



RÉPUBLIQUE TOGOLAISE

Ministry of Economy and Finance
Permanent Secretariat for Monitoring Reform
Policies and Financial Programs

NEWSLETTER

SECOND QUARTER 2024

Quarterly newsletter on Togo's economic and
financial performance.

Growth, inflation, and international cooperation.



RÉPUBLIQUE TOGOLAISE

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financial performance.

Second quarter 2024

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Macroeconomic news (1/2)

Economic outlook



Robust growth prospects over the 2024–2025 period

- An International Monetary Fund (IMF) staff mission was led to Lomé during the weeks between May 27th and June 8th, 2024, to conduct **IMF Article IV consultations** with the Togolese authorities, reviewing the macroeconomic, public finance, banking and financial sector situations.
- At the end of the mission, **the IMF issued a statement highlighting the progress made by the authorities**. According to IMF estimates, economic growth reached 5.6% in 2023, and inflation fell to 2.6% in April 2024. In addition, substantial progress has been made in revenue mobilisation, bringing it to 16.8% of GDP in 2023. Plateforme Industrielle d'Adétikopé (PIA).
- The mission also highlighted that **the share of extreme poverty has fallen to 25.8%** (compared with 28.4% in 2018) and that **Togo has made progress in achieving other Sustainable Development Goals**, bringing its overall degree of achievement to 56.3 out of 100 (compared with 54.7 in 2018) and this despite the multiple shocks of recent years.
- Besides, the **IMF presented its economic outlook for sub-Saharan Africa on Thursday, June 13th, 2024, in Lomé**. The event brought together Togo's financial partners, including the World Bank, UNDP, the African Development Bank, the European Union and the French Development Agency. The report highlights the challenges ahead and makes recommendations to support these countries. The April 2024 report is placed under the theme "A timid and costly recovery".
- The Government supports the report's conclusions and recommendations, most of which are aligned with its strategic orientations. The IMF specifically advocates for increasing revenues while progressively rebalancing public finances to prevent any abrupt and disruptive changes. To this aim, **the government adopted a strategy aimed precisely at reducing the budget deficit to 3% of GDP by 2025**. This strategy includes increasing revenue mobilization and control of non-priority current expenditure, while maintaining an adequate level of investment to sustain growth. In this respect, **an Extended Credit Facility (ECF) agreement has been reached with the IMF, which includes a series of economic policies and reforms to be implemented**.
- Hence, Togo remains committed to improving the living standards of its population. **The government's efforts have increased fiscal and non-fiscal revenues by 0.9% and 0.8% of GDP respectively in 2023**, far exceeding forecasts. This increase in revenue, combined with tight control on expenditure, has enabled the **budget deficit to be reduced from 8.3% of GDP in 2022 to 6.7% of GDP in 2023**, including 1.3% linked to an exceptional operation to strengthen the banking sector.
- These efforts should continue with a view to further increasing tax revenues, thanks in particular to a sustained strengthening of economic growth, which is forecast at 6.6% in 2024 and 6.8% in 2025, according to national service forecasts.

Macroeconomic news (2/2)

Prospects for greater revenue mobilisations



Combating tax evasion and other illicit financial flows

- In June 2024, Togo hosted the 15th meeting of the Africa Initiative, an international programme to promote good tax practices founded in 2014.
- Organized jointly by the Global Forum on Transparency and Exchange of Information for Tax Purposes and the Ministry of Economy and Finance, the event brought together more than a hundred participants from 40 countries and a dozen international organizations.
- Strengthening partnerships was at the heart of the discussions at this meeting, to enable States to better combat tax evasion and other illicit financial flows, and to mobilize more tax revenue.



Budget

Budget management



Budgetary transparency

Adoption and publication of budget documents

- The framework for budget transparency is being increasingly strengthened with the publication of documents relating to the preparation and execution of the Finance Act. As such, the circular relating to the 2025 operational budget calendar, indicating the key periods of the budget process, financial year 2025, the various Finance Acts, the reports on the execution of the Finance Act, in accordance with legal provisions are made available to the public, as soon as they are adopted.

Drafting and publication of the citizen's budget

- The budget information contained in the

Finance Act is transcribed in the 'citizen budget' document to make it easier for anyone to understand and read; this strengthens the citizen's role of control over the State budget. A major campaign to publicize the document is planned for all regions of the country in the coming weeks.

