



Amendment to
Project Proposal for
TOGO
March 2026

Component: Revenue

Module: RM-I: Tax Policy



PROJECT SUMMARY

COUNTRY:	Togo	
LEAD DEPARTMENT:	FAD	
REGION:	AFR	
PLANNED DATES:	FY26/27	
PROJECT MANAGERS:	Florent Barrois (Tax Policy, FADT1, Lead) Marco Borges de Siqueira (Revenue Administration, FADR2) Mehdi El Herradi (General Macro and Fiscal, ICDMF)	
ESTIMATED BUDGET	\$160,500	
BUDGET FOR ENDORSEMENT:	\$160,500	
PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Proposal for RM-I: Tax Policy	January 2024
AMENDMENT 1 / 2	Part I: Update of RM-I: Tax Policy module; addition of RM-II: Revenue Administration module (both FAD) Part II: Addition of SM-IV module (ICD)	June 2025
AMENDMENT 2 / 2	Update of RM I: Tax Policy module, to assist the authorities in drafting a medium-term revenue mobilization strategy	March 2026

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ACRONYMS

CD	Capacity development
ECF	IMF's Extended Credit Facility
FAD	IMF's Fiscal Affairs Department
MTRS	Medium-term revenue mobilization strategy
STX	Short-term expert
TPU	Tax policy unit

I. PROJECT AMENDMENT PURPOSE

Country request and relevance/importance

The country's authorities have requested assistance from the IMF's Fiscal Affairs Department (FAD) to strengthen their capacity in revenue mobilization. The overall tax-to-GDP ratio is estimated at 14.9 percent in 2024, well below the West African Economic and Monetary Union (WAEMU) convergence criteria of 20 percent. Tax revenue appears to suffer from tax policy challenges such as weak capacity to tax property, the granting of exemptions leading to large tax expenditures, loopholes in the personal income tax, and international tax issues. A general diagnostic of the Togolese tax system was delivered in April 2024, seven years after a similar diagnostic. The diagnostic identified several key tax policy reforms and made several recommendations to modernize the tax policy in Togo, increase tax revenue and improve the tax-to-GDP ratio. The authorities emphasized that some recommendations of this diagnostic have been considered in a revenue mobilization plan for 2025-26. They are now committed to building a medium-term revenue mobilization strategy (MTRS) for the next 3 to 5 years, aimed at increasing tax revenue by 0.5 percent of GDP consistent with commitments made under their Fund supported program.

Description of Modules

The project will assist the Togolese tax authorities in finalizing the drafting of an MTRS covering tax policy and tax and customs administration measures by the middle of 2026. A scoping mission took place in November 2025 to restart the work on drafting an MTRS. The mission presented, to a technical committee set up by the authorities, the characteristics of an MTRS and the principles it should adhere to. Several best practices derived from country experiences, as well as methodological advice, were shared with the committee. Templates, including an example of a matrix of measures to be included in the MTRS and a roadmap, were provided. Discussions took place in sub-groups to discuss tax policy measures and tax and customs administration reforms that could be considered within the framework of the strategy. Subject to this amendment, the project will build on the basis of the scoping mission to assist the Togolese administration in reviewing the draft MTRS to be produced by the authorities following the scoping mission. It will provide all necessary recommendations, both methodological and technical, to the authorities to help them finalize a strategy that complies with best practices and covers the three areas mentioned above: tax policy and tax and customs administration.

The estimated budget for this project amendment is \$160,500, covered within the total budget endorsement request for Togo of \$1,004,319 through FY26.

II. BACKGROUND

Macro-fiscal situation

Togo's growth has been resilient to the shocks of recent years, thanks in part to fiscal support, but development needs remain acute and security threats continue. The fiscal expansion implemented in response to the shocks pushed up deficits and public debt and could, if not reversed, jeopardize debt sustainability. The Policy Note for the third review in September 2025 assessed the risks to program implementation as high, since not only a range of shocks (e.g., substantial public protests) but also weak policy implementation could jeopardize the attainment of program goals. In this context, revenue mobilization is a key concern. Togo has an Extended Credit Facility (ECF) arrangement approved by the IMF in March 2024, and a team visited the country during September 29–October 10.

For now, robust growth is expected to continue; however, the outlook is subject to high risks due to protests that could potentially undermine growth and fiscal consolidation.

The authorities aim to raise tax revenue by 0.5 percent of GDP for 2025 and 2026. In the first five months of 2025, fiscal revenue fell below expectations, though end-of-year projections remain unchanged. Tax revenue improved from 13.9 percent of GDP in 2022 to 14.8 percent in 2023, and 14.9 percent in 2024. The fiscal deficit narrowed from 8.3 percent of GDP in 2022 to 6.7 percent in 2023, and 7.4 percent in 2024. The risk of overall and external debt distress continues to be moderate.

