

IMF Executive Board Completes Second Review under the Extended Credit Facility, and Approves US\$35.5 Million Disbursement for Togo

- Completion of the review enables the disbursement of US\$35.5 million.
- Togo's program aims to reinforce fiscal and financial stability and to promote inclusive growth.
- Program implementation under the ECF arrangement has been good, against the backdrop of weakening economic activities due to the continuing socio-political tensions.

On June 15, 2018 the Executive Board of the International Monetary Fund (IMF) completed the second review of Togo's economic performance under the program supported by an [Extended Credit Facility](#) (ECF) arrangement. Completion of the review enables the disbursement of SDR25.17 million (about US\$35.5 million), bringing total disbursements under the arrangement to SDR75.51 million (about US\$106.5 million). Program performance has been good. The Executive Board granted a modification of three performance criteria.

Togo's three-year arrangement was approved on May 5, 2017 (see [Press Release No. 17/151](#)) for SDR176.16 million (120 percent of quota or about US\$241.5 million at the time of approval of the arrangement) to support the country's economic and financial reforms. The program aims to reduce the overall fiscal deficit substantially upfront to ensure long-term debt and external sustainability; refocus policies on sustainable and inclusive growth through targeted social spending and sustainably-financed infrastructure spending; and resolve the financial weaknesses in the two public banks.

Following the Executive Board's discussion on Togo, Mr. Mitsuhiro Furusawa, Acting Chair and Deputy Managing Director, made the following statement: "Togo's performance under the ECF-supported program has been broadly satisfactory despite a difficult political and economic environment. The fiscal position improved significantly, driven mainly by expenditure reduction and public debt has declined. However, the medium-term outlook faces risks due to socio-political uncertainty and unfavorable global financial conditions. Strong commitment to the program and maintaining the reform momentum remains critical to preserving macroeconomic stability, improving social protection, safeguarding long-term debt sustainability, and boosting the country's growth potential.

"It is important that fiscal policy continues to focus on reducing public debt and preserving fiscal sustainability. The authorities should pursue reforms to address the weak revenue collection, prevent new arrears, improve the cost-effectiveness of public investment projects, and contain public expenditure. The authorities are undertaking a review of expenditure to improve its efficiency and they have started implementing measures to improve public debt management. Ensuring debt reduction remains key for macroeconomic stability.

"It is important that the authorities continue to make progress toward adherence to the WAEMU convergence criteria so as to help maintain strong regional reserves. Restructuring of the two public banks, including adequate recapitalization, addressing non-performing loans, and strengthening governance, is an important step towards restoring financial stability.

“The finalization of the National Development Plan and Togo’s admission to the Compact with Africa are commendable. Swift and decisive implementation of the structural reforms outlined in these two policy documents, which are consistent with the ECF-supported program, would help Togo achieve stronger and more inclusive growth.”