



RÉPUBLIQUE TOGOLAISE

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

NEWSLETTER

THIRD QUARTER 2024

**Quarterly newsletter on Togo's
economic and financial performance**

**Appointment of a new government, two positive rating
actions, and continuing progress in CPIA score**



Table of contents

Credit ratings news	3
Macroeconomic news	4
International Monetary Fund	4
Exports	4
Government activities	5
New government	5
Budgetary news	5
Budget management	5
Industrialization	6
Adétikopé Industrial Platform	6
New industrial investment	6
Strengthening international relations	8
Growing support from multilateral organizations	8
Continued strengthening of bilateral relations	10
Environmental, social, and governance	12
Togo is improving its public and institutional policies	12
Progress in environmental reforms	13
Progress in social reforms	13



Credit ratings news

S&P Global
Ratings

On September 13, 2024, Standard & Poor's (S&P) raised the country's rating outlook from **"Stable"** to **"Positive"**, and affirmed the rating at **"B"**

- ▶ This decision by the agency is the result of the **major progress** made by Togo since its first rating in 2019. The "Positive" outlook reflects S&P's view that Togo will continue to maintain **"its economic momentum while pursuing budgetary consolidation and reduce external imbalances"**. In addition to **continuing the excellent momentum of business climate reforms**, the agency notes that these good results have been made possible by **Togo's strategic advantages**, in which the government and private sector are increasingly investing.
- ▶ The agency says it **could raise Togo's rating to "B+"** if this trend continues over the next twelve months.

Moody's

On September 27, 2024, Moody's raised the country's rating outlook from **"Negative"** to **"Stable"** and affirmed the rating at **"B3"**

- ▶ Moody's has raised Togo's outlook to "Stable," highlighting **significant progress in ongoing budgetary consolidation**, with an annual increase of 0.8 percentage points in tax revenues in 2023, which has helped reduce the deficit.
- ▶ The agency commends the efforts undertaken to **reduce liquidity risks** through access to concessional financing, particularly via **the IMF-supported program** signed in March 2024. Moody's also emphasizes Togo's strong growth, supported by business-friendly reforms, significant investments, and increasing economic diversification, particularly supported by the government's 2020-2025 roadmap. Moody's also notes the **key role of the Adétikopé Industrial Platform and the Lomé Autonomous Port** in developing the manufacturing, transport, and logistics sectors.
- ▶ Additionally, Moody's highlights **Togo's progress** in "government effectiveness" and "regulatory quality" indicators in the World Bank's **Worldwide Governance Indicators**.



Macroeconomic news

International Monetary Fund



Publication of the International Monetary Fund mission report in Lomé under Article IV

- ▶ The International Monetary Fund (IMF) conducted a mission in Togo from May 29 to June 7, 2024, under Article IV, with the mission report published on September 23, 2024.
- ▶ The IMF noted **significant progress and positive outcomes in Togo's economy**. The post-COVID budget expansion implemented in response to shocks helped sustain **strong economic growth**. The macroeconomic outlook is favorable, supported by the start of budget consolidation in 2023 and **increased tax revenues**. The IMF also commended **dynamic economic activities** in Togo's special economic zone, **low inflation**, and a **well-controlled current account deficit**.
- ▶ In terms of sustainable development, the IMF highlighted **continued progress towards achieving the Sustainable Development Goals**.
- ▶ The IMF also projects **favorable prospects** for Togo, with robust growth of 5.3% in 2024 and a steady rise in tax revenues in the coming years. The Togolese authorities are continuing their efforts, hoping to exceed this growth rate and reach 6.6% in 2024 and 6.8% in 2025.

Exports



India, Burkina Faso and Côte d'Ivoire become the main destinations for Togolese exports in the third quarter of 2024

- ▶ According to its National Institute of Statistics and Economic and Demographic Studies (INSEED), Togo **exported goods worth XOF 213 billion** in the third quarter of 2024.
- ▶ Among the recipients of these exports, **India ranked first**, accounting for 20.1% of Togo's export value during this period. The **WAEMU countries** imported nearly **45.1% of Togo's exports** by value.
- ▶ **Phosphates** and their derivatives remain **the main export product**, representing **18.6% of total exports**. In addition, **petroleum or bituminous mineral oils (excluding crude oils)** complete the list of key products exported by the country during this period, accounting for a relative share of 7.9%.



