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 168th 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 financer 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)	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	49.9 (152 of 178)	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	157 of 189	http//doingbusiness.org/rankings
Global Innovation Index	2013	139 of 142	http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener
World Bank GNI per capita	2012	$500	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

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. 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 111th 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
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- Email: 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)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (*Millions U.S. Dollars*)	2012	3,814	2012	3,814	http://www.worldbank.org/en/country (World Bank)

Foreign Direct Investment	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 (*Millions U.S. Dollars, stock positions)*	2012	N/A	2012	0	(BEA) (U.S. Dept of Commerce Bureau of Economic Analysis)
Host country's FDI in the United States (*Millions U.S. Dollars, stock positions)*	2012	N/A	2012	"not shown"	(BEA) (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

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
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://cdis.imf.org

19. Contact Point at Post for Public Inquiries

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