COUNTRY PRIVATE SECTOR DIAGNOSTIC

CREATING MARKETS IN TOGO

Driving Economic Transformation with Private Sector-Focused Reforms

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EXECUTIVE SUMMARY

Since the mid-2000s, the economy of Togo has followed a path of higher growth, under the government stewardship of policies to improve the economic climate and stimulate investment. Real gross domestic product (GDP) growth improved significantly from the two prior decades, averaging 6.2 percent in the period 2010–14 and 5.2 percent in 2015–19. This transition has steered the economy toward being more service based and less dependent on commodities.

Recent growth has helped increase income per capita; however, poverty reduction in Togo still significantly lags that of most peer countries. Per capita GDP improved substantially between 2010 and 2014 at a rate of 3.4 percent per year and declined to a still robust 2.6 percent between 2015 and 2019. However, positive growth will have to be sustained to catch up to the income-per-capita levels of other countries: Togo remains among the poorest countries in the world, with per capita GDP sitting at about one-third of that of a neighbor like Ghana or even the Sub-Saharan Africa average.

Being sourced from capital accumulation, and with a strong focus on infrastructure development, recent growth did not translate into significant improvement of some social indicators. Extreme poverty (measured at US$1.90 a day, 2011, purchasing power parity) declined from 55.5 percent of the total population in 2006 to 51.0 percent in 2015, but this is slow progress relative to the rest of the continent. A survey recently conducted by the World Bank shows that extreme poverty in 2018 affected 24.1 percent of the population in Togo. However, it is important to note that the methodology applied in the new survey is different from the previous one, so it is not possible to establish the dynamics of the evolution of poverty between 2015 and 2018. In 2018, Togo scored 0.512 out of 1 on the overall Human Development Index, in line with the performance of West-Africa Economic and Monetary Union (WAEMU) countries, but below Sub-Saharan Africa's average score of 0.54. Togo performs better than most of its WAEMU peers on levels of education but—despite strides on critical health indicators, reducing maternal and under–age five mortality over the past two decades—progress on poverty reduction has been slower than the average of WAEMU and Sub-Saharan African countries.

Togo's growth period led to structural change but has yet to translate into significant impact on the job market. The country transitioned from an agriculture-dominated economy to a services-led one in the wake of large private investments in services and industry. Agriculture, which accounted for more than 50 percent of GDP in the early years after independence in 1960, has been declining, down to less than one-third of GDP in recent years. A recent jobs diagnostic by the World Bank shows that the shift toward more productive, waged jobs in nonfarm sectors is slow and limited relative to the expansion of the working-age population. As a result, most workers remain in low-productivity agriculture and low-productivity informal or semiformal micro enterprises. The share of paid employees in total employment increased from 11 percent in 2006 to 17 percent in 2019, reflecting a slow shift, but one still below levels in countries such as Ghana (26 percent in 2019).

The private sector remains very fragmented with only a small number of firms of significant size, and a predominance of very small and informal firms. The overwhelming majority of firms in Togo are small enterprises, accounting for 96.9 percent of total numbers. Only a little more than 2,000 firms in Togo have an annual turnover above US$100,000. Overall, 85.5 percent of firms are informal. While formal firms represent 14.5 percent of the total number of firms, they account for 41.8 percent of jobs. The region of Lomé concentrates more than 60 percent of Togolese firms and 71 percent of employment, and generally firms tend to be located in the Southern part of the country.

