



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

TOGO

Public Investment Management Assessment –
PIMA and Climate PIMA

December 2024

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2024 International Monetary Fund HLS/24/54

High-Level Summary Technical Assistance Report Fiscal Affairs Department

Togo: Public Investment Management Assessment - PIMA and Climate PIMA
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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: An IMF team conducted a Climate Public Investment Management Assessment (C-PIMA) in Togo. The analysis identified emerging good practices for an effective management of public investment from a climate perspective, but also identified weaknesses throughout the public investment cycle that affect efficiency and effectiveness of infrastructure delivery in the face of climate change related challenges. The mission team identified seven high priority recommendations to improve public investment management from a climate change perspective.

JEL Classification Numbers H63 (consult https://www.aeaweb.org/econlit/jelCodes.php)

Keywords: Public investment management, climate change, Togo
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Background

At the request of the Minister of Economy and Finance (MEF), a team from the IMF's Fiscal Affairs Department (FAD) conducted a Climate Public Investment Management Assessment (C-PIMA) in October 2024. The C-PIMA evaluation identifies opportunities to improve the public investment management system which, if implemented, can increase spending efficiency and therefore economic growth. The mission helped the authorities identify the main institutional strengths and the weaknesses that impede the efficiency of Togo's climate public investment.

Summary of Findings

While Togo's contribution to global greenhouse gas emissions is negligible (0.02 percent of global emissions in 2019), the country is vulnerable to increasingly frequent and pronounced climate shocks. Floods, the most common natural hazard in Togo, regularly cause damage to infrastructure and crops. Droughts result in high costs, impacting the largely rainfed agricultural sector. Coastal erosion, proceeding at an annual rate of up to 20 meters, is of major concern, considering that the coast is home to about 42 percent of the country's population and over 90 percent of its formal economic activities.

The government of Togo has recognized the fight against climate change as a key policy priority. The 2021 Nationally Determined Contribution (NDC) defines mitigation and adaptation measures. The 2025 Governmental Roadmap is the main framework to operationalize the related policy action. They define adaptation measures in five particularly vulnerable sectors: agriculture, forestry, water resources, health and coastal zones. The government is also committed to reducing its GHG emissions by 50.6% by 2030 through five sectors (conditional on external support).

Climate change is likely to weigh heavily on public finances, due to the significant investment needs it entails. Estimates by the authorities and development partners place the related cost on a broad scale, ranging from 1.5% to 8.4% of GDP per year. The measures identified in the NDC are estimated to amount to over 5.5 billion USD in 2020-2030, of which around three quarters have yet to be financed. For 2024, less than 6% of budgeted public investment expenditure - nearly 160 million USD - is allocated to them. External support - from development partners and the private sector - is therefore essential, alongside the mobilization of further budget resources and a rigorous prioritization of projects.

Another key success factor is to improve public investment efficiency to maximize the contribution of public investment to climate objectives. The C-PIMA assesses the institutional framework along five key dimensions, namely: (i) public investment planning, (ii) coordination and decision-making within the public sector as a whole, (iii) investment project appraisal and selection, (iv) budgeting and project portfolio management, and (v) budget risk management.

The assessment highlights the progress made. In 2021, Togo updated its NDC, and concomitantly aligned eight sectoral action plans, including for energy, water and agriculture. Togo was the first West African Economic and Monetary Union (WAEMU) country to carry out a Climate Public Expenditure and Financial Accountability (PEFA) assessment in 2022 to assess the integration of climate change considerations into public financial management. The MEF subsequently piloted a green budget statement in 2024, that identifies budget allocations for both green and brown spending, making Togo one of the first countries in the sub-region to adopt this approach. Various other initiatives are underway.

However, there is room to improve how public investment management considers climate change. It would benefit from a legal text - such as a decree - providing a basis for the entire public investment cycle and integrating climate aspects. Current texts do not provide a solid foundation for the coordination of decision-making on climate investment across the public sector, ex ante appraisals of project's climate impacts, and the publication of project selection criteria. Challenges also affect the physical and financial monitoring of project execution, ex-post reviews of climate-related investment, and asset management.

Summary of Recommendations

Looking ahead, public investment management in Togo needs to be strengthened to provide more and better public infrastructure to address climate change challenges. The mission team prepared a medium-term action plan, structured around the following seven high-priority recommendations:

- adjust the draft climate change law to address public investment aspects,
- adopt a decree to clarify the public investment cycle,
- introduce climate ex ante project assessments for major investment projects,
- publish selection criteria (including for climate) to make sure budget funding goes to the best projects,
- strengthen the capacity of the MEF to analyze fiscal risks from PPPs, including climate risks,
- deepen the information contained in the green budget statement,
- publish the national disaster risk reduction strategy and strengthen the analysis of risks to infrastructures.