

## Togo – 2018

### Domestic politics, foreign affairs, socio-economic development

*Dirk Kohnert*

**Abstract:** Throughout the year the controversial legislative elections dominated the political landscape. Huge anti-government demonstrations that called in vain for political alternance. The legislative elections of 20 December 2018, boycotted by the major opposition parties, resulted in an easy victory of the ruling party, however without the expected constitutional amendment majority. Therefore, the prime minister and his cabinet were replaced. The local elections, crucial for democratization at the grass-roots, but postponed time and again since 1987, were again postponed in December 2018 sine die. Economic growth remained stable at about 5% per annum. Public investment in infrastructure (e. g. roads, harbour) and increases in agricultural productivity, notably of export crops, had been the key drivers of economic growth. Moreover, money-laundering, illegal money transfers and trafficking grew alarmingly. Unemployment and lacking political change caused increasing migration.

**Résumé:** Tout au long de l'année, les élections législatives controversées ont dominé le paysage politique. D'énormes manifestations antigouvernementales réclamaient en vain une alternance politique. Les élections législatives du 20 décembre 2018, boycottées par les principaux partis de l'opposition, ont permis une victoire facile du parti au pouvoir, sans toutefois obtenir la majorité requise pour un amendement constitutionnel. Par conséquent, le premier ministre et son cabinet ont été remplacés. Les élections locales, cruciales pour la démocratisation à la base, mais reportées à plusieurs reprises depuis 1987, ont été à nouveau reportées en décembre 2018 sine die. La croissance économique est restée stable à environ 5% par an. Les investissements publics dans les infrastructures (routes, ports, etc.) et l'augmentation de la productivité agricole, notamment des cultures d'exportation, ont été les principaux moteurs de la croissance économique. En outre, le blanchiment d'argent, les transferts d'argent illégal et le trafic se sont multipliés de manière alarmante. Le chômage et l'absence de changement politique ont provoqué une migration croissante

**Keywords:** countrywide study, Togo, West Africa, domestic politics, foreign affairs, socio-economic development

**Jel-codes:** A14, F35, N97, O17, O55, Z13

## Domestic Politics

The government pushed forwards its project of institutional reforms and elections to secure the position of the Ganssingbé clan in power. It proposed a political dialogue that started in the capital on 19 February. As a confidence-building measure to facilitate the **political dialogue** it released 30 out of 90 imprisoned opposition demonstrators on 20 February.

However, the opposition continued its campaign for political change. According to a representative survey of **Afrobarometer** published in 2018, 75% of respondents affirmed that democracy would be the best of all forms of government, against just 8% who thought that a non-democratic government would be preferable under 'certain conditions'. However, 47% of respondents held that the last presidentials of 2015 were not free and transparent or had major faults. Just 13% of interviewed persons (2017-2018) felt 'entirely free' to say what they thought, and 26% 'quite free'. Nonetheless, 54% thought that their personal liberty to express their view has increased during the past years. Yet, 80% confirmed that they wanted to be able to join whatever organisation – even those that oppose government policy - whether the government approved it or not. Last, but not least, 87% of respondents "agreed" or "strongly agreed" that there should be a two-term limit on the presidential mandate (which is not in effect).

Apart from the Afrobarometer survey, no independent opinion polls were conducted in Togo. However, there was convincing additional anecdotal evidence that people indeed want a democratic system. This desire, however, does not so much express a reflected and informed **approval of democratic principles and procedures** than the profound desire for change and reestablishment of a limit on presidential terms, which the late head of state Gnassingbé Eyadéma had abolished in 2002 by an illegitimate amendment of the 1992 constitution.

Apart from re-establishing the retroactive two-term limit for the presidency, the opposition called for revising Togo's first-past-the-post system (introduced by the 2009 electoral law, which provides the incumbent with a comfortable advantage vis-à-vis his competitors), conducting local elections and the readjustment of electoral districts. The oppositional ANC recalled its disillusioning experience of the 2007 legislative elections when the opposition was defeated although it had gained by far the most votes, i.e. 1,2 m, against 0,9 m for the ruling party. However, due to the layout of the electoral constituencies (commune) in favour of the ruling party already at that time, and the seats in parliament being distributed per commune, the ruling party had gained nevertheless a large majority in parliament.

On 12 June the Constitutional Court obliged the National Electoral Commission (CENI) to organize local elections before the end of 2018. Thereupon, the government fixed the date for the local election to 16 December 2018, together with a referendum on the revision of the constitution as proposed by the government. However, in December both the local election and the referendum were cancelled on short notice without official reason.

**Anti-government demonstrations** violently repressed by the security services continued on a large scale. According to an integrated LTDH-report published on 30 July 2018, the **violence** in connection with the demonstrations between 19 August 2017 and 20 July 2018 resulted in 22 death, 941 injured, including 202 by bullets, and 472 arrests countrywide. 53 of the arrested persons were still in detention in July. During an anti-government demonstration on 8 December 2018, additional two demonstrators, including a child, were shot in Lomé in the quarter of Agoè, by a special unit of intervention (l'Unité Spéciale d'Intervention de la Gendarmerie, USIG) of the Togolese Gendarmerie created to fight against terrorism and banditism). Two days later, another demonstrator was shot in Sokodé, one of the strongholds of the opposition in Central Togo, and a fourth beaten to death and burned by security forces. The government had before banned all demonstrations of the opposition that had called for a boycott of the electoral process because of gross irregularities.

