

# Togo

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RISK & COMPLIANCE REPORT

DATE: January 2017

## Executive Summary - Togo

<b>Sanctions:</b>	None
<b>FAFT list of AML Deficient Countries</b>	No
<b>Higher Risk Areas:</b>	<p>Compliance with FATF 40 + 9 Recommendations</p> <p>Not on EU White list equivalent jurisdictions</p> <p>Corruption Index (Transparency International &amp; W.G.I.)</p> <p>World Governance Indicators (Average Score)</p> <p>Failed States Index (Political Issues)(Average Score)</p>
<p><b>Major Investment Areas:</b></p> <p><b>Agriculture - products:</b></p> <p>coffee, cocoa, cotton, yams, cassava (manioc), corn, beans, rice, millet, sorghum; livestock; fish</p> <p><b>Industries:</b></p> <p>phosphate mining, agricultural processing, cement, handicrafts, textiles, beverages</p> <p><b>Exports - commodities:</b></p> <p>reexports, cotton, phosphates, coffee, cocoa</p> <p><b>Exports - partners:</b></p> <p>India 13.7%, Lebanon 10.5%, Burkina Faso 8%, Benin 7.9%, Niger 6%, China 5.8%, Netherlands 4.9%, Ghana 4.6% (2012)</p> <p><b>Imports - commodities:</b></p> <p>machinery and equipment, foodstuffs, petroleum products</p> <p><b>Imports - partners:</b></p> <p>China 41.2%, Netherlands 8%, France 5.5%, UK 5.4% (2012)</p>	
<p><b>Investment Restrictions:</b></p> <p>The government continues to seek high-profile fora in which to promote its investment opportunities, particularly in transportation, agriculture, mining, and Togo's free trade zone.</p>	

The Government of Togo maintains that it respects the right of private property ownership. However, only Togolese and French citizens may directly own real estate in Togo. Other foreigners must request permission from the Prime Minister to own real estate.

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## Section 1 - Background

French Togoland became Togo in 1960. Gen. Gnassingbe EYADEMA, installed as military ruler in 1967, ruled Togo with a heavy hand for almost four decades. Despite the facade of multi-party elections instituted in the early 1990s, the government was largely dominated by President EYADEMA, whose Rally of the Togolese People (RPT) party has maintained power almost continually since 1967 and maintains a majority of seats in today's legislature. Upon EYADEMA's death in February 2005, the military installed the president's son, Faure GNASSINGBE, and then engineered his formal election two months later. Democratic gains since then allowed Togo to hold its first relatively free and fair legislative elections in October 2007. After years of political unrest and condemnation from international organizations for human rights abuses, Togo is finally being re-welcomed into the international community. In January 2012, Togo assumed a nonpermanent seat on the UN Security Council for the 2012-13 term.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

Togo is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

### Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Togo was undertaken by the Financial Action Task Force (FATF) in 2011. According to that Evaluation, Togo was deemed Compliant for 0 and Largely Compliant for 4 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

### Second follow-up report of Togo

Togo's second follow-up report was discussed at the May 2013 Plenary in Accra, Ghana. It was noted that Togo had made some notable progress in addressing the deficiencies in its AML/CFT system. In particular, it had established a Scientific Commission in charge of modernizing the judicial system. The newly established Commission will review legislation relating to cyber crimes, migrant smuggling and insider trading. Togo also revised its Penal Code to criminalize these offences. The amendments were endorsed by the Cabinet in November 2012 and are awaiting enactment by Parliament. Other actions taken by Togo to improve its AML/CFT framework included the training of staff of the FIU; strengthening cooperation through signing of MoUs with other FIUs, and the admission of the Togo FIU into the Egmont Group.

The Plenary enjoined Togo to take steps to address the issues relating to seizure, freezing and confiscation of proceeds of crime and instrumentalities, supervision, ratified of conventions and international instruments, mutual legal assistance and international cooperation.

The Plenary maintained Togo on Expedited Regular Follow-up and directed the country to submit its third follow-up report in May 2014.

## Prevalence of Predicate Crimes

In a region that has gained increasing notoriety for drug trafficking and other forms of organized crime, the porous borders of Togo and the dominance of its informal economic sector have made the country highly vulnerable to ML/TF risks. According to the INCSR, drug trafficking, trafficking in persons, corruption, misappropriation of funds, tax evasion and smuggling are major crimes in Togo. Togo is among the countries that reported the emergence of new psychoactive substances as a dangerous drug of addiction in recent years. The country is also identified as one of the origins of methamphetamine trafficking to East and Southeast Asia in 2012. The weak enforcement of border management facilitates the smuggling of not only drugs but also other associated contrabands.

In early 2013, Ghanaian authorities expressed concern over the increasing rate of smuggling of petroleum products from Ghana to Togo. Ghana is a new entrant into the club of oil-producing countries, and high demand for refined petroleum products in non-oil-producing neighbouring countries is certain to drive smuggling across the country's borders. Togo reported the following predicate crimes as prevalent in 2013: drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, other investments, and bank fraud.

## AML/CFT Situation

Togo has made noticeable progress in the implementation of AML/CFT measures, although its regime is still evolving. The country established a Scientific Commission responsible for modernizing the judicial system, including the review of legislation relating to cyber crimes, migrant smuggling and insider trading.

In addition, Togo reviewed its Penal Code to criminalize the full range of ML predicate offences. The FIU has been able to analyse STRs and send them on to the relevant authorities. In 2013, the country's FIU received 64 STRs, 60 of which are linked to ML. All 64 cases were investigated, but only one was prosecuted and no conviction has been recorded.

The AML/CFT regime of Togo still has deficiencies that need to be addressed. In particular, the country is deficient in international cooperation, terrorist financing and the operational autonomy of its FIU.

## Conclusion

Togo's political terrain remains turbulent and if the agreed electoral reforms are not implemented is likely to see further eruptions as the 2015 date of the next presidential elections draws nearer. These developments are capable of overshadowing efforts to strengthen the country's AML/CFT regime.

While Togo has made progress in implementing acceptable international AML/CFT standards, the remaining deficiencies in its regime call for greater effort on the part of the country and its partners. In particular, the lack of operational autonomy of the FIU is cause for serious concern, as the FIU is the pivot of a country's AML/CFT regime.

If the growing threats of financial crime in the country are to be effectively countered the FIU should be adequately funded and staffed, and empowered to carry out its functions.

Finally, the low level of prosecution and the absence of conviction on ML/TF-related offences should be addressed. They expose the weaknesses in the country's criminal justice system with regard to adjudicating on financial crimes. This is an area that needs to be prioritized and where national authorities need to direct their energies.

