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Q1 2024

Macroeconomic news (1/3)

Togo's growth and inflation



The Togolese economy is expected to grow significantly over the period 2024-2026

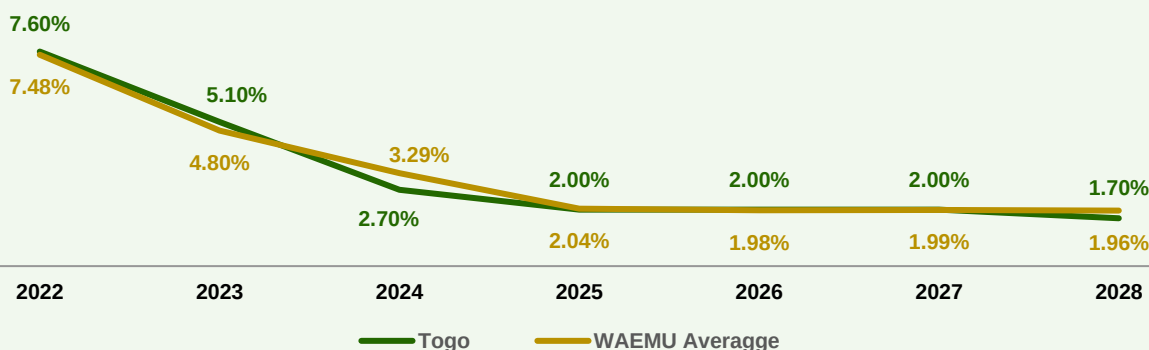
- ▶ Togo's annual real GDP growth in 2024 is expected to be at 6.6% in 2024, compared to an estimated 6.4% in 2023, driven by the primary (+4.6%), secondary (+7.0%), and tertiary (+7.2%) sectors.
- ▶ This growth trend should continue in the medium term. The Togolese authorities project **average annual real GDP growth of 7% over the period from 2024 and 2026**, driven by the implementation of the **Government Roadmap 2020-2025** and the activities of the **Adétikopé Industrial Platform**.
- ▶ The primary sector is forecasting **average annual growth of 6.4%**, driven mainly by agriculture, livestock breeding and fishing.
- ▶ **Annual growth of 7% is expected in the secondary and tertiary sectors.** Growth in the secondary sector is driven by the food, building materials, electricity and gas, construction and manufacturing industries. The tertiary sector is driven by trade, transport, and accommodation and catering services.



Togolese inflation fell in 2023 and stabilize in the medium term according to projections

- ▶ According to the IMF, the country's inflation rate was 5.3% in 2023, down sharply from 7.6% in 2022. At the end of April 2024, the annual inflation rate was 2.7%.
- ▶ In the medium term, the IMF forecasts a **continued fall in inflation** over the period 2024-2028, with the **inflation rate below 2% between 2025 and 2028**.
- ▶ Projections that prices will remain stable within a 3% range over the medium term are based on the favorable outlook for the agricultural sector, adequate supply on food markets, and measures taken by the government to contain price rises.

CPI inflation rate (%)





Q1 2024

Macroeconomic news (2/3)

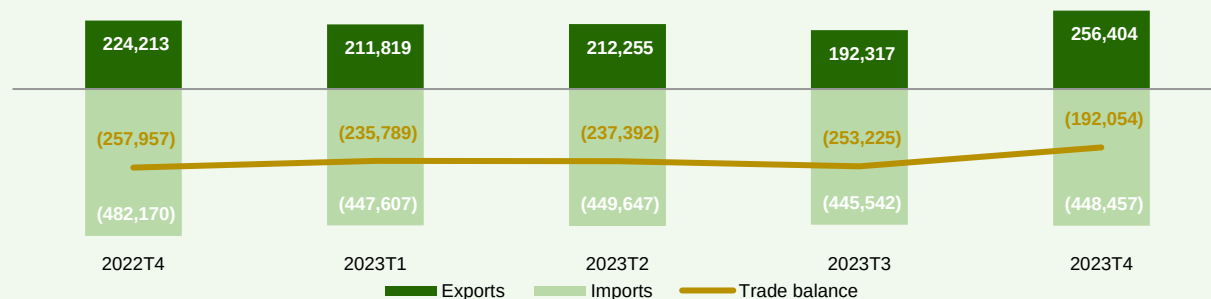
Trade balance



Strong growth in Togolese exports enables significant reduction in trade balance in the fourth quarter of 2023