On 22 November 2018, the **Bishops Conference** repeated their concerns and warned that an organisation of the upcoming legislative elections (20. Dec.) without prior reforms could result in renewed violence. On 4 December 2018, the Evangelical, Presbyterian and Methodist Churches of Togo called for a postponement of a few months of the elections, denouncing the "non-consensual conditions" in which the poll would be held. On 7 December, **Togo's Muslim organisation followed suit**, both in vain.

Shortly before the official start of the **electoral campaign** (4 December) for the legislative election, the C14, a common front of the most important 14 opposition parties created in August 2017, called for a boycott of the elections in view of the biased electoral process. However, the government continued with the preparations, among others by organizing training workshops of the high command of the regions and prefectures of the Election Security Force (Force sécurité élections, FOSE-2108). The latter consisted of 8.000 special forces, charged to secure the elections, according to the roadmap proposed by the ECOWAS in July 2018. For the legislative elections of 20. December 856 candidates of 12 political parties and 18 lists of independent candidates were registered by the CENI from 9 to 19 November.

**Parliamentary elections** were held on 20 December 2018. Initially scheduled for July, they had been postponed until the [ECOWAS](#) mediation group agreed to the government's plan for the polling on 20 December. In view of the boycott of the elections by the major oppositional group of the C14, following the refusal of the President to cancel his proposed constitutional reforms allowing him to run for a third and eventually fourth consecutive term in 2020, the ruling party gained an easy victory, although it failed to gain the necessary majority to change the constitution (four-fifths of the 91 seats) as hoped for. According to the official results, confirmed by the [Constitutional Court](#) on 31 December 2018, the ruling party [UNIR](#) gained 59 of the 91 seats in parliament, i.e. slightly less than during the past legislatures in 2013 (61 of 91) although the major opposition parties had called for a boycott of the polls. The coalition party UFC ([Union des Forces de Changement](#)) that had not joined the boycott of the C14, won 7 seats, the oppositional New Togolese Commitment (NET) ([Nouvel Engagement Togolaise](#)) 3. The rest was divided between minor opposition parties MPDD

(Mouvement Patriotique pour la Démocratie et le Développement) (2 seats) and the PDP (Partie Démocratique Panafricaine) (1 seat) as well as a relatively high number (18) of independent candidates. According to the national election commission [CENI](#), voter turnout was 59.25%, i.e. 1,869,717 of 3,155,837 registered voters participated, with 118,607 blank or invalid votes.

**Résultats des législatives togolaises de 2018**

Parti		Votes	%	Sièges	+/-
Union pour la république	UNIR			59	▼ 3
Union des forces de changement	UFC			7	▲ 4
Nouvel engagement togolais	NET			3	▲ 3
Mouvement patriotique pour la démocratie et le développement	MPDD			2	Nv
Parti des démocrates panafricains	PDP			1	►
Mouvement des républicains centristes	MRC			1	▲ 1
Convergence patriotique panafricaine	CPP			0	►
Union des nationalistes pour le travail	UNT			0	Nv
Afrique togo écologie	ATE			0	Nv
Parti pour la démocratie et le renouveau	PDR			0	Nv
Cercle des leaders émergent	CLE			0	Nv
Listes indépendantes				18	▲ 17
Votes valides		1 751 110	93,66		
Votes blancs et nuls		118 607	6,34		
<b>Total</b>		<b>1 869 717</b>	<b>100</b>	<b>91</b>	<b>►</b>
Abstention		1 286 120	40,75		
Inscrits / participation		3 155 837	59,25		

Source: [Togo's legislative elections of 2018](#) (Wikipedia)

The **91 MPs** were elected by closed-list proportional representation from 30 multi-member constituencies ranging in size from two to ten seats. Seats were allocated according to the highest average method.

Whereas major donors like the EU and France did not participate in international **election observation** in view of the contested frame-conditions, the AU and ECOWAS participated. They congratulated the government for the peaceful conduct of the elections which they recognized as free and transparent. Besides, the ECOWAS took notice of the declaration of the government to organize local elections, which had been scheduled for 16 December but postponed sine die again, in 2019. At the same time, ECOWAS put an end to its facilitating mission during its 54. session of the heads of state in Abuja on 22 December 2018.

**Local elections**, which had been postponed time and again since 1987 were again postponed sine die, although they were considered crucial for democratization at the grass-roots, both by the opposition and the international donor community. However, already in the beginning of the year, on 27 January 2018, the **law on decentralisation** and local freedoms of 2007 had been modified with reference to the law on the creation of communes of 2017, in order to regulate the process of decentralisation. The law codified among others the number of councillors per commune, prefecture and region and the limitation of mandates of local councillors to maximal two. On 26 January 2018, two new prefects were nominated in Agoè-Nyivé and Golfe prefectures, another

in Oti-Sud on 3 August, and at the end of the year (28 December) the parliament complimented the law on the communes of 2017 to increase the number of communes in the prefecture of Doufelgou from two to three.