### US Department of State Money Laundering assessment (INCSR)

Togo was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

#### Perceived Risks:

Togo's porous borders, susceptibility to corruption, and large informal sector make it vulnerable to illicit transshipments and small-scale money laundering. Most narcotics passing through Togo are destined for European markets. Drug and wildlife trafficking, trafficking in persons, corruption, misappropriation of funds, tax evasion, and smuggling are the major crimes in Togo. The country is used as a transit point for contraband ivory smuggling. The country's small financial infrastructure, dominated by regional banks, makes it a less attractive venue for money laundering through financial institutions.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

#### CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: All serious crimes  
Are legal persons covered: criminally: YES civilly: YES

#### KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES KYC covered entities: Banks, lending and savings institutions, microfinance entities, insurance and securities brokers and companies, mutual funds, the regional stock exchange, attorneys, notaries, auditors, dealers of high-value goods, money exchangers and remitters, casinos and gaming establishments, nongovernmental organizations (NGOs), travel and real estate agents, and the post office

#### REPORTING REQUIREMENTS:

Number of STRs received and time frame: 34 in 2014

Number of CTRs received and time frame: Not applicable

STR covered entities: Banks, lending and savings institutions, microfinance entities, insurance and securities brokers and companies, mutual funds, the regional stock exchange, attorneys, notaries, auditors, dealers of high-value goods, money exchangers and remitters, casinos and gaming establishments, NGOs, travel and real estate agents, and the post office

**MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:**

Prosecutions: 5: January – November, 2014

Convictions: 0: January – November, 2014

**RECORDS EXCHANGE MECHANISM:**

With U.S.: MLAT: NO Other mechanism: YES

With other governments/jurisdictions: YES

Togo is a member of the Inter Governmental Action Group against Money Laundering in West Africa (GIABA), a FATF-style regional body.

**ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:**

The Government of Togo is slowly implementing a national plan to fight drugs and money laundering, and has been receiving support from foreign donors. Togo's AML/CFT laws are primarily administered by the National Financial Information Processing Center (CENTIF), its financial intelligence unit. CENTIF lacks full operational autonomy and is inadequately resourced.

Investigating magistrates, police, and customs have little expertise in AML/CFT matters, and the government is investigating training for these entities. In addition to a lack of capacity on the investigative side, Togo has difficulty pursuing prosecutions due to an inefficient and overburdened court system. Information sharing among government agencies and departments is a problem. Corruption in government and all levels of society presents further obstacles.

Togo's terrorism financing law does not comport with international standards. Additionally, although Togo's AML/CFT laws include KYC provisions, most covered entities are not aware of the requirements and compliance is negligible. Also, some designated non-financial businesses and professions are not subject to supervisory oversight for AML/CFT purposes.

**Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):**

According to the US State Department, Togo does not conform with regard to the following government legislation: -

**Arrangements for Asset Sharing** - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

### **EU White list of Equivalent Jurisdictions**

Togo is not currently on the EU White list of Equivalent Jurisdictions

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

### **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

### **Offshore Financial Centre**

Togo is not considered to be an Offshore Financial Centre

### US State Dept Narcotics Report 2012:

Togo is not a significant producer of drugs; however it plays an increasingly large role in the regional traffic in narcotics. The drug trade (particularly in hard drugs) continued to increase, and Togo is used more and more as a transit point for the inter-continental movement of drugs. Togo's capacity to address the transnational flow of drugs is undercut, by its extreme poverty; a lack of resources and training; long, porous borders; and an inability to control corruption. Those challenges notwithstanding, Togo's counternarcotics efforts are increasing and resulted in record seizures of illicit drugs during 2011. The only drug cultivated in any significant quantity in Togo is cannabis, but even cannabis cultivation is limited. Cultivation is primarily for local demand, although some cross border distribution by small- scale dealers is suspected. Domestic use of cannabis is increasing. Heroin and cocaine, while not produced in Togo, are also available. Drug abuse by Togo's citizens is relatively rare, and there are few crimes resulting from drug use.

There are three agencies responsible for drug law enforcement— the police, the gendarmerie, and customs. The Central Office Against Drugs and Money Laundering (OCRTIDB), a nominal coordinating mechanism for these three enforcement agencies, is responsible for investigating and arresting all persons involved in drug-related crimes. The Director of the Central Office, in turn, reports to the Minister of Security. The reality, however, is that the police and gendarmerie conduct their own investigations and enforcement operations, lending to poor accountability for seized contraband and money. Togo is a party to the 1988 UN Drug Convention. Togo is a party to the UN Corruption Convention and is also a party to the UN Convention against Transnational Organized Crime.

The number of drug-related arrests increased dramatically this year. In just a four-month period, there were 20 seizures of some 45MT of drugs, overwhelmingly marijuana, but with significant amounts of cocaine. The amount of cocaine seized, in particular, increased significantly over amounts ever seized in the past in Togo.

The National Anti-Drug Committee sponsored anti-drug films and counter- narcotics discussion groups to advance drug abuse education. For National Anti-Drug day, June 26, the committee worked with civic organizations to hold a week of anti-drug activities. As a matter of government policy, Togo does not encourage or facilitate illegal activity associated with drug trafficking. There is no evidence linking senior government officials to such activity.

Although Togo's ability to confront the issue of illicit drugs is hampered by severe corruption problems, U.S. relations with Togolese officials in both the Ministry of Security and the OCRTIDB are excellent. U.S. cooperation with Togolese counternarcotics officials will continue through the Regional Security Officer and the regional Drug Enforcement Administration representatives based in Accra.

### US State Dept Trafficking in Persons Report 2014 (introduction):

Togo is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Togo is a source and transit country for men, women, and children subjected to forced labor and sex trafficking. The majority of Togolese victims are exploited within the country. Forced child labor occurs in the agricultural sector—particularly on coffee, cocoa, and cotton farms—as well as in stone and sand quarries. Children from rural areas are brought to the capital, Lome, and forced to work as domestic servants, roadside vendors, and porters, or are exploited in prostitution. Near the Togo-Burkina Faso border, some religious teachers, known as marabouts, forced Togolese boys into begging. Children from Benin and Ghana are recruited and transported to Togo for forced labor. Togolese girls and, to a lesser extent, boys are transported to Benin, Gabon, Nigeria, Ghana, Cote d'Ivoire, and the Democratic Republic of the Congo and forced to work in agriculture. Traffickers exploit Togolese men for forced labor in agriculture and Togolese women as domestic servants in Nigeria. Togolese women are fraudulently recruited for employment in Saudi Arabia, Lebanon, the United States, and Europe, where they are subsequently subjected to domestic servitude or forced prostitution.

