

## Togo

Togo's Reform Commitments and Initiatives	Progress in Meeting Commitments and Initiatives	Partner Support
<b>MACROECONOMIC FRAMEWORK</b>		
Macroeconomic Stability		
<b>Progress Made on 2018 Reform Commitments</b>		
Reducing debt and fiscal deficit to ensure debt sustainability and external stability	Togo maintained a disciplinary fiscal policy until the advent of the COVID-19 pandemic through the program with the IMF. The fiscal deficit declined to 0.9 percent of GDP in 2019 (below the WAEMU standard), from a peak of 7.1 percent in 2016. At the same time, public debt decreased to 52.4 percent of GDP (from 6-1 percent in 2016). But the deficit widened to 6.9 percent and debt increased to 58.61 percent of GDP in 2020 due to the COVID-19 pandemic, reaching 8.3 percent and 65.8 percent respectively in 2022.	World Bank, IMF, AFDB, EU
Reorganize debt management services in line with international good practices to improve debt management and sustainability	<ul style="list-style-type: none"> <li>• In 2017, the Directorate of <i>Public Debt and Financing</i> of the Ministry of Economy and Finance was reorganized into front office (credit contraction), middle office (debt analysis) and back office (loan administration) to centralize debt management functions, as recommended by the World Bank and IMF. This reform strengthened implementation of the medium-term debt reduction strategy, which now emphasizes concessional lending as a preferred source of financing. The DPO will play a key role in assessing fiscal risks, including those related to PPPs.</li> <li>• In 2020, the government (with support from the World Bank's Emergency Budget Support) improved debt management and transparency through:               <ul style="list-style-type: none"> <li>• publication of key economic, financial and fiscal information on the Government's website, including a statement of fiscal risks; and (ii) the publication on the government's website of an Annual Report on Public Debt, which includes assessing the implementation of the MTDS.</li> </ul> </li> <li>• In 2021, the government (as part of World Bank budget support) published (i) Annual Borrowing Plan in accordance with the SDMT; and (ii) the statement of fiscal risks, version 2023-25 is published and 2024-26 will be produced and published in 2023.</li> <li>• These documents are found at <a href="http://www.togoreforme.gouv.tg">www.togoreforme.gouv.tg</a></li> </ul>	World Bank, IMF
Clear arrears and improve public financial management to avoid accumulation of new arrears, aimed at supporting the smooth functioning of private sector activities	Efforts to synchronize the 2023nt, procurement and cash flow plans cleared all arrears in 2019. Despite the shock of COVID-19, Togo has not accumulated new arrears until the end of 2022.	World Bank, IMF
<b>New Reform Commitments and Initiatives</b>		

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Management of guarantees and on-lending loans	New legal and operational framework in preparation to assess the risk, pricing and monitoring of public guarantees and retrocessions to better manage contingent liabilities associated with public enterprises.	BEEMER budget support 2023-24
Budget consolidation strategy	The National Monitoring Committee of the Tax Transition Program was created to oversee the fiscal consolidation program and monitor domestic revenue mobilization commitments.	World Bank, IMF
<b>Domestic Revenue Mobilization</b>		
<b>Progress Made on 2018 Reform Commitments</b>		
<b><i>Strengthening the control bodies of the Togolese Revenue Authority</i></b>		World Bank, IMF
Introduce specific controls on companies operating in the phosphate, clinker and cement sectors	Since 2017, 100 percent of companies operating in the phosphate, clinker and cement sectors are subject to tax audits.	
Broaden the tax base by adopting and implementing a new tax policy and moving to electronic/paperless tax collection.	<ul style="list-style-type: none"> <li>• A new tax code came into effect in January 2019 and reduced the number of taxes and offered incentives to investors.</li> <li>• An online tax declaration and payment system for large companies was set up. The coverage of this system has been extended to small and medium-sized enterprises. Online payment of taxes by large and medium-sized companies has been mandatory since 2019. The online tax declaration and payment system has been strengthened to ensure legal protection of personal data.</li> <li>• The OTR broadened the tax base for legal or natural persons exercising a liberal profession and holders of mandates and functions.</li> <li>• The Tax Policy Unit, which was established in March 2020, was operationalized with the appointment of the heads of the various cells in July 2021.</li> <li>• The quarterly publication of an updated register of taxpayers, including economic agents, is considered by the tax administration as inactive.</li> </ul>	World Bank, IMF
Strengthen the valuation of imports and the control of customs exemptions through better risk assessment.	The quarterly publication of an updated register of taxpayers, including economic agents, is considered by the tax administration as inactive.	
Fight against corruption and fraud: Effective functioning of the High Authority for the Fight	<ul style="list-style-type: none"> <li>• Adoption by the National Assembly of Organic Law 2020-003 of 24/01/2020 setting the conditions for declaring the assets and assets of senior civil servants and other public officials.</li> <li>• Togo finalized a national AML/CFT risk assessment in 2019.</li> </ul>	BEEMER