Q3 2024

Government activities

New government



August 20, 2024, a new government is formed with the nomination of many new ministers, among whom Essowè Georges Barcola is appointed Minister of Economy and Finance

- ▶ **M. Essowè Georges Barcola, expert in public finance, is appointed to this strategic position.** He previously held positions as Director General of the Togolese National Lottery (LONATO) and Commissioner within the West African Economic and Monetary Union (WAEMU) Commission.

Budgetary news

Budget management



Implementation of demographic dividend-sensitive budgeting for 2025

- ▶ Togo is one of the **pilot countries** selected for the experimentation and implementation of **demographic dividend-sensitive budgeting** in public financial management. This budgeting approach will capitalize on the **effects of population growth on the socio-economic situation to influence budget allocations in strategic sectors.**
- ▶ The preparation of this new theme in public finance management, outlined in the budgetary framework letter of October 2024, highlighted the connection between gender-sensitive budgeting and demographic dividend-sensitive budgeting, with the aim of integrating them into the "2025 Gender-Sensitive Budget Document."



Significant growth in fiscal revenues in the first half of 2024

- ▶ According to data from the budget execution report, **fiscal revenues reached XOF 244 billion** in the first quarter of 2024 and XOF 516 billion during the second quarter, marking a 14% increase compared to June 2023. This growth aligns with the goal of increasing fiscal revenues by 0.5% of GDP per year over the medium term.
- ▶ This increase highlights the **dynamic efforts to strengthen tax collection in Togo**, thus contributing to the budgetary targets set by the government.
- ▶ Non-tax revenues increased by XOF 13 billion in the second quarter of 2024 compared to the first quarter, reaching XOF 25 billion, with a recovery rate exceeding 60% as of the end of June 2024.
- ▶ In September 2024, the IMF **praised Togo's efforts in fiscal policy** and economic management, particularly regarding improvements in tax and revenue collection. These progresses have led an **increased mobilization of resources** to support state actions.



Togolese Republic

NEWSLETTER



Q3 2024

Industrialization

Adétikopé Industrial Platform



Digitalization of the dry port at the Adétikopé Industrial Platform (PIA)

- ▶ On September 19, 2024, the Adétikopé Industrial Platform (PIA) launched a digital platform dedicated to logistics management, as part of the digitalization of its services.
- ▶ This platform allows for:

- **The optimization of operations** at the dry port by enabling real-time tracking of container movements, from their arrival at the Port of Lomé to their transportation to the dry port at the PIA.
- **The simplification of administrative processes**, such as invoice management, issuance of delivery orders, and an online payment solution.



New industrial investment (1/2)



New funding from the German industrial group Heidelberg Materials in the cement sector

- ▶ The German industrial group **Heidelberg Materials**, the **second-largest cement producer in the world**, announced in September 2024 **new investments in Togo to finance sustainable solutions in cement production** through the use of alternative materials. The goal of the investment is to produce zero-carbon cement.
- ▶ Heidelberg Materials is already present and active in Togo, with an investment portfolio estimated at EUR 400 million and employing 1,000 people in the country.



Industrialization

New industrial investment (2/2)



New operational companies by the end of October 2024

- ▶ During this period, **31 new companies became operational**, including 19 registered under the Investment Code regime and 12 under the Free Zone regime.
- ▶ The total planned investment by these new companies is **XOF 196,298,363,620**, of which **XOF 159,068,126,959 (81.03%) is under the Investment Code** and **XOF 37,230,236,661 (18.97%) in the Free Zone**. A total of 3,697 jobs are expected, including 1,588 under the Free Zone regime and 2,109 under the Investment Code.
- ▶ The sectors of companies newly accredited under the Investment Code are as follows: 38% operate in the agri-food sector, 27% in plastic industrial processing, 16% in livestock farming, 11% in motorized vehicle assembly, and 8% in the acquisition of construction and public works equipment for rental.
- ▶ The sectors of companies newly accredited under the Free Zone regime are distributed as follows: 28% are in agro-industrial processing, 19% in plastic assembly industries, 17% in garment manufacturing, 9% in paper production, 9% in the energy sector, 9% in the assembly of medical and IT equipment, and 9% in the cosmetics and perfumery industry.
- ▶ Under the Free Zone regime, 34% of the newly accredited companies are owned by nationals, while 66% are foreign direct investments, primarily from India, Lebanon, China, Italy, Côte d'Ivoire, Burkina Faso, and Congo.
- ▶ Under the Investment Code, 48% of the newly accredited companies are owned by nationals, while 52% are foreign direct investments, mainly from India, France, Lebanon, China, Côte d'Ivoire, Benin, and Gambia.