Country engagement and alignment to reform priorities

The authorities have an ongoing ECF program with the IMF, under which they have committed to developing an MTRS by June 2025 for the next 3 to 5 years. Tax policy measures for 2025 include introducing or increasing various excise duties and reducing tax exemptions, for an expected yield of 0.4 percent of GDP. To accelerate revenue mobilization, staff recommends that the authorities also aim to scale back value-added tax exemptions, broaden the base of the personal income tax, align corporate taxation with the Global Minimum Tax, and require companies that receive tax advantages related to special economic regimes to move to a special economic zone over time. These recommendations will be reiterated when assisting the authorities in drafting the MTRS. The scoping mission during November 12–18, 2025 provided the Togolese authorities involved in drafting the MTRS with all the knowledge, methodological advice, and necessary tools to develop a strategy in accordance with best practice. In accordance with the MTRS framework this amendment will cover tax policy recommendations as well as tax administration and custom administration reforms, with further FAD

assistance in these areas requested by the authorities during the November mission. The assistance covered by this amendment will initially take the form of remote meetings with the officials responsible for the work. An in-person MTRS formulation mission is envisaged in the first quarter of 2026 to assist the authorities in finalizing their work.

III. PROJECT AMENDMENT MODULES - DESCRIPTION

This project is an amendment to an existing project. The amendment proposes capacity development (CD) support to Togo in formulating an MTRS covering the areas of tax policy, tax administration and customs administration.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Revenue	RM I / Tax Policy	Improve Tax Policy Design

A. RM I – Tax Policy

Scope

This project is aligned with the authorities' tax revenue mobilization plan for 2025–26 that aims to raise tax revenue by 0.5 percent of GDP per year and is designed to be the continuation of the assistance provided in 2024 by FAD. Technical missions on tax policy topics have been mentioned in a previous amendment. These topics remain highly relevant and, when included in the strategy by the authorities, will form the basis for future technical missions. However, the authorities requested primarily to receive support to design and draft their MTRS. FAD already actively supports the IMF's ECF program implementation, but the authorities need substantial support to define and implement a credible revenue mobilization strategy. Therefore, a mission was organized in November to provide the Togolese authorities with all the necessary support, including methodological advice and tools, to help them develop their MTRS in compliance with the highest standards. The mission also offered an opportunity to share with representatives of the Togolese administration the successful experiences accumulated over recent years in developing MTRS in other West African countries.

Program Objectives

The objective of the CD project is to assist the authorities in improving the design of their tax policy by helping them to prepare an MTRS. This strategy will contribute to creating a coherent and holistic approach covering tax policy, tax administration, customs administration, and the legal framework. During a mission organized in November, the team shared best practices, experiences and methods with the authorities to ensure the strategy is drafted within the deadline specified in the ECF program (i.e., June 2026). The mission restarted the work that had been initiated at the beginning of 2024, and which led to a revenue mobilization plan limited to only tax revenues. The objective is now for the Togolese authorities, with FAD assistance, to build a genuine revenue mobilization strategy covering all aspects of tax policy and tax and customs administration. This will enable (1) the authorities to get all the benefits of such a strategy in terms of short- and medium-term revenues and clear visibility of the resources they will have to finance their public investment plan; and (2) the society to get a better perception of the importance of financing public expenditures. Subsequent FAD assistance may be requested to support the authorities in implementing aspects of the MTRS.

Expected Results (outcomes)

This amendment will allow the IMF to support the authorities in developing a draft MTRS. This will empower authorities with critical knowledge, methods and tools to draft a robust medium-term strategy, contributing to broadening the tax base, improving tax revenue, and increasing the tax-to-GDP ratio, which is the ultimate goal.

Project proposals typically cover only one to two years of CD activities, which are expected to contribute to the achievement of the objectives outlined in the sections above. The objectives of this GPFP project may require extended and ongoing support to be fully and sustainably realized. Therefore, progress reports will serve to monitor advancement towards these objectives, and it may be necessary to adjust or broaden project workplans to better facilitate the achievement of these goals.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

During the November mission, the Togolese authorities and their representatives demonstrated a strong commitment to producing an MTRS for Togo by June 2026 (structural benchmark under the ECF) and there is a close cooperation between the team and the authorities. The revenues the strategy will help mobilize are indeed crucial for funding increased public spendings. The Tax Policy Unit (TPU) and the “Office Togolais des Recettes” will be the key counterparts. In 2017, the authorities created a TPU that reports directly to the Minister of Economy and Finance and is responsible for all tax policy aspects, including the design of legislative proposals and the assessment of tax expenditures. On the tax administration and customs administration aspects of the strategy, the team members covering these areas will actively engage with representatives of the OBR in charge of these activities.

