



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
TOGO ECONOMIC GOVERNANCE PROJECT  
APPROVED ON OCTOBER 3, 2017  
TO  
MINISTRY OF ECONOMY AND FINANCE

GOVERNANCE

WESTERN AND CENTRAL AFRICA

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## ABBREVIATIONS AND ACRONYMS

AE	Commitment Authorization ( <i>Autorisation d'engagement</i> )
ARMP	Public Procurement Regulatory Authority ( <i>Autorité de régulation des marchés publics</i> )
COVID-19	Corona Virus Disease 2019
CP	Payment Credit ( <i>Crédit de paiement</i> )
CSO	Civil Society Organization
DLI	Disbursement Linked Indicator
EU	European Union
FCFA	Franc of the African Financial Community ( <i>Franc de Communauté financière africaine</i> )
HR	Human Resource
IDA	International Development Association
IFR	Interim Financial Report
IGF	Inspection General of Finance ( <i>Inspection Générale des finances</i> )
IRI	Intermediate Results Indicator
ISR	Implementation Status & Results Report
IT	Information Technology
MAPS	Methodology for Assessing Procurement Systems
MEF	Ministry of Economy and Finance ( <i>Ministère de l'économie et des finances</i> )
MTDS	Medium-Term Debt Strategy
NDP	National Development Plan
OTR	Togo Revenue Office ( <i>Office des recettes togolaise</i> )
PAGE	Economic Governance Support Project ( <i>Projet d'appui à la gouvernance économique</i> )
PDO	Project Development Indicator
PFM	Public Financial Management
PIM	Public Investment Management
PIP	Public Investment Plan
PPP	Public-Private Partnerships
RBF	Results Based Financing
TA	Technical Assistance
US\$	United States Dollar



**BASIC DATA**

**Product Information**

Project ID P158078	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 03-Oct-2017	Current Closing Date 31-Oct-2022

**Organizations**

Borrower Ministry of Economy and Finance	Responsible Agency
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**Project Development Objective (PDO)**

Original PDO

The project development objective is to improve public investment management, domestic revenue mobilization and public accountability and monitoring mechanisms for better service delivery in priority sectors.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-D2340	03-Oct-2017	21-Dec-2017	20-Apr-2018	31-Oct-2022	15.00	9.35	5.24
TF-A8463	04-Sep-2018	12-Apr-2019	12-Apr-2019	31-Oct-2022	4.50	2.38	2.12

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No



## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. **The Togo Economic Governance Project (PAGE) was approved by the Board of Executive Directors on October 3, 2017, became effective on April 20, 2018.** Co-financed by the World Bank (US\$15 million International Development Association, IDA, Grant) and the European Union -EU- (Euro 5 million, Grant), it supports the Government of Togo's (GoT) 2018-22 National Economic Development Plan. The Project Development Objective (PDO) is: "To improve public investment management (PIM), domestic revenue mobilization (DRM), and public accountability and monitoring mechanisms for better service delivery in priority sectors." The Project combines Technical Assistance (TA) and Results-Based Financing (RBF) and includes four components: (i) management of public investments and public-private partnership (PPP); (ii) supporting domestic resource mobilization (DRM); (iii) increasing public accountability and citizen engagement; and (iv) project implementation support.

2. **Progress towards the Project Development Objective (PDO) remains Satisfactory, with all PDO indicators having been achieved despite the impact of COVID-19 and the growing security challenges in the North.** Among others, key results include: (i) increasing the share of public investment projects included in the budget with completed appraisals from 0 in 2016 to 100 percent since 2020; (ii) increasing the share of registered taxpayers from 0 to 37 percent after the completion of the taxpayer census of Lomé in April 2019; (iii) increasing filing taxpayers in Lomé with a turnover exceeding 10 million CFAF, from 0 in 2016 to 38.5 percent in 2020; (iv) a 15-percentage-point increase in the average satisfaction of users of basic services in maternal and child health, primary education and urban water surveyed from the baseline in 2020; and (v) improving large taxpayers' rate of satisfaction with the Togo Revenue Office (OTR), from 44 percent in 2016 to 65 percent in 2020. Meanwhile, all eleven intermediate results indicators (IRIs) have been met.

3. **Overall Project Implementation Progress (IP) continues to be Satisfactory.** The Government has reported that all eight Performance-based Conditions (PBCs) have been met, with three amply exceeding their targets. The Tax Policy Unit (UPF) has been operational since July 2021. This includes the development of its working tools, in particular, a strategic plan, an action plan, and the updating of the methodological guide for increased mobilization of domestic resources. The regular publication of a citizen budget since 2020 has contributed to improving Togo's international ranking according to the Budget International Partnership (BIP) in transparency (31/100 in 2021) and budgetary control (39/100 in 2021) against (0/100) before 2020.

4. **The Project has disbursed approximately 60 percent as of September 30, 2022.** Total disbursement is projected to reach 68 percent by the original closing date of October 31, 2022, i.e., at closing, an unspent balance of approximately US\$6.24 million is expected. Many activities have been achieved or implemented at a lower cost than initially anticipated, while the support for the implementation of the Treasury's banking software, representing approximately US\$2 million of the expected balance at project closing, was discontinued.