The Government of Togo does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government reported increased numbers of investigations, prosecutions of alleged offenses, and convictions of traffickers in 2013 compared to the previous reporting period. It also identified and referred a greater number of child victims to protective services and continued to operate two shelters. Despite these efforts, the government has continued to fail to demonstrate any tangible efforts to address adult trafficking. It did not report any law enforcement efforts against adult trafficking cases, did not identify or provide any protection to adult victims, and did not make progress in enacting draft legislation to prohibit the trafficking of adults for the seventh year in a row.

## International Sanctions

None applicable

## Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	32
World Governance Indicator – Control of Corruption	26

## Corruption and Government Transparency - Report by US State Department

Togo signed the UN Anticorruption Convention in 2003 and ratified it on July 6, 2005. Although Togo has government organizations that are supposed to investigate corruption, it is a common business practice and remains a problem for businesses. Often, “donations” or “gratuities” result in shorter delays for obtaining registrations, permits, and licenses, thus resulting in a competitive advantage for companies that are willing and able to engage in such practices.

In 2011, the government effectively implemented procurement reforms to increase transparency and reduce corruption. New government procurements are now announced in a weekly government publication. Once contracts are awarded, all bids and the winner are published in the weekly government procurement publication. Other measurable steps toward controlling corruption include joining the Extractive Industries Transparency Initiative (EITI) and establishing public finance control structures and a National Financial Information Processing Unit.

In the past two years, the Government of Togo has established three important institutions designed in part to reduce corruption by eliminating opportunities for bribery and fraud: the Togolese Revenue Authority, the One-Stop Shop to create new businesses, and the Single Window for import/export formalities. Although emblematic of Togo’s growing efforts to improve its business climate and attract greater investment, it remains to be seen whether these reforms will measurably reduce corruption.

The police, gendarmes, courts, and an anti-corruption committee are charged with combating corruption in Togo. A few minor Togolese officials have been prosecuted and convicted of corruption-related charges, but these cases are relatively rare and appear to involve mostly those who have in some way lost official favor. The body officially responsible for combating corruption is the National Commission for the Fight against Corruption and Economic Sabotage.

## Section 3 - Economy

This small, sub-Saharan economy depends heavily on both commercial and subsistence agriculture, which provides employment for a significant share of the labor force. Some basic foodstuffs must still be imported. Cocoa, coffee, and cotton generate about 40% of export earnings with cotton being the most important cash crop. Togo is among the world's largest producers of phosphate and Togo seeks to develop its carbonate phosphate reserves. The government's decade-long effort, supported by the World Bank and the IMF, to implement economic reform measures, encourage foreign investment, and bring revenues in line with expenditures has moved slowly. Progress depends on follow through on privatization, increased openness in government financial operations, progress toward legislative elections, and continued support from foreign donors. Foreign direct investment inflows have slowed over recent years. Togo completed its IMF Extended Credit Facility in 2011 and reached a HIPC debt relief completion point in 2010 at which 95% of the country's debt was forgiven. Togo continues to work with the IMF on structural reforms.

### **Agriculture - products:**

coffee, cocoa, cotton, yams, cassava (manioc), corn, beans, rice, millet, sorghum; livestock; fish

### **Industries:**

phosphate mining, agricultural processing, cement, handicrafts, textiles, beverages

### **Exports - commodities:**

reexports, cotton, phosphates, coffee, cocoa

### **Exports - partners:**

India 13.7%, Lebanon 10.5%, Burkina Faso 8%, Benin 7.9%, Niger 6%, China 5.8%, Netherlands 4.9%, Ghana 4.6% (2012)

### **Imports - commodities:**

machinery and equipment, foodstuffs, petroleum products

### **Imports - partners:**

China 41.2%, Netherlands 8%, France 5.5%, UK 5.4% (2012)

## Banking

Togo's banking system was weakened by an ongoing economic crisis in the late 1990s and early 2000s. Currently, the larger banks, wholly or partially state-owned, have over-concentrations of loans to the government and parastatal sector. Most of Togolese civil

servants have accounts in the state owned Togolese Development Bank (BTD) because it is faster and easier for them to receive salaries. Small-scale loans are easier to obtain at BTD because the process is less complicated than at other banks. Larger enterprises acquire loans from BTCL, UTB, ECOBANK, and BIA. BTCL is the most popular loan-granting institution because it grants loans to enterprises after six months of initial account setup. The amount of the loan depends on the firm's capacity, activities, and available assets.

## Stock Exchange

Founded in 1998, the Bourse Régionale des Valeurs Mobilières SA ("West African Regional Stock Exchange") or BRVM, is a regional stock exchange headquartered in Abidjan, Cote D'Ivoire, serving the following west African countries: Benin, Burkina Faso, Guinea Bissau, Côte d'Ivoire, Mali, Niger, Senegal and Togo.

### Executive Summary

After many years of relative economic underperformance, Togo recently has implemented several reforms to increase its openness to foreign investment. Togo's rankings on the World Bank's *Doing Business* Report have improved accordingly, so that it now outperforms the Sub-Saharan African average for 7 of the 10 *Doing Business* indicators. To complement its various business reforms, Togo has embarked upon an ambitious plan to modernize the country's infrastructure. By the end of 2014, investments should lead to the completion of a new international airport terminal, hundreds of kilometers of refurbished roadways, and a modern, high-capacity seaport that should rival any in Sub-Saharan Africa. With an improving investment climate and several near-term opportunities on the infrastructure front, various opportunities exist for U.S. firms interested in doing business in the region.

### 1. Openness To, and Restrictions Upon, Foreign Investment

Throughout the 1980s, Togo was a western-oriented, entrepreneurial regional hub providing a relatively hospitable environment for foreign investment. In the early 1990s, investor interest waned due to pronounced political instability, which also prompted the withdrawal of most international development support for a period of approximately fifteen years (1993-2007). In 2007, the long economic decline was broken when largely free and fair legislative elections in October were followed by the formation of a new government in December. Over the next few years, the political and human rights situation stabilized, international donors and investors returned, and officials broke ground on numerous infrastructure projects.

In March 2010, Togo held a presidential election that was recognized by the international community as free and fair, despite some irregularities. In December 2010, Togo reached its completion point under the IMF / World Bank Heavily Indebted Poor Country (HIPC) Initiative, resulting in \$1.8 billion of debt relief. Illustrating the rising confidence in Togo's political stability and creditworthiness, foreign investment continued its ascent, reflecting both Togo's emergence from years of political and economic isolation and China's rising influence.

