Public Disclosure Authorized

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Report Number: ICRR0022458

1. Program Information

Country Togo	**Practice Area (Lead)** Macroeconomics, Trade and Investment

Programmatic DPF

Planned Operations 0	**Approved Operations** 0
Operation ID P159844	**Operation Name** Togo Fiscal Reform Credit

L/C/TF Number(s) IDA-D2670	**Closing Date (Original)** 31-Dec-2018	**Total Financing (USD)** 52,980,527.53
Bank Approval Date 20-Dec-2017	**Closing Date (Actual)** 31-Dec-2018	

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	51,900,000.00	0.00
Revised Commitment	51,900,000.00	0.00
Actual	52,980,527.53	0.00

Country Togo	**Practice Area (Lead)** Macroeconomics, Trade and Investment
Operation ID P166739	**Operation Name** Togo 2nd Fiscal Manage & Infrast Reform (P166739)

L/C/TF Number(s)	Closing Date (Original)	Total Financing (USD)
IDA-D2670,IDA-D4040	31-Dec-2019	39714678.79
Bank Approval Date	**Closing Date (Actual)**	
10-Dec-2018	31-Dec-2019	

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	40,000,000.00	0.00
Revised Commitment	39,918,050.18	0.00
Actual	39,714,678.79	0.00

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2. Program Objectives and Pillars/Policy Areas

a. Objectives

According to the Program Document (page vi) for the second (FMIR2) of the two-operation Togo Fiscal Management and Infrastructure Reform Development Policy Financing, the program development objective (PDO) of the programmatic series was to support the Government of Togo "in mobilizing tax revenues and enhancing the efficiency of tax collection, public investment spending, and debt management; and to strengthen the financial viability and service delivery in the energy and ICT sectors." This revised the objective cited in the Program Document (page vii) for the first operation (FMIR1), "to enhance tax revenues and improve the efficiency of tax collection and public investment spending, and to strengthen the financial viability and service delivery in key infrastructure sectors." The revised statement added "debt management" to the objective and identified the "energy and ICT sectors" as the key infrastructure sectors targeted for reform. This ICR Review will be based on the revised statement of objectives.

For the purpose of this ICR Review, the objectives of the operation are taken to be:

Objective 1: Mobilize tax revenues through enhancing the efficiency of tax collection.
Objective 2: Enhance the efficiency of public investment spending and debt management.
Objective 3: Strengthen the financial viability and service delivery in the energy sector.
Objective 4: Strengthen the financial viability and service delivery in the ICT sector.

b. Pillars/Policy Areas

The program had four pillars (policy areas), aligned and consistent with the two program development objectives. The program defined four prior actions (PA1 - PA4) for the objective "to mobilize tax revenues and enhance the efficiency of tax collection, public investment spending, and debt management," four prior actions (PA5 - PA8) for the objective "to enhance the efficiency of public investment spending, and debt management," five prior actions (PA9 - PA13) for the objective " to strengthen the financial viability and service delivery in the energy sector," and four prior actions (PA14 - PA17) for the objective " to strengthen the financial viability and service delivery in the ICT sector."

Pillar 1 - Fiscal Management: Tax Revenue Efficiency and Mobilization supported: tax policy and administration measures to increase tax revenues by reducing tax exemptions (PA1), simplifying the tax system by reducing the number of taxes in line with West African Economic and Monetary Union (WAEMU) tax harmonization initiatives, while ensuring that the reduction had a net zero effect on revenue (PA2), allowing electronic tax filing and tax payment through mobile phones (PA3), and improving land registry, land titling and land census services (PA4).

Pillar 2 - Fiscal Management: Public Resource Management supported: (a) policy and institutional measures to improve public investment management by creating a Public Investment Committee (PA5), instituting a system for selecting projects for the Public Investment Program (PIP) and providing for the multi-year budgeting of PIP projects (PA6), and settling financial obligations associated with previous "pre-financed" capital investment projects (PA7); and (b) a policy measure to improve debt management by adopting a Medium-Term Debt Management Strategy aimed at debt sustainability (PA8).

Pillar 3 - Financial Viability and Service Delivery in the Energy Sector supported: (a) measures to improve the financial viability of the Togo Electric Company (CEET) and the Benin Electric Company (CEB) by arranging for offsets of government payment arrears with the CEET's tax arrears and arranging for a bridge financing for the CEB (PA9); (b) a policy measure to improve the commercial viability of the energy sector by adopting a tariff setting system based on costs, as well as a financing mechanism for any subsidy (PA10); (c) administrative measures to improve the procedures by which the government paid electricity bills and paid statutory subsidies (PA11); and (d) measures to improve the operational performance of the CEET by using smart meters (PA12) and its financial performance by amending its performance contract with the government (PA13).

Pillar 4 - Financial Viability and Service Delivery in the ICT Sector supported: (a) policy measures to strengthen the economic viability of the ICT sector by promoting competition in retail internet broadband (PA14) and ensuring an open access regime in the international and national bandwidth markets (PA15); and (b) legal and regulatory measures to govern the issuance of internet service provider (ISP) licenses (PA16) and to open Togo Telecom (TOGOCOM) to private investment (PA17).

c. Comments on Program Cost, Financing and Dates

Program Cost and Financing. The program was financed with a grants from the International Development Association of SDR 37 million (US$51.9 million equivalent) for FMIR1 and SDR 28.7 million (US$40 million equivalent) for FMIR2. The grants, in the total amount of SDR 65.7 million (US$92.7 million equivalent), were fully disbursed. The higher U.S. dollar value at closing was due to changes in the SDR-US$ exchange rate over the program period.

Dates. FMIR1 was approved on December 20,2017 and closed as scheduled on December 31, 2018. FMIR2 was approved on December 10, 2018 and closed as scheduled on December 31, 2019.

3. Relevance of Design

a. Relevance of Objectives

Relevance to Country Development Challenges. The FMIR series aimed to address problems in fiscal policy and management and in the electricity and ICT sectors in Togo.