- ▶ In the fourth quarter of 2023, Togo's exports reached a value of FCFA 256,404 million, while imports amounted to FCFA 448,457 million. This resulted in a trade deficit of FCFA 192,054 million.
- ▶ Year-on-year, **exports rose by 14.4% in value terms**, while **imports fell by 7.0%**. As a result, **the trade deficit fell by 25.5%**.

Exports and imports by value over the last five quarters (FCFA millions)



Source: INSEED, Quarterly Bulletin of International Merchandise Trade Statistics - 4th quarter 2023

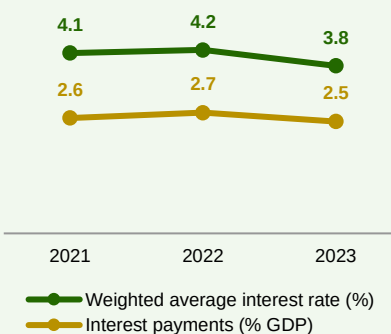
Debt portfolio cost and risk indicators



Improvement in the cost of the existing debt portfolio

- ▶ Interest expenditure will represent **2.53% of GDP in 2023**, including 2.14% of GDP for domestic debt and 0.39% of GDP for foreign debt.
- ▶ This is down from 2.73% of GDP in 2022 and 2.61% in 2021.
- ▶ The average cost of the debt portfolio, expressed as a **weighted average interest rate**, fell in 2023, to 3.79% at end-December 2023, compared with 4.15% at end-December 2022 and 4.08% at end-December 2021.

Cost of debt portfolio and weighted average interest rate



Source: DGTCP, Statistical report on Togo's central government debt as of December 31, 2023



Q1 2024

Macroeconomic news (3/3)

Debt strategy and management



A new medium-term debt strategy 2024-2026 unveiled

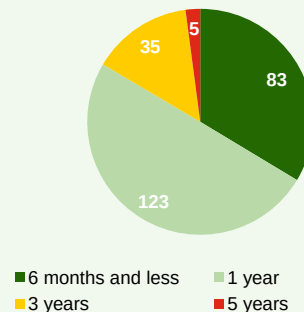
- ▶ **Togo's new MTDS is based on the following strategic orientations:**
 - **Control and reduce the risks incurred:** reduce the exposure of public debt to **refinancing risks** by extending the average maturity of outstanding public debt, and **resort to more concessional debt** to control the debt burden.
 - **Rebalance the debt portfolio towards more external debt:** achieve **parity** in the composition between domestic and external debt by **2026**.
- ▶ In Togo aims to achieve these objectives:
 - **Prioritize the increase of external debt, notably concessional**, to further reduce refinancing risk, in addition to using debt raised on the regional market with maturities of between 1 and 10 years to meet financing needs.
 - **Emphasize the mobilization of concessional external loans**, to be supplemented by commercial loans benefiting from credit enhancement mechanisms and an International Bond with an Environmental, Social and Governance (ESG) component, market conditions permitting.
 - **Improving debt cost and risk indicators to 2026.**
 - **Pursue a rigorous budgetary policy** in terms of expenditure and intensify efforts to **improve the rate of revenue collection** in order to increase the State's financial capacity.