Strengthening international relations (1/4)

Growing support from multilateral organizations (1/2)



Togo receives financial support from the International Fund for Agricultural Development (IFAD) for its agricultural sector

- ▶ The **International Fund for Agricultural Development (IFAD)** provided financial support of **USD 2.4 million** (XOF 1.5 billion) to Togo's agricultural sector in July 2024 to support the "**Project for promoting agroecological market gardening in Togo**".
- ▶ This funding aims to encourage agroecological production practices to **improve vegetable yields and quality while reducing soil and water pollution**.
- ▶ The project also has specific objectives, including:
 - Promoting agricultural practices which comply with environmental protection standards;
 - Marketing of market gardening products;
 - Supporting the production of ecological inputs.
- ▶ This initiative is part of Togo's national policy to **strengthen food security and the sustainability of agricultural practices, while addressing the environmental and socio-economic challenges in the sector**.



Togo receives a loan of USD 27 million from the African Development Bank (AfDB) to develop its strategic agricultural sectors

- ▶ On July 19, 2024, the **African Development Bank (AfDB)** approved a **loan of USD 27 million** for Togo to implement the second phase of the "**Agricultural transformation project**". The project aims to create an **industrial hub** for the **processing of agricultural products** and establish a business zone that will provide **opportunities for youth and women** in the Kara and Savanes regions, located in the northern part of the country.
- ▶ The main objectives of the project include:
 - **Attracting private investments in key agricultural sectors** such as rice, maize, soybeans, sesame, cashews, and poultry;
 - **Constructing an agro-industrial park in Broukou, located in the north of the country**, with infrastructure such as electrical distribution networks, public lighting, and an administrative and financial block;
 - **Strengthening the capacity of agricultural producers** in areas such as production, processing, preservation, and marketing of agricultural products.
- ▶ Economic development in the northern regions of the country is a priority for the government. Therefore, **this project aligns with the government's efforts to strengthen socio-economic development in northern Togo**.



Strengthening international relations (2/4)

Growing support from multilateral organizations (2/2)



Togo's membership in the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) in September 2024

- ▶ On September 2, 2024, the **Togolese Republic** officially became the **50th member of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)**.
- ▶ Based in Jeddah, Saudi Arabia, ICIEC is a **multilateral insurer** with the goal of **promoting trade exchanges** among its member countries and **facilitating foreign direct investments**.
- ▶ With this membership, **Togolese economic operators will be able to benefit from export credits for locally manufactured products**, which is expected to contribute to the country's socio-economic development.
- ▶ During the official announcement of the membership, Khalid Khalafalla, the head of ICIEC, stated: *"We are committed to support Togo's economic ambitions through our robust insurance and risk mitigation solutions. Together, we aim to promote sustainable development and economic resilience in the region."*



Togo's membership in the Asian Infrastructure Investment Bank (AIIB) on the sidelines of the Ninth China-Africa Economic Forum (FOCAC 2024) in September 2024

- ▶ On September 4, 2024, on the sidelines of the FOCAC 2024, **H.E. President Faure Essozimna Gnassingbé chaired the official membership ceremony of the Togolese Republic to the Asian Infrastructure Investment Bank (AIIB)**.
- ▶ Togo's membership in the AIIB will allow the country to **access funding for large-scale infrastructure projects aimed at supporting its sustainable development**. The sectors involved include health, education, energy, digital technology, transport, and access to water.
- ▶ With an investment capacity of USD 54 billion, the **AIIB aims to finance sustainable infrastructure projects worldwide**, while promoting economic development and improving connectivity among its member countries.





Q3 2024

Strengthening international relations (3/4)

Continued strengthening of bilateral relations (1/2)



XOF 794 million financing from the French Development Agency to support children and youth in the Savanes region, in the north of Togo

- ▶ In July 2024, the **French Development Agency (AFD)** and **SOS France** co-financed **XOF 794 million** for the second phase of the **"Regional approach to child and youth protection project"**.
- ▶ This project aims to **strengthen the safety and well-being of vulnerable children and youth in the Savanes region**.
- ▶ The main actions of the project include:
 - **Support for basic needs:** Providing assistance to children and young people who are without family support to ensure their access to essential resources;
 - **Combatting radicalization:** Providing financial support to help fight the radicalization of youth.



