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REPUBLIC OF TOGO

Enhanced Heavily Indebted Poor Countries (HIPC) Initiative
Decision Point Document

Prepared by the Staffs of the International Development Association and
the International Monetary Fund

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List of Acronyms

AfDB	African Development Bank
AfDF	African Development Fund
AFRITAC-West	Africa Technical Assistance Center–West (Bamako)
BADEA	Arab Bank for Economic Development in Africa
BCEAO	Central Bank of West African States
BOAD	West African Development Bank
CBAO	Eastern Africa Banking Company
DSA	Debt Sustainability Analysis
ECOWAS	Economic Community of West African States
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
EPA	Economic Partnership Agreement
EPCA	Emergency Post-Conflict Assistance
EU	European Union
FED	European Development Fund
FEGECE	Fund of Aid and of Loans Guarantee of the Agreement Council
FSF	Fragile States Facility (AfDB)
FSAP	Financial Sector Assessment Program
GFS	Government Finance Statistics
HIPC	Heavily Indebted Poor Country
IFAD	International Fund for Agricultural Development
IDA	International Development Association
IMF	International Monetary Fund
IsDB	Islamic Development Bank
LIC	Low-income country
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
NPV	Net Present Value
OFID	OPEC Fund for International Development
PEMFAR	Public Expenditure Management and Financial Accountability Review
PFM	Public Financial Management
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
WAEMU	West African Economic and Monetary Union

EXECUTIVE SUMMARY

After more than a decade with limited external assistance, the Republic of Togo (hereafter Togo) has made significant progress on political and economic reforms, and has regularized its relations with key development partners, including IDA, the IMF, the African Development Bank (AfDB), and the European Union. Economic performance has been improving though the country has been strongly affected by the recent surge in food and fuel prices as well as heavy flooding in the summer. As a consequence of the extended political crisis, interruption in foreign aid and the economic decline, Togo's social indicators remain among the lowest in the world.

The Debt Relief Analysis (DRA) confirms that Togo would qualify for debt relief under the fiscal window of the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. Togo's public and publicly-guaranteed external debt in nominal terms was estimated at US$2.2 billion as of end-December 2007. After applying traditional debt relief mechanisms, Togo's NPV of debt-to-revenue ratio at end-2007 is estimated at 309 percent, which is above the HIPC Initiative threshold of 250 percent.

Togo has also fulfilled the other requirements to qualify for debt relief under the HIPC Initiative. In particular, Togo: (i) adopted an interim PRSP (I-PRSP) in March 2008; and (ii) has established a satisfactory track record of policy performance under IMF- and IDA-supported programs. In addition, understandings have been reached between IMF and IDA staffs and the Togolese authorities on appropriate completion point triggers. Other than the trigger on health that was recently modified, and minor editorial refinements on the triggers regarding the Court of Accounts, procurement and governance, the triggers are the same as those presented in the preliminary document, which were broadly supported by the Executive Directors of the IMF and IDA during their discussions in September 2008.

Reducing Togo's NPV of debt-to-revenue ratio to 250 percent requires total HIPC debt relief of US$270 million in NPV terms, implying a common reduction factor of 19 percent. A sensitivity analysis of Togo's external debt after full delivery of HIPC Initiative assistance shows that even under worsening economic conditions, Togo's debt ratios remain below HIPC initiative thresholds.

Upon reaching the HIPC completion point, Togo will also qualify for relief under the Multilateral Debt Relief Initiative (MDRI), which is estimated to reduce debt service on debt to IDA and the AfDB by approximately US$404 million (in NPV terms).

I. INTRODUCTION

1. **This paper, prepared jointly by the staffs of the IMF and IDA, presents an assessment of the eligibility and qualification for assistance under the Enhanced HIPC Initiative for the Republic of Togo** (hereafter Togo).[1] The paper builds on the preliminary HIPC document for Togo discussed by the Executive Boards of the IMF and IDA on September 22 and 23, 2008, respectively.[2] Directors agreed that Togo is eligible for assistance under the HIPC Initiative and that Togo could reach its decision point provided that it continued satisfactory performance under the PRGF arrangement and agreed on appropriate completion point triggers. Regarding the latter, Directors broadly supported the triggers outlined in the preliminary document. The main changes and additions to the preliminary HIPC document are: (i) a summary of recent political and economic developments; (ii) a discussion of Togo's PRSP process and reform program; (iii) an update of the macroeconomic framework; (iv) a change in the floating completion point trigger in the health sector and minor editorial refinements on the triggers regarding the Court of Accounts, procurement and governance; and (v) annexes containing a Debt Sustainability Analysis (DSA) under the Debt Sustainability Framework for Low Income Countries and an assessment of debt management capacity.

2. **The analysis indicates that after traditional debt relief mechanisms are applied, Togo's NPV of debt-to-revenue ratio at end-2007 was above the HIPC Initiative threshold.** Togo has adopted an I-PRSP and has established a satisfactory track record of policy performance under respective IMF- and IDA-supported programs. Moreover, the Togolese authorities and IMF and IDA staffs have reached understandings on appropriate completion point triggers.[3] Togo is thus eligible for debt relief under the HIPC Initiative and could now reach its HIPC decision point.[4]

3. **Possible HIPC debt relief is estimated at US$270 million in NPV terms**. Because Togo was not servicing its debt to most of its creditors in the recent past, HIPC relief has been partly provided in the form of arrears clearance and will not immediately create additional fiscal space. However, the resolution of arrears gives Togo access to additional development assistance, helping it make progress towards the Millennium Development

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[1] "Enhanced HIPC Initiative" is hereafter referred to as "HIPC Initiative."

[2] "Republic of Togo – Enhanced Heavily Indebted Poor Countries (HIPC) Initiative: Preliminary Document", September 2, 2008, IDA/45004-TG and EBS/08/106.

[3] Togo's I-PRSP was adopted in March 2008, and discussed by the Executive Boards of the IMF and IDA in April 2008. The full PRSP is expected to be completed in the first half of 2009.

[4] Togo is in the list of countries that have been grandfathered for HIPC eligibility. See IDA and IMF, "Heavily Indebted Poor Countries (HIPC) Initiative—Issues Related to the Sunset Clause," August 18, 2006, IDA/R2006-0175 and SM/06/288.

Goals (MDGs). Upon reaching its HIPC completion point, Togo will access Multilateral Debt Relief Initiative (MDRI) relief of about US$404 million in NPV terms.

4. **The paper is organized as follows.** Section II provides background and information on Togo's eligibility under the HIPC Initiative. Section III discusses the medium-term strategy and prospects, including information on the PRSP process and the macroeconomic framework. Section IV summarizes the DRA and presents the size of possible HIPC, MDRI and additional bilateral and multilateral assistance beyond these initiatives. Section V discusses the floating completion point triggers, and discusses the monitoring of the use of HIPC resources. Section VI presents issues for discussion by Executive Directors.

II. Background and Eligibility

A. PRGF and IDA Status

5. **Following a successful Staff-Monitored Program (SMP), the IMF Executive Board approved on April 21, 2008, a three-year PRGF arrangement, the first since the mid-1990s.** The PRGF-supported program, anchored in Togo's I-PRSP, aims to revive economic growth and improve living standards within a stable macroeconomic environment by (i) bringing public debt to a sustainable level; (ii) facilitating the resumption of external assistance; (iii) increasing resources for infrastructure, health, and education; (iv) strengthening fiscal governance; (v) restructuring fragile banks; and (vi) reforming the business environment and state-owned enterprises. Performance under the PRGF arrangement has been good, with all performance criteria for the first review met and continued progress on fiscal governance reforms as well as steps to reform state-owned banks and enterprises. Total financing available under the three-year arrangement was augmented from SDR66.1 million to SDR84.4 million to help Togo mitigate the impact of global price shocks and recent flooding.

6. **Togo is an IDA-only country with a gross national income (GNI) per capita of US$360 in 2007 (using the World Bank's Atlas methodology).** Following a re-engagement strategy discussed by the IDA Board in December 2004, an Interim Strategy Note was presented to the IDA Board on May 29, 2008. The note details a support program that is closely aligned with the government's I-PRSP and aims to help Togo recover from its long period of instability and suspension of aid and begin laying the foundations for sustained, shared growth over the medium term. The program consolidates and mainstreams the work supported by the World Bank in the areas of economic governance, infrastructure rehabilitation, and community development. In May 2008, arrears to IDA were cleared through a bridge loan provided by a bilateral creditor. Togo then used the proceeds of a grant under a Development Policy Operation (DPO) to repay the bridge loan.

B. Poverty and Social Issues

7. **Togo's long political crisis had a significant impact on social indicators, many of which lag behind those of neighboring countries**. The period of political instability and the related withdrawal of donor support have resulted in an economic decline that has reduced living standards for a large segment of the population. Expenditures on health, education and public investment are far below regional averages, largely reflecting low external assistance, weak expenditure management and lack of prioritization. Also, government budgets favored urban rather than rural areas; infrastructure investment in the rural areas was very limited, and there is high unemployment in the urban areas. Togo's Human Development Index failed to improve in recent years and stood at 0.512 for 2007-2008, in contrast with a gradual improvement experienced in much of Sub-Saharan Africa.

Key Poverty & Social Indicators – 2006

Poverty (% below poverty line)	62
Adult literacy rate (%)	53
Female literacy rate (%)	38
Primary completion rate (%)	66
Female primary enrollment (%)	92
Under-five mortality (per 1,000)	75
Life expectancy at birth (years)	55
Child malnutrition (%; 2000)	25.1
HIV prevalence (%; 2005)	3.2

Note: Percent of total population, unless otherwise indicated.
Source: World Development Indicators and Togo I-PRSP.

8. **A survey on core welfare indicators carried out in 2006 indicated that about 62 percent of the population was poor.**[5] The poverty level was much higher in rural (about 74 percent) than in urban (about 37 percent) areas. There were also significant variances among regions, with a relatively low level in the Lomé area (about 25 percent) and a very high incidence in the northern region of Savanes (over 90 percent). A qualitative survey of the perceptions of poverty in Togo revealed that the population sampled attributed the worsening of living conditions between 2000 and 2006 mainly to economic difficulties and health problems. Weak public finance management, in particular due to weak financial management of key state-owned companies whose losses have been financed by the public treasury, has eroded resources for vital public services.

9. **While some progress has been achieved toward reaching the MDGs, many of the goals are, on current trends, unlikely to be met by 2015.** According to a recent assessment of the MDGs,[6] progress has been most notable in reaching the goal of universal primary education: both the net primary enrollment and the primary completion rates improved

[5] The survey was conducted by the Togo Government's General Statistics Department, funded in part by the World Bank and other donors (UNDP, UNICEF and UNFPA).

[6] The assessment was undertaken by the Government of Togo with support of the UNDP.

between 1990 and 2005; the youth literacy rate also improved. In addition, there has been some progress toward the attainment of the goal of promoting gender equality. However, it would be difficult to achieve the goals of halving extreme poverty and hunger, as well as the goals of access to improved water and sanitation facilities and reducing maternal and infant mortality. The incidence of tuberculosis increased during the period and the prevalence of HIV/AIDS among the adult population was estimated at 3.2 percent in 2005.

C. Recent Political and Economic Developments

10. **The 2007 parliamentary elections marked a milestone in Togo's political reform and paved the way for donor reengagement**. After the death in 2005 of President Eyadéma Gnassingbé, who had ruled Togo for 38 years, Togo undertook a national reconciliation process that culminated in multiparty parliamentary elections on October 14, 2007. International observers considered the elections, which led to the formation of a new government, to have been free and transparent. In September 2008, a new Prime Minister was appointed and the cabinet was reshuffled. During a Roundtable meeting in Brussels on September 18 and 19, 2008, donors pledged to step up their assistance significantly to help Togo implement its I-PRSP and forthcoming PRSP and address urgent spending priorities.

11. **Togo's economy has been severely affected by the surge in global food and fuel prices as well as heavy flooding in the summer.** The flooding destroyed roads and bridges along Togo's main traffic artery from the Port of Lomé to the landlocked countries in the north, paralyzing Togo's vital trade and transport sector and disrupting exports of goods and services. Togo has also been among the most adversely affected economies by the global price shocks, reflecting the high fuel imports of Togo's transport, industry, and power sectors. While Togo is nearly self-sufficient in food production, surging food prices have created social tensions and severely eroded real incomes for urban dwellers.

12. **The combined impact of these shocks has brought economic growth to a near halt.** Real GDP growth is projected to be just ¾ percent in 2008, while inflation is expected to reach 9 percent, driven by higher food and fuel prices. The current account deficit is projected to widen from 6½ percent of GDP in 2007 to 11 percent of GDP in 2008. A modest economic recovery is expected for 2009, driven by higher investment and the resumption of regional transport, while inflation is projected to ease significantly as local food prices are expected to decline from their recent peak.

D. Policy Track Record and Governance Developments

13. **Togo is emerging from more than a decade of political crisis, interruption in foreign assistance and economic decline.** Togo's growth performance has been among the weakest in sub-Saharan Africa, with per capita income declining by an average of one percent a year since the early 1980s. The long-lasting socio-political crisis and withdrawal of donor support took a toll on Togo's economy, infrastructure and institutions. Traditional export sectors suffered from adverse terms of trade and mismanagement of state-owned

enterprises. Governance problems and banking sector difficulties inhibited private investment. A heavy external debt burden and weak fiscal management led to the rapid accumulation of arrears. Recent political and economic reforms have paved the way for donor reengagement.

14. **In 2006, the Togolese authorities launched an ambitious economic reform program, initially supported by an IMF Staff-Monitored Program (SMP).** Performance under the SMP was good: all quantitative targets were comfortably met and progress was made on governance-related structural reforms. Administrative reforms initiated by the new tax and customs directors appointed in May 2006 helped broaden the tax base and recover arrears, boosting fiscal revenues from 15¾ percent of GDP in 2005 to 17 percent in 2007. Despite election pressures and new outlays to address the energy crisis, expenditures were kept somewhat below the target. As a result, the primary fiscal position for 2007 was broadly balanced, compared to a 2006 primary deficit of 1 percent of GDP, allowing a net reduction in domestic arrears.

15. **Fiscal policies have continued to be prudent under the new PRGF arrangement, despite the adverse impact of the global price shocks.** The 2008 budget targets a broadly balanced primary position and a reallocation of resources toward education, health, infrastructure, and the restructuring of state-owned banks and enterprises. First-half 2008 revenues were higher than projected. Spending was very restrained, reflecting an emphasis on fiscal discipline and sharply reduced recourse to accelerated spending procedures, but also slower-than-expected implementation of domestic investment projects, partly reflecting capacity constraints. This resulted in a large primary fiscal surplus and a substantial accumulation of government deposits, while wage and pension arrears were reduced. All relevant performance criteria for the first review under the PRGF-supported program were met. Preliminary data through end-September 2008 indicate that program implementation has remained broadly on track.

16. **Significant progress has been made on strengthening governance under the IMF- and IDA-supported programs.** The Togolese authorities have implemented a wide range of public financial management reforms, including the phasing out of payment orders without budget line identification. A new mechanism for monthly monitoring of budget execution has been made fully operational, significantly shortening the time lag for analyzing fiscal data and providing policymakers with the ability to make timely and informed spending decisions. A new General Inspectorate of Finance has been set up to conduct ex-post inspections of agencies that handle public resources. Following an external audit of Togo's large domestic arrears, the authorities are finalizing a strategy for clearing these arrears. Also, an action plan for public procurement reforms has been adopted. Two financial audits of the state-owned cotton company, a strategic audit of the sector, clearance of the cotton company's arrears to farmers as well as strengthened internal controls and cost savings, have strengthened the cotton sector management and paved the way for broader sector reform. The authorities have prepared a strategy to strengthen Togo's fragile state-

owned banks and placed the largest bank under new management and oversight. The authorities have also established a Board of Directors for the electricity utility, adopted new statutes harmonized with WAEMU corporate law and appointed a new general manager.

III. Medium-Term Strategy and Prospects

A. Reform Agenda and I-PRSP Strategy

17. **Togo faces daunting institutional and economic challenges.** Togo's economic growth record is among the worst in the region, reflecting a combination of factors including: (i) poor governance and low administrative capacity, after a long period of sociopolitical conflict, mismanagement of public resources, and lack of foreign assistance; (ii) excessive external public debt and domestic arrears; (iii) undercapitalized state-owned banks, with the highest nonperforming loan ratio in the WAEMU area; (iv) a severe region-wide energy crisis, resulting in frequent power outages; (v) loss-making state-owned cotton and phosphate enterprises after decades of mismanagement; (vi) a poor business environment; and (vii) deteriorated social conditions because of mismanagement of public resources.

18. **The I-PRSP sets out an ambitious poverty reduction strategy to revive economic growth and improve basic living conditions.** It is defined along three strategic axes: (i) strengthening political and economic governance, with a focus on institutional reform and fiscal governance; (ii) promoting economic recovery and sustainable development, with measures to reform state-owned enterprises and financial institutions, improve the business environment, strengthen regional integration and trade, revive agricultural production, rehabilitate infrastructure, and improve management of natural resources and the environment; and (iii) developing social sectors, human resources and employment, with a focus on improving access to and the quality of basic education and health services. The I-PRSP presents the ongoing policy reforms, which remain a priority in the near term, and outlines an expanded reform agenda going forward.

19. **To revive the economy and reduce poverty, the Togolese authorities are seeking to consolidate macroeconomic stability and advance priority structural reforms, while securing stepped-up technical and financial assistance from development partners.** The main medium-term policy objectives include:

- **Bringing public debt to a sustainable level** through gradual fiscal adjustment, regularization of domestic arrears, and comprehensive external debt relief;

- **Reengaging with development partners** to support a significant increase in financial and technical assistance for priority projects and to support reforms;

- **Increasing resources for health, education, agriculture, and infrastructure** (especially energy and transport) by reallocating domestic spending and using the expected increase in external assistance effectively;

- **Strengthening fiscal governance** to raise revenues and make spending more efficient and transparent;

- **Restructuring state-owned banks** to strengthen the financial position, reduce risks to macroeconomic stability, and allow the private financial sector to develop; and

- **Initiating growth-oriented structural reforms** to improve the business environment and reform public enterprises, especially in the cotton and phosphate sectors.

B. PRSP Process

20. **The I-PRSP was prepared in two phases, and was adopted in March 2008.** In both phases, the process was inclusive, involving government and civil society organizations. Donors engaged at the beginning of the second phase (August 2006) and have since played an important role in advising the Togolese authorities and helping to carry out a number of quantitative and qualitative poverty surveys. In the second phase of preparing the I-PRSP, emphasis was placed on priority measures, notably in the areas of public financial management and governance of key public enterprises and banks.

21. **The authorities plan to complete the full PRSP in the first half of 2009.** The PRSP is to be prepared with broad stakeholder participation and clear prioritization of reforms. Given Togo's capacity and financing constraints, a critical challenge will be to identify specific development partners to support priority reforms. The September 2008 conference of Togo's development partners was an important step in that direction.

C. Macroeconomic Framework

22. **Following this year's downturn, economic growth is projected to pick up over the medium term as donors reengage and confidence returns.** The I-PRSP's medium-term framework envisages real GDP growth of almost 4 percent. The initial recovery is expected to be driven by donor-financed public investment, improved business confidence, growing regional trade, and a rebound in cotton and phosphate production. Over the medium term, growth should be sustained by higher foreign direct investment (e.g. in banking, telecoms and phosphate sectors, and the port), improved financial intermediation and upgrades to public infrastructure, especially electricity, which would alleviate bottlenecks that previously stymied private sector growth.

23. **A prudent fiscal policy is expected to support macroeconomic stability and debt sustainability.** A domestic primary surplus of about 1 percent of GDP, combined with comprehensive external debt relief and higher foreign aid, would result in a broadly

sustainable fiscal position and an improved debt outlook that avoids renewed arrears. The authorities plan to achieve the required fiscal adjustment by gradually raising revenues to about 18 percent of GDP over the medium run while holding domestic spending broadly constant in relation to GDP. Spending in priority areas (health, education, infrastructure, and restructuring of state-owned banks and enterprises) is to be increased significantly by: (i) reallocating domestic spending away from non priority sectors, particularly untargeted subsidies and transfers; (ii) bringing external assistance (US$12 per capita in the period 2004-06, according to the World Development Indicators database) to the regional average (US$43 per capita); and (iii) using resources to be freed up after the completion point by HIPC and MDRI debt relief. The wage bill, though projected to rise modestly after a decade-long salary freeze, should remain in line with WAEMU convergence criteria[7].

24. **Despite the global price shocks, inflation is expected to be contained over the medium term, anchored in the WAEMU currency union and fiscal prudence.** Nonetheless, inflation can be erratic in case of unfavorable weather conditions (droughts or the recent heavy floods) or further volatility in world food and oil prices.

25. **External conditions are likely to remain very challenging.** The first-round impact of the global financial crisis is expected to be limited, as lower oil prices are projected to offset weaker export demand. Nonetheless, Togo's current account deficit is projected to remain high, with imports projected to increase as foreign aid is absorbed and FDI picks up. Exports are expected to increase despite weaker global growth, largely on account of the expected recovery of Togo's phosphate sector. Long-term export growth will remain somewhat constrained by limited competitiveness and Togo's poor business environment. External financing is expected to come primarily from debt relief and a recovery in FDI flows.

26. **Despite successful reforms over the past two years, Togo still faces significant political and economic risks, including the possibility of a prolonged global downturn caused by the financial crisis.** Capacity constraints resulting from decades of political conflict and donor disengagement severely limit the authorities' ability to implement reforms. Reform efforts aimed at improving governance of the public sector, public enterprises and banks could falter under the weight of the significant challenges each of these faces, or in the event of possible political tensions that could slow the current reform momentum. Fragile banks could jeopardize macroeconomic stability and weakened public enterprises in key sectors could hamper growth. Furthermore, exogenous shocks could stymie an economic recovery, including a longer-than-expected global downturn caused by the global financial crisis, which could depress export demand, remittances, and FDI. Other possible shocks include terms of trade deterioration, euro appreciation, a worsening regional energy crisis, bad weather affecting agriculture, and loss of confidence that could cause

[7] The convergence criteria is that the wage bill should be less than or equal to 35 percent of fiscal revenues.

capital outflows. Delays in rebuilding the transport infrastructure destroyed by the recent flooding could also hinder the economic recovery.