Private sector activity is highly concentrated: 0.4 percent of firms account for 77 percent of the total turnover of firms in Togo. There are 303 large firms with a turnover exceeding US$1.7 million. Among them, the association of large enterprises of Togo, (Association des Grandes Entreprises du Togo; AGET) has only 66 members. This small group is dominated by the banking industry. Other sectors with large companies include industry (agrifood and industrial products), services (insurance, hotel industry, transit and logistics, port handling), mining, construction, public works, and commerce. The formal private sector in Togo also represents the main source of government fiscal revenues.[1]

The COVID-19 pandemic was a setback to Togo's aspirations, but Togo managed to avoid a recession and took the opportunity to push its social agenda. The pandemic reduced real GDP growth to 1.8 percent in 2020 from 5.5 percent in 2019; in per capita terms, real GDP contracted by 0.6 percent in 2020. Higher demand and increased prices for some of Togo's commodities over the second half of 2020, combined with low inflation, softened the adverse effects of the pandemic on the economy. Public debt is back to high levels, limiting the government's scope for action. Revenues fell by 1.4 percentage point of GDP in 2020. Meanwhile, the fiscal stimulus packages to support households and firms increased expenditures significantly from 18.5 percent of GDP in 2019 to 23.1 percent in 2020. The government took advantage of the COVID-19 crisis to push forward the countries' digital payment agenda, setting up the NOVISSI cash transfer service, which reached 819,972 vulnerable Togolese thanks to a mobile money wallet program. The total amount[1] transferred to beneficiaries stands at CFAF 13,308,224,040 as of November 2022. The fiscal deficit significantly widened from less than 1.0 percent of GDP in 2019 to 6.9 percent in 2020 and led public debt to rise from 52.4 percent of GDP in 2019 to 60.4 percent of GDP in 2020, putting Togo's at high risk of distress[2].

The leading role played by the government in driving investments during the growth decade must be noted. Public investments increased significantly from 4.4 percent of GDP in 2000 to 10.5 percent in 2015 before gradually declining to 5.5 percent in 2019. Public investments mostly targeted the development of infrastructure, including energy, road, port, airport, digital, and industrial development. Public investment also facilitated foreign and private investments through public-private agreements and investment incentives.

1. https://www.worldbank.org/en/programs/debt-toolkit/dsa
2. https://www.worldbank.org/en/programs/debt-toolkit/dsa

Given fiscal pressures and the need to share growth more broadly, a challenge for Togo is thus to sustain private investment with a more limited public investment and to generate investments in productive sectors beyond the provision of infrastructure. Private investment has already accounted for the largest share of fixed capital accumulation, picking up very robustly between 2012 and 2019 to average 14 percent of GDP from less than 10 percent during the previous decade. Private investment's contribution to growth rose to more than 4 percentage points on average in 2015–19. Cross-border investments and bank credit has been significant, with foreign direct investment (FDI) accounting for the largest share.

Togo has improved its ability to attract FDI, l but more is needed in productive and traded sectors. Togo was identified in the United Nations Conference on Trade and Development (UNCTAD) *World Investment Report 2020*[3] as the top performer among least-developed countries in 2019. Togo adopted a new investment code in 2019, bringing investment incentives in line with better practice, and revamped its free zone law the same year. Enhanced policy reforms, including on business climate, resulted in a surge in inward FDI, which averaged 2.5 percent of GDP in recent years, a level comparable to other countries in the region. Since 2013, there has been nine major investments in the cotton, logistics, and banking sectors. The most recent being the IB Holdings' buying of the majority of stake in State-owned BTCI.[4]

Exports did not play a major role in Togo's recent economic performance, save for the welcome recent strengthening of commodity prices noted earlier. Export receipts have historically relied on cotton and mining sectors, whose performance were relatively poorer, compared to previous decades: per year on average between 2010 and 2019, phosphates decreased in value by 2 percent and cement and clinker by 10 percent; cotton exports fared better, increasing by 9 percent over the same period. However, this has resulted in a relatively meager annual growth rate, and the last three years over this period (2017–19) show a marked decline. Some new exports have emerged, such as soybean and scrap metals, and to a lesser extent cashew nut.

Reexport trade, transit to landlocked neighbors, and, more recently, maritime transshipment since the inauguration of the Lomé Container Terminal in 2014, all play an important role in Togo's economy, underscoring the importance of trade-related services and geography in Togo's integration in the regional and the global economies. Numerous products originating from or destined to neighboring countries (Benin, Burkina Faso, and Ghana) pass through Togo before being exported to their destination markets. In part, such trade may simply reflect arbitrage between distortions arising in different markets, but it also exists because of Togo's ability to provide logistics and transport services (transit, transshipment), as well as trading services (such as for oil and some agricultural crops). Beyond trade-related services, Togo's economy has also developed a strong regional banking and air transport sector.