Mission of the Saudi Fund for Development in Togo to promote access to water

- ▶ In September 2024, a delegation from the **Saudi Fund for Development** conducted an evaluation mission in Togo to assess the results of the fifth phase of the **"Saudi drilling wells program for rural development in Togo"**, financed with **XOF 2.9 billion**.



- ▶ This program has enabled the following achievements:
 - The construction of 17 mini-drinking water supply systems;
 - The installation of 15 autonomous water stations equipped with solar systems in the Plateaux and Centrale regions.
- ▶ This initiative is **part of the broader goal** of ensuring **universal water coverage** in Togo by 2030.



Strengthening international relations (4/4)

Continued strengthening of bilateral relations (2/2)



Participation in the Ninth Forum on China-Africa Cooperation (FOCAC 2024) in September 2024

- ▶ On September 5, 2024, H.E. President Faure Essozimna Gnassingbé participated in the **Ninth Forum on China-Africa Cooperation (FOCAC 2024) in Beijing**. During this event, China announced **financial support of nearly US 50 billion over three years to African countries** to support partnerships in key sectors such as trade, industry, infrastructure, health, agriculture, training, security, and culture.
- ▶ These initiatives will notably strengthen bilateral relations between China and African countries, including Togo.
- ▶ **Several strategic partnerships were signed for Togo on the sidelines of the forum**, including:
 - **A memorandum of understanding with Huawei** aimed at strengthening **collaboration in the information and communication technology (ICT) sector**, with the goal of positioning Togo as a digital hub in West Africa through enhanced digital infrastructure.
 - **A memorandum of understanding with the Chinese group Haier**, which specializes in household appliances, healthcare, and energy. This partnership aims to provide innovative solutions in the **management of biomedical cold chains, hospital equipment, and renewable energy** in Togo.
 - **A meeting** between H.E. President Faure Essozimna Gnassingbé and Du Fei, President of **China Road and Bridge Corporation (CRBC)**. The CRBC expressed its interest in supporting Togo in the **development of its infrastructure**.
 - **A meeting** between H.E. President Faure Essozimna Gnassingbé and a delegation from the **China Africa Business Council (CABC)**, an organization representing over 3,000 Chinese companies. The CABC expressed its desire **to strengthen partnerships with Togo in various sectors** such as infrastructure, logistics, energy, biotechnology, agriculture, and manufacturing.
- ▶ These initiatives are crucial for Togo as part of its economic development strategy and the strengthening of its key infrastructure, while also consolidating its relations with China.





Environmental, social, and governance (1/3)

Togo is improving its public and institutional policies

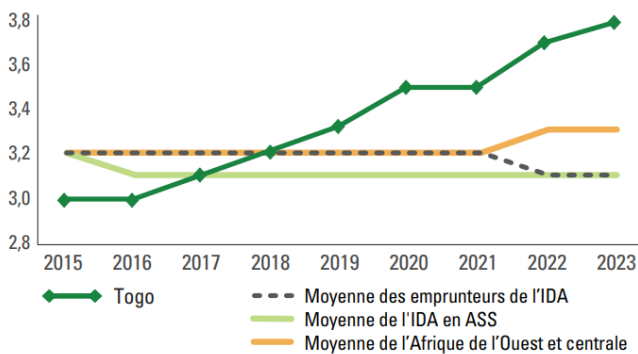


Togo is ranked among the top 5 countries in Sub-Saharan Africa in the 2023 Country Policy and Institutional Assessment Report (CPIA)