- Growing at a slower rate of 4.9 percent in 2016-17 from an average 6.1 percent over 2010-15, the economy suffered from "high and distortionary taxes," which the *Togo Systematic Country Diagnostic* of 2016 considered as the fourth most significant constraint. The tax system was overly complicated and burdensome and created a major barrier to private investment, business formalization, firm growth, and hence poverty reduction. The development of a more efficient and equitable tax system was critical to increasing fiscal space and mobilizing the resources necessary to fund priority projects.
- The quality of public investment was poor, notwithstanding that public investment spending had increased from 9 percent of GDP in 2013 to 14 percent of GDP in 2016. The country scored 0.3 on a scale of 0 to 1 on the efficiency of public investment, according to the Public Investment Management Assessment (PIMA) conducted by the Bank and IMF in 2016. *The "pre-financing" mechanism, by which private contractors, picked on a sole-source basis to undertake public investment projects, obtained commercial bank loans guaranteed by the government, raised budget sustainability risks, increasing the cost of financing public investment and obscuring the total magnitude of public liabilities.*
- After debt relief under the Heavily Indebted Poor Countries Initiative reduced the public debt stock to 32 percent of GDP in 2010, debt grew rapidly anew to 59 percent of GDP in 2015. The debt numbers did not account for liabilities linked to "pre-financed" public investment or for unbudgeted contingent liabilities associated with state-owned enterprises that required periodic infusions of fiscal resources. Debt-servicing costs were not properly reported to the government.
- Both the poor quality of public investment and the rising stock of public debt and contingent liabilities reflected "weaknesses in fiscal governance," which the *Togo Systematic Country Diagnostic* of 2016 considered as the second most important development constraint.
- The cost of electricity was high and the quality of service was poor. Many enterprises considered the high cost of electricity a major constraint to doing business. Power outages were common. About 25 percent of businesses reported power cuts for more than 20 percent of business hours in 2015 and another 57 percent reported cuts for less than 20 percent of business hours. Losses due to outages were estimated at six percent of sales.
- Telecommunications and internet services were costly, inefficient, and of poor quality, preventing many firms from taking advantage of opportunities offered by mobile technology. The country ranked 179th out of 180 countries for the cost of mobile telephone service and 172nd for the cost of fixed broadband service, according to the International Telecommunications Union in 2016. Mobile telephone costs were exceptionally high, at 28 percent of gross national income per capita. Affordability of was a major issue. The quality of mobile voice calls was poor, even in the capital city, Lomé. Nonetheless, demand was strong with the number of telecommunications subscribers quickly rising from 56,000 in 2000 to 2.9 million in 2016.

- Both the high cost and the poor quality of electricity and ICT services were consequences of, among other things, "barriers to entry, and policies and regulations that distorted private economic activity," which the *Togo Systematic Country Diagnostic* considered as the third most important development constraint.

Relevance to Government Priorities. The program objectives were relevant to the development priorities of Togo in response to these challenges.

- Informed by *Togo Vision 2030 - Towards Accelerated Growth*, the Economic Community of West African States (ECOWAS*) Vision 2020*, the WAEMU *Agenda 2063*, and the U.N. Sustainable Development Goals, the government's *Stratégie de Croissance Accélérée et de Promotion de l'Emploi 2013-2017* (SCAPE) and its successor *National Development Plan for 2018-2022* (PND) advanced the goal to "promote Togo's structural transformation into an emerging market economy." The PND focused on: improving the competitiveness and overall productivity of the economy and creating sustainable jobs; reducing poverty through the acceleration of economic growth, the massive creation of jobs, and a better redistribution of the benefits of growth; and improving human development through better access to basic social services. The policy areas were aligned with the objectives of the PND.

Relevance to Bank Group Strategy. The program objectives were consistent with the Bank Group's strategy in Togo.

- The *Country Partnership Framework for the Republic of Togo for the Period FY17-FY20* (CPF) committed Bank Group support for the country's development priorities – Private Sector Performance and Job Creation, Inclusive Public Service Delivery, and Environmental Sustainability and Resilience. The first policy area of this programmatic series was consistent with the first focus area of the CPF, which aimed "to strengthen fiscal policy and debt management." The second policy area of the series was consistent with the first focus area of the CPF, specifically with the objectives to "strengthen energy, ICT and logistics services" and "improve the business environment and employment opportunities."

b. Relevance of Prior Actions

Rationale

The Program Document and the Financing Agreement defined eight prior actions for the first pillar and nine prior actions for the second pillar.

Relevance of Prior Actions for Pillar 1 - Fiscal Management: Tax Revenue Efficiency and Mobilization

- **PA1** (completion of an audit of tax exemptions and initiation of measures to reduce tax exemptions, including on VAT) was informed by significant analytical work including the *Background Papers on Tax Simplification, Tax Exemptions, and the Property Tax* (Government of Togo, 2016). Tax exemptions were excessive, had limited impact on the conditions for doing business, and were often awarded to enterprises on an ad-hoc and discretionary basis. The government would conduct audits of tax exemptions to identify any irregularities in granting these exemptions. In addition, the government would introduce specific measures to reduce regular tax exemptions, starting with the 2018 Budget Act. The reduction of tax exemptions would still depend on actual enforcement action by the tax authorities, however. Because the prior action would make only a moderate contribution to mobilizing tax revenues and the budgetary measures were discretionary, the relevance of this prior action is rated moderately satisfactory.

- **PA2** (reduction of the number of taxes from 26 to 17) was consistent with WAEMU tax harmonization directives. The results chain linking this prior action to the achievement of the PDO was convincing. The WAEMU had issued three directives calling for the equalization of tax rates and tax bases among member states so as not to distort the functioning of the common market – standard VAT rates and exemptions, a standard corporate income tax base, and standard corporate income tax rates in the range of 25 to 35 percent. The reduction in the number of Togo's taxes from 26 to 17 would be consistent with the WAEMU tax harmonization directives. The prior action would make a major contribution to the achievement of the objective to mobilize tax revenues – it would not reduce taxes but enhance the efficiency of tax collection. The reduction in the number of taxes from 26 to 17 would simplify Togo's tax system and serve to harmonize it with those of other member states of the WAEMU. The simplification of the tax system would yield CFA 2.7 billion in 2019, according to the Program Document for FMIR2 (page 16). The relevance of this prior action is rated satisfactory.
- **PA3** (launch of a new electronic tax filing system for companies and a mobile phone tax payment system for micro and small enterprises) was informed by the *Background Papers on Tax Simplification, Tax Exemptions, and the Property Tax* (Government of Togo, 2016) and the *Togo Systematic Country Diagnostic* (World Bank, 2016). Introducing a new system of electronic tax filing by large enterprises and establishing a program that allowed tax payments through mobile phones, especially for small and medium-sized enterprises, would facilitate tax payments and enlarge the tax base. Tax payments through mobile phones would help bring businesses in the informal sector into the tax net, with positive tax revenue effects considering that the informal sector comprised a large 80 percent of the economy. The size of the potential contribution of the informal sector to taxation was not quantified; the relevance of this prior action is rated moderately satisfactory.
- **PA4** (transfer of the land register to the Revenue Authority (OTR), computerization by the OTR of land titles, and launch by the OTR of a land census for the capital city Lomé to identify areas with large revenue potential) was informed by the West Africa Tax Policy Study (World Bank, 2018 preliminary). The results chain linking this prior action to the achievement of the PDO was convincing. To enhance property tax revenue mobilization, the government would move the *cadastre* to the OTR, making information on properties more easily available for tax administrative purposes. The OTR would also computerize the land registry, launch a nation-wide land census, and launch a land census in Lomé to identify zones and neighborhoods with large revenue potential. The prior action would make a major contribution to the achievement of the objective to mobilize tax revenues and enhance the efficiency of tax collection. The reorganization and modernization of the *cadastre* and land census would optimize property tax collection. The relevance of this prior action is rated satisfactory.
- The overall relevance of prior actions to the objective is rated satisfactory.

