

BUFF/10/88

June 24, 2010

**Statement by the Staff Representative on Togo
Executive Board Meeting
June 25, 2010**

This statement provides information that has become available since the staff report was issued to the Executive Board on June 11, 2010. The new information does not alter the thrust of the staff appraisal.

1. The promissory notes that triggered the nonobservance of the external debt performance criterion have been canceled (paragraph 6 of the Staff Report and paragraph 14 of the Letter of Intent). The restitution of the promissory notes was part of the authorities' agreement with the supplier to cancel the contract, which also included some costs.
2. The authorities raised the prices for petroleum products by 15–22 percent on June 19, 2010. They also publicly explained their intention to strengthen the pass-through of international prices with a smoothing mechanism, as envisioned under the program (paragraph 13 of the Staff Report and paragraph 33 of the Letter of Intent). A technical assistance mission from FAD conducted discussions on the petroleum product pricing mechanism on June 13–24, 2010.
3. Some steps in the restructuring of the financial sector are taking longer than expected in the original timetable, including updating the legal framework for privatization and issuing a pre-qualification notice (paragraph 14 of the Staff Report and paragraphs 17 and 31 of the Letter of Intent). While it remains feasible to issue the final call for bids by the end of September (as envisioned in the structural benchmark), expeditious action by the authorities will be necessary to maintain the original timetable.