Regular communication on the monthly execution of investment projects

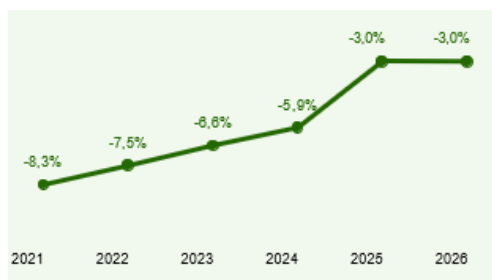
- An analysis as of 30 June 2024 of the state of investment projects in the State budget, shows an overall implementation rate of 27.7%, i.e. an amount of 145 billion CFA francs against a forecast of 522.4 billion CFAF.



Budget steering

The budget framework targets a deficit of 3% in 2025

- Since the advent of the Covid 19 pandemic, Togo has been concretizing efforts to reduce the deficit from 8.3% of GDP in 2021 to reach the set WAEMU threshold from 2025. The improvement in fiscal consolidation is the result of efforts to collect tax revenues and control budget expenditure.

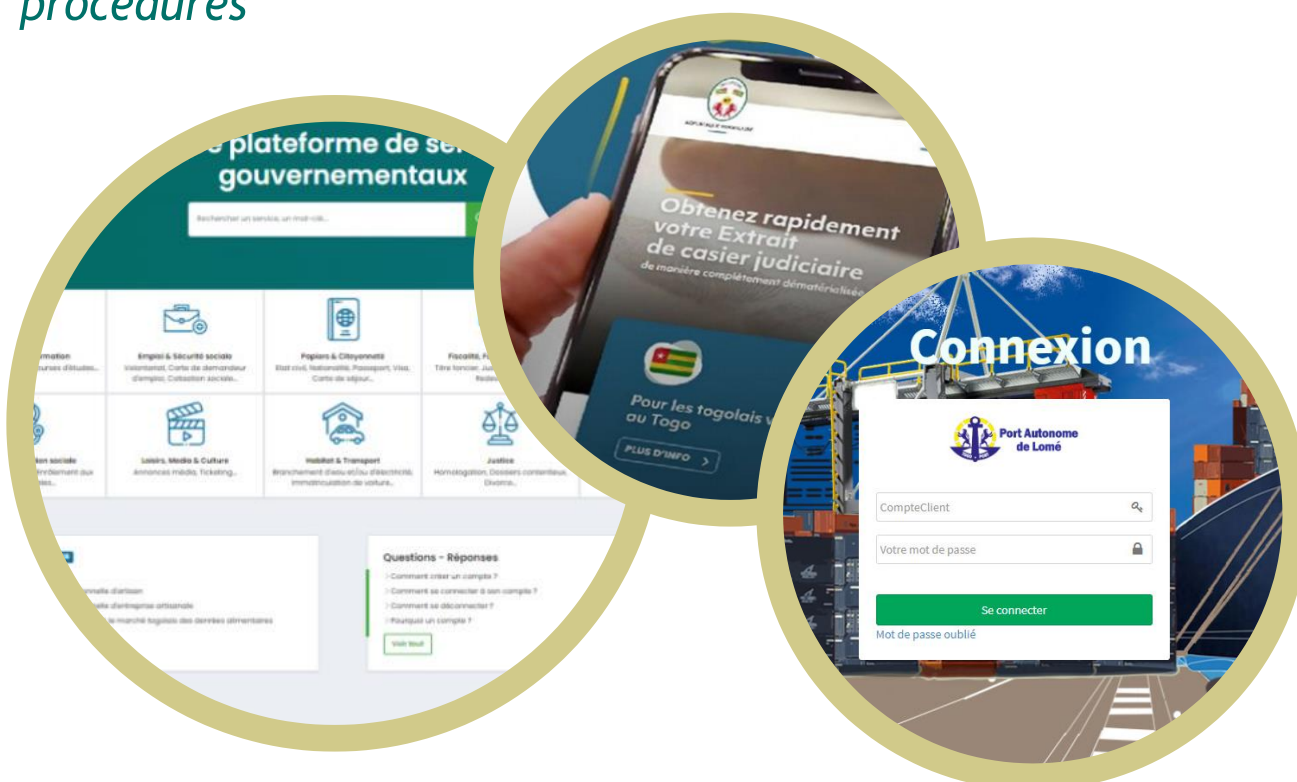


Implementation of new budgetary approaches in public finance management: gender-responsive budgeting, climate change-responsive budgeting and environmental budgeting

After three consecutive years of implementing gender-responsive budgeting with certain pilot ministries and institutions, consideration of the concept of gender and equity has been introduced into the budget work of all ministries and institutions and has raised Togo to the rank of countries approaching gender budget reform. As a result, Togo's budget for 2024 marks a decisive step forward with donors on the climate issue (IMF, UNDP).

