.4	136.7	154.8	164.9	170.8	162.4	161.9
Short term	53.4	55.7	77.3	77.6	96.7	95.6	98.2	87.4	89.1
Long term	48.2	45.6	53.1	59.1	58.0	69.3	72.6	75.0	72.8
<i>Of which: nonperforming assets</i>	15.3	0.0	17.7	5.9	7.9	8.8	8.7	10.0	8.8
Claims on other financial institutions (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits 1/	132.8	145.6	147.7	139.9	154.7	151.9	147.8	139.6	148.3
Demand deposits	...	...	52.2	57.4	60.5	60.7	60.8	55.6	62.6
Time deposits	...	...	95.5	82.5	94.3	91.2	87.0	84.0	85.7
Central bank rediscount	6.4	7.4	2.0	7.5	4.2	7.2	10.9	9.0	8.5
Long term foreign liabilities	1.9	1.7	3.5	3.4	0.5	0.0	0.7	0.8	1.2
Other items (net)	-1.0	3.8	-3.9	15.2	11.5	18.7	9.0	10.8	12.1
<i>Of which: doubtful and litigious</i>	15.3	0.0	17.7	5.9	7.9	8.8	8.7	10.0	8.8
Memorandum items									
CNSS deposits	28.4	25.5	19.5	17.9	18.9	20.0	19.6	17.7	18.6
FNI and CNCA deposits 2/	1.4	1.1	1.4	1.0	1.4	0.8	0.9	1.1	0.8
FNI deposits	0.3	0.1	1.2	1.0	1.2	0.8	0.8	0.8	0.2
CNCA deposits	1.1	1.0	0.3	0.0	0.2	0.0	0.1	0.3	0.6

Source: Central Bank of West African States (BCEAO), as reported to the IMF Statistics Department.

1/ Revised data, with the Social Security Fund (CNSS) as a nonbank financial institution, rather than part of the government sector.

2/ FNI, National Investment Fund; CNCA, Agricultural Credit Agency.

Table 42. Togo: Selected Deposit Money Bank Ratios, 1993-98

(In percent; end of period)

	1993	1994	1995	1996	1997	1998
Cash ratio 1/	38.3	10.8	10.2	10.7	11.5	5.3
Advance ratio 2/	75.9	69.6	80.3	97.7	100.0	109.1
Refinancing ratio 3/	7.0	7.3	1.6	5.5	2.7	5.2

Source: Table 32.

1/ Ratio of deposits in the money market and other reserves to deposits.

2/ Ratio of credit to the private sector (including doubtful and litigious loans) to deposits.

3/ Ratio of credit from the central bank, including money market advances and rediscounts, to credit to the private sector (excluding doubtful and litigious loans).

Table 43. Togo: Sectoral Distribution of Credit to the Private Sector, 1993-97 1/

(In millions of CFA francs; end of period)

	1993	1994	1995	1996	1997
<b>Short term</b>					
Agriculture	312	413	808	344	394
Energy and water	258	613	2,255	540	750
Mining	26,876	31,313	24,217	23,470	27,500
Manufacturing	5,874	8,918	9,021	10,438	12,188
Construction 2/	3,389	2,373	2,711	1,919	1,562
Transport	1,226	1,623	2,065	4,056	5,051
Commerce	22,740	23,988	33,082	31,718	45,242
<i>Of which</i> : crop credit	...	2,145	3,103	...	7,906
Other	871	939	1,340	4,913	4,516
Total	61,546	70,180	75,499	77,398	97,203
<i>Of which</i> : public and semipublic enterprises	29,785	36,628	32,989	29,027	31,240
<b>Medium term</b>					
Agriculture	680	334	493	288	254
Energy and water	576	350	250	783	820
Mining	3,822	3,381	13,859	12,438	15,123
Manufacturing	5,525	4,975	7,293	8,499	10,447
Construction 2/	5,291	4,617	5,099	1,060	982
Transport	1,468	1,631	1,450	1,978	1,978
Commerce	10,480	9,859	9,273	10,898	13,280
Other	1,611	1,597	1,489	9,300	13,042
Total	29,453	26,744	39,206	45,244	55,926
<i>Of which</i> : public and semipublic enterprises	5,445	4,736	15,231	17,630	19,240
<b>Long term</b>					
Agriculture	51	52	52	51	29
Energy and water	...	...	...	...	...
Mining	...	...	...	...	...
Manufacturing	129	130	128	61	128
Construction 2/	1,237	1,246	1,248	...	...
Transport	9	10	10	10	13
Commerce	139	12	76	26	56
Other	183	172	174	1,549	1,879
Total	1,748	1,622	1,688	1,697	2,105
Overall total	92,747	98,546	116,393	124,339	155,234
Public and semipublic enterprises	35,230	41,364	48,220	46,657	31,222
<i>Of which</i> : OTP 3/	28,144	29,349	32,548	33,753	24,904
Total (excluding OTP) 3/	64,603	69,197	83,845	90,586	130,330

Source: Central Bank of West African States (BCEAO).