Relevance of Prior Actions for Pillar 2 - Fiscal Management: Public Resource Management

- **PA5** (establishment of a high-level inter-ministerial Public Investment Committee to scrutinize and prioritize all public investment proposals, including PPPs) was informed by the *Togo Public*

Expenditure Management and Financial Accountability Review (World Bank, 2016), *Togo Technical Assistance Report* (IMF, 2016), *Technical Assistance Report on Public Investment Efficiency* (IMF, 2016), and *Joint Technical Assistance Report on Public Investment Management Assessment* (IMF and World Bank, 2016), according to the Program Document for FMIR1 (pages 19-20). A high-level inter-ministerial Public Investment Committee would help improve the planning and selection of public investment projects. There were no assurances, however, that the decisions of the committee would be final and binding. Because the government would still need to choose projects and implement projects, the relevance of this prior action is rated moderately satisfactory.

- **PA6** (publication of a new manual to guide the selection of Public Investment Plan (PIP) projects, and inclusion of the three-year rolling PIP in the Annual Budget). The public investment management process in Togo had suffered from serious shortcomings resulting in a very low Public Investment Management Assessment (PIMA) rating on infrastructure governance. The PIP was not underpinned by proper appraisal and cost-benefit analyses and investments were not properly prioritized. The budget covered only annual and not multi-year investment plans. The result was a system of "stop-go" public investments that were vulnerable to cyclical swings in the economy. The publication of the PIP manual and budgetary provisions for three-year rolling PIP plans aimed to improve the policy and institutional framework underlying public investment management. However, publishing a decision manual provided no assurance that the government would actually choose to approve priority projects and implement them effectively and efficiently. The relevance of this prior action is rated moderately satisfactory.
- **PA7** (settlement by the government of all outstanding obligations to commercial banks for past "pre-financed" investments). The past practice of "pre-financing" public investments through the banks reflected poor investment planning and led to a rapid accumulation of expensive domestic debt. In a "pre-financing" arrangement, the government contracted with a private sector company, typically on a sole-source basis, to undertake a public investment project; the private sector company would then take out a loan for the project from a commercial bank, with the government guaranteeing the private loan and subsequently assuming responsibility for all payments. While the practice had been halted beginning in 2017, legacy obligations remained a hindrance to better public investment spending. The settlement by the government of all outstanding obligations with the banks related to "pre-financed" investments and the refinancing of the obligations through the issuance of securities with longer maturities and lower the interest rates would help reduce the burden of past public investment decisions on public finances. The prior action would make a major contribution to the achievement of the objective. The relevance of this prior action is rated satisfactory.
- **PA8** (publication of a new Medium-Term Debt Management Strategy for debt sustainability). Debt management had been guided by WAEMU and IMF targets but lacked an adequate medium-term debt strategy (MTDS) and risk management framework. The WAEMU convergence criteria included a target for total public debt-to-GDP ratio of 70 percent by 2019. While external public debt declined from 21.7 percent to 19.9 percent of GDP during 2015-2017, domestic debt surged in 2016 due to the "pre-financing" of public investment, accounting for three-fourths of total public debt by end-2017. Debt service had become a major burden on the budget, consuming about one-half of revenues in 2017. The prior action would make a moderate contribution to the achievement of the objective to enhance the efficiency of debt management. The publication of the MTDS alone would not necessarily lead to debt sustainability over the medium term because debt sustainability would still depend on disciplined government financing and debt management decisions. There was no information available about the actual quality of the MTDS at the time of the publication of MTDS in October 2018, and hence the relevance of this prior action would be rated as moderately unsatisfactory at that time. However, since then, in October 2019 (before this operation closed in December 2019) at the Fifth Review (page 6) of the Extended Credit Facility (ECF)

arrangement approved in 2017, the IMF concluded that "Public debt is expected to fall below 70 percent of GDP from 2020 and to decline below the benchmark for countries with medium debt carrying capacity (net present value of public debt of 55 percent of GDP) in 2023." Hence, this prior action is rated moderately satisfactory.

- The overall relevance of prior actions to the objective is rated moderately satisfactory.

Relevance of Prior Actions for Pillar 3 - Financial Viability and Service Delivery in the Energy Sector

- **PA9** (offsetting of government payments to the CEET against tax arrears and bridge financing of CEET cash payment to the CEB) was informed by the *Togo Systematic Country Diagnostic* (World Bank, 2016) and *the Energy Sector Policy Review* (World Bank, 2017), according to the Program Document for FMIR1 (page 25). The agreement would clear government arrears to CEET and CEET arrears to CEB. The prior action would make a major contribution to the achievement of the objective in the energy sector. The relevance of this prior action is rated satisfactory.
- **PA10** (issuance of decree setting the principles for periodically determining the CEET's retail tariff). The decree would adopt the key principles for determining a transparent tariff-setting methodology that reflected the cost of each segment – wholesale power, wheeling power, distribution and retail – and promoted the operational efficiency of the utility. The prior action would make a major contribution to the achievement of the objective to strengthen financial viability and service delivery in the energy sector. If necessary, the new methodology would provide for the provision of an explicit subsidy or other financing mechanism that would ensure that costs were fully covered. At the same time, the mechanism would allow for a social tariff that benefitted the poor who would get access to reliable and affordable electricity services. The relevance of this prior action is rated satisfactory.
- **PA11** (establishment a centralized payment system of the government fuel subsidy and the electricity bills to the CEET). The centralized payment system would provide a sustainable solution to the problem of non-payment of electricity bills by central administration and would make a moderate contribution to the achievement of the objective to strengthen the financial viability of, and service delivery in, the energy sector. It establishes the principle that the Ministry of Economy and Finance should be directly responsible for covering the electricity bills of all government entities in a single payment. This avoided the problem of budgets not being allocated for electricity bills, or budgets being allocated but later diverted to other spending items. A centralized payment system would help facilitate but not necessarily ensure that subsidy and bill payments are actually made by public agencies, hence the relevance of this prior action is rated moderately unsatisfactory.
- **PA12** (approval of the CEET's revenue protection program deploying smart meters). Given the high cost of electricity in Togo, efficiency improvements had to be integral to the effort to improve the financial viability of the sector. A revenue protection program for medium-voltage customers, high-consumption low-voltage customers, and the public sector aimed to improve efficiency. The use of smart meters would help cut operational inefficiencies at the CEET, which had suffered from distribution losses of as much as 16 percent. But improving the operational and financial viability of the CEET required more than the deployment of smart meters. The relevance of this prior action is rated moderately satisfactory.
- **PA13** (approval of the CEET performance contract). The CEET's old performance contract with the government for 2016-2020 did not include targets to improve efficiency at the utility, nor did it contain incentives and penalties linked to the results or provide for proper results verification mechanisms. A revised management performance contract providing for efficiency improvement

targets would enhance the operational and financial performance of the CEET. The prior action would make a major contribution to the achievement of the objective to strengthen financial viability and service delivery in the energy sector. The relevance of this prior action is rated satisfactory.

