



TOGO Economic Governance (P158078)

AFRICA | Togo | Governance Global Practice |
IBRD/IDA | Investment Project Financing | FY 2018 | Seq No: 3 | ARCHIVED on 24-May-2019 | ISR37235 |

Implementing Agencies: Ministry of Economy and Finance, Ministry of Finance

Key Dates

Key Project Dates

Bank Approval Date: 03-Oct-2017

Effectiveness Date: 20-Apr-2018

Planned Mid Term Review Date: --

Actual Mid-Term Review Date: --

Original Closing Date: 31-Oct-2022

Revised Closing Date: 31-Oct-2022

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

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.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Management of Public Investments and Public-Private Partnerships:(Cost \$6.06 M)

Supporting Domestic Resource Mobilization:(Cost \$7.20 M)

Increasing Public Accountability and Citizen Engagement:(Cost \$3.98 M)

Project Implementation Support:(Cost \$2.56 M)

Unallocated:(Cost \$0.80 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Substantial	● Substantial

Implementation Status and Key Decisions

Promising results have been attained just six months after the Project official launch in October 2018. The current disbursement rate is set at 21 percent and is expected to reach 25 percent end of June 2019. Most critical activities of project's components have started; namely (i) streamlining Public Investment Management processes; (ii) improving Tax Administration (OTR) capacity, and (iii) launching of accountability activities.

- Planning and execution of the public investments.** The expected results in the implementation of this component focus on strengthening inter-ministerial coordination through the operationalization of the PIP Committee and the evaluation methodologies needed



to: (i) improve alignment between planning public investments and their budgeting; (ii) improve the quality of technical and non-technical preparation and thus the maturity of priority public investment projects; and (iii) strengthen management, monitoring and evaluation mechanisms for public investments at sectoral and state level. Discussions with the main actors of this component (DPPD, the MEF advisor, the DGBF and the ARMP), revealed progress made in improving the investment management process; including (i) the existence of a manual of procedures for the selection, prioritization and programming of public investment projects, (ii) the normal functioning of the PIP Committee and (iii) its role in the reorganization of investment projects to be included in the law of finance. In this regard, the mission recommends: (i) the elaboration as soon as possible of the operational tools of the selection manual in order to facilitate the training of the actors concerned and (ii) the elaboration of the manual of physical public investment projects. The mission also took note of the DPPD's desire to have an integrated software for the management and analysis of public investment projects. Prior work should be done with the project coordination unit to arrive at a proposed activity. In the end, the mission noted with satisfaction the progress made in the program budget reform with the quality review of programs and the implementation of sectoral programs carried out. It took note of the difficulties that the Directorate General of Budget and Finance is facing in the process of adapting the budget-program nomenclature with the existing IT system (SIGFIP). The mission recommends to explore the possibility of the PAGE project support to address this issue.

2. **Technical Assistance and Results Based Financing (RBF) for the mobilization of domestic resources.** This component combines technical assistance to the tax policy unit and support to the tax administration for which disbursements will be made on the basis of results-based financing (RBF), thus linking disbursements to the achievement of established performance (DLI). **Tax Policy.** The creating acts of the Tax Policy Unit (UPF) were adopted including the decree on the reorganization of the Ministry of Economy and Finance which makes the Tax Policy Unit a structure of the Ministry and the decree of creation of the Tax Policy Unit. However, key staffs in charge of running the Unit have not been designated yet. Moreover, the operationalization of the tax policy unit constitutes an important measure of the budget support program of the European Union to the Togolese State for the period 2019-2020. In order to accelerate the operationalization of this unit, the mission recommends (i) the elaboration of a roadmap clearly defining the necessary steps to achieve this action and the future of the actors of this unit; and (ii) using the resources of subcomponent 2.1 "Technical assistance" to support the main UPF actors (The manager and 4 section heads) for two (2) years.

