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International Monetary Fund  
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### **Statement by an IMF Staff Mission to Togo**

An International Monetary Fund (IMF) mission issued the following statement in Lomé:

“An International Monetary Fund (IMF) mission team, led by Mr. Marshall Mills, visited Togo during February 11-25, 2009 to conduct discussions for the 2009 Article IV consultation and the second review of the program supported by the IMF under the Poverty Reduction and Growth Facility (PRGF).<sup>1</sup> The mission held meetings with the President of the Republic, His Excellency Faure Gnassingbé, the President of the National Assembly, Mr. Abass Bonfoh, the Prime Minister, Mr. Gilbert Houngbo, the Minister of Finance, Mr. Adjil O. Ayassor, the National Director of BCEAO, Mr. Komlan V. Adjohoto, and other senior officials of the government and the Central Bank (BCEAO). The mission also held productive discussions with members of civil society, the private sector, and the donor community.

“In 2008, the Togolese economy suffered from the impact of high global food and energy prices and severe flooding that damaged road infrastructure, destroyed food crops, and paralyzed commerce. As a result, economic growth is estimated at only 1.1 percent, despite signs of confidence beginning to return as the government’s recovery program advanced. These economic shocks pushed inflation up at mid-year, although it was falling back down by the end of the year. Fiscal performance was strong, with higher than expected revenue collection, although much-needed investment spending fell short of targets due to administrative capacity limitations. With the support of development partners, the authorities have developed an action plan to address constraints to the country’s absorptive capacity for investment projects and to accelerate project execution, while preserving proper controls. They also expressed their determination to meet the conditions for reaching the completion point for HIPC debt relief in 2010. The authorities also stressed that progress in this area

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<sup>1</sup> The PRGF is the IMF's concessional facility for low-income countries. PRGF-supported programs are based on country-owned poverty reduction strategies adopted in a participatory process involving civil society and development partners and articulated in the country's Poverty Reduction Strategy Paper. This is intended to ensure that PRGF-supported programs are consistent with a comprehensive framework for macroeconomic, structural, and social policies to foster growth and reduce poverty. PRGF loans carry an annual interest rate of 0.5 percent and are repayable over 10 years with a 5½-year grace period on principal payments.

would be key to fostering strong and sustained growth and achieving faster poverty alleviation. The Fund stands ready to support the authorities in their determination to implement their reform agenda.

“Performance under the PRGF-supported program has been good. All quantitative benchmarks and performance criteria related to the government’s fiscal policies were observed by ample margins. The government has achieved significant progress in the implementation of the structural reforms aiming to strengthen the management of public finances, restore the health of the banking sector, and reform state-owned enterprises to support growth.

“Growth in 2009 is expected to be modest, at around 1.7 percent, as the positive impact of the government’s economic program will be partly offset by the effects of the global economic slowdown. Under the government’s program, economic activity will be supported in large part by increasing public investment, which depends in large part on expected increases in foreign assistance. Food production is expected to rebound following damage from the floods last year, especially given the government’s efforts to boost production through targeted subsidies for inputs. Moreover, ongoing structural reforms, including in the financial sector, are expected to support growth. On the other hand, the global financial crisis will likely lead to falling phosphate and cotton exports revenues, as well as lower remittances. Inflation is expected to be in line with the regional target of 3 percent.

“The mission is grateful for the open and constructive discussions with the authorities of Togo.”