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Togo: Enhanced Heavily Indebted Poor Countries (HIPC) Initiative Completion Point Document and Multilateral Debt Relief Initiative (MDRI)

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TOGO

Enhanced Heavily Indebted Poor Countries (HIPC) Initiative Completion Point Document and Multilateral Debt Relief Initiative (MDRI)

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

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November 22, 2010

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Acronyms

AfDB	African Development Bank
AfDF	African Development Fund
AP	Action Plan
APR	Annual Progress Report
BCEAO	Banque Centrale des Etats de l'Afrique de l'Ouest (Central Bank for West-African States)
BOAD	West African Development Bank
CEMLA	Center for Latin American Monetary Studies
CoA	Court of Accounts
CNPF	National Public Debt Committee
DeMPA	Debt Management Performance Assessment
DMFAS	Debt Management Finance Accounting System
DRA	Debt Relief Analysis
DSA	Debt Sustainability Analysis
DRI	Debt Relief International
EFA-ITI	Education For All—Fast Track Initiative
EIB	European Investment Bank
EITI	Extractive Industry Transparency Initiative
ECF	Extended Credit Facility
ESP	Education Sector Plan
EU	European Union
FAD	Fiscal Affairs Department (IMF)
FAGACE	Fonds Africain de Garantie et de Coopération Economique (African Fund for Guarantees and Economic Cooperation)
FEGECE	Fonds d'Entraide et de Garantie des Emprunts du Conseil de l'Entente (Mutual Aid and Loans Guarantee Fund)
HIPC	Heavily Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficient Syndrome
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IsDB	Islamic Development Bank
JSAN	Joint Staffs Advisory Note
MDG	Millennium Development Goal
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MDRI	Multilateral Debt Relief Initiative
OFID	OPEC Fund for International Development
OPEC	Organization of Petroleum Exporting Countries
PDD	Public Debt Directorate
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PEMFAR	Public Expenditure Management and Financial Accountability Review
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PV	Present Value
SIGFIP	*Système Intégré de Gestion des Finances Publiques* (Integrated Public Finance Management System)
SOE	State-Owned Enterprises
SP-PRPF	Permanent Secretariat for the Monitoring of Reforms
TA	Technical Assistance
TMU	Technical Memorandum of Understanding
TOFE	*Tableau des Opérations Financières de l'Etat* (State Financial Operations Table)
UNCTAD	United Nations Conference on Trade and Development
WAEMU	West African Economic and Monetary Union
WAIFEM	West African Institute for Financial and Economic Management
WHO	World Health Organization

Executive Summary

In November 2008, the Boards of Executive Directors of IDA and the IMF agreed that the Republic of Togo had met the requirements for reaching the decision point under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. The amount of debt relief committed at the decision point was $270 million in end-2007 present value (PV) terms, calculated to reduce the NPV of eligible external debt to 250 percent of revenue at end-2007. This relief implied a common reduction factor of 19 percent.

In the view of the IDA and IMF staffs, Togo has made satisfactory progress in meeting the requirements to reach the completion point. All the floating triggers have been fully implemented. The first Poverty Reduction Strategy Paper (PRSP) was approved by the Council of Ministers on July 6, 2009 and its implementation has been satisfactory. The fifth review under the Extended Credit Facility (ECF) arrangement will be considered by the Executive Board of the IMF together with this Completion Point Document and the JSAN. The IMF staff will recommend completion of the fifth ECF review based on the broadly satisfactory implementation of the program in 2010 and the appropriate policy framework for 2011. All other triggers, including those in the areas of public financial management, governance, debt management and social sectors have also been fully implemented.

As a result of the debt reconciliation exercise for the completion point, the present value (PV) of eligible external debt at end-2007 after traditional debt relief has been revised from $1,410.8 million to $1,422.8 million. The HIPC assistance in PV terms is estimated at $282 million, of which $155 million would be delivered by multilateral creditors and $127 million by bilateral and commercial creditors. Togo does not qualify for topping-up under the enhanced HIPC Initiative based on end-2009 debt data.

Creditors accounting for 98 percent of total HIPC eligible debt have given satisfactory assurances of their participation in the enhanced HIPC Initiative. Nearly all multilateral creditors and all Paris Club creditors have agreed to participate. The authorities are working toward obtaining participation of all the remaining creditors.

Upon reaching the completion point under the Enhanced HIPC Initiative, Togo will also qualify for additional debt relief under the Multilateral Debt Relief Initiative (MDRI). Debt relief under the MDRI would cover almost all remaining debt service obligations to IDA and the African Development Fund (AfDF). MDRI relief would reduce nominal debt service by $749 million over a period of 39 years.

Full delivery of HIPC, additional multilateral and bilateral assistance beyond HIPC and MDRI debt relief at the completion point would reduce Togo's external debt burden significantly. The PV of debt-to-revenue ratio would fall from 272.0 percent at end-2009 to 77.2 percent at end-2010 thanks to the delivery of MDRI assistance. Subsequently, the PV of debt-to-revenue ratio is expected to increase gradually to 114.6 percent at end-2029 due to new borrowing. However, the future evolution of these indicators will be sensitive to the macroeconomic assumptions, particularly exports and the terms of new external financing.

The staffs recommend that the Executive Directors of IDA and the IMF approve the completion point for Togo under the Enhanced HIPC Initiative.

I. INTRODUCTION

1. **This paper discusses Togo's progress under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative**. It recommends that the Executive Directors of the International Development Association (IDA) and the International Monetary Fund (IMF) approve the completion point for Togo under the Enhanced HIPC Initiative. In the view of the staffs of IDA and IMF, Togo has made satisfactory progress in achieving all completion point triggers. It has fully implemented the triggers on the preparation and implementation of a Poverty Reduction Strategy (PRS), the maintenance of macroeconomic stability, public financial management, governance, debt management and social sectors.

2. **In November 2008, the Boards of Executive Directors of IDA and the IMF agreed that Togo had met the requirements for reaching the decision point under the Enhanced HIPC Initiative**. The amount of debt relief committed at the decision point was $270 million in PV terms, calculated to reduce the PV of debt–to-revenue ratio to 250 percent on the basis of end-December 2007 data. This relief represents an overall reduction of 19 percent in the PV of all public and publicly guaranteed external debt as of end-December 2007, after application of traditional debt relief mechanisms. At the same time, the Boards of IDA and the IMF agreed to provide Togo with relief through arrears clearance and interim debt relief, respectively, until Togo reached the completion point. Relief through concessional arrears clearance and loan rescheduling was also granted by the African Development Fund (AfDF), the European Investment Bank (EIB), the Islamic Development Bank (IsDB) and the OPEC Fund for International Development (OFID). Paris Club creditors provided debt relief through flow rescheduling on Cologne terms. The total debt relief in PV terms provided through arrears clearance operations and debt service reduction in the period before the completion point amounts to $239 million. Executive Directors had determined that the floating completion point would be reached when the triggers in Box 2 of the Decision Point Document[1] have been met.

3. **This paper assesses Togo's performance in reaching the completion point under the Enhanced HIPC initiative and provides an updated debt relief analysis.** The paper is organized as follows. Section II assesses Togo's performance in meeting the triggers for reaching the completion point under the Enhanced HIPC Initiative. Section III provides an updated debt relief analysis (DRA), including the status of creditor participation, and delivery of debt relief under the Enhanced HIPC and MDRI Initiatives. Section IV summarizes the main conclusions, and Section V presents issues for discussion by the Boards of IDA and the IMF. Appendix I offers an update on debt management in Togo and a LIC debt sustainability analysis (DSA) is presented in Appendix II.

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[1] Table 1 of this document.

II. Assessment of Requirements for Meeting the Completion Point

4. **In the view of the staffs of IDA and the IMF, Togo has met the triggers for reaching the completion point**. The description of the triggers and their implementation status are presented in Table 1 of this document. At the decision point, the Boards of IDA and the IMF agreed that Togo would reach the floating completion point on the basis of the following criteria:

i. preparation of a full Poverty Reduction Strategy Paper (PRSP) and its satisfactory implementation for at least one year, as evidenced by a PRSP Annual Progress Report submitted by the government to IDA and the IMF;

ii. maintenance of macroeconomic stability as evidenced by satisfactory implementation of the ECF arrangement;

iii. 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;

iv. appoint the judges for the Court of Accounts and give them work space, equipment, and materials; and submit the draft of the Budget Execution Law and draft General Treasury Balance (Balance Générale du Trésor) to the Court of Accounts and Parliament for at least one fiscal year preceding the completion point;

v. adopt a decree creating the Procurement Regulatory Authority in conformity with the WAEMU Procurement Directives; nominate its managerial staff, and give them an adequate budget and monthly publication in a public procurement gazette or on a government website of a summary of all signed contracts, including sole source contracts and public concessions, for at least six months immediately preceding the completion point;

vi. 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;

vii. consolidate external and domestic debt data under a single unit charged with all public debt management tasks;

viii. publish an annual report on a government website giving 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;

Table 1. Togo: Triggers for the Floating HIPC Completion Point[1]

Measures	Status	Remaining actions needed for completion
	A. PRSP and Poverty Monitoring	
Prepare a full PRSP through a participatory process and implement satisfactorily its recommended actions for at least one year, as shown by an Annual Progress Report (APR) submitted to the International Development Association (IDA) and the IMF.	Completed. The Full PRSP was approved by the Council of Ministers on July 6 2009. A workshop to determine the monitoring indicators for the APR was held in Lomé on April 2010. Authorities have submitted the APR to IDA and IMF staffs in October 2010.	No further action required. IDA and IMF staffs will issue a JSAN on the document in November 2010.
	B. Macroeconomic Stability	
Maintain macroeconomic stability as shown by satisfactory performance under an ECF-supported program	In compliance. The government is committed to maintaining macroeconomic stability and fully implementing ECF-related macro-critical reforms.	On track for successful completion of fifth ECF review.
	C. 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.	Completed. A mechanism to track public expenditures for poverty reduction on the basis of a functional expenditure classification has been adopted. Monthly tables of fiscal operations have been regularly elaborated since January 2009. Staffs of the budget office and sectoral ministries have been trained to track expenditures linked to poverty reduction based on functional classification. Quarterly expenditure reports for 2009 and 2010 were published on the Permanent Secretariat for Monitoring of Reforms (SP-PRPF) website.	No further action required.
Appoint the judges for the Court of Accounts and give them work space, equipment, and materials; and submit the draft of the Budget Execution Law and draft General Treasury Balance to the Court of Accounts and Parliament for at least one fiscal year preceding the completion point.	Completed. Judges were nominated in July 2009 and took office on September 24 2009. The Court of Accounts has received space, equipment, and materials. The 2010 budget as well as the 2011 draft budget allocated resources to the Court of Accounts. Treasury Balances and the Budget Execution Laws for 2007 and 2008 have been transmitted to the Court of Accounts for review and to the Parliament for information.	No further action required.
Adopt a decree creating the Procurement Regulatory Authority in conformity with the WAEMU[2] Procurement Directives; nominate its managerial staff, and give them an adequate budget and monthly publication in a public procurement gazette or on a government website of a summary of all signed contracts, including sole source contracts and public concessions, for at least six months immediately preceding the completion point.	Completed. The public procurement code was adopted by the National Assembly on November 11, 2009 and the decree creating the public procurement authority in conformity with the WAEMU directives was adopted by the Council of Ministers on December 30 2009. The managerial staff was nominated in March 2010 and the 2010 budget and 2011 draft budget allocate resources to the Procurement Regulatory Authority. A summary of the contracts, including sole source contracts, are published on a monthly basis since June 2009 on the SP-PRPF website and in the Chamber of Commerce newsletter.	No further action required.

Measures	Status	Remaining actions needed for completion
D. 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[3] criteria, with a recent annual report during at least the year immediately preceding the year in which the completion point is reached.	Completed. Regular public reporting has been implemented. The reports auditing the payments to, and revenues received by the government for the phosphates sector for 2008 and 2009 have been prepared and are published on the SP-PRPF website.	No further action required.
E. Debt management		
Consolidate external and domestic debt data under a single unit charged with all public debt management tasks.	Completed. The Public Debt Directorate is responsible for these tasks.	No further action required.
Publish an annual report on a government website giving 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.	Completed. The report for 2008 has been published on the SP-PRPF website (www.togoreforme.com). The report for 2009 was completed in March 2010 and published on the website.	No further action required.
F. 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.	Completed. The National Heath Development Plan and the medium-term Health Sector Human Resources Development and Management Plan were adopted by the Council of Ministers in July 2009. Both plans include a detailed costing plan.	No further action required.
Start implementation of the national education sector plan by training at least 500 new teachers and conducting remedial training of at least 4,000 existing teachers.	Completed. Initial training of 511 new teachers was completed between July 2009 and March 2010, and remedial training of 4,909 teachers was completed between December 2009 and August 2010.	No further action required.

[1] Information as of November 2, 2010. The first two triggers (PRSP implementation and satisfactory macroeconomic performance) are requirements for reaching the completion point under the IMF PRGF-HIPC Trust Instrument.
[2] West African Economic and Monetary Union.
[3] Extractive Industries Transparency Initiative.

ix. 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;

x. start implementation of the national education sector plan by training at least 500 new teachers and conducting remedial training of at least 4,000 existing teachers.

A. PRSP and Poverty Monitoring

5. **In July 2009, Togo adopted its first full PRSP, covering the period 2009–11.** The PRSP was prepared through an extensive participatory process involving a broad range of stakeholders including civil society, the private sector, development partners, and communities representing the country's different regions. An interim poverty reduction strategy document was adopted by the government in March 2008 and served as a basis for re-engagement with the international community. The full PRSP approved by the Council of Ministers on July 6, 2009 is a comprehensive strategy covering most of the challenges and areas of action to foster growth and reduce poverty. It is based on four strategic pillars: (i) strengthening of governance; (ii) consolidation of the bases for strong and sustained growth; (iii) development of human capital; and (iv) reduction of regional imbalances and promotion of community development. In addition to these pillars, the PRSP also integrates cross-cutting themes related to the environment, HIV/AIDS, gender and human rights.

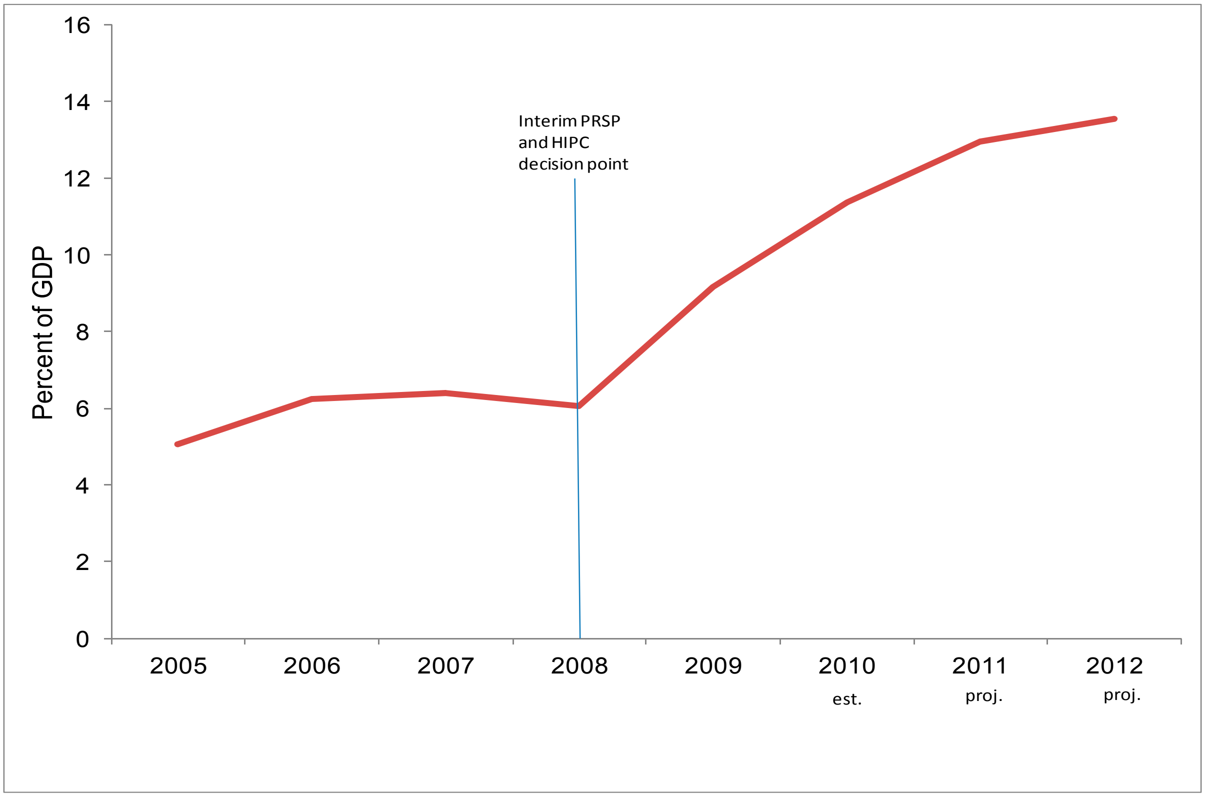
6. **The Boards of the IMF and IDA concluded that the PRSP provided a credible framework for poverty reduction**. The Boards' discussions addressed the PRSP in November and December 2009, respectively. As noted in the corresponding JSAN, the PRSP has many strengths, most notably its strong ownership deriving from a broad participatory process, the use of a results-based framework, and the clear and consistent link provided between the reform agenda and the medium-term budget at the aggregate level. The JSAN also pointed out a number of areas that could benefit from further attention, including the need for a detailed implementation plan for some critical aspects of the growth and poverty reduction agenda, and the risks facing the implementation of the strategy (including capacity constraints, political tensions and adverse economic and natural disaster shocks).

7. **The government is making progress in operationalizing the institutional framework for participatory monitoring and evaluation of the PRS implementation**. There still is an urgent need to enhance the availability of reliable up-to-date statistics and improve the available information systems, as planned under the PRSP and other strategy documents. However, the lack of financial resources and administrative, as well as technical, capacity constraints have caused delays in implementing plans to enhance the statistical evidence base crucial for monitoring and evaluation. The government also recognizes the need to advance in the implementation of monitoring and evaluation units in all line ministries and to create sectoral committees linked to a central coordinating structure for effective tracking of PRSP implementation.

8. **The staffs consider that implementation of the PRSP was satisfactory in 2009 and 2010**. The first Annual Progress Report (APR) on implementation of the PRS was prepared by the government through a participatory process. The APR and its corresponding JSAN will be considered by the Boards of IDA and the IMF jointly with this document. The APR highlights progress in many areas, including political and economic governance, as well as public financial management (see section II.C below). In particular, during 2009 and 2010, a Truth, Justice and Reconciliation Commission was established, and democratic institutions

such as the Constitutional Court were strengthened as a prelude to the presidential elections held in March 2010. The government also took action to promote agricultural development, to enhance management of state-owned enterprises (SOEs) in natural resource extraction sectors and to restructure the banking sector. The staffs of IDA and the IMF have reviewed progress on each of the PRSP pillars and concluded that PRSP implementation and monitoring have been satisfactory over the past year. Poverty reducing spending has grown significantly under the interim and complete PRSPs (Figure 1). However, many challenges remain, particularly related to the impact of the changing international environment, difficulty in mobilizing external resources to finance key activities, and inadequate administrative capacity. Policies in specific areas related to the HIPC completion point triggers are reviewed in the remainder of Section II.

Figure 1. Togo: Poverty Reducing Public Expenditures



Source: Togolese authorities and staff estimates and projections.
Note: Poverty reducing expenditures are defined as domestically and foreign financed current and investment spending in health, education and other social sectors.

B. Macroeconomic Stability

9. **Macroeconomic stability has been maintained since the decision point in November 2008, and the outlook for 2011 and 2012 is favorable**. The government maintained a prudent fiscal stance—anchored by targets on the domestic primary balance—despite an adverse external environment and sensitive political environment. The solid implementation of the ECF-supported program contributed to improving confidence in the government's fiscal management and stabilizing the political and economic situation,

coupled with an improving macroeconomic environment. Efforts to rehabilitate the banking sector have improved confidence in the financial system and have led to growth in deposits and credit to the private sector since the second quarter of 2009. After a relatively short-lived surge in prices linked to global trends in food and oil prices, consumer price index inflation has dropped sharply and stabilized around 2 percent.

10. **The acceleration of growth initially envisaged in the PRSP did not fully materialize due largely to a number of exogenous shocks.**[2] Economic growth in 2008 was depressed by flood damage and surges in international oil and food prices. Growth is estimated to have recovered somewhat in subsequent years to exceed 3 percent in 2009 and 2010 (Table 2) and is projected to increase to 3.7 percent in 2011, but has remained below its estimated potential of 4 percent, which it is now expected to be reached only in 2012. Over the period 2009–12, real GDP per capita growth is projected to be 0.8 percent on average. The main determinants of this modest performance were the adverse effects of the international financial crisis and ensuing the global recession, which has delayed recovery following Togo's protracted domestic crisis. The main drivers of growth in this period were the agricultural sector (especially food production), the secondary sector (in particular, clinker and cement) and construction and public works linked to increases in public investment.

11. **Despite difficult economic conditions, Togo's fiscal performance was satisfactory**. The fiscal stance in 2009 and 2010 provided some stimulus to the economy; which was justified for social and countercyclical reasons, as well as to address post-domestic crisis needs, particularly for public infrastructure. Over the period 2009–10, implementation of the fiscal program remained broadly on target, despite some modest slippages in budget execution that led to missing the fiscal balance and domestic financing performance criteria for end-2009 by 0.2 percent and 0.7 percent of GDP, respectively. The 2010 budget framework was tightened somewhat compared to previous plans to offset partially the impact of these slippages.