Table 1: Medium- to Long-Term Macroeconomic Framework, Selected Indicators, 2007-27

	2007	2008	2009	2010	2008-27 (avg.)
			(Annual percentage change)		
National income and prices					
GDP at constant prices	1.9	0.8	3.0	4.0	3.5
GDP at current prices	3.2	5.5	4.1	6.0	5.6
GDP deflator	1.3	4.8	1.2	2.0	2.1
Consumer prices (yearly average)	1.0	9.1	1.9	2.5	2.8
External sector					
Export volume	7.3	1.4	12.6	10.8	6.5
Import volume	12.8	12.0	8.6	5.1	5.7
Terms of trade (U.S. dollar basis)	6.7	5.0	0.3	-2.0	-0.1
Money and credit					
Domestic credit	14.9	...	...	...	...
Broad money	18.2	...	...	...	...
			(In percent of GDP)		
Central government finance					
Total revenue (including grants)	18.7	18.4	21.1	21.9	22.2
of which: Tax and nontax revenue	17.0	16.6	17.3	17.6	18.0
Total expenditure	20.6	21.3	23.7	23.9	23.4
Overall balance (including grants)	-1.9	-2.9	-2.6	-2.0	-1.2
Domestic primary balance 1/	0.2	-0.6	0.0	0.6	0.9
External current account balance (including grants)	-6.4	-10.9	-9.2	-7.1	-5.1
Exports of goods and services	41.9	40.4	43.6	44.9	46.9
Imports of goods and services	62.5	67.5	70.6	70.0	68.9
Net present value of external debt 2/	190.6	170.9	151.9	135.9	89.3

Sources: Togolese authorities; and IMF and World Bank staff estimates and projections.

1/ Excludes interest payments, foreign-financed investment, and grants.

2/ In percent of exports of goods and non-factor services before traditional debt relief.

IV. Debt Analysis and Possible HIPC and MDRI Assistance[8]

A. Debt Reconciliation Status

27. **The DRA below was prepared jointly by the Togolese authorities and IDA and IMF staffs.** It draws on data provided by the authorities and creditors for the public and publicly guaranteed external debt disbursed and outstanding as of end-2007. The reconciliation process was completed jointly by the IMF, IDA and the authorities in March 2008. All multilateral and 90 percent of bilateral and commercial debt were reconciled.

B. Structure of External Debt

28. **At end-2007, Togo's public and publicly-guaranteed external debt (including arrears) before traditional debt relief was estimated at US$2.2 billion in nominal terms.** The corresponding NPV (US$1.8 billion) equals about 72 percent of GDP, 191 percent of exports, and 396 percent of fiscal revenues. Multilateral creditors accounted for around half of the total debt in nominal terms, with liabilities to IDA alone constituting more than one third of total external debt. Other multilaterals with substantial claims on Togo are AfDF (6.7 percent of total external debt), BOAD (3.4 percent), EU/EIB (2.4 percent), IsDB (1.8 percent), IFAD (1.2 percent) and OFID (0.6 percent). BADEA, FEGECE and the IMF only held minor claims on Togo (amounting to 0.2 percent combined). Among the bilateral and commercial creditors, the Paris Club accounted for almost 44 percent of total nominal debt at end-2007, with France being the largest creditor. The non-Paris Club creditors were China, Kuwait and Saudi Arabia, together representing 4 percent of total external debt. About 1.5 percent of debt was held by 11 commercial creditors of which CBAO Senegal is the major one.

29. **A large share of Togo's external debt (about 39 percent) was in arrears at end-2007, though most of these arrears have since been cleared (Box 1).** External arrears stood at US$851 million, of which US$200 million were owed to multilateral creditors, US$636 million to bilateral creditors, and US$15 million to commercial creditors. Togo has made major strides in regularizing its relations with other donors and creditors after more than a decade with limited external assistance.

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[8] The DRA presented in the paper is based on the HIPC Initiative's methodology. Compared to the preliminary document, the underlying macroeconomic framework has been revised in the context of the first PRGF review, completed on September 22, 2008, and updated with more recent global economic assumptions.

Table 2: Nominal Stocks and Net Present Value of Debt at end-2007 by Creditor Groups

	Nominal Debt Stock 1/		Arrears Stock		NPV of Debt before traditional debt relief 1/		NPV of Debt after traditional debt relief 1/ 2/	
	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total
Total	2,208.2	100.0	851.2	100.0	1,804.5	100.0	1,410.8	100.0
Multilateral	1,127.5	51.1	199.8	23.5	784.3	43.5	784.3	55.6
IDA	764.8	34.6	129.1	15.2	511.7	28.4	511.7	36.3
AfDF	148.9	6.7	19.7	2.3	90.4	5.0	90.4	6.4
BOAD	75.9	3.4	-	-	70.1	3.9	70.1	5.0
EU/EIB	52.6	2.4	32.6	3.8	47.8	2.7	47.8	3.4
Others 3/	85.3	3.9	18.5	2.2	64.2	3.6	64.2	4.6
Bilateral	1,048.1	47.5	636.0	74.7	988.8	54.8	595.4	42.2
Paris Club:	964.3	43.7	634.9	74.6	922.7	51.1	511.2	36.2
Other Official Bilateral:	83.8	3.8	1.1	0.1	66.1	3.7	84.1 4/	6.0
Commercial	32.6	1.5	15.4	1.8	31.4	1.7	31.2	2.2

Sources: Togolese authorities; and Fund and World Bank staff estimates.

1/ Includes arrears.
2/ Base situation for the calculation of HIPC debt relief; assumes a stock-of-debt operation on Naples terms at end-December 2007; and comparable action by other official bilateral and commercial creditors on eligible debt (pre-cutoff and non-ODA).
3/ Other multilaterals include IMF, IsDB, BADEA, FEGECE, IFAD and OFID. Togo has no arrears to the former three.
4/ The loans that have been cancelled by China in 2007 have been added back to the outstanding debt stock as of end-2007.

C. Possible Assistance under the HIPC Initiative

30. **Togo qualifies for debt relief under the HIPC Initiative's fiscal window based on end-2007 data; the common reduction factor is estimated at 19 percent.**[9] After full application of traditional debt relief mechanisms, Togo's NPV of debt is estimated at US$1,411 million at end-2007, equivalent to 309 percent of fiscal revenues.[10]

31. **The required debt relief needed to bring this ratio down to the 250 percent HIPC threshold is estimated at US$270 million in end-2007 NPV terms.** Based on proportional burden sharing, multilateral assistance would amount to US$150 million, and bilateral and commercial assistance to US$120 million (both in NPV terms).

32. **So far, 47 percent of HIPC relief has been delivered through multilateral arrears clearance and the cancellation of loans by China (Box 1).** IDA and AfDB have already delivered their full share of HIPC assistance through arrears clearance operations in May and July 2008, respectively. Overall, creditors amounting to around 90 percent of total HIPC debt

[9] In April 1997, the fiscal revenues/openness criterion was established to allow for the possibility that, for countries with a high export base, reaching the debt-to-export criteria targets may still leave the country with a large external debt burden relative to fiscal revenues. In order to qualify for debt relief under the revenue window, a country must have its NPV/revenue ratio above 250 percent. In addition, to be eligible to access under this window, the country must have an export-to-GDP ratio of at least 30 percent, and a fiscal revenues-to-GDP ratio of at least 15 percent, using an average of the last three years of actual data (see "Modifications to the Heavily Indebted Poor Countries (HIPC) Initiative", July 23, 1999 IDA/SecM99-475 and EBS/99/138). For 2005-2007, Togo's average export-to-GDP ratio was 42 percent and its average revenue to GDP ratio was 17 percent.

[10] Togo does not qualify for the export window of the HIPC initiative since its NPV of debt-to-exports ratio as of end-2007 was 149 percent.

relief to be provided in NPV terms have indicated their willingness to provide debt relief under the HIPC initiative to Togo (see Table A11).

Table 3: HIPC Initiative Assistance Under a Proportional Burden-Sharing Approach 1/ 2/
(In millions of U.S. dollars, unless otherwise indicated)

	Debt Outstanding (NPV terms) end-2007 (A)	Debt Outstanding (NPV terms) Post-HIPC (B)	Reduction of the NPV of Debt due to HIPC (A-B)
Total	1411	1141	270
(as percent of revenue)	309	250	59
of which:			
Multilateral	784	634	150
Bilateral	595	481	114
Paris Club:	511	413	98
Other Official Bilateral:	84	68	16
Commercial	31	25	6
Memorandum Items:			
Common reduction factor (percent) 3/	19		
Revenue 4/	456		
Revenue/ GDP (3 year average)	17		
Exports/ GDP (3 year average)	42		

Sources: Togolese authorities; and IMF and World Bank staff estimates and projections.

1/ The proportional burden sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches" (EBS/97/127, 7/7/97 and IDA/SEC M 97-306, 7/7/97).
2/ Includes a hypothetical stock-of-debt operation on Naples terms (end-December 2007) and comparable treatment by other official bilateral creditors.
3/ Each creditor's NPV reduction in percent of its exposure at the reference date, end-December 2007, calculated as (A-B)/A.
4/ 2007 central government revenues excluding grants.

33. **The following illustrative scenarios on the delivery of HIPC Initiative debt relief are based on the assumption that Togo reaches its HIPC decision point by end-November 2008 and its completion point by end-October 2010**:

- **IDA** assistance would amount to approximately US$98 million in NPV terms and has been provided through the grant element imbedded in its concessional arrears clearance operation (Box 1). As such, there will be no interim relief from IDA.[11]

- **IMF** assistance would total US$0.3 million in NPV terms. Immediately following the approval of the decision point by the Boards of IDA and the IMF, the IMF will extend

[11] Over the assumed HIPC interim period (2009-2010), debt service to IDA would be around US$26 million annually. To ensure that Togo stays current on all its payment obligations, Togo's main creditors have offered financing and agreed to debt relief arrangements that maximize overall positive resource flows to Togo, as reflected in the fiscal framework supported under the PRGF. This includes planned IDA budget support to Togo through annual development policy operations to support ongoing reforms; the Paris Club agreement on a moratorium period with no debt service payments between 1st April 2008 and 31 March 2011 (provided that Togo continues to satisfactorily implement the PRGF-supported program); and expected similar treatment from other bilateral creditors. IDA is also providing assistance to strengthen debt management capacity: implementation of the recommendations of IDA's assessment of Togo's debt management system will be supported by IDA and other donors.

interim assistance in the form of debt-service reduction. Since there will be no principal repayments falling due until October 2013, interim HIPC assistance of about US$0.1 million in NPV terms will be applied to cover a portion of PRGF interest obligations until the completion point, presently assumed in October 2010 (Table A8).

- **AfDB** assistance of US$17.3 million in NPV terms has been delivered through its concessional arrears clearance operation (Box 1).

- **Other multilaterals** are expected to deliver assistance amounting to US$35 million in NPV terms through concessional arrears clearance, concessional rescheduling and/or debt service reduction, to commence at decision or completion points.

- The **Paris Club** creditors are assumed to provide their share of HIPC debt relief (US$98 million in NPV terms) through a Cologne flow operation (i.e., a 90 percent NPV reduction) after Togo reaches its HIPC decision point. This would top up the Naples flow operation (i.e., a 67 percent NPV reduction) delivered in June 2008. The remaining HIPC assistance is projected to be delivered through a stock of debt operation at the completion point.

- Among the **non-Paris Club official bilateral creditors** and **commercial creditors**, China has already delivered its share of HIPC relief in 2007 through loan cancellation. For other bilateral and commercial creditors, Togo has agreed to seek comparable treatment to that given by the Paris Club creditors.

Box 1: Arrears Clearance

The large scale of Togo's arrears distinguishes it from most other HIPC cases. As of end-2007, a large share of Togo's official external debt (in NPV terms) was in arrears. Most of these arrears have been or are expected to be cleared through concessional arrears clearance operations. Consistent with the HIPC Initiative methodology, the grant element embedded in the clearance of arrears will be counted toward the creditor's contribution to debt reduction under the HIPC Initiative. Togo has so far cleared or reached understandings on the clearance of 96 percent of its external arrears. It is expected that Togo will normalize relations with the remaining creditors in the context of the HIPC Initiative on terms consistent with Togo's limited payment capacity.

· **Togo's arrears to IDA (US$146 million) were cleared in May 2008 through a bridge loan provided by a bilateral donor.** Togo then used the proceeds of an exceptional allocation of IDA resources through a development policy operation, provided on grant terms, to repay the bridge loan.[1]

· **Arrears to the AfDB Group (US24 million) were cleared in July 2008 under the Fragile States Facility.** The AfDB's arrears clearance operation incorporated the debt service falling due through end-December 2008. Ninety-nine percent of the cost was financed from FSF grant resources, and, in recognition of Togo's limited payment capacity, the country received bilateral donor assistance to finance the remainder.

· **The Togolese authorities have made progress in discussions on clearance of arrears with other multilateral creditors.** The European Union intends to clear all arrears until the date of the decision point and to provide grants to clear Togo's arrears to the European Investment Bank in two tranches in 2008 and 2009 under the ninth and tenth European Development Funds. The European Investment Bank Board has recently approved the general modalities under which arrears to this institution will be cleared. The International Fund for Agricultural Development has proposed an arrears rescheduling, in the context of the HIPC initiative, with a moratorium period without debt service. The authorities have approached the remaining multilaterals (OFID and FEGECE), and are expected to clear arrears to these creditors in the context of the HIPC Initiative on terms consistent with Togo's limited repayment capacity.

· **Togo has been accorded exceptional treatment by the Paris Club.** Paris Club creditors reached agreement with Togo in June 2008 to alleviate Togo's external public debt under Naples terms, which led to the immediate cancellation of US$347 million of debt contracted prior to the 1st January 1983 cut-off date, leaving a balance debt of US$392 million which is rescheduled or deferred. On an exceptional basis, considering Togo's very limited payment capacity further constrained by the sharp rise of commodities and food prices, the agreement also provides for a moratorium period with no debt service payments between 1st April 2008 and 31 March 2011 provided that Togo continues to satisfactorily implement the PRGF-supported program. Creditors also agreed, on an exceptional basis, to defer until after March 2011 the repayment of arrears accumulated by Togo on short term and post cutoff date debts, the maturities falling due for those debts as well as all moratorium interest due on the rescheduled and deferred amounts. The Togolese authorities are expected to seek comparable treatment from its non-Paris Club creditors.

[1/] As per the IDA15 agreement, IDA provided an exceptional allocation. For details on such allocations, see IDA, "Further elaboration of a systematic approach to arrears clearance", June, 2007 (IDA/SecM2007-0443).

D. Assistance under MDRI and bilateral debt relief beyond HIPC

34. **Upon reaching its HIPC completion point, Togo will qualify for MDRI debt relief from IDA and AfDF.** MDRI relief from IDA would include all debt outstanding and disbursed before end-2003 and still outstanding at the beginning of the quarter following the date on which the country reaches completion point. Similarly, MDRI assistance from the AfDF would include cancellation of all debt outstanding and disbursed before end-2004 and still outstanding on the day following the completion point.

35. **Assuming that Togo reaches the completion point in October 2010, preliminary estimates indicate that the MDRI debt relief could amount to US$753 million in nominal terms (US$404 million in NPV terms).** Of this amount, US$618 million and US$135 million would be provided by IDA and the AfDF, respectively. Since Togo repaid its MDRI-eligible debt to the IMF in early 2008, it would not be eligible for MDRI debt relief from the IMF.

36. **Upon reaching its HIPC completion point, Togo could also benefit from debt relief beyond-HIPC from some creditors.** Togo could benefit from debt relief beyond HIPC under the EU's specific Least Developed Countries (LDC) Initiative. Some Paris Club creditors are also expected to provide beyond-HIPC relief and cancel up to 100 percent of their claims against Togo after it reaches the completion point (see Table A9). The additional assistance from the Paris Club could amount to US$488.5 million in nominal terms (US$425.5 million in NPV terms).

E. Impact of HIPC and MDRI Debt Relief on Debt Ratios and Sensitivity Analysis

37. **The application of both traditional debt relief and HIPC debt relief would bring the NPV of external public debt down to 211.1 percent of revenues by 2010, from 395.6 percent in 2007** (Table A5). The delivery of MDRI and additional bilateral debt relief beyond HIPC would further reduce Togo's external debt. After the assumed completion point, Togo's NPV of debt-to-revenue ratio would decline to 65.0 percent in 2010 with MDRI and additional bilateral debt relief beyond HIPC. Debt service ratios would also become substantially lower, especially in the period just following completion point. Debt service-to-exports and debt service-to-revenue in the period between completion point and the end of the projection period (2011 through 2027) would remain below 4 percent and 7 percent, respectively:[12] this represents a reduction of 40 percent over the period 2011 to 2027 and a reduction of over 70 percent in 2011, respectively, compared to a projection including only HIPC assistance (Table A5 and Figure 2).

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[12] This assumes that the MDRI and bilateral debt relief beyond HIPC have no impact on Togo's new borrowing over the projection period.

38. **Sensitivity analysis indicates that Togo's ability to service its external debt is particularly vulnerable to the use of borrowing to compensate for possible limited external grant assistance.** Simulations under four scenarios were conducted to test the vulnerability of Togo's external debt after unconditional delivery of HIPC Initiative assistance (Table A6 and Figure 3).[13] Togo's external debt situation would deteriorate under all scenarios, but would remain under a downward path over the projection period, except under the scenario with a combination of shocks.

- The first scenario considers the **sensitivity of the projections to permanently lower GDP growth and fiscal revenues**. In this scenario, real GDP is assumed to grow by 2.5 percentage points less than in the baseline (baseline assumes average real growth of 3.5 percent 2008-2027) bringing real GDP growth to the historical average. The lower GDP in turn reduces government revenues and expenditures. Based on these assumptions, the NPV of debt-to-revenue ratio would gradually decline up to 137.4 percent by 2027, compared to 87.2 percent under the baseline scenario.

- The second scenario considers the **sensitivity of the projections to lower export growth.** Under this scenario, the average growth rate of exports falls by 2.5 percentage points relative to the baseline, based on possible adverse terms of trade or failure to rehabilitate the phosphate sector. Although the NPV of debt-to-exports declines gradually, reaching 53.5 percent in 2027 as compared to 34.9 percent in the baseline, the debt service-to-export ratio would be 60 percent higher than in the baseline scenario.

- The third scenario highlights the **sensitivity of the projections to a substitution of grants for loans.** In contrast to the baseline scenario, half of all project grants are substituted with new (concessional) borrowing (about 2 percent of GDP per year). Under this scenario, Togo's debt indicators decline substantially less relative to the baseline scenario. In 2027, the debt service-to-exports and the debt service-to-revenue would be around 60 percent higher than the respective indicators in the baseline scenario. Similarly, the NPV of debt-to-revenue would be almost double the value in the baseline scenario, indicating the importance of external grant assistance to debt sustainability.

- The fourth scenario considers the **sensitivity of the projections to a combination of shocks under the preceding three scenarios.** Under this assumption, the NPV of debt-to-revenue ratio would decline gradually until 2017, but increase thereafter, reaching 235.7 percent by 2027, just below the HIPC threshold. All debt burden indicators would deteriorate substantially compared to the baseline.

[13] Under the unconditional delivery of HIPC assistance scenario, the full delivery of HIPC Initiative debt relief is reflected in the NPV of debt over the complete projection period, including the years prior to the assumed completion point. In contrast, under the conditional HIPC assistance scenario, full delivery of HIPC Initiative debt relief is reflected in the NPV of debt only at the assumed completion point (i.e., during the interim period, debt indicators only reflect the delivery of interim HIPC debt relief).

V. Decision and Floating Completion Points

A. Triggers for the Floating Completion Point

39. **IMF and IDA staffs have reached understandings with the Togolese authorities on completion point triggers.** In addition to standard triggers on macroeconomic stability and implementing a full PRSP, the triggers cover four areas critical for ensuring the effectiveness of debt relief (Box 2). The triggers are consistent with the authorities' medium-term economic reform program described in the I-PRSP and monitored under the IMF's PRGF program and IDA's Development Policy Operations. Other than the trigger on health that was recently modified, and minor editorial refinements on the triggers regarding the Court of Accounts, procurement and governance, the triggers are the same as those presented in the preliminary document, which were broadly supported by the Executive Directors.

40. **In public financial management, the central objective is to continue building institutions that support good governance and transparency, in particular in the areas of procurement, monitoring of budget execution and auditing.** Following the recent implementation of a monthly monitoring template for budget execution, a key medium-term objective is to implement a functional expenditure classification that allows the monitoring and publication of data on poverty-reducing spending. To improve the efficiency and transparency of spending, another important goal is to further strengthen Togo's public procurement system by creating a procurement regulatory agency and enhancing transparency of awarded contracts. This follows the current updating of the procurement code, expected in early 2009, to bring it in line with the WAEMU Directives. Finally, making the Court of Accounts (*Cour des Comptes*) operational would improve transparency and quality of reporting on budget expenditures by ensuring that public accounts are externally audited and certified annually.

41. **On governance, a central goal is to sustain recent efforts to improve transparency in the phosphate sector, Togo's key natural resource and one of its major exports.** An external financial and strategic audit of the sector is under preparation. For the medium term, it will be important to regularly report publicly on the payment flows between the government and the enterprise, at least annually in an annual report, to inform the public about those flows in order to ensure the transparency of revenue from resource extraction.

42. **The triggers also reflect the need to bolster the effectiveness and transparency of debt management.** In particular, external and domestic debt data should be consolidated under a single unit charged with all public debt management tasks. Regular publication of public debt data will help support debt sustainability and strengthen relations with creditors and investors. For a discussion of Togo's current debt management capacity, see Annex I.

