

LOCAL GOVERNMENTS TREASURY AND DEBT MANAGEMENT IN TOGO

Ayawovi Soèkey SALLAH
Director for Public Sector Accounting



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Introduction

Local governments treasury and debt management is an indicator of management performance in the public sector as a whole. Thus the stakeholders implementing local budgets must, in order to succeed in their roles, establish polite working relationships based on mutual support.

How to manage effectively the treasury and debt of local governments? This is the question my presentation aims to tackle.



1- Overview of local governments in Togo

REGION	PREFECTURE COUNCIL		MUNICIPALITY	
	NUMBER	%	NUMBER	%
LOME	1	2,86	1	2,86
MARITIME	6	17,14	6	17,14
PLATEAUX	12	34,28	12	34,28
CENTRALE	4	11,43	4	11,43
KARA	7	20,00	7	20,00
SAVANES	5	14,29	5	14,29
TOTAL	35	100,00	35	100,00



2- Treasury management in local governments

Treasury management is an exclusive role of the public sector accountant. Nevertheless, the support from the authorizing officer is fundamental, particularly for the following actions:

- drafting a **realistic** budget;
- orderly issuance of revenue collection acts and especially of expenditure acts
- establishment by the authorizing officer of a **written priority line** in the event that cash flow is insufficient.




The Law on decentralization in Togo strongly recommends an anticipatory/forward-looking management of the treasury by the authorizing officer and the public sector accountant. In terms of revenue, since he cannot generate money, the public sector accountant must strive to implement a pugnacious collection policy.

Revenues collected in cash

- are used either to pay small expenses or
- are deposited in the bank account.





The checks received when collecting the various taxes have to be cashed in immediately the day after, at the latest, in order to reduce the risk of unpaid checks.

With respect to expenses, the public sector accountant is supposed to report on a **regular basis** to the authorizing officer on the cash flow situation in order to avoid untimely issuance of payment orders (see art. 344 of Law no. 2007-011 of March 13, 2007 on decentralization and local independence).



3- Local governments debt management

In Togo, the local government debt management process is not well set out yet. Each local government manages its debts according to its own capacity. However, we should stress that Lomé municipality benefited in 2007 from an on-lending agreement with the French Development Agency amounting to some € 8,000,000 for the financing of Lomé Urban Environment Project (PEUL).

On December 7, 2011, the Support Fund for Local Governments (FACT) was set up, according to the provisions of the Law on Decentralization.



Public financial institution, endowed with legal personality and financial autonomy, FACT's mission is to guarantee the loans taken by local governments and/or to grant specific investment funds to local governments.

Thus, FACT is supposed to send to local governments, until, at the latest, the 30th of October of the year N, a statement comprising the amounts to be allotted to these local governments as investment funds for the year N+1, so that they can be integrated in the budget of N+1.

FACT revenues come essentially from the state budget, from technical and financial partners, from donations and legacies and from revenues collected by local governments.



CONCLUSION

Relationships between authorizing officers and accountants in the public sector should essentially be governed by financial and accounting regulations in place.

No stakeholder should invoke rights not granted by legislation or regulations.

Most importantly, it should be underscored that their activities in what concerns local finances should **complement** each other and aim for transparency, legality and the sound management of local finances.



“Man is not only the one that creates, but also the one whose work helps create the human community. ”(BADIAN, Seydou : Sous l’orage, page 148 – translation from French)

THANK YOU FOR YOUR
ATTENTION!