12. **Togo's macroeconomic framework for 2011 remains appropriate.** In particular, the budget framework has an ambitious, pro-growth orientation, while remaining feasible and consistent with debt sustainability. Domestically financed investment spending is projected to rise to 5.0 percent of GDP, from 3.3 percent in 2010, as the authorities aim to reduce the

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[2] The Togolese authorities have undertaken actions to mitigate vulnerabilities associated with exogenous shocks over the ECF-supported program period. Under the ECF program, Togo has created fiscal space for pursuing countercyclical fiscal policies, supported by concessional donor financing. The authorities also have further scope for targeted interventions in the future; for example in response to the global food price shock, the government pursued efforts to boost domestic food production (by among other measures, distributing fertilizers). To respond to fuel price shocks, the authorities are revising the retail pricing mechanism in order to incorporate frequent and automatic adjustments with a smoothing mechanism. This mechanism will reduce the fiscal risks arising from administered prices for petroleum products, while providing a temporary cushion for shocks.

deficit in basic infrastructure that developed during the domestic crisis. A strong improvement in revenue mobilization and the sale of a third mobile telephone license would finance this increase, whilst current spending will remain stable as a proportion of GDP. As a result, fiscal balances would remain consistent with fiscal sustainability and an end to the countercyclical fiscal stimulus policies. The financing situation is manageable, although financing equal to 0.3 percent of GDP still needs to be identified. The authorities are prepared to cut spending if adequate financing is not forthcoming.

13. **The global recession has also increased balance of payments pressures, with current account deficits averaging about 7½ percent of GDP in 2009 and 2010 and projected to remain high through 2012.** Adverse external conditions were particularly marked by falls in remittances inflows and foreign direct investment during these years. The global slowdown also had a clear if moderate impact on export growth, whilst import growth was sustained in part because of countercyclical fiscal policy.

14. **Macro-critical structural reforms to strengthen fiscal governance and promote conditions for growth have also advanced in the program period (Box 1).** Togo has made progress in addressing a number of constraints to growth from the legacy of 15 years of domestic social and political crisis. Important fiscal governance reforms including the reduction in the number of Treasury accounts to enhance monitoring of Treasury operations and the simplification of the expenditure chain by removing redundant control points were successfully completed by September 2010. Significant progress was also achieved in domestic arrears clearance to private suppliers. Reforms have also advanced in bank restructuring and in the governance and management of key state-owned enterprises (especially cotton and phosphate). While fiscal risks from these sectors have fallen, the impact of reforms on growth potential has not yet been fully realized.

15. **The staffs of IDA and the IMF consider that Togo has fully implemented the trigger on the maintenance of macroeconomic stability as evidenced by broadly satisfactory implementation of the ECF-supported program**. Overall macroeconomic performance has been satisfactory in 2009 and 2010, despite output growth still not reaching its estimated potential level. All the quantitative targets through June 2010 have been achieved, and good progress has been made with the structural reforms launched under the ECF-supported program. The policy framework for 2011 is considered to be appropriate.

Table 2. Togo: Selected Economic and Financial Indicators 2008–12

	2008	2009	2010		2011		2012
	Actual	Est.	4th. Rev.	Proj.	4th. Rev.	Proj.	Proj.
National income, prices, and exchange rates	(Percentage growth, unless otherwise indicated)						
Real GDP	2.4	3.2	3.3	3.4	3.5	3.7	4.0
Real GDP per capita	-0.1	0.7	0.7	0.8	1.0	1.2	1.4
GDP deflator	14.4	1.9	1.8	1.4	2.0	2.2	1.8
Consumer price index	8.7	2.0	2.1	2.2	2.1	2.0	1.8
GDP (CFAF billion)	1,417	1,491	1,558	1,562	1,646	1,656	1,754
Exchange rate CFAF/US$ (annual average level)	445.8	470.7	…	…	…	…	…
Real effective exchange rate	7.3	1.2	…	…	…	…	…
Terms of trade (deterioration = –)	25.0	-2.3	1.3	3.3	-3.6	-4.0	-3.0
Monetary survey	(Annual change, percent of beginning-of-period broad money)						
Net foreign assets [2]	8.4	0.7	3.9	3.0	7.4	3.6	3.9
Credit to government [2]	15.5	6.4	5.3	4.0	1.6	-1.0	0.2
Credit to the nongovernment sector	-2.6	9.7	3.3	7.1	4.7	8.2	6.5
Broad money (M2)	15.6	16.2	8.6	14.6	8.9	12.0	10.5
Velocity (GDP/ end-of-period M2)	2.7	2.4	2.3	2.2	2.2	2.1	2.0
Investment and savings	(Percent of GDP, unless otherwise indicated)						
Gross domestic investment	17.3	18.0	16.8	16.7	18.6	20.2	20.5
Government	3.2	5.5	6.8	6.7	7.6	9.9	10.0
Nongovernment	14.2	12.5	10.0	10.0	11.0	10.3	10.5
Gross national savings	10.9	10.9	9.2	9.0	11.9	12.8	13.6
Government	2.3	2.7	3.8	3.9	5.5	7.2	7.6
Nongovernment	8.6	8.2	5.3	5.1	6.4	5.6	6.0
Government budget							
Total revenue and grants	17.0	18.5	19.6	19.6	22.1	22.6	22.7
Revenue	15.6	16.9	17.2	17.1	17.8	19.3	18.4
Total expenditure and net lending	17.9	21.3	22.6	22.4	24.2	25.3	25.1
Domestic primary expenditure	15.2	17.4	17.3	17.2	17.5	19.7	18.7
Overall balance (payment order basis)	-0.9	-2.8	-2.9	-2.8	-2.1	-2.7	-2.4
Domestic Primary balance [3]	0.4	-0.4	-0.1	-0.1	0.3	-0.4	-0.3
Change in domestic arrears	0.0	-1.1	-3.7	-3.0	-0.8	-0.8	-0.3
External sector							
Current account balance	-6.4	-7.1	-7.6	-7.7	-6.7	-7.4	-6.9
Exports (goods and services)	30.1	34.4	28.7	34.1	29.5	33.2	33.3
Imports (goods and services)	44.5	49.1	45.0	51.4	46.6	51.4	51.5
External public debt [4]	60.9	51.8	14.3	14.6	15.7	15.1	15.6
External public debt service (percent of exports) [4]	6.5	5.3	3.6	6.0	1.4	3.2	2.6

Sources: Togolese authorities and IMF staff estimates and projections.

[1] The macroeconomic framework assumes that Togo reaches the HIPC completion point in 2010.

[2] Change as a percentage of broad money at the beginning of the period. Impact of SDR allocation in 2009 is included.

[3] Revenue minus expenditure, excluding grants, interest, and foreign-financed expenditure.

[4] Includes state owned enterprises debt. Debt service after HIPC, MDRI and beyond HIPC

C. Public Financial Management

16. **Given the government's continued implementation of the public financial management reform agenda, the authorities have made notable progress in improving the efficiency of budget planning, preparation, and execution, as well as in procurement (Box 1).** The completion point triggers required the Togolese authorities to:

- 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 Court of Accounts[3] (Cour des Comptes) and provide them with work space, equipment, and materials; and submit the draft Budget Execution law and draft General Treasury Balance to the Court of Accounts and Parliament for at least one fiscal year preceding the completion point; and

- 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 monthly publication in a public procurement gazette or on a government website of a summary of all signed contracts, including sole source contracts and public concessions, for at least six months immediately preceding the completion point.

17. **A mechanism to track public expenditures for poverty reduction and publication, and the reporting of those expenditures have been established, and the Court of Accounts started operations.** Monthly tables of fiscal operations (Tableau de Bord) have been regularly elaborated since January 2009. The table of financial operations of the State (TOFE) and budget execution reports are published on the website of the Permanent Secretariat for the Monitoring of Reforms (SP-PRPF, www.togoreforme.com). Staffs of the budget office and sectoral ministries have been trained to track expenditures linked to poverty reduction, based on the functional classification and have been adequately performing these tasks, despite the difficulties posed by capacity constraints. The Court of Accounts has been operational since the last quarter of 2009. The judges were nominated in July 2009 and took office in September 2009. The Court of Accounts has received space, equipment, and materials. The 2010 budget as well as the 2011 draft budget allocate resources to the Court of Accounts. The treasury accounts and drafts of the Budget Execution Laws (Loi de Règlement) for 2007 and 2008 have been transmitted to the Court of Accounts for review and to Parliament for information. The training to the judges expected in 2010 has been postponed to 2011 due to lack of financing.

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[3] The Court of Accounts is an autonomous institution that conducts audits of accounts of public sector entities.

Box 1: Recent Public Financial Management Reforms

Considerable progress has been achieved in key areas of Public Financial Management (PFM) in recent years. At the request of the authorities, the World Bank undertook three diagnostic studies—two Public Expenditure Management and Financial Accountability Reviews (PEMFAR) in 2006 and 2009 and the Public Expenditure and Financial Accountability (PEFA) assessment in 2008—that mapped strengths and weaknesses of Togo's PFM system. The authorities have sought World Bank, IMF, and EU assistance to help design and implement their PFM reform agenda.

The institutional framework for budget preparation was unified and strengthened, including by allotting more time to line ministries to prepare their 2011 budget proposals. Also, in January 2009, Togo adopted a budget nomenclature based on WAEMU recommendations.

Several important measures were taken in the area of budget execution and control. The Integrated Budget Execution and Reporting System (SIGFiP) was introduced in 2009 on a pilot basis at the central level and five regional Treasury offices. The rationalization and simplification of the expenditure chain was initiated with: (i) the removal of the Finance Directorate's redundant control on commitments, and (ii) the increase of the Financial Control staff from 20 to 54. Expenditure tracking, including priority poverty-reducing spending, has improved (HIPC trigger, Table 1). Procurement authority and procedures were strengthened (HIPC trigger). Moreover, the Court of Accounts (CoA) was established (HIPC trigger) and 27 judges appointed.

Progress was also achieved in the area of Treasury and cash management. The number of bank accounts held by public administration entities was reduced from 966 to 256, between July 2009 and July 2010. For the first time, a monthly treasury plan accompanied the 2010 budget to the National Assembly. After an independent audit of domestic arrears was completed in February 2009, the authorities agreed with private suppliers and adopted a strategy to clear their validated arrears. More than half of the validated claims were cleared as of mid-2010. Debt management has also been strengthened (HIPC triggers).

There are also improvements in the area of public accounting and reporting. Budget execution laws as well as monthly reports on budget execution have been prepared on a regular basis. The 2007 and 2008 budget execution laws have been transmitted to the Court of Accounts for review and to Parliament for information.

The authorities are pursuing these priority reforms to address continuing weaknesses. They developed a Strategy and a 2010–12 Action Plan (AP) for reforms in PFM, following technical assistance (TA) from the IMF Fiscal Affairs Department (FAD) and broad consultation with stakeholders, including development partners. This Strategy is awaiting final approval by the Council of Ministers. The priority actions include: (i) the preparation by all line ministries of sectoral Medium Term Expenditure Frameworks as building blocks of the Medium Term Budget Framework; (i) the further simplification and shortening of the expenditure chain, while strengthening the capacity of entities for internal (e.g., General Inspectorate of Finance) and external control (e.g., CoA); and (iii) the full roll out of the SIGFiP in all its functionalities, including its accounting module, to all ministries, institutions, and regions, so as to improve coordination between line ministries and the Treasury and better track priority spending.

18. **The public procurement code in conformity with the WAEMU Procurement Directives was adopted by the National Assembly in November 2009.** The Procurement Regulatory Authority and the National Directorate for the Audit of Public Procurement were established in December 2009. The managerial staffs of these structures have been nominated and a functional budget structure allocated. Furthermore, summaries of procurement contracts, including sole source contracts, are published since June 2009 on a monthly basis, on the Chamber of Commerce newsletter and on the SP-PRPF website (www.togoreforme.com). A dedicated journal for procurement is under preparation and a first issue is expected this calendar year. A dedicated website is also being prepared and expected to be operational before end December 2010.

19. **The staffs of IDA and the IMF consider that Togo has fully implemented the triggers on public financial management.**

D. Governance

20. **Since the decision point in November 2008, substantial progress has been achieved in the area of governance, which will lead to greater transparency in the phosphate industry.** The completion point trigger required the implementation of 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. Final reports on the collection and reconciliation of the sector flows for 2008 and 2009 have been prepared and published on the SP-PRPF website.

21. **To enhance sector transparency and governance, Togo made a notable effort to meet various criteria to become an EITI candidate, a status officially granted in October 2010.** EITI implementation will involve a range of activities to strengthen resource revenue transparency as documented in the national work plan, which was discussed and agreed by stakeholders. The audit exercise, that commenced with the publication of 2008 and 2009 payments and revenues served as an introduction to the EITI program. Furthermore, an external financial and strategic audit of the sector was concluded in September 2009. Based on this report, the government adopted on March 30, 2010 a strategy for the long-term development of the sector, which could include the participation of a strategic partner in the future.

22. **In light of these actions, the staffs consider that the trigger on governance has been fully implemented.**

E. Debt Management

23. **The first debt management trigger required the government to consolidate external and domestic debt data under a single unit charged with all public debt management tasks.**

24. **The Public Debt Directorate (PDD) keeps debt records of the entire stock of the public debt**, i.e., external debt, Treasury bonds and bills, advances from the central bank and arrears to domestic suppliers. External debt, Treasury bonds and advances from the central bank are maintained in the DMFAS debt management system. The PDD is responsible for making payments on external debt. Domestic securities are paid automatically from the central bank's accounts (which is common practice in the WAEMU), so the PDD's responsibility is only to update domestic debt data on the scheduled repayment date. The remainder of domestic debt data is at available at the PDD as separate spreadsheet files. This includes Treasury bills[4] and data on domestic arrears to suppliers, social funds and banks. The Treasury is responsible for repaying the domestic arrears, and it informs the PDD monthly of the arrears repaid, after which the PDD updates the spreadsheet file.

25. **Although not formally required by the trigger, the PDD maintains data on external loans to SOEs.** However, the PDD does not yet have a framework to keep these data comprehensive and up-to-date, and it has needed to contact the creditors to update the outstanding amount. However, it has begun setting up a reporting system to track debt service payments, disbursement, and new borrowing by SOEs.

26. **The second trigger required the government to publish an annual report providing accurate and complete data on external and domestic public debt.**

27. **The PDD has published reports on the total outstanding external and domestic debt as of end-2008, end-2009 and mid-2010.**[5] The reports record the external debt (outstanding, disbursements, new loans agreements, and actual and projected debt service), domestic securities and advances from the central bank (outstanding and debt service projections), other domestic debt (outstanding and arrears) and long-run projections of key debt ratios. The PDD plans to increase the frequency of this publication to quarterly.

28. **The data is generally accurate and complete, although there are some weaknesses.** The total external stock of debt at end-2009 published in the March 2010 report is close to the reconciled debt stock used in this document, but there are some notable differences with the debt reconciliation conducted in conjunction with the HIPC initiative in the composition across multilateral, bilateral and commercial creditors. There are also differences with respect to the debt service projections, especially debt service to the Paris Club. One reason is the lack of communication between the departments involved in project execution and the PDD, which leads to an underestimation of disbursements and therefore of the debt outstanding, and the lack of regular debt reconciliation between the PDD and creditors. These weaknesses stem from administrative capacity constraints and the relative

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[4] In 2009, the Treasury has started to issue bills of 3–6 months maturity at irregular intervals (once in 2009, and twice in 2010 with a third issuance scheduled). As these are fully repaid at maturity, for some periods of the year (including at end-2009), there are no Treasury bills outstanding.

[5] These reports are available at the SP-PRPF website, www.togoreforme.com.

newness of the procedures. Staffs expect a continued strengthening of debt data and reporting, particularly in light of the authorities' demonstrated commitment and ongoing technical assistance.

29. **IDA and IMF staffs conclude that both triggers on debt management have been fully implemented.**

Box 2. Togo and the DeMPA

Togo is the first country to take advantage of both a Debt Management Performance Assessment (DeMPA mission in late 2007)[1] and a follow up DeMPA (with a mission in July 2010), showing Togo's commitment to reform and transparency. DeMPAs are conducted by the World Bank and other implementing partners[2] to assess current strengths and areas for improvement in debt management operations.

The 2010 assessment underway is measuring progress since the 2008 report. Preliminary observations suggest that debt management has improved in a number of areas, notably in those areas related to the completion point triggers, the high-level legal framework (including the creation of a National Public Debt Committee as required by the WAEMU), a basic debt management strategy, and coordination with fiscal and monetary policy; however, more reforms will be needed to ensure that debt management remains on a sound and sustainable footing going forward.[3]

This follow-up DeMPA will also establish a new benchmark for monitoring progress going forward, in particular as the country moves beyond the HIPC Initiative completion point.

[1] *The Debt Management Performance Assessment (DeMPA) is a methodology for assessing debt management performance through a set of 15 indicators covering the full range of debt management functions. After the DeMPA was piloted in five countries, Togo was the first country where a full DeMPA was conducted. The government of Togo has released the report for disclosure, and it is available at http://go.worldbank.org/4VX651FHB0.*

[2] *Centre for Latin American Monetary Studies (CEMLA), Commonwealth Secretariat, United Nations Conference on Trade and Development (UNCTAD)/DMFAS program, Debt Relief International (DRI), Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), Pôle-Dette (West and Central African Franc Zone member states), and West African Institute for Financial and Economic Management (WAIFEM).*

[3] *Appendix I discusses debt management in Togo in more detail.*

F. Social Sectors

30. **Given the magnitude of the incidence of poverty (62 percent)[6], the government implemented a series of policy actions to improve quality in the delivery of health and education services that have led staffs to conclude that social sector triggers have been satisfied**. The main objectives were to improve health and education sector programs as well as the development and management of human resources. The completion point triggers required the authorities to: (i) 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; and (ii) 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. Both the National Health Development Plan and the Health Sector Human Resources Development and Management Plan were adopted by the Council of Ministers in July, 2009. Both plans include detailed costing plans. The estimation costs of the National Health Development Plan and Health Sector Human Resources Development and Management Plan are approximately CFAF 317 billion and CFAF 10.2 billion, respectively. In the education sector, training to pre-school and primary school teachers has been provided with the overall objective of improving the quality of education. Initial training of 511 new teachers was completed between July 2009 and March 2010 and remedial training of 4,909 teachers was completed between December 2009 and August 2010. In the context of the Education for All Project 10,800 teachers are expected to receive remedial training.

31. **During the last 12 months, there have been major improvements in the education sector**. Thanks to the success in implementing the abolition of school fees, enrolment in pre-school and in Grade 1 of primary school has increased by respectively 54 percent and 27 percent between 2008 and 2009. The access rate to Grade 1 jumped from 107 percent in 2007 to 129 percent in 2009. Moreover, most of the new enrollees are from the most disadvantaged groups and thus the reform should contribute significantly to poverty reduction.

32. **The national Education Sector Plan (ESP) was adopted in March 2010 and endorsed by development partners and the Education For All-Fast Track Initiative (EFA-FTI).** The ESP is a comprehensive sector-wide plan, with a wide range of ambitious targets and policies for all sub-sectors. Its primary objective is to achieve universal quality primary education by 2020, and it proposes a balanced development of the education and training system as a whole, with an emphasis on improving quality and external efficiency of post-basic education in order to contribute more to economic growth.

33. **According to the recent PRSP implementation report and WHO figures, the health situation in Togo remains precarious, and the country is far from the**

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[6] According to the 2006 Core Welfare Indicators Questionnaire.

achievement of the MDGs. This is mainly explained by the pervasive poverty and the long socio-political crisis that affected the resources allocated to social sectors. However, during the past ten years the country experienced improvements in some key health indicators, such as a decrease in infant mortality rate (from 80 per thousand in 1998 to 74 per thousand in 2008), an increase in vaccines coverage, and an increase in the number of children correctly treated for malaria (more than doubled in ten years).

34. **One of the main challenges of the Togolese health system is the lack of adequate human resources and their unequal distribution in the country**. It is estimated that less than 8,000 health professionals exist in Togo for a population of 6.5 million habitants, and 80 percent of those professionals are in the main cities. The health sector Human Resources Development and Management Plan was approved in 2009 to respond to this situation. The objective is the recruitment of new professionals and the retention of health professionals, especially those working in rural areas. The first round of recruitment has been completed in 2009, but the second round planned for 2010 has been delayed due to lack of financial resources. Both the National Health Development Plan and the Health Sector Human Resources Development and Management Plan face a lack of financial resources for their implementation.

III. Updated Debt Relief Analysis

A. Revision of Data Reconciliation Exercise as of the Decision Point

35. **The stock of HIPC-eligible external debt in PV terms at end-2007 was revised upward slightly from the decision point, following the debt reconciliation exercise**. The staffs of IDA and the IMF, together with the Togolese authorities, reviewed the end-2007 stock of debt data that was presented at the decision point document against recent creditor information. As a result, the nominal stock of debt has increased from \$2,208.2 million to \$2,217.5 million, and the PV of debt after traditional debt relief has been revised upward from \$1,410.8 million to \$1,422.8 million (Figure A1 and Table A2). The upward revision is attributable to increases in debt of other official, bilateral and commercial creditors, partly offset by decreases in debt of multilateral and Paris Club creditors.

- **Multilateral creditors.** The total PV of multilateral debt as of end-2007 has decreased by \$2.1 million due mainly to data revisions by the West-African Development Bank (BOAD)[7], and a correction in the calculation of arrears to the International Fund for Agricultural Development (IFAD).