An unprecedented **wave of desertions** in early 2018 alarmed the command of Togo's armed forces (FAT) and the government. About 40 officers and ordinary ranks of different security forces left their position. Six of them belonged to the National Gendarmerie, commanded by Col. Yotrofei Massina, a notorious securocrat of the Gnassingbé regime, accused of torture in 2012 by the National Human Rights Commission (CNDH). These defections added to six desertions and demands to leave of four officers that had however been denied by the military hierarchy already in 2017. Three other militaries committed suicide in April and June 2018, a phenomenon that was hardly unknown up to date. The presidents' half-brother and former defence minister who served partly long prison sentences in 2009 because of an alleged coup-attempt, was hospitalized in May 2018 illness because of severe illness, however, he was not released.

Because the president apparently still lacked sustainable control of the secret service (Agence Nationale des Renseignements, ANR) and the military, he was at pains to **restructure the security services'** high command. Mid-October 2018 he replaced the head of the ANR colonel Koulemaga Kassawa by colonel Ali Ezzo Tchakpélé. Tchakpélé is Kabyé from Kara, educated at the officer training school (Efofat) at Pya (village near Kara), the homeland and spiritual centre of the Gnassingbé clan. Thus Faure Gnassingbé continued the policy inherited from his father Eyadéma, to secure key positions of the security services for trusted persons of the same ethnic group and regional origin only. Nevertheless, he still manages the portfolio of defence himself, for fear of coup attempts.

Another pillar of the regime, Félix Abalo Kadanga, brother in law of the president, who, according to a confidential UN-report, had been implied in several atrocities committed during the electoral process of 2005, became **the new chief of staff** of the FAT. He had directed the repression of the demonstrations of the opposition in 2017 country-wide and was promoted to the rank of general in April 2018. This adds to the dubious reputation of the command of the security services in general, regarding for example that presidential bodyguard was reportedly trained by Benjamin Yeaten, an internationally wanted Liberian military commander and war criminal, according to Wikipedia.

There were serious concerns regarding the link of **corruption, money-laundering and drug trafficking** as Togo became a transit country for all forms of trafficking. The high level of illicit financial flows (IFF) which strongly correlates with money-laundering attracted the concern of the international donor community. The IFF came mainly from commercial tax evasion, trafficking of bills in international trade and abusive transfer prices, criminal activities such as the drug dealing, illegal transactions on weapons, smuggling, active corruption and the conclusion of corrupt civil servants. In comparison, IFF represented almost 500% of tax revenues. This ranks Togo second in the world. In relation to the expenditures in the fields of education and health, the IFF are thought to stand respectively for 2,43.9% and 1,088% of the rates which place Togo

as the first perpetrator worldwide according to the international NGO Global Financial Integrity (2018).

Another domain of illicit trade was **smuggling of African ivory** to Vietnam and China. According to a scientific investigation published on 19 September 2018, the trade is dominated by three criminal cartels, one of them based in Lomé which coordinates the shipment of ivory for the whole of West Africa. The other two cartels were located in East Africa, in Mombasa and Entebbe.

Because existing **laws against money-laundering**, enacted in July 2007 in parliament apparently had little effect so far, the parliament unanimously adopted a supplementary bill on money laundering and the financing of terrorism in the member states of ECOWAS on 24 April 2018. The law was meant to strengthen the capacity of intervention by the National Financial Information Processing Unit (CENFI) created in 2008 and to prevent the use of financial and economic networks for illegal recycling of funds. It is aiming to make Togo's legislation conform with WAEMU norms and FATF (Financial Action Task Force) standards. The Anticorruption Commission (Haute Autorité de Prévention et de Lutte contre la Corruption et les Infractions Assimilées, HAPLUCIA), tasked to prevent and investigate corruption, had become operational already in 2017. Yet, at least concerning expenditure management, Togo's score on the perceived control of corruption was still below the average of its fellow WAEMU members in 2017, although performance appeared to have improved in recent years according to the IMF evaluation of December 2018.

One of the principal members of a **cocaine trafficking network** close to highest circles of the regime in Lomé, imprisoned in 2018 was, according to revelations of the French secret service in August 2018, Colonel Neyo Takougnadi, officer of the FAT who was shortly before promoted by the head of state to become chief of the General Staff of the president. Before, he had been director of the national police.

In addition, the French daily *Le Monde* published in April 2018 details about another **corruption scandal**. Apparently, the Gnassingbé clan was probed by the French justice in connection with the Bolloré-affair. The notorious French tycoon Vincent Bolloré, prominent member of *Françafrique*, a neo-colonial network of the political and business elites in France and francophone Africa, had been suspected of having secured port concessions in Lomé and Conakry (Guinea) by undercharged services (800,000 € for merely 100,000 €) provided by the international advertising agency Havas (up to 2017 a 60% dependency of Bolloré, then sold to Vivendi) to help get African presidents elected, including Faure Gnassingbé in 2010. Apparently, the illicit money had been used in the election campaign of Faure Gnassingbé for the presidentials of 2010. Allegedly, the deal was in exchange for the concession to construct a third container terminal of the port of Lomé by Africa Bolloré Logistics. Moreover, about year later a half-brother of the head of state, Patrick Kodjovi Senam Bolouvi, was promoted to the director of Havas Média Togo in July 2011. Bolloré's son Yannick is chairman and chief executive of Havas, in April 2018 he became also chairman of Vivendi.