Many challenges remain for improving Togo's climate for private sector activity, particularly in such areas as administrative and judicial transparency and efficacy, property rights, and banking. Various international donor programs are supporting these efforts. Attracting foreign direct investment has become a priority for the Government of Togo, which continues to seek high-profile fora where it may promote investment opportunities, particularly in transportation, logistics, **Agribusiness**, and **Energy and Mining**. Togo is in the process of privatizing some or all of its **Finance**, **Energy and Mining**, and **Information and Communications** sectors, with varying levels of success.

Conscious of its low standing in surveys such as the *Doing Business* Report, the government recently has demonstrated its willingness to enact targeted measures to improve the business climate. In January 2012, the National Assembly adopted a new investment code, which prescribes equal treatment for Togolese and foreign businesses and investors; free management and circulation of capital for foreign investors; respect of private property; protection of private investment against expropriation; and investment dispute resolution

regulation. The new code meets West African Economic and Monetary Union (WAEMU) standards and has the potential to spark greater investment in the near future.

The government also has established a one-stop center for starting new businesses and has announced that, in 2014, it will create a similar center for customs procedures in order to streamline the import/export process. Acknowledging the government's progress on these issues, the World Bank recognized Togo in its 2014 *Doing Business* report as one of the eight countries that had facilitated business start-up in the prior year by creating or improving a one-stop shop.

The World Bank *Doing Business* Report now places Togo at 157 out of 189 countries for ease of *Doing Business*, and 168<sup>th</sup> for the "Starting a Business" indicator. Despite the low ranking, Togo has shown relatively strong progress in the past 2-3 years for several indicators. In each of the last three years, Togo has improved its performance on the Business Start-Up indicator. Togo has shown similar progress on the "Enforcing Contracts" and "Dealing with Construction Permits" Indicators.

Generally, the *Doing Business* Report provides a fair assessment of Togo's place among its global peers by measuring and aggregating ten relevant factors, including start-up costs, access to credit, getting electricity, dealing with construction permits, trading across borders, and enforcing contracts. Although Togo has improved significantly from prior years, it remains below the global average for all indicators due to an administrative and regulatory environment that remains murky and inconsistent. Regionally, Togo fares much better—outperforming the Sub-Saharan African average for 7 of the 10 *Doing Business* indicators.

As a member of the West African Economic and Monetary Union (WAEMU), Togo participates in zone-wide plans to harmonize and rationalize regulations governing economic activity within the Organization for the Harmonization of Commercial Law in Africa (OHADA), which includes the 14 CFA zone countries, the Comoros, and Guinea. A common charter on investment is one of the plans for that effort. Togo directly implements WAEMU and OHADA regulations without requiring an internal ratification process by the National Assembly.

Working with the International Monetary Fund (IMF) and the World Bank, Togo has demonstrated that it can successfully implement commercial and fiscal reforms. The \$1.8 billion of debt relief under HIPC amounted to approximately 82% of Togo's debt owed to international creditors, including Paris Club creditors, the World Bank, and other bilateral and commercial creditors. Having completed the HIPC program, Togo has shifted its focus to economic recovery, Poverty Reduction Strategy Plans (PRSP), and efforts to implement sound financial management.

Several development programs are underway that should improve the ability to invest and create new businesses over the next several years as they are fully implemented. In 2013, the European Union (EU) completed the final year of a six-year, €125 million development program focused on good governance, including judicial and economic reforms, and infrastructure development that will reduce the cost of transportation. To expand on its 2008-2013 program, in July 2013 the EU announced a new, seven-year program that will provide €216 million of additional support from 2014 through 2020, focusing on good governance,

strengthened institutions, public infrastructure investments, and urban and rural development.

The Chinese are investing heavily in infrastructure development and donating both money and equipment. China is a major financier of the Port of Lomé’s expansion and is building a new airport terminal in Lomé.

In 2013, U.S. assistance to Togo focused primarily on good governance, public health, education, agriculture, and military and security training and assistance. Although Togo remains a very small commercial market, in 2013 U.S. exports to Togo rose to an all-time high of \$956 million (an increase of 158 percent from 2012), making Togo one of the top five African destinations for U.S. products last year. The 2013 export ranking resulted from a one-time sale of mineral fuels and is not likely a harbinger of future performance.

**TABLE 1:** The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	29 (123 of 177)	<a href="http://cpi.transparency.org/cpi2013/results/">http://cpi.transparency.org/cpi2013/results/</a>
Heritage Foundation’s Economic Freedom index	2013	49.9 (152 of 178)	<a href="http://www.heritage.org/index/ranking">http://www.heritage.org/index/ranking</a>
World Bank’s Doing Business Report “Ease of Doing Business”	2013	157 of 189	<a href="http://doingbusiness.org/rankings">http://doingbusiness.org/rankings</a>
Global Innovation Index	2013	139 of 142	<a href="http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener">http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener</a>
World Bank GNI per capita	2012	\$500	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

**TABLE 1B - Scorecards:** The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) or \$4,085 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>. Details on each of the MCC’s indicators and a guide to reading the scorecards, are available here:

<http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf>.

## **2. Conversion and Transfer Policies**

Togo uses the CFA franc (FCFA), which is the common currency of most of the Francophone countries of West Africa. The FCFA is fixed at a rate of 656 FCFA to 1 Euro, and the exchange system is free of restrictions for payments and transfers for international transactions. The new investment code provides for the free transfer of revenues derived from investments, including the liquidation of investments, by non-residents. There are no restrictions on the transfer of funds to other West African franc zone countries or to France. The transfer of more than FCFA 500,000 (about \$1,000) outside the franc zone requires Finance Ministry approval. While approvals are routinely granted for foreign companies and individuals, delays are common despite the law's stipulation that the process should be completed in two days.

Togolese companies and citizens who reside in Togo are not generally allowed to hold bank accounts outside of the FCFA zone. Togo is examining removing the remaining restrictions on capital transfers so that it will be in compliance with WAEMU and ECOWAS harmonization requirements. Financial transactions within the FCFA zone can be more complicated than might be expected, due to country-specific administrative obstacles to inter-country banking activities.

Some American investors in Togo have reported delays of 30-40 days transferring funds from U.S. banks to banks located in Togo. This is reportedly because banks in Togo have limited contacts with U.S. banks to facilitate the transfer of funds.

Togo's porous borders, susceptibility to corruption, and large informal sector make it vulnerable to drug/wildlife trafficking transshipments and small-scale money laundering. Most narcotics passing through Togo are destined for European markets, whereas Asia is the primary wildlife trafficking destination. The country's small financial infrastructure, dominated by regional banks, makes it a relatively unattractive venue for money laundering through financial institutions.