5. The current status of each of the Project's components is detailed below:

- **Component 1: Management of Public Investments and Public-Private Partnership (PPP):** Inter-ministerial coordination has been strengthened through the operationalization of the Public Investment Plan (PIP) Committee and the development of tools and methodologies for better PIM. The Project has supported the PIP Committee in the selection of investment projects to be included in the annual finance law. Key achievements include: (i) the development of a manual of procedures for the selection, prioritization, and programming of public investment



projects as well as operationalization tools; (ii) training of all stakeholders in the use of the manual; (iii) supporting program budgeting reform through quality review of programs and use of Commitment Authorization (*Autorisation d'Engagement, AE*) and Payment Credit (*Crédit de Paiement, CP*) in sectoral programs; (iv) the modernization of the Procurement Regulation Authority (*Agence de Régulation des Marchés Publics, ARMP*) website, and the ongoing public procurement system assessment using the Methodology for Assessing Procurement Systems (MAPS II). The MAPS will inform the strategic policy and plans of ARMP and guide the revision of the public procurement code; (iv) shortlisting and interviews of key staffing positions in the Ministry of Economy and Finance (MEF); and (v) Technical specifications of the teleworking system for the public administration.

- **Component 2: Supporting Domestic Resource Mobilization (DRM):** To date, all eight (8) Performance-Based Conditions (PBCs) under this component, amounting to US\$5 million, have been achieved and disbursed. The Project, through a combination of PBCs and TA, has helped to improve OTR capacity and has been supporting the establishment of the Tax Policy Unit (UPF). The selection of the key staff of the UPF has been finalized. The operationalization of the UPF, which began in July 2021, has continued with the development of the 2022-2026 strategic plan with an action plan and the updating of the methodological guide for increased mobilization of domestic resources.
- **Component 3: Increasing Public Accountability and Citizen Engagement:** The Project has reinforced public accountability mechanisms and citizen participation in budget preparation and implementation processes. Activities supported include: (i) follow-up missions to monitor the implementation of General Inspectorate of Finance (*Inspection Générale des Finances, IGF*) recommendations; (ii) training of National Assembly Finance Committee members covering budget policy debate and program-based budgeting; (iii) supporting the implementation of priority actions of the operational plan of the Court of Auditors; (iv) drafting and publication of the 2021 Citizens' Budget; (v) developing risk-based audits of four sector ministries (Education, Health, infrastructure, and Mining); and (vi) training civil society organizations (CSOs) on the budget process and monitoring of budget execution especially citizens' feedback on the quality and accessibility of public services in three priority sectors (maternal and child health, primary education and water supply in urban areas).
- **Component 4: Project Implementation Support:** Project implementation has been well-managed, as evidenced by the above project implementation progress and achievement of all PDO indicators, IRIs, and PBCs. The action plan resulting from the diagnostic study of the Permanent Secretariat is under implementation, including a training plan to support the reorganization of the Permanent Secretariat for the Monitoring of Policy Reforms and Financing Programs (SP-PRPF).

6. **The proposed restructuring is intended to extend the project closing date by eight months from October 31, 2022, to June 30, 2023, reallocate funds *within* project components, and update project disbursement estimates and implementation schedule.** While all PDO indicators have been achieved, project extension would allow a deepening of impact by consolidating project achievements. Specifically, the additional time would allow for implementing incomplete TA activities foreseen in the Project's workplan but partially delayed by containment measures related to the Corona-Virus Disease 2019 (COVID-19). Importantly, these activities include those related to ensuring full operationalization of the Tax Policy Unit (UPF), continuing to further strengthen the capacity of key departments of MEF, and completing the roll-out of developed tools and systems (for which project support was introduced in June 2020) intended to facilitate MEF teleworking. Project extension will also facilitate the opportunity for project savings to be utilized towards additional discrete (new) activities aligned with and supplementarily to the PDO and PDO indicators.

## II. DESCRIPTION OF PROPOSED CHANGES



7. **This Restructuring Paper (RP) seeks the approval of the Country Director for the proposed restructuring of the Togo Economic Governance Project (PAGE).** This restructuring proposal is in response to the request from the Government of Togo (GoT) through a letter dated June 22, 2021 (n°1245/MEF/SG/DGCTP/DDPF/DPF). The restructuring is additionally informed by the June 2022 PAGE Project Evaluation of the EU, which co-finances the Project. This restructuring would constitute the Project’s second, with a first level-two restructuring approved on June 3, 2020, to reallocate resources to finance additional activities intended to respond to the COVID-19 crisis.

8. **The following changes are proposed to the Project:** (a) Extension of the project closing date from October 31, 2022, to June 30, 2023, to support the implementation of incomplete TA activities and discrete (new) activities; and according: (b) Change to the project disbursement schedule; and (c) Change to the project implementation schedule. The Project Development Objective (PDO), institutional arrangements, and overall design remain unchanged and unaffected by the proposed restructuring changes.