1/ As declared to the Banking risk book of Togo. Totals are lower than credit to the private sector included in the monetary survey because loans of less than CFAF 5 million are not declared.

2/ Includes loans to individuals for residential buildings.

3/ OTP, Togolese Phosphate Office.

Table 44. Togo: Capital, Size, and Structure of Individual Deposit Money Banks, End-1998 1/

Names	Acronym	Date of Creation	Capital (In billions CFA francs)	Credit to the Economy		Private Deposits		Employees	Branches
				In billions CFA francs	In percent of total	(In billions CFA francs)	In percent of total		
Union Togolaise de Banques	UTB	1964	2.0	42.3	26.3	31.9	25.6	262	11
Banque Togolaise de Développement	BTD	1967	3.1	21.7	13.5	13.1	10.5	194	10
Société Nationale d'Investissement	SNI	1971	2.6	11.2	7.0	4.9	3.9	74	2
Banque Togolaise pour le Commerce et l'Industrie	BTCI	1974	1.7	31.9	19.8	30.7	24.6	255	8
Société Inter-Africaine de Banque 2/	SIAB	1976	5.8	1.5	0.9	1.1	0.9	44	1
Banque Internationale pour l'Afrique au Togo	BIA-TOGO	1965	3.5	31.1	19.3	17.4	13.9	112	7
ECOBANK-Togo	ECOBANK-TOGO	1988	2.0	21.3	13.2	25.7	20.6	93	2
<b>Total</b>			<b>20.7</b>	<b>161</b>	<b>100</b>	<b>124.8</b>	<b>100.0</b>	<b>1034</b>	<b>41</b>

Source: Central Bank of West African States (BCEAO).

1/ Excluding the Saving Fund of Togo (CET).

2/ Previously the Arab-Lybian Togolese Bank for External Trade (BALTEX).

Table 45. Togo: Central Bank Lending Rates, 1994-99

(Percent per annum; end of period)

	Preferential Discount Rate (TEP) 1/	Normal Discount Rate (TEN)	Advances against securities (TEN + 1.5%)	Rediscount Rate (TES)	Special Rate for Advances to Treasury 1/	Repurchase Rate	Average Monthly Money Market Rate (TMM)	Interbank Rate
1994 - January	...	...	...	14.500	7.799	12.750	7.940	8.190-12.000
February	...	...	...	14.500	7.799	12.750	9.250	6.000-11.750
June	...	...	...	12.000	8.118	10.250	8.850	2.500- 9.250
July	...	...	...	12.000	5.224	8.750	7.040	3.750- 8.250
August	...	...	...	10.000	5.224	7.750	5.940	3.750- 7.250
September	...	...	...	10.000	5.224	7.250	5.670	2.750- 6.750
December	...	...	...	10.000	4.500	7.000	5.500	3.750- 7.000
1995 - January	...	...	...	9.000	4.500	7.000	5.500	5.000- 6.250
June	...	...	...	8.500	4.500	6.500	5.500	5.000- 6.500
August	...	...	...	8.500	...	6.500	5.500	5.000- 7.000
December	...	...	...	...	...	...	5.500	5.000- 7.000
1996 - January	...	...	...	7.500	...	6.500	5.510	...
February	...	...	...	7.500	...	6.500	5.500	...
March	...	...	...	7.500	5.597	6.500	5.500	...
April	...	...	...	7.500	5.503	6.500	5.483	...
May	...	...	...	7.500	5.494	6.500	5.218	...
June	...	...	...	7.500	5.400	6.500	5.367	...
July	...	...	...	7.500	5.356	6.500	5.410	...
August	...	...	...	7.250	5.331	6.250	5.250	...
September	...	...	...	7.000	5.342	6.000	5.250	...
October	...	...	...	6.500	5.303	6.000	5.250	...
November	...	...	...	6.500	5.250	6.000	5.200	...
December	...	...	...	6.500	5.233	6.000	5.050	...
1997 - January	...	...	...	6.500	5.051	6.000	5.040	...
February	...	...	...	6.500	5.051	5.750	5.110	...
March	...	...	...	6.250	5.051	5.750	5.000	...
April	...	...	...	6.250	5.008	5.750	5.000	...
May	...	...	...	6.250	5.008	5.750	5.004	...
June	...	...	...	6.250	5.008	5.750	5.008	...
July	...	...	...	6.250	5.020	5.750	5.020	...
August	...	...	...	6.250	5.020	5.750	5.020	...
September	...	...	...	6.250	5.020	5.500	5.020	...
October	...	...	...	6.000	5.003	5.500	5.003	...
November	...	...	...	6.000	5.003	5.500	5.003	...
December	...	...	...	6.000	5.003	5.500	5.003	...
1998 - January	...	...	...	6.000	4.517	5.500	4.517	...
February	...	...	...	6.000	4.517	5.500	4.517	...
March	...	...	...	6.000	4.517	5.500	4.517	...
April	...	...	...	6.000	4.768	5.500	4.768	...
May	...	...	...	6.000	4.768	5.500	4.768	...
June	...	...	...	6.000	4.768	5.500	4.768	...
July	...	...	...	6.000	4.950	5.500	4.950	...
August	...	...	...	6.250	4.950	5.750	4.950	...
September	...	...	...	6.250	4.950	5.750	4.950	...
October	...	...	...	6.250	4.950	5.750	4.950	...
November	...	...	...	6.250	4.950	5.750	4.950	...
December	...	...	...	6.250	4.950	5.750	4.950	...
1999 - January	...	...	...	5.750	4.950	5.250	4.950	...