Business climate

New advances in the dematerialisation of administrative procedures



Reforms implemented to reduce the time and cost of administrative procedures with a view to improving the business climate

At the start of 2024, the administrative services worked to digitalize numerous procedures aimed at improving the business climate in line with the Digital Strategy 2025.

- The interoperability of administrative formalities platforms (DGDN, CFE, RCCM, OTR) facilitating the speed of operations;
- The total dematerialization of the process of obtaining a land title via the online land registry portal;
- The dematerialization of procedures at the Togo Arbitration Court (CATO) with the possibility of filing, consulting and

downloading documents submitted as part of an arbitration procedure via a secure online platform and the holding of hearings by videoconference;

- The creation of a Unique Parcel Identifier;
- The creation of a database of beneficial owners;
- The dematerialization of dispute settlement procedures at the Togo Court of Arbitration and Mediation;
- The dematerialization of collective procedures at the Commercial Court.

Strengthening bilateral relations (1/3)

Participation to the first Korea-Africa Summit



Strengthening relations with South Korea

H.E. Head of State Faure Gnassingbé participated in the first Korea–Africa summit on June 4th and 5th, 2024 in Seoul, at the invitation of South Korean President Yoon Suk Yeol. Seoul welcomed delegations from 48 African countries to conclude agreements on mineral supplies and infrastructure projects.

At the opening of the summit, Mr. Yoon pledged that South Korea will be doubling its public development assistance to Africa to around USD 10 billion by 2030 and will be providing USD 14 billion in export financing to help Korean companies expand trade and investment on the African continent.

On the sidelines of the Korea–Africa summit, Head of State Faure Gnassingbé held talks with several leading figures from the economic, financial and business worlds, in order to strengthen cooperation between South Korea and Togo.

- The President visited the Korean National Agricultural Development Authority, where he met with its Chairman, Cho Chaeho. The aim of the meeting was to discuss **Togo's membership in the Korea–Africa Food and Agriculture Cooperation Initiative (KAFACI)** in order to benefit from Korean expertise in agriculture, particularly in improving rice cultivation.
- The President then met Woon-Ki Lyeo, Chairman of the Korea–Africa Foundation (KAF). The meeting was aimed at **facilitating Korean investment in Togo**. Discussions focused on investment opportunities in the digital and customs services sectors, for which the Korea–Africa Foundation plays a central role in promoting.
- The President also held talks with Chang Won-Sam, head of the Korea International Cooperation Agency (KOICA). The two personalities discussed **various development and bilateral cooperation projects**.
- The President held talks with the CEO of the SEJIN G&E Company, Mr. Lee Kyoung Yeo, to **support Togo in its environmental management strategy, notably through landfill and the transformation of garbage into biogas, as well as sanitation in urban areas**.
- He then met with Mafalda Duarte, Executive Director of the Green Climate Fund to **strengthen the partnership as part of the national strategy to enhance people's resilience to climate change**.
- Finally, the President visited the headquarters of the NGO International Youth Fellowship (IYF), where he met its founder, Pastor Ock Soo Park, who was in Lomé last February. Discussions focused on **collaboration in favor of the youth through educational, cultural and volunteer programs**.