A **new land code** was adopted on June 5, 2018, aimed at making land transactions saver, to deal with multiple registrations of one land, construction in flood-prone areas, and to tackle land speculation and expropriation. Moreover, the land code was meant to

reconcile traditional and modern law in a statute promoting equality for women and men. Last but not least, the case was to restrict land grabbing which threatens 25,000 ha in Togo, including 53 cases of lease contracts or large-scale land acquisitions that gained momentum (Forum national sur l'accapement des terres, FOPADESC 2018).

However, in general, the **judicial system** lacks resources to implant these measures and it is heavily influenced by the presidency. Therefore, the indices of Property Rights, Government Integrity and Judicial Effectiveness went all down to 32.7, 31.4 and 28.2 points (of 100) according to the Heritage Foundation's 2018 Index of Economic Freedom.

On 3 November 2018, the General Assembly of **Togolese magistrates** in Soutouboua founded its proper association, the Union Syndicale des Magistrats du Togo (USYMAT) presided by Adamou Békéti. A lively controversy on social networks in August had preceded the birth of the USYMAT. It was created in order to overcome the lethargy of the two existing professional organisations, the Professional Association of Magistrates of Togo (APMT, said to be close to the ruling regime) the National Association of Magistrates (ANM, supposedly close to the opposition). The USYMAT's objective was to revitalize the corporation of judges and better defend their material and moral interests. Apparently, it had little confidence in the independent functioning of the Superior Council of the Judiciary (CSM), responsible officially for managing the discipline and career of magistrates. The CSM members are elected for a four-year term. The 5th term of office of the CSM took office on October 23, 2015, the next elections will be held no later than the end of July 2019. The CSM was severely criticized by the judges themselves because the nomination of members, as well as their promotion and assignments, were apparently dominated by the same 'political-financing network' that dominated all public institutions in Togo (KAS, 2017).

The Ministry of Territorial Affairs (MTA) continued to organize meetings with religious leaders and communities to discuss pending draft legislation regarding **religious freedom**. The government did not approve any pending registration, nor did it accept new applications, because many of these groups exacerbate tensions by encouraging intolerance, commercial orientation and extremely conservative attitudes, including the incorporation of sinister elements of traditional belief systems, such as witch hunting. The same holds for the few Quran schools in the country led by radical imams. The religious cohabitation was disturbed the first time in July and August 2018 when four mosques in the suburbs of Lomé were looted by unknown perpetrators. The conference of bishops of the Catholic church as well as the Union of Muslims, civil society organisations and the government unanimously condemned this desecration.

In Freedom House's 2018 **Freedom in the World rating**, Togo's overall status remained 'partly free' as in the previous two years. However, In the Economist Intelligence Unit's democracy index 2017 (published 31 January 2018), Togo was downgraded from rank 130 (2015, 3.32 of 10 points) to rank 142 (2017; 3.05) out of 167 countries, mainly due to its encroaching on media freedom, up to wholesale internet shut-downs, and classified as an 'authoritarian regime' as before. Nevertheless, the Togolese people counted to the largest gainer in '**Happiness**' according to the UN World Happiness Report of 2018 where Togo with 1.2 points was the largest gainer

since 2008-2010, compared with 2015-2017. It had been the lowest ranked country in World Happiness Report 2015 and now ranks 17 places higher, it ranked 139 out of 156 countries evaluated.

## Foreign Affairs

Whereas major donors like the EU and France did not participate in international **election observation** of the December legislative elections in view of the contested frame-conditions, the AU, ECOWAS, Conseil de l'Entente, and the Community of Sahel-Saharan States (CEN-SAD) participated. They congratulated the government for the peaceful conduct of the elections which they recognized as free and transparent. Besides, the ECOWAS took notice of the declaration of the government to organize local elections, which had been scheduled for 16 December but postponed sine die again, in 2019. At the same time, ECOWAS put an end to its facilitating mission during its 54. session of the heads of state in Abuja on 22 December 2018. According to the CENI, 3,418 election observers, including 3,215 national and 203 international observers followed the elections, when in total 850 candidates had lined up in 8,498 polling stations country-wide.

From 17 to 21 March 2018 African leaders held an extraordinary summit in Kigali (Rwanda) to create an **African Continental Free Trade Area** (Af-CFTA / ZLECA, in French). In total 44 out of 55 AU members signed the agreement, 47 signed the complementary Kigali Declaration and 30 the Protocol on Free Movement. Togo signed all three agreements. On 1 July 2018, five additional countries, including South Africa joint in, bringing the total number of signatories to 49. The Agreement envisages creating a free market for the 55 African states with a population of more than one billion inhabitants. It requires members to remove tariffs from 90% of goods allowing free access to commodities, goods and services across the continent. According to the United Nations Economic Commission for Africa (ECA) estimates, the Agreement will boost Intra-African trade by 52% per cent by 2022. However, the impact of the agreement will remain uncertain as long as heavy-weight Nigeria refuses to sign because it wants to protect its infant industry.