Source: Central Bank of the West African States (BCEAO).

1/ Rate applicable to advances to government under Article 16 of the BCEAO statutes.

Table 46. Togo: Commercial Bank Interest Rates, 1992-98 1/

(In percent per annum; end of period)

	Aug. 1992	Nov. 1992	Oct. 1993	Jan. 19, 1994	Jul. 1994	Sep. 1994	Dec. 1994	March 1995	June 1995	Dec. 1996	At end-Dec. 1997	At end Dec. 1998
Demand deposits	F	F	F	F	F	F	F	F	F	F	F	F
Time deposits from CFAF 500,001 to 5,000,000 2/ 3/												
Less than six months 4/	9.00 min.	8.50 min.	TMM-2%	TMM-2%	TMM-2%	TMM-2% 4/	TMM-2%	TMM-2%	TMM-2%	TMM-2% 4/	TMM-2% 4/	TMM-2% 4/
Six months to one year 4/	10.00 min.	9.50 min.	TMM-2%	TMM-2%	TMM-2%	TMM-2% 4/	TMM-2%	TMM-2%	TMM-2%	TMM-2% 4/	TMM-2% 4/	F
Over one year 4/	11.00 min.	10.50 min.	F	F	F	F	F	F	F	F	F	F
Certificates of deposit over CFAF 500,000 2/ 3/												
Six months to one year 4/	10.00 min.	9.50 min.	TMM-2%	TMM-2%	TMM-2%	TMM-2%	TMM-2%	TMM-2%	TMM-2%	TMM-2%	TMM-2%	TMM-2%
More than one year	11.00 min.	10.50 min.	F	F	F	F	F	F	F	F	F	F
Passbook savings	9.00 fix.	8.50 fix.	4.50 min.	8.00 min.	5.00 min.	4.50 min.	4.50 min.	4.50 min.	4.50	4.50 min	3.50 min	3.50 min
Lending rates 5/	18.00 max.	17.50 max.	21.00 max.	29.00 max.	24.00 max.	20.00 max.	20.00 max.	18.00 max.	17.00	7.39-17.00 max	6.99-15.00 max	15.00 max

Source: Central Bank of West African States (BCEAO).

1/ Rates applicable from dates in column heads onward.

2/ F means Free

3/ From January 1, 1985 to October 2, 1989, the payment of interest on demand deposits was suspended. The rates are fully free (F).

4/ Until October 2, 1989, rates on deposits exceeding CFAF 2 million were 1/2 of 2 percentage point higher, at a minimum.

5/ Effective October 1, 1993, rates on deposits exceeding CFAF 5 million were completely liberalized.

5/ TMM is the average monthly money market rate published by the BCEAO.