Togo is a member of the Inter Governmental Action Group against Money Laundering in West Africa, a Financial Action Task Force-style regional body. Its most recent mutual evaluation can be found here: [http://www.giaba.org/about-giaba/25\\_mutual\\_evaluation.html](http://www.giaba.org/about-giaba/25_mutual_evaluation.html). The Government of Togo is implementing a national plan to fight drug trafficking, wildlife trafficking, and money laundering, and has been receiving increasing support for its efforts from foreign donors. Togo's financial intelligence unit, the National Financial Information Processing Center (CENTIF), acts as the chief administrator of the country's anti-money laundering / counter-terrorism financing laws. CENTIF analyzes suspicious transaction reports and reports of attempts to transport money across borders in excess of the amounts allowed by law.

## **3. Expropriation and Compensation**

The Investment Code protects against government expropriations. In conjunction with IMF and World Bank programs, the government of Togo is privatizing state-run enterprises such as banks, cement facilities, and the phosphate mines.

The only expropriation of property in Togo was the 1974 nationalization of the French-owned phosphate mine, and there is no evidence to suggest a new trend towards expropriation or “creeping expropriation.”

#### **4. Dispute Settlement**

Enforcement of contracts can be slow because of overburdened and inefficient legal and judicial systems. The government, with assistance from the European Union, is implementing a justice modernization project to improve transparency and efficiency. Lack of transparency and predictability of the judiciary is an obstacle to enforcing property and judgment rights, and similar difficulties apply to administrative procedures. Despite the overall lack of transparency and predictability, some disputes are litigated more quickly than in the U.S.

In March 2013, Togo’s National Assembly passed a law creating a new forum for enforcing contracts and resolving business disputes. The legislation designates specialized magistrates to preside over commercial matters in three dedicated commercial chambers, which will have exclusive jurisdiction over contract enforcement and business disputes at the trial court level. The Government of Togo’s stated goals were to accelerate the resolution of business disputes and enhance confidence in the enforceability of contracts, thereby encouraging private enterprise and creating a better investment climate. The 2014 *Doing Business* report’s “Enforcing Contracts” indicator registered Togo’s improvement in this regard, raising its score to 153 out of 189 in the 2013 report (up from 160 in 2012). The same *Doing Business* report lauded Togo as one of only two countries in the world to improve contract enforcement by introducing a specialized commercial court in 2013.

Additionally, in November 2011 the Chamber of Commerce created the Court of Arbitration and Mediation, which offers companies a forum to more rapidly resolve their disputes through agreed mechanisms for alternative dispute resolution.

The current investment code allows the resolution of investment disputes involving foreigners through: (a) bilateral agreements between the Government of Togo and the investor’s government; (b) arbitration procedures agreed to between the interested parties; or (c) through the offices of the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States, of which Togo became a member in 1967. Togo has signed the Treaty for creating the Organization for the Harmonization in Africa of Commercial Law (OHADA). OHADA provides a forum and legal process for resolving legal disputes in 16 African countries.

According to data collected by *Doing Business*, insolvency proceedings take 3.0 years on average and cost approximately 15% of the debtor’s estate, with the most likely outcome being that the company will be sold as piecemeal sale. The average recovery rate is 27.6 cents on the dollar. Globally, Togo ranks 111<sup>th</sup> out of 189 economies on the ease of resolving insolvency.

There are no current bilateral trade policy disputes between Togo and the United States. The government accepts international arbitration of investment disputes, although it is not a party to the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Togo is, however, a Party to the Convention on the Settlement of Investment

Disputes between States and Nationals of Other States (Washington Convention), which it ratified in 1967.

## **5. Performance Requirements and Investment Incentives**

Togo has a competition law that limits price controls and profit margin regulations. Despite the law, the Ministry of Commerce and Ministry of Finance and Economy set the price for products such as gasoline, electricity, and water. Private competition in telecommunications was introduced in 1999, allowing better market-oriented pricing in that area.

The steps for receiving residence permits are well defined, but, in practice, foreigners seeking to legalize their status for long-term work and residence purposes have encountered significant administrative obstacles and delays. Issuance of such permits is the responsibility of the national police.

## **6. Right to Private Ownership and Establishment**

Both foreign and domestic private entities may establish and own business enterprises and engage in most forms of remunerative activity. Although the Government of Togo says that it respects the right of private property ownership, only Togolese and French citizens may directly own real estate in Togo without first requesting the permission of the Prime Minister.

In 2009, the Chamber of Commerce & Industry (CCIT) launched a new system for business registration, which evolved into a one-stop shop known as the Business Formalities Center (CFE). Between 2011 and 2013, Togo reduced the time to form a business from 75 days to 19 days, thus outperforming the Sub-Saharan African average of 29.7 days. In April 2014, the Government of Togo announced new reforms that will further decrease the cost of business formation while reducing the required time by 7-10 days. According to Togolese officials in the office of the Presidency, the goal is to establish a process whereby a new applicant can create a business in only 24 hours. The CCIT recently opened regional offices in all five economic regions of Togo, decreasing the burden on the CFE in Lomé and allowing applicants to create a business without having to travel to the capital.

In 2013, the Government of Togo implemented various reforms to streamline and accelerate the process for obtaining construction permits, while also reducing the costs. First, the government removed a cumbersome and costly bureaucratic hurdle by eliminating the requirement of providing a certificate of registration from the National Association of Architects as a condition precedent to receiving a construction permit. According to the World Bank's International Finance Corporation (IFC), this reform should reduce the permitting process by three days and generate savings of approximately \$300. Second, the government has streamlined the entire procedure by establishing one-stop windows where applicants may drop off their applications and retrieve their permits, thus eliminating the need to visit multiple administrative offices in order to process paperwork. The *Doing Business* report's "Dealing with Construction Permits" indicator registered a significant improvement for Togo as a result of these reforms, raising its score to 114 out of 189 countries in the 2014 report (up from 141 in 2013). The 2014 *Doing Business* report praised Togo for having "improved its workflow communication and implemented a standard procedure for processing applications."

As part of the IMF's Heavily Indebted Poor Countries (HIPC) program, the Government of Togo is in the process of privatizing government-owned enterprises. In September 2012, the Government of Togo sold the Togolese Development Bank to Orabank Group. In March 2013, the Government sold Banque Internationale pour l'Afrique au Togo to the Attijariwafa Bank Group of Morocco. The Government of Togo is still reviewing bids to purchase shares in the two remaining state-owned banks: Banque Togolaise pour le Commerce et l'Industrie (BTCI) and Union Togolaise de Banque (UTB). In the **Energy and Mining** sector, the Government of Togo is working with the World Bank to review and modernize the mining code, and to investigate opportunities for private companies to play a greater role in managing mines and processing their output.

