

**EXECUTIVE  
BOARD  
MEETING**

FO/DIS/15/181

November 4, 2015

To: Members of the Executive Board

From: The Secretary

Subject: **Togo—Modification—Staff Report for the 2015 Article IV Consultation**

Board Action:

The attached modification to SM/15/254 (10/8/15) has been proposed by the authorities of Togo and agreed with staff in accordance with the policy on publication of papers:

**Highly Market-  
Sensitive Material**

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Questions:

Ms. Sancak, AFR (ext. 36084)



## Annex I. Authorities Response to Main Recommendations from the 2013 Article IV Consultations

Main Recommendations	Authorities Response
<b>Staff emphasized the following areas as key to maintain macroeconomic stability and promote inclusive growth:</b>	<b>The authorities noted that they took the following steps:</b>
Improve debt management by seeking financing on terms consistent with debt sustainability and further reducing the fiscal deficit in the medium term.	An effort was made to mobilize financing from WAEMU and from concessional loans. Togo has not had access to international markets.
Free budget space for social and infrastructure spending to support implementation of policies that raise incomes of the poor, such as rural feeder roads, mini dams for irrigation, and off-grid energy alternatives.	Significant investments have been made to narrow the infrastructure gap that had developed over more than 15 years of socio-political crisis. Several rural roads were completed and a program of village electrification with solar panels or grid extension started. Funds allocated for mini-dams could not be used because feasibility studies could not be completed.
Progressively reduce poorly-targeted fuel subsidies, while broadening and improving social safety nets, and lower growth of public sector wages.	Fuel subsidies have been virtually eliminated by January 2015. The government took temporary social protection measures towards the most disadvantaged groups when retail fuel prices were increased in 2011. The negotiations surrounding the 2013 Public Service Statute established expectations of large increases in wages and remuneration. So far, these have been resisted as they would not be compatible with budget equilibrium. But pressure from trade unions is strong.
Implement long-planned PFM and revenue administration reforms.	In the context of the 2013 PFM reform plan, the WAEMU directives have been transposed in local legislation; their implementation is progressing; the OTR has been established; and the Computerised System for Public Financial Management (SIGFIP) is being enhanced.
Intensify financial sector oversight and solve problem banks. Put in place stronger supervision of microfinance.	The provisional administration is improving the financial condition of <b>BTCI</b> <del>a large state-owned bank</del> . A strategy is being developed for the future of the public banks BTCI and UTB.  In microfinance, several funds to promote financial inclusion for targeted groups were created by the Ministry of Grassroots