Table 47. Togo: Balance of Payments, 1993-98

(In billions of CFA francs)

	1993	1994	1995 Est.	1996 Est.	1997 Est.	1998 Est.
Trade balance	-10.2	7.8	2.5	-21.3	-17.7	-18.6
Total exports	60.9	125.5	177.2	192.6	248.0	244.8
Domestic exports	39.8	92.4	134.2	152.6	203.6	196.9
Cotton	13.1	28.7	41.7	49.4	62.9	60.0
Coffee	3.2	5.1	9.6	4.6	18.9	22.3
Cocoa	1.5	3.5	3.1	8.2	14.3	10.5
Phosphates	15.0	36.7	45.9	46.9	64.3	53.9
Other	6.9	18.4	33.9	43.5	43.2	50.2
Reexports	21.1	33.1	43.0	40.0	44.4	#REF!
Imports, f.o.b.	-71.1	-117.7	-174.7	-213.9	-265.7	-263.4
Services (net)	-24.2	-56.6	-30.0	-39.1	-39.6	44.2
Credit	-16.7	-28.0	48.9	54.4	56.1	55.5
Debit	-7.5	-28.6	-78.9	-93.5	-95.8	-96.3
<i>Of which</i>						
Interest on external debt	-13.3	-27.9	-20.4	-17.4	-17.6	-18.1
Unrequited transfers (net)	11.5	17.6	22.6	23.0	27.4	29.0
Private	2.7	4.7	5.5	6.9	7.2	7.4
Public	8.8	12.9	17.1	16.1	20.2	21.6
<i>Of which</i>						
Project grants	1.0	4.0	4.1	3.7	7.7	8.7
Current account balance (including grants)	-22.9	-31.2	-27.1	-53.5	-43.5	-43.8
(excluding grants)	-31.7	-44.1	-44.2	-69.6	-63.7	-65.4
Capital movements (net)	-39.0	-28.0	-5.1	29.0	54.5	9.5
Public, medium and long term	-16.0	-12.5	-9.6	17.4	12.0	8.1
Disbursements	1.2	20.6	14.5	41.3	29.5	28.7
Project loans	1.2	4.9	10.2	12.8	6.6	18.4
Nonproject loans	0.0	15.6	4.3	28.5	22.9	10.3
Amortization	-17.2	-33.0	-24.2	-23.9	-17.5	-20.6
Public enterprise borrowing	0.0	2.5	2.0	2.5	2.6	2.6
Long-term private capital	0.5	3.5	2.5	12.0	11.1	0.4
Commercial banks	...	...	20.4	2.9	-20.7	2.7
Short-term private capital and and errors and omissions	-23.5	-21.5	-20.3	-7.3	13.5	-4.3
Overall balance	-61.8	-59.2	-32.2	-24.5	11.0	-34.3
Financing	61.8	59.2	32.2	24.5	-11.0	34.3
Change in net foreign assets (- increase)	35.4	6.1	-5.9	6.2	-20.2	11.3
<i>Of which</i>						
Net use of Fund resources	-2.4	4.7	10.5	-6.1	2.6	2.4
Change in arrears (reduction -)	19.4	49.9	-65.9	-3.4	-43.5	14.9
Principal	9.9	28.1	-26.8	1.1	-29.2	7.9
Interest	9.4	21.7	-39.1	-4.5	-14.3	7.0
Rescheduling obtained	7.1	0.0	102.8	20.7	15.6	8.1
Debt cancellation	0.0	3.2	1.2	1.0	37.1	0.0

Sources: Togolese authorities; and staff estimates.



Table 48. Togo: Balance of Payments, 1993-98

(In millions of SDRs)