B. Delivery Modalities

Regarding tax policy, as for the initial diagnostic, the project will be delivered via HQ-led in-person missions.

CD will comprise of a mix of remote and in-person activities. When appropriate, virtual deliveries will be used to provide efficiencies to in-person support, including pre-engagement meetings and post-follow-up meetings. The following CD activities will be delivered as a package:

- **Headquarters-led (HQ) missions and staff visits** to provide strategic recommendations, conduct regular follow-ups, assess progress, ensure STX work is aligned to plans, coordinate with other CD providers, and adjust reform implementation plans.
- **Short-term expert (STX)** visits to help implement the recommendations delivered by the HQ missions; according to the progress of the drafting work led by the Togolese administration, a limited number of STXs could be assigned to provide specialized assistance in specific areas of tax policy and tax and customs administration, three areas covered by the MTRS.
- **Workshops**, during the HQ missions, staff visits, or STX visits, to share experiences and expertise with the Togolese representatives in order to provide directly operational recommendations and discuss with the managers and staff their views on the reforms to be included in the MTRS and any specific technical subjects relevant in this context.

C. Coordination / Cooperation

Partner	Coordination Type	Coordination Area	Frequency
IMF's African Department	Coordination with program (benchmarks, revenue measures, etc.)	Revenue, legal, and other program-related measures	On a continuous basis
World Bank; European Commission; German Agency for International Cooperation (GIZ); United Nations Development Program (UNDP)	Sharing of information and insights	Tax policy workplan, priorities, and recommendations	Regular, during missions

V. RISK ASSESSMENT AND MITIGATION

Module	Description	Risk Assessment	Mitigation Measures
EXTERNAL CLIMATE/CONDITIONS			
RM I - Tax Policy	Public protests.	Medium	Consultation with stakeholders and the design of a communication plan regarding the adopted strategy, as advised by the mission, are relevant measures to ensure that the risk is mitigated.
POLITICAL SUPPORT			
RM I - Tax Policy	Political instability may slow down and even stop implementation of reforms.	Medium	Close relations and regular interactions during the project with the Secretary-General of the Ministry of Finance and Budget, and consultation with relevant internal and external stakeholders help ensure consensus across government.
MANAGEMENT AND TECHNICAL STAFF SUPPORT AND COMMITMENT			
RM I - Tax Policy	Insufficient coordination across senior staff in relevant counterpart agencies (Ministry of Finance, Ministry of Economy, Tax administration) is crucial for delivery.	Low	Organize regular discussions with the Tax Policy Unit and the Secretary-General of the Ministry of Finance to review progress achieved by the working group, and organize consultations across government agencies to ensure close coordination.
RESOURCE ADEQUACY			
RM I - Tax Policy	Staff instability, and limited skills of staff in the working group.	Low	The mission defined precisely, from the preparation stage, the conditions under which the work has to be organized, the profile of the participants, their affiliated departments, and their responsibilities in carrying out the work. The recommendations made were strictly followed during the mission.
OTHER RISKS			
RM I - Tax Policy	Resistance to reforms	Medium	Advocacy for reform plays a big role. This CD program also has strong connections with the IMF's African Department, which supports CD through program benchmarks.

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY26	FY27	Grand Total
RM I – Tax Policy			
HQ led CD mission	1	-	1
STX visits	-	-	-
Staff visits	-	-	-
Workshops (inc. during HQ and remote CD)	-	-	-
TOTAL	1	-	1

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
RM I – Tax Policy		
Q1/FY26	HQ led CD mission	Tax policy and tax and customs administration review of the draft MTRS for Togo.

VII. PROGRAM FINANCIALS

Module	FY26	FY27	TOTAL (USD)
Direct Delivery			
RM I - Tax Policy	150,000	-	150,000
Trust Fund Management Fee (7%)	10,500	-	10,500
TOTAL	160,500	-	160,500

Note: The estimated budget for this project amendment is \$160,500, and endorsement is requested for the full amount through FY26. Endorsement for future plans will be requested at a later date as funding for the program is secured and reform plans gain traction.

VIII. TARGETED LOGICAL FRAMEWORK

A. RM I – Tax Policy

Objective: Improve Tax Policy Design - TPD	
Outcome(s)	Indicator(s)
Improved distributional fairness across taxpayers due to amended tax rates or base	Adopt legislation aimed at greater vertical equity
Increased revenue amount	Adopt legislation aimed at raising revenues