Regional market issuance

- ▶ **Togo carried out 17 issues on the regional bond market in the first quarter of 2024.**
- ▶ The total amount of Togo's issues in the first quarter of 2024 amounted to **FCFA 246 billion**. The issues break down as follows: FCFA 5 billion at 5 years, FCFA 35 billion at 3 years, FCFA 123 billion at 1 year and FCFA 83 billion at 6 months and less.
- ▶ Togo's **net issuance** on the regional bond market in the first quarter of 2024 therefore amounts to **FCFA 10 billion**, with repayments over the period totaling FCFA 150 billion, including FCFA 30 billion in interest repayments.

Breakdown of issue by maturities in Q1 2024 (FCFA billion)



Source : UMOA Titres as of April 4th 2024



Q1 2024

Budget highlights (1/2)

The IMF approves a 42-month ECF program for Togo

Background: On **March 1, 2024**, in Washington DC, the Executive Board of the International Monetary Fund (IMF) **approved the 42-month Extended Credit Facility (ECF) arrangement signed with Togo in December 2023**. This ECF comes almost **3 years** after the last program between the IMF and Togo

Key elements of the Extended Credit Facility program



Program duration:
42 months



Program amount:
USD 390 million



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

Objective : "The program will help accelerate poverty reduction, maintain macroeconomic stability, and catalyze further external financing, benefitting not only Togo but the WAEMU region"

Kenji Okamura, Deputy Managing Director of the IMF

Togo's main commitments under the program

► Promoting inclusive growth

- Strengthening the investment program to improve living conditions in the Savanes region and neighboring areas, complementing the military response to the terrorist threat with a civilian approach

► Enhancing debt sustainability

- Reducing the budget deficit to 3% of GDP by 2025
- Lowering the overall risk of debt distress from high to moderate (present value of public debt below 55% of GDP) by the end of the 2026
- Raising tax revenue by 0.5% of GDP annually to underpin priority spending

► Consolidating structural capacities

- Improving public financial management
- Enhancing the business environment
- Reforming the banking sector by recapitalizing the country's last state-owned bank

The approval of the program by the IMF Executive Board led to an **initial disbursement of SDR 51.38 million (USD 68.30 million)**



Budget highlights (2/2)

Gender-, climate- and environment-sensitive budgeting



3rd gender-sensitive budgeting exercise

- ▶ Started in 2021 and implemented in 2022, gender-sensitive budgeting reflects the determination of the President of the Republic, **H.E. Faure Essozimna GNASSINGBE** to prioritize gender in all development projects and policies.
- ▶ In 2024, the government **expanded the scope of state entities involved** in gender-sensitive planning and budgeting. From eight ministries and one institution in 2023, **the number of entities involved in gender-sensitive budgeting has risen to fifteen**.
- ▶ The **gender-sensitive budgets of the participating institution and ministries represent 5.03% of their expenditure** according to the 2024 Initial Finance Law.
- ▶ The scoring methodology adopted by Togo follows that of the Organization for Economic Cooperation and Development's Aid Committee (OECD-DAC). It involves **assigning a score of 0, 1 or 2 according to the importance of gender equality** for programs, actions, projects or activities.

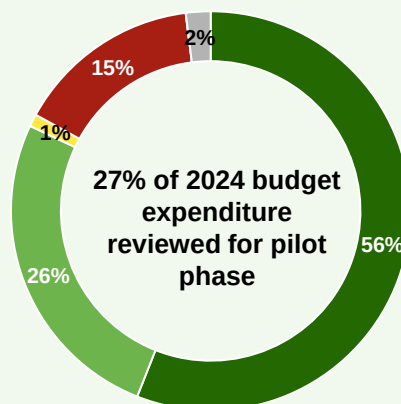


1st climate- and environment-sensitive budgeting exercise

- ▶ Togo is the **pioneer** in French-speaking West Africa through **the preparation of its first green budget document** for fiscal year 2024.
- ▶ At the presentation ceremony, the Minister of Finance declared, "*Once integrated into development planning, climate change and environmental protection are now attracting the attention of public authorities in the management of public finances*".