Relevance of Prior Actions for Pillar 4 - Financial Viability and Service Delivery in the ICT Sector

- **PA14** (adoption of the ICT Sector Policy for 2018-22). The articulation of a strategic vision for the ICT sector would bring more clarity to the sector. The government was expected to commit to: the adoption of universal access, the development of infrastructure-based competition, the implementation of number portability and national roaming, and the adoption of regulatory tools to ensure the quality of ICT services. The sector policy statement plan was expected to include detailed action plans outlining activities, responsibilities, and measurements for the evaluation of activities. The prior action would make a moderate contribution to the achievement of the objective to strengthen the financial viability of, and service delivery in, the ICT sector. The adoption of market competition and the strengthening of regulation would help. The relevance of this prior action is rated moderately satisfactory.
- **PA15** (publication of a reference offer from TOGOCOM providing for fair, non-discriminatory, and transparent access to wholesale broadband services). TOGOCOM had taken undue advantage of its monopoly power in the middle mile segment of the market by offering access to its network at rates and conditions that were unfair to competitors. This regulatory measure would require the regulator to publish a wholesale reference offer from TOGOCOM which would provide the terms and conditions under which it would ensure fair, nondiscriminatory, and transparent access to wholesale broadband services. The prior action would make a major contribution to the achievement of the objective. The regulatory measure would establish an open access regime in the international and national bandwidth capacity markets. An open access regime would lower tariffs for end-users, increase network usage, and unleash demand for broadband services. The relevance of this prior action is rated satisfactory.
- **PA16** (issuance of a standard model and guidelines for the granting of ISP authorizations). The results chain linking this prior action to the achievement of the PDO was credible. The issuance of a standard model and guidelines for the granting of Internet Service Provider (ISP) authorizations by the Ministry for Posts and ICT would provide for the regulatory framework for ISP licenses. The prior action would make a moderate contribution to the achievement of the objective to strengthen the financial viability and service delivery in the ICT sector. The issuance of the guidelines would allow the government to start issuing ISP licenses and hence facilitate the entry of new service providers. The relevance of this prior action is rated moderately satisfactory.
- **PA17** (approval of a bill to open the TOGOCOM for an "active" minority private shareholding). The bill would invite a minority private shareholding, expected to be not less than 30 per cent of the capital in TOGOCOM. The minority investment would be solicited through a neutral, transparent, and non-discriminatory international bidding process that was designed to attract a high-quality investor. The prior action would make a major contribution to the achievement of the objective. The new private capital would help support the expansion of TOGOCOM's network, enhance the quality of its services, and reduce costs significantly, eventually leading to lower tariffs for final users. The relevance of this prior action is rated satisfactory.
- The overall relevance of prior actions to the objective is rated satisfactory.

Rating

Moderately Satisfactory

4. Relevance of Results Indicators

Rationale

The program defined a set of nine results indicators to measure attainment of the program outcomes. Five indicators were dropped in FMIR2 – the PIMA rating of public investment spending efficiency, relative to potential; the terms of past "pre-financed" investments; improved financial performance of the CEET; international internet bandwidth bits per second per internet user; and the wholesale price of international capacity. Five indicators were added – the share of new public investment projects funded in the annual budget consistent with prioritized PIP based on new manual; the debt service-to-revenue ratio of medium- and long-term debt; the CEET net margin; the number of internet users; and, the ICT Development Index score.

RI (number and description)	Associated Prior Actions	Baseline / Target	Status
Pillar 1 - Fiscal Management: Tax Revenue Efficiency and Mobilization			
RI1. Reduction in tax exemptions, in percent of GDP.	PA1 PA2	Baseline (2016): 3.4 percent of GDP (updated from 3.5 percent of GDP). Target (2019): less than 2.1 percent of GDP.	Actual (2019): 2.3 percent of GDP
RI2. Increase in property tax revenues, in percent of GDP	PA3 PA4	Baseline (2016): 0.1 percent of GDP (updated from 0.58 percent of GDP) Target (2019): at least 0.3 percent of GDP (revised from 0.68 percent of GDP)	Actual (2019): 0.15 percent of GDP
Pillar 2 - Fiscal Management: Public Investment and Debt Management			
RI3. Share of new public investment projects funded in the annual budget consistent with prioritized PIP based on new manual, in percentage.	PA5 PA6	Baseline (2016): 0 percent Target (2019): 75 percent	Actual (2019): 100 percent
RI4. Debt service-to-revenue ratio (interest plus amortization of medium- and long-term debt)	PA7 PA8	Baseline (2016): 66.6 percent Target (2019): less than 59 percent	Actual (2019): 63.15 percent
Pillar 3: Financial Viability and Service Delivery in Key Infrastructure Sectors: Energy and ICT			
RI5. Increase in revenue collection rate of CEET from the general government.	PA9 PA11	Baseline (2016): 36 percent Target (2019): 95 percent or more (revised from 75 percent)	Actual (2019): 82.86 percent

RI6. Difference between the CEET retail tariff (weighted average) plus subsidy and the cost of service.	PA10	Baseline (2016): Franc de la Communauté Financière Africaine (CFAF) 27 per kilowatt-hour (kWh) (updated from CFAF 30 per kWh) Target (2019): CFAF 10 per kWh or lower	Actual (2019): CFAF 39 per kWh
RI7. CEET net margin	PA12 PA13	Baseline (2016): 2 percent (updated from 2.15 percent) Target (2019): 2 percent or more	Actual (2019): -12.26 percent
RI8. Number of internet users	PA14 PA15	Baseline (2016): 528,076 Target (2019): 1,000,000 or more	Actual (2019): 3.04 million
RI9. ICT Development Index	PA16 PA17	Baseline (2016): 1.86 Target (2019): 2.30	Actual (2017): 2.15 - no data for 2019

Pillar 1 - Fiscal Management: Tax Revenue Efficiency and Mobilization

- **RI1** (reduction in tax exemptions, in percent of GDP) was appropriate to measure the results of actions to enhance the efficiency of tax collection by rationalizing tax exemptions. This results indicator was linked to the prior actions to reduced tax exemptions, including on VAT. This results indicator is rated satisfactory .
- **RI2** (increase in property tax revenues, in percent of GDP) was appropriate to measure the result of efforts to enhance the efficiency of tax collection by improving the land tax administration. According to the ICR (page 16), this results indicator was linked to two prior actions – institutional improvements in land tax administration and administrative improvements in land titling and land census-taking in the capital, as well as the facilitation of tax payments online and through mobile phones. The link to the first prior action is clear, but that to the second prior action is less so. Specifically, online and mobile payment systems should help facilitate tax payments in general, but not necessarily lead to an increase in property tax revenues. This results indicator is rated moderately satisfactory.

