



Togolese Republic

NEWSLETTER 4



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Strengthening multilateral partnerships (1/2)

First steps have been taken to reach a new IMF program



Duration of program:
42 months



Total amount of program:
\$400 million



Share of program in
Togo's IMF quota:
200%

Agreement subject to approval by the IMF Management and Executive Board in February 2024



Togo and the IMF reaching an agreement on a new program

- ▶ The International Monetary Fund (IMF) services and the Togolese authorities have reached a **Staff Level Agreement (SLA) on a 42-month economic and financial program**. The approval of this agreement is pending from the IMF management and the IMF Executive Board.
- ▶ The agreement signed on December 8th, 2023 encompasses a program within the **Extended Credit Facility of about \$400 million**, representing 200% of Togo's IMF quota.
- ▶ The IMF team, headed by Mr. Hans Weisfeld, engaged discussions with the Togolese authorities from November 29th to December 8th, 2023, in Lomé.
- ▶ The government's robust reform program aims to maintain macroeconomic stability, enhance debt sustainability, and establish the groundwork for more robust and inclusive economic growth. These efforts unfold against a backdrop of strong economic conditions, with an **anticipated growth rate of 6.4% in 2023**, surpassing the 5.8% recorded in 2022.
- ▶ The assistance from the IMF will empower the government to advance its proactive development and modernization policy, aligned with the 2020-2025 Roadmap. This initiative aims **to shape a future that is more inclusive, sustainable, and prosperous for all**.
- ▶ In 2024, the country's key initiatives encompass the implementation of universal health coverage, establishment of a unified social register and a biometric identification platform, as well as programs such as rural electrification and the construction of 20,000 affordable housing unit.
- ▶ The Togolese authorities have pledged to enact reforms aimed at lowering the budget deficit to 3% of GDP by 2025. Simultaneously, they aim to maintain expenditures that foster growth and economic inclusion, and to boost domestic resource mobilization by 0.5% of GDP annually.
- ▶ Moreover, the Togolese authorities plan to enhance social protection, particularly through the expansion of cash transfers, facilitated by the establishment of a unified social register and a biometric identification platform.



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Strengthening multilateral partnerships (2/2)

Togo's growing involvement within multilateral organizations



New partnership with UNIDO to promote industrialization

- ▶ In early December 2023, Togo's Minister for Investment Promotion and Industry, Manuella Santos, met with the Director-General of the United Nations Industrial Development Organization (UNIDO), Gerd Müller, in Vienna, Austria. This meeting took place during the 20th session of the Organization's General Conference.
- ▶ This meeting followed the visit of UNIDO President Tidiane Boye to Lomé in September 2023, highlighting the organization's dedication to supporting the development of quality infrastructure in Togo.
- ▶ UNIDO, with its mission to promote, stimulate, and accelerate industrial development among its member countries, played a key role in organizing the visit of several German companies to Togo in November 2023 for exchanges with Togolese entrepreneurs. Notable participants included Bosch and Siemens.



On this occasion, the Chamber of Commerce and Industry of Togo (CCI-Togo) announced the creation of an office to facilitate exchanges between entrepreneurs and connect economic operators with each other.



Closer ties with the World Association of Investment Promotion Agencies

- ▶ On the sidelines of the eighth World Investment Forum held in Abu Dhabi, United Arab Emirates, Togo's Head of State, H.E. Faure Essozimna Gnassingbé, met with WAIPA Deputy Executive Director Dushyant Thakor.
- ▶ The President of the Togolese Republic also received Ziad Alexandre Hayek, President of the World Association of Public-Private Partnership Units (WAPPP). The discussions centered around mobilizing the private sector for the implementation of social infrastructure projects outlined in the Togo 2025 government roadmap.



Membership of the Global Green Growth Institute (GGGI)

- ▶ Togo has become the 48th member country to join the Global Green Growth Institute (GGGI), an intergovernmental organization dedicated to facilitating the ecological transition of its member countries towards a green economy.