- ▶ The fiscal 2024 green budget is at a **pilot phase** involving nine ministries.
- ▶ The **green budget amounts to 118.2 billion, or 7.2% of the state budget**.
- ▶ Green spending has been classified according to six segments: Adaptation, Mitigation, Biodiversity, Water, Pollution and Waste.
- ▶ Depending on these segments, budget spending can be "favorable", "unfavorable", "neutral" or unrated.

Breakdown of green spending by segment (%)



Government activities

Implementation of the Roadmap



First government seminar of 2024

- ▶ **The President of the Republic, H.E.M. Faure Essozimna Gnassingbé, has chaired the first government seminar of 2024 in Aného.**
 - The theme of this government seminar was "Accelerating the implementation of the Roadmap 2025: the necessary link between the presidential vision, government action and the daily lives of Togolese people".
 - The seminar identified the main achievements and successes and proposed solutions for implementing the roadmap.



The start of the construction of 21 bridges

- ▶ The President of the Republic launched the **Program for the construction of 21 Unibridge steel-concrete mixed modular bridges across Togo's five regions.**
- ▶ Established as a public-private partnership, the project is financed to a total of FCFA 65 billion.
- ▶ The works will expand the road infrastructure network, promote connectivity, the economic integration of rural areas and facilitate people's access to basic socio-economic services.





Investment promotion

Invest in Togo



Regional investment platforms

- ▶ The Ministry in charge of investment promotion launched the **Regional Institutional Platforms for Investment Promotion and Facilitation (PIRPFI)** on March 13.
- ▶ Supported by German cooperation through **GIZ**, the initiative aims to **transform local players into ambassadors promoting the assets of their territories**.
- ▶ A sequence of workshops held in every region will provide exposure to prefects, mayors, traditional leaders, and economic stakeholders regarding the investment promotion mechanisms and incentive programs implemented by the executive.



Organization of an investment promotion forum with ECOWAS

- ▶ The **Togolese government** has teamed up with the **ECOWAS Bank for Investment and Development** and **India Exim Bank** to organize the first **ECOWAS Investment Forum** in Lomé on April 4 and 5, 2024.
- ▶ The forum **highlights West Africa's strong investment potential** and **facilitates investment partnerships** in development projects across the region.



Q1 2024

Industrialization

Opportunities and impact of industrialization



The AfDB commits to financing Togo's industrialization

- ▶ The President of the Republic, H.E.M. Faure Essozimna Gnassingbé, held talks on February 27, 2024 with Dr. Akinwumi Adesina, President of the African Development Bank Group.
- ▶ Exchanges focused mainly on **partnership opportunities around the Lomé-Cinkassé corridor project or infrastructure projects in the health sector.**