## 7. Protection of Property Rights

Togo is a member of the World Intellectual Property Organization and the Cameroon-based African Intellectual Property Organization. The sale of pirated intellectual property is illegal in Togo; however, prosecutions of alleged offenders are quite rare.

Protection of real property is frequently contentious in Togo, as inheritance laws are a poorly defined mixture of civil code and traditional laws, resulting in inheritances that are frequently challenged. Only Togolese citizens, French citizens, foreign governments, and those granted citizenship by the judiciary are allowed to possess real property in Togo. Property disputes are further complicated by judicial opacity, which may favor national over foreign entities.

Although it has not proven itself a strong enforcer of intellectual property rights across all sectors, Togo occasionally has demonstrated both the will and ability to crack down on counterfeit medical products and other goods. Togo is not listed in the U.S. Trade Representative's Special 301 report.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

### Contact at Post:

- Title: Economic and Commercial Officer
- Address: U.S. Embassy to Togo
- 4332, Blvd Eyadéma
- B.P. 852, Lomé, Togo
  
- Telephone: +228 2261 5470, x4466
- Email: [Togocommercial@state.gov](mailto:Togocommercial@state.gov)

**Country/Economy resources:** For Post's current list of local lawyers, please see <http://photos.state.gov/libraries/togo/206034/gbolohoebk/LAWYERS%20LIST2013.pdf>.

## 8. Transparency of the Regulatory System

Lack of judicial capacity and regulatory transparency is an obstacle to business development. Togo, with assistance from development partners, is implementing an overhaul of the legal and regulatory framework to address these shortcomings. The common business law treaty (OHADA), which entered into force on 1 January 1998 and has been twice revised, has reduced judicial uncertainty in Togo and across the region.

Togo continues to make progress with its plans to rationalize the tax system and its administration, bringing about both simplification and revenue enhancement. The value-added tax has been unified at 18 percent (as opposed to the previous two-rate structure of 7 percent and 18 percent). The government's published corporate tax rate is 37% or 40% of profits based on the type of business. According to the World Bank, the effective corporate tax rate is now 27%.

Revised Customs administrative processes, which include an online one-stop clearing system, entered into effect on January 1, 2008. They appear to have improved import and export streamlined procedures and allowed for greater transparency. While a formal evaluation is not available, the IMF and private operators have stated that the new customs processes at the port and borders are better than those in other West African nations.

In December 2012, following a model successfully implemented in other African countries, the National Assembly passed legislation to combine the Tax General Directorate (DGI) and the Customs General Directorate (DGD) into a single institution, the Togolese Revenue Authority (OTR). According to the Government of Togo, the OTR will streamline the revenue collection system, reduce administrative costs, and increase revenues through improved efficiency. The OTR also is designed to broaden the tax base and bring parts of the country's informal economy into the tax system. The IMF supports the establishment of the OTR, which became functional in early 2014, and has agreed to provide technical assistance to the Government of Togo in conjunction with its implementation.

Togo is a member of the U.N. Conference on Trade and Development's international network of transparent investment procedures: <http://togo.eregulations.org/index.asp?l=en>. Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures.

## **9. Efficient Capital Markets and Portfolio Investment**

Togo's political upheavals from 1991 to 2005 weakened its reputation as a regional banking center. Private banks and the government are working to regain the reputation.

Togo houses the headquarters of several regional and sub-regional banks, namely Ecobank Transnational Incorporated (the largest West African Bank outside of Nigeria), the ECOWAS Development Bank, and the West African Development Bank. Other major regional banks operating in Togo are Banque Atlantique, Orabank, and Bank of Africa.

Togo's two remaining government-owned banks (BTCI and UTB) are being privatized. The government's first call for tenders, completed in 2011, was unsuccessful for these two banks, and Togolese authorities are preparing to issue a new call for tenders. The state-owned

banks continue to hold weak loan portfolios characterized by high exposure (about one-third of total bank credit) to the government, the phosphate company, and cotton parastatals.

In addition to bank privatization, the government created a National Agency for the Promotion and Guarantee of Small and Medium Business Financing (the Agency). The Agency encourages lending to small and medium-sized businesses by guaranteeing loans made by participating banks to borrowers approved by the Agency.

Togo relies on the West African Economic and Monetary Union (UEMOA) Regional Stock Exchange in Abidjan, Ivory Coast to trade equities for Togolese public companies. Togo and the other UEMOA member countries are working toward greater regional integration with unified external tariffs. UEMOA has established a common accounting system, periodic reviews of member countries' macroeconomic policies based on convergence criteria, a regional stock exchange, and the legal and regulatory framework for a regional banking system. Togo's monetary policy is managed by the Central Bank of West African States (BCEAO).

## **10. Competition from State-Owned Enterprises**

State-owned enterprises control or compete in the cotton, telecommunications, banking, utilities, phosphate, and grain-purchasing markets. The Government of Togo recently has privatized the cement and clinker sectors and intends to move in the same direction with the carbonated phosphate sector in the near future. By the middle of 2014, the Government of Togo is expected to award a massive carbonated phosphate contract to one of three international private consortiums, thus divesting itself of a significant interest in a sector it formerly monopolized.

Domestically produced cotton is bought and sold by the state-controlled New Cotton Company of Togo, which was organized in 2009 following the dissolution of the 100% state-owned Togolese Cotton Company (SOTOCO). SOTOCO went bankrupt due to the government's mismanagement and failure to pay cotton growers for their harvest. As a result, Togo's production fell dramatically, from 187,000 metric tons in 2003 to 25,000 in 2009. Under the New Cotton Company, cotton production has rebounded, reaching 80,000 metric tons in 2012 and forecast to exceed 130,000 tons annually in 2013 and 2014, and 150,000 in each of the following five years. The Ministry of Agriculture maintains that the New Cotton Company of Togo will be privatized, although the government currently holds 60% of shares, while private owners hold only 40%.

Union Togolaise de Banque and Banque Togolaise pour le Commerce et l'Industrie are now the only two Togolese banks owned by the Government of Togo, which is working in consultation with the IMF to privatize them as part of the HIPC program. In 2012 and 2013, the Government of Togo sold two other banks (Banque Internationale pour l'Afrique au Togo and Togolese Development Bank). The two state-owned banks compete with private banks such as EcoBank, Orabank, Banque Atlantique, and Bank of Africa.

In the telecommunications sector, the state-owned entities Togo Telecom and TogoCel compete with a private cell phone company, Moov Togo, which is owned and controlled by Atlantique Telecom, a subsidiary of the UAE-based Emirates Telecommunications Corporation (Etisalat).