Strengthening bilateral relations (2/3)

Diplomatic events in Lomé



Strengthening relations with the United States

- As part of the end of her mandate in Togo at the end of May 2024, U.S. Ambassador to Togo Elizabeth Fitzsimmons expressed her gratitude for the close partnership that has been developed between the American and Togolese peoples.
- On this occasion, the chancellery published a document summarizing the initiatives piloted or renewed under her leadership from 2022 to 2024. These include the Ambassador's Resilience Fund, which, as part of the U.S. ten-year strategy (2023–2033) to prevent conflict and promote stability, has allocated USD 100,000 annually since 2023 to Togo to address the root causes of violent extremism, as well as the Ambassador's Self-Help Fund, which provided USD 75,000 to 20 organizations in the five regions in 2022.
- During her tenure, structural partnerships were established, such as the African Growth and Opportunity Act (AGOA), essential to economic exchanges between the United States and sub-Saharan Africa. Togo became eligible for the Millennium Challenge Corporation (MCC) Compact program. Additionally, the MCC's Threshold program, launched in late 2020 with a USD 35 million grant, continued its efforts to enhance access to Information and Communication Technology services and formalize land rights in Togo.
- Ambassador Elizabeth Fitzsimmons, is expected to be replaced by Mary E. Daschbach, currently Deputy Head of Mission in the Republic of Cameroon.



Assessment and new partnership framework with China

- Lomé and Beijing reaffirmed their mutual commitment to strengthening their partnership at a meeting held on June 3rd, 2024, in Lomé between a Chinese delegation and the Togolese government. The meeting provided an opportunity to review relations between the two countries, deemed positive since the launch of various initiatives and programs following the 8th ministerial conference of the Forum on China–Africa Cooperation in 2021. The projects cover key sectors such as energy production, water development, increasing agricultural production and improving the irrigation system.
- The new partnership framework is intended to extend to more diverse domains such as security, environment and youth employment, with the aim of improving the living conditions of the Togolese population.

Strengthening bilateral relations (3/3)

Foreign Investments



Visit of a British investors delegation to Lomé

- In line with its ambition to mobilize more foreign financing for its main priority projects, **Togo welcomed a delegation of British investors** on June 18th and 19th, 2024. The mission, initiated by the investment fund DMA Invest, took place after the UK–Francophone West and Central Africa Trade and Investment Forum (WCAF).
- During the visit, **British investors had the opportunity to discover Togo's economic opportunities and key investment sectors** through economic briefings, sector roundtables and site visit.
- This mission follows an initial visit in February 2023, during which British investors met with local economic players and Togolese governmental authorities.



New instrument for economic cooperation with Germany

- **Le Competence Center for German Export Financing for West and East Africa has opened to Togolese companies**, targeting SMEs in particular.
- In collaboration with the Togo Chamber of Commerce and Industry (CCI-Togo), **export credit guarantee opportunities were presented to nearly 400 Togolese entrepreneurs** on June 3rd, 2024, in Lomé. The initiative aims to strengthen trade ties between Germany and Togo.
- Thanks to this Center, substantial financial support can be granted to Togolese companies for their projects. For example, an entrepreneur looking to establish a production factory can secure a loan that covers one-third of the total equipment purchase cost. This loan can be repaid over a period of up to 20 years. In addition, negotiations and the signing of collaboration agreements between Togolese operators and German suppliers are facilitated by this Center.
- This opportunity from Germany is viewed as a response to the significant issue of limited financial capacity facing Togolese companies, according to Nathalie Bitho, President of the Special Delegation of the CCI-Togo.
- **This structure will strengthen partnerships between Togolese and German economic operators.**

Relations with creditors and partners

Ongoing support from technical and financial partners



New Country Partnership Framework between the World Bank and Togo

- **The World Bank Group adopted a new Country Partnership Framework (CPF) with Togo on May 23rd, 2024.** This new CPF will guide the World Bank Group's actions in Togo for the next five fiscal years (2025-2029) to address the country's development challenges of reducing poverty, growing shared prosperity and promoting sustainable development.
- **Structured around three main objectives, the CPF aims to create quality jobs through the private sector, improve human capital, and promote inclusive and sustainable territorial development.** It also incorporates two transversal themes: strengthening the macroeconomic landscape and governance, while focusing on agricultural productivity, logistics and connectivity as key drivers of Togo's economic transformation.
- **On this occasion, the World Bank approved three new operations financed by the International Development Association (IDA) for a total amount of almost USD 298 million.** These operations aim to strengthen access to electricity, improve the performance of public administration and promote social cohesion.
- **In addition, the World Bank has granted a waiver enabling Togo to access the resources of the Prevention and Resilience Window, for an amount of around USD 315 million, to support the implementation of its national strategy to strengthen the resilience of its populations.**