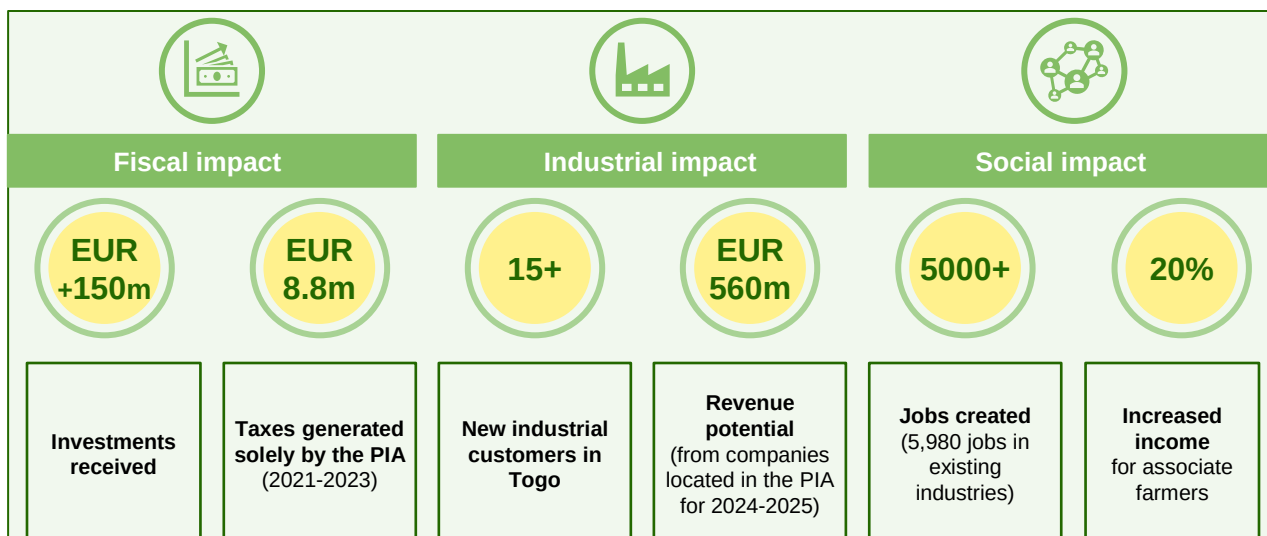


PIA continues to attract new investors

- ▶ **Phase 2 of the Plateforme Industrielle d'Adetikopé (PIA) was officially unveiled** to companies operating in Togo, at a meeting held at the PIA on February 1, 2024.
- ▶ The agri-food company Dongaco Togo, a subsidiary of Dongaco and licensee of The Coca-Cola Company products in Togo, has chosen the PIA as the location for its operations.
- ▶ It should be noted that in recent weeks, other companies, such as FHC Medica for the production of medicines and New Huasha Company Limited, a manufacturer of melamine and plastic tableware, have also positioned themselves and expressed their interest in the Plateforme Industrielle d'Adetikopé (PIA).



Economic and social impact since the opening of the PIA



Source: PIA, February 2024 presentation



Q1 2024

Social Affairs – Women's rights (1/2)

Progress in the World Bank's WBL ranking



Togo ranks 1st in Africa and 19th globally for women's economic inclusion

- ▶ In March 2024, the World Bank published its "**Women Business and the Law 2024**" (WBL) report, evaluating countries according to their efforts to remove legal and regulatory barriers to women's employment and entrepreneurship.
- ▶ With an overall score of 97.5 out of 100, **Togo ranks first in Africa for economic opportunities offered to women**, ahead of Côte d'Ivoire (95.0/100), Gabon (95.0/100), and Rwanda (91.9/100).
- ▶ **Globally, Togo ranks 19th**, on a par with Estonia, Finland, Italy, New Zealand and the United Kingdom.

Scores obtained by Togo in the WBL 2024 report



Mobility
100



Workplace
100



Pay
100



Mariage
100



Parenthood
80



Entrepreneurship
100



Assets
100

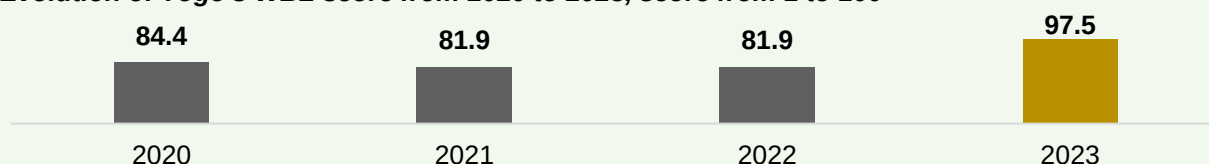


Pensions
100

Source: World Bank, Women, Business and the Law 2024

- ▶ Togo's score testifies to the success of the reforms undertaken in 2023 to promote gender equality. These reforms included amendments to the Code of Persons and the Family to guarantee equal rights in matters of remarriage, the introduction of laws criminalizing domestic violence with penalties of up to 5 years' imprisonment, as well as measures such as ensuring women's full salary during maternity leave and prohibiting the dismissal of a woman during pregnancy, childbirth, maternity leave or the breastfeeding period.
- ▶ These initiatives contributed to a significant 15.6-point increase in the WBL index for Togo.