Tax Administration. Discussions with Togolese Office of Revenue (OTR) made it possible to take stock of the activities carried out and the indicators triggering disbursements achieved, notably the three (3) DLIs achieved in the first quarter of 2019,: (*DLI 1.1: full automation of cross-checking of taxpayer returns for VAT and customs declarations; DLI 1.2: 15 percent of OTR qualified operational staff who are deployed for field audits; DLI 2.1: Completion of general taxpayer census in Lome*); the verification of which enabled to obtain the disbursement of the equivalent of 1.5 million US dollars. In addition, the mission noted that the OTR does not always transmit the quarterly reports to the project coordination unit for consolidation. It recommends to the OTR to regularly transmit to the PCU the quarterly activity implementation reports, and to carry out the taxpayer satisfaction survey to estimate the rate of satisfaction of Lomé's large taxpayers.

3. **Citizen engagement and public accountability on the budgetary processes in priority sectors:** This component aims to strengthen public accountability and citizen engagement by strengthening accountability mechanisms and citizen participation in budget preparation and implementation processes, and citizens' feedback on quality and the accessibility of public services in the three priority sub-sectors (maternal and child health, primary education and water supply in urban areas). The mission discussed with the focal points of the sectoral ministries and the civil society organizations on the introduction of platforms and mechanisms of citizen participation in the dialogue with the government on budget priorities, budget execution, and bring their concerns on the quality and accessibility of public services in targeted sectors. In this regard, the mission recommends the coordination unit to finalize the recruitment of consultants to support the preparation of the citizen budget and the training on the BOOST tool as well as that of the Consulting Firm responsible for drawing up the baseline indicators on the satisfaction rates of the population with respect to the quality of services in the selected sectors. The mission also discussed with state control bodies such as the General Inspectorate of Finance (IGF), the Court of Auditors and the Finance and Development Committee of the National Assembly to take stock of activities carried out and prospects. The following recommends were agreed upon : (i) support the operation of the IGF (vehicle repair), (ii) carry out the risk-based mapping of the four ministries selected for 2019, (iii) submit to the PCU the ToR for the preparation of the Court of Auditors strategic plan no later than July 2019 and (iv) work with the National Assembly Finance Committee to identify their capacity development needs.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Substantial	● Substantial	● Substantial
Macroeconomic	● Substantial	● Substantial	● Substantial
Sector Strategies and Policies	● Substantial	● Moderate	● Moderate

Technical Design of Project or Program	● Moderate	● Moderate	● Moderate
Institutional Capacity for Implementation and Sustainability	● Substantial	● Substantial	● Substantial
Fiduciary	● Substantial	● Substantial	● Substantial
Environment and Social	● Low	● Low	● Low
Stakeholders	● Substantial	● Substantial	● Substantial
Other	--	--	--
Overall	● Substantial	● Substantial	● Substantial

Results

PDO Indicators by Objectives / Outcomes

Improve Public Investment Management				
▶ Public investment projects approved for financing that have been appraised in line with Public Investment Management appraisal guidelines (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	50.00
Date	04-Apr-2017	04-Sep-2018	21-May-2019	31-Oct-2022
Comments:	This indicator will be determined in October 2019 when the Budget 2020 will be submitted to the Parliament for adoption. It is only at that stage that we will determine the Public Investments projects approved for financing. However, the Manuel for Public Investment Selections has been adopted and is already being used by the selection committee (PIP committee).			

Improve Domestic Revenue Mobilization				
▶ Share of total registrants post taxpayer census increased in Lomé (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	15.00
Date	04-Apr-2017	04-Sep-2018	21-May-2019	31-Oct-2022
Comments:	This indicator will be determined in December 2019 after the overall completion of the analysis of the taxpayers census. The field work of taxpayers census in Lomé is already completed, as certified by the Verification Firm. OTR started the Analysis phase of the census and will be able to provide final data by December 2019 for records.			
▲ Increase in filing taxpayers in Lomé with a turnover exceeding 10 million CFAF (Percentage, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	30.00
Date	30-Jun-2017	04-Sep-2018	21-May-2019	31-Oct-2022

Improve Public Accountability and Monitoring Mechanisms for better service delivery in priority sect				
►Citizens satisfied with quality and access to basic services in maternal and child health, primary education, and urban water supply (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	15.00
Date	30-Jun-2017	04-Sep-2018	04-Sep-2018	31-Oct-2022
Comments:	The selection process of the Consultant Firm that will set the baseline to track citizen satisfaction has been launched. Indicators will be available by December 2019.			
►Satisfaction of large taxpayers with the responsiveness of OTR (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	43.80	43.80	43.80	60.00
Date	30-Jun-2017	04-Sep-2018	21-May-2019	31-Oct-2022
Comments:	This indicator is under OTR control and will be available in December 2019. OTR has already started the recruitment process of the Firm which will conduct the survey.			