- **Paris Club creditors**. The PV of debt to Paris Club creditors at end-2007 after traditional debt relief has been revised downward from \$922.7 million to

[7] Banque ouest africaine de développement (West African Development Bank).

$917.1 million**.** This decrease by $5.6 million is attributable to the revisions of debt data in accordance with updated information received from creditors.[8]

- **Other official bilateral creditors**. The PV of the stock of debt owed to other official bilateral creditors has increased from $66.1 to $81.3 million due mainly to new information on the Kuwaiti loans. Consistent with the decision point data, the debt stock includes cancelled Chinese claims of $20.35 million (equivalent to $18.5 million in PV values after traditional debt relief). This amount was reinstated into the decision point database to account for creditor's debt relief efforts made before the decision point in the form of outright debt cancellations.[9]

- **Commercial creditors**. The commercial debt stock at end-2007 has slightly increased by $0.6 million, which is attributable to creditors' statements provided by the authorities allowing the addition of claims in the debt stock.

- **Estimates of fiscal revenue in 2007 remain unchanged at $456 million.** So the denominator used to calculate the HIPC assistance remains the same as the decision point's figure.

- **Exports of goods and services used for the estimate of HIPC assistance were revised downward.** The estimates of the 2005–07 average of exports of goods and services used to evaluate HIPC assistance at the decision point have been revised downward from $947 million to $778 million.[10] This revision would qualify Togo also under the export window with a common reduction factor of 18 percent; however the amount of HIPC debt relief remains larger under the fiscal window with a common reduction factor of 20 percent (see footnote in the next paragraph).

B. Revision of HIPC Assistance as of the Decision Point and Status of Creditor Participation

36. **The required HIPC assistance in end-2007 PV terms has been revised upward from $270 million estimated at the decision point to $282 million**. As a result, the

[8] Austria, EEC-IDA administered loans, Japan, Netherlands, Spain, and the United Kingdom provided revised data for end-2007 debt stock.

[9] This approach follows the general principle of the HIPC Initiative to account for debt relief efforts made before the decision point, if provided after the end-December 2004 ring-fencing exercise, and aiming at the objectives similar to those under the HIPC Initiative.

[10] An IMF technical assistance mission in September 2008 discovered that, transit trade, especially of petroleum products, was included in the export figures. Consequently the export figures from previous years were revised downward by taking out the transit trade.

common reduction factor has marginally increased from 19 percent to 20 percent (Table A4).[11][12][13]

37. **At completion point, Togo has received financing assurances by creditors accounting for 98 percent of the PV of HIPC assistance estimated at the decision point** (Table A11). Almost all multilateral creditors (55 percent of total HIPC assistance) have confirmed their participation.[14] Moreover, the AfDF, EIB, IDA, IsDB and OFID (88 percent of the multilateral HIPC assistance) have already fully delivered their share of HIPC assistance through arrears clearance and concessional rescheduling of arrears. All Paris Club creditors (36 percent of total HIPC assistance) have confirmed their participation. China delivered its share of relief through a 2007 debt cancellation, as did Kuwait through a 2009 loan rescheduling agreement. The authorities are making good faith efforts toward reaching agreements on provision of debt relief at the completion point with Saudi Arabia and with commercial creditors.

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[11] 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 revenue-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 http://www.imf.org/external/np/hipc/modify/hipc.htm). For 2005–07, Togo's average export-to-GDP ratio was 33 percent (42 percent according to the data at the decision point) and its average revenue to GDP ratio was 17 percent.

[12] The PV of debt-to-exports at end-2007 is now 183 percent (above the 150 percent threshold under the export window), leading to an 18 percent common reduction factor. The PV of debt-to-revenue is now 312 percent (above the 250 percent threshold under the fiscal window), leading to a 20 percent common reduction factor, and thus to more relief than under the export window.

[13] Debt relief approved at the decision point may be adjusted either upward or downward on the basis of revised information at any time prior to the completion point, as long as the adjustment in US dollars terms was at least 1 percent of the targeted PV of debt after HIPC relief. In the case of Togo, the amount of adjustment is $12 million, which is larger than $11.41 million, which is 1 percent of the targeted PV of debt relief (Table A4).

[14] Only the Mutual Aid and Loan Guarantee Fund (Fonds d'Entraide et de Garantie des Emprunts du Conseil de l'Entente, FEGECE), representing (0.04 percent of the PV of total debt), has indicated that it will not participate in the HIPC initiative.

Multilateral Creditors

38. **The revised amount of enhanced HIPC assistance from multilateral creditors is $155.2 million in end-2007 PV terms**.[15]

- **IDA.** The Executive Directors approved the provision of the full amount of debt relief through a Development Policy Grant operation on May 29, 2008, which was used to repay a bridge loan from a bilateral partner that cleared Togo's arrears to IDA (amounting to $156 million in nominal terms through end-2008) (Table A9).[16]

- **IMF.** The IMF assistance amounts to SDR 0.22 million in NPV terms ($0.32 million). Of this amount, SDR 0.08 million has been approved in the form of interim assistance to meet Togo's debt service to the Fund. The remaining SDR 0.14 million (in PV terms), together with any unused interim assistance, would be delivered to Togo at the completion point through a stock-of-debt operation.

- **AfDB**. The AfDB Group has fully provided its share of HIPC Initiative assistance through the clearance of arrears amounting to $24 million, incorporating debt service falling due up to December 2008. The AfDF's Fragile States Facility (FSF) financed 99 percent of the cost. In recognition of Togo's limited payment capacity, the country received bilateral donor assistance to finance the remainder.[17]

- **Other multilateral creditors**. The modalities of assistance by all other multilateral creditors—the Arab Bank for Economic Development in Africa (BADEA), BOAD, EIB, FEGECE, IFAD, IsDB and OFID—are summarized in Table A11.

Bilateral and Commercial Creditors

39. **Paris Club creditors have agreed in principle to provide their share of enhanced HIPC assistance** (estimated at $101 million in end 2007 PV terms, in accordance with the revised assistance, Table A4). Interim assistance has been delivered through a flow rescheduling on Cologne terms during the interim period, agreed in June 2008. In principle, all participating Paris Club creditors declared their readiness to provide their full share of assistance at the completion point through a stock-of-debt reduction. A number of Paris Club creditors have also indicated that they would provide additional debt relief under the

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[15] Based on the CRF at the completion point.

[16] World Bank. 2008. "Togo – Economic Recovery and Governance Grant". IDA/2008-0149/1.

[17] See http://www.afdb.org/en/news-events/article/togo-afdb-normalize-relations-board-approves-us-24-million-for-togos-arrears-clearance-program-3415/

voluntary bilateral initiative beyond the HIPC Initiative. This additional relief is estimated at about $372 million in end-2009 PV terms.

40. **Non-Paris Club bilateral creditors are assumed to provide relief on HIPC-eligible debt on terms comparable to those of the Paris Club**. The PV of such relief at end 2007 is estimated at $95.3 million. The major non-Paris Club creditor is China, comprising 4 percent of HIPC-eligible debt, followed by Kuwait (2.8 percent), and Saudi Arabia (0.1 percent). In July 2007, China cancelled 100 percent of its outstanding claims due before December 31, 2005, amounting to $20.35 million in nominal value (representing more than China's expected debt relief as estimated at the decision point). In May 2009, the authorities and the Kuwaiti Fund reached an agreement translating into a full delivery of its expected share of HIPC relief. The authorities are working toward reaching agreements on provision of the remaining debt relief at the completion point by Saudi Arabia.

41. **Negotiations with commercial creditors are ongoing.** The authorities were able to obtain creditors' statements from some SOEs allowing the claims to be included in the stock of debt. Togo settled its debt to Cotecna through the process of domestic arrears clearance with a discount of 20 percent falling short of its expected share of HIPC relief; however, Cotecna agreed in principle to deliver its remaining share of HIPC relief. CBAO Senegal (representing 0.6 percent of nominal stock at the decision point) was repaid in full as its payment was done automatically through the BCEAO. The authorities are contacting the remaining commercial creditors to find a treatment comparable to that of the Paris Club.

C. Considerations for Exceptional Topping-Up Assistance

42. **The Debt Reduction Analysis (DRA) has been updated jointly by the authorities and the IMF and IDA staffs on the basis of loan-by-loan debt data, exchange rates and discount rates as of end-2009** (Table A1).[18] At end-2009, the nominal stock of Togo's external debt amounted to $1,748.2 million (Table A3). Multilateral creditors accounted for $998.6 million or 57 percent of total debt, of which IDA, IMF, and AfDB Group accounted for 33.5, 5.2, and 7.2 percent, respectively. Paris Club creditors accounted for 34.7 percent of total outstanding nominal debt at end-2009. Non-Paris Club bilateral creditors accounted for 6.8 percent of total debt, of which the main creditors remained China and Kuwait.

43. **Togo does not qualify for topping-up**. The PV of debt-to-revenue ratio at end-2009—after full delivery of the HIPC assistance committed at the decision point—is now estimated at 229.2 percent, and would decline further to 158.5 percent after full delivery of additional bilateral debt relief beyond the HIPC Initiative. This is well below the threshold of

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[18] This section updates the debt sustainability analysis using the HIPC DSA methodology, while Appendix II provides a forward-looking update using the Low-Income Countries Debt Sustainability Framework (LIC DSA) methodology.

250 percent,[19] even though it is 6.4 percentage points above the projection at time of the decision point (Table 3). The increase of the ratio is mainly due to the changes in parameters accounting for 22.7 percentage points, especially lower discount rates compared to end-2007. This increase was partially offset by lower than expected new borrowing (15.7 percentage points), even if the concessionality level was also marginally lower than expected (2.2 percentage points).

Table 3. Togo: Factors Affecting PV of Debt-to-Revenue Ratio at End-2009

	Percentage Points	Percent of Total Change
PV of debt-to-revenue ratio (as projected at the Decision Point)[1]	222.8	
PV of debt-to-revenue ratio (actual)[1]	229.2	
Unanticipated change in the ratio	6.4	100.0
1. Due to changes in the parameters	22.7	355.6
Of which: due to changes in the discount rates	19.1	299.1
Of which: due to changes in the exchange rates	3.6	56.5
2. Due to unanticipated new borrowing	-13.5	-211.3
Of which: due to higher than expected disbursements	-15.7	-245.5
Of which: due to lower concessionality of the loans	2.2	34.2
3. Due to unanticipated changes in revenue	2.8	43.5
4. Due to changes in HIPC relief and other factors	-5.6	-87.8
PV of debt-to-revenue ratio after full delivery of HIPC assistance and bilateral debt relief beyond HIPC (actual)	158.5	

Sources: IMF and World Bank staff estimates.

[1] PV of debt-to-revenue ratio after full delivery of enhanced HIPC assistance.

D. Creditor Participation in the Multilateral Debt Relief Initiative

44. **Conditional on reaching the completion point under the Enhanced HIPC Initiative, Togo would qualify for additional debt relief from the Multilateral Debt Relief Initiative (MDRI) from IDA and the AfDF.**[20]

[19] The debt stock after the additional Paris Club creditors' delivery of debt relief under Bilateral Initiatives beyond the HIPC Initiative is used as a base for topping up consideration. See "The Enhanced HIPC Initiative - Completion Point Considerations," http://www.imf.org/external/np/hipc/2001/cpd/cpd.pdf (8/20/2001) and IDA/SecM2001-0539/1 (8/21/2001).

[20] Moreover, the EU special initiative will provide full debt relief to eligible Least Developed Countries on all outstanding European Development Fund special loans remaining after the full application of debt relief under

(continued)

- **IDA**. IDA would provide debt stock relief under the MDRI amounting to $564 million in nominal terms ($407 million in end-2009 PV terms, Table A9). IDA would provide MDRI debt forgiveness by irrevocably canceling Togo's debt service obligations for credits disbursed as of December 31, 2003 and still outstanding at end-2010.[21] MDRI debt relief from IDA would imply average debt service savings of $21 million per year over the next 29 years. The MDRI would result in the full cancelation of remaining IDA credits after HIPC relief.

- **African Development Fund (AfDF)**. The AfDF would provide debt relief to Togo under the MDRI amounting to $123 million in nominal terms ($81 million in end-2009 PV terms), starting from the completion point. This amount is calculated based on debt disbursed as of December 31, 2004 and still outstanding at the completion point. MDRI would cancel practically all Togo's post-completion-point repayment obligations to the AfDF.[22]

- **IMF**. There will be no MDRI relief from the IMF, as the only loan that was outstanding at end-2004, has been fully repaid in January 2008. The presently outstanding ECF loan was disbursed after end-2004, and will therefore not be eligible for MDRI relief (Table A10).

E. Debt Sustainability Outlook, 2010–30

45. **The baseline macroeconomic framework projections assume a gradual economic recovery.** The projections are consistent with the medium-term macroeconomic framework under the ECF arrangement and the key assumptions are summarized in Box 3.

46. **After full delivery—at the completion point—of HIPC Initiative assistance, and additional bilateral assistance beyond HIPC and MDRI, Togo's external public debt would be considerably reduced, and external debt indicators would improve (Table A7 and figure A2).** The PV of debt-to-revenue ratio would fall from 272.0 percent at end-2009 to 77.2 percent at end-2010 thanks to the delivery of MDRI assistance and beyond HIPC assistance (Table A7, scenario VI); thereafter it is projected increase gradually to 114.6 percent at end 2029, mainly due to new borrowing. The PV of debt-to-GDP ratio would decline from 46.1 percent at end-2009 to an average of 16.8 percent in 2009–19 and 18.5 percent in 2020–29. The PV of debt-to-exports would decline from 142.5 percent at end-2009 to an average of 53 percent in 2009–19 and 64 percent in 2020–29.

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the HIPC initiative. The impact of this debt relief is simulated under the after HIPC, MDRI and additional multilateral and bilateral beyond HIPC relief scenario.

[21] See "IDA's implementation of the Multilateral Debt Relief Initiative", IDA/R2006-0042/2 (March 14, 2006).

[22] This includes loans to a joint venture, which is 50 percent owned by the Togolese state. These loans are treated as publicly guaranteed loans under the HIPC Initiative and the MDRI.

47. **Togo's debt service ratios are projected to improve as well (Table A7 and figure A2).** The debt service-to-revenue ratio—after HIPC Initiative assistance and additional assistance beyond HIPC and MDRI—would decrease from 11.9 percent in 2010 to 5.1 percent in 2012 (Table A7, scenario VI). Thereafter it would rise and peak around 7.9–7.6 percent in 2015–17 due to debt service associated with the IMF's ECF and expected repayment of commercial loans. From 2020 onwards it would rise steadily, but gradually due to debt service associated with projected new borrowing. The debt service-to-exports ratio is projected to fall from 6.0 percent to an average of 3.9 percent in 2010–19 and 3.0 percent in 2020–29.

Box 3. Togo: Key Baseline Macroeconomic Assumptions

The baseline macroeconomic framework assumes a stable political and social situation and that important structural reforms in the financial and real sector are brought to fruition, accelerating output growth to the estimated potential and attracting additional foreign direct investment over the medium-term.

- **Real GDP growth** is projected to reach its estimated potential of 4 percent by 2012 and then remain around that level. Growth will be driven by the rehabilitation of the phosphate and cotton sectors, growth in agricultural production (especially food), an improved investment climate, increased financial intermediation; additional FDI and foreign aid; and growing regional integration, thanks to Togo's strategic geographical location and the role of the port of Lomé.
- The projections for key **commodity prices** (oil, cotton, cocoa, and coffee) through 2015 are based on WEO projections of September 2010 and are assumed constant in real terms afterwards.
- **Inflation** over the long term is projected to remain stable at 2.5 percent, reflecting sound monetary policy at the regional level.
- **The current account deficit** will remain roughly stable over the medium term (at around 6.7 percent of GDP), with higher exports of phosphates, cement and clinker being insufficient to compensate for a strong growth in imports as foreign aid is absorbed and foreign investment increases.
- **The domestic primary fiscal deficit** is assumed to stay close to zero during the projected period, thereby providing a fiscal anchor to ensure fiscal sustainability over the long term.
- **FDI and donor flows** are expected to increase over the medium term reflecting improvements in the investment climate and overall governance.
- **Total government revenue** (tax and non-tax revenue) as a percentage of GDP is projected to average around 18.5 percent over the projection period (compared to an average of 17.7 percent for the 2007–09 outturns).
- **External financing** is gradually changing to be on less concessional terms, leading to a decrease in the average grant element of new external borrowing from 35 percent in 2010 to 22 percent at the end of the projection period.

F. Sensitivity Analysis and Long Term Debt Sustainability

48. **This section analyzes the impact on debt dynamics of three alternative scenarios: permanently lower GDP growth; permanently lower export growth; and lower average concessionality for new external borrowing** (Table A8 and Figure A3). The baseline and all three scenarios assume delivery of HIPC debt relief, MDRI and beyond HIPC assistance.

Alternative Scenario 1: *Permanently Lower GDP Growth*

49. **This scenario assumes that real GDP growth is reduced by 2.5 percentage points compared to projections in the baseline (which are on average 4 percent)**. This reduction in growth rates could be linked to political instability or a reversal in important structural reforms. The lower growth would consequently reduce government revenue. Under this scenario, the PV of debt-to-revenue ratio would deteriorate up to 204.0 percent in 2029 compared to 114.6 percent for the baseline scenario. The debt service-to-revenue ratio would reach 11.9 percent in 2029, compared to 6.7 percent under the baseline.

Alternative Scenario 2: *Permanently Lower Export Growth*

50. **In this scenario, exports are assumed to grow at lower pace, 2.5 percentage points less than the baseline, based on possible adverse terms of trade or failure to rehabilitate critical export sectors.** Based on these assumptions, the PV of debt- to-revenue ratios would deteriorate to 131.4 percent in 2029 compared to the baseline. The debt service-to-revenue ratio would also be higher than under the baseline. The PV of debt-to-exports and debt service-to-exports ratios would be worse in 2029 than in 2010.

Alternative Scenario 3: *Lower Average Concessionality on New Borrowing*

51. **This scenario assumes a lower concessionality of new external financing, specifically a higher share of financing through loans versus grants and an increase in the proportion of non concessional loans versus concessional borrowing (in other words loans with less than 35 percent concessionality)** In this scenario, average concessionality of new borrowing from 2010 to 2029 would fall from 27 percent under the baseline to 14 percent. This scenario demonstrates the risks of borrowing at less concessional terms, notwithstanding the initial low external debt level. Higher interest costs for the new borrowing lead to a deterioration of all debt ratios. The PV of debt to revenue would be 156.1 percent in 2029, much higher than under the baseline. Both the debt service-to-revenue and the debt service-to-exports ratios would be worse in 2029 than in 2010.

52. **The sensitivity analysis highlights the need for strong and continued efforts to diversify the economy to reduce the risk of adverse shocks and to pursue prudent debt management to maintain low debt vulnerabilities**. While HIPC, beyond-HIPC, and MDRI debt relief substantially reduce Togo's debt burden, the sensitivity analysis clearly shows that Togo would remain vulnerable to a number of shocks, in particular to lower concessionality

of new borrowing and permanently lower GDP growth than assumed in the baseline scenario. In order to ensure that the new debt remain below the HIPC thresholds, it will be crucial to increase exports, through decisive structural reforms to encourage investment across a range of sectors, and to limit carefully the amount of non-concessional public borrowing. This debt strategy would imply a reliance as much as possible on highly concessional sources of external financing, accompanied by the possible recourse to non-concessional financing in the future only if concessional financing were not available for high-return investment, and then only up to a clear, pre-defined limit consistent with debt sustainability. In this context, public spending and other structural reforms should be well-targeted to address the serious bottlenecks that currently hamper the development of private investment, including in the export sector[23].

IV. Conclusions

53. **In the opinion of the IDA and IMF staffs, satisfactory progress has been made in implementing the reforms specified for reaching the completion point.** All the floating triggers have been fully implemented. The first PRSP was approved by the Council of Ministers on July 6, 2009. Its implementation has been satisfactory, as evidenced by the Joint Staff Advisory Note (JSAN) on the first Annual Progress Report (APR) of the poverty reduction strategy. The fifth review under the Extended Credit Facility (ECF) arrangement will be considered by the Executive Board of the IMF on December 10, 2010, together with this completion point document and the JSAN. The IMF staff will recommend completion of the fifth ECF review based on the broadly satisfactory implementation of the program in 2010 and the appropriate policy framework for 2011. All other triggers, including those in the areas of public financial management, governance, debt management and social sectors have also been fully implemented.

54. **The debt sustainability analysis demonstrates that after full delivery of debt relief (after HIPC Initiative, MDRI and additional multilateral and bilateral beyond HIPC assistance) at the completion point, Togo's external public debt would be considerably reduced, and external debt indicators would improve.** The PV of debt-to-revenue ratio would fall from 272.0 percent at end-2009 to 77.2 percent at end-2010 thanks to the delivery of MDRI assistance and beyond HIPC assistance; thereafter it is projected to remain flat until 2016 and to increase gradually due to new borrowing. Other debt and debt service indicators are projected to improve substantially after debt relief.

55. **The sensitivity analysis and the LIC DSA in Appendix II highlight that Togo's capacity to maintain moderate debt vulnerabilities depend on strong and continued efforts to mitigate the risk of adverse shocks and prudent debt management.** While

[23] A full joint IMF/World Bank debt sustainability analysis using the Debt Sustainability Framework (DSF) for Low Income Countries (included as Appendix II) concludes that Togo will move from a rating of "in debt distress" to a moderate risk of debt distress.