Evolution of Togo's WBL score from 2020 to 2023, score from 1 to 100



Source: World Bank, Women, Business and the Law 2024

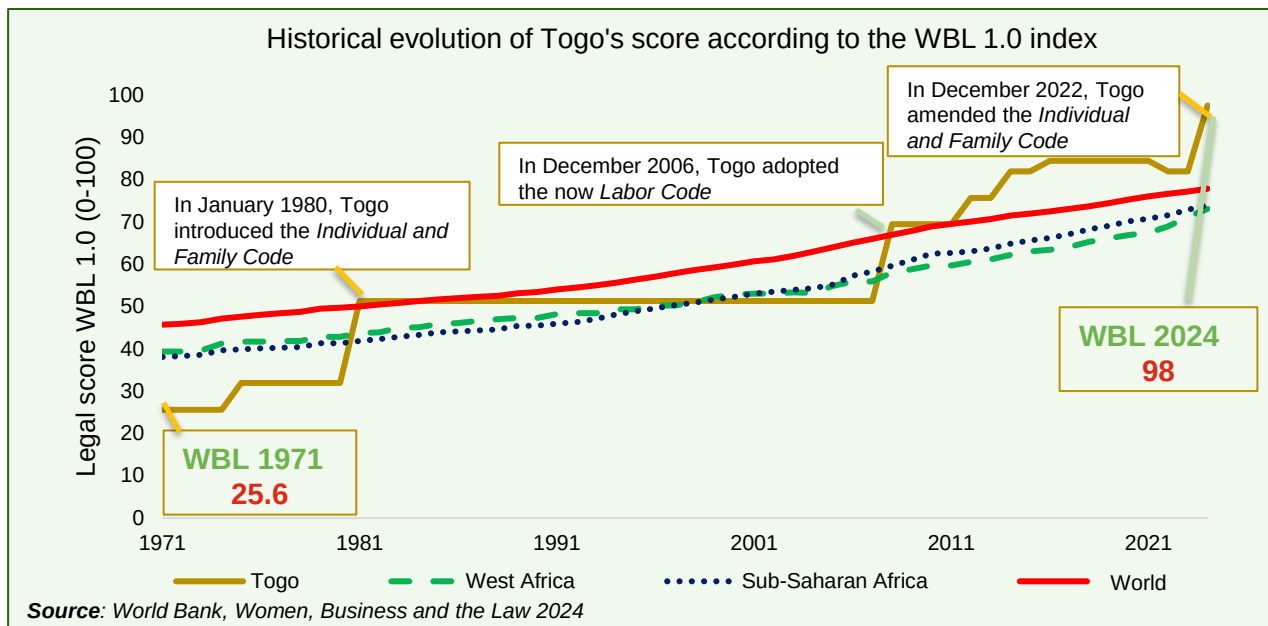


Q1 2024

Social Affairs – Women's rights (2/2)



Thanks to the reforms undertaken since October 2022, Togo has become the foremost reforming country in the world since the creation of the WBL



Governance

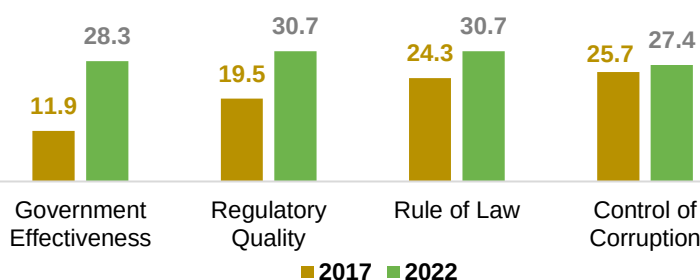
Progress in World Governance Indicators (WGI)



From 2017 to 2022, Togo has made progress in World Indicator Governance (WGI)

- ▶ Within 5 years, Togo's score on the "Government Effectiveness" indicator has increased by 138%, more than double the 2017 score.
- ▶ The score improved by 6% for the "Control of Corruption" indicator.

Global Governance Indicators 2017-2022



Source: World Bank, 2023