Togo remains dependent on **development aid**, though net official development assistance received (current US\$) (millions) decreased substantially in the past decades from 258.2 in 1990 to 165.0 in 2017 (WDI, 2018). Europe (EU, France, Germany) is by far the biggest provider of development assistance, besides **China**.

**Sino-Togolese cooperation** in recent years included infrastructure projects, like the stadium of Kégue at Lomé, the new international airport of Lomé, the new parliament building in Northern Lomé (inaugurated 14 June 2018), the big bypass road to link the harbour of Lomé directly to the Ghanaian border at Noépé, and the stadium of Kégue at Lomé. The deep-water harbour of Lomé is an 'anchor-point' in China's ambitious Belt and Road initiative in West Africa. In addition, China provided for the construction of a modern TV-complex for the state-run Togolese television (TVT) and Radio Lomé. The controversial construction of the joint Benin-Togolese Adjarala hydropower dam on the

Mono river at the joint border, contracted by the Chinese company Sinohydro and financed with credits of the China Exim-bank by an amount of 551.08 m US \$, which had been stalled in 2016 because of financial problems, continued. On 11 September 2018 the China-Africa Development Fund (CAD Fund) confirmed once more its commitment to continue financing the project. The start-up of the project was postponed to 2020. It was meant to significantly increase electricity generation by 147 megawatts. However, environmental, economic and social impacts on the local population were a concern. Approximately 21,000 people will be affected on both sides of the border, including 12,000 people or 1,800 households in Togo. The five-year strategic action plan of the government for the electricity sector for the period 2018-2022 at the tune of F CFA 668bn (US\$1.2bn) aims to treble Togo's generation capacity of 161MW. Apart from the Adjarala dam, the plan envisages the construction of three hydropower plants with a total capacity of 64.1MW. The largest is the Sarakawa plant in northern Togo, at a total estimated cost of F CFA 39.6bn, and the Titira hydropower plant (F CFA36.2bn) on the Kéran River, both with a capacity of 24MW. However, since the reservoir of the latter will be in Benin, the project will require close coordination with the Benin authorities. The third plant will be built on the Mono River at Kpessi, with a capacity of 15.9MW and cost of F CFA28.6bn. Other planned generation projects include the construction in two phases of a 50MW solar photovoltaic power plant (F CFA32.5bn), and the construction of a 65MW thermal power plant (F CFA52bn), as well as additional thermal capacity totalling 50MW and costing CFA40bn. More than half of the total investment should go to new generation capacity, while nearly 25% (F CFA155bn) will be earmarked for new transmission and distribution lines, especially in the Greater Lomé area. Another F CFA67m will be spent on distribution of solar home systems in rural areas, in a program in cooperation with BBOXX (see below).

In October 2018 Togo and Benin jointly deposited at the UN a demand for the extension of their respective **continental shelf** from 200 to 350 nautical miles, after their preliminary information in 2009 proved with scientific data supporting the demand. The background to the extension was recent disposal of more detailed information on the riches of the sea beyond fishery resources, notably mineral resources (oil, gas etc.).

Lomé contributed to the African-led International Support Mission to Mali (AFISMA) organized by ECOWAS against the growing threat of Islamist terror organizations in northern Mali as well as to the UN-led MINUSMA (United Nations Multidimensional Integrated Stabilization Mission in Mali) corresponding to a Security Council resolution 2164 of 25 June 2014. From 15 to 18 May 2018 Togo participated in a joint **anti-terror operation** of 2,902 security forces of Burkina Faso, Benin, Ghana and Togo against banditry and trans-border criminality in the border region. Altogether 200 persons were arrested, most of them (95) in Togo.

## Socioeconomic Development

Togo still belongs to the low-income countries with a per capita income of (US\$ 995 or less) (WDI 2018). However, **economic growth** remained strong at about 5%, driven by investment in infrastructure and the key cement and clinker sector. **Inflation** has been

below 2% since 2012 (when it surpassed 3% per annum). Consumer price inflation remained low due to a sharp decline in fresh food and energy prices. However, because of relatively strong growth that maintains demand-side inflationary pressures, and an increase in global food prices in 2020 inflation imported inflation is continuing to remain below the WAEMU convergence criterion of up to 3 %. (estimated range of 0.5% in 2018 to 0.3% 2019 and 0.2% in 2020 (IMF, 2018)). The inflation rate should remain moderate over the coming years due to the currency peg and government subsidies on fuel prices.