Based on the foregoing ratings, the relevance of the results indicators for Pillar 1 is rated satisfactory.

Pillar 2 - Fiscal Management: Public Resource Management

- **RI3** (share of new public investment projects funded in the annual budget consistent with the prioritized PIP based on the new manual) was appropriate to measure the result of actions to enhance the efficiency of public investment spending. This results indicator was linked to two prior actions – creation of the Public Investment Committee, prioritization of capital projects for the PIP using stringent technical criteria under a new manual, and three-year budgeting for PIP projects. The indicator was well defined, had credible baseline data and a clear target, and had available data to measure achievement of the target. This results indicator is rated satisfactory.

- **RI4** (debt service-to-revenue ratio) aimed to measure the results of actions to improve public investment and debt management. This results indicator was linked to two prior actions – the settlement of obligations to commercial banks related to past "pre-financed" investments and the publication of a new Medium Term Debt Management Strategy emphasizing debt sustainability. However, because there are numerous factors that could affect debt service (the numerator in the indicator) and revenue (the denominator) other than the settlement of debt obligations to commercial banks and the publication of a new debt strategy, this results indicator is rated moderately unsatisfactory.

Based on the foregoing ratings, the relevance of the results indicators for Pillar 2 is rated moderately satisfactory.

Pillar 3 - Financial Viability and Service Delivery in the Energy Sector

- **RI5** (increase in the revenue collection rate of the CEET from the government) was appropriate to measure the results of actions to improve the financial viability of the energy sector by settling arrears to the CEET and the CEB. This results indicator was linked to two prior actions – the "regularization" the government's payment obligations to the CEET and the CEET's payment obligations to the CEB, and the creation of a centralized system for government payments to the CEET and for the statutory fuel subsidy. This results indicator is rated satisfactory.
- **RI6** (difference between CEET retail tariff (weighted average) plus subsidy and the cost of service was appropriate to measure the results of actions to improve the financial viability of the energy sector by reforming the CEET retail tariff setting practices. This results indicator was linked to the prior action to adopt of a new methodology for periodically determining and updating the CEET's retail tariff that was cost-based. This results indicator is rated satisfactory.
- **RI7** (CEET net margin) was appropriate to measure the results of actions to improve the financial viability of the energy sector by introducing improvements in the CEET's operational and financial performance. This results indicator was linked to two prior actions – the approval of the CEET's Revenue Protection Program involving the deployment of smart meters and the amendment of the CEET's performance contract with the government with targets for management efficiency improvements. However, given the time needed to implement the Revenue Protection Program and the new performance contract, the impact of the reforms on the corporate net margin would not have been immediate but would have taken some time to be realized. Hence, the attribution of the prior actions made in 2016 to the results indicator measured in 2019 would have been weaker than expected. This results indicator is therefore rated moderately satisfactory.

Based on the foregoing ratings, the relevance of the results indicators for Pillar 3 is rated moderately satisfactory.

Pillar 4 - Financial Viability and Service Delivery in the ICT Sector

- **RI8** (number of internet users) aimed to measure the results of actions to improve the financial viability of and the quality of service in the ICT sector. This results indicator was linked to two prior actions – the adoption of an ICT sector policy covering universal access, infrastructure-based competition, number portability, national roaming, and regulation for quality of service, and the publication of a reference offer from TOGOCOM for fair, non-discriminatory, and transparent access to wholesale broadband services. The underlying logic for the choice of this indicator was that increased competition and open access in the ICT sector would raise the number of internet users. However, there could arguably be many other factors driving the increase in the number of internet users other than the competition measures supported by the FMIR series. Thus, the unique and direct attribution of the results indicator to the prior actions is weaker than envisioned and this results indicator is rated moderately unsatisfactory.

- **RI9** (ICT Development Index) aimed to measure the results of actions to improve the financial viability of and the quality of service in the ICT sector. This results indicator was linked to two prior actions – the issuance of a standard for granting ISP licenses and the opening of TOGOCOM to minority private shareholding. The underlying logic for the choice of this indicator was that increased competition and open access in the ICT sector would be reflected in improvements in the country's score on the ICT Development Index. Published annually since 2009 by the International Telecommunications Union (ITU), the index is a composite of 11 indicators measuring ICT access, ICT use, and ICT skills. While the foregoing logic has merit, the suitability of the index to measure financial viability in the ICT is weak. An indicator reflecting the financial standing and performance of TOGOCOM, the telecommunications service provider, would have been more suitable to measure financial viability. Moreover, and unfortunately, due to changes in the index construction methodology, the ITU was unable to publish the ICT Development Index in 2018 and 2019. Hence, only the 2017 data was available to use for the FMIR series and therefore this results indicator is rated unsatisfactory.

Based on the foregoing ratings, the relevance of the results indicators for Pillar 4 is rated moderately unsatisfactory.

Overall, the relevance of the results indicators is rated moderately satisfactory.