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against Corruption, strengthening of inspection units	<ul style="list-style-type: none"> <li>Workshop held at the end of March 2022 to discuss a draft anti-corruption strategy and a five-year action plan. This strategy was developed and validated in a national workshop and its action plan. This action plan is already operational.</li> </ul>	
<b>New Reform Commitments and Initiatives</b>		
Reduce taxes to increase compliance	Specific tax reductions to increase compliance, including a 50 percent reduction in TPU for the selected recipient and a 25 percent reduction in patent fees in specific sectors.	World Bank, IMF
Rationalize tax expenditure	The new National Committee for the Evaluation of Tax Expenditures is responsible for defining the methodology for evaluating tax expenditures, collecting and managing data for the analysis of tax expenditures, contributing to the annual report on tax expenditures with a cost-benefit analysis, and developing a strategy for rationalizing tax expenditures.	World Bank, IMF
<b>Public Investment Management (procurement, PPPs, public enterprises, public services)</b>		
<b>Progress Made on 2018 Reform Commitments</b>		
Effective use and application of the procedure manual for public projects	The use of the investment selection, prioritization and programming manual is required. And, since 2020, 100 percent of new public investment projects financed in the annual budget were compliant with the Public Investment Plan prioritized based on the new manual.	BM: Implementation of this measure was supported by the 2017-18 budget support series.
Agriculture sector - Increase productivity and enhance sector competitiveness	For the 2020-21 crop year, the government (i) enrolled additional households in the YOLIM transfer system and (ii) set up a digital input supply and advisory services platform. The YOLIM system improves access to agricultural inputs. This reform is still supported by the DPO of the World Bank 2023-24 through the strengthening of access to land and agricultural inputs.	BM: This reform was supported by an emergency DPO in 2020, AfDB, GIZ
Energy sector Improve the sustainability of the energy sector by examining the performance of the Togolese utility company, CEET	<p>Energy sector: Performance contract between the government and the utility company revised to improve the financial sustainability of the sector. Reduced costs of obtaining the electrical connection.</p> <p>The government has taken important steps demonstrating its commitment to improving the financial situation of the energy sector. Indeed, since 2019 the World Bank has engaged in a programmatic series of two CFOs alongside the government aimed at strengthening the financial sustainability of the sector, including the financial situation of the CEET.</p> <p>A new performance contract between the government and CEET has just been signed to improve the company's financial and operational performance.</p>	BM: Implementation of this reform is supported by two series of DPOs: 2019-21 and 2023-24
ICT sector - Transform the two telecommunications companies (Togocell & TogoTelecom) into a single group with three entities. Infrastructure,	Increased private sector involvement. Togocell and TogoTelecom were merged into a single TOGOCOM entity. TOGOCOM was then privatized, with a 51 percent stake sold to private investors. An independent regulatory body has also been set up.	BEEMER

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maintenance, and services sectors - Set up an independent regulatory body		
Water sector - Improve water management and access through the Sector SOE	<p>The Ministry of Water has established and published an action plan adopted by an inter-ministerial decree making it mandatory to carry out and finance an energy audit to identify pumping costs and opportunities for optimizing and reducing energy consumption.</p> <p>The Government has also revised the taxation of groundwater and surface water withdrawals by large commercial and industrial consumers to reflect the environmental and social cost of such consumption.</p> <p>The payment of connection costs is now spread over three years with a deposit of 25,000 FCFA</p>	
Financial sector program to address issues faced by public financial institutions	Increase private sector participation in the banking sector.	
PPP: Write the procedures manual on project selection and prioritization	The current manual for the selection and prioritization of public investment projects considers PPP projects.	World Bank: DPO 2020-22 supports the adoption of a new PPP law by parliament
PPP: Mobilize funding for project-relevant studies	The operationalization of the PPP Unit will make it possible to undertake actions that mobilize resources for feasibility studies of PPP projects.	IFC helps the government develop and bid on up to 80 megawatts of IPP structured solar power
PPP: Implement decrees of Law No. 2021-034 of December 31, 2021, on PPPs voted in 2020	<p>In December 2021, the National Assembly adopted a new PPP law harmonized with WAEMU directives.</p> <p>The new Law No. 2021-034 of December 31, 2021, on PPPs aims at the efficiency and transparency of public investment procedures by guiding the development and implementation of PPP projects.</p> <p>Decrees No. 2022-065/PR on the modalities for the implementation of procedures for awarding and executing PPP contracts, No. 2022-066/PR on the missions, attributions, organization and functioning of the PPP Unit were also adopted.</p>	
Strengthen the legal basis for the control of public procurement	To improve the efficiency and transparency of public procurement, the government has adopted: (i) a decree on the code of ethics for public procurement; (ii) a decree strengthening the supervision of major infrastructure projects and the execution of public projects delegated to third parties. In addition, the government adopted (iii) the new Law No. 2021-033 of December 31, 2021, on public procurement; (iv) Decree 2022-080/PR of July 6, 2022, on the Public	

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Procurement Code; and (v) Decree No. 2022-070/PR of May 30, 2022, on the attribution, organization and functioning of the National Directorate for the Control of Public Procurement.