Togo's debt burden is substantially reduced following the HIPC completion point, it remains vulnerable to a number of shocks, as shown by the sensitivity analysis. Togo's debt dynamics are particularly sensitive to lower growth and lower concessionality of new financing. These results highlight that positive debt dynamics after the completion point depend on pursuing sound fiscal policies, especially a prudent debt strategy and sustainable fiscal balances, and on promoting economic growth, especially exports, through reforms of the business climate and key sectors.

56. **In light of the above, the staffs recommend that the Executive Directors of IDA and the IMF determine that Togo has reached the completion point under the Enhanced HIPC Initiative.**

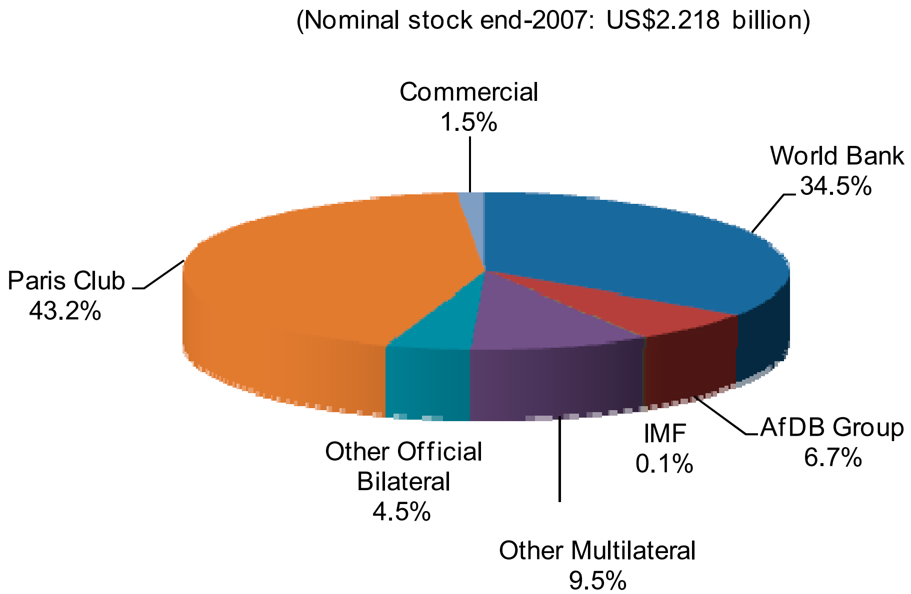
V. Issues for Discussion

57. Executive Directors may wish to consider the following questions:

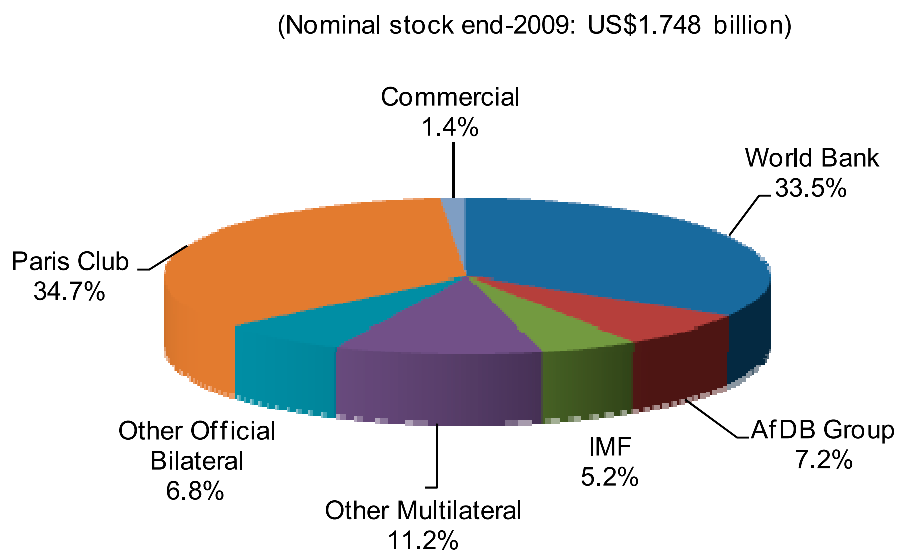
- *Completion Point:* Do Directors agree that Togo has reached the Completion Point under the Enhanced HIPC Initiative?
- *Creditor Participation:* Do Directors agree that Togo's creditors have given sufficient assurances to irrevocably commit Enhanced HIPC Initiative assistance to Togo?
- *Data Revision:* Do Directors agree with staffs' recommendation that the updated stock of debt in end-2007 PV terms warrants a revision in the proposed amount of HIPC assistance from $270 million to $282 million in end-2007 PV terms?

Figure A1. Togo: Composition of External Debt by Creditor Group, End-2007 and End-2009

(in percent)



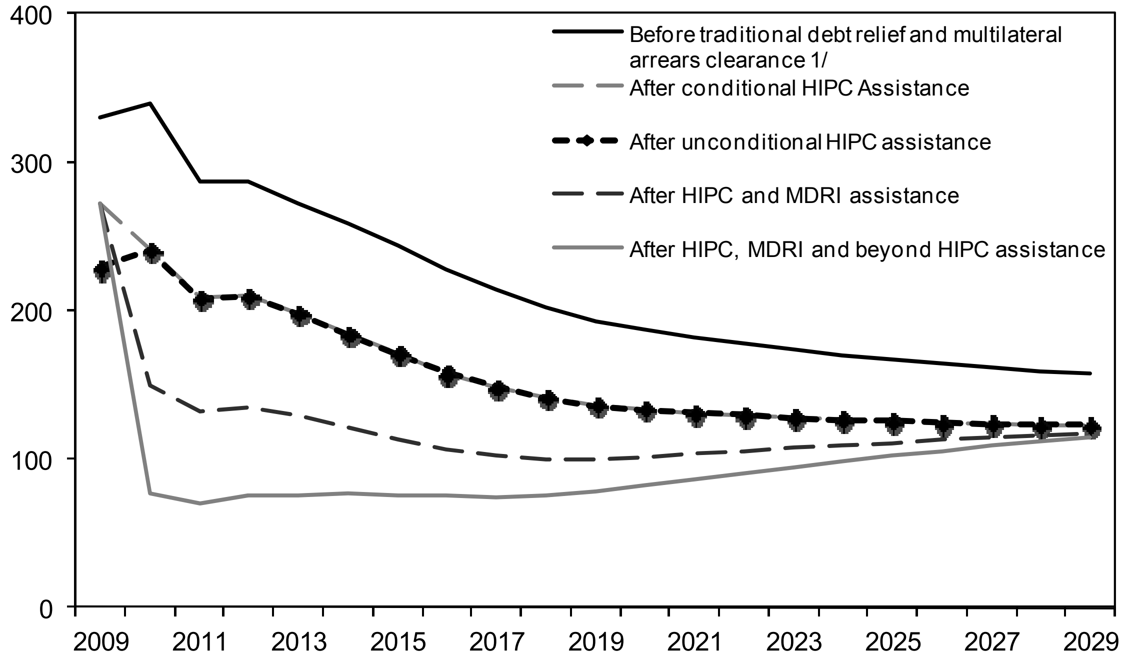
Sources: Togolese authorities and staff estimates.



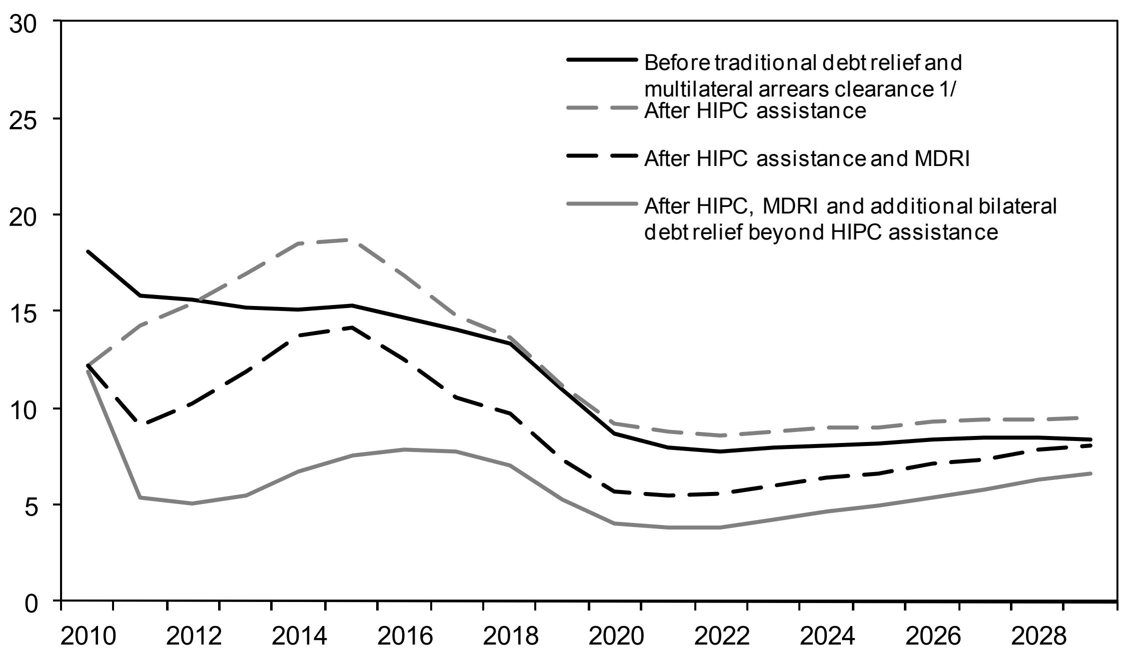
Sources: Togolese authorities and staff estimates.

Figure A2. Togo: External Debt Sustainability Indicators, 2009–2029

PV of Debt to Revenue
(in percent of revenue)



Debt Service to Revenue
(in percent of revenue)

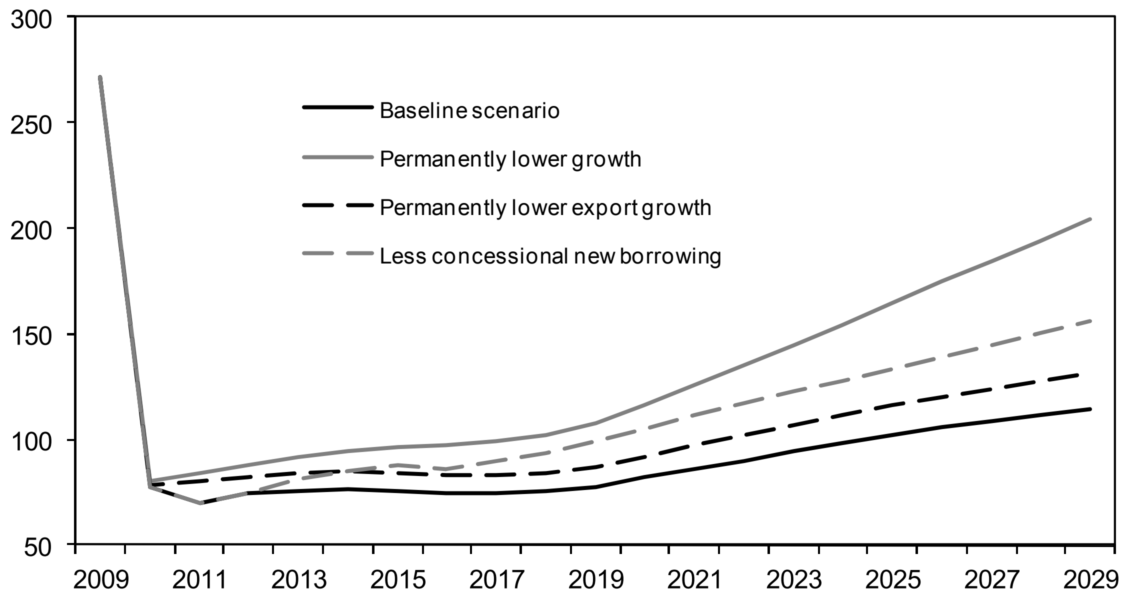


Source: Togolese authorities and staff estimates.
1/ Does not include arrears rescheduling from bilateral and commercial creditors.

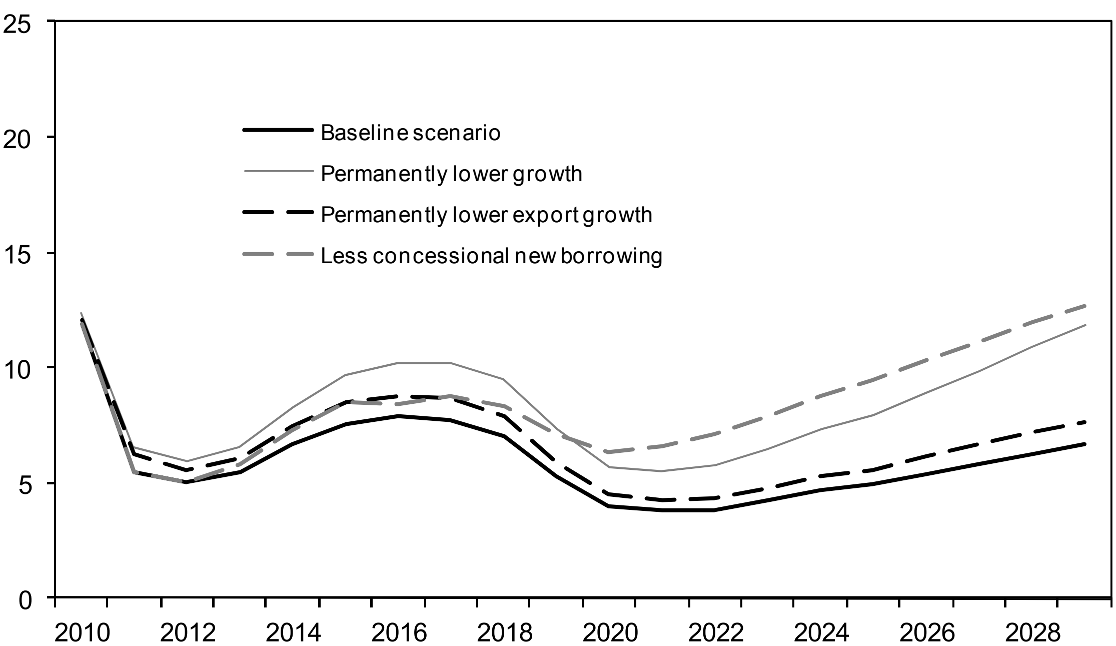
Figure A3. Togo: Sensitivity Analysis, 2009–29

After delivery of Enhanced HIPC, MDRI and beyond HIPC assistance

PV of Debt to Revenue
(in percent of revenue)



Debt Service to Revenue
(in percent of revenue)



Source: Togolese authorities and staff estimates.

Table A1. Togo: Discount and Exchange Rate Assumptions as of End- 2007 and End-2009

Currency Name	Discount Rate 1/ (In percent per annum)		Exchange Rate 2/ (Currency per U.S. dollar)	
	At decision point end-December 2007	At completion point end-December 2009	At decision point end-December 2007	At completion point end-December 2009
Canadian Dollar	5.42	3.79	0.99	1.05
CFA Franc	5.35	4.31	445.59	455.34
Swiss Franc	3.95	2.85	1.13	1.03
Chinese Yuan	5.29	3.91	7.30	6.83
Danish Krone	5.39	4.57	5.08	5.19
Euro	5.35	4.31	0.68	0.69
U.K. Pound	6.33	4.23	0.50	0.62
Japanese Yen	2.47	1.97	114.00	92.06
Norwegian Kroner	5.93	4.45	5.41	5.78
Special Drawing Rights 3/	5.29	3.91	0.63	0.64
Swedish Krona	5.31	4.44	6.41	7.12
U.S. Dollar	5.64	4.09	1.00	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 prior to end-December 2007 and 2009, respectively, i.e., the end of the period for which actual debt and revenue data are available.

2/ The exchange rates are expressed as national currency per U.S. dollar in end-of-period terms.

3/ The IsDB uses the Islamic dinar (ISD), which is based on the same currency basket as the SDR and therefore has the same exchange rate and discount rate.

Table A2. Togo: Nominal Stock and Present Value of Debt as of End-2007, by Creditor Groups

	Legal Situation								Base Situation for Calculation of HIPC Debt Relief 2/			
	Nominal Debt Stock 1/				PV of Debt 1/				PV of Debt			
	At decision point		Revised at completion point		At decision point		Revised at completion point		At decision point		Revised at completion point	
	US$ million	Percent of total	US$ million	Percent of total	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	2,217.5	100.0	1,804.5	100.0	1,812.7	100.0	1,410.8	100.0	1,422.8	100.0
Multilateral	1,127.5	51.1	1,126.3	50.8	784.3	43.5	782.2	43.2	784.3	55.6	782.2	55.0
World Bank	764.8	34.6	764.8	34.5	511.7	28.4	511.7	28.2	511.7	36.3	511.7	36.0
AfDB Group	148.9	6.7	148.9	6.7	90.4	5.0	90.4	5.0	90.4	6.4	90.4	6.4
BOAD	75.9	3.4	75.3	3.4	70.1	3.9	69.2	3.8	70.1	5.0	69.2	4.9
EIB 3/	52.6	2.4	52.6	2.4	47.8	2.7	47.8	2.6	47.8	3.4	47.8	3.4
IsDB	40.1	1.8	39.9	1.8	27.2	1.5	27.1	1.5	27.2	1.9	27.1	1.9
IFAD	27.6	1.2	27.1	1.2	19.9	1.1	18.8	1.0	19.9	1.4	18.8	1.3
OFID	13.6	0.6	13.6	0.6	13.2	0.7	13.2	0.7	13.2	0.9	13.2	0.9
IMF	1.7	0.1	1.7	0.1	1.6	0.1	1.6	0.1	1.6	0.1	1.6	0.1
BADEA	1.8	0.1	1.8	0.1	1.6	0.1	1.6	0.1	1.6	0.1	1.6	0.1
FEGECE	0.7	0.0	0.7	0.0	0.6	0.0	0.6	0.0	0.6	0.0	0.6	0.0
Bilateral and Commercial	1,080.7	48.9	1,091.2	49.2	1,020.2	56.5	1,030.4	56.8	626.5	44.4	640.6	45.0
Bilateral	1,048.1	47.5	1,058.0	47.7	988.8	54.8	998.4	55.1	595.4	42.2	608.8	42.8
Paris Club:	964.3	43.7	958.5	43.2	922.7	51.1	917.1	50.6	511.2	36.2	509.6	35.8
Post-cutoff date	108.7	4.9	108.8	4.9	100.7	5.6	100.7	5.6	100.4	7.1	100.5	7.1
ODA	79.3	3.6	79.3	3.6	73.3	4.1	73.3	4.0	73.0	5.2	73.1	5.1
Non-ODA	29.5	1.3	29.5	1.3	27.4	1.5	27.4	1.5	27.4	1.9	27.4	1.9
Pre-cutoff date	855.5	38.7	849.7	38.3	822.1	45.6	816.4	45.0	410.8	29.1	409.1	28.8
ODA	7.4	0.3	6.5	0.3	5.5	0.3	4.7	0.3	2.2	0.2	1.9	0.1
Non-ODA	848.2	38.4	843.2	38.0	816.6	45.3	811.6	44.8	408.6	29.0	407.2	28.6
Austria	51.7	2.3	43.0	1.9	46.3	2.6	37.6	2.1	21.4	1.5	17.8	1.2
Belgium	173.3	7.8	173.3	7.8	167.4	9.3	167.4	9.2	81.2	5.8	81.2	5.7
EEC-IDA administered loans	7.4	0.3	6.5	0.3	5.5	0.3	4.7	0.3	2.2	0.2	1.9	0.1
France	234.0	10.6	234.0	10.6	233.6	12.9	233.6	12.9	142.5	10.1	142.5	10.0
Germany	42.8	1.9	42.8	1.9	43.6	2.4	43.6	2.4	27.0	1.9	27.0	1.9
Italy	13.0	0.6	13.0	0.6	12.3	0.7	12.3	0.7	5.5	0.4	5.5	0.4
Japan	75.8	3.4	75.9	3.4	70.1	3.9	70.1	3.9	69.8	5.0	69.9	4.9
Netherlands	28.2	1.3	31.3	1.4	29.1	1.6	32.2	1.8	15.6	1.1	18.6	1.3
Spain	79.2	3.6	77.1	3.5	74.5	4.1	72.3	4.0	28.4	2.0	27.9	2.0
Sweden	6.9	0.3	6.9	0.3	7.2	0.4	7.2	0.4	4.3	0.3	4.3	0.3
Switzerland	205.2	9.3	205.2	9.3	187.2	10.4	187.2	10.3	86.1	6.1	86.1	6.1
United Kingdom	46.8	2.1	49.6	2.2	46.1	2.6	48.9	2.7	27.1	1.9	26.8	1.9
Other Official Bilateral:	83.8	3.8	99.5	4.5	66.1	3.7	81.3	4.5	84.1	6.0	99.2	7.0
China	51.0	2.3	48.2	2.2	41.6	2.3	39.3	2.2	59.6 4/	4.2	57.4 4/	4.0
Kuwait	30.8	1.4	49.0	2.2	23.1	1.3	40.3	2.2	23.0	1.6	40.2	2.8
Saudi Arabia	2.0	0.1	2.2	0.1	1.5	0.1	1.6	0.1	1.5	0.1	1.6	0.1
Commercial	32.6	1.5	33.2	1.5	31.4	1.7	32.1	1.8	31.2	2.2	31.8	2.2
Arysta	3.1	0.1	3.1	0.1	3.1	0.2	3.1	0.2	3.0	0.2	3.0	0.2
Bayer	7.6	0.3	7.6	0.3	7.6	0.4	7.6	0.4	7.5	0.5	7.5	0.5
Capest	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0
Carlier Chaines	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0
CBAO Senegal	14.1	0.6	14.1	0.6	13.1	0.7	13.1	0.7	13.1	0.9	13.1	0.9
Cotecna	3.3	0.1	3.3	0.1	3.3	0.2	3.3	0.2	3.2	0.2	3.2	0.2
Electro-Stemmann	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0
Fintraco	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0
Fortis Bank	3.1	0.1	3.1	0.1	3.0	0.2	3.0	0.2	3.0	0.2	3.0	0.2
G. Manquillet-Parizel & Cie	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0
Ivoirembal	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0
J.A. Delmas Export	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0
Kuthe Sas	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0
Lmg Industries Inc.	-	-	0.2	0.0	-	-	0.2	0.0	-	-	0.2	0.0
Sepr	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0
Societe Marine De Service	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0
Sotico	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0
Tema	0.5	0.0	0.5	0.0	0.5	0.0	0.5	0.0	0.5	0.0	0.5	0.0
Thyssen Krupp-Parizel & Cie	-	-	0.3	0.0	-	-	0.3	0.0	-	-	0.2	0.0
Togo Equipement Sa	-	-	0.1	0.0	-	-	0.1	0.0	-	-	0.1	0.0
Yara	0.5	0.0	0.5	0.0	0.5	0.0	0.5	0.0	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/ Includes debt by the European Investment Bank and loans administered on behalf of the European Union.
4/ The loans that have been cancelled in 2007 have been added back to the PV of debt as of end 2007 in line with the HIPC methodology applied to other countries.