	1993	1994	1995	1996	1997 Est.	1998 Est.
Trade balance	-25.9	9.8	7.5	-28.7	-22.1	-23.3
Total exports	154.0	158.3	196.0	259.3	308.7	306.0
Domestic exports	100.6	116.5	151.8	205.4	253.5	246.1
Cotton	33.2	36.2	55.0	66.5	78.3	74.9
Coffee	8.2	6.4	13.2	6.2	23.5	27.9
Cocoa	3.8	4.4	6.3	11.0	17.8	13.2
Phosphates	37.9	46.3	50.1	63.1	80.1	67.4
Other	17.5	23.2	27.2	58.6	53.8	62.7
Reexports	53.4	41.7	44.2	53.8	55.3	59.9
Imports, f.o.b.	-179.9	-148.5	-188.4	-288.0	-330.8	-329.3
<i>Of which</i> : for reexports	0.0	0.0	0.0	0.0	0.0	0.0
Services and income (net)	-61.1	-71.4	-68.1	-74.3	-66.2	-67.7
Services (net)	-42.2	-35.3	-44.1	-52.7	-49.3	-51.0
Income (net)	-18.8	-36.0	-23.3	-21.6	-16.9	-16.7
<i>Of which</i> : interest on external debt	-33.5	-35.2	-25.1	-23.4	-21.9	-22.6
Unrequited transfers (net)	29.1	22.2	40.9	31.0	34.1	36.3
Private	6.8	5.9	4.0	9.3	9.0	9.3
Public	22.3	16.3	36.9	21.7	25.1	27.0
<i>Of which</i> : project grants	2.5	5.1	11.5	4.9	9.6	10.9
Current account balance (including grants)	-57.9	-39.4	-19.7	-72.0	-54.1	-54.7
Current account balance (excluding grants)	-80.2	-55.6	-60.8	-93.7	-79.3	-81.7
Capital movements (net)	-98.6	-35.3	-10.1	39.0	67.8	11.8
Public, medium and long term	-40.4	-15.7	-8.0	23.5	14.9	10.1
Disbursements	3.1	25.9	23.3	55.7	36.8	35.8
Project loans	3.1	6.2	15.1	17.2	8.2	22.9
Nonproject loans	0.0	19.7	8.2	38.4	28.6	12.9
Amortization	-43.4	-41.7	-31.3	-32.2	-21.8	-25.7
Public enterprise borrowing	0.0	3.2	3.2	3.4	3.2	3.2
Long-term private capital	1.3	4.4	1.3	16.2	13.8	0.5
Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks	2.0	-49.7	-6.6	3.9	-25.8	3.4
Short-term private capital and errors and omissions	-61.5	22.6	0.0	-9.8	16.8	-5.4
Overall balance	-156.5	-74.7	-29.8	-33.0	13.7	-42.9
Financing	156.5	74.7	29.8	33.0	-13.7	42.9
Change in net foreign assets (- increase)	89.6	7.7	-1.8	8.3	-25.2	14.1
<i>Of which</i> : net use of Fund resources	-6.1	6.0	27.6	-8.2	3.2	3.1
Purchases	0.0	0.0	0.0	0.0	0.0	0.0
Deposit money banks	0.0	0.0	0.0	0.0	0.0	0.0
Change in arrears (reduction -)	49.0	62.9	-100.9	-4.6	-54.1	18.6
Principal	25.1	35.5	-40.1	1.5	-36.3	9.9
Interest	23.9	27.4	-60.8	-6.1	-17.8	8.8
Rescheduling obtained	17.9	0.0	136.7	27.8	19.4	10.1
Debt cancellation	0.0	4.1	2.7	1.4	46.2	0.0
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Togolese authorities; and staff estimates.

Table 49. Togo: Value, Volume, and Unit Price of Major Exports, 1993-98

(Value in billions of CFA francs; volume in thousands of tons;  
and f.o.b. unit value in CFA francs)

	1993	1994	1995	1996	1997	1998
<b>Ginned cotton</b>						
Value	13.1	28.7	41.7	49.4	62.9	60.0
Percentage change	-11.3	118.6	45.3	18.5	27.3	-4.6
Volume	43.4	45.0	54.9	55.9	66.1	72.6
Percentage change	12.5	3.6	22.1	1.7	18.4	9.8
Unit value	303	638	759	884	951	826
Percentage change	-21.1	110.9	19.0	16.5	7.5	-13.1
<b>Coffee</b>						
Value	3.2	5.1	9.6	4.6	18.9	22.3
Percentage change	-32.6	56.6	90.2	-52.3	310.3	18.2
Volume	13.0	10.0	11.6	5.0	18.3	18.0
Percentage change	-30.9	-23.4	16.5	-56.8	264.5	-1.4
Unit value	249	510	832	918	1,034	1,239
Percentage change	-2.4	104.4	63.2	10.4	12.6	19.9
<b>Cocoa</b>						
Value	1.5	3.5	3.1	8.2	14.3	10.5
Percentage change	-44.1	132.1	-11.4	164.2	74.6	-26.4
Volume	5.4	5.1	4.4	11.4	15.2	10.8
Percentage change	-11.3	-6.2	-14.5	161.4	32.7	-28.8
Unit value	277	685	710	718	944	975
Percentage change	-37.0	147.3	3.6	1.1	31.5	3.3
<b>Phosphate</b>						
Value	15.0	36.7	45.9	46.9	64.3	53.9
Percentage change	-28.6	144.9	24.9	2.3	37.1	-16.1
Volume	1.6	2.2	2.9	2.7	2.7	2.2
Percentage change	-25.4	43.4	30.2	-7.6	0.0	-17.0
Unit value	16,444	16,100	16,990	17,625	23,930	24,192
Percentage change	70.8	-2.1	5.5	3.7	35.8	1.1

Sources: Togolese authorities; and staff estimates.