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Adoption of the 2024 budget

Togo adopted a 2024 budget with a strong social focus and commitment to inclusive growth



Outline of the Finance Act of fiscal year 2024

- ▶ The budget for the fiscal year 2024 achieves a balance between resources and expenses at 2,179.1 billion FCFA, marking a 10.3% increase compared to the fiscal year 2023. This surpasses the symbolic threshold of 2,000 billion FCFA for the first time.
- ▶ In particular, **revenues are expected to see a 6.2% increase compared to 2023**, reaching 1,279.1 billion FCFA, while expenditures will experience a rise of only 4.1%, totaling 1,636.3 billion FCFA.
- ▶ As a result, there is a budget deficit of CFAF 357.2 billion, equivalent to 5.9% of GDP, a decrease from 6.6% of GDP in 2023. **The goal of reducing the deficit to 3% of GDP by 2025 remains in place.** However, a one-off operation associated with the strengthening of the banking sector will contribute to an increase in the deficit by almost 80 billion FCFA (1.3% of GDP).
- ▶ The main budgetary orientations are based on continued revenue mobilization, broadening the tax base and optimizing expenditure.
- ▶ The 2024 governmental budget is built on four budget priorities and strategic choices:
 1. Continued implementation of projects and programs outlined in the Government Roadmap 2020-2025,
 2. Support for economic resilience and the most vulnerable segments of the population,
 3. Defending the integrity of the national territory and consolidating peace,
 4. Financing legislative and regional elections,
- ▶ 48% of resources are allocated to social spending, specifically addressing the needs of health, education, energy, promoting inclusion, and developing human capital. Additionally, 30% is directed towards economic transformation and the development of productive sectors, while 22% is allocated to strengthening the State.



Government pursues thematic budgeting for 2024

- ▶ Prioritizing gender equality and the fight against climate change:
 - On one hand, gender equality budgeting continues to make progress since its integration in 2022.
 - On the other hand, following collaboration with IMF teams, the government is progressively introducing green budgeting by selecting nine pilot ministries for 2024 (health, water, agriculture, urban planning, transport, energy, public works, rural tracks, environment).



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External supports

Donors supporting the government's inclusive development program



WADB announced support for the Savanes emergency program

- ▶ In November, the West African Development Bank (WADB) approved partial financing in the form of a loan of CFAF 30 billion for the Emergency Resilience Building Program in the Savannah Region (PURS).
- ▶ Launched at the beginning of 2022, this government initiative involves opening up localities in the Savanes region, constructing basic infrastructure, expanding access to water and electricity, enhancing basic social services (health, education, territorial administration, security, etc.), and supporting the processing of agricultural products.



IFC granted a loan to Togocom to accelerate Togo's digital transformation

- ▶ In January 2024, the World Bank's *International Finance Corporation* (IFC) announced a loan of FCFA 36 billion to operator Togocom to support Togo's digital transformation and connectivity.
- ▶ This funding is dedicated to modernizing Togocom's infrastructure, expanding its 4G network, extending its fiber optic network, and improving connection quality and speed.



January 2024

Strengthening bilateral relations (1/2)

Togo has expanded its network of bilateral partners from diverse geographical areas



Strengthening relations with South Korea

- ▶ To commemorate the sixtieth anniversary of diplomatic relations with Togo, the Prime Minister of the Republic of South Korea, Han Duck-soo, conducted an official visit to Togo in October 2023.
- ▶ Numerous bilateral topics were discussed, spanning agriculture, trade, digital, energy, security, education and vocational training.
- ▶ During a visit to the Port Autonome de Lomé (PAL), the South Korean Prime Minister indicated that the PAL "can serve as a gateway to West Africa".
- ▶ The President of the Togolese Republic, H.E. Faure Essozimna Gnassingbé, received an invitation to participate in the Africa-Korea Conference scheduled for 2024. Additionally, Togo's support was requested for South Korea's candidacy to the World Heritage Committee for the term 2023-2027 and for the 2030 Universal Exposition.
- ▶ In recent achievements, South Korea has provided support for the implementation of the Kara Agropole project and financed the project for sustainable equitable access to essential services for children in the northern part of the country.
- ▶ The next step in this cooperation is to set up a mechanism to monitor cooperation between the 2 countries.