43. **In the social sectors, the objective is to strengthen health and education services.** The Togolese authorities aim to improve health sector programs as well as the development and management of human resources in the sector, through costing and adoption of the medium-term National Health Development Plan and the medium-term Health Sector Human Resources Development and Management Plan, both consistent with the PRSP sectoral objectives.[14] Another critical objective is to improve education quality, particularly through teacher recruitment and provision of teacher training.

[14] The current health trigger responds to Directors' suggestion to substitute a policy-based measure for the previous expenditure target measure.

Box 2: Triggers for the Floating Completion Point[15]

PRSP

- Prepare a full PRSP through a participatory process and implement satisfactorily its recommended actions for at least one year, as evidenced by an Annual Progress Report submitted by the Government to IDA and the IMF.

Macroeconomic stability

- Maintain macroeconomic stability as evidenced by satisfactory performance under a PRGF-supported program.

Public financial management

- Adopt a mechanism to track public expenditures for poverty reduction on the basis of a functional expenditure classification and publish at least two quarterly reports on these expenditures covering a period of at least two consecutive quarters preceding the completion point.
- Appoint the judges for the *Cour des Comptes* and provide them with work space, equipment, and materials; and submit the draft of the *Loi de règlement* and draft General Treasury Balance (*Balance Générale du Trésor*) to the *Cour des Comptes* and Parliament for at least one fiscal year preceding the completion point.
- Adopt a decree creating the Procurement Regulatory Authority in conformity with the WAEMU Procurement Directives, nominate its managerial staff, and provide them with an adequate budget; and publish monthly in a public procurement gazette or on a government website a summary of all signed contracts, including sole source contracts and public concessions, for at least six months immediately preceding the completion point.

Governance

- Implement regular public reporting of payments to, and revenues received by, the government for the phosphates sector in line with this aspect of the EITI criteria, with a recent annual report during at least the year immediately preceding the year in which the completion point is reached.

Debt Management

- Consolidate external and domestic debt data under a single unit charged with all public debt management tasks.
- Publish an annual report on a government website providing accurate and complete data on external and domestic public debt, including information on debt stocks, actual debt service, and new loans within six months after the end of the year, for at least one year immediately preceding the completion point.

Social sectors

- Adopt the medium-term National Health Development Plan and the medium-term Health Sector Human Resources Development and Management Plan after costing of the Plans has been completed.
- Start implementation of the national education sector plan as evidenced by completing the training of at least 500 new teachers and the remedial training of at least 4,000 existing teachers.

B. Monitoring Public Spending Following Provision of HIPC Assistance

44. **Debt relief under the HIPC Initiative and beyond HIPC (including MDRI) should be accompanied by a program that ensures the effective use of domestic and external resources and reflects the expenditure priorities of the PRSP.** This will require continued efforts to strengthen the programming, management, control and monitoring of

[15] The first two triggers (PRSP implementation and satisfactory macroeconomic performance) are requirements for reaching the completion point under the IMF PRGF-HIPC Trust Instrument.

expenditures, and improved service delivery in key sectors. It will also require costing of PRSP priorities and developing a medium-term expenditure framework to efficiently allocate public resources for meeting PRS objectives.

45. **With technical assistance from the IMF, IDA and other donors, major steps have been taken to improve public financial management (PFM).**[16] Budget discipline has improved with the closure of bank accounts used for off-budget operations, the unification of cash management under the Treasury, the near elimination of the use of exceptional payment authorizations without ex-ante authorization in the Finance Law, and the greater involvement of financial control staff in the review of expenditures processed through normal budget processing channels. Monthly monitoring of budget execution has been established, and strengthened tax and customs administration has enabled a significant increase in revenues.

46. **Further efforts are needed to improve PFM, and the government is developing a medium-term PFM reform strategy.** Key challenges include improving the quality and composition of public spending, streamlining the expenditure circuit, and strengthening the ex-post system of control over budget execution. Restoration of the regular budget preparation timetable is important during 2008. Implementation of a new procurement code and associated procedures is critical, as is greater transparency of the procurement process outcomes. A Public Expenditure Management and Financial Accountability Review (PEMFAR) being conducted in FY09 by the World Bank and other development partners will support these reform efforts, to complement an IMF technical assistance mission undertaken in September 2008 aimed at defining a strategy to strengthen the public accounting system. Progress of the reforms are being monitored by IDA and IMF staffs under the respective support programs (development policy operations and the PRGF, respectively), and selected actions in this area are among the proposed completion point triggers.

47. **A basic monitoring mechanism for tracking expenditures is being implemented.** The government plans to introduce a functional classification by end-2008 that can track poverty reduction expenditures, for implementation in the 2009 budget. The government intends to use this mechanism (a proposed completion point trigger) to track its total budget outlays against its medium-term expenditure priorities, as defined by its I-PRSP and successor PRSP. Possible medium-term expenditure priorities are in Box 3. These are indicative only and will be elaborated upon in consultation with the government as it develops its PRSP and expenditure plans.

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[16] This includes an IMF technical assistance mission in 2007 to review the PFM system, follow-up work by IMF's AFRITAC-West, and a Public Expenditure Management and Financial Accountability Review conducted by the Bank and other donors in 2006.

Box 3: Medium-Term Expenditure Priorities

Education

- Increasing primary school completion rate and reducing primary school repetition.
- Training of teachers.

Health

- Increasing health personnel in the country's regional health facilities.
- Increase in availability of drugs and other materials.

Agriculture and food security

- Expand income generating activities at the community level, including those that increase food production and/or facilitate the supply of food products to markets and the population.
- Expanding availability of quality services to producers—advice, agricultural education and training, and research and development for improving the supply of agricultural inputs.

Infrastructure

- Expand supply of, and hence access to, electricity, through intensified cooperation with neighboring countries in the area of investment in new generation capacity, and purchase and sale of electricity.
- Expand and improve port and road infrastructure.

VI. Issues for Discussion

48. **This paper assesses Togo's qualification for assistance under the Enhanced HIPC Debt Initiative. Executive Directors' views and guidance are sought on the following issues:**

- **Qualification and decision point:** Do Directors agree that Togo qualifies for assistance under the HIPC Initiative and do they approve the decision point?

- **Amount and delivery of assistance:** In order to reduce the NPV of debt to the threshold of 250 percent of fiscal revenues, the total amount of assistance under the Enhanced HIPC Initiative is estimated at US$270 million in NPV terms. Of this amount, US$98 million in NPV terms has been provided by IDA through its recent DPO in support of Togo's arrears clearance; and US$0.3 million in NPV terms would be provided by the IMF. Do IMF Directors agree that the IMF should provide interim assistance between the decision and completion points in line with existing guidelines?

- **Floating completion point:** Do Directors' agree that the HIPC floating completion point will be reached when the triggers in Box 2 have been met? Debt relief will be provided unconditionally only when the completion point triggers have been met and satisfactory assurances of other creditors' participation under the enhanced HIPC Initiative for Togo have been received.

Figure 1a. Togo: Composition of Stock of External Debt at End- 2007 by Creditor Group

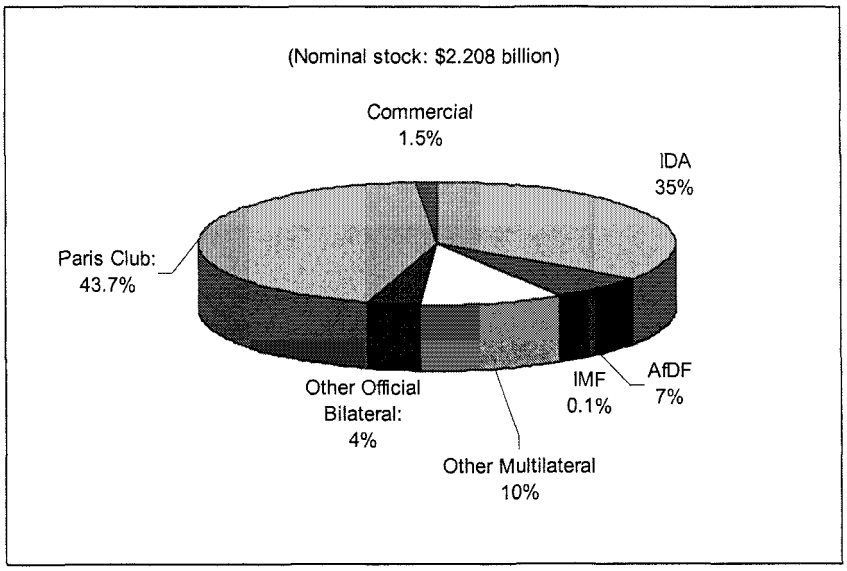
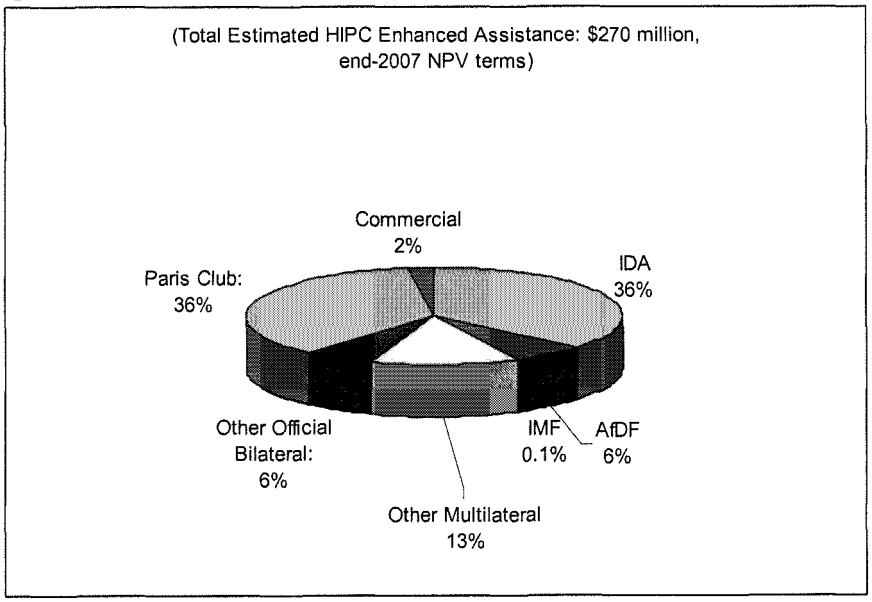
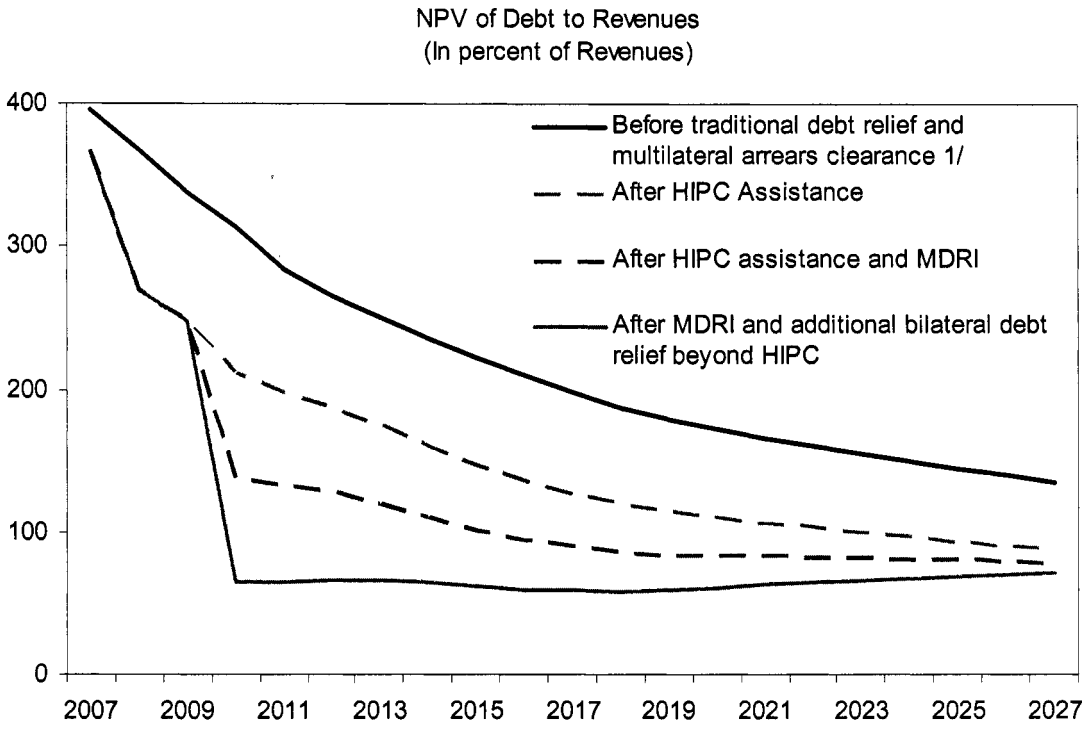


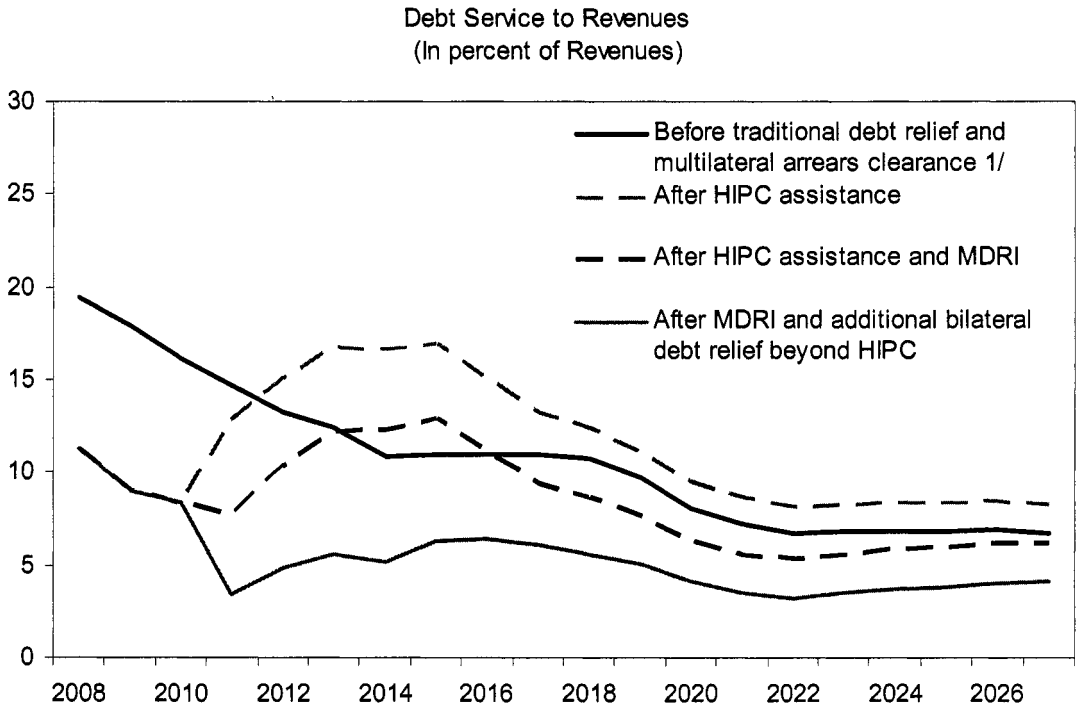
Figure 1b. Togo: Potential Costs of the HIPC Initiative by Creditor Group



Sources: Togolese authorities, and IDA and IMF staff estimates.

Figure 2. Togo: External Debt Indicators, 2007-27



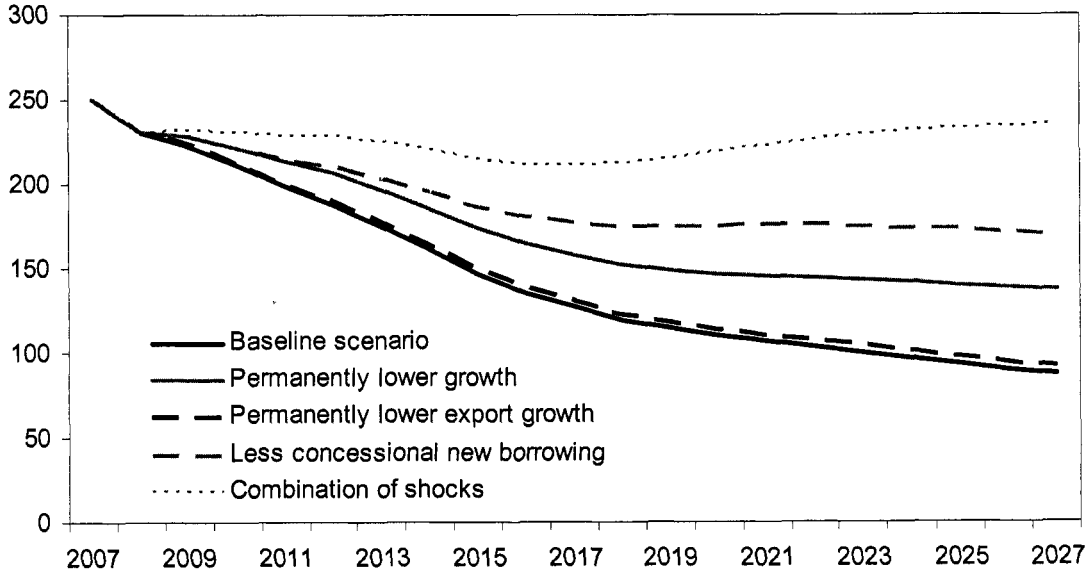


Sources: Togolese authorities and staff estimates.

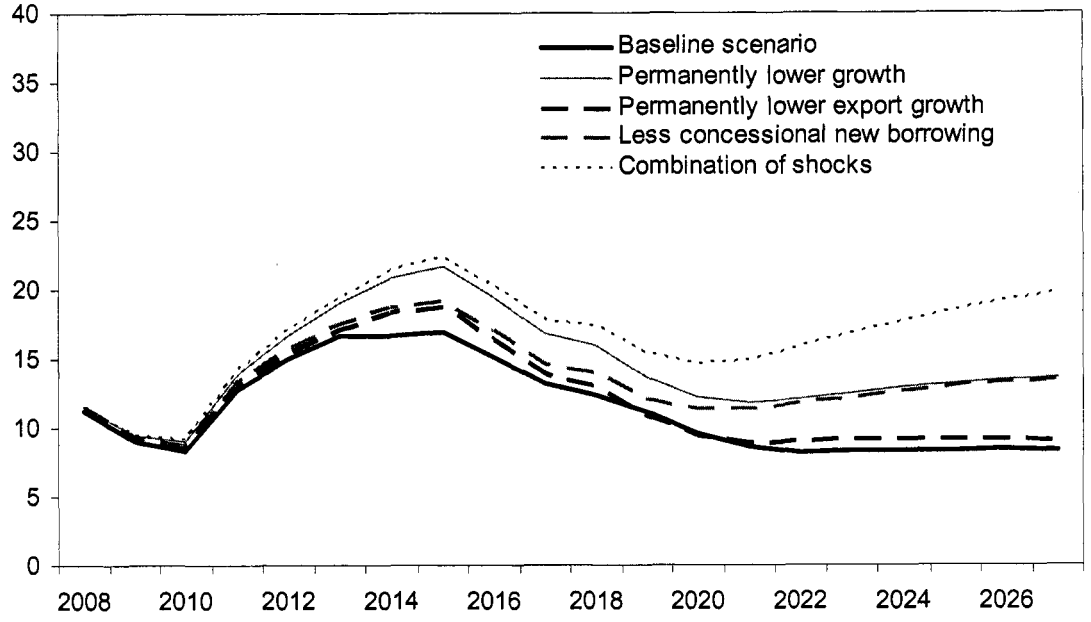
1/ Does not include arrears rescheduling from bilateral and commercial creditors.

Figure 3. Togo: Sensitivity Analysis, 2007-27

NPV of Debt to Revenues
(In percent of Revenues)



Debt Service to Revenues
(In percent of Revenues)



Sources: Togolese authorities and staff estimates.

Table A1. Togo: Discount and Exchange Rate Assumptions as of end-December 2007

Currency Name	Discount Rate 1/ (In percent per annum)	Exchange Rate 2/ (Currency per U.S. dollar)
Canadian Dollar	5.42	0.99
CFA Franc	5.35	445.59
Swiss Franc	3.95	1.13
Chinese Yuan	5.29	7.30
Danish Krone	5.39	5.08
Euro	5.35	0.68
U.K. Pound	6.33	0.50
Japanese Yen	2.47	114.00
Norwegian Kroner	5.93	5.41
Special Drawing Rights	5.29	0.63
Swedish Krona	5.31	6.41
U.S. Dollar	5.64	1.00
Memorandum item:		
Paris Club cutoff date	January 1, 1983	

Sources: OECD; and IMF, *International Financial Statistics*.

1/ The discount rates used are the average commercial interest reference rates over the six-month period piror to end-December 2007, i.e., the end of the period for which actual debt and export data are available.
2/ The exchange rates are expressed as national currency per U.S. dollar at end-December 2007.