Overall Comments

Most indicators data will be available by December 2019. However, the Project has started all preparatory work to meet the target by December 2019. The Project is on good track toward the achievement of all critical indicators.

Intermediate Results Indicators by Components

Management of Public Investments and Public-Private Partnerships				
►Systematic use of economic and cost-benefit analyses for appraisal of major public investments including PPP (programs superior to 2 billion FCFA) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	30.00
Date	04-Apr-2017	04-Sep-2018	21-May-2019	31-Oct-2022
Comments:	This indicator will be determined in October 2019 when the Budget 2020 will be submitted to the Parliament for adoption. It is only at that stage that we will determine the Public Investments projects approved for financing. However, the Manuel for Public Investment Selections has been adopted and is already being used by the selection committee (PIP committee).			
►Difference between Public Investment Program, Sectoral Medium Term budget framework DPPD and Finance Law in priority sectors (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target

Value	15.00	15.00	15.00	5.00
Date	30-Jun-2017	30-Jun-2017	21-May-2019	31-Oct-2022
Comments:	This indicator will be determined in October 2019 when the Budget 2020 will be submitted to the Parliament for adoption. It is only at that stage that we will determine the Public Investments projects approved for financing. However, the Manuel for Public Investment Selections has been adopted and is already being used by the selection committee (PIP committee).			

Supporting Domestic Resource Mobilization

►Reduction of national tax instruments (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	29.00	29.00	13.00	15.00
Date	30-Jun-2017	04-Sep-2018	21-May-2019	31-Oct-2022
Comments:	This indicator has been fully met ahead of the project closing date. The number of tax instruments have been reduced from 29 to 13 with the adoption of the New Tax Code in late December 2018. The end target is 15 by October 2022. On this indicator the project has exceeded target.			

►Full automation of cross checking of taxpayer returns for VAT and customs declarations (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	Yes	Yes
Date	30-Jun-2017	04-Sep-2018	21-May-2019	31-Oct-2022
Comments:	This indicator is among the DLI met during the first quarter 2018. It has been confirmed by the Verification firm.			

►OTR operational staff are qualified and deployed for field audits (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	6.00	15.00	23.00	15.00
Date	30-Jun-2017	04-Sep-2018	21-May-2019	31-Oct-2022
Comments:	This indicator is among the DLI met during the first quarter 2018. It has been confirmed by the Verification firm.			

►Reduced length of time to address taxpayer requests (Days, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	12.00	12.00	12.00	6.00
Date	30-Jun-2017	04-Sep-2018	21-May-2019	31-Oct-2022
Comments:	This indicator will be available as soon as OTR has completed the Client Satisfaction Survey.			

Increasing Public Accountability and Citizen Engagement				
▶ Introduction of citizen report cards to provide MDAs with citizen feedback on quality and access of service delivery for maternal and child health, primary education, and urban water supply (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	6.00
Date	30-Jun-2017	04-Sep-2018	21-May-2019	31-Oct-2022
Comments:	The Selection process of the Consulting Firm in charge of setting the baseline has been launched. Data will be available by the end of 2019.			
▶ Publication of citizens national budget (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	30-Jun-2017	04-Sep-2018	21-May-2019	31-Oct-2022
Comments:	The selection process of the Consultant in charge of Citizen Budget has been launched. Data will be available by the end of December 2019.			
▶ Government and CSO staff trained in new accountability, citizens engagement mechanisms and PFM (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	62.00	400.00
Date	30-Jun-2017	04-Sep-2018	21-May-2019	31-Oct-2022
Comments:	The project has exceed the intermediate target of 50. During the period 62 people including 7 women have been trained on PFM.			
▲ Women trained in new accountability, citizens engagement mechanisms and PFM (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	11.00	20.00

Overall Comments

The Project is on good track to meet intermediate results indicators. Almost all indicators related to the Domestic Revenue Mobilization have been exceed. Strong progress is also noted on other indicators.