<table>
<tr><th colspan="5">Relevance Ratings for RIs by Pillar, and Efficacy Ratings</th></tr>
<tr><th>Results Indicator</th><th>Relevance Rating</th><th>Efficacy Rating for RI</th><th>Pillar Efficacy Rating</th><th>Overall Efficacy Rating</th></tr>
<tr><th colspan="4">Pillar 1</th><td rowspan="16">Moderately Satisfactory</td></tr>
<tr><td>RI1</td><td>Satisfactory</td><td>Substantial</td><td rowspan="2">Moderately Satisfactory</td></tr>
<tr><td>RI2</td><td>Moderately Satisfactory</td><td>Modest</td></tr>
<tr><th colspan="4">Pillar 2</th></tr>
<tr><td>RI3</td><td>Satisfactory</td><td>High</td><td rowspan="2">Moderately Satisfactory</td></tr>
<tr><td>RI4</td><td>Moderately Unsatisfactory</td><td>Modest</td></tr>
<tr><th colspan="4">Pillar 3</th></tr>
<tr><td>RI5</td><td>Satisfactory</td><td>Substantial</td><td rowspan="3">Unsatisfactory</td></tr>
<tr><td>RI6</td><td>Satisfactory</td><td>Negligible</td></tr>
<tr><td>RI7</td><td>Moderately Satisfactory</td><td>Negligible</td></tr>
<tr><th colspan="4">Pillar 4</th></tr>
<tr><td>RI8</td><td>Moderately Unsatisfactory</td><td>Modest</td><td rowspan="2">Moderately Satisfactory</td></tr>
<tr><td>RI9</td><td>Unsatisfactory</td><td>Substantial</td></tr>
</table>

Rating

Moderately Satisfactory

5. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To mobilize tax revenues through enhancing the efficiency of tax collection.

Rationale

Outcomes. The program substantially met one of the two outcome targets for the objective to mobilize tax revenues.

- Tax exemptions were reduced from 3.4 percent of GDP in 2016 (baseline) to 2.3 percent of GDP in 2019 (program closing date), almost fully achieving the target to reduce tax exemptions to less than 2.1 percent of GDP.
- Property tax revenues increased from 0.1 percent of GDP in 2016 to 0.15 percent of GDP in 2019, partially achieving the target to raise property tax revenues to 0.3 percent of GDP. Property taxes remained a relatively new and small revenue source in Togo.

Rating

Moderately Satisfactory

OBJECTIVE 2

Objective

To enhance the efficiency of public investment spending and debt management.

Rationale

Outcomes. The program met the two outcome targets for the objective to enhance the efficiency of public investment spending and debt management, albeit after a one-year delay. However, the second indicator (debt service-to-revenue ratio) was a weak indicator for the objective to enhance the efficiency of debt management.

- The share of new public investment projects funded in the annual budget, consistent with prioritized PIP based on the new manual, rose from 0 percent in 2016 to 100 percent in 2020, exceeding the target of at least 75 percent, albeit after a one year delay (the target was set for 2019). PPPs had

been excluded from the PIP selection process, however, contrary to the requirements of PA5. The ICR (pages 24-25) considered the government decision to end the practice of "pre-financing" public investment to be a major achievement.
- The debt service-to-revenue ratio (interest plus amortization of medium- and long-term debt) was reduced from 66.6 percent 2016 to 63.15 percent in 2019, missing the target to reduce the ratio to less than 59 percent of GDP. According to the ICR (page 17), the ratio was expected to be reduced to 58 percent of GDP in 2020, meeting the target, albeit after a one-year delay (the target was set for 2019). The ICR (page 25) adds the government had been able to extend debt maturity from 4.8 years in 2018 to 5.1 years in 2019.

Rating

Moderately Satisfactory

OBJECTIVE 3

Objective

To strengthen the financial viability and service delivery in the energy sector.

Rationale

Outcomes. The program substantially met one but failed to meet the other two of three outcome targets set for the objective to strengthen financial viability and service delivery in the energy sector.

- The revenue collection rate of the CEET from the government increased from 36 percent in 2016 to 82.86 percent in 2019, almost fully achieving the revised target of 95 percent. Arrears were eliminated to zero by 2019, from CFAF 49.3 billion in 2019.
- The difference between the CEET retail tariff (weighted average) plus the subsidy and the cost of service rose from CFA 27 per kWh in 2016 to CFAF 39 per kWh in 2019, failing to meet the target of CFAF 10 per kWh or lower. The difference rose rather than declined because the subsidy increased, reflecting higher operational costs at the CEET, according to the ICR (page 26).
- The CEET net margin dropped from 2.15 percent in 2016 to -12.26 percent in 2019, failing to meet the target of 2 percent. The poor performance was due to continued technical losses and unanticipated expenses at the CEET, according to the ICR (page 26).

Rating

Unsatisfactory

OBJECTIVE 4

Objective

To strengthen the financial viability and service delivery in the ICT sector.

Rationale

Outcomes. The program exceeded the first of the two outcome targets set for the objective to strengthen financial viability and service delivery in the ICT sector. However, the indicator (number of internet users) was a weak indicator for the objective. No data was available to assess the achievement of the second outcome target using the original indicator (value of the ICT Development Index). However, the objective to strengthen the financial viability of the ICT sector by partly privatizing the state-owned telecommunications service provider was exceeded.

- The number of internet users increased from 528,076 in 2016 to more than 3.04 million, exceeding the target of at least 1 million.
- The value of the ICT Development Index increased from 1.86 in 2016 to 2.15 in 2017. There was no data available to determine whether the target for an index value of at least 2.03 by 2019 was achieved. Notwithstanding the lack of data for this assessment, or even whether the availability of the index data would have actually measured financial viability in the ICT sector (see Section 4), using the scale of the privatization of TOGOCOM as an alternative indicator (as the ICR does, page 27), the privatization by the government of 51 percent of TOGOCOM exceeded the aim for the privatization of a minority share in the company.

Rating

Satisfactory

Overall Achievement of Objectives (Efficacy)

Rationale

The overall efficacy of the program is rated as moderately satisfactory, almost fully achieving one of the two outcome targets for the first objective, fully achieving one of the two outcome targets for the second objective, almost fully achieving one of three outcome targets for the third objective, and achieving one of two outcome targets for the fourth objective.

Overall Efficacy Rating

Moderately Satisfactory

6. Outcome

Rationale

The relevance of prior actions was moderately satisfactory – the prior actions were linked to the achievement of the program objectives in convincing or credible results chains and made major to moderate contributions to the achievement of the objectives. The relevance of results indicators was moderately satisfactory – the results indicators were mostly adequate to measure the impact of the prior actions on the achievement of the program objectives, although there were attribution issues with two indicators. Most results indicators were clearly defined, had baseline data and clear targets, and had available data for measurement, except for one. The efficacy of the first objective to mobilize tax revenues through enhancing the efficiency of tax collection was rated moderately satisfactory. The efficacy of the second objective to enhance the efficiency public investment spending and debt management was rated moderately satisfactory. The efficacy of the third objective to strengthen the financial viability and service delivery in the energy and ICT sectors was rated unsatisfactory. The efficacy of the fourth objective to strengthen the financial viability and service delivery in the ICT sector was rated moderately satisfactory.

a. Rating

Moderately Satisfactory

7. Risk to Development Outcome

Political Risk. The successful presidential elections in February 2020, held without much disruption or violence and with the incumbent President winning a fourth five-year term, provides a reasonably supportive political environment to sustain the development outcome of the FMIR series. Political commitment to reform measures supported by the FMIR appears to be solid on many fronts, according to the ICR (page 33). Tax reforms are likely to be sustainable because they have been embedded in the legal system, including in the General Tax Code, the Book of Tax Procedures, and the Land Code. The process for project selection has significantly improved with the PIP becoming part of the regular three-year rolling budget. The "pre-financing" of investment projects has been discontinued. In the privatization of TOGOCOM, the government exceeded the original plan and privatized 51 percent in the company.

