



## **PRESS RELEASE**

### **THE PARIS CLUB AND TOGO AGREE TO A DEBT RESTRUCTURING UNDER THE ENHANCED HEAVILY INDEBTED POOR COUNTRIES INITIATIVE**

Paris Club creditors and the Government of the Togolese Republic agreed on 22 January 2009 to a further restructuring of its external public debt following Togo's reaching the Decision Point under the enhanced Heavily Indebted Poor Countries initiative in end-November 2008.

This agreement has been concluded under the so called "Cologne terms" designed by the Paris Club for the implementation of the HIPC initiative interim debt relief. This leads to the immediate cancellation of USD 22 million in addition to the cancellation of USD 347 million already granted to the Togolese Republic in June 2008.

Several creditors intend to grant additional debt relief on a bilateral basis to the Togolese Republic beyond the terms set in the Paris Club agreement.

The Togolese Republic is committed to funnel the resources freed up by debt relief, that otherwise would have gone to Paris Club creditors, to priority areas identified in the country's poverty reduction strategy paper. It is also committed to seeking comparable treatment from non Paris Club creditors.

Paris Club creditor countries expressed their commitment to implementing the final stage of debt relief, as soon as the Togolese Republic reaches the Completion Point under the enhanced HIPC initiative.

### **Background notes**

1. The Paris Club was formed in 1956. It is an informal group of creditor governments from major industrialized countries.

2. The members of the Paris Club which participate in the reorganization of Togo's debt were representatives of the governments of Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

### **Technical notes**

1. Togo's economic program is supported by a three year arrangement under the Poverty Reduction and Growth Facility and an Extended Fund Facility, both approved by the International Monetary Fund on 21 April 2008. Togo reached the decision point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative on 24 November 2008.

2. The cut-off date (1<sup>st</sup> January 1983 for Togo) is defined when a debtor country first meets with Paris Club creditors. The cut-off date is designed to protect credits granted by Paris Club creditors after this date. It is not changed in subsequent Paris Club treatments. In accordance with Paris Club rules, credits granted after this cut-off date are in principle not subject to rescheduling or cancellation.

3. In accordance with Cologne terms, the credits granted under Official Development Assistance conditions before the cut-off date are to be repaid over 40 years, with 16 years of grace, at interest rates at least as favourable as the original concessional rates applied to those loans. Regarding commercial credits, 90% of the pre-cut-off date debt is cancelled, the remaining amounts being rescheduled over 23 years, with 6 years of grace.