
CREDIT (A) NUMBER 73980-TG
CREDIT (B) NUMBER 73950-TG

Financing Agreement

**(TOGO'S FIRST SUSTAINABLE AND INCLUSIVE DEVELOPMENT POLICY
FINANCING)**

between

REPUBLIC OF TOGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT (A) NUMBER 73980-TG
CREDIT (B) NUMBER 73950-TG

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF TOGO (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient credits, which are deemed as Concessional Financing for purposes of the General Conditions, as follows:
 - (a) a credit in the amount of one hundred twenty-four million eight hundred thousand Euros (EUR 124,800,000) (“Credit (A)”); and
 - (b) a credit in the amount of thirteen million five hundred thousand (EUR 13,500,000) (“Credit (B)”); (Credit (A) and Credit (B), collectively “Financing”).
- 2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.03. The Payment Dates are March 1 and September 1 in each year.
- 2.04. The principal amount of the credits shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.05. The Payment Currency is Euro.

- 2.06. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;
 - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
 - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consists of the following, namely, that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date forty-five (45) days after the Signature Date.
- 5.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister in charge of finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Ministry of Economy and Finance
Immeuble CASEF
B.P.387
Lomé – Togo; and

(b) the Recipient's Electronic Address is:

Facsimile: E-mail:
(+228) 22 21 0905 secretariat.ministre@economie.gouv.tg

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Association's Electronic Address is:

Telex: Facsimile:
248423 (MCI) (+1) 202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF TOGO

By



Authorized Representative

Name: _____ Sani YAYA

Title: _____ Minister

Date: _____ 14-Sep-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Marie-Chantal Uwanyiligira

Authorized Representative

Name: _____ Marie-Chantal Uwanyiligira

Title: _____ Country Director

Date: _____ 14-Sep-2023

SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. Actions under the Program

The actions taken by the Recipient under the Program include the following:

Pillar 1: Promote sustainable agriculture, rural electrification and climate mitigation

1. To promote climate-smart agriculture intensification, the Recipient has: (i) adopted the 2024-2028 national strategy on irrigated agriculture as evidenced by *Arrêté interministériel* No. 141/23/MAEDR/MEHV dated June 15, 2023; (ii) ensured its implementation in eighty newly created Planned Agricultural Development Zones (ZAAP) as evidenced by *Arrêté ministériel* No. 142/23/MAEDR/CAB/SG dated June 15, 2023; and (iii) clarified conditions for the acquisition and distribution of fertilizers by the state in exceptional circumstances as evidenced by *Arrêté interministériel* No. 146/MAEDR/MCICL/MEF dated June 20, 2023.
2. To boost rural connectivity and accelerate the energy transition, the Recipient has: (i) established a sustainable financing framework for the Rural Electrification and Renewable Energies Agency (AT2ER) as evidenced by *Arrêté interministériel* No. 036/MDEM/MEF/2023 dated June 20, 2023; and (ii) signed a new performance contract with the National Utility Company (CEET) for the period 2023-24, dated May 5, 2023, supporting the improvement of its financial and operational performance.
3. To reduce greenhouse gas emissions and attract new investments in sustainable agriculture, forestry and renewable energy, the Recipient has established the regulatory and institutional framework to manage carbon credits, permits and taxes, as evidenced by Decree No. 2023-034/PR dated March 15, 2023.

Pillar 2: Boost human capital and resilience to shocks

4. To improve the efficiency of social protection systems, the Recipient has established the *Registre Social des Personnes et des Ménages* (RSPM), as evidenced by Decree No. 2023-043/PR, dated April 24, 2023, making it mandatory to use the RSPM for the selection of beneficiaries for any aid or social assistance programs.
5. To support the deployment of quality teachers in rural and underserved areas, the Recipient has adopted *Arrêté* No. 168/2023/MEPSTA/CAB/SG/DRH dated April 17, 2023, which regulates transfers of teachers and administrative staff in primary, secondary and technical education.

6. To strengthen girls and women’s empowerment, the Recipient has promulgated Law No. 2022-020, dated December 2, 2022, relating to the protection of students against sexual violence, strengthening prevention measures, support mechanisms for survivors and sanctions for perpetrators.