Table A3. Togo: Nominal Stock and Present Value of Debt as of End-2009, by Creditor Groups

	Legal Situation				PV of Debt		
	Nominal Debt		PV of Debt 1/		After enhanced HIPC relief 2/	After additional bilateral relief	After additional bilateral relief
	US$ million	Percent of total	US$ million	Percent of total	US$ million	US$ million	Percent of total
Total	1,748.2	100.0	1,410.9	100.0	1,228.7	850.0	100.0
Multilateral 3/	998.6	57.1	731.5	51.9	703.9	703.9	82.8
World Bank	586.1	33.5	417.8	29.6	417.8	417.8	49.2
AfDB Group	126.6	7.2	82.3	5.8	82.3	82.3	9.7
BOAD	86.5	5.0	80.6	5.7	59.2	59.2	7.0
EIB 4/	19.1	1.1	16.1	1.1	16.1	16.1	1.9
IsDB	46.3	2.7	30.3	2.1	29.9	29.9	3.5
IFAD	26.1	1.5	20.7	1.5	15.8	15.8	1.9
OFID	12.8	0.7	11.0	0.8	10.7	10.7	1.3
IMF	90.9	5.2	69.1	4.9	68.9	68.9	8.1
BADEA	3.2	0.2	2.9	0.2	2.7	2.7	0.3
FEGECE	0.7	0.0	0.7	0.0	0.5	0.5	0.1
Bilateral and Commercial	749.7	42.9	679.3	48.1	524.8	146.0	17.2
Bilateral	725.5	41.5	653.6	46.3	502.6	123.9	14.6
Paris Club:	605.9	34.7	555.2	39.3	405.6	26.8	3.2
Post-cutoff date	393.3	22.5	366.6	26.0	…	…	…
ODA	97.4	5.6	89.7	6.4	…	…	…
Non-ODA	295.9	16.9	276.9	19.6	…	…	…
Pre-cutoff date	212.6	12.2	188.6	13.4	…	…	…
ODA	4.3	0.2	3.2	0.2	…	…	…
Non-ODA	208.3	11.9	185.4	13.1	…	…	…
Austria	32.5	1.9	22.5	1.6	…	…	…
Belgium	121.1	6.9	125.5	8.9	…	…	…
EEC-IDA administered loans	4.3	0.2	3.2	0.2	…	…	…
France	150.4	8.6	146.8	10.4	…	…	…
Germany	26.4	1.5	30.9	2.2	…	…	…
Italy	3.0	0.2	2.7	0.2	…	…	…
Japan	95.4	5.5	87.8	6.2	…	…	…
Netherlands	17.6	1.0	19.0	1.3	…	…	…
Spain	61.7	3.5	45.2	3.2	…	…	…
Sweden	5.3	0.3	3.7	0.3	…	…	…
Switzerland	63.8	3.6	52.2	3.7	…	…	…
United Kingdom	24.4	1.4	15.7	1.1	…	…	…
Other Official Bilateral:	119.6	6.8	98.5	7.0	97.0	97.0	11.4
China	70.0	4.0	60.0	4.3	59.8	59.8	7.0
Kuwait	46.6	2.7	36.0	2.5	35.9	35.9	4.2
Saudi Arabia	3.0	0.2	2.5	0.2	1.3	1.3	0.2
Commercial	24.2	1.4	25.7	1.8	22.2	22.2	2.6
Arysta	3.0	0.2	3.0	0.2	2.5	2.5	0.3
Bayer	7.4	0.4	7.4	0.5	6.2	6.2	0.7
Capest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Carlier Chaines	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CBAO Senegal	-	-	-	-	-	-	-
Contourglobal	6.5	0.4	8.0	0.6	8.0	8.0	0.9
Cotecna	-	-	-	-	-	-	-
Electro-Stemmann	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Filtisac	1.4	0.1	1.4	0.1	1.2	1.2	0.1
Fintraco	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BNP Paribas Fortis 5/	4.3	0.2	4.3	0.3	2.6	2.6	0.3
G. Manquillet-Parizel & Cie	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ivoirembal	0.1	0.0	0.1	0.0	0.1	0.1	0.0
J.A. Delmas Export	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kuthe Sas	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lmg Industries Inc.	0.2	0.0	0.2	0.0	0.1	0.1	0.0
Sepr	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Societe Marine De Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sotico	0.2	0.0	0.2	0.0	0.2	0.2	0.0
Tema	0.5	0.0	0.5	0.0	0.4	0.4	0.1
Thyssen Krupp-Parizel & Cie	0.2	0.0	0.2	0.0	0.2	0.2	0.0
Togo Equipement Sa	0.1	0.0	0.1	0.0	0.1	0.1	0.0
Yara	-	-	-	-	0.4	0.4	0.0

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

1/ Includes arrears.

2/ Assumes full delivery of HIPC assistance as of end-December 2010.

3/ IDA, AfDF, EIB, IsDB and OFID have already given full debt relief through arrears clearance and concessional arrears rescheduling before end-2009. For these creditors the end-2009 legal situation reflects the situation after HIPC debt relief.

4/ Includes debt by the European Investment Bank and loans administered on behalf of the European Union.

5/ Fortis Bank, the original creditor, became BNP Paribas Fortis as BNP Paribas bought it in March 2009. FAGACE provided a guarantee to that loan which was called in 2010.

Table A4. Togo: Revised HIPC Assistance as of the Decision Point under a Proportional Burden-Sharing Approach /1/2

(in millions of U.S. dollars, unless otherwise indicated)

	Debt Outstanding (PV terms) end-2007 (A)		Debt Outstanding (PV terms) Post-HIPC (B)		Reduction of the PV of Debt due to HIPC (A-B) /3	
	At decision point	Revised at completion point	At decision point	Revised at completion point	At decision point	Revised at completion point
Total	1411	1423	1141	1141	270	282
(as percent of revenue)	309	312	250	250	59	62
of which:						
Multilateral	784	782	634	627	150	155
Bilateral	595	609	481	488	114	121
Paris Club:	511	510	413	408	98	101
Other Official Bilateral:	84	99	68	79	16	20
Commercial	31	32	25	25	6	6
Memorandum Items:						
Common reduction factor (percent) 3/	19	20				
Revenue 4/	456	456				
Exports 5/	947	757				
Revenue/ GDP (3 year average)	17	17				
Exports/ GDP (3 year average)	42	33				

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

Table A5. Togo: Present Value of External Debt, 2009–29

(in millions of U.S. dollars, unless otherwise indicated)

	2009	2010	2011	2012	2013	2014	2019	2024	2029	Averages 2009 - 2019	2020 - 2029
I. Before traditional debt relief and multilateral arrears clearance											
PV of total debt	1,769.4	1,812.3	1,797.6	1,785.7	1,778.5	1,773.4	1,803.2	2,182.3	2,811.0	1,780.8	2,273.6
PV of outstanding debt	1,769.4	1,716.7	1,660.4	1,604.7	1,545.5	1,480.0	1,177.7	974.6	774.6	1,476.1	954.2
Official bilateral and commercial	1,037.8	1,005.7	971.8	941.2	909.7	882.9	775.0	712.8	656.2	893.2	708.0
Multilateral	731.5	710.9	688.6	663.5	635.8	597.2	402.7	261.8	118.4	582.8	246.2
World Bank	417.8	407.3	395.0	382.3	369.3	355.5	271.6	171.6	71.1	351.2	160.7
AfDB Group	82.3	81.4	80.3	79.1	77.2	75.4	64.3	49.6	35.1	74.7	48.2
IMF	69.1	71.8	74.6	77.6	78.5	69.0	0.0	0.0	0.0	50.7	0.0
Other multilateral	162.3	150.4	138.6	124.5	110.7	97.3	66.8	40.7	12.2	106.3	37.4
PV of new borrowing	0.0	95.7	137.2	181.1	233.0	293.4	625.5	1207.7	2036.4	304.7	1,319.4
II. After traditional debt relief and multilateral arrears clearance 1/ 2/											
PV of total debt	1,373.4	1,424.6	1,401.0	1,380.9	1,366.0	1,352.8	1,372.4	1,701.3	2,209.5	1,366.0	1,772.9
PV of outstanding debt	1,373.4	1,329.0	1,263.9	1,199.8	1,132.9	1,059.5	746.9	493.7	173.1	1,061.4	453.5
Official bilateral and commercial	641.8	620.2	577.4	538.5	499.3	464.5	346.3	234.0	56.9	480.5	209.4
Multilateral	731.5	708.8	686.5	661.3	633.6	595.0	400.5	259.6	116.2	580.9	244.0
World Bank	417.8	407.3	395.0	382.3	369.3	355.5	271.6	171.6	71.1	351.2	160.7
AfDB Group	82.3	81.4	80.3	79.1	77.2	75.4	64.3	49.6	35.1	74.7	48.2
IMF	69.1	71.8	74.6	77.6	78.5	69.0	0.0	0.0	0.0	50.7	0.0
Other multilateral	162.3	148.2	136.5	122.3	108.5	95.2	64.7	38.5	10.0	104.4	35.2
PV of new borrowing	0.0	95.7	137.2	181.1	233.0	293.4	625.5	1,207.7	2,036.4	304.7	1,319.4
III. After conditional delivery of enhanced HIPC assistance 3/											
PV of total debt	1,458.8	1,283.0	1,302.4	1,301.3	1,288.6	1,266.1	1,268.1	1,624.3	2,192.9	1,281.3	1,705.7
PV of outstanding debt	1,458.8	1,187.3	1,165.2	1,120.3	1,055.5	972.7	642.6	416.6	156.6	976.6	386.3
Official bilateral and commercial	727.8	505.2	503.2	478.8	437.4	390.5	242.4	155.6	39.5	407.3	140.9
Paris Club	605.7	395.7	404.8	387.0	352.3	313.1	204.4	142.9	37.2	330.0	126.6
Other official bilateral	97.6	87.4	77.1	71.4	65.6	61.2	34.0	10.6	2.0	62.5	12.4
Commercial	24.5	22.1	21.2	20.4	19.5	16.2	4.0	2.1	0.3	14.8	1.9
Multilateral	731.1	682.1	662.0	641.5	618.1	582.2	400.1	261.1	117.0	569.3	245.4
World Bank	417.8	407.3	395.0	382.3	369.3	355.5	271.6	171.6	71.1	351.2	160.7
AfDB Group	82.3	81.4	80.3	79.1	77.2	75.4	64.3	49.6	35.1	74.7	48.2
IMF	69.1	71.6	74.4	77.3	78.5	69.0	0.0	0.0	0.0	50.6	0.0
Other multilateral	161.8	121.8	112.2	102.8	93.0	82.4	64.2	39.9	10.8	92.9	36.5
PV of new borrowing	0.0	95.7	137.2	181.1	233.0	293.4	625.5	1207.7	2036.4	304.7	1,319.4
IV. After unconditional delivery of enhanced HIPC assistance 4/											
PV of total debt	1,228.7	1,283.0	1,302.4	1,301.3	1,288.6	1,266.1	1,268.1	1,624.3	2,192.9	1,260.3	1,705.7
PV of outstanding debt	1,228.7	1,187.3	1,165.2	1,120.3	1,055.5	972.7	642.6	416.6	156.6	955.7	386.3
Official bilateral and commercial	524.8	505.2	503.2	478.8	437.4	390.5	242.4	155.6	39.5	388.8	140.9
Multilateral	703.9	682.1	662.0	641.5	618.1	582.2	400.1	261.1	117.0	566.8	245.4
World Bank	417.8	407.3	395.0	382.3	369.3	355.5	271.6	171.6	71.1	351.2	160.7
AfDB Group	82.3	81.4	80.3	79.1	77.2	75.4	64.3	49.6	35.1	74.7	48.2
IMF	68.9	71.6	74.4	77.3	78.5	69.0	0.0	0.0	0.0	50.6	0.0
Other multilateral	134.9	121.8	112.2	102.8	93.0	82.4	64.2	39.9	10.8	90.4	36.5
PV of new borrowing	0.0	95.7	137.2	181.1	233.0	293.4	625.5	1,207.7	2,036.4	304.7	1,319.4
V. After conditional delivery of enhanced HIPC and MDRI assistance 3/ 5/											
PV of total debt	1,458.8	794.7	827.5	840.4	842.4	835.7	932.6	1,403.5	2,086.9	901.3	1,497.2
PV of outstanding debt	1,458.8	699.1	690.3	659.3	609.4	542.3	307.0	195.8	50.6	596.6	177.8
Official bilateral and commercial	727.8	505.2	503.2	478.8	437.4	390.5	242.4	155.6	39.5	407.3	140.9
Multilateral	731.1	193.9	187.1	180.5	172.0	151.8	64.6	40.2	11.0	189.3	36.8
World Bank	417.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	38.0	0.0
AfDB Group	82.3	0.5	0.5	0.4	0.4	0.4	0.4	0.3	0.2	7.9	0.3
IMF	69.1	71.6	74.4	77.3	78.5	69.0	0.0	0.0	0.0	50.6	0.0
Other multilateral	161.8	121.8	112.2	102.8	93.0	82.4	64.2	39.9	10.8	92.9	36.5
PV of new borrowing	0.0	95.7	137.2	181.1	233.0	293.4	625.5	1207.7	2036.4	304.7	1,319.4
VI. After conditional additional bilateral and multilateral relief beyond enhanced HIPC and MDRI assistance 3/ 5/ 6/											
PV of total debt	1,458.8	411.5	436.6	464.5	495.6	524.7	725.6	1,259.9	2,049.7	629.5	1,369.8
PV of outstanding debt	1,458.8	315.9	299.5	283.4	262.5	231.3	100.1	52.3	13.3	324.8	50.4
Official bilateral and commercial	727.8	133.2	122.5	111.9	98.3	86.0	38.1	12.7	2.3	141.1	14.4
Multilateral	731.1	182.6	177.0	171.6	164.2	145.3	62.0	39.6	11.0	183.6	36.1
World Bank	417.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	38.0	0.0
AfDB Group	82.3	0.5	0.5	0.4	0.4	0.4	0.4	0.3	0.2	7.9	0.3
IMF	69.1	71.6	74.4	77.3	78.5	69.0	0.0	0.0	0.0	50.6	0.0
Other multilateral	161.8	110.6	102.1	93.8	85.3	75.9	61.6	39.3	10.7	87.2	35.8
PV of new borrowing	0.0	95.7	137.2	181.1	233.0	293.4	625.5	1207.7	2036.4	304.7	1,319.4

Sources: Togolese authorities and staff estimates and projections.

1/ After full debt relief through arrears clearance and concessional arrears rescheduling by IDA, AfDF, EIB, IsDB and OFID. Includes the impact of the (hypothetical) rescheduling of (remaining) arrears by OFID, IsDB and FEGECE, as well as the 2007 loans cancellation by China.
2/ Assumes a hypothetical stock of debt operation on Naples terms and comparable treatment from other bilateral and commercial creditors.
3/ Assumes interim relief under the enhanced HIPC Initiative from December 2008 to December 2010 and full delivery of assistance at completion point.
4/ Assumes full delivery of estimated HIPC initiative debt relief at end-2009.
5/ MDRI assistance applies to the World Bank and the AfDB Group and starts after the completion point (December 2010).
6/ Paris Club creditors deliver, under bilateral initiatives, additional debt relief beyond the HIPC Initiative at the completion point. The EIB/EU delivers full cancellation of remaining EU special loans under the Least Developed Countries (LDC) Initiative. Details on the modalities of the delivery are presented in Table A11.

Table A6. Togo: External Debt Service, 2010–29 1/

(in millions of U.S. dollars, unless otherwise indicated)

									Averages	
	2010	2011	2012	2013	2014	2019	2024	2029	2010 - 2019	2020 - 2029
I. Before traditional debt relief and multilateral arrears clearance										
Total	96.7	98.8	96.8	99.0	104.1	102.2	104.1	150.2	105.7	111.8
Existing debt 2/	95.7	97.3	94.5	95.8	99.7	70.2	56.6	39.5	91.9	53.3
Multilateral	49.5	50.4	52.3	53.8	63.6	48.1	40.5	30.7	56.5	39.2
Official bilateral	45.3	45.6	41.0	40.7	34.9	21.6	15.6	8.4	34.4	13.7
Commercial	1.0	1.3	1.2	1.2	1.2	0.6	0.5	0.4	1.0	0.5
New debt	0.9	1.5	2.3	3.3	4.4	32.0	47.5	110.8	13.8	58.5
Debt service to exports ratio	9.1	9.2	8.6	8.5	8.6	6.4	4.9	5.3	8.3	5.0
Debt service to revenue ratio	18.1	15.8	15.6	15.2	15.1	10.9	8.1	8.4	14.8	8.2
II. After traditional debt relief and multilateral arrears clearance 3/ 4/										
Total	98.0	117.6	114.8	116.3	121.4	114.3	125.6	189.2	118.4	135.5
Existing debt	97.1	116.1	112.5	113.0	117.0	82.3	78.1	78.4	104.7	77.1
Multilateral	51.7	50.4	52.3	53.8	63.6	48.1	40.5	30.7	56.7	39.2
Official bilateral	43.7	60.4	55.1	54.2	48.6	33.7	37.1	47.3	45.0	37.4
Commercial	1.7	5.4	5.2	5.0	4.8	0.6	0.5	0.4	2.9	0.5
New debt	0.9	1.5	2.3	3.3	4.4	32.0	47.5	110.8	13.8	58.5
Debt service to exports ratio	9.2	11.0	10.2	10.0	10.0	7.1	5.9	6.7	9.4	6.1
Debt service to revenue ratio	18.4	18.8	18.5	17.8	17.7	12.2	9.8	10.6	16.6	10.0
III. After HIPC assistance 5/										
Total	65.0	89.4	96.0	110.6	127.5	103.9	115.4	169.7	110.2	123.9
Existing debt 2/	64.1	88.0	93.7	107.3	123.1	72.0	67.8	59.0	96.4	65.5
Multilateral	49.6	47.0	46.5	48.6	60.2	45.2	40.7	30.8	53.4	39.1
Official bilateral	13.5	39.1	45.4	57.0	58.8	26.2	26.7	27.8	40.6	25.9
Commercial	1.0	1.8	1.8	1.7	4.1	0.6	0.5	0.4	2.5	0.5
New debt	0.9	1.4	2.3	3.3	4.4	32.0	47.5	110.8	13.7	58.5
Debt service to exports ratio after HIPC assistance	6.1	8.3	8.5	9.5	10.5	6.5	5.4	6.0	8.6	5.5
Debt service to revenue ratio after HIPC assistance	12.2	14.3	15.5	16.9	18.6	11.1	9.0	9.5	15.3	9.1
Reduction in debt service as a result of										
HIPC Initiative assistance 6/	33.0	28.2	18.9	5.7	-6.1	10.3	10.2	19.4	8.3	11.6
IV. After HIPC and MDRI assistance 7/										
Total	65.0	57.0	63.6	77.8	94.3	69.0	81.8	145.2	79.9	91.9
Existing debt 6/	64.1	55.6	61.3	74.5	89.9	37.0	34.3	34.4	66.2	33.4
Multilateral	49.6	14.7	14.1	15.8	27.1	10.3	7.1	6.3	23.1	7.1
Official bilateral	13.5	39.1	45.4	57.0	58.8	26.2	26.7	27.8	40.6	25.9
Commercial	1.0	1.8	1.8	1.7	4.1	0.6	0.5	0.4	2.5	0.5
New debt	0.9	1.4	2.3	3.3	4.4	32.0	47.5	110.8	13.7	58.5
Debt service to exports ratio after HIPC and MDRI assistance	6.1	5.3	5.7	6.7	7.8	4.3	3.9	5.1	6.3	4.0
Debt service to revenue ratio after HIPC and MDRI assistance	12.2	9.1	10.2	11.9	13.7	7.4	6.4	8.1	11.2	6.6
Reduction in debt service as a result of										
MDRI assistance	0.0	32.4	32.4	32.8	33.2	34.9	33.5	24.5	30.3	32.0
V. After conditional additional bilateral and multilateral relief beyond enhanced HIPC and MDRI assistance 7/ 8/										
Total	63.4	34.0	31.5	35.6	46.1	49.2	59.9	119.2	50.1	69.5
Existing debt 6/	62.5	32.5	29.3	32.4	41.8	17.2	12.3	8.5	36.4	11.1
Multilateral	48.0	13.1	12.5	14.2	25.5	9.7	6.9	6.2	21.8	6.8
Official bilateral	13.5	17.7	15.0	16.4	12.2	6.9	4.9	2.0	12.1	3.8
Commercial	1.0	1.8	1.8	1.7	4.1	0.6	0.5	0.4	2.5	0.5
New debt	0.9	1.4	2.3	3.3	4.4	32.0	47.5	110.8	13.7	58.5
Debt service to exports ratio after HIPC and MDRI assistance	6.0	3.2	2.8	3.1	3.8	3.1	2.8	4.2	3.9	3.0
Debt service to revenue ratio after HIPC and MDRI assistance	11.9	5.4	5.1	5.5	6.7	5.3	4.7	6.7	7.0	5.0
Reduction in debt service as a result of										
Additional bilateral assistance beyond HIPC	1.6	23.1	32.0	42.2	48.2	19.8	22.0	26.0	29.8	22.4
Memorandum items:										
Exports of goods and nonfactor services 9/	1,060.9	1,073.7	1,124.1	1,166.1	1,216.9	1,602.8	2,125.0	2,822.5	1,281.1	2,215.3
Government revenues 10/	533.3	625.5	621.1	653.0	686.9	933.5	1,285.4	1,789.2	725.8	1,353.3

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 OFID, IsDB 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). IDA, AfDF, EIB, IsDB and OFID have already given full debt relief through arrears clearance and concessional arrears rescheduling before end-2009. The remaining multilateral creditors are assumed to give HIPC relief at 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 and the AfDB Group and starts after the assumed completion point (December 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. The EIB/EU delivers full cancellation of remaining EU special loans under the Least Developed Countries (LDC) Initiative. Details on the modalities of the delivery are presented in Table A11.
9/ As defined in IMF, Balance of Payments Manual, 5th edition, 1993. Refers to current year exports.
10/ Revenue is defined as central government revenue, excluding grants.