Table 50. Togo: Imports by Main Product Category, 1993-98

	1993	1994	1995	1996	1997	1998
(In billions of CFA francs)						
Imports, c.i.f. 1/	77.8	125.5	191.9	237.0	297.2	303.5
Consumer goods	40.0	68.2	87.7	113.0	158.7	169.3
For domestic consumption	23.2	41.7	48.0	76.1	121.8	125.1
For reexport	16.9	26.5	39.7	36.9	36.9	44.2
Intermediate goods	13.9	22.2	46.3	52.9	55.2	54.6
Petroleum products	7.4	12.3	20.2	17.4	24.2	22.6
Capital goods	16.5	22.8	37.6	53.7	59.1	57.0
(As a percentage of total)						
Consumer goods	51.5	54.4	45.7	47.7	53.4	55.8
For domestic consumption	29.8	33.3	25.0	32.1	41.0	41.2
For reexport	21.7	21.1	20.7	15.6	12.4	14.6
Intermediate goods	17.8	17.7	24.1	22.3	18.6	18.0
Petroleum products	9.5	9.8	10.5	7.3	8.1	7.5
Capital goods	21.2	18.2	19.6	22.7	19.9	18.8

Sources: Central Bank of West African States (BCEAO); and staff estimates.

1/ Excluding exports of Beninese Electricity Company (CEB), the regional distributor of electricity for both Benin and Togo.

Table 51. Togo: Geographical Distribution of Exports, 1994-97

(In percent of total value)

	1994	1995	1996	1997
Total	100.00	100.00	100.00	100.00
Africa	22.17	18.40	22.02	22.05
WAEMU Zone	4.13	3.50	5.04	4.90
CAEMC Zone	0.35	0.33	1.00	0.40
Nigeria	7.40	6.45	7.39	7.39
Ghana	2.80	2.61	3.18	3.07
Other	7.49	5.51	5.41	6.29
North America	10.00	16.77	9.77	12.05
Latin America	3.47	6.93	13.57	9.47
Asia	28.03	27.40	29.20	31.25
China	0.56	0.15	0.46	1.74
Hong Kong, China	0.57	0.56	0.21	0.27
Japan	0.07	0.10	0.02	0.03
Western Europe	28.65	24.40	18.82	16.78
France	5.59	6.18	2.31	3.77
Other	23.06	18.23	16.51	13.01
Other countries	7.68	6.09	6.62	8.40

Source: IMF, Direction of Trade Statistics.

Table 52. Togo: Geographical Distribution of Imports, 1994-97

(In percent of total value)

	1994	1995	1996	1997
Total	100.00	100.00	100.00	100.00
Africa	30.18	27.48	35.71	35.23
WAEMU Zone	4.91	5.58	9.64	9.38
CAEMC Zone	0.76	0.64	0.74	0.68
Nigeria	2.31	1.80	2.05	2.07
Ghana	20.28	17.40	21.07	21.04
Other	1.94	2.06	2.20	2.05
North America	2.16	2.13	2.35	3.00
Latin America	0.29	0.33	0.44	0.41
Asia	38.44	38.02	30.90	29.91
China	15.48	13.31	9.03	7.22
Hong Kong, China	6.27	5.69	7.78	4.77
Japan	1.44	1.60	1.59	1.67
Western Europe	28.10	31.27	28.85	29.87
France	11.71	12.54	11.85	12.66
Other	16.38	18.73	17.00	17.21
Other countries	0.83	0.76	1.75	1.59

Source: IMF, Direction of Trade Statistics.

