HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

TOGO

Climate Policy Diagnostic

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High-Level Summary Technical Assistance Report
Fiscal Affairs Department

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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: Togo aspires to attain middle-income status by 2030, anchored in social inclusion, job creation, and modernization. However, the country faces important development challenges. This includes dealing with the impacts of climate change such as rising temperatures, more frequent extreme hot days, and increasingly erratic rainfall patterns, with intensified single-day precipitation events. This is especially important given the country's strong dependence on agriculture. Competing development needs require a more integrated approach to land policy, planning, water management, energy access, and forest protection. The country also needs substantial investments in its electricity, water, and waste sectors but private investment is lacking. The mission reviewed the current fiscal policies supporting climate action and provided recommendations to support the long-term climate resilience in Togo, while aligning with its overall development objectives.

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Background

The Government of Togo aims to achieve middle-income status by 2030 through (i) strengthening social inclusion and peace; (ii) boosting job creation; and (iii) modernizing the country. Recent progress includes improved access to electricity, drinking water, and health centers, along with efforts to prevent coastal erosion. However, maintaining momentum and ensuring inclusive growth and development will require close coordination and collaboration among stakeholders and careful financial management. Climate change, with its effects on rainfall, sea levels, and temperatures, poses additional challenges. Integrating climate action into the country's broader development agenda will be essential for Togo's success.

Togo is already among the hottest countries globally, and even moderate warming poses significant risks. Yet extreme temperature and intense precipitation events are becoming more frequent, which poses challenges for agriculture, water resources, and food security.

Summary of Findings and Recommendations

Expanding Energy Provision While Containing Emissions

Togo's electricity sector faces structural, financial, and regulatory challenges that hinder reliable and affordable power supply. The sector is governed by a complex institutional framework with overlapping roles between the Ministry of Energy and the regulator (ARSE), and relies heavily on expensive imported electricity and gas, contributing to high supply costs. Tariffs were adjusted upwards for the first time since 2011 in May 2025. This represents important progress towards adjusting rates to reach cost-recovery levels, an issue that has been placing considerable financial strain on SOEs—particularly CEET, which operates under persistent losses. Investment in infrastructure has been limited, and expansion depends heavily on donor support. The authorities are developing an energy compact under the Mission 300 initiative, with planned reforms including further tariff adjustments, SOE restructuring, and a strengthened regulatory framework. Renewable energy potential remains underutilized despite progress on solar projects and donor engagement, with regulatory gaps and offtaker risk limiting private investment. Meanwhile, rural electrification has advanced through the Tinga Fund, but last-mile access and mini-grid expansion remain priorities. Broader energy sector reforms, including fuel pricing transparency, targeted subsidies, and alignment of carbon taxation, are needed to enhance sustainability, attract investment, and support Togo's development goals.

Climate Sensitive Management of Water Resources

Togo faces growing pressure on its water resources due to climate change, rising demand, and inadequate infrastructure. Although the country is relatively well endowed with water, evaporation, pollution, and deforestation are degrading both surface and groundwater supplies. Urban wastewater is largely untreated, exacerbating water quality issues. Groundwater, which supplies most of the population, especially in Lomé, is at risk of depletion. While the legal and institutional framework—anchored in the 2010 Water Code and the conventions on shared water—is aligned with good practice, implementation gaps persist, including in water resource planning, extraction control, coordination, and financing. Access to potable water remains limited, and service delivery is undermined by aging infrastructure and financial non-viability of public water entities. Tariffs fall below cost-recovery levels, deterring investment and

weakening service provision. Although the framework allows for private sector participation, investor interest is constrained by high offtaker risk and insufficient returns. Addressing these challenges will require improved enforcement of the Water Code, increased infrastructure investment and targeted tariff reforms that ensure financial sustainability while protecting vulnerable groups.

Aligning Land Use with Forestry and Agriculture

Togo's land management and land-use planning systems play a central role in supporting climate adaptation, protecting natural resources, and guiding sustainable development. While the legal and institutional framework is broadly aligned with good practice, implementation remains at an early stage. Land-use planning has only been initiated in a small share of municipalities, and limited mapping data, weak institutional capacity at the local level, and lack of public access to plans hinder coordination and transparency. Land titling remains low, especially in rural areas, due to unresolved disputes and limited incentives, constraining investment, credit access, and land-use efficiency. Meanwhile, deforestation driven by low agricultural productivity and heavy reliance on biomass for energy threatens forest sustainability, despite a fragmented policy landscape emphasizing reforestation. Better data, institutional coordination, and a shift toward addressing core deforestation drivers are needed. Finally, smallholder dominance, insecure tenure, and poor access to finance limit agricultural productivity and resilience. Fully operationalizing land-use planning and land titling, while incentivizing sustainable agriculture and expanding access to climate-resilient infrastructure, will be critical to realizing Togo's development and climate goals.

Building Resilience to Climate Change

Togo faces high disaster and climate risk due to its vulnerability, low coping capacity, and limited institutional coordination, despite relatively low exposure to severe natural hazards. Disaster risk management (DRM) efforts have largely focused on emergency response, anchored in the National Civil Protection Agency (ANPC), but with limited investment in prevention, mitigation, and resilience-building. Fragmented mandates, inadequate data sharing, and weak integration across ministries hinder the mainstreaming of DRM into development planning. Construction standards do not yet reflect climate risks, and early warning systems remain outdated and under-resourced. Broader DRM coordination and data consolidation are essential to target risk-reduction measures effectively. Currently the Ministry of Finance is unable to precisely report on the response-related spending. Without adequate data on past response spending, it will be difficult to establish a risk layering strategy, create fiscal buffers for response, and develop risk transfer strategies. Social safety net reforms—anchored in the new national protection strategy and supported by a unified registry and interoperable delivery system—offer strong potential to build household resilience to climate shocks. To fully leverage these systems, shock-responsive components must be developed, and social program fragmentation addressed. Strengthening institutional mandates, climate-informed infrastructure planning, and DRM-financing instruments will be key to reducing the long-term social and economic impacts of climate-related disasters.

Enabling Institutions to Enact Climate Change

Until the adoption of the 2025 Climate Act, Togo's climate action relied on a fragmented legal and institutional framework based on sectoral laws, international commitments, and existing environmental legislation, which hindered coordination, prioritization, and effective implementation. The new Climate Act

marks a critical milestone by establishing a legal foundation for mitigation and adaptation, but its effectiveness will depend on the timely adoption of implementing decrees that clarify governance roles, establish key institutions, and complete the integration of climate policy into national budgeting. While several climate strategies exist or are under development, their impact is undermined by poor data quality, weak institutional coordination, and misaligned sectoral plans. Climate policy remains insufficiently integrated into national development and public investment planning, while decentralization efforts lack capacity and funding to localize climate action. Data fragmentation and regulatory uncertainty further limit informed decision-making. Progress in green budgeting and the launch of a national geoportal are promising, but broader reforms are needed to operationalize the MRV system, improve access to climate finance, and develop a Disaster Risk Financing Strategy. Strengthening institutional leadership, consolidating data and analytical capacity, and aligning national and sectoral strategies will be key to delivering on Togo's climate commitments.