Table A2. Togo: Nominal Stock and Net Present Value of Debt as of December 31, 2007, by Creditor Groups

	Legal Situation						Base Situation for Calculation of HIPC Debt Relief 2/	
	Nominal Debt Stock 1/		Arrears Stock		NPV of Debt 1/		NPV of Debt	
	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total	US$ million	Percent of total
Total	2,208.2	100.0	851.2	100.0	1,804.5	100.0	1,410.8	100.0
Multilateral	1,127.5	51.1	199.8	23.5	784.3	43.5	784.3	55.6
IDA	764.8	34.6	129.1	15.2	511.7	28.4	511.7	36.3
AfDF	148.9	6.7	19.7	2.3	90.4	5.0	90.4	6.4
BOAD	75.9	3.4	-	-	70.1	3.9	70.1	5.0
EU/EIB	52.6	2.4	32.6	3.8	47.8	2.7	47.8	3.4
IsDB	40.1	1.8	0.0	0.0	27.2	1.5	27.2	1.9
IFAD	27.6	1.2	7.5	0.9	19.9	1.1	19.9	1.4
OFID	13.6	0.6	10.5	1.2	13.2	0.7	13.2	0.9
IMF	1.7	0.1	-	-	1.6	0.1	1.6	0.1
BADEA	1.8	0.1	0.0	0.0	1.6	0.1	1.6	0.1
FEGECE	0.7	0.0	0.4	0.0	0.6	0.0	0.6	0.0
Bilateral and Commercial	1,080.7	48.9	651.4	76.5	1,020.2	56.5	626.5	44.4
Bilateral	1,048.1	47.5	636.0	74.7	988.8	54.8	595.4	42.2
Paris Club:	964.3	43.7	634.9	74.6	922.7	51.1	511.2	36.2
Post-cutoff date	108.7	4.9	27.2	3.2	100.7	5.6	100.4	7.1
ODA	79.3	3.6	26.7	3.1	73.3	4.1	73.0	5.2
Non-ODA	29.5	1.3	0.5	0.1	27.4	1.5	27.4	1.9
Pre-cutoff date	855.5	38.7	607.7	71.4	822.1	45.6	410.8	29.1
ODA	7.4	0.3	2.0	0.2	5.5	0.3	2.2	0.2
Non-ODA	848.2	38.4	605.7	71.2	816.6	45.3	408.6	29.0
Austria	51.7	2.3	35.4	4.2	46.3	2.6	21.4	1.5
Belgium	173.3	7.8	90.9	10.7	167.4	9.3	81.2	5.8
EEC-IDA administered loans	7.4	0.3	2.0	0.2	5.5	0.3	2.2	0.2
France	234.0	10.6	184.9	21.7	233.6	12.9	142.5	10.1
Germany	42.8	1.9	35.8	4.2	43.6	2.4	27.0	1.9
Italy	13.0	0.6	9.6	1.1	12.3	0.7	5.5	0.4
Japan	75.8	3.4	26.7	3.1	70.1	3.9	69.8	5.0
Netherlands	28.2	1.3	20.7	2.4	29.1	1.6	15.6	1.1
Spain	79.2	3.6	45.5	5.3	74.5	4.1	28.4	2.0
Sweden	6.9	0.3	5.6	0.7	7.2	0.4	4.3	0.3
Switzerland	205.2	9.3	140.0	16.4	187.2	10.4	86.1	6.1
United Kingdom	46.8	2.1	37.8	4.4	46.1	2.6	27.1	1.9
Other Official Bilateral:	83.8	3.8	1.1	0.1	66.1	3.7	84.1	6.0
China	51.0	2.3	0.7	0.1	41.6	2.3	59.6 3/	4.2
Kuwait	30.8	1.4	0.4	0.1	23.1	1.3	23.0	1.6
Saudi Arabia	2.0	0.1	-	-	1.5	0.1	1.5	0.1
Commercial	32.6	1.5	15.4	1.8	31.4	1.7	31.2	2.2
Arysta	3.1	0.1	3.1	0.4	3.1	0.2	3.0	0.2
Bayer	7.6	0.3	7.6	0.9	7.6	0.4	7.5	0.5
CBAO Senegal	14.1	0.6	-	-	13.1	0.7	13.1	0.9
Cotecna	3.3	0.1	3.3	0.4	3.3	0.2	3.2	0.2
Fortis Bank	3.1	0.1	0.1	0.0	3.0	0.2	3.0	0.2
Ivoirembal	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0
Sotico	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0
Tema	0.5	0.0	0.5	0.1	0.5	0.0	0.5	0.0
Yara	0.5	0.0	0.5	0.1	0.5	0.0	0.5	0.0

Sources: Togolese authorities; and Fund and World Bank staff estimates.

1/ Includes arrears.

2/ Includes a hypothetical stock-of-debt operation on Naples terms at end-2007 and at least comparable treatment by other official bilateral and commercial creditors on eligible debt (pre-cutoff and non-ODA).

3/ The loans that have been cancelled in 2007 have been added back to the NPV of debt as of end 2007 in line with the HIPC methodology applied to other countries.

Table A3. Togo: External Debt Service, 2008-2027
(in millions of U.S. dollars, unless otherwise indicated)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2022	2027	Averages 2008 - 2017	Averages 2018 - 2027
I. Before traditional debt relief and multilateral arrears clearance															
Total		96.0	97.2	94.5	95.2	90.9	90.9	84.5	90.5	94.9	100.6	81.1	106.3	93.5	93.9
Existing debt 2/		96.0	96.2	92.4	92.1	86.9	85.9	78.5	73.5	66.6	63.8	49.2	45.4	83.2	51.1
Multilateral		50.6	49.0	48.5	47.8	46.4	45.8	45.5	43.2	41.6	40.8	39.8	35.4	45.9	38.8
World Bank Group		26.4	26.9	27.1	28.5	28.4	28.2	28.6	28.7	29.7	30.0	29.5	27.4	28.3	29.1
IMF		1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
AfDB Group		3.3	3.8	3.9	4.0	4.2	4.7	4.7	4.6	4.6	4.8	5.1	4.6	4.3	5.0
Others		19.1	18.3	17.4	15.2	13.9	12.8	12.2	9.9	7.3	6.0	5.3	3.3	13.2	4.7
Official bilateral		38.3	39.6	43.4	43.8	39.9	39.7	32.5	29.9	25.0	23.0	9.4	10.0	35.5	12.3
Paris Club		29.8	31.1	31.3	31.6	31.9	31.7	28.2	25.5	20.9	19.4	8.9	9.8	28.1	11.1
Non Paris Club		8.5	8.5	12.1	12.1	8.0	7.9	4.3	4.4	4.1	3.6	0.5	0.3	7.4	1.2
Commercial		7.2	7.6	0.5	0.5	0.5	0.5	0.5	0.4	0.0	0.0	0.0	0.0	1.8	0.0
New debt		0.0	1.0	2.1	3.2	4.1	5.0	6.0	17.0	28.3	36.8	31.8	60.9	10.3	42.9
Debt service to exports ratio		8.0	7.1	6.3	5.9	5.2	4.8	4.2	4.2	4.1	4.2	2.6	2.6	5.4	2.9
Debt service to revenue ratio		19.5	17.9	16.1	14.7	13.2	12.4	10.9	11.0	10.9	11.0	6.7	6.7	13.8	7.7
II. After traditional debt relief and multilateral arrears clearance 3/ 4/															
Total		101.4	100.8	98.1	115.8	110.6	110.4	104.0	112.1	104.9	113.8	103.5	137.4	107.2	117.1
Existing debt		101.4	99.8	96.1	112.6	106.5	105.4	98.0	95.0	76.6	77.1	71.6	76.6	96.9	74.2
Multilateral		52.7	49.3	48.8	48.0	46.7	46.7	46.5	44.1	42.5	41.7	40.8	36.3	46.7	39.8
World Bank Group		26.4	26.9	27.1	28.5	28.4	28.2	28.6	28.7	29.7	30.0	29.5	27.4	28.3	29.1
IMF 3/		1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
AfDB Group		3.3	3.8	3.9	4.0	4.2	4.7	4.7	4.6	4.6	4.8	5.1	4.6	4.3	5.0
Others		21.2	18.6	17.7	15.5	14.2	13.8	13.2	10.8	8.2	6.9	6.3	4.2	14.0	5.7
Official bilateral		40.7	42.1	45.9	60.2	55.6	54.7	47.7	47.3	34.1	35.4	30.8	40.3	46.4	34.4
Paris Club		32.2	33.5	33.8	47.7	47.3	46.5	43.2	42.7	30.0	31.8	30.2	40.1	38.9	33.2
Non Paris Club		8.6	8.6	12.1	12.4	8.3	8.2	4.5	4.6	4.1	3.6	0.5	0.3	7.5	1.2
Commercial		8.0	8.5	1.4	4.4	4.2	4.0	3.8	3.6	0.0	0.0	0.0	0.0	3.8	0.0
New debt		0.0	1.0	2.1	3.2	4.1	5.0	6.0	17.0	28.3	36.8	31.8	60.9	10.3	42.9
Debt service to exports ratio		8.4	7.4	6.5	7.1	6.3	5.9	5.2	5.2	4.6	4.7	3.3	3.3	6.1	3.6
Debt service to revenue ratio		20.5	16.6	16.7	17.9	16.0	15.1	13.4	13.6	12.1	12.4	8.6	8.7	15.6	9.5
III. After HIPC assistance 5/															
Total		55.7	48.7	49.3	82.7	103.8	122.2	128.8	139.8	131.1	121.1	98.7	130.6	98.3	112.6
Existing debt 2/		55.8	47.8	47.3	79.5	99.8	117.4	122.8	122.5	102.8	84.4	66.8	69.7	88.0	69.7
Multilateral		52.7	47.8	47.3	43.7	41.5	42.5	43.6	41.8	40.3	40.5	40.8	36.3	44.1	39.8
World Bank Group		26.4	26.9	27.1	28.5	28.4	28.2	28.6	28.7	29.7	30.0	29.5	27.4	28.3	29.1
IMF 3/		1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
AfDB Group		3.3	3.8	3.9	4.0	4.2	4.7	4.7	4.6	4.6	4.8	5.1	4.6	4.3	5.0
Others		21.2	17.1	16.2	11.2	8.9	9.5	10.3	8.4	5.9	5.7	6.3	4.2	11.5	5.7
Official bilateral		2.7	0.0	0.0	35.0	54.2	67.9	71.4	73.0	57.8	42.4	26.0	33.4	40.5	29.9
Paris Club		0.3	0.0	0.0	32.2	44.4	56.4	61.0	59.4	45.0	32.1	25.4	33.2	33.1	28.2
Non Paris Club		2.4	0.0	0.0	2.9	9.8	11.5	10.4	13.6	12.8	10.3	0.5	0.3	7.4	1.6
Commercial		0.4	0.0	0.0	0.7	4.1	7.0	7.8	7.8	4.7	1.4	0.0	0.0	3.4	0.0
New debt		0.0	0.9	2.0	3.2	4.1	4.8	6.0	17.0	28.3	36.8	31.8	60.9	10.3	42.9
Debt service to exports ratio after HIPC assistance		4.6	3.8	3.3	5.1	5.9	6.5	6.4	6.4	5.7	5.0	3.1	3.1	5.3	3.5
Debt service to revenue ratio after HIPC assistance		11.3	9.0	8.4	12.8	15.1	16.7	16.6	17.0	15.1	13.2	8.2	8.3	13.5	9.2
Reduction in debt service as a result of															
HIPC initiative assistance 6/		...	52.1	48.8	33.1	6.8	-11.8	-24.8	-27.5	-26.1	-7.3	4.8	6.9	4.8	4.5
IV. After HIPC and MDRI assistance 7/															
Total		55.7	48.7	49.3	50.1	71.3	89.2	95.5	106.3	96.7	86.4	64.1	98.5	74.9	78.5
Existing debt 6/		55.8	47.8	47.3	47.0	67.2	84.5	89.5	89.2	68.4	49.6	32.3	37.7	64.6	35.6
Multilateral		52.7	47.8	47.3	11.2	8.9	9.5	10.3	8.4	5.9	5.7	6.3	4.2	20.8	5.7
World Bank Group		26.4	26.9	27.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.0	0.0
IMF 3/		1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
AfDB Group		3.3	3.8	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0
Others		21.2	17.1	16.2	11.2	8.9	9.5	10.3	8.4	5.9	5.7	6.3	4.2	11.5	5.7
Official bilateral		2.7	0.0	0.0	35.0	54.2	67.9	71.4	73.0	57.8	42.4	26.0	33.4	40.5	29.9
Commercial		0.4	0.0	0.0	0.7	4.1	7.0	7.8	7.8	4.7	1.4	0.0	0.0	3.4	0.0
New debt		0.0	0.9	2.0	3.2	4.1	4.8	6.0	17.0	28.3	36.8	31.8	60.9	10.3	42.9
Debt service to exports ratio after HIPC and MDRI assistance		4.6	3.8	3.3	3.1	4.1	4.8	4.7	4.9	4.2	3.6	2.0	2.4	4.1	2.4
Debt service to revenue ratio after HIPC and MDRI assistance		11.3	9.0	8.4	7.7	10.3	12.2	12.3	12.9	11.1	9.4	5.3	6.2	10.5	6.4
Reduction in debt service as a result of															
MDRI assistance		0.0	0.0	0.0	32.5	32.6	33.0	33.3	33.3	34.3	34.8	34.6	32.0	23.4	34.1
V. After conditional additional bilateral and multilateral relief beyond enhanced HIPC and MDRI assistance 7/ 8/															
Total		55.7	48.7	49.3	22.3	33.5	41.0	40.2	51.5	55.3	56.2	38.8	65.5	45.4	50.5
Existing debt 6/		55.8	47.8	47.3	19.1	29.4	36.3	34.2	34.5	27.0	19.4	7.0	4.6	35.1	7.6
Multilateral		52.7	47.8	47.3	11.2	8.9	9.5	10.3	8.4	5.9	5.7	6.3	4.2	20.8	5.7
World Bank Group		26.4	26.9	27.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.0	0.0
IMF 3/		1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
AfDB Group		3.3	3.8	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	0.0
Others		21.2	17.1	16.2	11.2	8.9	9.5	10.3	8.4	5.9	5.7	6.3	4.2	11.5	5.7
Official bilateral		2.7	0.0	0.0	7.2	16.4	19.8	16.1	18.3	16.4	12.2	0.7	0.4	10.9	1.8
Paris Club		0.3	0.0	0.0	4.3	6.6	8.3	5.7	4.7	3.6	1.9	0.1	0.2	3.5	0.2
Non Paris Club		2.4	0.0	0.0	2.9	9.8	11.5	10.4	13.6	12.8	10.3	0.5	0.3	7.4	1.6
Commercial		0.4	0.0	0.0	0.7	4.1	7.0	7.8	7.8	4.7	1.4	0.0	0.0	3.4	0.0
New debt		0.0	0.9	2.0	3.2	4.1	4.8	6.0	17.0	28.3	36.8	31.8	60.9	10.3	42.9
Debt service to exports ratio after HIPC and MDRI assistance		4.6	3.8	3.3	1.4	1.9	2.2	2.0	2.4	2.4	2.3	1.2	1.6	2.6	1.6
Debt service to revenue ratio after HIPC and MDRI assistance		11.3	9.0	8.4	3.4	4.9	5.6	5.2	6.3	6.4	6.1	3.2	4.2	6.7	4.1
Reduction in debt service as a result of															
Additional bilateral assistance beyond HIPC		0.0	0.0	0.0	27.9	37.8	48.2	55.3	54.7	41.4	30.2	25.3	33.0	29.5	28.0
Memorandum items:															
Exports of goods and nonfactor services 9/		1,203.3	1,366.9	1,499.6	1,619.0	1,747.5	1,877.9	2,017.6	2,167.4	2,288.1	2,415.6	3,167.5	4,153.6	1,820.3	3,294.1
Government revenues 10/		493.7	543.2	587.3	647.0	689.3	731.2	775.6	822.8	868.6	917.0	1,202.4	1,576.8	707.6	1,250.5

Sources: Togolese authorities and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after rescheduling, unless otherwise indicated. Fiscal year ends in December.
2/ Includes only principal and interest due on debt outstanding as of the reference date (12/31/2007) and does not include projected penalty interest on arrears.
3/ Includes the impact of the (hypothetical) rescheduling of arrears by ORID and FEGECE.
4/ Assumes a hypothetical stock of debt operation on Naples terms and comparable treatment from other bilateral and commercial creditors.
5/ Bilateral and commercial creditors are assumed to provide a Cologne flow rescheduling on eligible debt during the interim period and a Cologne stock of debt operation at the completion point (end October 2010).
Multilateral creditors are assumed to provide HIPC debt relief as of the decision point, except for IFAD, BADEA and ORID, which are assumed to provide relief at the completion point.
6/ The reduction is measured as the difference between the projected debt service after full use of traditional debt relief and debt service after the application of HIPC relief.
7/ MDRI assistance applies to the World Bank, the IMF and the AfDB and starts after the assumed completion point (October 2010). Assumes that MDRI has no impact on Togo's new borrowing over the projection period.
8/ Paris Club creditors deliver, under bilateral initiatives, additional debt relief beyond the HIPC Initiative at the completion point. Details on the modalities of the delivery are presented on Table A9.
9/ As defined in IMF, Balance of Payments Manual, 5th edition, 1993. Refers to current year exports.
10/ Revenues are defined as central government revenues, excluding grants.

Table A4. Togo: Net Present Value of External Debt 2007-2027
(in millions of U.S. dollars, unless otherwise indicated)

	2007	2008	2009	2010	2011	2012	2017	2022	2027	Averages 2007 - 2017	Averages 2018 - 2027
I. Before traditional debt relief and multilateral arrears clearance											
NPV of total debt	1,804.5	1,818.2	1,832.5	1,844.3	1,835.5	1,832.0	1,819.3	1,929.2	2,129.9	1,827.1	1,955.1
NPV of outstanding debt	1,804.5	1,757.2	1,707.2	1,656.5	1,607.6	1,559.3	1,347.8	1,184.7	1,014.3	1,565.7	1,164.9
Official bilateral and commercial	1,020.2	992.7	962.0	933.0	902.2	873.8	762.2	710.7	668.1	880.7	705.8
Paris Club	922.7	906.6	888.4	869.0	848.4	826.5	735.0	692.1	650.7	827.0	686.3
Other official bilateral	66.1	61.0	55.7	46.5	36.8	30.6	11.8	3.2	1.9	35.1	4.0
Commercial	31.4	25.1	17.9	17.5	17.1	16.7	15.4	15.4	15.4	18.6	15.4
Multilateral	784.3	764.5	745.2	725.5	705.4	685.5	585.6	474.0	346.2	685.0	459.1
World Bank	511.7	505.6	498.7	491.3	482.0	472.4	412.6	330.0	231.3	468.6	318.2
AfDB Group	90.4	90.5	90.2	89.6	89.1	88.3	81.0	69.8	56.9	87.1	68.3
IMF	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Other multilateral	180.5	168.3	156.3	144.5	134.3	124.9	92.0	74.1	58.1	129.1	72.7
NPV of new borrowing 1/	0.0	61.0	126.3	186.8	227.9	272.7	471.5	744.5	1115.6	261.4	790.2
II. After traditional debt relief and multilateral arrears clearance 2/ 3/											
NPV of total debt	1,410.8	1,224.9	1,248.3	1,269.6	1,254.0	1,244.3	1,211.6	1,287.1	1,396.4	1,251.3	1,297.5
NPV of outstanding debt	1,410.8	1,164.0	1,123.1	1,083.9	1,026.1	971.5	740.2	542.6	280.8	989.9	507.3
Official bilateral and commercial	626.5	589.3	567.4	547.7	509.7	474.7	345.0	262.1	131.4	477.2	242.0
Paris Club	511.2	503.5	494.1	484.0	459.4	434.2	334.3	260.0	130.6	429.5	239.1
Other official bilateral	84.1	61.0	55.7	46.5	36.5	30.1	10.7	2.1	0.8	36.3	2.9
Commercial	31.2	24.8	17.7	17.2	13.8	10.3	0.0	0.0	0.0	11.4	0.0
Multilateral	784.3	574.7	555.7	536.2	516.4	496.8	395.2	280.5	149.4	512.7	265.3
World Bank	511.7	376.5	369.6	362.2	352.9	343.3	283.5	200.9	102.2	351.3	189.1
AfDB Group	90.4	70.8	70.4	69.9	69.4	68.6	61.3	50.1	37.2	69.2	48.6
IMF	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Other multilateral	180.5	127.3	115.6	104.0	94.1	85.0	50.5	29.5	10.1	92.1	27.6
NPV of new borrowing 1/	0.0	61.0	126.3	186.8	227.9	272.7	471.5	744.5	1,115.6	261.4	790.2
III. After conditional delivery of enhanced HIPC assistance 4/											
NPV of total debt	1,670.6	1,328.3	1,346.8	1,239.6	1,283.3	1,294.4	1,166.5	1,245.0	1,375.4	1,294.9	1,259.1
NPV of outstanding debt	1,670.6	1,267.4	1,221.5	1,054.1	1,055.7	1,021.9	695.1	500.5	259.8	1,033.5	468.9
Official bilateral and commercial	1,020.2	695.5	667.3	537.0	555.1	536.5	299.9	220.0	110.4	539.2	203.6
Paris Club	922.7	609.7	575.1	451.9	465.8	449.2	284.7	217.9	109.5	470.9	200.6
Other official bilateral	66.1	61.0	60.9	59.0	62.0	61.8	14.9	2.1	0.8	49.5	3.0
Commercial	31.4	24.9	31.3	26.2	27.3	25.4	0.3	0.0	0.0	18.8	0.0
Multilateral	650.3	571.9	554.3	517.0	500.5	485.4	395.2	280.5	149.4	494.4	265.3
World Bank	382.6	376.5	369.6	362.2	352.9	343.3	283.5	200.9	102.2	339.5	189.1
AfDB Group	70.7	70.8	70.4	69.9	69.4	68.6	61.3	50.1	37.2	67.4	48.6
IMF	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Other multilateral	195.4	124.6	114.2	84.9	78.3	73.5	50.4	29.5	10.1	87.3	27.6
NPV of new borrowing 1/	0.0	60.9	125.2	185.6	227.7	272.5	471.5	744.5	1115.6	261.3	790.2
IV. After unconditional delivery of enhanced HIPC assistance 5/											
NPV of total debt	1,140.5	1,139.0	1,210.0	1,239.6	1,283.3	1,294.4	1,166.5	1,245.0	1,375.4	1,217.0	1,259.1
NPV of outstanding debt	1,140.5	1,078.3	1,084.9	1,054.1	1,055.7	1,021.9	695.1	500.5	259.8	955.7	468.9
Official bilateral and commercial	506.5	523.7	548.9	537.0	555.1	536.5	299.9	220.0	110.4	466.1	203.6
Paris Club	413.3	438.3	459.0	451.9	465.8	449.2	284.7	217.9	109.5	398.4	200.6
Other official bilateral	66.0	60.7	63.9	59.0	62.0	61.8	14.9	2.1	0.8	49.9	3.0
Commercial	25.2	24.6	25.9	26.2	27.3	25.4	0.3	0.0	0.0	17.8	0.0
Multilateral	634.0	554.6	536.1	517.0	500.5	485.4	395.2	280.5	149.4	489.7	265.3
World Bank	413.7	376.5	369.6	362.2	352.9	343.3	283.5	200.9	102.2	342.3	189.1
AfDB Group	73.1	70.8	70.4	69.9	69.4	68.6	61.3	50.1	37.2	67.6	48.6
IMF	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Other multilateral	145.9	107.3	96.0	84.9	78.3	73.5	50.4	29.5	10.1	79.6	27.6
NPV of new borrowing 1/	0.0	60.7	125.0	185.6	227.7	272.5	471.5	744.5	1,115.6	261.3	790.2
V. After conditional delivery of enhanced HIPC and MDRI assistance 4/ 6/											
NPV of total debt	1,670.6	1,328.3	1,346.8	807.5	861.1	882.6	821.8	994.0	1,236.0	1,009.8	1,021.4
NPV of outstanding debt	1,670.6	1,267.4	1,221.5	621.9	633.4	610.0	350.3	249.5	120.4	748.5	231.2
Official bilateral and commercial	1,020.2	695.5	667.3	537.0	555.1	536.5	299.9	220.0	110.4	539.2	203.6
Paris Club	922.7	609.7	575.1	451.9	465.8	449.2	284.7	217.9	109.5	470.9	200.6
Other official bilateral	66.1	61.0	60.9	59.0	62.0	61.8	14.9	2.1	0.8	49.5	3.0
Commercial	31.4	24.9	31.3	26.2	27.3	25.4	0.3	0.0	0.0	18.8	0.0
Multilateral	650.3	571.9	554.3	84.9	78.3	73.5	50.4	29.5	10.1	209.3	27.6
World Bank	382.6	376.5	369.6	0.0	0.0	0.0	0.0	0.0	0.0	102.6	0.0
AfDB Group	70.7	70.8	70.4	0.0	0.0	0.0	0.0	0.0	0.0	19.3	0.0
IMF	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Other multilateral	195.4	124.6	114.2	84.9	78.3	73.5	50.4	29.5	10.1	87.3	27.6
NPV of new borrowing 1/	0.0	60.9	125.2	185.6	227.7	272.5	471.5	744.5	1115.6	261.3	790.2
VI. After conditional additional bilateral and multilateral relief beyond enhanced HIPC and MDRI assistance 4/ 6/ 7/											
NPV of total debt	1,670.6	1,328.3	1,346.8	382.0	422.2	456.2	538.9	777.2	1,127.1	741.0	821.9
NPV of outstanding debt	1,670.6	1,267.4	1,221.5	196.4	194.5	183.7	67.5	32.8	11.5	479.7	31.7
Official bilateral and commercial	1,020.2	695.5	667.3	111.6	116.2	110.1	17.0	3.3	1.5	270.4	4.0
Paris Club	922.7	609.7	575.1	26.4	26.9	22.9	1.9	1.2	0.6	202.1	1.1
Other official bilateral	66.1	61.0	60.9	59.0	62.0	61.8	14.9	2.1	0.8	49.5	3.0
Commercial	31.4	24.9	31.3	26.2	27.3	25.5	0.3	0.0	0.0	18.8	0.0
Multilateral	650.3	571.9	554.3	84.9	78.3	73.5	50.4	29.5	10.1	209.3	27.6
World Bank	382.6	376.5	369.6	0.0	0.0	0.0	0.0	0.0	0.0	102.6	0.0
AfDB Group	70.7	70.8	70.4	0.0	0.0	0.0	0.0	0.0	0.0	19.3	0.0
IMF	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Other multilateral	195.4	124.6	114.2	84.9	78.3	73.5	50.4	29.5	10.1	87.3	27.6
NPV of new borrowing 1/	0.0	60.9	125.2	185.6	227.7	272.5	471.5	744.5	1115.6	261.3	790.2