New UNDP support to mitigate climate change

- **Togo will benefit from a fund of USD 200,000 from the United Nations Development Program (UNDP) to help formulate a quantified national climate strategy.**
- **The announcement of this new partnership was made on June 18th, 2024, in Lomé, during the national validation of the long-term low-carbon and climate-resilient vision.** This followed consultation workshops with various stakeholders involved.
- **These efforts have led to significant progress for Togo. The country has increased from 10 indicators when CDN was first introduced to 25 out of the 27 planned indicators, thus achieving a 93% progress, easing the monitoring process. Additionally, Togo has already started implementing 38% of the projects listed in its revised NDCs.**
- **All these actions aim to reinforce the implementation of the NDCs in order to achieve the goal of zero carbon emissions by 2050.**

Social - Human Development Index (HDI)

Improvement in UNDP's HDI

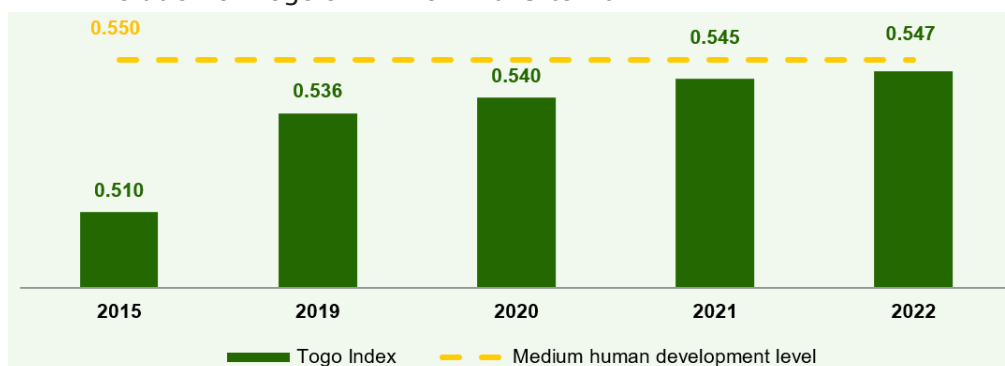


Le Togo enregistre la meilleure performance dans l'UEMOA en matière de progression dans le développement humain 2023-2024

- Sandra Ablamba Johnson, Minister and Secretary General of the Togolese Republic Presidency, presided over the **official launch ceremony of UNDP's 2023-2024 edition of the Human Development Report** titled "Breaking the Deadlock: Reimagining Cooperation in a Polarized World".
- In recent years, **Togo's Human Development Index (HDI) has been constantly rising**. The HDI increased from 0.484 in 2014 to 0.513 in 2018, then to 0.539 in 2021/2022 and **reaching 0.547 in 2023/2024**, representing a 13% growth between 2014 and 2023/2024. According to the report, similar to previous years, Togo has made remarkable progress. As a result, **Togo ranks 1st in the WAEMU region for the fifth consecutive year and 4th in ECOWAS this year**, after Cape Verde, Ghana, and Nigeria.
- For the Minister, these figures show that Togo is on the right track to reach the medium human development level, set at 0.550.
- In her speech, she declared, "*The Gross National Income per capita increased from USD 2,167 in 2021-2022 to USD 2,214 in 2023-2024. As for life expectancy at birth, it is at 61.6 years in 2023/2024. These performances are the result of initiatives of the highest authorities aimed at capitalizing on the potential of our youth, with significant results observed in terms of training, financial and technical support, and facilitating market access*".



Evolution of Togo's HDI from 2015 to 2022



Source: UNDP, Human Development Report 2023-2024

Recent publications

Budgetary, accounting and financial publications



Publications from the Permanent Secretary for Monitoring Reform Policies and Financial Programs: <https://togoreforme.gouv.tg>

- Annual public debt report on 31 December 2023
- State's financial assets directory in the first quarter of 2024
- State's financial operations table at the end of March 2024
- Reform implementation report for 2023
- Medium-term debt strategy 2024-2026
- Budget implementation report at the end of March 2024
- State programme budget 2024-2026
- Statistical bulletin on public debt at the end of March 2024



Publications from the Union Monétaire Ouest Africaine (UMOA-Titres)

- Togo's information note for 2023, published on May 3rd, 2024



Publications from the Central Bank of Western African States (BCEAO)

- Togo's balance of payments and international external position – 2022, published on May 14th, 2024