To sustain the growth path of the past decade, a shift in economic strategy led by the private sector—with continued growth in private investment and business and job creation—is needed. Togo has set the right path and solid foundations for the future development of the private sector but will need to shift to an approach with less government capacity to marshal investments in the short term, and therefore less direct reliance on government investment. Furthermore, there is a need to further develop the traded sectors such as agriculture or services, where job creation potential lies. Being a small country relative to others, Togo has a potential to diversify that will be relatively modest relative to larger countries (especially neighboring ones). This justifies the narrow focus of this Country Private Sector Diagnostic (CPSD) on agriculture, where Togo has demonstrated comparative advantage (cotton, organic soja) and services (transport and logistics and banking, both with a regional focus).

To start, Togo can build from the strong leadership demonstrated in recent years to reform the investment climate. Togo has achieved remarkable success with dynamic regulatory reform that has few parallels in Africa in recent years. Reforms were enacted on multiple fronts, including facilitating the creation of a business, streamlining the requirements for registering property, easing access to credit by creating a new credit bureau, reducing fees and easing construction permits, and adopting a law that regulates all aspects of mediation as an alternative dispute resolution mechanism to improve contract enforcement.

Further reforms must be pushed ahead to continue improving Togo's relative position as a desirable place to conduct business. Togo has set up a delivery unit for reforms and a Investment climate unit in the Presidency, which coordinates the ministries' reform efforts and leads investment climate reforms. These efforts have been met with success and should be pursued. However, several areas still require significant improvements.

- Despite being a trading hub for the region, trade costs and border procedures remain onerous. Togo is a small market (respectively, less than half the size of Benin and Burkina Faso, and near 1/10 the size of Ghana), which is a major disincentive for private sector investment if access to regional markets is not easy.
- As the majority of the private sector operates in informality, the tax burden falls on the small share of formal firms, which is not optimal for the small formal private sector. Yet, efforts are underway to simplify the various taxes and improve tax collection.
- Access to land remains a problem, despite recent progress relative to land titling registration and transfer, many aspects of land administration need to be improved, such as the resolution of land titling disputes, which are frequent, the availability of land in cities for economic activities, and access to basic infrastructure for productive industrial or agricultural land.

Second, and with the government's leadership, Togo has successfully positioned itself among the first movers in industrial zones development and has successfully attracted investors, shoring up its infrastructure sector. However, this success came with strong associated fiscal incentives and a process that has privileged and facilitated individual transactions. Togo must outgrow this model as discussed in the three points that follow.

First, Togo should continue reforms related to public investment management and public-private partnerships (PPPs). Togo has been successful in managing projects that have attracted private investors and has developed the capacity to conduct transactions with private actors in several sectors. Successful projects have included transport, energy generation, and industrial zones. However, the current PPP environment suffers from a lack of transparency, and PPP regulations and institutional framework in Togo are currently weak. Projects have been conducted on a transaction basis, thus raising the question of whether a transparent and competitive process would have attracter better offers. A new draft PPP law was adopted in September 2021 by the Council of Ministers and has been recently approved by the Parliament; it will update the framework created in the 2014 law on partnership contracts, which was never fully implemented. An agency for large projects, the Agence Togolaise des Grands Projets (AGTP), was created in 2016 but lacked the means to pursue its mission. A PPP framework would offer the opportunity to better coordinate within government and to monitoring the performance of PPPs. Furthermore, it should promote greater spillovers to the rest of the Togolese economy, as operators present in Togo may be interested in being associated with such projects.