Sources: Togolese authorities and staff estimates and projections.

1/ Includes the effect of IMF HIPC relief applied to the PRGF approved in April 2008.
2/ Includes the impact of arrears clearance operations in 2008 by the World Bank and AfDF (actual) and EIB, IFAD, OFID and FEGECE (hypothetical) as well as the 2007 loans' cancellation by China.
3/ Assumes a hypothetical stock of debt operation on Naples terms and comparable treatment from other bilateral and commercial creditors.
4/ Assumes interim relief under the enhanced HIPC Initiative from December 2008 to October 2010 and full delivery of assistance in November 2010.
5/ Assumes full delivery of estimated HIPC initiative debt relief at the decision point.
6/ MDRI assistance applies to the World Bank and the AfDB Group, and starts in November 2010 after the assumed completion point.
7/ Paris Club creditors deliver, under bilateral initiatives, additional debt relief beyond the HIPC Initiative at the completion point. Details on the modalities of the delivery are presented on Table A9.

Table A5. Togo: External Debt Indicators, 2007-27 1/

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Averages 2007 - 2017	Averages 2018 - 2027
											(In percent, unless otherwise indicated)												
I. Before traditional debt relief and multilateral arrears clearance																							
NPV of debt-to-GDP ratio	72.1	61.1	58.5	55.3	51.6	48.4	45.6	43.0	40.4	38.2	36.1	34.1	32.6	31.3	30.2	29.2	28.2	27.2	26.3	25.4	24.6	50.0	28.9
NPV of debt-to-exports ratio 2/ 3/	190.6	170.9	151.9	135.9	122.8	112.9	104.8	97.3	90.4	84.5	79.4	75.1	71.7	68.9	66.5	64.2	62.0	59.9	57.8	55.9	54.1	121.9	63.6
NPV of debt-to-revenue ratio 4/	395.6	368.3	337.4	314.0	283.7	265.8	250.5	236.1	222.0	209.8	198.4	187.6	179.0	172.2	166.2	160.4	154.9	149.5	144.4	139.5	135.1	280.1	158.9
Debt service ratio	...	8.0	7.1	6.3	5.9	5.2	4.8	4.2	4.2	4.1	4.2	4.1	3.7	3.1	2.7	2.6	2.6	2.6	2.6	2.6	2.6	5.4	2.9
Debt service-to-revenue ratio 4/	...	19.5	17.9	16.1	14.7	13.2	12.4	10.9	11.0	10.9	11.0	10.7	9.7	8.1	7.2	6.7	6.8	6.9	6.9	6.9	6.7	13.8	7.7
II. After traditional debt relief and multilateral arrears clearance 5/ 6/																							
NPV of debt-to-GDP ratio	56.4	41.2	39.9	38.1	35.3	32.9	30.8	28.9	26.9	25.5	24.0	22.7	21.6	20.9	20.2	19.5	18.8	18.1	17.4	16.7	16.1	34.5	19.2
NPV of debt-to-exports ratio 2/ 3/	149.0	115.1	103.5	93.6	83.9	76.7	70.8	65.4	60.2	56.3	52.9	49.9	47.6	45.9	44.4	42.9	41.3	39.8	38.3	36.8	35.5	84.3	42.2
NPV of debt-to-revenue ratio 4/	309.3	248.1	229.8	216.2	193.8	180.5	169.3	158.6	148.0	139.9	132.1	124.7	118.9	114.6	110.8	107.0	103.2	99.4	95.7	92.0	88.6	193.2	105.5
Debt service ratio	...	8.4	7.4	6.5	7.1	6.3	5.9	5.2	5.2	4.6	4.7	4.6	4.3	3.8	3.4	3.3	3.3	3.3	3.3	3.4	3.3	6.1	3.6
Debt service-to-revenue ratio 4/	...	20.5	18.6	16.7	17.9	16.0	15.1	13.4	13.6	12.1	12.4	12.2	11.4	9.9	9.1	8.6	8.7	8.8	8.8	8.9	8.7	15.6	9.5
III. After conditional delivery of enhanced HIPC assistance 7/																							
NPV of debt-to-GDP ratio	66.7	44.6	43.0	37.2	36.1	34.2	31.8	29.3	26.7	24.7	23.2	21.8	20.8	20.1	19.5	18.8	18.2	17.6	17.0	16.4	15.9	36.1	18.6
NPV of debt-to-exports ratio 2/ 3/	176.5	124.8	111.6	91.4	85.8	79.8	73.1	66.4	59.8	54.7	50.9	47.9	45.7	44.1	42.8	41.5	40.1	38.8	37.4	36.1	34.9	88.6	40.9
NPV of debt-to-exports ratio (existing debt only)	176.5	119.1	101.2	77.7	70.6	63.0	54.7	46.9	39.8	34.4	30.3	26.9	24.0	21.4	19.0	16.7	14.4	12.3	10.3	8.4	6.6	74.0	16.0
NPV of debt-to-revenue ratio 4/	366.2	269.0	248.0	211.1	198.4	187.8	174.8	160.9	146.8	135.8	127.2	119.6	114.2	110.3	106.9	103.5	100.2	96.8	93.5	90.2	87.2	202.4	102.2
Debt service-to-exports ratio	...	4.6	3.6	3.3	5.1	5.9	6.5	6.4	6.4	5.7	5.0	4.7	4.2	3.6	3.3	3.1	3.2	3.2	3.2	3.2	3.1	5.3	3.5
Debt service-to-revenue ratio 4/	...	11.3	9.0	8.4	12.8	15.1	16.7	16.6	17.0	15.1	13.2	12.4	11.1	9.5	8.7	8.2	8.3	8.4	8.4	8.4	8.3	13.5	9.2
IV. After unconditional delivery of enhanced HIPC assistance 8/																							
NPV of debt-to-GDP ratio	45.6	38.3	38.6	37.2	36.1	34.2	31.8	29.3	26.7	24.7	23.2	21.8	20.8	20.1	19.5	18.8	18.2	17.6	17.0	16.4	15.9	33.2	18.6
NPV of debt-to-exports ratio 2/ 3/	120.5	107.0	100.3	91.4	85.8	79.8	73.1	66.4	59.8	54.7	50.9	47.9	45.7	44.1	42.8	41.5	40.1	38.8	37.4	36.1	34.9	80.9	40.9
NPV of debt-to-exports ratio (existing debt only)	120.5	101.3	89.9	77.7	70.6	63.0	54.7	46.9	39.8	34.4	30.3	26.9	24.0	21.4	19.0	16.7	14.4	12.3	10.3	8.4	6.6	66.3	16.0
NPV of debt-to-revenue ratio 4/	250.0	230.7	222.8	211.1	198.4	187.8	174.8	160.9	146.8	135.8	127.2	119.6	114.2	110.3	106.9	103.5	100.2	96.8	93.5	90.2	87.2	186.0	102.2
Debt service-to-exports ratio	...	4.6	3.6	3.3	5.1	5.9	6.5	6.4	6.4	5.7	5.0	4.7	4.2	3.6	3.3	3.1	3.2	3.2	3.2	3.2	3.1	5.3	3.5
Debt service-to-revenue ratio 4/	...	11.3	9.0	8.4	12.8	15.1	16.7	16.6	17.0	15.1	13.2	12.4	11.1	9.5	8.7	8.2	8.3	8.4	8.4	8.4	8.3	13.5	9.2
V. After conditional delivery of enhanced HIPC and MDRI assistance 9/																							
NPV of debt-to-GDP ratio	66.7	44.6	43.0	24.2	24.2	23.3	21.9	20.2	18.4	17.2	16.3	15.6	15.3	15.2	15.1	15.0	14.9	14.8	14.6	14.4	14.3	29.1	14.9
NPV of debt-to-exports ratio 2/ 3/	176.5	124.8	111.6	59.5	57.6	54.4	50.2	45.7	41.2	37.9	35.9	34.3	33.6	33.4	33.3	33.1	32.9	32.5	32.2	31.8	31.4	72.3	32.8
NPV of debt-to-exports ratio (existing debt only)	176.5	119.1	101.2	45.8	42.4	37.6	31.8	26.2	21.2	17.7	15.3	13.4	11.9	10.6	9.4	8.3	7.2	6.1	5.1	4.0	3.1	57.7	7.9
NPV of debt-to-revenue ratio 4/	366.2	269.0	248.0	137.5	133.1	128.0	120.1	110.9	101.2	94.3	89.6	85.7	83.9	83.3	83.1	82.7	82.1	81.3	80.3	79.3	78.4	163.4	82.0
Debt service-to-exports ratio	...	4.6	3.6	3.3	3.1	4.1	4.8	4.7	4.9	4.2	3.6	3.3	2.9	2.4	2.1	2.0	2.1	2.2	2.3	2.4	2.4	4.1	2.4
Debt service-to-revenue ratio 4/	...	11.3	9.0	8.4	7.7	10.3	12.2	12.3	12.9	11.1	9.4	8.7	7.7	6.3	5.6	5.3	5.6	5.8	6.0	6.2	6.2	10.5	6.4
VI. After conditional additional bilateral and multilateral relief beyond enhanced HIPC and MDRI assistance 9/ 10/																							
NPV of debt-to-GDP ratio	66.7	44.6	43.0	11.4	11.9	12.0	11.9	11.7	11.2	10.9	10.7	10.6	10.8	11.1	11.4	11.6	12.1	12.3	12.6	12.8	13.0	22.4	11.8
NPV of debt-to-exports ratio 2/ 3/	176.5	124.8	111.6	28.2	28.2	28.1	27.4	26.5	25.2	24.1	23.5	23.3	23.7	24.3	25.1	25.9	26.5	27.1	27.6	28.1	28.6	56.7	26.0
NPV of debt-to-exports ratio (existing debt only)	176.5	124.8	111.6	28.2	28.2	28.1	27.4	26.5	25.2	24.1	23.5	23.3	23.7	24.3	25.1	25.9	26.5	27.1	27.6	28.1	28.6	56.7	26.0
NPV of debt-to-revenue ratio 4/	366.2	269.0	248.0	65.0	65.3	66.2	65.6	64.2	61.8	59.9	58.6	58.3	59.2	60.8	62.8	64.6	66.3	67.7	69.0	70.3	71.5	126.4	65.0
Debt service-to-exports ratio	...	4.6	3.6	3.3	1.4	1.9	2.2	2.0	2.4	2.4	2.3	2.1	1.9	1.6	1.3	1.2	1.3	1.4	1.5	1.5	1.6	2.6	1.6
Debt service-to-revenue ratio 4/	...	11.3	9.0	8.4	3.4	4.9	5.6	5.2	6.3	6.4	6.1	5.6	5.1	4.2	3.5	3.2	3.5	3.7	3.8	4.0	4.2	6.7	4.1

Sources: Togolese authorities and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt at end-December 2007.

2/ Exports are defined as in IMF, Balance of Payments Manual, 5th edition, 1993.

3/ Based on a three-year average of exports on the previous year (e.g., export average over 2005-2007 for NPV of debt-to-exports ratio in 2007).

4/ Revenue is defined as central government revenue, excluding grants.

5/ Shows the external debt situation after the full use of traditional debt-relief mechanisms, and assuming at least comparable treatment from official bilateral creditors.

6/ Includes the impact of arrears clearance operations in 2008 by the World Bank and AfDF (actual) and EIB, IFAD, OFID and FEGECE (hypothetical) as well as the 2007 loans' cancellation by China.

7/ Assumes interim relief under the enhanced HIPC Initiative from December 2008 to October 2010 and full delivery of assistance in November 2010.

8/ Assumes full delivery of estimated HIPC initiative debt relief at the decision point.

9/ MDRI assistance applies to the World Bank and the AfDB Group, and starts in November 2010 after the assumed completion point. Assumes that MDRI has no impact on Togo's new borrowing over the projection period.

10/ Paris Club creditors deliver, under bilateral initiatives, additional debt relief beyond the HIPC Initiative at the completion point. Details on the modalities of the delivery are presented on Table A9.

Table A6. Togo: Sensitivity Analysis, 2007-27 1/

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Averages 2007 - 2017	Averages 2018 - 2027
	(In percent, unless otherwise indicated)																						
I. Baseline scenario 2/																							
NPV of debt-to-GDP ratio	45.6	38.3	38.6	37.2	36.1	34.2	31.8	29.3	26.7	24.7	23.2	21.8	20.8	20.1	19.5	18.8	18.2	17.6	17.0	16.4	15.9	33.2	18.6
NPV of debt-to-exports ratio 3/ 4/	120.5	107.0	100.3	91.4	85.8	79.8	73.1	66.4	59.8	54.7	50.9	47.9	45.7	44.1	42.8	41.5	40.1	38.8	37.4	36.1	34.9	80.9	40.9
NPV of debt-to-revenue ratio 5/	250.0	230.7	222.8	211.1	198.4	187.8	174.8	160.9	146.8	135.8	127.2	119.6	114.2	110.3	106.9	103.5	100.2	96.8	93.5	90.2	87.2	186.0	102.2
Debt service-to-exports ratio	0.0	4.6	3.6	3.3	5.1	5.9	6.5	6.4	6.4	5.7	5.0	4.7	4.2	3.6	3.3	3.1	3.2	3.2	3.2	3.2	3.1	4.8	3.5
Debt service-to-revenue ratio	0.0	11.3	9.0	8.4	12.8	15.1	16.7	16.6	17.0	15.1	13.2	12.4	11.1	9.5	8.7	8.2	8.3	8.4	8.4	8.4	8.3	12.3	9.2
II: Permanently lower growth 6/																							
NPV of debt-to-GDP ratio	45.6	38.3	39.6	39.0	38.8	37.6	35.8	33.8	31.6	29.9	28.7	27.6	27.0	26.7	26.5	26.3	26.1	25.8	25.5	25.3	25.0	36.2	26.2
NPV of debt-to-exports ratio 3/ 4/	120.5	107.1	100.3	91.4	85.8	79.8	73.1	66.4	59.8	54.7	50.9	47.9	45.7	44.1	42.8	41.5	40.1	38.8	37.4	36.1	34.9	80.9	40.9
NPV of debt-to-revenue ratio 5/	250.0	230.7	228.2	221.5	213.1	206.6	196.9	185.6	173.5	164.3	157.7	151.8	148.5	146.9	145.8	144.7	143.4	141.9	140.3	138.8	137.4	202.6	143.9
Debt service-to-exports ratio	0.0	4.7	3.6	3.4	5.2	6.0	6.6	6.9	7.0	6.1	5.1	4.8	4.0	3.5	3.3	3.3	3.3	3.3	3.3	3.3	3.3	5.0	3.5
Debt service-to-revenue ratio	0.0	11.5	9.4	9.0	13.9	16.7	19.0	20.8	21.7	19.4	16.8	16.0	13.6	12.2	11.8	12.1	12.6	12.9	13.2	13.5	13.6	14.4	13.2
III: Permanently lower export growth 6/																							
NPV of debt-to-GDP ratio	45.6	38.3	38.6	37.2	36.1	34.2	31.8	29.3	26.7	24.7	23.2	21.8	20.8	20.1	19.5	18.8	18.2	17.6	17.0	16.4	15.9	33.2	18.6
NPV of debt-to-exports ratio 3/ 4/	120.5	107.1	101.1	93.6	89.9	85.6	80.3	74.6	68.8	64.4	61.4	59.1	57.9	57.2	56.8	56.4	55.8	55.3	54.7	54.1	53.5	86.1	56.1
NPV of debt-to-revenue ratio 5/	250.0	230.7	223.4	212.3	200.1	190.0	177.3	163.7	149.8	138.9	130.5	123.0	117.7	114.0	110.7	107.5	104.3	101.0	97.7	94.6	91.6	187.9	106.2
Debt service-to-exports ratio	0.0	4.7	3.7	3.5	5.5	6.6	7.4	8.0	8.2	7.3	6.3	6.1	5.2	4.6	4.5	4.6	4.7	4.9	5.0	5.1	5.1	5.6	5.0
Debt service-to-revenue ratio	0.0	11.5	9.2	8.6	13.0	15.4	17.1	18.3	18.7	16.4	13.9	13.0	10.8	9.5	9.0	9.0	9.1	9.2	9.2	9.2	9.1	12.9	9.7
IV: Loans instead of grants 6/																							
NPV of debt-to-GDP ratio	45.6	38.3	39.6	39.1	39.1	38.3	37.0	35.5	33.9	32.9	32.4	31.9	31.8	31.9	32.0	32.0	31.9	31.7	31.5	31.3	31.1	37.4	31.7
NPV of debt-to-exports ratio 3/ 4/	120.5	107.1	102.7	96.1	93.1	89.4	85.0	80.4	75.9	72.9	71.2	70.2	70.0	70.1	70.3	70.3	70.1	69.8	69.4	68.9	68.3	90.4	69.8
NPV of debt-to-revenue ratio 5/	250.0	230.7	228.1	222.0	215.1	210.5	203.3	195.1	186.5	181.0	177.8	175.3	174.8	175.2	175.6	175.6	175.2	174.4	173.3	172.0	170.6	209.1	174.2
Debt service-to-exports ratio	0.0	4.7	3.7	3.5	5.3	6.2	6.8	7.2	7.3	6.5	5.6	5.3	4.6	4.3	4.3	4.5	4.7	4.8	5.0	5.1	5.1	5.2	4.8
Debt service-to-revenue ratio	0.0	11.5	9.3	8.8	13.3	15.7	17.5	18.8	19.2	17.1	14.6	14.0	12.1	11.3	11.3	11.8	12.3	12.7	13.0	13.3	13.5	13.3	12.5
V: Compound shock: Permanently lower growth, exports, revenues, and less grants 6/																							
NPV of debt-to-GDP ratio	45.6	38.3	40.1	40.5	41.5	41.5	40.9	40.0	39.0	38.5	38.5	38.6	39.1	39.8	40.6	41.2	41.7	42.1	42.4	42.7	42.9	40.4	41.1
NPV of debt-to-exports ratio 3/ 4/	120.5	107.1	103.2	97.8	96.5	94.7	91.9	88.6	85.2	83.2	82.7	82.9	84.1	85.6	87.2	88.5	89.6	90.5	91.2	91.7	92.2	95.6	88.4
NPV of debt-to-revenue ratio 5/	250.0	230.7	231.3	230.4	228.1	228.0	224.8	219.9	214.2	211.6	211.6	212.1	214.9	218.9	222.9	226.3	229.1	231.4	233.2	234.5	235.7	225.5	225.9
Debt service-to-exports ratio	0.0	4.7	3.7	3.6	5.6	6.7	7.6	8.2	8.5	7.7	6.8	6.6	5.8	5.6	5.7	6.0	6.4	6.7	7.0	7.3	7.5	5.7	6.4
Debt service-to-revenue ratio	0.0	11.5	9.4	9.2	14.1	17.1	19.5	21.4	22.4	20.3	17.8	17.4	15.4	14.6	14.9	15.8	16.8	17.6	18.5	19.2	19.7	14.8	17.0

Sources: Togolese authorities and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after HIPC debt relief assumed delivered unconditionally at end-December 2007.