Table 53. Togo: Balance of Services, 1993-98 1/

	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
	1993			1994			1995			1996			1997			1998		
Freight and insurance	1.1	11.8	-10.7	1.5	22.9	-21.4	2.3	30.7	-28.4	3.9	37.9	-34.0	3.5	47.6	-44.1	2.3	48.6	-46.3
Passenger services	0.0	4.7	-4.7	0.0	8.5	-8.5	0.0	9.2	-9.2	0.0	11.2	-11.2	0.0	9.7	-9.7	0.0	9.6	-9.6
Port services	4.5	1.8	2.7	6.2	3.2	3.0	4.5	7.8	-3.3	8.9	7.8	1.1	7.3	6.8	0.5	8.2	6.7	1.5
Travel	9.1	7.1	2.0	12.6	12.7	-0.1	16.2	14.0	2.2	17.7	15.8	1.9	18.5	13.7	4.8	16.2	13.6	2.7
Investment income	5.9	2.8	3.1	8.1	4.9	3.2	2.6	4.4	-1.8	1.5	4.2	-2.7	2.0	0.0	2.0	4.8	0.1	4.7
Direct investment income	0.0	2.4	-2.4	0.0	4.3	-4.3	0.0	4.4	-4.4	0.0	4.2	-4.2	0.0	0.0	0.0	0.0	0.1	-0.1
Dividends, BCEAO	4.7	0.0	4.7	6.5	0.0	6.5	0.8	0.0	0.8	1.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0	1.0
Other	1.2	0.3	0.8	1.6	0.6	1.0	1.8	0.0	1.8	0.5	0.0	0.5	1.0	0.0	1.0	3.8	0.0	3.8
Interest on external debt	0.0	13.3	-13.3	0.0	27.9	-27.9	0.0	20.4	-20.4	0.0	17.4	-17.4	0.0	17.6	-17.6	0.0	18.1	-18.1
Other official services	6.5	7.3	-0.7	9.0	13.0	-4.0	11.8	8.1	3.7	12.6	9.8	2.9	13.2	8.5	4.7	13.1	8.4	4.7
Other private services 2/	5.4	8.0	-2.5	7.5	8.3	-0.8	14.1	9.1	5.0	15.2	11.0	4.2	15.9	9.5	6.3	15.7	9.5	6.3
<b>Total</b>	<b>32.5</b>	<b>56.7</b>	<b>-24.2</b>	<b>44.9</b>	<b>101.5</b>	<b>-56.6</b>	<b>51.5</b>	<b>103.7</b>	<b>-52.3</b>	<b>59.9</b>	<b>115.1</b>	<b>-55.2</b>	<b>60.3</b>	<b>113.3</b>	<b>-53.1</b>	<b>60.2</b>	<b>114.4</b>	<b>-54.2</b>
Memorandum items:																		
Total services, excluding freight and insurance and interest on external debt	31.4	31.6	-0.2	43.4	50.6	-7.2	49.2	52.6	-3.4	56.0	59.8	-3.8	56.8	48.2	8.6	58.0	47.8	10.2

Sources: Central Bank of West African States (BCEAO); National Investment Company (SNI); and staff estimates.

1/ Estimates.

2/ The electricity purchases by the Togolese Electricity Company (CEET) from the Beninese Electricity Company (CEB), now considered as a nonresident, are no longer included in "other private services." The BCEAO has revised the balance of services retroactively from 1986.

Table 54. Togo: Gross International Reserves, 1993-97

(In millions of U.S. dollars; end of period)

	1993	1994	1995	1996	1997
Total	156.3	94.5	130.4	88.6	118.8
SDRs	0.1	0.1	0.4	0.4	0.3
Reserve position in the Fund	0.3	0.4	0.4	0.4	0.3
Foreign exchange	155.9	94.0	129.6	87.8	118.2
Memorandum item:					
Months of imports, c.i.f. (of the following year), covered by gross official reserves	7.6	3.4	3.8	2.7	6.3

Sources: Central Bank of West African States (BCEAO); and IMF, *International Financial Statistics*.

Table 55. Togo: Exchange Rates, 1993-98

	1993	1994	1995	1996	1997	1998 Est.
<b>Exchange rates</b>						
<b>Period averages</b>						
CFA francs per U.S. dollar	283.2	555.2	499.1	511.6	583.7	590.0
CFA francs per SDR	395.3	792.8	757.1	742.8	803.2	800.1
<b>End of period</b>						
CFA francs per U.S. dollar	294.8	534.6	490.0	523.7	598.8	561.1
CFA francs per SDR	410.6	780.4	728.4	753.1	803.2	800.1
<b>Indices of exchange rates 1/ 2/</b>						
CFA francs per U.S. dollar	104.0	203.9	183.3	187.9	214.4	216.7
CFA francs per SDR	107.0	214.6	204.9	201.1	217.4	216.6
<b>Indices of effective exchange rates 1/ 3/</b>						
Nominal trade weighted	114.5	62.0	64.9	65.3	63.0	65.4
Real trade weighted	93.1	61.9	71.8	73.6	75.6	82.7

Source: IMF, *International Financial Statistics* and Information Notice System.