Table A7. Togo: External Debt Indicators, 2009–29 /1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2029	Averages 2009 - 2019	2020 - 2029
					(In percent, unless otherwise indicated)							
I. Before traditional debt relief and multilateral arrears clearance												
PV of debt-to-GDP ratio	55.9	58.2	55.6	52.9	50.4	47.8	45.0	42.1	39.5	29.3	47.3	31.6
PV of debt-to-exports ratio 2/ 3/	172.8	168.7	167.3	164.4	158.6	151.7	144.9	137.8	130.7	105.4	149.1	109.0
PV of debt-to-revenue ratio 4/	329.9	339.8	287.4	287.5	272.4	258.2	243.3	227.5	213.8	157.1	259.5	169.8
Debt service-to-exports ratio	…	9.1	9.2	8.6	8.5	8.6	8.7	8.5	8.1	5.3	8.3	5.0
Debt service-to-revenue ratio 4/	…	18.1	15.8	15.6	15.2	15.1	15.3	14.7	14.1	8.4	14.8	8.2
II. After traditional debt relief and multilateral arrears clearance 5/ 6/												
PV of debt-to-GDP ratio	43.4	45.8	43.3	40.9	38.7	36.4	34.0	31.9	30.0	23.1	36.4	24.6
PV of debt-to-exports ratio 2/ 3/	134.1	132.6	130.4	127.1	121.8	115.7	109.5	104.4	99.1	82.8	114.5	84.9
PV of debt-to-revenue ratio 4/	256.1	267.1	224.0	222.3	209.2	197.0	183.9	172.3	162.0	123.5	199.5	132.1
Debt service-to-exports ratio	…	9.2	11.0	10.2	10.0	10.0	10.3	8.9	8.7	6.7	9.4	6.1
Debt service-to-revenue ratio 4/	…	18.4	18.8	18.5	17.8	17.7	18.0	15.4	15.1	10.6	16.6	10.0
III. After conditional delivery of enhanced HIPC assistance 7/												
PV of debt-to-GDP ratio	46.1	41.2	40.3	38.6	36.5	34.1	31.6	29.2	27.5	22.9	34.2	23.5
PV of debt-to-exports ratio 2/ 3/	142.5	119.4	121.2	119.8	114.9	108.3	101.7	95.7	90.8	82.2	107.7	81.4
PV of debt-to-revenue ratio 4/	272.0	240.6	208.2	209.5	197.3	184.3	170.7	158.0	148.4	122.6	187.8	126.7
Debt service-to-exports ratio	…	6.1	8.3	8.5	9.5	10.5	10.7	9.7	8.5	6.0	8.6	5.5
Debt service-to-revenue ratio 4/	…	12.2	14.3	15.5	16.9	18.6	18.7	16.9	14.8	9.5	15.3	9.1
IV. After unconditional delivery of enhanced HIPC assistance 8/												
PV of debt-to-GDP ratio	38.8	41.2	40.3	38.6	36.5	34.1	31.6	29.2	27.5	22.9	33.5	23.5
PV of debt-to-exports ratio 2/ 3/	120.0	119.4	121.2	119.8	114.9	108.3	101.7	95.7	90.8	82.2	105.6	81.4
PV of debt-to-revenue ratio 4/	229.1	240.6	208.2	209.5	197.3	184.3	170.7	158.0	148.4	122.6	183.9	126.7
Debt service-to-exports ratio	…	6.1	8.3	8.5	9.5	10.5	10.7	9.7	8.5	6.0	8.6	5.5
Debt service-to-revenue ratio 4/	…	12.2	14.3	15.5	16.9	18.6	18.7	16.9	14.8	9.5	15.3	9.1
V. After conditional delivery of enhanced HIPC and MDRI assistance 9/												
PV of debt-to-GDP ratio	46.1	25.5	25.6	24.9	23.9	22.5	21.0	19.8	19.0	21.8	24.1	20.4
PV of debt-to-exports ratio 2/ 3/	142.5	74.0	77.0	77.4	75.1	71.5	67.7	64.7	62.9	78.3	76.0	70.6
PV of debt-to-revenue ratio 4/	272.0	149.0	132.3	135.3	129.0	121.7	113.7	106.9	102.8	116.6	133.0	109.7
Debt service-to-exports ratio	…	6.1	5.3	5.7	6.7	7.8	8.1	7.2	6.1	5.1	6.3	4.0
Debt service-to-revenue ratio 4/	…	12.2	9.1	10.2	11.9	13.7	14.2	12.5	10.6	8.1	11.2	6.6
VI. After conditional additional bilateral and multilateral relief beyond enhanced HIPC and MDRI assistance 9/ 10/												
PV of debt-to-GDP ratio	46.1	13.2	13.5	13.8	14.0	14.1	14.0	13.8	13.8	21.4	16.8	18.5
PV of debt-to-exports ratio 2/ 3/	142.5	38.3	40.6	42.8	44.2	44.9	45.2	45.3	45.5	76.9	53.0	64.0
PV of debt-to-revenue ratio 4/	272.0	77.2	69.8	74.8	75.9	76.4	75.9	74.8	74.5	114.6	93.1	99.3
Debt service-to-exports ratio	…	6.0	3.2	2.8	3.1	3.8	4.3	4.5	4.5	4.2	3.9	3.0
Debt service-to-revenue ratio 4/	…	11.9	5.4	5.1	5.5	6.7	7.6	7.9	7.7	6.7	7.0	5.0

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 2007-2009 for PV of debt-to-exports ratio in 2009).
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/ After full debt relief through arrears clearance and concessional arrears rescheduling by IDA, AfDF, EIB, IsDB and OFID. Includes the impact of the (hypothetical) rescheduling of (remaining) arrears by OFID, IsDB and FEGECE, as well as the 2007 loans cancellation by China.
7/ Assumes interim relief under the enhanced HIPC Initiative from December 2008 to December 2010 and full delivery of assistance at completion point.
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 after the completion point (December 2010). 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. The EIB/EU delivers full cancellation of remaining EU special loans under the Least Developed Countries (LDC) Initiative. Details on the modalities of the delivery are presented in Table A11.

Table A8. Togo: Sensitivity Analysis, 2009–19 1/

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2029	Averages 2009 - 2019	2020 - 2029
	(In percent, unless otherwise indicated)											
I. Baseline scenario 2/												
PV of debt-to-GDP ratio	46.1	13.2	13.5	13.8	14.0	14.1	14.0	13.8	13.8	21.4	16.8	18.5
PV of debt-to-exports ratio 3/ 4/	142.5	38.3	40.6	42.8	44.2	44.9	45.2	45.3	45.5	76.9	53.0	64.0
PV of debt-to-revenue ratio 5/	272.0	77.2	69.8	74.8	75.9	76.4	75.9	74.8	74.5	114.6	93.1	99.3
Debt service-to-exports ratio	…	6.0	3.2	2.8	3.1	3.8	4.3	4.5	4.5	4.2	3.9	3.0
Debt service-to-revenue ratio	…	11.9	5.4	5.1	5.5	6.7	7.6	7.9	7.7	6.7	7.0	5.0
II: Permanently lower growth 6/												
PV of debt-to-GDP ratio	46.1	13.6	14.2	14.8	15.5	16.0	16.3	16.4	16.7	34.5	18.6	27.0
PV of debt-to-exports ratio 3/ 4/	120.0	38.3	40.6	42.8	44.2	44.9	45.2	45.3	45.5	76.9	51.0	64.0
PV of debt-to-revenue ratio 5/	272.0	80.1	83.8	87.5	91.5	94.3	96.0	96.9	98.8	204.0	110.1	159.7
Debt service-to-exports ratio	…	6.0	3.2	2.8	3.1	3.8	4.3	4.5	4.5	4.2	3.9	3.0
Debt service-to-revenue ratio	…	12.4	6.5	5.9	6.6	8.3	9.6	10.2	10.2	11.9	8.7	8.0
III: Permanently lower export growth 6/												
PV of debt-to-GDP ratio	46.1	13.2	13.5	13.8	14.0	14.1	14.0	13.8	13.8	21.4	16.8	18.5
PV of debt-to-exports ratio 3/ 4/	142.5	38.3	40.9	44.8	49.1	52.7	55.0	56.8	59.3	134.8	60.7	101.9
PV of debt-to-revenue ratio 5/	272.0	78.1	79.9	82.2	84.2	84.9	84.5	83.6	83.4	131.4	100.4	112.9
Debt service-to-exports ratio	…	6.0	3.2	3.2	3.6	4.6	5.4	5.9	6.0	7.6	4.8	5.0
Debt service-to-revenue ratio	…	12.0	6.2	5.6	6.1	7.5	8.5	8.8	8.6	7.6	7.7	5.6
IV: Loans instead of grants 6/												
PV of debt-to-GDP ratio	46.1	13.2	13.5	14.1	15.0	15.7	16.3	15.9	16.4	28.4	18.3	23.8
PV of debt-to-exports ratio 3/ 4/	142.5	38.3	40.6	43.9	47.1	50.0	54.3	57.6	60.3	104.3	60.1	86.0
PV of debt-to-revenue ratio 5/	272.0	77.2	69.8	74.3	80.9	85.1	88.3	85.8	90.2	156.1	101.5	130.8
Debt service-to-exports ratio	…	6.0	3.2	2.9	3.3	4.1	5.3	5.3	5.4	7.9	4.5	5.7
Debt service-to-revenue ratio	…	11.9	5.4	5.1	5.8	7.3	8.5	8.5	8.7	12.7	7.7	9.2

Sources: Togolese authorities and staff estimates and projections.

1/ All debt indicators refer to public and publicly guaranteed (PPG) debt and are defined after additional bilateral and multilateral relief beyond HIPC and MDRI assistance.

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

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 2007-2009 for PV of debt-to-exports ratio in 2009).

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

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

Table A9. Togo: Delivery of IDA Assistance under the Enhanced HIPC Initiative and the MDRI

(in millions of U.S. dollars, unless otherwise indicated)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2023	2033	2043	2044	Cumulative 2010-2023	Cumulative 2010-44
I. Relief under the Enhanced HIPC Initiative															
Debt service before HIPC assistance 1/	26.9	28.3	28.2	28.0	28.4	28.4	29.5	29.7	30.0	29.0	11.5	0.0	0.0	404.3	638.6
of which principal	22.5	24.1	24.2	24.2	24.7	25.0	26.2	26.6	27.2	27.1	11.3	0.0	0.0	360.4	586.1
of which interest	4.4	4.2	4.0	3.8	3.6	3.5	3.3	3.1	2.9	1.8	0.2	0.0	0.0	43.9	52.6
Debt service after HIPC assistance 1/	26.9	28.3	28.2	28.0	28.4	28.4	29.5	29.7	30.0	29.0	11.5	0.0	0.0	404.3	638.6
of which principal	22.5	24.1	24.2	24.2	24.7	25.0	26.2	26.6	27.2	27.1	11.3	0.0	0.0	360.4	586.1
of which interest	4.4	4.2	4.0	3.8	3.6	3.5	3.3	3.1	2.9	1.8	0.2	0.0	0.0	43.9	52.6
Savings on debt service to IDA 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which principal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
II. Relief under the MDRI 3/															
Projected stock of IDA credits outstanding at implementation date 4/	563.6														
Remaining IDA credits after MDRI	-														
Debt stock reduction on eligible credits 3/ 5/	563.6														
Due to HIPC relief 6/	-														
Due to MDRI	563.6														
Debt service due after HIPC relief and the MDRI		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum item:															
Debt service to IDA covered by HIPC assistance (in percent) 7/		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service to IDA covered by HIPC assistance and MDRI (in percent) 8/		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-	-	100.0	100.0
IDA debt service relief under the MDRI (in SDR) 9/	-	18.1	18.1	18.0	18.2	18.2	18.9	19.0	19.2	18.6	7.3	-	-	241.9	391.6

Source: IDA staff estimates.

1/ Principal and interest due to IDA correspond to prorated projections on disbursed and outstanding debt as of end-December 2009, converted to U.S. dollar.
2/ Arrears clearance in 2008 has fully delivered HIPC relief, so there has been no further HIPC assistance.
3/ Stock of debt and debt service denominated in SDRs are converted into U.S. dollar by applying the end-2009 exchange rate.
4/ Stock of debt outstanding on January 1, 2011.
5/ Debt disbursed as of December 31, 2003 and still outstanding at the December 31, 2010.
6/ There will be no HIPC relief after the implementation date.
7/ Based on debt disbursed and outstanding as of end-2007.
8/ Based on debt disbursed and outstanding as of end-2003.
9/ For SDR denominated credits, debt relief under the MDRI is estimated as debt service on SDR denominated credits minus USD-based HIPC debt relief on these credits. HIPC debt relief is converted into SDR equivalent amounts, from January 2010 onwards, by applying the provisional IDA16 foreign exchange reference rate of 1.48899 U.S. dollars per SDR. For USD denominated credits, debt relief under the MDRI is estimated as debt service on USD denominated credits minus USD-based HIPC debt relief on these credits. The resulting MDRI debt relief amounts are converted into SDR equivalent amounts by applying the IDA16 foreign exchange reference rate.

Table A10. Togo: Delivery of IMF Assistance under the Enhanced HIPC Initiative and the MDRI

(in millions of SDR, unless otherwise indicated)

	2008	2009	2010		2011	2012	2013	2014	2015	2016	2017	2018
	Nov. 26-Dec.31		Jan-Dec 9	Dec 10-31								
I. Pre-MDRI Debt relief (under the HIPC Initiative only) 2/												
HIPC-eligible debt service due on IMF obligations 3/	0.1	0.2	0.003	-	-	0.1	1.4	6.3	6.3	6.3	6.3	4.9
Principal	-	-	-	-	-	-	1.3	6.2	6.2	6.2	6.2	4.9
Interest 4/	0.1	0.2	0.003	-	-	0.1	0.1	0.1	0.1	0.04	0.02	0.01
HIPC assistance--deposits into member's Umbrella Account												
Interim assistance	0.042	0.042										
Completion point disbursement 5/			0.14									
Completion point assistance			0.14									
Completion point interest 6/			0.01									
IMF assistance--drawdown schedule from member's Umbrella Account	0.02	0.04	0.003	-	-	-	0.17	-	-	-	-	-
IMF assistance without interest	0.02	0.04	0.003	-	-	-	0.15	-	-	-	-	-
Estimated interest earnings 6/	-	0.00	0.00	-	-	-	0.02	-	-	-	-	-
Debt service due on current IMF obligations after IMF assistance	0.03	0.1	-		-	0.1	1.2	6.3	6.3	6.3	6.3	4.9
Delivery schedule of IMF assistance (in percent of the total assistance; on a flow basis)	9.1	19.7	1.5	-	-	-	69.6	-	-	-	-	-
Share of debt service due on IMF obligations covered by HIPC assistance (in percent)	36.8	27.7	100.0	-	-	-	12.1	-	-	-	-	-
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	27.7	100.0	-	-	-	12.8	-	-	-	-	-
II. Post-MDRI Debt relief (under both MDRI and HIPC Initiatives)			0.16									
Projected pre MDRI cutoff date debt at completion point 8/			-									
Delivery of debt relief (on stock basis):												
from the MDRI-I Trust			-									
from the HIPC Umbrella Account			-									
Delivery of remaining HIPC assistance for post MDRI cutoff date debt (on stock basis) 9/			0.16									
III. Debt service due to the IMF after HIPC and MDRI debt relief 10/	0.03	0.17	0.00	-	-	0.18	1.35	8.21	11.75	14.57	14.54	13.18
Principal	-	-	-	-	-	-	1.17	8.04	11.60	14.46	14.46	13.14
Interest	0.03	0.17	0.00	-	-	0.18	0.18	0.17	0.15	0.11	0.07	0.04

Source: Fund staff estimates and projections.

1/ Total IMF assistance under the enhanced HIPC Initiative amounts to SDR 0.219 million (US$ 0.324 million) in NPV terms, slightly higher than the amount calculated at the decision point (SDR 0.211 million or US$0.312 million) owing to debt revisions. Completion point (CP) is assumed on December 9, 2010.
2/ Estimated delivery of HIPC assistance in the absence of MDRI decision.
3/ Data as of decision point. Interest obligations exclude net SDR charges and assessments.
4/ Effective January 7, 2010 interest charges on concessional loans are waived through 12/31/11. The Fund will review interest rates for all concessional facilities in late 2011 and every two years thereafter. After 2011, projected interest charges are based on 0.25 percent per annum for the ECF credit outstanding.
5/ A final disbursement of SDR 0.14 million will be deposited into Togo's Umbrella Account at CP in December 2010.
6/ Includes estimated interest earnings on: (a) amounts held in Togo's Umbrella Account; and (b) up to CP, amounts committed but not yet disbursed. The projected interest earnings are estimated based on assumed interest rates which are gradually rising to 4.5 percent in 2015 and beyond; actual interest earnings may be higher or lower.
7/ HIPC assistance is expected to cover PRGF interest obligations falling due between mid-November 2008 and September 2010 as there are no principal obligations falling due to the Fund until October 2013.
8/ Togo repaid its MDRI-eligible debt by January 2008.
9/ The balance in Togo's Umbrella Account includes the unused interim assistance amounting to SDR 0.02 million.
10/ Data prior to CP represents actual debt service paid. Projected debt service is as of end-September 2010. Interest obligations exclude net SDR charges and assessments.