2/ The macroeconomic projections for the baseline scenario are described in Section III.

3/ As defined in IMF, *Balance of Payments Manual*, 5th edition, 1993.

4/ Based on a three-year average of exports on the previous year (e.g., export average over 2005-2007 for NPV of debt-to-exports ratio in 2007).

5/ Revenue is defined as central government revenue, excluding grants.

6/ The macroeconomic projections for the different scenarios are described in Section IV E.

Table A7. Togo: Possible Delivery of World Bank Group's Assistance under the Enhanced HIPC Initiative, 2008-2044 1/
(in millions of U.S. dollars, unless otherwise indicated)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2028	Cumulative 2008-16	Cumulative 2008-44
Debt service before HIPC Assistance	26.4	26.8	27.1	28.5	28.4	28.2	28.6	28.7	29.7	22.3	252.5	697.9
of which principal	21.6	22.3	22.7	24.3	24.4	24.4	24.9	25.2	26.4	21.4	216.2	635.6
of which interest	4.7	4.6	4.4	4.2	4.0	3.9	3.7	3.5	3.3	0.9	36.3	62.4
Debt Service after MDRI Assistance 2/	26.4	26.8	27.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	80.3	80.3
of which principal	21.6	22.3	22.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	66.6	66.6
of which interest	4.7	4.6	4.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.7	13.7
Savings on debt service to IDA	0.0	0.0	0.0	28.5	28.4	28.2	28.6	28.7	29.7	22.3	172.2	617.7
of which principal	0.0	0.0	0.0	24.3	24.4	24.4	24.9	25.2	26.4	21.4	149.6	569.0
of which interest	0.0	0.0	0.0	4.2	4.0	3.9	3.7	3.5	3.3	0.9	22.6	48.7
Savings as percent of debt service due to World Bank Group	0	0	0	100	100	100	100	100	100	100	68.2	88.5

Source: Staff estimates.

1/ Enhanced HIPC assistance of USD 98 million in end-2007 NPV terms has been fully delivered in May 2008 through the clearance of the Togo's arrears to IDA on grant terms (USD 146 million);
2/ Decision point is expected to be reached in November 2008 but no delivery of interim assistance will be provided by the World Bank Group.

Table A8. Possible Delivery of IMF Assistance under the Enhanced HIPC Initiative 2008-2018 1/
(in millions of U.S. dollars, unless otherwise indicated)

	2008 Dec	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
(Based on the US$/SDR exchange rate as of September 30, 2008)											
I. Pre-MDRI Debt relief (under the HIPC Initiative only) 2/											
HIPC-eligible debt service due on IMF obligations 3/	0.1	0.2	0.2	0.2	0.2	2.3	9.9	9.9	9.8	9.8	7.7
Principal	-	-	-	-	-	2.1	9.7	9.7	9.7	9.7	7.7
Interest	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.0
HIPC assistance--deposits into member's Umbrella Account											
Interim assistance 4/	0.062	0.062									
Completion point disbursement 5/			0.2								
Completion point assistance			0.2								
Completion point interest			0.02								
IMF assistance--drawdown schedule from member's Umbrella Account	0.03	0.06	0.03	-	-	0.2	-	-	-	-	-
IMF assistance without interest	0.03	0.06	0.03	-	-	0.2	-	-	-	-	-
Estimated interest earnings 6/	-	0.00	0.00	-	-	0.05	-	-	-	-	-
Debt service due on current IMF obligations after IMF assistance	0.05	0.2	0.2	0.2	0.2	2.1	9.9	9.9	9.8	9.8	7.7
Delivery schedule of IMF assistance (in percent of the total assistance: on a flow basis)	10.0	20.0	10.0	-	-	60.0	-	-	-	-	-
Share of debt service due on IMF obligations covered by HIPC assistance (in percent)	36.8	25.7	13.5	-	-	10.2	-	-	-	-	-
Proportion (in percent) of each repayment falling due during the period to be paid by HIPC assistance from the principal deposited in Umbrella Account 7/	36.8	25.6	12.8	-	-	9.1	-	-	-	-	-
II. Post-MDRI Debt relief (under both MDRI and HIPC Initiatives)											
Projected pre MDRI cutoff date debt at completion point 8/			-								
Delivery of remaining HIPC assistance for post MDRI cutoff date debt (on stock basis):			0.21								
III. Debt service due to the IMF after HIPC and MDRI debt relief	0.05	0.2	0.2	0.2	0.2	2.1	9.9	9.9	9.8	9.8	7.7

Source: Fund staff estimates and projections.

1/ Total IMF assistance under the enhanced HIPC Initiative is US$ 0.312 million in NPV terms calculated on the basis of data available at the decision point, excluding interest earned on Togo's Umbrella account and on committed but undisbursed amounts as described in footnote 6.

2/ Estimated delivery of HIPC assistance in the absence of MDRI decision.

3/ Forthcoming obligations estimated based on schedules in effect as of October 7, 2008. Interest obligations do not include net SDR charges and assessments.

4/ The first delivery of interim assistance of 20 percent of commitment will be deposited into Togo's Umbrella account at the expected decision point in end-November 2008 to cover PRGF interest obligations falling due to the Fund over the next 12 months. The second interim assistance is assumed to be disbursed in November 2009.

5/ The remaining IMF's grant HIPC assistance assumed to be disbursed into member's account at the assumed completion point in October 2010, which is reflected in the calculation of interest.

6/ Estimated interest earnings on: (a) amounts held in Togo's Umbrella Account; and (b) up to the completion point, amounts committed but not yet disbursed. The projected interest earnings are estimated based on assumed interest rates which are gradually rising to 5 percent in 2013 and beyond; actual interest earnings may be higher or lower.

7/ HIPC assistance is expected to cover PRGF interest obligations falling due between December 2008 and September 2010 as there are no principal obligations falling due to the Fund until October 2013.

8/ Togo has repaid its MDRI-eligible debt by January 2008.

Table A9. Paris Club Creditors' Delivery of Debt Relief under Bilateral Initiatives

Countries Covered		ODA (In percent)		Non-ODA (In percent)		Provision of Relief	
		Pre-cutoff Date Debt	Post-cutoff Date Debt	Pre-cutoff Date Debt	Post-cutoff Date Debt	Decision Point (In percent)	Completion Point
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Australia	HIPCs	100	100	100	100 2/	2/	2/
Austria	HIPCs	100	-	100	-	Case-by-case, flow	Stock
Belgium	HIPCs	100	100	100	-	100 flow	Stock
Canada	HIPCs 3/	- 4/	- 4/	100	100	100 flow	Stock
Denmark	HIPCs	100	100 5/	100	100 5/	100 flow	Stock
France	HIPCs	100	100	100	-	100 flow 6/	Stock
Finland	HIPCs	100	- 7/	100	- 7/	-	-
Germany	HIPCs	100	100	100	100	100 flow	Stock
Ireland	-	-	-	-	-	-	-
Italy	HIPCs	100	100 8/	100	100 8/	100 flow	Stock
Japan	HIPCs	100	100	100	-	-	Stock
Netherlands, the	HIPCs	100 9/	100	100	-	90-100 flow 9/	Stock 10/
Norway	HIPCs	10/	10/	11/	11/	-	-
Russia	HIPCS	- 12/	- 12/	100	100	-	Stock
Spain	HIPCs	100	Case-by-case	100	Case-by-case	-	Stock
Sweden	HIPCs	-	- 13/	100	-	-	Stock
Switzerland	HIPCs	- 14/	- 14/	90-100 15/	-	90-100 flow	Stock
United Kingdom	HIPCs	100	100	100	100 16/	100 flow 16/	Stock
United States	HIPCs	100	100	100	100 17/	100 flow	Stock

Source: Paris Club Secretariat.

1/ Columns (1) to (7) describe the additional debt relief provided following a specific methodology under bilateral initiatives and need to be read as a whole for each creditor. In column (1), "HIPCs" stands for eligible countries effectively qualifying for the HIPC process. A "100 percent" mention in the table indicates that the debt relief provided under the enhanced HIPC Initiative framework will be topped up to 100 percent through a bilateral initiative.

2/ Australia: post-cutoff date non-ODA relief to apply to debts incurred before a date to be finalized; timing details for both flow and stock relief are to be finalized.

3/ Canada: including Bangladesh. Canada has granted a moratorium of debt service as of January 2001 on all debt disbursed before end-March 1999 for 13 out of 17 HIPCs with debt service due to Canada. Eligible countries are Benin, Bolivia, Cameroon, Dem. Rep. of Congo, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Rwanda, Senegal, Tanzania, and Zambia. 100% cancellation will be granted at completion point. As of July 2004, Canada has provided completion point stock of debt cancellation for Benin, Bolivia, Guyana, Senegal, and Tanzania.

4/ 100 percent of ODA claims have already been cancelled on HIPCs, with the exception of Myanmar's debt to Canada.

5/ Denmark provides 100 percent cancellation of ODA loans and non-ODA credits contracted and disbursed before September 27, 1999.

6/ France: cancellation of 100 percent of debt service on pre-cutoff date commercial claims on the government as they fall due starting at decision point. Once countries have reached completion point, debt relief on ODA claims on the government will go to a special account and will be used for specific development projects.

7/ Finland: no post-Cutoff date claims

8/ Italy: cancellation of 100 percent of all debts (pre- and post-cutoff date, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point, cancellation of the related amounts falling due in the interim period. At completion point, cancellation of the stock of remaining debt.

9/ The Netherlands: 100 percent ODA (pre- and post-cutoff date debt will be cancelled at decision point); for non-ODA: in some particular cases (Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Nicaragua, Rwanda, Tanzania, Uganda and Zambia), the Netherlands will write off 100 percent of the consolidated amounts on the flow at decision point; all other HIPCs will receive interim relief up to 90 percent reduction of the consolidated amounts. At completion point, all HIPCs will receive 100 per cent cancellation of the remaining stock of the pre-cutoff date debt.

10/ Norway has cancelled all ODA claims.

11/ Due to the current World Bank/IMF methodology for recalculating debt reduction needs at HIPC completion point, Norway has postponed the decisions on whether or not to grant 100% debt reduction until after HIPCs' completion point.

12/ Russia has no ODA claims

13/ Sweden has no ODA claims.

14/ Switzerland has cancelled all ODA claims.

15/ In some particular cases (Central African Republic, Liberia, Republic of Congo, Sierra Leone, Togo), Switzerland will write off 100 percent of the remaining debt stock at completion point; all other HIPCs will receive debt relief according to Paris Club terms.

16/ United Kingdom: "beyond 100 percent" full write-off of all debts of HIPCs as of their decision points, and reimbursement at decision point of any debt service paid before the decision point.

17/ United States: 100 percent post-cutoff date non-ODA treated on debt assumed prior to June 20, 1999 (the Cologne Summit).

Table A10. HIPC Initiative: Status of Country Cases Considered Under the Initiative, November 4, 2008

Country	Decision Point	Completion Point	Target NPV of Debt-to- Exports (in percent)	Target NPV of Debt-to- Gov. revenue (in percent)	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral and commercial	Multilateral Total	Multilateral IMF	Multilateral World Bank	Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework (23)											
Benin	Jul. 00	Mar. 03	150		265	77	189	24	84	31	460
Bolivia					1,302	425	876	84	194		2,060
original framework	*Sep. 97*	*Sep. 98*	*225*		*448*	*157*	*291*	*29*	*54*	*14*	*760*
enhanced framework	*Feb. 00*	*Jun. 01*	*150*		*854*	*268*	*585*	*55*	*140*	*30*	*1,300*
Burkina Faso					553	83	469	57	231		930
original framework	*Sep. 97*	*Jul. 00*	*205*		*229*	*32*	*196*	*22*	*91*	*27*	*400*
enhanced framework	*Jul. 00*	*Apr. 02*	*150*		*195*	*35*	*161*	*22*	*79*	*30*	*300*
topping-up	...	*Apr. 02*	*150*		*129*	*16*	*112*	*14*	*61*	*24*	*230*
Cameroon	Oct. 00	Apr. 06	*150*		1,267	879	322	37	176	27	4,917
Ethiopia					1,982	637	1,315	60	832		3,275
enhanced framework	*Nov. 01*	*Apr. 04*	*150*		*1,275*	*482*	*763*	*34*	*463*	*47*	*1,941*
topping-up		*Apr. 04*	*150*		*707*	*155*	*552*	*26*	*369*	*31*	*1,334*
Gambia, The	Dec. 00	Dec. 07	150		67	17	49	2	22	27	112
Ghana	Feb. 02	Jul. 04	144	250	2,186	1,084	1,102	112	781	56	3,500
Guyana					591	223	367	75	68		1,354
original framework	*Dec. 97*	*May 99*	*107*	*280*	*256*	*91*	*165*	*35*	*27*	*24*	*634*
enhanced framework	*Nov. 00*	*Dec-03*	*150*	*250*	*335*	*132*	*202*	*40*	*41*	*40*	*719*
Honduras	Jul. 00	Mar-05	110	250	556	215	340	30	98	18	1,000
Madagascar	Dec. 00	*Oct-04*	150		836	474	362	19	252	40	1,900
Malawi					1,057	171	886	45	622		1,628
enhanced framework	Dec. 00	*Aug-06*	150		646	164	482	30	333	44	1,025
topping-up	...	*Aug-06*	150		411	7	404	15	289	35	603
Mali					539	169	370	59	185		895
original framework	*Sep. 98*	*Sep. 00*	*200*		*121*	*37*	*84*	*14*	*43*	*9*	*220*
enhanced framework	*Sep. 00*	*Mar. 03*	*150*		*417*	*132*	*285*	*45*	*143*	*29*	*675*
Mauritania	Feb. 00	Jun. 02	137	250	622	261	361	47	100	50	1,100
Mozambique					2,023	1,270	753	143	443		4,300
original framework	*Apr. 98*	*Jun. 99*	*200*		*1,717*	*1,076*	*641*	*125*	*381*	*63*	*3,700*
enhanced framework	*Apr. 00*	*Sep. 01*	*150*		*306*	*194*	*112*	*18*	*62*	*27*	*600*
Nicaragua	Dec. 00	Jan. 04	150		3,308	2,175	1,134	82	191	73	4,500
Niger					663	235	428	42	240		1,190
enhanced framework	*Dec. 00*	*Apr. 04*	*150*		521	211	309	28	170	53	944
topping-up	...	*Apr. 04*	*150*		143	23	119	14	70	25	246
Rwanda					696	65	631	63	383		1,316
enhanced framework	*Dec. 00*	*Apr-05*	*150*		452	56	397	44	228	71	839
topping-up	...	*Apr-05*	*150*		243	9	235	20	154	53	477
São Tomé and Principe					124	31	93	1	47	128	263
enhanced framework	Dec. 00	*Mar-07*	150		99	29	70	-	24	83	215
topping-up	...	*Mar-07*	150		25	2	23	1	23	45	49
Senegal	Jun. 00	Apr. 04	133	250	488	212	276	45	124	19	850
Sierra Leone	Mar. 02	Dec. 06	150		675	335	340	125	123	81	994
Tanzania	Apr. 00	Nov. 01	150		2,026	1,006	1,020	120	695	54	3,000
Uganda					1,003	183	820	160	517		1,950
original framework	*Apr. 97*	*Apr. 98*	*202*		*347*	*73*	*274*	*69*	*160*	*20*	*650*
enhanced framework	*Feb. 00*	*May 00*	*150*		*656*	*110*	*546*	*91*	*357*	*37*	*1,300*
Zambia	Dec. 00	Apr-05	150		2,499	1,168	1,331	602	493	63	3,900
Decision point reached under enhanced framework (10)											
Afghanistan	Jul. 07	Floating	150		571	436	135	-	75	51	1,272
Burundi	Aug. 05	Floating	150		826	124	701	28	425	92	1,465
Central African Rep.	Sept. 07	Floating	150		583	217	365	27	209	68	782
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Congo, Democratic Rep. of	Jul. 03	Floating	150		6,311	3,837	2,474	472	831	80	10,389
Congo Rep. of	Mar. 06	Floating		250	1,679	1,561	118	8	49	32	2,881
Guinea	Dec. 00	Floating	150		545	215	328	31	152	32	800
Guinea-Bissau	Dec. 00	Floating	150		416	212	204	12	93	85	790
Haiti	Nov. 06	Floating	150		140	20	120	3	53	15	213
Liberia	Mar.08	Floating	150		2,846	1,420	1,426	732	375	91	4,008
Total assistance provided/committed					**38,842**	**19,037**	**19,705**	**3,368**	**9,155**	**36 4/**	**66,980**

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.
2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanisms.
3/ Equivalent to SDR 1,698 million at an SDR/USD exchange rate of 0.644524 , as of October 4, 2007.
4/ Corresponds to average reduction in NPV of debt

Table A11. Togo: Status of Creditor Participation under the Enhanced HIPC Initiative

	Debt relief in NPV terms (US$ millions)	Percentage of total assistance	Modalities to deliver debt relief
IDA	98	36.3	IDA assistance has been fully provided through its concessional arrears clearance operation.
AfDB Group	17	6.4	AfDB assistance has been fully delivered through its concessional arrears clearance operation under the Fragile States Facility.
IMF	0	0.1	The IMF will extend interim assistance immediately following the approval of the decision point by the Boards of IDA and the IMF—provided that the necessary financing assurances are in place—in the form of debt-service reduction. Since there will be no principal repayments falling due through 2013, interim HIPC assistance of about US$0.1 million will be applied to cover over half of PRGF interim obligations until the completion point, presently assumed for October 2010.
IFAD	4	1.4	The International Fund for Agricultural Development has proposed an arrears rescheduling, in the context of the HIPC Initiative, with a moratorium period without debt service.
IsDB	5	1.9	Debt service payments have been suspended until the completion point. Full delivery of relief at completion point is not guaranteed at this time.
BOAD	13	5.0	[Assistance to be delivered at completion point]
BADEA	0	0.1	[Assistance to be delivered at completion point]
OFID	3	0.9	[Assistance to be delivered at completion point]
EU/EIB	9	3.4	HIPC assistance will be delivered through a combination of concessional arrears clearance and, if needed, debt service reduction. The EIB Board has recently approved the general modalities under which arrears to this institution will be cleared.
FEGECE	0	0.0	[Assistance to be delivered at completion point]
Total multilateral	**150**	**56**	
Paris Club Creditors	98	36	Interim assistance will be delivered through a Cologne flow during the interim period.
Non-Paris Club Creditors	16	6	
China	11	4	China has already delivered its share of HIPC relief through some loans' cancellation in 2007.
Kuwait	4	2	
Saudi Arabia	0	0	
Commercial creditors	6	2	
Total bilateral and commercial	**120**	**44**	
TOTAL	**270**	**100**	
memorandum item:			
Estimated satisfactory assurances		92	

Sources: Togolese authorities; and Bank-Fund staff estimates.

1/ Includes the Universal Postal Union and the Pan-African Postal Union, which are agencies, respectively, of the United Nations and the African Union. Also includes the International Postal Universities at Abidjan and Brazzaville, and the African Institute of Savings Institutions, which the authorities have reported to also be agencies of multilateral institutions.

Annex I. Togo: Debt Management Capacity

1. Togo's debt management operations involve different entities, including the Ministry of Economy and Finance (MEF), the Department for the Execution and Oversight of the Development Plan and the benefiting line ministries, and are characterized by complex formal procedures which have been bypassed by informal channels in the past. The Debt Department (DD), which forms part of the Treasury Department, is the main unit responsible for debt management.[17] The DD's responsibilities include keeping the external debt database, monitoring overall public debt, forecasting external debt service, and preparing payment invoices for external debt. The DD is also involved in an advisory capacity in the process of negotiating and contracting loans in some but not all cases.

2. The legal framework for debt management lacks important implementation decrees and is not always respected in practice. Line ministers have, for instance, negotiated and signed loans without formal delegation authority. Togo agreed in July 2007 to implement the WAEMU regulation on external debt management. The regulation contains specific requirements for the legal framework surrounding government debt management, covering its most relevant aspects.

3. Debt management operations in Togo function within an extremely constrained environment. Debt management is reactive rather than active and core functions consist of debt data management, which itself suffers from coordination constraints. Togo has never developed a formal Debt Management Strategy (DMS), but used to follow an informal strategy whereby it prioritized debt service payments to creditors that remained engaged with the country. As part of reaching decision point under the HIPC initiative (and as part of implementing the WAEMU regulation), the Togolese authorities expect to develop a strategy to ensure the sustainability of future borrowing.

4. Debt recording is one of the major weaknesses of the debt management operations in Togo. Different entities manage external debt, domestic debt, and state-owned enterprise debt. Lack of coordination and information exchange between the different entities involved in negotiating, contracting and mobilizing funds, lead to incomplete debt records for both domestic and external borrowing. Debt recording of debt contracted by state-owned enterprises was especially weak and the DD did not have any information on the debt of these entities before requesting it for the debt reconciliation undertaken in the context of the HIPC Initiative. The DD provides forecasts of debt service due to the Budget Department, although only the loans that were still serviced were included in the budget (approximately one fifth of the total payments due).