9. **Activities to be implemented during the extension period are fully in line with the PDO and PDO indicators.** These include: (i) supporting full operationalization of the Tax Policy Unit (UPF) and implementation of its action plan derived from the Strategic Plan, mainly the acquisition of appropriate software for fiscal policy impact analysis and revenue forecasting, in addition to supporting UPF’s early-establishment payment of salary of the six experts); (ii) roll-out of MEF teleworking system; (iii) drafting of the manual of physical follow-up of public investments aimed at consolidating improvements in PIM; (iv) capacity building on preparing budget execution reports (*Comptes Administratifs*) based on the performance-based budget framework, to support Program Budgeting and enhanced execution of the PIP; (v) support to the OTR in the development and operationalization of discrete DRM-related activities including acquisition of equipment for the implementation of a single modern customer relationship management system; acquisition of topographic and computer equipment for the modernization of Cadastral services; and (vi) support for the implementation of the action plan for the professionalization of public procurement in Togo.

10. **Based on a detailed review of the implementation progress of activities and disbursements, no additional reallocation of project funds is proposed; except for the minor correction within project components presented in Table 1 (below).** This reallocation ensures that there are sufficient resources to implement activities planned during the project extension period.

**Table 1: Summary of resource allocation by Component (US\$ million)**

Project Components	Total Revised Allocation (restructuring June 2020)	EU funding		IDA funding	Total Revised Allocation	
		Revised Allocation (June 2020)	Reallocation			Revised Allocation
<b>Management of Public Investments and PPPs</b>	<b>7.86</b>	<b>0.56</b>		<b>0.56</b>	<b>7.30</b>	<b>7.86</b>
1.1 Enhancing planning of public investments including PPPs	1.26	0.56		0.56	0.70	1.26
1.2 Ensuring selection and budgeting of high-quality public investments	0.40				0.40	0.40



	Total	EU funding				
1.3 Enhancing the implementation of public investments	1.20				1.20	1.20
1.4 Strengthening the capacity of MEF and supporting the COVID-19 response	5.00				5.00	5.00
<b>Supporting DRM</b>	<b>6.10</b>	<b>1.20</b>		<b>1.20</b>	<b>4.90</b>	<b>6.10</b>
2.1. Strengthening capacity for tax policy	0.90		0.2	0.2	0.90	1.10
2.2. Broadening tax base through tax administration improvements	4.20	1.20	(1.20)		3.00	3.00
2.3. Enhancing taxpayer services to promote voluntary compliance	1.00		1.00	1.00	1.00	2.00
<b>Increasing Public Accountability and Citizen Engagement</b>	<b>3.48</b>	<b>2.48</b>		<b>2.48</b>	<b>1.00</b>	<b>3.48</b>
3.1 Strengthening capacity for formal oversight and accountability institutions	0.80	0.80		0.80		0.80
3.2 Strengthening civil society engagement in the budget process	0.56	0.56		0.56		0.56
3.3 Citizen engagement in priority sectors	2.12	1.12		1.12	1.00	2.12
<b>Project implementation support</b>	<b>2.36</b>	<b>0.56</b>		<b>0.56</b>	<b>1.80</b>	<b>2.36</b>
4.1 Project management and reform Coordination	1.50				1.50	1.50
4.2 Monitoring, evaluation, independent review, and communication	0.86	0.56		0.56	0.30	0.86
Part executed by IDA	0.80	0.80		0.80		0.80
<b>Total</b>	<b>20.60</b>	<b>5.60</b>	<b>0</b>	<b>5.60</b>	<b>15.00</b>	<b>20.60</b>

11. **The described proposed changes will positively impact the PDO.** While all PDO indicators, IRIs, and PBCs have been met to date, completion of delayed and supplementary activities will deepen the impact by consolidating project achievements. As activities to be implemented during the project extension period are fully aligned with the PDO and PDO indicators, no changes to these or to the Project’s broader Results Framework are proposed as part of this project restructuring.

12. **Financial management and procurement arrangements remain unchanged.** The Project is in full compliance with the World Bank’s financial management requirements. There are no overdue audit reports or interim financial reports.

### III. SUMMARY OF CHANGES

	Changed	Not Changed
Loan Closing Date(s)	✓	
Disbursement Estimates	✓	



Implementation Schedule	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

**IV. DETAILED CHANGE(S)****LOAN CLOSING DATE(S)**

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-D2340	Effective	31-Oct-2022		30-Jun-2023	30-Oct-2023
TF-A8463	Effective	31-Oct-2022		30-Jun-2023	31-Aug-2023





**DISBURSEMENT ESTIMATES**

Change in Disbursement Estimates

Yes

<b>Year</b>	<b>Current</b>	<b>Proposed</b>
2018	1,046,015.00	0.00
2019	1,207,005.00	1,207,005.00
2020	2,033,370.00	2,033,370.00
2021	3,725,775.00	2,325,900.00
2022	4,516,630.00	4,097,254.00
2023	2,471,205.00	5,745,652.00