Progress in formulating the Millennium Challenge Corporation (MCC) Compact program

- ▶ The Compact program agreement could be signed at the end of 2024, according to MCC's Vice President of Operations, Kyeh Kim. She stated: "Our partnership with Togo is really excellent, and the team working here is on schedule. Togo is truly a model for other countries in the region."
- ▶ In addition, the €35 million Threshold program, which has been ongoing for two years, has achieved very satisfactory completion rates in its initial phases:
 - The Land Reforms to accelerate Agricultural Productivity (LRAP) project: 100%.
 - The project for greater competition to benefit consumers, independent regulation, and greater access in the ICT sector (Projet TIC): 71%.



January 2024

Strengthening bilateral relations (2/2)

Togo has consolidated its external support



Participation in the Africa-Saudi Arabia summit in Riyadh on November 10, 2023

- ▶ Discussions were held to enhance areas of bilateral interest between Togo and the Kingdom of Saudi Arabia. Relations between the two countries are already very dynamic:
 - The Saudi Development Fund (SDF) is providing financing for various projects, including the N°5 trunk road (Kpalimé - Atakpamé) and the rehabilitation of a section of the N°1 trunk road.
 - The Fund has also played a role in the implementation of projects focused on developing and rehabilitating agricultural land in the Mission Tové locality (PARTAM). Additionally, it has contributed to the construction of boreholes and irrigation systems in rice-growing areas.
 - Relations have been strengthened in the trade sector through the export of agricultural products, and in the transport sector with the signing of a cooperation agreement on air services.
 - On the multilateral front, the Islamic Development Bank (IDB) provided several support packages.



Participation in the G20 Compact with Africa summit in Berlin on November 20, 2023

- ▶ The President of the Republic, H.E. Faure Essozimna Gnassingbé, participated in the 4th 'G20 Compact with Africa' (G20-CwA) investment summit in Berlin, Germany, on November 20, 2023, upon the invitation of the German Chancellor, Olaf Scholz.
- ▶ He served as the guest of honor on a panel dedicated to the theme of "Energy supply and green industrialization strategies", advocating for equitable access to renewable energies. He highlighted the requirements in terms of energy production, transmission, and distribution infrastructures, as well as the commercial and investment opportunities in this field.
- ▶ On the sidelines, the Head of State met the German Chancellor, who reiterated his commitment to supporting Togo's development.
- ▶ This G20 initiative brings together 13 countries on the African continent with the aim of promoting private investment to accelerate growth. It was launched in 2017 by Germany during its G20 presidency, and Togo joined as soon as it was created.
- ▶ This initiative was accompanied by a forum on German private investment in Africa.



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Diplomacy

Togolese diplomacy has been deployed to solve regional crises



Contributing to crisis resolution for peace and security

- ▶ The Togolese President has been actively engaged on the international stage, represented by his Minister of Foreign Affairs, Regional Integration, and Togolese Abroad, Robert DUSSEY. Notably, in January 2023, efforts led to the release of the 46 Ivorian soldiers detained in Mali.
- ▶ The Togolese authorities convened a summit on October 21st, 2023, to foster dialogue with various ruling juntas on the continent, with a particular focus on the Sahel region.
- ▶ Ministers from Sahelian countries – such as Mali, Burkina Faso and Niger - who attended the summit included :
 -  the Malian Minister of Foreign Affairs Abdoulaye Diop;
 -  the Burkinabe Minister of Foreign Affairs Olivia Rouamba;
 -  the Nigerien Minister of Interior Mohamed Tumba .
- ▶ Participants in the various panels included: Bankole Adeoye - Commissioner for Political Affairs, Peace and Security of the African Union (AU), Leonardo Santos Simão - the UN Secretary General's Special Envoy for West Africa, and Kako Nubukpo - economist and WAEMU Commissioner.



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Participation in international summits (1/2)

Togo is proactive in organizing international summits



Hosting the Africa Financial Industry Summit (AFIS 2023) in Lomé in mid-November 2023

- ▶ Lomé hosted the 3rd edition of AFIS, organized by Jeune Afrique Media Group in partnership with the International Finance Corporation (IFC) on November 15th and 16th, 2023.
- ▶ AFIS brought together over 1,000 participants from 55 African countries, representing both the public and private sectors, to collaboratively work towards a sovereign African financial industry. The focus was on four major challenges: (i) attracting African institutional investment to local capital markets, (ii) ensuring the free movement of capital and regulatory harmonization, (iii) promoting the talent needed for digital transformation, and (iv) fostering innovation, particularly in areas such as climate finance and tokenization.
- ▶ Discussions also delved into the retreat of Western banks, recognizing it as an opportunity for African banks to expand their coverage and bancarization rates on the continent.