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[17]The DD was created in 2000, when the responsibility for debt management was transferred from the National Investment Company (*Société Nationale d'Investissement*).

5. The current staff is experienced and has adequate knowledge of their current tasks. However, DD staff is not adequately trained in the analytic requirements of more advanced debt management operations, with the analytical unit staffed only with the advisor to the director.

6. Full implementation of the WAEMU regulation on external debt management would substantially strengthen Togo's legal framework and give the MEF a clear mandate for undertaking all debt related transactions. As the Treasury Department is being reformed, the DD should give priority to: (i) creating an institutional framework that ensures appropriate coordination among all entities that participate in the debt management process; (ii) hiring and training staff for the DD, in order to improve analytical capacity, for instance in the preparation of a debt management strategy and debt sustainability analyses; (iii) monitoring and recording of domestic and external debt in order to have an integrated and accurate electronic database, and producing a monthly report on debt service, debt outstanding and arrears; (iv) assigning DD staff to check the accuracy of data entries, risk monitoring and compliance; and (v) designing a debt management strategy which includes the terms of re-engagement with the international creditors.

Annex II. Togo: Joint World Bank-IMF Debt Sustainability Analysis

The debt sustainability analysis (DSA) highlights that Togo is in debt distress, underscoring the importance of comprehensive debt relief.[18] *Under the external DSA baseline, Togo's NPV-based indicators are projected to decline over time but they breach the relevant indicative thresholds over a prolonged period and are vulnerable to a number of shocks. Under an alternative scenario, which assumes full delivery of HIPC, MDRI and beyond-HIPC debt relief at completion point, Togo's external debt indicators exhibit a substantial improvement. Including Togo's large domestic public debt only reinforces the conclusions of the external DSA.*

1. **This DSA is based on the Debt Sustainability Framework (DSF) for Low-Income Countries.** The DSA presents the projected path of Togo's external and public sector debt burden indicators, and assesses the country's risk of external debt distress. Methodologically, the DSA differs from the Debt Relief Analysis (DRA) in the decision point document in that it compares the evolution over the projection period of debt-burden indicators against policy-dependent indicative thresholds. In contrast, under the DRA, the historical debt burden indicators are compared to uniform thresholds in order to calculate the amount of HIPC debt relief that Togo qualifies for in the context of the HIPC Initiative.[19]

2. **The last DSA for Togo was prepared in 2007 and assessed Togo as being in debt distress.**[20] At that time, Togo was accumulating arrears to several multilaterals and several debt burden indicators showed substantial breaches of the respective indicative thresholds. The macroeconomic framework underpinning the 2007 DSA baseline assumed weak economic performance and continued arrears accumulation, resulting in a projected worsening of the debt burden indicators. Compared to 2007 DSA results, the analysis below finds an improved debt dynamics as a consequence of projected improvements in the macroeconomic policy framework, large arrears clearance operations, and HIPC Initiative interim debt relief.

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[18] This DSA has been prepared jointly by the World Bank and Fund staffs using the Debt Sustainability Framework (DSF) for Low Income Countries (see "Applying the Debt Sustainability Framework for Low-Income Countries Post Debt Relief", (SM/06/364 and IDA/SecM2006-0564, 8/11/06). Togo's quality of policies and institutions, as measured by the average World Bank's Country Policy and Institutional Assessment (CPIA) for the period 2005-2007 (2.5), places it as a "weak performer." The corresponding indicative thresholds for the external debt indicators are 30 percent for the NPV of debt-to-GDP ratio, 100 percent for the NPV of debt-to-exports ratio, 200 percent for NPV of debt-to-revenue ratio, 15 percent for the debt service-to-exports ratio and 25 percent for the debt service-to-revenue ratio.

[19] In addition, the results of the LIC DSA differ from the HIPC DRA because of two other methodological differences related to the definition of: (i) discount rates; and (ii) exchange rates.

[20] Togo: 2007 Article IV Consultation and First Staff Review of the Staff-Monitored Program - Staff Report; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Togo.

A. Baseline Assumptions

3. **The baseline scenario relies on the same long-run macroeconomic framework as the DRA and is consistent with the program projections under the PRGF arrangement.** Average annual real GDP growth is projected to pick up over the projection period, from an average of 2 percent in 2004–2008 to 3.6 percent in 2009–2027. This pattern reflects the projected increase of donor-financed public investment, improved business confidence, growing regional trade, and a rebound in cotton and phosphate production. Over the medium term, growth should be sustained by higher foreign direct investment (e.g. in banking, telecom and phosphate sectors, and the port), improved financial intermediation, and upgrades to public infrastructure, especially electricity, which would alleviate bottlenecks that previously stymied private sector growth.

4. **Macroeconomic stability is expected to be supported by a prudent fiscal policy.** A domestic primary surplus of about 1 percent of GDP is assumed, which, combined with comprehensive external debt relief and higher foreign aid, would result in a broadly sustainable fiscal and debt position that avoids renewed arrears. The authorities plan to achieve the required fiscal adjustment by gradually raising revenues to about 18 percent over the medium run while holding domestic spending broadly constant in relation to GDP. Spending in priority areas (health, education, infrastructure, and restructuring of state-owned banks and enterprises) is to be increased significantly by (i) reallocating domestic spending away from non priority sectors, particularly untargeted subsidies and transfers, (ii) bringing external assistance (it was US$12 per capita in the period 2004-06, per the World Development Indicators database) to the regional average (US$43 per capita), and (iii) using resources to be freed up by HIPC and MDRI debt relief.

5. **Despite the global price shocks and the challenging external conditions, inflation is expected to be contained over the medium term, anchored in the WAEMU currency union and fiscal prudence.** Nonetheless, inflation can be erratic in case of unfavorable weather conditions (droughts or the recent heavy floods) or further volatility in world food and oil prices.

6. **Under the assumption that FDI and donor flows continue to be robust over the medium term, the external position is projected to remain manageable.** Togo's current account deficit is not expected to decline much over the medium term: imports are projected to increase as foreign aid is absorbed and FDI increases. Exports are expected to pick up, largely on account of higher phosphate exports, but sustained export growth will require enhancing competitiveness through reforms to improve the business environment. External financing is expected to come primarily from debt relief and higher FDI flows. Project grants are projected to increase from just under 2 percent of GDP in 2007 to a long-run average of 4¼ percent of GDP, whereas concessional project loans are projected to reach an average of 1½ percent of GDP.

7. **The baseline scenario reflects the multilateral arrears clearance operations completed in 2008 and assumes full delivery of traditional debt relief as well as interim HIPC assistance.**[21] Consistent with the DSF guidelines, the baseline does not reflect the delivery of HIPC, MDRI and bilateral or multilateral beyond-HIPC assistance after the completion point.[22] The evolution of Togo's debt indicators reflecting the full impact of debt relief under the HIPC Initiative, MDRI and bilateral or multilateral beyond-HIPC assistance is presented in a country-specific alternative scenario.

B. Debt Sustainability Analysis

External Debt Sustainability

8. **Togo's external debt indicators under the baseline remain above the relevant indicative thresholds over a prolonged period** (Table 1a, Figure 1)**.** The NPV of external debt declines from 71.5 percent of GDP in 2007 to 42.9 percent of GDP in 2008 and remains above the 30 percent indicative threshold until 2015. The NPV of external debt-to-revenue ratio moves below the 200 percent indicative threshold by 2013. Conversely, debt service ratios remain below the respective indicative threshold over the whole projection period, reflecting the high degree of concessionality of Togo's debt.

9. **The sensitivity analysis indicates that Togo's external debt outlook under the baseline is subject to considerable vulnerabilities** (Table 1b, Figure 1). Togo's debt indicators under the "historical scenario" are less favorable than in the baseline, illustrating that the debt dynamics in the baseline are contingent upon an improved macroeconomic performance compared to Togo's relatively weak historical performance. In addition, the indicators deteriorate significantly under a variety of temporary shocks, in particular the one on non-debt external financing. Such shocks result in the NPV-based indicators breaching the indicative thresholds over a long period. Conversely, since Togo's new borrowing is assumed to be on highly concessional terms, the shocks affect the debt service indicators to a lesser extent. The debt service indicators remain well below the respective threshold, except for the most extreme (composite) shock, in which case the debt service to revenue ratio would cross the relevant indicative threshold for several years.

10. **Full delivery of debt relief through HIPC Initiative, MDRI and possible bilateral and multilateral beyond-HIPC assistance, would significantly improve Togo's external debt outlook**. As shown in the alternative, country-specific scenario, reaching the completion point and the resulting full delivery of the above assistance would reduce all

[21] Arrears to IDA and AfDB have been cleared in 2008 and Togo has agreed on modalities for the clearance of arrears with EIB, EU and IFAD. Togo has not yet reached arrears clearance with the remaining multilateral creditors.

[22] See "Staff Guidance Note on the Application of the Joint Bank-Fund Debt Sustainability Framework for Low-Income Countries" (www.imf.org and IDA/SECM2007/0226, 03/05/2007).

external debt indicators significantly below the relevant indicative thresholds. Similar results were found in an alternative scenario of the 2007 DSA that assumed an improved macroeconomic outlook and debt relief under HIPC and MDRI.

Public Sector Debt Sustainability

11. **Including Togo's large domestic public debt in the analysis underscores the vulnerability of the baseline scenario** (Table 2a, Figure 2). Togo's domestic debt burden is comparatively large, reflecting years of weak fiscal management and domestic arrears accumulation, as well as the need to recapitalize ailing banks. The NPV of total public debt is projected to remain relatively high over the next five years, at more than 50 percent of GDP and more than 200 percent of revenues, respectively. Given the assumed improvement in the macroeconomic outlook and the projected high degree of concessionality of financing in the baseline scenario, debt ratios would nevertheless fall steadily over the long run. However, the evolution of the debt indicators would be sensitive to a variety of shocks, which would increase debt level and debt service over the long run.

12. **Total public debt dynamics are particularly vulnerable to growth shocks, but also to real exchange rate depreciation.** (Table 2b, Figure 2). Full delivery of HIPC relief, MDRI and beyond-HIPC relief at the assumed completion point reduces these vulnerabilities, as shown in the alternative scenario. All three NPV-based indicators would be substantially lower than under the baseline and would decline further over the projection period.

C. Conclusion

13. **The DSA shows that Togo remains in debt distress, despite the large reduction in debt achieved through traditional debt relief mechanisms, expected delivery of HIPC interim assistance and arrears clearance operations in 2008.** Under the baseline, the NPV-based indicators remain well above its indicative thresholds for most of the projection period, underscoring the importance for additional debt relief. Debt relief under the HIPC Initiative, MDRI and beyond-HIPC assistance significantly improves Togo's external debt outlook. These results are consistent with those of the 2007 DSA.

14. **Alternative scenarios and bound tests highlight the vulnerability of Togo's external debt outlook.** Achieving a robust external debt outlook will depend on a sustained pick-up of real GDP growth, solid export and revenue performance, as well as prudent debt management. The inclusion of Togo's large domestic debt in the analysis reinforces the conclusions of the external DSA and underscores the vulnerability of Togo's debt prospects.

Table 1a. Togo: External Debt Sustainability Framework, Baseline Scenario, 2005-2028 1/
(In percent of GDP, unless otherwise indicated)

	Actual			Historical Average	Standard Deviation	Projections									
	2005	2006	2007			2008	2009	2010	2011	2012	2013	2008-2013 Average	2018	2028	2014-2028 Average
External debt (nominal) 1/	**77.1**	**84.7**	**88.2**			**59.9**	**58.6**	**57.0**	**54.0**	**50.7**	**47.3**		**33.9**	**25.0**	
o/w public and publicly guaranteed (PPG)	77.1	84.7	88.2			59.5	57.9	56.1	52.9	49.4	45.9		31.8	22.8	
Change in external debt	-16.2	7.6	3.5			-28.4	-1.3	-1.6	-3.0	-3.3	-3.3		-1.8	-1.0	
Identified net debt-creating flows	-4.7	-0.7	-5.7			7.8	3.7	0.4	-0.8	-0.9	-1.0		-1.1	-1.3	
Non-interest current account deficit	**3.3**	**4.7**	**4.5**	**4.1**	**2.2**	**10.4**	**8.8**	**6.7**	**4.4**	**4.1**	**4.0**		**3.6**	**3.5**	3.6
Deficit in balance of goods and services	16.9	19.5	20.5			27.0	26.9	25.0	23.3	22.6	22.0		20.8	21.4	
Exports	40.3	42.3	41.9			40.4	43.6	44.9	45.5	46.1	46.7		47.9	49.3	
Imports	57.2	61.8	62.5			67.5	70.6	70.0	68.9	68.8	68.8		68.8	70.7	
Net current transfers (negative = inflow)	-12.4	-14.7	-15.9	-10.8	3.3	-16.8	-18.4	-18.5	-18.1	-17.7	-17.3		-16.9	-17.4	-16.9
o/w official	-1.2	-1.4	-1.7			-1.8	-3.8	-4.3	-4.3	-4.3	-4.3		-4.3	-4.4	
Other current account flows (negative = net inflow)	-1.2	-0.2	-0.2			0.2	0.2	0.2	-0.8	-0.9	-0.8		-0.4	-0.5	
Net FDI (negative = inflow)	**-2.2**	**-3.4**	**-2.5**	**-2.9**	**1.1**	**-2.5**	**-3.8**	**-4.5**	**-4.0**	**-4.0**	**-4.0**		**-4.0**	**-4.1**	-4.0
Endogenous debt dynamics 2/	**-5.8**	**-1.9**	**-7.7**			**-0.1**	**-1.3**	**-1.8**	**-1.2**	**-1.0**	**-1.0**		**-0.6**	**-0.6**	
Contribution from nominal interest rate	2.0	1.9	1.9			0.4	0.4	0.4	1.0	1.0	0.9		0.6	0.3	
Contribution from real GDP growth	-1.0	-2.9	-1.5			-0.6	-1.7	-2.2	-2.1	-2.0	-1.9		-1.2	-1.0	
Contribution from price and exchange rate changes	-6.8	-0.9	-8.1			...	...	...	...	...	...		...	...	
Residual (3-4) 3/	**-11.6**	**8.3**	**9.2**			**-36.2**	**-5.0**	**-2.0**	**-2.2**	**-2.4**	**-2.3**		**-0.8**	**0.3**	
o/w exceptional financing	0.0	0.0	0.0			-33.6	-3.5	-22.1	-0.6	-0.5	-0.6		-0.5	-0.7	
PV of external debt 4/	...	...	71.5			42.9	43.5	43.3	41.4	39.0	36.4		25.5	18.1	
In percent of exports	...	...	170.4			106.0	99.7	96.5	90.9	84.4	77.8		53.2	36.7	
PV of PPG external debt	**...**	**...**	**71.5**			**42.5**	**42.9**	**42.5**	**40.3**	**37.6**	**34.9**		**23.5**	**15.8**	
In percent of exports	**...**	**...**	**170.4**			**105.2**	**98.2**	**94.5**	**88.4**	**81.6**	**74.6**		**48.9**	**32.1**	
In percent of government revenues	**...**	**...**	**421.2**			**256.3**	**247.2**	**241.2**	**221.2**	**206.8**	**191.7**		**128.9**	**87.0**	
Debt service-to-exports ratio (in percent)	**34.9**	**29.0**	**26.9**			**5.0**	**3.8**	**3.5**	**5.8**	**6.7**	**7.3**		**5.1**	**3.2**	
PPG debt service-to-exports ratio (in percent)	**9.3**	**8.4**	**8.5**			**5.0**	**3.8**	**3.5**	**5.8**	**6.7**	**7.3**		**5.1**	**3.2**	
PPG debt service-to-revenue ratio (in percent)	**23.8**	**21.1**	**21.0**			**12.1**	**9.5**	**8.9**	**14.5**	**17.0**	**18.9**		**13.5**	**8.6**	
Total gross financing need (Billions of U.S. dollars)	0.3	0.3	0.3			0.3	0.2	0.1	0.1	0.2	0.2		0.2	0.3	
Non-interest current account deficit that stabilizes debt ratio	19.5	-2.9	0.9			38.8	10.1	8.3	7.4	7.4	7.3		5.4	4.4	
Key macroeconomic assumptions															
Real GDP growth (in percent)	1.2	3.9	1.9	1.1	2.5	0.8	3.0	4.0	4.0	4.0	4.0	3.3	3.5	4.0	3.6
GDP deflator in US dollar terms (change in percent)	7.8	1.2	10.6	3.7	8.4	18.0	2.2	2.4	2.4	2.4	2.0	4.9	2.0	2.9	2.1
Effective interest rate (percent) 5/	2.3	2.6	2.5	2.1	0.5	0.6	0.7	0.7	1.8	2.0	2.0	1.3	1.7	1.4	1.6
Growth of exports of G&S (US dollar terms, in percent)	6.6	10.3	11.8	10.2	12.6	14.6	13.6	9.7	8.0	7.9	7.5	10.2	5.6	10.0	6.1
Growth of imports of G&S (US dollar terms, in percent)	10.8	13.7	13.9	9.4	11.5	28.4	10.1	5.6	4.9	6.4	6.1	10.2	5.6	10.0	5.9
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	32.9	32.9	32.7	32.8	32.6	32.2	32.7	34.8	33.1	33.8
Government revenues (excluding grants, in percent of GDP)	15.7	16.9	17.0			16.6	17.3	17.6	18.2	18.2	18.2		18.2	18.2	18.2
Aid flows (in Billions of US dollars) 7/	0.0	0.0	0.0			0.1	0.2	0.2	0.2	0.2	0.2		0.3	0.6	
o/w Grants	0.0	0.0	0.0			0.1	0.1	0.2	0.2	0.2	0.2		0.2	0.4	
o/w Concessional loans	0.0	0.0	0.0			0.0	0.0	0.1	0.1	0.1	0.1		0.1	0.1	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			3.7	5.5	5.9	5.2	5.2	5.2		5.2	5.3	5.3
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			63.6	72.3	76.0	81.0	81.2	80.9		81.8	81.0	81.2
Memorandum items:															
Nominal GDP (Billions of US dollars)	2.1	2.2	2.5			3.0	3.1	3.3	3.6	3.8	4.0		5.3	9.3	
Nominal dollar GDP growth	9.1	5.2	12.7			18.9	5.3	6.5	6.5	6.5	6.1	**8.3**	5.6	7.0	5.7
PV of PPG external debt (in Billions of US dollars)			1.8			1.3	1.3	1.4	1.4	1.4	1.4		1.2	1.5	
(PVt-PVt-1)/GDPt-1 (in percent)						-20.9	2.6	2.4	0.4	-0.2	-0.6	-2.7	-0.2	0.3	0.0

Source: Staff simulations.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - r(1+g)]/(1+g+r+gr) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and r = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Assumes that PV of private sector debt is equivalent to its face value.

5/ Current-year interest payments divided by previous period debt stock.

6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

7/ Defined as grants, concessional loans, and debt relief.