Secondly, the country should rationalize policies around economic and special zones. Togo has been a pioneer of export processing zones in West Africa with the Port of Lomé Free Zone. This zone has been full for a while and demand for additional space was unmet until the recent creation of the new Plateforme Industrielle d'Adétikopé free zone. Beyond the demand for industrial space to produce for export, there is also demand for logistics platforms (warehouses, parking, storage space, and so on) connected with Togo's role as a gateway, demand for industrial land to serve the local market, and demand for economic zones linked with agriculture production. Consequently, multiple projects are moving at various stages of development, but they are not being coordinated.

There is a need to review the coherence of all initiatives because too many projects, with different sponsors, create confusion for potential investors. It would be useful to ensure a better coordination of the projects of the Ministry of Industry on industrial zones, Agropoles Development Agency (APRODAT) on agropoles, and Investment Promotion Agency-Free Zones (API-ZF) on special economic zones. The new free zone regulation, which puts the free zones and the associate investment policy under the single authority of the newly created API-ZF, is broadly in line with international standards, but could be improved. The regulatory framework could be streamlined to bring all free zone provisions under one law (this has not been done as the 2011 free zone law remains). Furthermore, there is a lack of clarity regarding the various incentives granted by the government to different free and industrial zone initiatives, and it is not clear that the public expenses and forgone revenues are providing the best value for money. The government should conduct a regular cost-benefit analysis of the various incentives provided and the specific objectives they help achieve, paying particular attention to whether incentives are aligned with the specific needs of future growth sectors. Finally, zone initiatives are in partnership with the government, and the conditions under which contractual agreements are made between the government and private operators are seemingly on a transaction basis, in the absence with limited public information on PPP contracts.

Third, the government should pursue reforms efforts in the enabling sectors of energy, telecommunication (telecom), and banking. In all sectors, private participation has been increasing, a positive development, and as a result sector performance and investments have improved. Regulatory reforms and investments must continue with the aim of increasing access at competitive market prices.

Access to electricity has been improving and Togo has been closing the gap with respect to other West and Central African countries. In 2020 54 percent of the population had access to electricity, a ratio which places Togo above the Sub-Saharan Africa average access rate of 48 percent and above West Africa's average.[5] The goal of the Togo National Electricity Strategy (2018) is to ensure universal access by 2030, with a strong focus on renewable energy. This goal would be achieved through a combination of network densification and extension and off-grid technologies. The strategy has created significant opportunities for private sector investments, including in the context of the International Finance Corporation (IFC) Scaling Solar project. One issue is the economic viability of projects that serve the poorest zones economically. The lessons of the first phase of the minigrid program could be drawn to review some aspects of the government strategy and regulatory environment; this first phase suffered from a certain number of difficulties for prospective investors, including uncertainties regarding the levels of government subsidies and land security.

The two historical national electricity companies, Communauté Électrique du Bénin (CEB) and Compagnie Énergie Électrique du Togo (CEET), are facing great difficulty. The recent decision by Togo and Benin to break up CEB must be followed through with the establishment of a new national operator, and a new partnership agreement forged between the two countries. In 2020, Togo initiated a sector reform program with the support of the World Bank, to improve the financial and operational performance of the distribution utility CEET, with changes in the governance structure. Other reforms of CEET aim to address losses in the system and more efficient revenue collection. A study on tariffs is currently ongoing and will make recommendations on closing the 15 percent gap between cost of service and tariffs.

In telecoms, there has been considerable progress in the past five years with the privatization of Togocom in 2019, the award of two internet provider licenses in 2017, and most recently the landing station of Google's Equiano submarine cable—a new generation of fiber-optic telecommunication cable fully funded by Google. Operators have made important investments, including a second submarine cable, operational since summer 2021 by Moov, the second of the two telecom operators. Competition, however, remains limited with the two operators sharing the market among themselves. There is a need to ensure that access to international landing cables can be nondiscriminatory, transparent, fair, and effective to ensure lower wholesale prices. The possibility of granting a third operator license could be considered. While the advent of Google's Equiano submarine cable is an important addition, a streamlined regulatory and authorizing environment will be needed to facilitate access to the network nationally.