Data on Financial Performance

Disbursements (by loan)

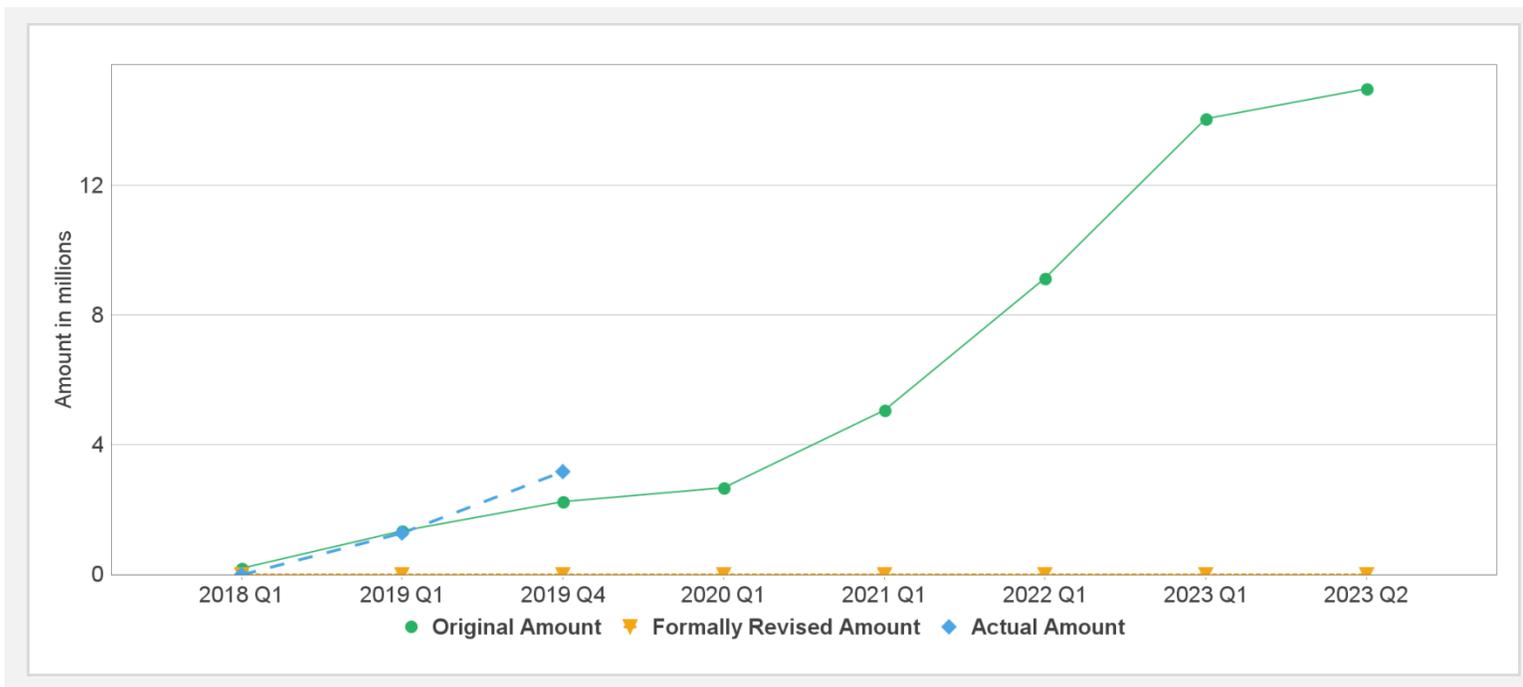


Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P158078	IDA-D2340	Effective	USD	15.00	15.00	0.00	3.17	11.71	21%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P158078	IDA-D2340	Effective	03-Oct-2017	21-Dec-2017	20-Apr-2018	31-Oct-2022	31-Oct-2022

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.