Institutional Capacity Risk. Institutional capacity risk across various agencies implementing the FMIR reforms is a serious concern, according to the ICR (page 33). The government replaced the Director General and the Board of Directors of the CEET in June 2020 on concern that the operational and financial performance of the CEET had been weaker than expected. The government expects the new management to turn around the poor performance of the CEET. Separately, the OTR appears to face "difficulties in the enforcement of tax collection." And capital project selection by the Public Investment Committee has not been as transparent as expected.

Macroeconomic Risk. After growing 1.8 percent in 2020, the economy is expected to recover slightly in 2021. The Bank (*Global Economic Prospects*, January 2021) projected a 3.4 percent GDP growth rate for 2021 while the government forecasts growth at 4.8 percent. The forecasts are subject to considerable downside risks, however, considering that Togo remains a low-income and a debtor country. The outlook for the economy is compounded by damage suffered by Togo in the past year, with the worsening of the COVID-19 pandemic and the attendant global economic downturn, which, among others, cut remittances by more than 7 percent globally in 2020 – Togo relies on remittances for over eight percent of GDP.

COVID-19 Risk. The COVID-19 pandemic has taken a major toll on Togo's economy. The Bank approved a US$70 million credit from the IDA in September 2020 for the Togo Emergency COVID-19 Development Policy Operation to: strengthen the crisis response framework for better health outcomes; mitigate the negative poverty and social impacts of the crisis; and lay the foundations for economic recovery. The IMF allowed an immediate disbursement of US$131.3 million (four times larger than previously foreseen) in April 2020 from the three-year Extended Credit Facility Arrangement, originally approved in 2017 for US$239.3 million, to help Togo address the human and economic implications of COVID-19 pandemic.

8. Assessment of Bank Performance

a. Bank Performance – Design

Rationale

Analytical Foundations. The preparation of this program was informed by analytic work by the Bank, including: the *Togo Systematic Country Diagnostic* (2016), the *Togo Public Expenditure Management and Financial Accountability Review* (2016), the *Technical Assistance Report on Debt Management Performance Assessment* (2016), and *the Energy Sector Policy Review* (2017). The program design also drew lessons from joint analytical work by the Bank and the IMF, including: the *Joint Technical Assistance Report on Public Investment Management Assessment* (2016) and the *Joint Technical Assistance Report on Medium Term Debt Strategy* (2017).

Link to Other Bank Operations. The reforms supported by the programmatic series in energy and ICT were integrated with the objectives of other Bank operations in Togo in these sectors. In particular, two projects led to, or supported, the reforms promoted by the FMIR series.

- The Togo Energy Support and Investment Project, approved in 2017, aimed to improve the operational performance of the power sector and increase access to electricity in Lomé. This project expanded the electricity network in the capital and encouraged improvements in the operations of the CEET.
- The Second Phase of West Africa Regional Communications Infrastructure Program*,* approved in 2013, aimed to increase the geographical reach of broadband networks and to reduce costs of communications services in Togo (and Mauritania). This project would build up the ICT infrastructure for Togo. Using this physical infrastructure, the FMIR series would promote measures that would enhance access to ICT services.

Risk Identification and Mitigation. The Bank identified three risks to the program as either substantial or high (under both FMIR1 and FMIR2) and proposed mitigation measures. The analysis by the Bank of the ex-ante risks were thoughtful and detailed, and the mitigation measures appear to have been appropriate to the nature and severity of the risks.

- Political and governance risk was considered high because of the "unstable" political and security situation. The Bank suitably recommended that the government strengthen its dialogue and communication program to convince stakeholders, vested interests, and the general population of the urgency of the reforms supported by the program.

- Macroeconomic risk arose principally from the high level of public debt. To mitigate the risk, the Bank urged the country's development partners to continue supporting the government's policy and structural reform program focused. The Bank's advice appeared to have been well coordinated with that of the IMF. Togo was implementing an Extended Credit Facility arrangement n 2017-2020 which included, among its quantitative performance criteria, periodic targets for the domestic primary fiscal balance, government guaranteeing of domestic loans, and net domestic arrears accumulation.
- Institutional capacity risk was widespread across agencies. Similarly, the Bank's analysis of this risk was highly detailed, citing the fragility of the state, the highly centralized structure of governance, and the government's poor performance record. For its part, the Bank committed continued technical assistance to the government, including through the Economic Governance Project, to strengthen the capacity of key institutions and to help address gaps in the government's ability to deliver public services.

Stakeholder Consultation. The Program Documents indicated that consultations with stakeholders of the FMIR series were done within the context of consultations in the preparation of the Bank's *Togo Systematic Country Diagnostic* and *Togo Country Partnership Framework* and the government's *National Development Plan*.

Development Partners Coordination. The Bank collaborated with the IMF and the European Union on the fiscal reform program supported by the FMIR series. The Bank also collaborated with the Millennium Challenge Corporation, the foreign aid agency of the U.S. government, on reforms in the ICT sector.

- The fiscal reform measures included in this programmatic series and those supported by the IMF under the three-year ECF arrangement approved in May 2017 were coordinated.
- Separately, the African Regional Technical Assistance Centre in West Africa (AFRITAC), a collaboration between the IMF and several bilateral and multilateral partners, helped prepare the new investment manual to guide the selection of projects for the Public Investment Plan.
- The Bank linked the actions simplifying Togo's tax system (PA2) to the fiscal directives of the West African Economic and Monetary Union (WAEMU).
- The IDA and the European Union jointly financed the Economic Governance Project, approved in October 2017, that committed to support the implementation of the Pillar 1 reforms of the FMIR series. The project provided technical assistance to the government to improve domestic revenue mobilization, public investment management, and public accountability and monitoring mechanisms for improved service delivery in priority sectors.
- The Bank and the Millennium Challenge Corporation cooperated to support reforms in Togo's ICT sector.

Rating

Satisfactory

b. Bank Performance – Implementation

Rationale

Monitoring. According to the ICR (page 33), the Bank closely monitored progress with the FMIR reforms and assisted the government to monitor the results indicators.

Adaptation. In the transition from FMIR1 to FMIR2, the Bank adjusted the triggers for the second operation in view of either changed conditions or for the purpose of defining more specific prior actions.