In the financial sector, the privatization of the last public bank remains to be completed. The presence of regional banks headquartered in Togo is not being leveraged. Measures to incentivize the development of digital services would be needed, including additional government initiatives to accept digital payments, and measures to guarantee the security of e-banking. Finally, the regulatory environment needs to be updated to account for the emerging growth of financial technology (fintech) firms.

If it adopts a sound base with a more attractive business climate and government policies to frame partnerships with the private sector, together with improved access to enabling finance and infrastructure services, Togo can aim to build on several strengths. Togo's economy has been driven by three key pillars that will remain central to its immediate development prospects, albeit with different prospects in terms of market developments.

First, Togo's convenient location and maritime access have been a determining factor shaping Togo's economy. Historically Togo is a place of commerce, serving the economies of its neighbors, and Lomé has been a gateway for the hinterland. Entrepôt trade continues to be important, as a platform both for imports into the region and as for exports, particularly serving Burkina Faso's exports through Togo. Togo has sought, with some success, to leverage its hub location by attracting investments into the port (expansion of the Port Autonome de Lomé, including the opening of the Lomé Container Terminal), regional airlines and the modernization of its international airport with a new passenger terminal, and banking.

Togo's transshipment activities have been on a growth trajectory and are expected to continue to increase. Additional investments from the current operator MSC (Mediterranean Shipping Company) are expected to increase capacity. However, the economic benefits of transshipment activities remain limited, even though Lomé is one of the two most connected ports in West and Central Africa, and pure transshipment activities generate limited revenues (port fees) and a small number of jobs. Developing value-logistics services would leverage Togo's position but will only materialize with Togo servicing neighboring markets given the small size of Togo's own economy.

The most immediate prospects rely on improving the functioning of the transit corridor to Burkina Faso and the interface between the port, logistics facilities, and the corridor itself. This entails accelerating the development of logistics zones and putting in place policies to improve the performance of the corridor, especially concerning the trucking sector, which remains highly informal, noncompliant, and inefficient with many small and economically unviable operators. The continued improvement of customs procedures relating to transit would improve the attractiveness of the corridor.

Investors may be attracted to set up facilities near the Lomé port to serve the Burkinabe market, especially near new logistics facilities such as the Plateforme Industrielle d'Adetikopé (PIA). Facilities located in Lomé could serve Burkinabe exports of some products through improved logistics services and first transformation (for instance, cotton and cashew nuts), as well as serving imports (for instance, assembly of imported products). However, in the absence of a clear masterplan and vision for the developments currently observed in Togo, including regulatory issues related to the status of free zone (which prevents exports within the Economic Community of West African States [ECOWAS] zone), it is difficult to assess what future developments could take place.

Togo's logistics performance has improved but remains below that of aspirational peer countries, and just on par with the average of Sub-Saharan Africa, with customs and logistics performance scoring relatively lower. This is in tension with Togo's aspiration to become a maritime and freight transport hub. A major challenge is the implementation of regional facilitation agreements: (a) coordination at the borders and operation of the Joint Border Post, (b) abolition of controls on transit traffic and implementation of the single guarantee on transit, (c) establishment of regional corridor management committees, and (d) a Togo-Burkina Faso customs interconnection on the Lomé-Ouagadougou corridor. For customs, Togo lacks an integrated risk management system, even though its customs and tax services share risk information, which is very good practice. Further, implementation of the authorized economic operator (AEO) regime is overdue (the internal revenue service [OTR] is conducting a simplified AEO pilot project for four companies) and advance declaration is not a common practice. Several agencies involved in international trade are not yet computerized.

The mining sector has long been a backbone of Togo's economy. There are, however, few immediate opportunities for investment either in mining or downstream transformation. Togo's phosphate export proceeds were lower in 2020 than in 2010. The available mining resources of phosphate and limestone seem to be already exploited at capacity. Regarding downstream transformation, Togo's phosphate resources do not appear to confer a particularly strong comparative advantage for fertilizer production because they are relatively modest compared with other producers, they require inputs produced elsewhere, and the process is energy intensive. The presence of limestone deposits, now exploited by two companies, has given rise to a strong clinker and cement industry, which also serves neighboring markets (Burkina Faso and Ghana, among others). Recent investments and entry in the cement market have resulted in large excess supply. Furthermore, competition and access to regional markets are highly distorted because ECOWAS countries take numerous measures to protect local firms, creating difficulties at borders and subsidizing local purchases.