8/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

Table 1b.Togo: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2008-2028
(In percent)

	Projections																			
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
PV of debt-to GDP ratio																					
Baseline	43	43	42	40	38	35	32	29	27	25	**23**	22	22	21	20	19	19	18	17	17	16
A. Alternative Scenarios																					
A1 Key variables at their historical averages in 2008-2028 1/	43	43	45	43	41	38	36	33	32	32	**32**	32	33	33	34	34	34	34	33	33	33
A2 New public sector loans on less favorable terms in 2008-2028 2	43	43	43	41	39	37	35	32	30	29	**28**	27	27	27	27	26	26	26	26	25	25
A3 Alternative Scenario : full delivery of HIPC, MDRI and beyond HIPC debt relief	43	43	12	12	12	12	12	12	11	11	**11**	11	11	12	12	12	13	13	13	13	13
B. Bound Tests																					
B1 Real GDP growth at historical average minus one standard deviation in 2009-2010	43	45	47	44	41	38	35	32	29	28	**26**	25	24	23	22	21	21	20	19	18	17
B2 Export value growth at historical average minus one standard deviation in 2009-2010 3/	43	48	56	53	50	47	44	41	39	36	**33**	31	29	27	25	23	21	20	19	18	17
B3 US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	43	46	49	46	43	40	37	33	31	29	**27**	26	25	24	23	22	22	21	20	19	18
B4 Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	43	53	63	61	58	55	51	48	46	43	**39**	36	33	30	28	25	22	21	20	19	18
B5 Combination of B1-B4 using one-half standard deviation shocks	43	58	79	76	72	68	65	61	58	54	**49**	45	41	37	34	30	27	24	23	22	20
B6 One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	43	61	60	57	53	49	45	41	38	35	**33**	32	30	29	28	27	26	25	24	24	22
PV of debt-to-exports ratio																					
Baseline	105	98	94	88	82	75	68	61	56	52	**49**	47	45	43	42	40	39	37	36	35	32
A. Alternative Scenarios																					
A1 Key variables at their historical averages in 2008-2028 1/	105	99	100	95	89	82	76	70	66	66	**66**	67	69	70	71	71	71	71	70	68	66
A2 New public sector loans on less favorable terms in 2008-2028 2	105	96	93	86	77	68	59	50	42	35	**29**	23	19	15	12	9	6	3	1	-1	-2
A3 Alternative Scenario : full delivery of HIPC, MDRI and beyond HIPC debt relief	105	98	27	27	27	26	25	24	23	23	**23**	23	24	25	25	26	26	27	27	28	27
B. Bound Tests																					
B1. Real GDP growth at historical average minus one standard deviation in 2009-2010	105	98	94	88	82	75	68	61	56	52	**49**	47	45	43	42	40	39	37	36	35	32
B2. Export value growth at historical average minus one standard deviation in 2009-2010 3/	105	127	162	153	143	133	123	113	106	100	**91**	85	79	73	68	63	58	54	51	49	45
B3 US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	105	98	94	88	82	75	68	61	56	52	**49**	47	45	43	42	40	39	37	36	35	32
B4 Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	105	122	141	134	125	117	109	101	95	89	**81**	75	69	63	57	52	47	43	41	39	36
B5 Combination of B1-B4 using one-half standard deviation shocks	105	138	178	169	159	149	139	129	123	115	**105**	95	87	79	71	64	57	52	49	46	42
B6 One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	105	98	94	88	82	75	68	61	56	52	**49**	47	45	43	42	40	39	37	36	35	32
PV of debt-to-revenue ratio																					
Baseline	256	247	241	221	207	192	176	160	147	137	**129**	123	118	114	110	106	103	99	95	91	87
A. Alternative Scenarios																					
A1 Key variables at their historical averages in 2008-2028 1/	256	249	245	227	215	203	190	176	167	160	**154**	151	149	147	146	144	143	141	140	139	137
A2 New public sector loans on less favorable terms in 2008-2028 2	256	241	237	215	195	175	153	131	110	92	**75**	61	50	40	31	22	15	9	3	-1	-5
A3 Alternative Scenario : full delivery of HIPC, MDRI and beyond HIPC debt relief	256	247	69	68	68	67	66	63	61	60	**60**	61	63	65	67	68	70	71	72	74	74
B. Bound Tests																					
B1 Real GDP growth at historical average minus one standard deviation in 2009-2010	256	258	265	243	228	211	193	176	162	151	**142**	135	130	126	122	117	113	109	104	100	96
B2 Export value growth at historical average minus one standard deviation in 2009-2010 3/	256	276	317	293	277	261	244	227	213	200	**184**	170	159	148	137	127	116	108	103	99	93
B3 US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	256	265	278	255	238	221	202	184	169	158	**149**	142	136	132	127	123	118	114	109	105	100
B4 Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	256	307	361	334	318	301	283	265	251	235	**214**	197	181	166	151	137	123	113	108	103	96
B5 Combination of B1-B4 using one-half standard deviation shocks	256	335	447	415	396	376	355	334	318	299	**271**	247	225	205	185	166	147	134	127	120	112
B6 One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	256	350	341	313	293	271	249	226	208	195	**182**	174	167	162	156	151	145	140	134	129	123

Table 1b (continued).Togo: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2008-2028

(In percent)

Debt service-to-exports ratio

Baseline	5	4	3	6	7	7	8	8	7	5	5	4	4	3	3	4	4	4	4	3	3
A. Alternative Scenarios																					
A1 Key variables at their historical averages in 2008-2028 1/	5	4	3	6	7	8	8	8	7	6	5	4	4	4	5	5	5	6	7	7	7
A2. New public sector loans on less favorable terms in 2008-2028 2	5	4	4	6	7	8	8	7	6	5	5	4	4	4	4	4	4	4	4	4	4
A3 Alternative Scenario : full delivery of HIPC, MDRI and beyond HIPC debt relief	5	4	3	1	2	2	3	3	3	2	2	2	1	1	1	1	2	2	2	2	2
B. Bound Tests																					
B1 Real GDP growth at historical average minus one standard deviation in 2009-2010	5	4	3	6	7	7	8	8	7	5	5	4	4	3	3	4	4	4	4	3	3
B2 Export value growth at historical average minus one standard deviation in 2009-2010 3/	5	4	5	9	10	11	11	11	10	9	11	10	9	8	8	8	8	7	5	5	5
B3. US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	5	4	3	6	7	7	8	8	7	5	5	4	4	3	3	4	4	4	4	3	3
B4 Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	5	4	4	7	8	9	9	9	8	9	10	9	8	8	8	8	7	6	4	4	4
B5 Combination of B1-B4 using one-half standard deviation shocks	5	4	5	9	10	10	11	11	9	11	14	12	11	11	10	10	10	8	5	5	5
B6. One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	5	4	3	6	7	7	8	8	7	5	5	4	4	3	3	4	4	4	4	3	3

Debt service-to-revenue ratio

Baseline	12	9	9	15	17	19	20	20	17	14	13	11	10	9	9	9	9	9	9	9	9
A. Alternative Scenarios																					
A1. Key variables at their historical averages in 2008-2028 1/	12	9	8	14	17	20	21	22	19	15	13	12	11	11	12	13	14	16	18	18	18
A2. New public sector loans on less favorable terms in 2008-2028 2	12	9	9	15	18	20	20	20	16	13	13	11	11	11	11	11	11	11	11	11	10
A3 Alternative Scenario : full delivery of HIPC, MDRI and beyond HIPC debt relief	12	9	9	4	5	6	7	8	7	6	6	5	4	3	4	4	4	4	4	4	4
B. Bound Tests																					
B1 Real GDP growth at historical average minus one standard deviation in 2009-2010	12	10	10	16	19	21	22	22	19	16	15	12	11	10	10	10	10	10	10	10	9
B2. Export value growth at historical average minus one standard deviation in 2009-2010 3/	12	9	10	17	19	21	22	22	19	19	22	20	18	17	17	16	16	14	11	10	10
B3. US dollar GDP deflator at historical average minus one standard deviation in 2009-2010	12	10	10	17	20	22	23	23	20	17	16	13	11	11	11	11	11	11	11	11	10
B4. Net non-debt creating flows at historical average minus one standard deviation in 2009-2010 4/	12	9	11	18	20	22	23	23	21	23	27	24	22	21	21	20	20	16	11	11	10
B5. Combination of B1-B4 using one-half standard deviation shocks	12	10	13	22	24	26	27	28	24	28	36	32	29	28	27	26	26	20	14	13	12
B6. One-time 30 percent nominal depreciation relative to the baseline in 2009 5/	12	13	13	21	24	27	28	29	25	20	19	16	14	13	13	13	13	13	13	13	12
Memorandum item																					
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20

Source: Staff projections and simulations.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline., while grace and maturity periods are the same as in the baseline.

3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).

4/ Includes official and private transfers and FDI.

5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.

6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

Table 2a. Togo:Public Sector Debt Sustainability Framework, Baseline Scenario, 2005-2028 1/
(In percent of GDP, unless otherwise indicated)

	Actual					Estimate						Projections			
	2005	2006	2007	Average	Standard Deviation	2008	2009	2010	2011	2012	2013	2008-13 Average	2018	2028	2014-28 Average
Public sector debt 1/	101.4	106.1	106.8			80.2	83.6	73.9	67.5	61.9	56.7		36.5	25.1	
o/w foreign-currency denominated	80.9	80.5	82.1			59.0	57.8	55.9	52.8	49.3	45.8		31.7	22.7	
Change in public sector debt	14.9	4.8	0.7			-26.6	3.4	-9.7	-6.4	-5.5	-5.2		-2.8	-1.1	
Identified debt-creating flows	...	-8.6	-10.8			-29.8	-3.5	-23.9	-3.0	-2.8	-2.4		-1.4	-1.3	
Primary deficit	1.5	1.9	-0.2	-0.1	2.3	1.3	1.2	0.2	-0.8	-0.7	-0.6	0.1	0.1	0.2	0.1
Revenue and grants	16.9	18.3	18.7			19.2	21.8	22.6	22.8	22.8	22.8		22.8	22.9	
of which: grants	1.2	1.4	1.7			2.7	4.5	5.0	4.6	4.6	4.6		4.6	4.7	
Primary (noninterest) expenditure	18.4	20.2	18.5			20.6	23.1	22.8	22.0	22.1	22.2		22.9	23.1	
Automatic debt dynamics	...	-10.4	-10.6			-8.7	-2.5	-2.8	-2.2	-2.1	-1.8		-1.5	-1.6	
Contribution from interest rate/growth differential	...	-2.3	-2.6			-4.4	-2.3	-2.6	-2.0	-1.9	-1.8		-1.5	-1.5	
of which: contribution from average real interest rate	...	1.6	-0.6			-3.6	0.1	0.6	0.9	0.7	0.6		-0.2	-0.5	
of which: contribution from real GDP growth	-1.0	-3.8	-2.0			-0.8	-2.3	-3.2	-2.8	-2.6	-2.4		-1.3	-1.0	
Contribution from real exchange rate depreciation	...	-8.1	-8.0			-4.3	-0.2	-0.2	-0.2	-0.2	0.0		...	...	
Other identified debt-creating flows	0.0	-0.1	0.0			-22.4	-2.2	-21.3	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	-0.1	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Debt relief (HIPC and other)	0.0	0.0	0.0			-4.1	-2.2	-2.2	0.0	0.0	0.0		0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0			-18.3	0.0	-19.1	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes	...	13.3	11.5			3.2	6.9	14.2	-3.3	-2.7	-2.8		-1.4	0.3	
Other Sustainability Indicators															
PV of public sector debt	20.5	25.7	91.2			63.3	68.5	60.3	54.9	50.3	45.8		28.1	18.2	
o/w foreign-currency denominated	0.0	0.0	66.6			42.2	42.8	42.4	40.2	37.6	34.8		23.4	15.8	
o/w external	.	.	66.6			42.2	42.8	42.4	40.2	37.6	34.8		23.4	15.8	
PV of contingent liabilities (not included in public sector debt)	...	..				.	.	.	.	.	..		.		
Gross financing need 2/	7.8	13.5	11.1			4.0	3.9	3.8	3.9	4.1	4.1		3.9	4.2	
PV of public sector debt-to-revenue and grants ratio (in percent)	121.2	140.4	488.5			329.1	313.7	267.2	240.6	220.7	200.7		123.6	79.3	
PV of public sector debt-to-revenue ratio (in percent)	130.3	151.9	537.5			381.7	395.0	342.5	301.7	276.1	251.6		154.7	99.8	
o/w external 3/		.	392.2			254.1	246.7	240.7	220.8	206.4	191.3		128.6	86.8	
Debt service-to-revenue and grants ratio (in percent) 4/	23.6	24.0	24.3			23.6	18.6	22.5	24.8	22.0	22.2		14.8	8.0	
Debt service-to-revenue ratio (in percent) 4/	25.4	26.0	26.7			27.4	23.4	28.8	31.1	27.5	27.8		18.5	10.1	
Primary deficit that stabilizes the debt-to-GDP ratio	-13.4	-2.8	-0.8			28.0	-2.1	9.9	5.6	4.8	4.6		2.9	1.3	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	1.2	3.9	1.9	1.1	2.5	0.8	3.0	4.0	4.0	4.0	4.0	3.3	3.5	4.0	3.6
Average nominal interest rate on forex debt (in percent)	2.3	2.6	2.5	2.1	0.5	0.6	0.7	0.7	1.8	2.1	2.0	1.3	1.8	1.5	1.7
Average real interest rate on domestic debt (in percent)	..		-0.6		.	-3.4	0.1	0.8	1.2	1.1	0.9	0.1	-0.4	-2.3	-0.9
Real exchange rate depreciation (in percent, + indicates depreciation)	13.1	-10.3	-10.2	-4.0	11.5	-5.5	.		.	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	7.7	0.3	1.3	1.5	5.3	4.8	1.2	2.0	2.0	2.0	2.0	2.3	2.0	2.9	2.1
Growth of real primary spending (deflated by GDP deflator, in percent)	0.2	0.1	-0.1	0.0	0.2	0.1	0.2	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Grant element of new external borrowing (in percent)	.		.			32.9	32.9	32.7	32.8	32.6	32.2	32.7	34.8	33.1	

Sources: Country authorities; and Fund staff estimates and projections

1/ Data covers gross central government debt.

2/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period

3/ Revenues excluding grants

4/ Debt service is defined as the sum of interest and amortization of medium and long-term debt

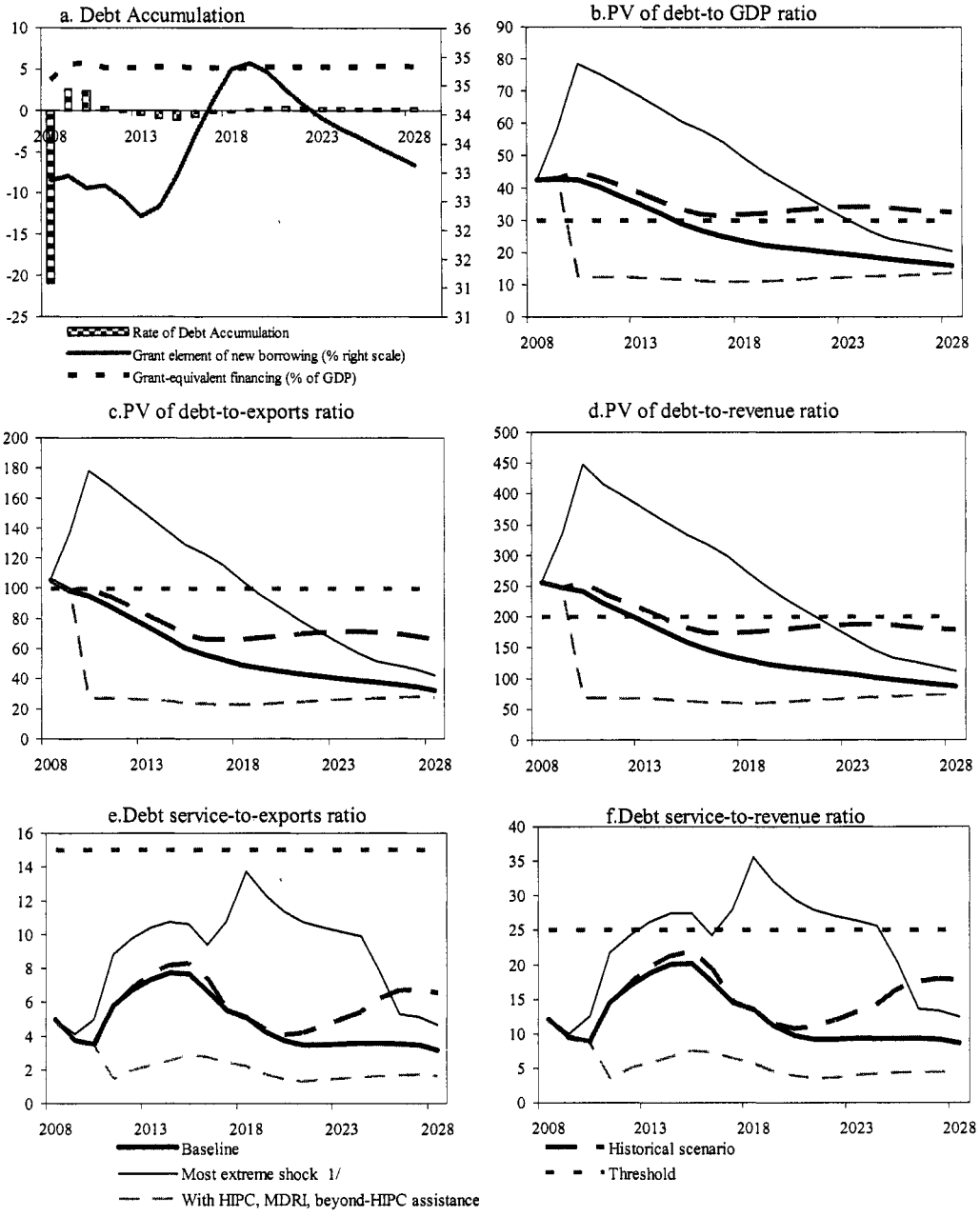
5/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability

Table 2b.Togo: Sensitivity Analysis for Key Indicators of Public Debt 2008-2028

	Projections							
	2008	2009	2010	2011	2012	2013	2018	2028
PV of Debt-to-GDP Ratio								
Baseline	63	69	60	55	50	46	28	18
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	63	68	60	56	53	49	34	28
A2. Primary balance is unchanged from 2008	63	68	60	56	53	50	39	42
A3. Permanently lower GDP growth 1/	63	69	60	54	50	46	32	40
A4. Alternative Scenario : full delivery of HIPC, MDRI and beyond HIPC debt relief	63	69	30	27	25	23	16	16
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2009-2010	63	72	67	62	58	55	44	52
B2. Primary balance is at historical average minus one standard deviations in 2009-2010	63	69	62	56	50	46	28	21
B3. Combination of B1-B2 using one half standard deviation shocks	63	70	64	58	54	50	34	21
B4. One-time 30 percent real depreciation in 2009	63	86	76	69	64	59	40	32
B5. 10 percent of GDP increase in other debt-creating flows in 2009	63	78	69	62	56	50	29	18
PV of Debt-to-Revenue Ratio 2/								
Baseline	329	314	267	241	221	201	124	79
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	329	311	263	241	226	210	139	107
A2. Primary balance is unchanged from 2008	329	312	263	242	228	213	162	162
A3. Permanently lower GDP growth 1/	323	291	242	230	227	226	215	216
A4. Alternative Scenario : full delivery of HIPC, MDRI and beyond HIPC debt relief	329	314	133	119	110	101	69	69
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2009-2010	329	326	292	268	252	236	189	222
B2. Primary balance is at historical average minus one standard deviations in 2009-2010	329	317	273	243	222	200	123	92
B3. Combination of B1-B2 using one half standard deviation shocks	329	320	279	252	233	213	140	82
B4. One-time 30 percent real depreciation in 2009	329	394	337	304	281	258	175	140
B5. 10 percent of GDP increase in other debt-creating flows in 2008	80	93	82	74	67	61	37	25
Debt Service-to-Revenue Ratio 2/								
Baseline	24	19	22	25	22	22	15	8
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	24	19	23	23	23	24	20	9
A3. Permanently lower GDP growth 1/	24	19	23	25	23	24	20	24
A3. Permanently lower GDP growth 1/	24	19	34	30	36	36	39	38
A4. Alternative Scenario : full delivery of HIPC, MDRI and beyond HIPC debt relief	23	18	22	16	12	12	9	5
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2009-2010	24	19	24	29	29	31	29	33
B2. Primary balance is at historical average minus one standard deviations in 2009-2010	24	19	23	28	27	24	17	10
B3. Combination of B1-B2 using one half standard deviation shocks	5	4	5	6	6	6	5	2
B4. One-time 30 percent real depreciation in 2008	5	4	6	7	7	7	7	5
B5. 10 percent of GDP increase in other debt-creating flows in 2008	5	4	6	10	-5	7	1	0

Sources: Country authorities; and Fund staff estimates and projections.
1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the length of the projection period.
2/ Revenues are defined inclusive of grants.

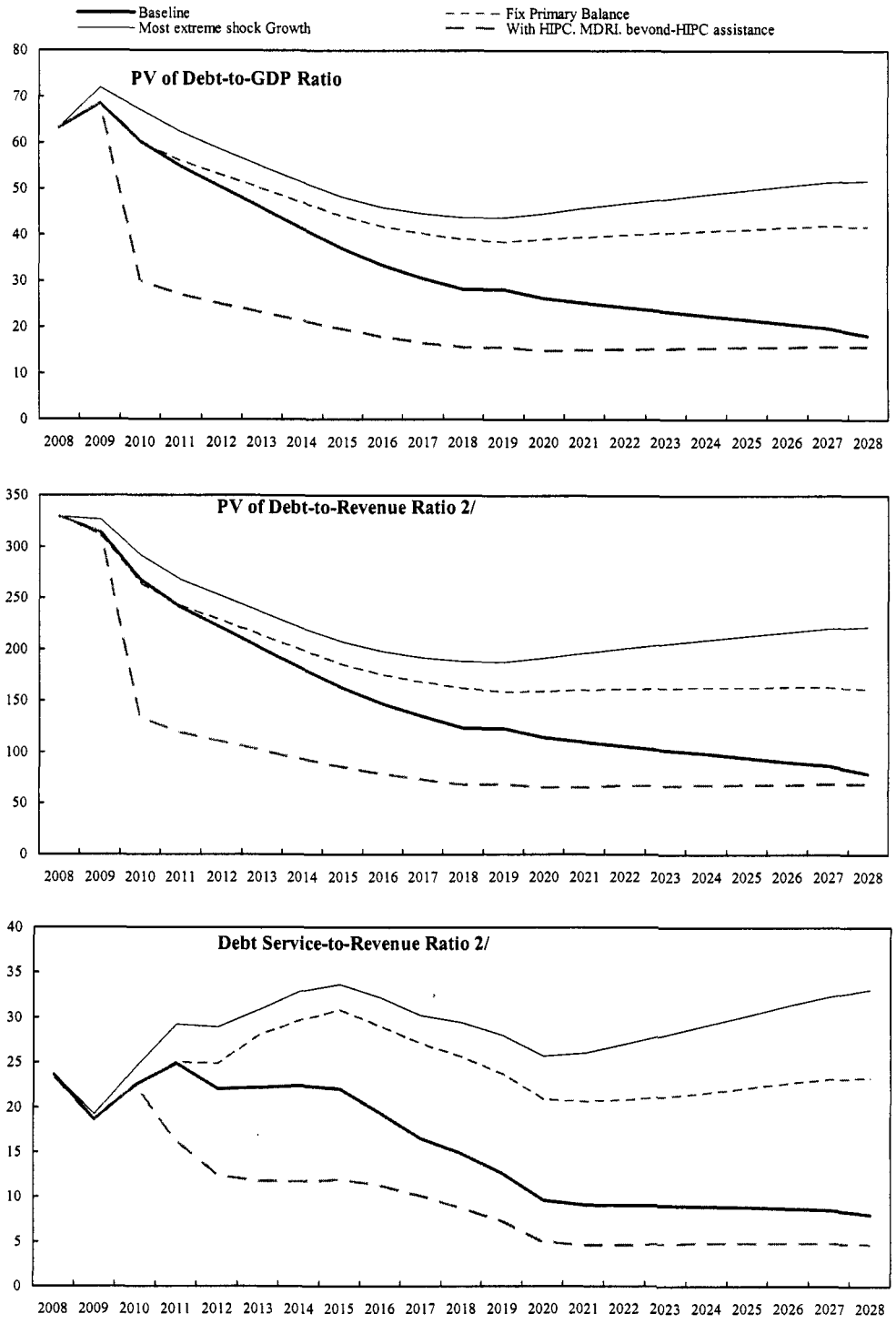
Figure 1. Togo: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2008-2028 1/



Source: Staff projections and simulations.

1/ The most extreme shock corresponds to the combination of B1-B4 using one-half standard deviations.

Figure 2.Togo: Indicators of Public Debt Under Alternative Scenarios, 2008-2028 1/



Sources: Country authorities; and Fund staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2018.

2/ Revenues are defined inclusive of grants.