Moreover, growth was not inclusive. **Poverty** remained at a high level, with 55.1% of the population living below the poverty line in 2017 (AEO, 2018; GNI per capita 1,620 intern. \$, PPP-2017). Though the poverty rate decreased since 2011 (59%; QUIBB 2015). However, according to the latest available figures, the depth and severity of poverty worsened, with about 80% of the population now at risk of falling below the poverty line. The rate of extreme poverty (49.2%) in Togo was almost twice the poverty rate in Ghana (25.2 %). The National Fund for Inclusive Finance (Fonds national de la finance inclusive, FNFI), created in 2014, disbursed credits of about US \$ 134 m in the four years of its existence to the target-groups, i.e. the poor and low-income persons. However, the FNFI will have to rely from 2019 onwards on public-private partnerships because the government decided to stop financing.

However, **public debt**, including the debts owed by public-sector enterprises, increased from 44.5% of GDP at the end of 2011 to an estimated 76.9% of GDP at end 2017 (EIU, 2018), which was above WAEMU's total public debt limit (70% of GDP). The IMF was especially concerned that China was overloading Togo with unsustainable debt by its big infrastructure projects. In 2018, the Chinese premier Mr Xi, therefore, announced a partial debt write-off. The government aimed to cut public debt to 70% of GDP by end of 2019 by reducing capital investment financed solely by public debt and relying more heavily on partnerships with the private sector. Togo's public debt had already started to decline in 2017 (from 81.3% at end-2016), and at the end of 2018, Togo was already harmonising its budget management in line with Economic Community of West African States norms. However, its plan to reduce public debt to below 38% of GDP by 2025 was unrealistic in view of the prevailing political tensions and slow progress in improving the business environment which impedes to attract sufficient FDI. Urged by the IMF, the government agreed to refocus on sustainably financed infrastructure spending and targeted social programs, such as the Programme d'Urgence de Développement Communautaire (PUDC) and Programme d'Appui aux Populations Vulnérables (PAPV), to be integrated into the National Development Plan (PND, 2018-2022). Promising economic growth rates of 5.5 % on average (2015 to 2018, IMF 2015) are expected to continue up to 2021 due to the benefits of the improved transportation infrastructure and productivity gains in the agricultural sector. The agricultural sector accounted for 47.6% of GNP in 2015 and employs half the economically active population in Togo. The role of the private sector in driving economic growth was overshadowed by increasing individual and regional inequality as well as environmental degradation, which more than offset economic growth (see environment). All in all, the economy and government budget remain volatile and prone to external shocks.

The **current account deficit** will gradually narrow from an estimated 7.8% of GDP in 2018 to 5.4% of GDP in 2020, driven by rising goods exports, supported by infrastructure investment to improve market access and relatively strong external demand (EUI-4.2018). The current-account shortfall will be financed by a combination of foreign direct investment and external loans, mainly on concessional terms.

The **new budget for 2019** was adopted in parliament as usual at the end of 2018 (17. November). With a total of 1,461 bn F CFA (US\$ 2,227 m), it represented an 11.5% increase over the 2018 budget. 45% of the budget was consecrated to expenditures for health, education. Public debt was projected to 67.5% at the end of 2019, against 72% in September 2018. The budget revenue was estimated to increase by F CFA 49,1 bn to 881.1 bn in 2019, against 832 bn in 2018. Budget expenses were fixed at F CFA 895 bn, i.e. 25.6 bn less than in 2018. The deputies of the opposition boycotted the vote en bloc in view of the political crisis. At the occasion of the presentation of the budget in parliament, the opposition complained again about impunity vis à vis tax fraud, mismanagement of parastatals like Togo Telecom, SNPT, the autonomous port of Lomé and the two state-owned banks, etc.

In June 2018, the implementation of the second ECF was evaluated as 'broadly satisfactory'. The full Poverty Reduction Strategy Paper (PRSP) was implemented in 2014. This established the base for Togo's Strategy for Accelerated Growth and Employment Promotion (SCAPE, in French) for 2013-2017. The National Development Plan (NDP; 2018-2022) that replaces SCAPE focuses on stimulating growth by establishing Togo's deepwater port as a logistics hub, creating jobs, agricultural processing, as well as upholding the extractive industries and encouraging manufacturing. Another aim, to establish Lomé as a dynamic financial centre will build on the presence of headquarters of several regional banking and insurance groups, and the development of the digital economy

**Un- and underemployment** remained one of the most serious socio-economic problems. About 85% of the population of the working age population is active and an estimated 33% under-employed (2018), while youth unemployment is a major problem in urban centres. The government tried to counteract this tendency with limited success by introducing in 2011 a program for unemployed school leavers. PROVONAT (Programme de Promotion du Volontariat au Togo), backed by UNDP was transferred in June 2014 into the National Agency of Volunteers in Togo (Agence Nationale de Volontariat au Togo, ANVT). Since 2011 more than 43,000 candidates have been registered. Overall, 15,921 volunteers participated in the programs, including 34% women. 4,538 demobilized volunteers were integrated into active live of over 900 reception structures (ANVT, February 2018).

In view of the bleak employment opportunities, an increasing number of overwhelmingly young people **migrated**, most of them to neighbouring countries others tried to enter the EU. Many qualified Togolese can be found in Europe but also in neighbouring West African countries. The lack of good governance, including the ruling elite unwillingness to devolve political power, still constitutes the major single development barrier. A project of «Terre des Hommes» registered about 7 million **migrant children** in the corridor Côte d'Ivoire, Ghana, Togo, Bénin and Nigeria,

including about 1 m children from Togo, as revealed during a conference on child-migration in Lomé on 8 November 2018.