1/ Base 1990=100.

2/ A decline in the index indicates an appreciation of the CFA franc.

3/ An increase in the index indicates an appreciation of the CFA franc.



Table 56. Togo: External Public Debt Outstanding by Type of Creditor, 1988-97 1/

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
(In billions of CFA francs; end of period)										
Bilateral loans 2/	159,087	109,515	113,990	118,328	115,807	128,345	235,720	236,758	240,174	246,535
Multilateral loans (excluding IMF)	130,814	146,276	151,944	168,159	180,142	197,880	401,850	385,200	414,209	490,265
IMF (including Trust Fund)	23,605	21,814	22,600	20,600	21,700	20,250	43,180	62,927	46,811	51,742
Financial institutions	14,549	14,024	12,953	14,152	15,817	17,410	36,780	25,260	40,648	111
CIMAO 3/	3,559	2,943	1,546	339	499	--	--	--	--	--
Total	331,614	294,572	303,033	321,578	333,965	363,885	717,530	710,145	741,842	788,653
(In percent of total)										
Bilateral loans	48.0	37.2	37.6	36.8	34.7	35.3	32.9	33.3	32.4	31.3
Multilateral loans (excluding IMF)	39.4	49.7	50.1	52.3	53.9	54.4	56.0	54.2	55.8	62.2
IMF (including Trust Fund)	7.1	7.4	7.5	6.4	6.5	5.6	6.0	8.9	6.3	6.6
Financial institutions	4.4	4.8	4.3	4.4	4.7	4.8	5.1	3.6	5.5	0.0
CIMAO	1.1	1.0	0.5	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Memorandum item:										
Debt-to-GDP ratio (in percent)	80.7	68.3	67.9	71.1	77.0	106.2	139.8	109.8	99.4	91.7

Source: National Investment Company (SNI).

1/ Medium and long term. Disbursed and outstanding debt, including principal and interest in arrears.

2/ After cancellation of French official development assistance debt after the Dakar Initiative.

3/ Société des Ciments de l'Afrique de l'Ouest.

Table 57. Togo: External Public Debt Service, 1993-98

	1993	1994	1995	1996	1997	1998
	(In billions of CFA francs)					
Interest	13.3	27.9	20.4	17.4	35.7	20.1
Multilateral (excluding IMF)	1.7	3.6	3.7	3.5	6.16	4.32
IMF	0.4	0.2	0.4	0.3	0.24	0.27
Paris Club 1/	10.2	13.0	13.0	13.0	12.8	15.1
Other bilateral	0.2	0.3	0.3	0.3	1.9	0.4
Commercial banks	0.8	1.1	3.1	0.1	14.5	0.0
Interest on new borrowing	0.0	0.2	0.0	0.0	0.0	0.0
Interest moratorium	0.0	0.0	0.0	0.0	0.0	0.0
Late interest	0.0	9.5	0.0	0.2	0.0	0.0
Principal	19.3	36.8	30.0	30.0	53.2	28.6
Multilateral (excluding IMF)	1.9	4.9	5.1	7.3	11.2	8.9
IMF	2.1	3.7	5.8	6.1	6.5	6.5
Paris Club 1/	11.3	20.8	12.2	11.9	9.1	10.9
Other bilateral	0.5	0.9	0.9	1.7	0.3	2.2
Commercial banks	3.5	6.5	5.9	3.0	26.1	0.1
Principal moratorium	0.0	0.0	0.0	0.0	0.0	0.0
Total debt service due	32.5	64.6	50.4	47.4	88.8	48.7
Interest	13.3	27.9	20.4	17.4	35.7	20.1
Principal	19.3	36.8	30.0	30.0	53.2	28.6
Rescheduling obtained	7.2	0.0	102.8	20.7	15.6	8.1
Cancellation obtained 2/	0.0	3.2	1.2	1.0	0.0	0.0
Change in arrears (reduction -)	19.4	49.9	-65.9	-3.4	6.6	3.6
Total debt service paid	5.9	11.5	12.3	29.1		
	(In percent of exports of goods and nonfactor services)					
Total debt service due	38.2	38.8	22.3	19.2	13.7	15.0
Interest	15.6	16.7	9.1	7.0	5.8	6.0
Principal	22.6	22.1	13.3	12.2	7.9	9.0

Sources: National Investment Company (SNI); and staff estimates.

1/ Including the French Cooperation and Development Fund.

2/ Cancellation obtained from France.