New Reform Commitments and Initiatives		
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Operationalize the High Authority for Quality and Environment (HAUQE)	<p>The HAUQE has been operational since 2021 with the allocation of the institution's headquarters, the assignment of staff and the first interim manager. On October 17, 2022, the president of the HAUQE was appointed by decree in the Council of Ministers.</p> <p>The operationalization of the HAUQE contributes to improving the competitiveness of Togolese companies by relying on a system of certification, traceability and quality. HAUQUE will set up a certification system for products in the organic sector with the support of GIZ.</p>	
Implement a Lower-Cost Electricity Development Plan	A Low-Cost Electricity Development Plan was developed through a participatory process and established procurement procedures.	
Operationalize the Income Protection Program	The government has set up a department within the CEET responsible for the income protection program for its largest consumers and has adopted general principles for the operationalization of the RPP.	
Install intelligent meters	The government has adopted a new policy of installing smart meters for central public entities and prepaid meters for non-central local entities.	
Adopt a renewable energy development plan	CEET has adopted a renewable energy development plan with targets to be achieved by 2025. The Government has also taken measures to increase access to renewable energy, particularly in rural areas.	
Adopt the Medium-Term Fiscal Framework	The CEET has adopted a Medium-Term Fiscal Framework to support debt sustainability.	

BUSINESS FRAMEWORK		
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Regulations and Institutions		
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Progress Made on 2018 Reform Commitments		
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Draft and adopt the new land code and its implementing decrees	Law No. 2018-005 of June 14, 2018, on the Land and State Code is currently being amended. Indeed, this bill was adopted by the Council of Ministers and sent to the National Assembly for a vote.	
Digitize the cadastre	Several reforms have been implemented to facilitate the process, including the adoption of a new land code and the digitization of the land registry. Another reform was the introduction of the "tax cadastre" which lists all properties (built and unbuilt) and their owners. The tax cadastre also provides essential information for the establishment and collection of property taxes. This includes measures to feed and improve the existing database and the digitization of the cadastre daily.	BEEMER

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Modernize the building permit system	Togo made it easier to obtain building permits by reducing fees and adopting an online portal for applications. Togo made the management of building permits more transparent by making required documents, prior approval, and fees available online. Togo improved its quality control of construction by regulating inspections during construction.	
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**New Reform Commitments and Initiatives**

**Improving Trade Facilitation**

**Progress Made on 2018 Reform Commitments**

Improve trade facilitation	<ul style="list-style-type: none"> <li>• Togo made progress towards the full digitization of port supply chain customs clearance procedures through the implementation of ASYCUDA World, including an interface with other supply chain platforms for data exchange and electronic payment of fees and regular updates of information. As part of this, the platform has automated the risk-based inspection mechanism and the authorization application and customs clearance process.</li> <li>• A reduction in waiting times for scanning containers at the port of Lomé was achieved through the purchase of a new scanner.</li> <li>• The creation in 2020 of a value control unit within ASYCUDA allows better control of the transaction value of goods in customs by setting the minimum values of goods.</li> <li>• In addition, the government published a list of reliable licensed customs officers based on their fraud history and set up a juxtaposed checkpoint in Cinkassé.</li> </ul>	
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**New Reform Commitments and Initiatives**

**Investor Protection, Dispute Resolution and Anti-Corruption**

**Progress Made on 2018 Reform Commitments**

Modern the justice sector. Fully implement the Chambers of Commerce Automation Project	Law authorizing the establishment of commercial courts adopted to resolve conflicts of interpretation and execution of contracts and streamline insolvency proceedings. Two commercial courts created in Lomé and Kara (second city) are operational.	
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**New Reform Commitments and Initiatives**

**FINANCING FRAMEWORK**

**Investment Risk Mitigation**

**Progress Made on 2018 Reform Commitments**

**New Reform Commitments and Initiatives**

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Mobilizing Private and Institutional Investment		
Progress Made on 2018 Reform Commitments		

Enter into force the Investment Promotion Agency as a one-stop shop for investment in Togo	<ul style="list-style-type: none"> <li>• Adoption of a new investment code to stimulate private investment and job creation.</li> <li>• One-stop shop of the Adetikope industrial platform, consisting of an investment agency, a free zone and other essential services.</li> <li>• A digitalization program consisting of e-regulation, e-opportunities and e-administration.</li> </ul>	
Roadshow “Invest in Togo” to present and promote Togo as an investment destination	<ul style="list-style-type: none"> <li>• In March 2022, the government co-hosted with MIGA a dialogue on FDI in Sub-Saharan Africa, focusing on Côte d’Ivoire, DRC, Gabon, Guinea, Niger, Senegal and Togo.</li> <li>• In addition, in 2022, action plans for the organization of biannual roadshows and quarterly newsletters were drawn up. These action plans have been operational since October 2022. These roadshows aim to share Togo's economic and financial performance with export credit agencies and other technical and financial partners.</li> </ul>	MIGA
Systematically include the private sector in the various development projects	In the Government Road Leaf 20 20-20 25, it is planned 3500 billion FCFA for the financing of development projects, 50 percent for the private sector and 50 percent for the state. This allows the private sector to participate in the financing of the Togolese economy.	

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