**Remittances** from Togo's diaspora (estimated 2 million people) play a significant role in development. Remittances soared steadily from US\$ 34 m in 2000, 337 m in 2010 to 402 m 2017 (WDI, 2018). Remittances have been the largest source of international financial flows to Africa since 2010, accounting on average for about a third of total external financial inflows. They represent the most stable source of flows (AEO, 2018).

The call of the IMF for **privatization** of the two remaining state-owned banks, the Bank for Trade and Industry (BTIC) and, the Union of Togolese Banks (UTB), which had been opposed by the government for years, was finally heeded by the National Assembly on 16. November 2018, by authorizing the privatization. According to The IMF, further actions are needed to tackle vulnerabilities in other banks.

However, the **small and medium enterprises** (SME) were aided by the African Guarantee Fund (AF West Africa) that declared in July 2018 to help the SME to gain access to bank credits to the tune of US \$ 150 m for the next five years, by providing US \$ 75 m guaranties for the banks and other financial institutions in Togo. Moreover, in August 2018 the Professional Association of Decentralized Financial Systems in Togo (APSPD-Togo) was founded with the aim to help the government to end the practice of illegal microfinancing. Mutual **tontines** had an estimated 2.4 m beneficiaries by end of June 2018 (BCEAO, 2018). These beneficiaries included 660,000 women and 86,000 entrepreneurs from the formal sector (APIM, 2015; AFD 2016; AEO -Togo, 2016; no update available). In the microfinance, savings and loans system, overall savings amounted to 249 m US\$ and credits to about 207 m US\$, representing 12% of savings collected by financial institutions as a whole. According to a BCEAO report published 31 March 2018, the outstanding amount of deposits was close to F CFA 200 bn, i.e. nearly double the volume of Benin. Compared with 2017, microfinance deposits rose by 10% and credits by 10%. The system included about 200 formal microfinance initiatives, with ca. 500 service points nationwide.

The largest of these networks is the 'Umbrella Organisation of Cooperative Savings and Credit Units of Togo' (FUCEC Togo) and the 'Women and Associations for Gain both Economic and Social' (WAGES), which accounted for about 70% of the market. In September 2018, the African Financier of Micro-Projects (Financière Africaine de Micro-Projets, FINAM), the first public limited company for microfinance, founded in 2015, launched the first edition of its 1,000 micro-projects campaign to combat youth unemployment. These can benefit, without prior deposits but with simple guarantees from members of FINAM, loans up to 600,000 F CFA for the realization of their micro-projects.

**Phosphate production** remained the strongest foreign exchange earner. The Société Nouvelle des Phosphates du Togo (SNPT), a public-private venture (60% state- and 40% private-owned), apparently underperformed because of large-scale corruption. An independent consultant, Dr Thomas Koumou, who had investigated the case, estimated the loss of revenue for the Togolese public treasury at F CFA 215 bn (US\$ 371 m) between 2005 and 2010, according to disclosures of the NGO Business Intelligence

(‘Veille Économique’) in January 2018. According to revelations of the African Investigative Publishing Collective (aipc, Accra) in 2017, phosphate production was informally administered directly from the offices of President Gnassingbé by the Moroccan-Israeli family of Raphael Edery, who collaborated under direct orders of the President with his son Liron, who resided at the headquarters of the SNPT in Paris. Evidence suggested that this special arrangement was liable to support corruption. In 2016 and 2017, for example, close to 90% of Togo’s phosphates had been bought 20% below world-market prices at US\$ 100 per tons by ‘privileged clients’, i.e. the Indian family of shippers Gupta-Kalyan. Ashok Gupta had been already under investigation by the Australian Federal Police in another case for bribing of politicians in exchange for the phosphate resources. In 2018, the local firm TFC secured three additional exploration licenses for phosphate in Kara, northern Togo. Industrial growth in 2019-20 will be supported by construction, including construction related to the Adjarala Dam, and by clinker and phosphate production. Services will benefit from the expansion of the port and the airport, and the relatively strong growth in key trading partners such as Niger and Burkina Faso will also support economic activity in Togo (EIU-4.2018).