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

	Debt relief in PV terms (US$ millions)	Percentage of total assistance	Modalities to deliver debt relief
World Bank	102	36	IDA provided the full amount of debt relief through a Development Policy Grant operation in May 2008, w hich w as used to repay a bridge loan from a bilateral partner that cleared Togo's arrears to IDA.
AfDB Group	18	6	AfDB assistance has been fully delivered through its concessional arrears clearance operation under the Fragile States Facility.
BOAD	14	5	Assistance to be delivered at completion point.
EIB	9	3	Full HIPC assistance has been delivered through a concessional arrears clearance of the EU loans administered by the EIB. The remaining arrears and debt service w ill be cleared under the EU's LDC Initiative. The EIB Board has rescheduled the remaining EIB loan on concessional terms.
IsDB	5	2	IsDB assistance has been fully delivered through a concessional rescheduling of all arrears and the remaining debt service on the loans outstanding at end-2008.
IFAD	4	1	Togo and IFAD have agreed an arrears repayment schedule, starting in the second half of 2011. After the completion point, IFAD w ill offer HIPC relief through the partial cancellation of the arrears payment installments.
OFID	3	1	Most of the arrears have been cleared in 2009. It is expected that Togo and OFID w ill conclude an agreement on the repayment of the remaining arrears.
IMF	0	0	The IMF has extended interim assistance immediately follow ing the approval of the decision point in the form of debt-service reduction. At completion point the balance of remaining HIPC resources (SDR 0.14 million in the Umbrella Account and SDR 0.02 million of unused interim assistance) w ill be disbursed to Togo.
BADEA	0	0	Assistance to be delivered at completion point.
FEGECE	0	0	FEGECE has indicated that it w ill not participate in the HIPC Initiative.
Total multilateral	**155**	**55**	
Paris Club Creditors	101	36	In principle, Paris Club creditors aggred to provide HIPC assistance. Interim assistance w ill be delivered through a Cologne flow during the interim period.
Non-Paris Club Creditors	20	7	
China	11	4	China delivered its share of HIPC relief through some loans' cancellation in 2007.
Kuwait	8	3	Kuw ait delivered its share of HIPC relief through a 2009 loan rescheduling agreement.
Saudi Arabia	0	0	
Commercial creditors	6	2	
of which CBEAO Senegal	3	1	CBEAO Senegal w as fully repaid through the BCEAO automatic payment w indow .
of which Cotecna	1	0	Cotecna has delivered over 90 percent of its HIPC relief and agreed in principle to deliver its remaining share of HIPC relief.
Total bilateral and commercial	**127**	**45**	
TOTAL	**282**	**100**	
Memorandum item:			
Estimated satisfactory assurances		98	

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

Table A12. 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 A13. HIPC Initiative: Status of Country Cases Considered under the Initiative, June 30, 2010

Country	Decision Point	Completion Point	Target PV of Debt-to- Exports (in percent)	Target PV of Debt-to- Gov. revenue (in percent)	Assistance Levels 1/ (In millions of U.S. dollars, present value) Total	Bilateral and commercial	Multilateral Total	IMF	World Bank	Percentage Reduction in PV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)
Completion point reached under enhanced framework (30)											
Afghanistan	Jul. 07	Jan. 10	150		582	446	136	-	76	51	1,280
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*
Burundi	Aug. 05	Jan. 09	150		833	127	706	28	425	92	1,366
Cameroon	Oct. 00	Apr. 06	150		1,267	879	322	37	176	27	4,917
Central African Rep.	Sept. 07	Jun. 09	150		578	186	362	27	207	68	804
Congo Rep. of	Mar. 06	Jan. 10		250	1,575	1,462	113	8	47	31	1,738
Congo, Democratic Rep. of	Jul. 03	Jul. 10	150		7,252	4,618	2,633	471	854	82	11,105
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*
Haiti	Nov. 06	Jun. 09	150		140	20	120	3	53	15	213
Honduras	Jul. 00	Mar. 05	110	250	556	215	340	30	98	18	1,000
Liberia	Mar. 08	Jun. 10	150		2,739	954	1,421	730	374	90	4,607
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 Príncipe					124	31	93	1	47		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 (6)											
Chad	May. 01	Floating	150		170	35	134	18	68	30	260
Comoros	Jun. 10	Floating	150		145	33	111	4	45	56	122
Cote d'Ivoire	Mar. 09	Floating		250	3,005	2,311	694	38	402	24	3,129
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
Togo	Nov. 08	Floating		250	270	120	150	0.3	98	19	360
Total assistance provided/committed					**43,576**	**22,134**	**20,947**	**3,408** 3/	**9,794**		**71,967**

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 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 2181.98 million at an SDR/USD exchange rate of 0.640563, as of January 27, 2010.

APPENDIX I: TOGO DEBT MANAGEMENT

1. Togo has made considerable progress in strengthening debt management since launching its participation in the HIPC initiative. Much of this progress is described in the main report and includes fulfillment of HIPC triggers. Following is a description of the current state of debt management focusing on areas identified as needing improvement.

2. Togo's debt management operations involve different entities, including sectoral ministries, the Ministry of Economy and Finance (MEF), the Department for the Execution and Oversight of the Development Plan and the benefiting line ministries. The Public Debt Directorate (PDD)*,* which is part of the Treasury Department, is the main unit responsible for debt management.[1] The PDD's responsibilities include keeping the external debt database, forecasting external debt service, preparing payment invoices for external debt monitoring overall public debt. The PDD is also involved in an advisory capacity in the process of negotiating and contracting loans in some but not all cases.

3. The high-level legal framework for debt management consists of a number of legal documents, which delegate the responsibility of signing loan agreements to the Minister of Finance. Following rules issued by the West African Economic and Monetary Union (WAEMU), a National Public Debt Committee (CNDP) has been created, which aims to improve cooperation between the various entities involved in debt management. At the level of the PDD, updated legal documents concerning the responsibilities of the PDD have not yet been signed.

4. The government is required to attach a debt management strategy to its annual budget law submitted to Parliament. However, this strategy is rather brief, does not contain any analysis, and does not include domestic public debt. In practice, this strategy is not always respected.

5. Despite the presence of the CNDP, the formal channels of interaction between the multiple entities involved in debt management are complex, which leads to a weakness in coordination and information flows. For example, although the Department for the Execution and Oversight of the Development Plan has the best information on the progress of a project and disbursements made by donors, it does not systematically communicate this information to the PDD. This makes it more difficult to project future disbursements and debt service and leads to an underestimation of the debt outstanding to some creditors.

6. Debt management staff is rather reactive than active in its debt operations. While the PDD's staff is qualified for basic debt management operations in DMFAS, there are no job

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[1]The PDD (*Direction de la Dette Publique*) was created in 2000, when the responsibility for debt management was transferred from the National Investment Company (*Société Nationale d'Investissement*).

descriptions for key positions. Although there is no formal training plan, the DDP has identified areas for further training, including debt management, loan conventions, risk analysis, debt reporting, negotiations, debt sustainability and English language.

7. As required by the HIPC floating completion point triggers, the PDD now has files on all public debt. External debt data is managed actively in DMFAS with the PDD responsible for payments, while domestic securities and central bank advances are also kept in DMFAS, although payments are done by the Treasury. The PDD has also published regular reports on domestic and external debt on the website of the Permanent Secretariat for Monitoring of Reforms (SP-PRPF).[2] These triggers are further discussed in the main text in section II.

8. As part of the changes in the TMU which will be approved with the fifth review of the ECF, the external debt definition will not only cover the government but also the public enterprises. Therefore, the PDD will have to develop systematic communication channels with the public enterprises to obtain monthly debt service obligations and monitor their new loans' projects.

9. Togo benefits from an ongoing program of technical assistance to strengthen debt management. In addition to the DeMPA process (Box 2), the IMF's AFRITAC-West provides assistance through 3–4 missions a year. This assistance has focused on bringing the operations of the Togolese government, and the PDD in particular, closer to international best practices in the operations of its debt management. For example, the assistance has helped the PDD in developing post-HIPC projections of debt service. This assistance will continue, with an increasing focus on developing capacity to maintain sustainable debt management after HIPC, e.g., conducting debt sustainability analyses to inform debt management strategy.

10. Going forward, as Togo leaves the HIPC Initiative, it would be good to set new targets for improving debt management. Important areas for improvement could be to formalize the functions and responsibilities of the PDD, to improve the debt management strategy to include all types of debt and improve the analysis, to improve coordination and information flows with the other departments, to consolidate in one database all remaining debt data that is currently kept in separate spreadsheets in DMFAS (in particular, Treasury bills and debt by state-owned enterprises), to maintain the current quarterly publication frequency of the debt reports, to gradually expand the analysis in these reports to show debt by currency and maturity to have a rudimentary form of risk analysis, and to increase communication with donors to have frequent debt data reconciliations.

[2] http://www.togoreforme.com

APPENDIX II: TOGO DEBT SUSTAINABILITY ANALYSIS USING THE LOW-INCOME COUNTRY FRAMEWORK

The analysis based on the joint IMF-World Bank debt sustainability framework for low-income countries shows that Togo is at moderate risk of debt distress*. After full HIPC assistance, MDRI and beyond HIPC assistance, Togo's external and public debt indicators improve significantly through the projection period, thanks to a stable economic, political and social climate and rehabilitation of key sectors. However, Togo remains vulnerable to certain shocks and could breach the policy-related thresholds for the PV of debt-to-GDP and PV of debt-to-exports ratios under some alternative scenarios in the latter years.*

A. Introduction

1. **This debt sustainability analysis (LIC-DSA) for Togo assesses its external and public debt using the forward-looking debt sustainability framework (DSF) for low-income country framework**.[1] The LIC-DSA uses the reconciled debt database prepared for the completion point HIPC-Debt Relief Analysis (DRA), and incorporates the impact of HIPC, additional multilateral and bilateral assistance beyond HIPC, and MDRI relief in the baseline scenario consistent with the DSF guidelines for LIC-DSAs done at the completion point.[2] The LIC-DSA and the DRA share the same macroeconomic assumptions in the baseline and alternative scenarios but differ in four key areas: (i) the discount rate for the LIC-DSA is fixed at 4 percent, compared to the currency-specific 6-month averages of commercial interest reference rates for the DRA; (ii) the LIC-DSA uses exchange rate projections from the *World Economic Outlook* instead of the actual exchange rate of end-2009 for the DRA; (iii) exports used for the debt burden indicators are the latest projections in the LIC-DSA rather than the three-year backward-looking averages; and (iv) the baseline

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[1] 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", (http://siteresources.worldbank.org/INTDEBTDEPT/PolicyPapers/21154573/DMSDR1S3149398v1DSFPaperforweb.pdf). Togo's quality of policies and institutions, as measured by the average World Bank's Country Policy and Institutional Assessment (CPIA) for the period 2007–09 (2.7), 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 of the debt-to-export 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.

[2] 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).

in the LIC-DSA assumes that IDA assistance is delivered in the form of concessional loans rather than mainly grants as in the DRA.

2. **The last joint DSA for Togo was prepared in 2009 and concluded that Togo was in debt distress.** The outcome of this analysis was in line with the previous DSAs finding improvement in debt dynamics as a consequence of expected enhancements in the macroeconomic policy framework, notably greater fiscal discipline and solid implementation of growth-promoting structural reforms, large domestic arrears clearance operations and the HIPC initiative interim debt relief. Compared to the 2009 assessment, this DSA's results are in line with the earlier alternative scenario describing HIPC, MDRI and beyond HIPC relief. Since November 2008, Togo has been in the interim period of the HIPC Initiative. Upon reaching of the decision point, Togo was granted interim relief from several multilateral and bilateral creditors through concessional arrears clearance and loan rescheduling, and flow rescheduling on Cologne terms, respectively. As a result, the nominal debt stock fell from \$2.2 billion at end-2007 to \$1.7 billion at end-2009. Additionally, reaching the completion point at end 2010 will decrease further the nominal stock of debt to below \$0.4 billion.

3. **In the LIC-DSA framework, the present value of Togo's public and publicly guaranteed (PPG) external debt is \$392 million at end-2010, assuming full delivery of HIPC, MDRI and beyond HIPC assistance. Around 74 percent would be owed to multilateral creditors** and 26 percent to bilateral and commercial creditors.

B. Baseline Assumptions

4. **The baseline macroeconomic assumptions for the present DSA are consistent with the macroeconomic projections underlying the HIPC-DRA.**

a. Real GDP growth is projected to reach its estimated potential of 4 percent by 2012 and then vary around that level, driven by the rehabilitation of the phosphate and cotton sectors, growth in the agricultural sector (especially food production), an improved investment climate, increased financial intermediation; additional FDI and foreign aid; and growing regional integration, thanks to Togo's strategic geographical location and the role of the port of Lomé. This potential was estimated based on a population growth rate of 2.5 percent (which reflects the latest available information) and by building up sectoral growth rates under the assumptions outlined above and planned growth-enhancing reforms. The estimated potential exceeds historical growth rates, which were depressed by the dislocations caused by the protracted social, political, and economic crisis that the country experienced up to the mid-2000s.

b. The projections for key commodity prices (oil, cotton, cocoa, and coffee) through 2015 are based on WEO projections of September 2010 and are assumed constant in real terms afterwards.

c. Inflation over the long-term is projected to remain stable at 2.5 percent, reflecting sound monetary policy at the regional level.

d. The current account deficit will remain roughly stable over the medium-term, with higher exports of phosphates, cement and clinker being insufficient to compensate for a strong growth in imports as foreign aid is absorbed and foreign investment increases.

e. The domestic primary fiscal deficit is assumed to stay close to zero during the projected period, thereby providing a fiscal anchor to ensure fiscal sustainability over the long term.

f. FDI and donor flows are expected to increase over the medium-term reflecting improvements in the investment climate and overall governance.

g. External financing is initially mostly on grant terms, with less concessional financing gradually picking up, leading to a decrease in the grant element of new financing from 35 percent in 2010 to 22 percent at the end of the projection period. External financing is expected to come from Togo's traditional multilateral donors.

C. External Debt Sustainability Analysis

Baseline

5. **Under the baseline scenario, Togo's external debt indicators remain below their relevant indicative thresholds (Table 1a, Figure 1).** The present value (PV) of public and publicly guaranteed (PPG) debt equals to 12.8 percent of GDP in 2010 and remains below the 30 percent threshold until the end of the projected period. Both the PV of external debt relative to revenues and exports stay below their respective indicative threshold until 2030. However, the three PV ratios under the baseline scenario increase significantly toward the end of the projected period leading to ratios close to the thresholds. This result reflects conservative assumptions made, particularly for new financing where grant financing decreases from 5.6 percent of GDP in 2010 to 3.1 percent of GDP in 2030 and the concessionality of the loans decreases from nearly 35 percent to 21.6 percent over the same period.

Alternative Scenarios and Stress Tests

6. **Togo's external debt outlook remains vulnerable to numerous shocks especially toward the end of the projected period** (Table 1b, Figure 1). The PV of external debt to GDP indicators deteriorate significantly under the most extreme and new loans on less favorable terms shocks. In both cases, the threshold is breached near the end of the period, in 2024 for the most extreme shock and in 2026 for the new loans on less favorable terms shock. Additionally, the PV of debt-to-exports ratio shows the same pattern. Both scenarios breach the threshold at the end of the period, in 2026 for the new loans on less favorable terms shock and in 2030 for the most extreme shock.

7. **In light of the results from the baseline and alternative scenarios as well as the stress tests, IDA and IMF staffs conclude that Togo is at moderate risk of debt distress.**

D. Public Sector Debt Sustainability

Baseline

8. **The inclusion of Togo's large domestic public debt in the analysis emphasizes the vulnerability of the baseline scenario (Table 2a, Figure 2). Togo's domes**tic debt burden is comparatively large, reflecting years of weak fiscal management and domestic arrears accumulation, as well as the need to recapitalize ailing banks. Under the baseline scenario, the PV of total public debt ratios are projected to decrease until 2018 before picking up slowly until the end mo the projected period**,** averaging around 25 percent of GDP over the overall period. Given the assumed improvement in the macroeconomic outlook and the cautious debt strategy in the baseline scenario, debt ratios would remain at a reasonable level over the long-run, while debt service ratios would remain below their end-2010 levels.

Alternative Scenarios and Stress Tests

9. **The evolution of the debt indicators would be highly sensitive to the most extreme shock growth, which would increase the debt level and debt service over the long run**. Total public debt dynamics are particularly vulnerable to a growth shock keeping the PV of debt to GPD ratio over 30 percent over the entire projected period (Table 2b, Figure 2). This highlights the importance of a reform agenda that improves the business environment to support foreign investment and growth.

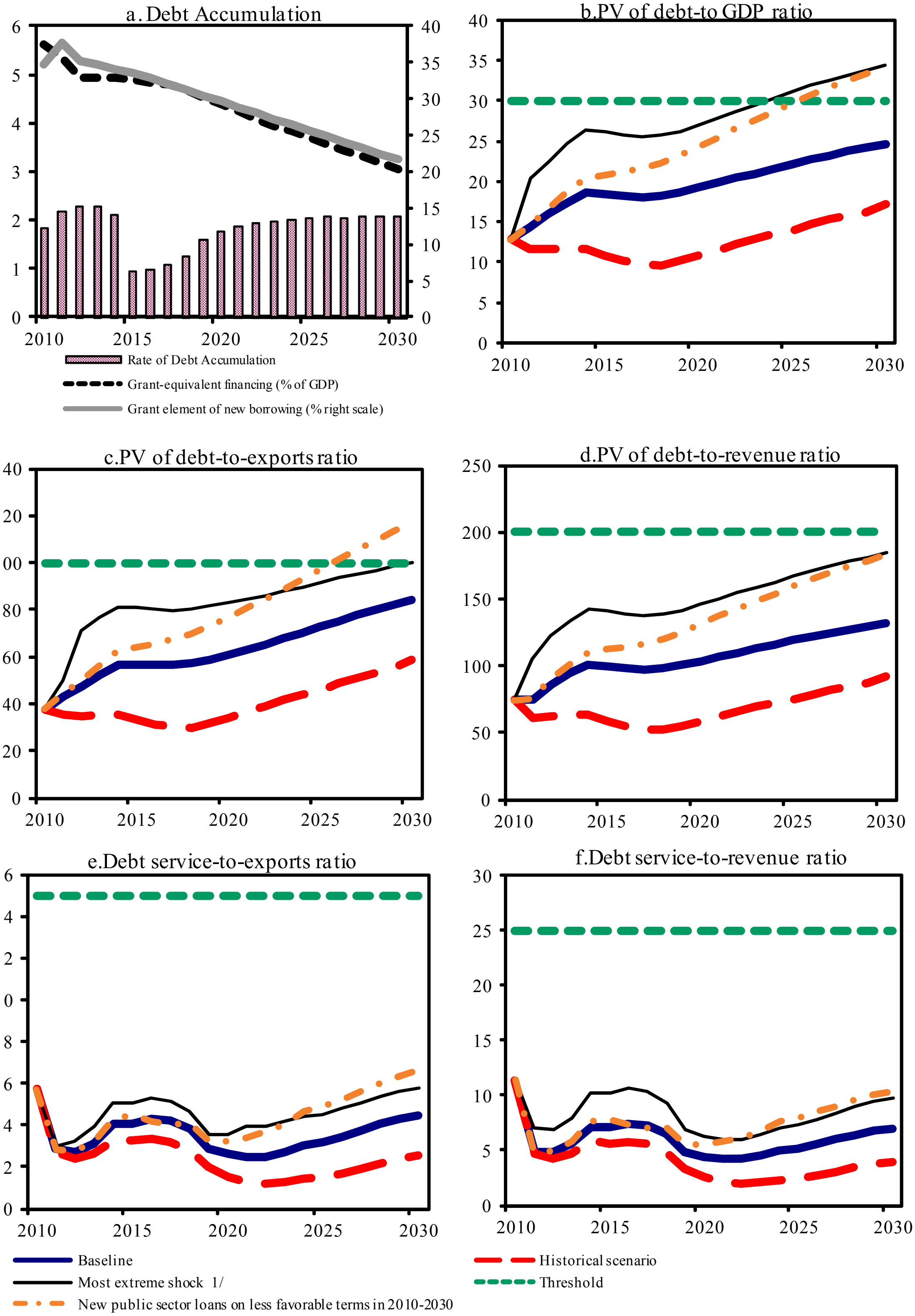
E. Conclusion

10. **The DSA shows that Togo will be at moderate risk of debt distress after reaching the completion point.** Under the baseline scenario, the debt ratios remain below the thresholds for the projected period, and the alternative scenarios would only breach the thresholds in the latter years. However, the upward trend of all scenarios is cause for

concern, despite conservative assumptions, and stresses the need for a prudent approach to new borrowing as Togo is exiting the HIPC initiative. The assumptions and conclusions of the DSA were discussed with the authorities, who broadly concurred. The authorities also expressed strong interest in the consequences of the country's risk rating, particularly its implications for external borrowing policy.

11. **Maintaining a robust external debt outlook will depend on a sustained pick-up of real GDP growth, exports and foreign direct investment, as well as prudent debt management and solid fiscal performance.** Alternative scenarios and bound tests highlight the vulnerability of Togo's external debt outlook. The inclusion of Togo's large domestic debt in the analysis reinforces the conclusions of the external DSA and stresses the risks to Togo's debt prospects. In this context, it is essential that the Togolese authorities continue current efforts to strengthen public finance management, restructure the banking system and promote financial development, reform state-owned enterprises, and improve the investment climate, hence laying the foundation for accelerating growth prospects.