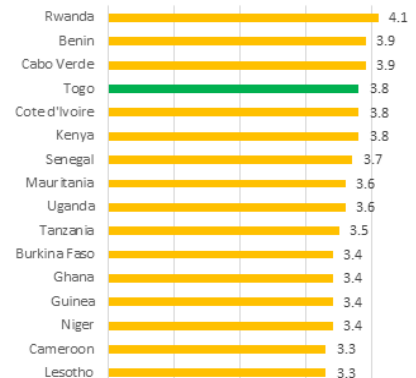
- ▶ According to the Country Policy and Institutional Assessment (CPIA) report, the country achieved an **overall score of 3.8** for the 2023 fiscal year, an increase of 0.1 point compared to the previous year. This score places Togo above the average for West and Central Africa (3.3) and the IDA average in Sub-Saharan Africa (3.1).
- ▶ **Togo ranks second in the WAEMU region**, tied with Côte d'Ivoire (3.8), just behind Benin (3.9). In Sub-Saharan Africa, **Togo is in the top 5 of the 39 countries evaluated**, behind Rwanda, which holds the top position with a score of 4.1, as well as Benin and Cape Verde (both scoring 3.9), alongside Côte d'Ivoire and Kenya.

Tendance

NOTES GLOBALES DE LA CPIA



Score global CPIA 2023



- ▶ This performance was made possible by **policies promoting social inclusion and equity**, as well as **public sector management and institutional reforms**, including:
 - Amendments to the Labor Code, which now prohibit the dismissal of female employees during the period from pregnancy to breastfeeding. These amendments also guarantee the payment of 100% of the salary during maternity leave;
 - The social protection program has been extended to include cash transfers for beneficiaries and to help households cope with inflation;
 - Efforts to mobilize domestic resources boosted fiscal revenues by around 0.7 percentage point to 14.7% of GDP.



Environmental, social, and governance (2/3)

Progress in environmental reforms



Launch of the operational phase of a transportation system project aimed at promoting green growth and reducing carbon emissions

- ▶ As part of the "**Multi-country readiness program**" funded by the Green Climate Fund, Togo plans to **adopt a transportation system** to promote green growth and **reduce carbon emissions**. The main objectives of the program include:
 - **Reducing** greenhouse gas **emissions**;
 - Promoting **sustainable mobility** through the **expansion** and **modernization of the public transport network**.
- ▶ This project's implementation will **support Togo's broader objectives in combating climate change**, especially the goal of reducing greenhouse gas emissions by 31.14% by 2030.



Launch of the marking workshop for the development of the Togolese Republic's green budget for the 2025 fiscal year

- ▶ On July 22, 2024, the **green budget marking workshop** was launched, bringing together 120 participants from 22 ministries and 2 institutions. This workshop is a **key step in the development of the 2025 green budget**, aimed at ensuring that public resources support the fight against climate change and the promotion of a sustainable and resilient economy.
- ▶ **The integration of climate and environmental considerations into the budgetary process is a priority for the Togolese government**. Through this budget, the government ensures that public funds are spent responsibly and aligned with national environmental priorities. It also contributes to better traceability of public resources while strengthening the accountability of ministries and institutions involved in public finance management.
- ▶ This process is part of a **broader strategy to enhance the country's resilience to climate challenges**, in line with the goals of the Paris Agreement.

Progress in social reforms (1/2)



The accessibility rate to healthcare reaches 91% in Togo

- ▶ According to data published in July 2024, **access to healthcare in Togo has increased from 71% in 2020 to 91% in 2023**. This progress is mainly the result of various projects and programs, including the Wezou initiative, which provides care for pregnant women and newborns. By the end of 2023, 401,000 pregnant women had benefited from this initiative.
- ▶ At the same time, **significant investments** have been made in **healthcare infrastructure**, and the **Universal Health Insurance (AMU) Project** has become operational.



Environmental, social, and governance (3/3)

Progress in social reforms (2/2)



Establishment of a protocol for the care of victims of gender-based violence (GBV) in Togo

- ▶ **A ministerial decree, issued in accordance with Article 237 of Law No. 2022-018, establishes a protocol for the comprehensive and coordinated care of victims of GBV.** This protocol is based on a holistic approach and outlines the guiding principles as well as the roles of the actors involved in the care process. GBV includes physical, sexual, economic, and psychological abuse, as well as practices such as forced marriages and cyberbullying, which require an appropriate and effective response.



The issuance of the land booklet in Togo: a clarified legal framework

- ▶ **A new decree establishes the conditions, procedures for issuance, and legal value of the land booklet, in accordance with Togo's land and domain code.** This booklet serves as proof of land ownership, although it is distinct from the land title obtained after registration. It is used to attest to ownership, use, lease, or mortgage of a property, but its evidentiary value is inferior to that of the land title, which holds greater legal weight in case of a dispute.