Pillar 3: Rebuild fiscal space for priority interventions

7. To improve the management of tax exemptions and help rationalize inefficient ones, the Recipient has: (i) created the National Committee for the Evaluation of Tax Expenditures as evidenced by *Arrêté* No. 211/2022/MEF/UPF dated November 21, 2022; and (ii) endorsed a list of 22 tax exemption measures to be repealed as evidenced by Decision No. 100/2023/MEF/UPF dated April 11, 2023.
8. To strengthen the governance and performance of state-owned enterprises (SOEs), the Recipient’s Prime Minister has transmitted to the President of the National Assembly, through a letter No. 101/PM/SGG/2023 dated June 8, 2023, a draft law approved by the Council of Ministers, which establishes a new legal framework for companies with public financial participation.

Section II. Availability of Financing Proceeds

- A. **General.** The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.
- B. **Allocation of Financing Amounts.** The Financing is allocated in (a) a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Financing Allocated (expressed in Euros) for Credit (A)	Amount of the Financing Allocated (expressed in Euros) for Credit (B)
(1) Single Withdrawal Tranche	124,800,000	13,500,000
TOTAL AMOUNT	124,800,000	13,500,000

- C. **Withdrawal Tranche Release Conditions.**

No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.

D. Deposit of Financing Amounts.

1. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the XOF equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

E. Audit. Upon the Association's request, the Recipient shall:

1. have the account referred to in Section 2.03 (a) of the General Conditions audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
2. furnish to the Association as soon as available, but in any case not later than nine (9) months after the date of the Association's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and
3. furnish to the Association such other information concerning the account referred to in Section 2.03 (a) of the General Conditions and their audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is October 20, 2024.

SCHEDULE 2

I. Repayment Schedule for Credit (A)

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 1 and September 1: commencing March 1, 2034, to and including September 1, 2073.	1.25%

* The percentages represent the percentage of the principal amount of Credit (A) to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

II. Repayment Schedule for Credit (B)

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 1 and September 1: commencing March 1, 2030, to and including March 1, 2035.	8.33334%
On September 1, 2035.	8.33326%

* The percentages represent the percentage of the principal amount of Credit (B) to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

APPENDIX

Definitions

1. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Development Policy Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022
2. “MEF” means the Recipient’s ministry in charge of economy and finance, or any successor acceptable by the Association thereto.
3. “National Committee for the Evaluation of Tax Expenditures” means the Recipient’s entity created through *Arrêté* No. 211/2022/MEF/UPF, dated November 21, 2022, responsible for collecting and compiling data and analysis with a view to preparing annual reports on the evaluation of tax expenditures and propose recommendations on tax expenditure management.
4. “National Utility Company” and “CEET” mean the company created through Order No. 63-12, dated March, 20 1963, aimed to ensure the public service of distribution and sale of electricity throughout the Recipient’s national territory in compliance with the standards in force in the production, transmission and distribution of electricity.
5. “Planned Agricultural Development Zones” and “ZAAP” mean zones created through *Arrêté ministériel* No. 142/23/MAEDR/CAB/SG, dated June 15, 2023, to facilitate farmers' access to irrigation, mechanization, extension services, seeds of resilient varieties, fertilizers, storage, financing and marketing networks, and offer greater land security for small-scale farmers. They will also help promote climate-smart techniques, including the dissemination of good agro-ecological practices and production systems with low water consumption and low greenhouse gas emissions.
6. “Program” means the program of objectives, policies, and actions set forth or referred to in the Letter of Development Policy, dated June 27, 2023, from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
7. “*Registre Social des Personnes et des Ménages*” and “RSPM” mean a national database established through Decree No. 2023-043/PR, dated April 24, 2023, aimed at better targeting households that could benefit from the government’s social safety net programs. It will also facilitate and coordinate the design and implementation of these programs by the administration.

8. “Rural Electrification and Renewable Energies Agency” and “AT2ER” mean the Recipient’s agency created through Decree No. 2016-064-PR 11-05-2016, dated May 11, 2016, in charge of promoting rural electrification, renewable energy, fundraising for projects in the above-mentioned areas, and technical support for rural communities.
9. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
10. “Single Withdrawal Tranche” means the amount of the Financing allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.