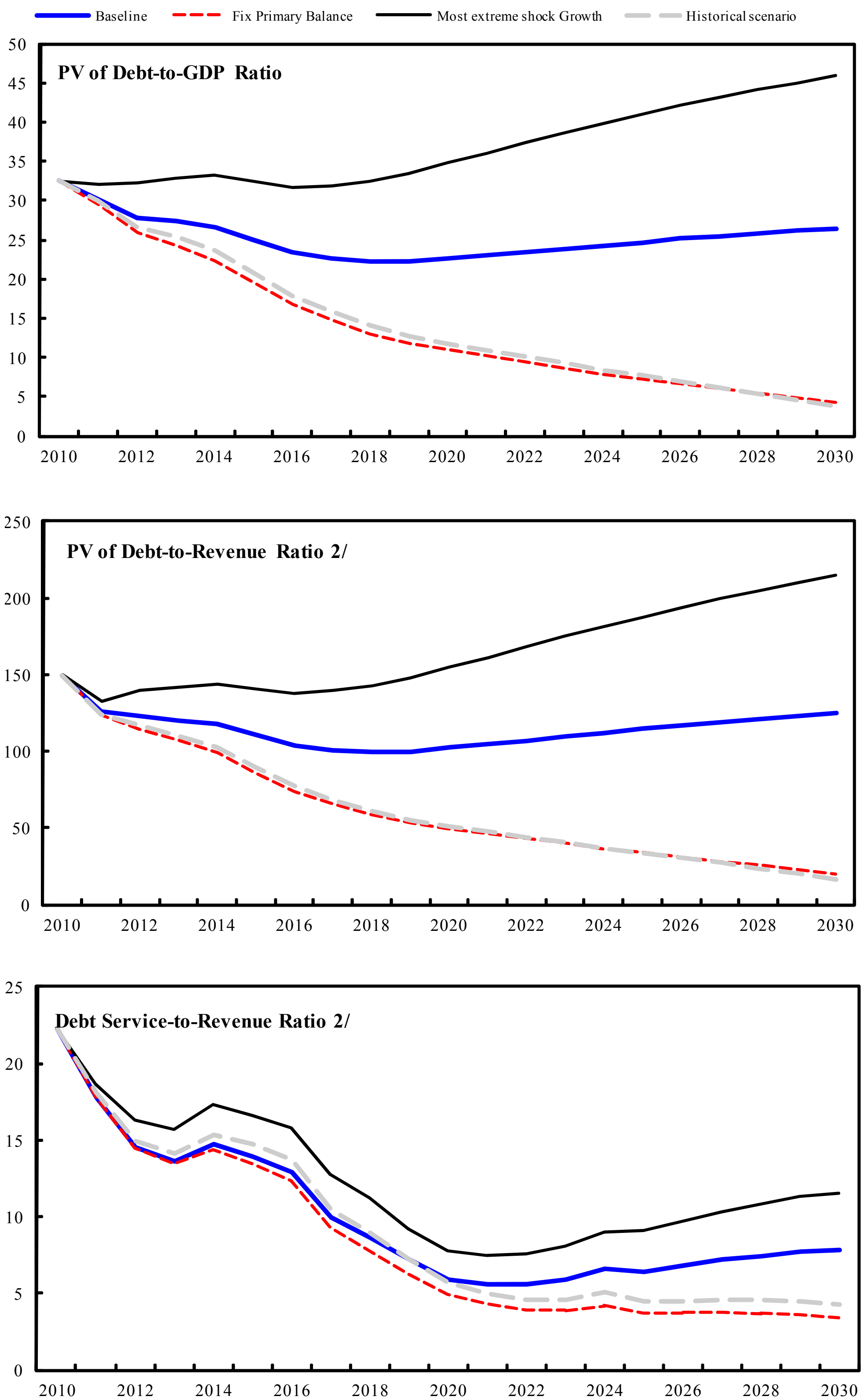
Figure 1. Togo: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2010-2030 1/



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2020. In figure b. it corresponds to a One-time depreciation shock; in c. to a Exports shock; in d. to a One-time depreciation shock; in e. to a Exports shock and in figure f. to a One-time depreciation shock

Figure 2.Togo: Indicators of Public Debt Under Alternative Scenarios, 2010-2030 1/



Sources: Country authorities; and staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in 2020.
2/ Revenues are defined inclusive of grants.

Table 1a.: External Debt Sustainability Framework, Baseline Scenario, 2007-2030 1/
(In percent of GDP, unless otherwise indicated)

	Actual			Historical 0	Standard	Projections									
				Average 0	Deviation							2010-2015			2016-2030
	2007	2008	2009			2010	2011	2012	2013	2014	2015	Average	2020	2030	Average
External debt (nominal) 1/	**79.1**	**61.6**	**53.1**			**16.5**	**17.6**	**18.6**	**19.6**	**20.4**	**21.2**		**25.1**	**32.3**	
o/w public and publicly guaranteed (PPG)	79.1	60.9	51.8			14.6	15.1	15.6	16.2	16.7	17.1		20.3	27.8	
Change in external debt	-1.9	-17.5	-8.5			-36.5	1.0	1.0	1.1	0.8	0.7		1.1	0.4	
Identified net debt-creating flows	-3.4	-11.1	6.3			4.9	5.8	4.7	4.4	4.2	4.0		3.1	2.2	
Non-interest current account deficit	**7.1**	**5.9**	**6.8**	**6.5**	**1.0**	**7.4**	**7.2**	**6.7**	**6.5**	**6.4**	**6.4**		**6.0**	**6.9**	6.3
Deficit in balance of goods and services	15.4	10.8	9.9			12.2	13.3	13.3	13.2	13.5	13.8		13.8	15.4	
Exports	36.0	33.8	34.4			34.1	33.2	33.3	33.0	32.8	32.5		31.6	29.3	
Imports	51.4	44.5	44.2			46.2	46.4	46.6	46.2	46.3	46.2		45.4	44.6	
Net current transfers (negative = inflow)	-11.4	-9.6	-9.1	-9.2	1.9	-10.4	-11.2	-11.9	-11.7	-11.9	-12.1		-12.1	-13.0	-12.5
o/w official	-1.7	-1.4	-1.5			-2.4	-3.3	-4.3	-4.2	-4.2	-4.1		-3.6	-2.4	
Other current account flows (negative = net inflow)	3.1	4.7	6.0			5.6	5.2	5.3	5.0	4.7	4.6		4.4	4.5	
Net FDI (negative = inflow)	**-2.0**	**-1.3**	**-1.0**	**-3.1**	**1.4**	**-1.0**	**-1.0**	**-1.5**	**-1.7**	**-1.8**	**-2.0**		**-2.5**	**-4.0**	-2.6
Endogenous debt dynamics 2/	**-8.5**	**-15.8**	**0.6**			**-1.5**	**-0.4**	**-0.4**	**-0.4**	**-0.4**	**-0.4**		**-0.4**	**-0.7**	
Contribution from nominal interest rate	1.8	0.4	0.4			0.3	0.2	0.2	0.3	0.4	0.4		0.4	0.6	
Contribution from real GDP growth	-1.6	-1.5	-2.0			-1.8	-0.6	-0.7	-0.7	-0.7	-0.8		-0.9	-1.2	
Contribution from price and exchange rate changes	-8.7	-14.7	2.2			…	…	…	…	…	…		…	…	
Residual (3-4) 3/	**1.5**	**-6.5**	**-14.8**			**-41.4**	**-4.8**	**-3.7**	**-3.3**	**-3.5**	**-3.3**		**-2.1**	**-1.8**	
o/w exceptional financing	0.0	-2.3	-2.8			-48.8	-1.7	0.0	0.0	0.0	0.0		0.0	0.0	
PV of external debt 4/	...	...	11.3			14.7	16.8	18.9	20.8	22.3	22.5		24.0	29.1	
In percent of exports	...	...	32.9			43.2	50.6	56.6	62.9	68.1	69.3		76.0	99.3	
PV of PPG external debt	**...**	**...**	**10.0**			**12.8**	**14.3**	**15.9**	**17.4**	**18.5**	**18.4**		**19.2**	**24.6**	
In percent of exports	**...**	**...**	**29.2**			**37.5**	**43.1**	**47.7**	**52.7**	**56.5**	**56.8**		**60.6**	**83.9**	
In percent of government revenues	**...**	**...**	**59.3**			**74.6**	**74.0**	**86.4**	**94.0**	**100.2**	**99.6**		**103.6**	**131.4**	
Debt service-to-exports ratio (in percent)	**9.4**	**5.7**	**4.4**			**5.7**	**2.9**	**2.7**	**3.1**	**4.0**	**4.1**		**2.6**	**4.4**	
PPG debt service-to-exports ratio (in percent)	**9.4**	**5.7**	**4.4**			**5.7**	**2.9**	**2.7**	**3.1**	**4.0**	**4.1**		**2.6**	**4.4**	
PPG debt service-to-revenue ratio (in percent)	**20.1**	**12.4**	**9.0**			**11.4**	**4.9**	**4.8**	**5.5**	**7.2**	**7.2**		**4.4**	**7.0**	
Total gross financing need (Billions of U.S. dollars)	0.2	0.2	0.2			0.3	0.3	0.2	0.3	0.3	0.3		0.4	0.6	
Non-interest current account deficit that stabilizes debt ratio	9.0	23.5	15.3			43.9	6.2	5.6	5.5	5.6	5.6		5.0	6.4	
Key macroeconomic assumptions															
Real GDP growth (in percent)	2.3	2.4	3.2	1.7	2.2	3.4	3.7	4.0	4.1	3.9	4.0	3.9	3.8	4.2	4.0
GDP deflator in US dollar terms (change in percent)	12.1	22.8	-3.4	6.3	10.3	-4.9	0.2	0.3	0.4	1.2	1.6	-0.2	2.5	2.4	2.5
Effective interest rate (percent) 5/	2.5	0.7	0.6	1.7	0.7	0.6	1.2	1.4	1.7	1.9	2.1	1.5	2.0	1.9	1.9
Growth of exports of G&S (US dollar terms, in percent)	19.8	17.9	1.4	9.2	13.7	-2.5	1.2	4.7	3.7	4.4	4.7	2.7	5.9	5.9	5.9
Growth of imports of G&S (US dollar terms, in percent)	34.8	8.9	-1.0	10.3	17.7	2.8	4.4	4.7	3.7	5.3	5.7	4.4	6.1	6.6	6.3
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	34.7	37.8	35.2	34.7	34.2	33.6	35.0	29.6	21.6	27.2
Government revenues (excluding grants, in percent of GDP)	16.8	15.6	16.9			17.1	19.3	18.4	18.5	18.5	18.5		18.5	18.7	18.6
Aid flows (in Billions of US dollars) 7/	0.1	0.1	0.1			0.2	0.2	0.2	0.2	0.2	0.2		0.3	0.3	
o/w Grants	0.0	0.1	0.1			0.1	0.1	0.1	0.1	0.2	0.2		0.2	0.2	
o/w Concessional loans	0.0	0.0	0.0			0.1	0.0	0.0	0.1	0.1	0.1		0.1	0.1	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			5.6	5.4	4.9	5.0	4.9	4.9		4.4	3.1	4.0
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			74.0	81.8	80.7	78.7	77.1	76.3		71.0	56.8	66.6
Memorandum items:															
Nominal GDP (Billions of US dollars)	2.5	3.2	3.2			3.1	3.2	3.4	3.5	3.7	3.9		5.4	10.2	
Nominal dollar GDP growth	14.6	25.7	-0.3			-1.7	3.9	4.4	4.6	5.2	5.7	3.7	6.4	6.7	6.6
PV of PPG external debt (in Billions of US dollars)			0.3			0.4	0.5	0.5	0.6	0.7	0.7		1.0	2.5	
(PVt-PVt-1)/GDPt-1 (in percent)						1.8	2.2	2.3	2.3	2.1	0.9	1.9	1.8	2.1	1.8
Gross workers' remittances (Billions of US dollars)	0.2	0.3	0.2			0.2	0.3	0.3	0.3	0.3	0.3		0.5	1.1	
PV of PPG external debt (in percent of GDP + remittances)	...	...	9.3			11.8	13.3	14.8	16.2	17.2	17.1		17.7	22.2	
PV of PPG external debt (in percent of exports + remittances)	...	...	24.0			30.4	34.8	38.8	43.0	45.8	45.6		47.8	61.6	
Debt service of PPG external debt (in percent of exports + remittances)	...	...	3.6			4.6	2.3	2.2	2.5	3.3	3.3		2.0	3.3	

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.
2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = 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, 2010-2030
(In percent)

	Projections							
	2010	2011	2012	2013	2014	2015	**2020**	2030
PV of debt-to GDP ratio								
Baseline	13	14	16	17	19	18	**19**	25
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	13	12	12	12	12	11	**11**	17
A2. New public sector loans on less favorable terms in 2010-2030 2	13	15	17	19	20	21	**24**	34
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	13	15	17	19	20	20	**21**	26
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	13	16	20	22	23	23	**23**	25
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	13	15	17	19	20	20	**21**	26
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	13	17	21	23	24	24	**23**	25
B5. Combination of B1-B4 using one-half standard deviation shocks	13	16	20	22	23	23	**23**	26
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	13	20	23	25	26	26	**27**	34
PV of debt-to-exports ratio								
Baseline	38	43	48	53	57	57	**61**	84
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	38	35	35	35	35	33	**34**	59
A2. New public sector loans on less favorable terms in 2010-2030 2	38	44	50	57	62	64	**77**	117
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	38	43	47	52	56	56	**60**	82
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	38	50	71	77	81	81	**83**	100
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	38	43	47	52	56	56	**60**	82
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	38	50	64	69	73	72	**74**	87
B5. Combination of B1-B4 using one-half standard deviation shocks	38	45	59	64	68	68	**70**	86
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	38	43	47	52	56	56	**60**	82
PV of debt-to-revenue ratio								
Baseline	75	74	86	94	100	100	**104**	131
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	75	60	63	63	63	58	**58**	92
A2. New public sector loans on less favorable terms in 2010-2030 2	75	76	90	101	110	113	**131**	183
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	75	77	94	102	109	108	**111**	141
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	75	80	111	118	124	123	**122**	135
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	75	77	93	102	108	108	**111**	141
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	75	86	116	123	128	127	**126**	136
B5. Combination of B1-B4 using one-half standard deviation shocks	75	81	111	119	125	123	**124**	140
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	75	105	122	133	142	141	**146**	184

Table 1b.Togo: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2010-2030 (continued)
(In percent)

Debt service-to-exports ratio

Baseline	6	3	3	3	4	4	**3**	4
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	6	3	2	3	3	3	**2**	3
A2. New public sector loans on less favorable terms in 2010-2030 2	6	3	3	3	4	4	**3**	7
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	6	3	3	3	4	4	**3**	4
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	6	3	3	4	5	5	**4**	6
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	6	3	3	3	4	4	**3**	4
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	6	3	3	3	4	4	**3**	5
B5. Combination of B1-B4 using one-half standard deviation shocks	6	3	3	3	4	4	**3**	5
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	6	3	3	3	4	4	**3**	4

Debt service-to-revenue ratio

Baseline	11	5	5	6	7	7	**4**	7
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2010-2030 1/	11	5	4	5	6	6	**3**	4
A2. New public sector loans on less favorable terms in 2010-2030 2	11	5	5	6	8	8	**5**	10
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2011-2012	11	5	5	6	8	8	**5**	7
B2. Export value growth at historical average minus one standard deviation in 2011-2012 3/	11	5	5	6	8	8	**5**	8
B3. US dollar GDP deflator at historical average minus one standard deviation in 2011-2012	11	5	5	6	8	8	**5**	7
B4. Net non-debt creating flows at historical average minus one standard deviation in 2011-2012 4/	11	5	5	6	8	8	**6**	8
B5. Combination of B1-B4 using one-half standard deviation shocks	11	5	5	6	8	8	**5**	8
B6. One-time 30 percent nominal depreciation relative to the baseline in 2011 5/	11	7	7	8	10	10	**6**	10
Memorandum item:								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	29	29	29	29	29	29	**29**	29

Sources: Country authorities; and staff estimates and projections.

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 (implicitl
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, 2007-2030
(In percent of GDP, unless otherwise indicated)

	Actual			Average	Standard Deviation	Estimate	Projections								
	2007	2008	2009			2010	2011	2012	2013	2014	2015	2010-15 Average	2020	2030	2016-30 Average
Public sector debt 1/	105.6	89.3	72.8			34.3	30.9	27.6	26.2	24.8	23.6		23.7	29.6	
o/w foreign-currency denominated	79.1	60.9	51.8			14.6	15.1	15.6	16.2	16.7	17.1		20.3	27.8	
Change in public sector debt	-2.0	-16.3	-16.5			-38.5	-3.4	-3.3	-1.4	-1.4	-1.1		0.8	0.4	
Identified debt-creating flows	-10.5	-26.2	-7.5			-41.3	-0.4	0.9	0.7	0.7	0.8		1.0	0.9	
Primary deficit	0.0	-0.5	0.7	-0.6	2.0	-0.3	0.5	1.6	1.4	1.6	1.6	1.1	1.9	2.2	2.0
Revenue and grants	18.5	17.8	19.9			21.7	24.0	22.7	22.7	22.7	22.6		22.1	21.1	
of which: grants	1.7	2.2	3.0			4.6	4.6	4.3	4.2	4.2	4.1		3.6	2.4	
Primary (noninterest) expenditure	18.5	17.2	20.7			21.4	24.5	24.3	24.1	24.3	24.2		24.0	23.3	
Automatic debt dynamics	-10.4	-9.5	-8.2			4.3	-1.0	-0.7	-0.7	-0.8	-0.8		-0.9	-1.3	
Contribution from interest rate/growth differential	-3.1	-14.8	-3.8			-2.4	-1.1	-0.9	-0.8	-1.0	-0.9		-0.9	-1.3	
of which: contribution from average real interest rate	-0.7	-12.3	-1.0			0.0	0.1	0.3	0.3	0.0	0.0		-0.1	-0.1	
of which: contribution from real GDP growth	-2.4	-2.5	-2.8			-2.4	-1.2	-1.2	-1.1	-1.0	-1.0		-0.8	-1.2	
Contribution from real exchange rate depreciation	-7.3	5.3	-4.4			6.7	0.2	0.2	0.2	0.2	0.1		...	...	
Other identified debt-creating flows	0.0	-16.2	0.0			-45.4	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	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	-16.2	0.0			-45.4	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes	8.5	9.9	-9.0			2.8	-3.0	-4.2	-2.1	-2.2	-1.9		-0.2	-0.5	
Other Sustainability Indicators															
PV of public sector debt	26.5	28.3	31.0			32.5	30.1	27.8	27.3	26.6	25.0		22.6	26.4	
o/w foreign-currency denominated	0.0	0.0	10.0			12.8	14.3	15.9	17.4	18.5	18.4		19.2	24.6	
o/w external	...	...	10.0			12.8	14.3	15.9	17.4	18.5	18.4		19.2	24.6	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 2/	3.8	2.6	3.8			4.6	4.8	4.9	4.5	4.9	4.8		3.2	3.8	
PV of public sector debt-to-revenue and grants ratio (in percent)	143.3	159.7	155.9			149.6	125.5	122.6	120.2	117.5	110.4		102.2	125.1	
PV of public sector debt-to-revenue ratio (in percent)	157.7	182.0	183.3			189.6	155.6	151.3	147.8	144.0	135.0		122.3	141.3	
o/w external 3/	…	…	59.3			74.6	74.0	86.4	94.0	100.2	99.6		103.6	131.3	
Debt service-to-revenue and grants ratio (in percent) 4/	20.9	17.8	15.3			22.3	17.8	14.5	13.6	14.7	14.0		5.9	7.8	
Debt service-to-revenue ratio (in percent) 4/	23.0	20.3	18.0			28.2	22.1	17.9	16.8	18.0	17.1		7.1	8.8	
Primary deficit that stabilizes the debt-to-GDP ratio	1.9	15.8	17.2			38.2	4.0	4.9	2.8	3.0	2.7		1.1	1.8	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	2.3	2.4	3.2	1.7	2.2	3.4	3.7	4.0	4.1	3.9	4.0	3.9	3.8	4.2	4.0
Average nominal interest rate on forex debt (in percent)	2.5	0.7	0.6	1.7	0.7	0.7	1.3	1.5	1.9	2.2	2.4	1.6	2.2	2.0	2.1
Average real interest rate on domestic debt (in percent)	-2.4	-11.8	-0.8	-1.7	7.0	1.5	1.2	2.2	2.0	0.6	0.4	1.3	-0.7	-1.5	-1.3
Real exchange rate depreciation (in percent, + indicates depreciation)	-9.2	7.8	-7.6	-3.1	10.8	13.5	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	2.6	14.4	1.9	3.2	6.5	1.4	2.2	1.8	1.7	2.4	2.3	2.0	2.5	2.4	2.5
Growth of real primary spending (deflated by GDP deflator, in percent)	0.0	0.0	0.2	0.1	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)	...	...	...	…	…	34.7	37.8	35.2	34.7	34.2	33.6	35.0	29.6	21.6	...

Sources: Country authorities; and staff estimates and projections.
1/ Central government gross debt including debt by state-owned enterprises.
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 2010-2030

	Projections							
	2010	2011	2012	2013	2014	2015	2020	2030
PV of Debt-to-GDP Ratio								
Baseline	32	30	28	27	27	25	23	26
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	32	30	27	25	24	21	12	4
A2. Primary balance is unchanged from 2010	32	30	26	24	22	19	11	4
A3. Permanently lower GDP growth 1/	32	30	28	28	28	26	27	40
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2011-2012	32	32	32	33	33	32	35	46
B2. Primary balance is at historical average minus one standard deviations in 2011-2012	32	31	28	28	27	25	23	27
B3. Combination of B1-B2 using one half standard deviation shocks	32	31	29	29	29	28	30	40
B4. One-time 30 percent real depreciation in 2011	32	36	34	33	33	31	26	28
B5. 10 percent of GDP increase in other debt-creating flows in 2011	32	37	35	34	33	32	28	30
PV of Debt-to-Revenue Ratio 2/								
Baseline	150	126	123	120	117	110	102	125
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	150	124	117	110	102	90	51	16
A2. Primary balance is unchanged from 2010	150	123	114	107	99	86	50	20
A3. Permanently lower GDP growth 1/	150	126	124	123	122	116	121	188
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2011-2012	150	132	139	142	144	141	155	215
B2. Primary balance is at historical average minus one standard deviations in 2011-2012	150	128	125	122	119	112	104	126
B3. Combination of B1-B2 using one half standard deviation shocks	150	128	125	126	127	123	132	186
B4. One-time 30 percent real depreciation in 2011	150	150	149	147	145	135	119	135
B5. 10 percent of GDP increase in other debt-creating flows in 2011	150	155	153	150	147	139	128	141
Debt Service-to-Revenue Ratio 2/								
Baseline	22	18	15	14	15	14	6	8
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	22	18	15	14	15	15	6	4
A2. Primary balance is unchanged from 2010	22	18	14	13	14	14	5	3
A3. Permanently lower GDP growth 1/	22	18	15	14	15	14	6	10
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2011-2012	22	18	16	15	16	15	7	12
B2. Primary balance is at historical average minus one standard deviations in 2011-2012	22	18	15	14	15	14	6	8
B3. Combination of B1-B2 using one half standard deviation shocks	22	18	15	14	15	15	7	10
B4. One-time 30 percent real depreciation in 2011	22	19	16	16	17	17	8	12
B5. 10 percent of GDP increase in other debt-creating flows in 2011	22	18	15	15	15	15	6	9

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