Hosting the sixth edition of African Microfinance Week (SAM 2023) in Lomé in mid-October 2023

- ▶ Over 1,300 participants in the microfinance sector convened in Lomé from October 16th to 20th, 2023, under the theme "Towards inclusive and sustainable finance." The week featured conferences, an Investor Fair, an Innovators and Training Village, and workshops.
- ▶ Togo, being the leader in the WAEMU region in terms of financial inclusion (85.72% by 2022), also shared its experience in this field.
- ▶ SAM, a major biennial event dedicated to the development of financial inclusion in Africa, aims to provide a unified African platform for exchanges on the challenges of inclusive finance by bringing together all professionals in the sector.



January 2024

Participation in international summits (2/2)

Togo was very active at COP 28

- ▶ A Togolese delegation led by the President of the Republic, H.E. Faure Essozimna Gnassingbé, participated in COP28 held in Dubai from November 30th to December 12th, 2023.
- ▶ On November 29th, 2023, the Head of State held discussions with the President of the United Arab Emirates, Sheikh Mohamed bin Zayed Al-Nahyan, on the sidelines of the conference.



Innovative financial partnerships signed at COP28 in Dubai

- ▶ During this international meeting with public and private institutions, the President signed **two major partnerships to promote renewable energies in the country**.
 - The first, with AMEA Power, is to finance a further extension of the Blitta power plant, raising its capacity from 70MWp to 100MWp.
 - The second, with the Meridiam group, concerns a 25-year Concession Agreement for the design, construction, financing and operation of the Sokodé power plant, expecting to have a capacity of 64 MWp.
- ▶ On this occasion, **three Togolese municipalities signed a parametric insurance agreement with AXA Climate**, a subsidiary of the London-based broker Howden. This will be implemented by the Togolese NGO *Action pour le Développement Intégré à l'Environnement* (PADIE).
 - Through this agreement, the InsuResilience Solutions Fund (ISF) will co-finance the implementation of flood insurance solutions. The aim is to strengthen the financial capacity of these municipalities in the event of catastrophic flooding, and to activate a predefined emergency response plan.
 - Projects aimed at reducing the risk of flooding, such as the construction of retention basins and the planting of trees to prevent runoff, will be proposed to these three municipalities, which have a combined population of over 700,000.



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Social reforms

Togo has strengthened its institutional and financial resources for social protection

Towards the creation of a social sector support fund

- ▶ Aligned with Axis 1 of the government's 2020-2025 roadmap, which focuses on strengthening social inclusion, harmony, and consolidating peace, the share of social spending in the governmental budget has been steadily increasing for several years.
- ▶ In the 2023 financial year, this share constitutes approximately 50% of the budget, indicating, according to the authorities, the government's unwavering commitment to continue and enhance its efforts in priority development sectors. These sectors include health, education, water, energy, the digital economy, rural electrification, the environment, and social, financial, and economic inclusion.
- ▶ To support these efforts and ensure the availability of resources to finance the needs of the social sector while ensuring transparency in their utilization, a decree was adopted on October 20th, 2023, by the Council of Ministers. This decree establishes the Social Sector Support Fund (FASS), a mechanism designed to centralize all these resources, enabling better monitoring of their use. The FASS is made up of two components:
 - A fund to support national universal health coverage;
 - A fund to support social programs and projects, wholly or partially financed by the State.



Health insurance to be extended to the entire Togolese population in 2024

- ▶ Health insurance will no longer be restricted to civil servants and specific entities; instead, it will be made universal, encompassing a broader segment of the population.
- ▶ Togo is leveraging funding, notably CFAF 70 billion from the World Bank, for the improvement of its healthcare system. Moreover, 500 health establishments across the country are undergoing rehabilitation and being equipped. Through public-private partnerships, the construction of 5 modern mother-and-child care centers is also on the agenda. Concurrently, efforts are underway to strengthen the healthcare workforce, including the recruitment of new health workers.