Public utilities such as the Post Office, Lomé Port Authority, Togo Water, and the Togolese Electric Energy Company (CEET) hold monopolies in their sectors. The Port of Lomé is the government's major source of revenue and is on the cusp of inaugurating two major expansion projects financed by Bolloré and Mediterranean Shipping Company's affiliate, Lomé Container Terminal, respectively. The two port projects will increase Togo's container-handling capacity from approximately 400,000 containers/year to 3.2 million/year by 2015, making Togo's port the highest-capacity seaport for thousands of kilometers.

The National Agency for Food Security (ANSAT) is a government agency that purchases cereals on the market during the harvest for storage. When cereal prices increase during the dry season, it is ANSAT's task to release cereals into the markets to maintain affordable cereal prices. ANSAT also sells cereals on international markets when supplies permit.

### **11. Corporate Social Responsibility**

Corporate responsibility is not generally addressed in Togo, other than as it relates to corruption and criminal activity. The awareness of corporate responsibility is starting to improve with Togo's administrative reforms. In accordance with a law passed in March 2011, new construction projects must now address environmental and social impacts.

The American-owned ContourGlobal Togo follows standard U.S. corporate responsibility practices, including outreach programs to local villages where it supplies, among other things, water, electricity, and flood abatement resources.

### **12. Political Violence**

Since 2007, Togo has experienced peaceful elections and the political environment has stabilized. The last major political violence occurred in 2005. Like many African countries, there are periodic protests by political parties, students, and unions that are usually peaceful, but can sometimes result in damage to government buildings and cars. Americans are not specific targets of violence.

Togo is a republic headed by President Faure Gnassingbé, son of the late General Gnassingbé Eyadéma. Eyadéma was president from 1967, when he assumed power in a military coup, until his death in early 2005. Whereas Eyadéma and his political party, with strong military backing, had dominated politics and maintained control over all levels of the country's highly centralized government, Faure has premised his leadership on ending Togo's long political crisis and isolation from the donor community. Under Faure, the Government of Togo has exhibited both a willingness to engage the opposition in a political reform process and a growing tendency to depoliticize the military.

In 2006, the Government of Togo and the opposition entered into a Global Political Agreement, whereby they agreed to enter into a national dialogue for political reforms. Legislative elections followed in October 14, 2007, and were declared free and fair by the EU, the Africa Union, ECOWAS, and other international and domestic observers. In March 2010, President Faure Gnassingbé was reelected as president in an election that, like 2007, was declared free and fair. President Faure has tried to differentiate himself from his father by allowing a free press and an active, though divided, opposition.

In July 2013, after repeated delays to allow for a prolonged period of dialogue between the country's main political parties, Togo held legislative elections that drew the participation of approximately 66% of registered voters. A diverse assemblage of international observers agreed that the elections were free and fair. President Faure's ruling party, UNIR, retained majority control of the National Assembly by winning 62 of 91 seats, with the remaining seats split among various opposition parties that lack unity and a clear political vision. Despite a political dynamic that remains contentious, the aftermath of the elections has been peaceful. The next presidential election is scheduled to take place in 2015.

### **13. Corruption**

Togo signed the UN Anticorruption Convention in 2003 and ratified it on July 6, 2005. Although Togo has government organizations that are supposed to investigate corruption, it is a common business practice and remains a problem for businesses. Often, "donations" or "gratuities" result in shorter delays for obtaining registrations, permits, and licenses, thus resulting in a competitive advantage for companies that are willing and able to engage in such practices.

In 2011, the government effectively implemented procurement reforms to increase transparency and reduce corruption. New government procurements are now announced in a weekly government publication. Once contracts are awarded, all bids and the winner are published in the weekly government procurement publication. Other measurable steps toward controlling corruption include joining the Extractive Industries Transparency Initiative (EITI) and establishing public finance control structures and a National Financial Information Processing Unit.

In the past two years, the Government of Togo has established three important institutions designed in part to reduce corruption by eliminating opportunities for bribery and fraud: the Togolese Revenue Authority, the One-Stop Shop to create new businesses, and the Single Window for import/export formalities. Although emblematic of Togo's growing efforts to improve its business climate and attract greater investment, it remains to be seen whether these reforms will measurably reduce corruption.

The police, gendarmes, courts, and an anti-corruption committee are charged with combating corruption in Togo. A few minor Togolese officials have been prosecuted and convicted of corruption-related charges, but these cases are relatively rare and appear to involve mostly those who have in some way lost official favor. The body officially responsible for combating corruption is the National Commission for the Fight against Corruption and Economic Sabotage.

### **14. Bilateral Investment Agreements**

The United States and Togo signed the U.S. – Togo Treaty of Amity and Economic Relations in 1966, which entered into force a year later in 1967. This Treaty provides for protections of U.S. and Togolese investors. Togo has signed many economic, commercial, cooperation, and cultural agreements with its foreign aid donor countries, including France, Germany, Canada, the Netherlands, Belgium, Switzerland, Japan, and more recently with China, India, Iran, and Saudi Arabia. Togo does not have a bilateral taxation treaty with the United States.

### **15. OPIC and Other Investment Insurance Programs**

OPIC provides political risk insurance and financing for ContourGlobal's 100-megawatt power plant in Togo. The plant began operation in the fall of 2010 and provides electricity for the country. OPIC also provides insurance for the West African Gas Pipeline Company Limited through Steadfast Insurance Co. The French government agency COFACE provides investment insurance in Togo under programs similar to those offered by OPIC. Investment insurance through the Multilateral Investment Guarantee Agency (MIGA) is an option to explore.

## 16. Labor

The Ministry of Labor, Employment, and Social Security sets workplace health and safety standards and is responsible for enforcement of all labor laws.

Togo law provides workers, except security forces (including firefighters and police), the right to form and join unions and bargain collectively. There are supporting regulations that allow workers to form and join unions of their choosing. Workers have the right to strike, although striking healthcare workers may be ordered back to work as necessary for the security and well-being of the population. While no provisions in the law protect strikers against employer retaliation, the law requires employers to get a judgment from the labor inspectorate before it may fire workers. If workers are fired illegally, including for union activity, they must be reinstated and compensated for lost salary. The law creating the Export Processing Zone (EPZ) exempts companies within the EPZ from providing workers with many legal protections, including protection against antiunion discrimination with regard to hiring and firing.

The law recognizes the right to collective bargaining; representatives of the government, labor unions, and employers negotiate and endorse a nationwide agreement. This collective bargaining agreement sets nationwide wage standards for all formal sector workers. For sectors where the government is not an employer, the government participates in this process as a labor-management mediator. For sectors with a large government presence, including the state-owned companies, the government acts solely as an employer and does not mediate.