In July 2018, the government concluded a contract with the English enterprise Bboxx to provide 300,000 **domestic solar-home-kits** to be distributed in rural areas in the next five years within the framework of the CIZO (enlighten, in Mina, the local language) initiative at an estimated cost of about 117 m US\$ (see Q13.19. Thereby, the electrification rate in rural areas was meant to rise from the present 6% to 35% in 2022. The government was to provide about 15 m US\$, and 102.5 m US\$ will have to be secured from private investors, i.e. to be sold on a pay-as-you-go model using popular mobile payment solutions by the sale of the kits via mobile payments (PAYGO). In the pilot stage, the first 10,000 kits will be delivered for the rural areas within the next year, assisted by initial funding of about 1 m US\$ of the Sustainable Energy Fund for Africa (SEFA), a multi-donor trust fund administered by the African Development Bank. Togo's Project CIZO aims to meet 50% of the electricity needs with solar power by 2030. By the end of 2018, BBOXX had supplied electricity to 26,000 Togolese and opened 20 shops. The European Union (EU) added between €20 million-€25 million in capital via AfDB in mid-October, one of the goals being to install off-grid, home solar energy systems in 550,000 Togolese households by 2030. The government was to provide about 15 m US\$, and 102.5 m US\$ will have to be secured from private investors, i.e. to be sold on a pay-as-you-go model using popular mobile payment solutions by the sale of the kits via mobile payments (PAYGO). In the pilot stage, the first 10,000 kits will be delivered for the rural areas within the next year, assisted by initial funding of about 1 m US\$ of the Sustainable Energy Fund for Africa (SEFA), a multi-donor trust fund administered by the African Development Bank.

The **Internet, mobile phones** are widely used by social networks and became increasingly a political factor in influencing elections and mobilizing potential voters. The mobile phone user penetration rate soared by 700% in the past five years from 2013 to 2018, with about 73% of the population using a mobile phone in 2016 (HDR 2018). According to the latest data available (2017; WB, updated: Sep 27, 2018), 79.77% of Togolese had a mobile-cellular subscription and 17% used the mobile internet (2017), a penetration rate well below the African average of 21% well below the African average of 21 %. In June 2017, the French companies Téolis and

GVATogo-Vivendi were awarded licenses as internet service providers in order to improve the low performance of Togo's internet and to end the duopoly of the state-owned operator Togo Telecom and the privately owned Café Informatique. A national broadband infrastructure had already been established to connect public buildings in Lomé and Kara (Northern Togo) by a 250 km fibre optic network. Affoh Atcha Dedji, a member of the direction of UNIR and deputy of Tchamba, a henchman of Faure Gnassingbé, was nominated DG of Togocom, a new body formed by the fusion of Togo Télécom and Togocel at the end of the year. The Togocom was till then 100% state-owned, but the parliament voted on 15 November 2018 to open up the three subsidiary companies TOGOInfraCom, TOGOServiceCom and TOGOInstalCom for a public-private partnership up to end of mars 2019. Togocom's president was another partisan of Faure Gnassingbé, Colonel Dokisime Gnama Latta, a Kabyé and former minister of security in the cabinet (2012). Thus, the control of electronic communication channels remained firmly in the hands of the seurocrats of the regime.

Togo is one of West African's most important **transit-economies**, along with neighbouring Benin. Trade is very important to Togo's economy. The combined value of exports and imports of the so-called *entrepôt* trade (legal transit and mostly illegal re-export/smuggling combined) amounted to 105% of GDP (Heritage 2018 Index of Economic Freedom). It consisted mostly of petroleum products (from Nigeria), cotton from Burkina Faso and used cars (from Europe). The unofficial **entrepôt trade** contributed to a culture of corruption and tax evasion. Trade freedom scored better with 67.2 of 100 points, compared with investment- and financial freedom of 65.0 and 30.0 respectively, according to the 2018 Index of Economic Freedom of the Heritage Foundation.

Overall **economic freedom** decreased by 5.4 points, with a steep decline in fiscal health and judicial effectiveness. Togo scored 47.8 (53.6, 2016) out of 100 points, and ranked at the bottom of 168 out of 178 economies worldwide, and 41 (29, 2016) out of 46 economies in sub-Saharan Africa. Thus, Togo's overall status remained "mostly unfree".

Togo's World Banks **Doing Business indicator** improved little over the past ten years. In 2009, Togo was one of the worst performing economies ranked 166 out of 183 economies, in 2018 it improved to rank 156 of 190 economies worldwide (WB, 2018). For the past two years, it reported even a slight deterioration for Togo from rank 154 (2017) to 156 (2018), both well below its peers in the WAEMU region and the Sub-Saharan average. As in the case of five other members of the West African Economic and Monetary Union (WAEMU / UEMOA), which equally ranked at the bottom, Togo's political and administrative operating environment constituted a barrier to the growth of private direct investment and private sector activities. The most significant improvement in 2016/17 was Togo's improved access to credit information by launching a new credit bureau (WB, 2018). Major deficiencies in property registration (rank 182 of 190), tax paying (rank 173; high taxes and costly customs procedures), enforcing contracts (rank 143), and protecting investors (rank 146) impeded FDI. However, over the past decades, foreign direct investment (FDI), net inflows (BoP, current US\$) (millions) improved steadily, from 18 in 1990 to 146 in 2017. The allocation of foreign aid is crucial for investments in the country's neglected infrastructure. Regulations on the labour market make flexibility in staff management

difficult, especially when starting a new business. The non-salary cost of employing workers is high, and it is almost impossible to dissolve contracts without legal consequences. In addition, there is little flexibility in working hours as provided by the law. Economic Freedom, as measured by the Heritage Foundation's Economic Freedom Index 2018, published in November 2017, decreased as well from rank 137 (2016) to 144 (score: 67.2) of 183 countries surveyed. In short, Togo's economic freedom too remained with the overall status of 'mostly unfree'.