- The trigger regarding simplifying the tax system was revised to become the PA2. The change was justified.
- The trigger regarding broadening the tax base was revised to become PA3. The change was justified. The prior action was highly specific as to the transfer of the *cadastre* to the Revenue Authority. Moreover, the harmonization of the tax and customs databases had been implemented by the government before the approval of this program..
- The trigger regarding strengthening medium term investment planning was revised to become PA6. This change was necessary because the 2019 Budget Act had not been enacted at the time of program approval.
- The trigger regarding the use and payment of electricity was revised to become PAs 11 and 12.
- The trigger regarding improving electricity sector planning and governance was dropped to become PA13.

Rating

Satisfactory

c. Overall Bank Performance

Rationale

The overall performance of the Bank is rated as moderately satisfactory. Bank performance in the design/preparation stage was moderately satisfactory. The prior actions were informed by Bank and IMF analytic work, integrated with other Bank operations in Togo, and aligned with the implementation capacity of the national authorities. The Bank identified the *ex-ante* risks to the implementation of the program, and proposed mitigation measures. Bank performance at implementation was moderately satisfactory. The Bank provided technical assistance to the government and contributed to capacity building for fiscal, energy and ICR sector reforms. It coordinated with the IMF, the RTAC, the WAEMU and the EU on the fiscal reform program, and with the Millennium Challenge Corporation on reforms in the ICT sector. It adapted the triggers for use as prior actions for DPF2. And it helped the Ministry of Economy and Finance with monitoring the results of the reforms.

Overall Bank Performance Rating

Satisfactory

9. Other Impacts

a. Social and Poverty

The ICR did not present any evidence or measure of the social and poverty impact of this operation. The ICR (page 29) argued, however, that reform measures supported by this project would have led, or would lead, to positive social and poverty impacts, as cited *ex-ante* in the Program Documents for FMIR1 (page 26-28) and FMIR2 (pages 26-28), including: increased fiscal space for social spending; improved access by poorer households to land tiles and hence to mortgages; improved access by the poor to more reliable and less costly electricity services; and improved access by enterprises to ICT services, with positive effects on employment prospects, including for the poor.

b. Environmental

According to the ICR (page 29), the program had no negative environmental effects, but had some potential positive environmental effects. Improvements in the efficiency of the CEET would have cut the use of carbon fuel sources, with beneficial climate impacts. Increased imports of energy from Nigeria and Ghana inferred that a greater share of Togo's power was generated from hydropower. The use of natural gas also helped substitute for heavy fuel oils. The ICR did not present any quantitative measure of these impacts (for example, the amount of carbon emissions reduced).

c. Gender

According to the ICR (page 29), the new General Tax Code would have positive gender effects, Articles 5 and 6 of the new General Tax Code would hence recognize a woman as the head of a household and treat the woman head of household in the same manner as the male head of household. In addition, a one-stop shop was created to serve women entrepreneurs, tasked with facilitating the process by which women entrepreneurs obtained tax services and tax information that would facilitate their participation in public procurement.

d. Other

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10. Quality of ICR

Rationale

The ICR presents a succinct and results-focused record of the project. The discussion of the predecessor and related programs, both of the Bank and other development partners, is instructive, both of the context of the prior actions supported by this programmatic series and the next generation of reforms needed to advance the program objectives.

The assessment of efficacy in pages 23-28 is candid. On revenue mobilization, the political crisis in 2017 delayed the implementation of the land census, and property tax collection remains negligible. On public investment management, the scrutiny of capital projects for the PIP was delayed past the 2019 budget deadline, and PPPs were not included in the review process. In the energy sector, the electricity subsidy increased because of higher operational costs at CEET, and the tariff adjustment is proving politically difficult.

The assessment of results indicators in Table 4 and Annex 1 is confusing. Five of the results indicators that were dropped during the appraisal of FMIR2 are still included in these tables and judged as having been fully, partially, or not met.

a. Rating

Substantial

11. Ratings

Ratings	ICR	IEG	Reason for Disagreement/Comments
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Relevance of Results Indicators	---	Moderately Satisfactory	
Quality of ICR	---	Substantial	

12. Lessons

Three lessons are drawn from the ICR, with some adaptation.

Extensive and continuous country dialogue is vital to deepening reforms supported by development policy operations. In this programmatic series, the Bank continued its dialogue on ICT reform with the country authorities even as it seemed uncertain the government would pursue the reforms or that the reforms would be significant. The ICR (page 35) credits the high-policy dialogue with the Ministry of Economy and Finance and the Ministry of Infrastructure and Transport for the government exceeding the target to sell a minority share to a private investor. The government eventually sold a 51 percent share in TOGOCOM to Agou Holding, a decision that is expected to accelerate the development of the ICT sector through foreign investment.

Long-term and sustained technical assistance is critical in development policy operations where institutional capacity building is a vital focus of structural reforms. In many cases, short-term ad-hoc technical assistance, while helpful for particular tasks, does not yield maximal capacity building results. In this programmatic series, technical assistance was provided to the Ministry of Economy and Finance to help craft the new Medium-Term Debt Management Strategy. But according to the ICR, more sustained technical assistance is needed to strengthen the capacity of the agency to implement various elements of the strategy including targeting a desired composition of the government debt portfolio, quantifying and managing the cost-risk tradeoffs embedded in the debt portfolio, and understanding and communicating to stakeholders the linkages of the debt strategy with the macroeconomic framework. Similarly, while technical assistance was provided in the preparation of the new manual to guide the selection of capital projects for the Public Investment Plan, more sustained technical assistance is needed to build the capacity of the Public Investment Committee to conduct medium-term investment planning and budgeting, both in a technically proficient and reasonably transparent manner, according to the ICR.

While international diagnostic and performance indicators convey useful information, development policy operations must be discriminating in using these as results indicators for highly specific program objectives. In this programmatic series, the rating for public investment spending efficiency on the Public Investment Management Assessment (PIMA) and the score on the ICT Development Index were not available to measure the results of reforms advanced in public investment management and in the ICT sector respectively. The PIMA ratings could not be updated in time, and the ICT Development Index was not published in 2018 and 2019. Beyond questions over data availability, program planners should assess whether these broad performance indicators are appropriate to measure the results of very specific development policy actions. Togo's composite score on the 11-indicator index on ICT readiness (infrastructure and access), ICT use (intensity), and ICT capability (skills), produced by the ITU, would have been an overly broad measure of progress on the specific objective to strengthen financial viability in the ICT sector. An indicator measuring the financial standing and performance of TOGOCOM, the lead enterprise in the telecommunications market, would have been a more suitable and direct measure of financial viability.

13. Project Performance Assessment Report (PPAR) Recommended?

No