Togo has an increasing pool of qualified university graduates, many of whom cannot find employment in their field, and a sizeable population of unskilled workers. There are shortages of workers with intermediate technical skills and practical experience. To help bridge this gap, the government has established programs such as PROVONAT, which arranges volunteer opportunities for young people in order to provide them with a first professional experience, thus facilitating their later integration into the labor market.

The **Agribusiness** sector is the largest employer in Togo. Generally, unemployment and underemployment are high, and young Togolese trying to enter the formal sector job market have difficulty finding work. The adult literacy rate is about 57 percent. Most Togolese speak French (the official language). Few people speak fluent English, though many have a rudimentary knowledge.

In December 2006, the government passed a revised labor code that provides for improved treatment of workers. The code also forbids the worst forms of child labor and prohibits discrimination against women, disabled persons, and those with HIV/AIDS. A Child Code was passed in July 2007 which further protects the rights of children.

The minimum wage is FCFA 35,000/month (approx. \$70) for unskilled industrial workers. Non-wage costs (e.g., social security and medical costs) run about an additional 40 percent on top of wages. Togo was unique among the CFA countries in not introducing a general wage increase after the CFA devaluation in 1994, thus keeping labor costs low.

After a period of vigorous organized labor activity in the early 1990s, labor union activity has been relatively muted. Recent examples of union activity include actual or threatened 48-hour strikes by Togo Telecom employees in October 2012 and public workers in January 2013. While the former event was quickly resolved through negotiations with management, the latter prompted an emergency session of the National Assembly, which instituted a policy of periodic raises for government workers. In response, the union confederations representing public employees called off their planned strikes, although two smaller unions (representing hospital workers and technical training professors) broke away and held small demonstrations.

### 17. Foreign Trade Zones/Free Ports

Togo’s deep-water port serves as a customs-free transshipment facility for goods passing through the Port of Lomé to other ECOWAS countries. The Port is an instrument of regional integration and trade development for Togo and neighboring countries, especially Sahelian nations such as Burkina Faso, Mali, and Niger.

In 1989, the Togolese government approved an export-processing zone (EPZ) or free-trade zone, locally known as SAZOF. Advantages of the free-trade zone include a less restrictive labor code and the authorization to hold foreign currency-denominated accounts. The law requires free-trade zone firms to employ Togolese on a priority basis, and after five years foreign workers cannot account for more than 20 percent of the total workforce or of any professional category. Free-trade zone firms may, with government permission, sell up to 20 percent of their production in Togo. While there are only two free-trade zone sites, investors may locate outside of these areas and still enjoy free-trade zone status.

As of December 2013, 65 firms were operating in the EPZ in the services and manufacturing sectors, with more than 13,000 employees and more than FCFA 250 billion (\$500 million) of commercial activity. The authorities forecast sustained growth over the next three years, expanding to 80 firms and 15,000 direct-hire employees by the end of 2015. Not all enterprises are located in the zone itself; some have the authorization to operate outside the physical zone, but under the same legal regime.

### 18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Companies from more than a dozen countries (including China, India, Lebanon, France, Germany, Italy and the United States) invest in Togo. According to the World Bank, Togo received \$166.3 million in net Foreign Direct Investment (FDI) in-flows in 2012, down slightly from \$171 million in 2011, but up dramatically from \$46 million in 2009 and \$125 million in 2010.

**TABLE 2: Key Macroeconomic data, U.S. FDI in Togo**

	Togo Ministry of Planning	World Bank	USG or international

					Source of data  (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
<b>Economic Data</b>	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) <i>(Millions U.S. Dollars)</i>	2012	3,814	2012	3,814	<a href="http://www.worldbank.org/en/country">http://www.worldbank.org/en/country</a>  (World Bank)
<b>Foreign Direct Investment</b>	Host Country Statistical source		U.S. Dept of Commerce Bureau of Economic Analysis		USG or international  Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country <i>(Millions U.S. Dollars, stock positions)</i>	2012	N/A	2012	0	<u>(BEA)</u>  (U.S. Dept of Commerce Bureau of Economic Analysis)
Host country's FDI in the United States <i>(Millions U.S. Dollars, stock positions)</i>	2012	N/A	2012	"not shown"	<u>(BEA)</u>  (U.S. Dept of Commerce Bureau of Economic Analysis)
Total inbound stock of FDI as % host GDP	2012	N/A	2012	0	

**TABLE 3: Sources and Destination of FDI**

<b>Direct Investment from/in Counterpart Economy Data</b>						
<b>From Top Five Sources/To Top Five Destinations (US Dollars, Millions)</b>						
<b>Inward Direct Investment</b>				<b>Outward Direct Investment</b>		
Total Inward	859	100%	Total Outward	564	100%	

Nigeria	468	54%	Nigeria	362	64%
United Kingdom	57	7%	Ghana	75	13%
United Arab Emirates	53	6%	France	66	12%
Benin	40	5%	Cote d'Ivoire	15	3%
India	33	4%	Senegal	14	2%
"0" reflects amounts rounded to +/- USD 500,000.					

Source: <http://cds.imf.org>

## Section 5 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

### Legal system:

Customary law system

### International organization participation:

ACP, AfDB, AU, ECOWAS, EITI (candidate country), Entente, FAO, FZ, G-77, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IDB, IFAD, IFC, IFRCS, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO (correspondent), ITSO, ITU, ITUC (NGOs), MIGA, NAM, OIC, OIF, OPCW, PCA, UN, UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNMIL, UNOCI, UNSC (temporary), UNWTO, UPU, WADB (regional), WAEMU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

## Section 6 - Tax

### Exchange control

Togo has exchange control regulations modeled on those of France. Transfers within the CFA zone are not restricted. Dividends paid out of revenue and capital on disinvestment may be remitted.

### Treaty and non-treaty withholding tax rates

For further information - <http://www.republicoftogo.com/>

## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
<a href="#">FATF List of Countries identified with strategic AML deficiencies</a>	Not Listed	AML Deficient but Committed	High Risk
<a href="#">Compliance with FATF 40 + 9 recommendations</a>	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
<a href="#">US Dept of State Money Laundering assessment (INCSR)</a>	Monitored	Concern	Primary Concern
<a href="#">INCSR - Weakness in Government Legislation</a>	<2	2-4	5-20
<a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>	No	Safe Haven for Terrorism	State Supporter of Terrorism
<a href="#">EU White list equivalent jurisdictions</a>	Yes		No
<a href="#">International Sanctions UN Sanctions / US Sanctions / EU Sanctions</a>	None	Arab League / Other	UN , EU or US
<a href="#">Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network</a>	>69%	35 – 69%	<35%
<a href="#">World government Indicators (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Failed States Index (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Offshore Finance Centre</a>	No		Yes

### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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