

REPUBLIC OF TOGO

CHAIRMAN'S SUMMING UP

Preliminary Document on the Initiative for Enhanced Heavily Indebted Poor Countries (HIPC)
Informal Meeting of Board of Executive Directors of IDA

September 23, 2008

The Executive Directors considered the preliminary document of the Initiative for Heavily Indebted Poor Countries (HIPC) for the Republic of Togo prepared by staffs of the World Bank and the IMF.

Directors were supportive of the overall assessment and acknowledged the Republic of Togo's progress in implementing financial and structural reforms. They also noted the conclusion yesterday of the first review of the PRGF by the IMF Executive Board. Directors commended the authorities for their efforts in promoting stability and strengthening institutions, and also welcomed the major stride in regularizing relations with donors and creditors. At the same time, they noted that Togo faces major challenges including high poverty level, lagging social indicators, poor public infrastructure, as well as the recent impact of the oil and food price increases. In this regard, they noted the importance of continued support from the international community. Directors found the Government's initial efforts to enhance economic governance encouraging, and stressed the importance of maintaining the momentum. Directors urged the Republic of Togo to complete the PRSP as quickly as possible during 2009, and in the meantime, to fully implement the interim PRSP.

The specific conclusions of the discussion can be summarized as follows:

- **Eligibility.** Directors agreed that according to preliminary estimates, the Republic of Togo's NPV of external debt-to-revenue ratio is above the HIPC threshold of 250 percent of revenues at end-2007, after taking into account the full use of traditional debt relief mechanisms. In addition, Togo's average export-to-GDP ratio and its average revenue to GDP ratio were both above the required threshold to qualify under the fiscal revenue criteria. On this basis, Directors agreed that the Republic of Togo is eligible for Enhanced HIPC assistance, given its track record of performance under IDA and IMF-supported reform programs, and its current status as an IDA-only and PRGF-eligible country.
- **Timing of Decision Point.** Directors generally agreed that the Republic of Togo could reach its Decision Point by end-October 2008, provided that the country (i) remains in satisfactory performance under the PRGF-supported program, and (ii) agrees on appropriate Completion Point triggers.
- **Floating Completion Point Triggers.** Directors were in general agreement with the proposed triggers for reaching the floating completion point. There was a specific suggestion on the trigger related to health, and a comment on governance. Several Directors stressed the importance of governance, transparency, and accountability of public financial management and debt management.

The Executive Directors emphasized the need to put in place permanent mechanisms for expenditure tracking in general and poverty related expenditure, as well as monitoring and evaluation of public services so as to improve their quality and accessibility, especially to the poor.