Finally, Togo's agriculture potential has not fully materialized. Despite good agro-ecological conditions and the availability of arable land, an important constraint is the small size of the economy, which means that Togo lacks scale for some production (such as for cashew nuts), is competing against neighbors that have a much higher production capacity, or both. Another important factor to take into consideration is that Togo is well positioned in only a limited number of value chains. Thus, it makes sense to first focus on those established areas of production.

Cotton, by far the largest crop in the economy, is expected to enjoy a renaissance following the partial privatization of the Nouvelle Société Cottonnière du Togo, with Olam taking a majority stake. Current production yields are very low. Improvements in the supply of inputs and material as well as efforts to upgrade the skills of cotton growers will be priorities for increasing yields, rather than the expansion of planted areas. The sector has been on an upward trajectory following substantial investments by the government in the sector, yet there is further ample scope for significant production increases.

The emergence of a textile value chain with planned investments in the PIA zone has the potential to strengthen the cotton sector. Preferential market access under the African Growth and Opportunity Act (AGOA) and Enabling the Business of Agriculture (EBA) framework for textile and clothing products are currently untapped by Togo, which exports its cotton raw. Access to raw cotton offers a competitive advantage for yarn production if energy and capital costs are not prohibitive. The PIA zone objective is to offer the facilities and access to logistics needed to set up production units.

With support from donors, Togo has developed a dynamic and fast-growing sector for the production of soybeans, which have become one of the country's most important exports with Togo becoming one of the leading suppliers of organic soybeans to Europe. This suggests additional opportunities for investment, in particular attracting players to large concessions, as well as opportunities for transformation.

Another promising sector is pineapple, a value chain that received donor and government support. The development of the sector has led to increased production and transformation in juices and other products. Two aspects position Togo competitively in export markets: organic production (nearly two-thirds of total production) and production of a variety that commands premium prices (smooth cayenne). The sector continues to grow but is facing constraints related to land, the cost of air transport, and the weaknesses of smallholders.

In fact, Togo is well positioned as an organic producer in cotton, soybeans, and pineapples. However, Togo may have already reaped the easiest benefits for organic production because there are now concerns about soil depletion. Togo has been successful in accessing markets that value organic products (and that pay higher prices for them, as shown by the case of pineapples). Expanding and maintaining these markets will depend on the sustainability of soils and the ability of farmers to scale up production in crops that are technically more demanding because they are more sensitive to climate variability and pests.

To fulfill the objective of developing its agricultural sector, the government has developed instruments to attract private investment. These policies have not always been successful, such as the project to develop agropoles and make available land and facilities to incentivize investment in large-scale industrial production and transformation. But such initiatives have potential, as suggested by the interest from investors in the first agropole project in Kara, which was rolled out but has not generated sizeable investments because the conditions were not right. First, there were issues with the project design, and its expectations were too ambitious considering there had not been proof of concept for the approach being viable in Togo. Alternatively, it could be reduced to a more manageable scale in a first stage. Second, the preparation for the project left important areas, such as land rights, undefined. A review of the agropole could clarify some of these unaddressed issues. Third, the project may not have focused enough on key value chains that are more conducive to such an approach and should have defined more specifically the areas where the government would be able to provide technical support.

TABLE ES 1 MATRIX OF PRIORITY GOVERNMENT MEASURES AND OPPORTUNITIES FOR PRIVATE INVESTMENT

	Priority short-term government measures and opportunities for private investment	Priority medium-term government measures and opportunities for private investment
Improving the environment for private investment		
Fiscal	**Measures** Pursue modernization through digitization of tax administration, declarations, and payments. Monitor and assess the efficacy of fiscal incentives.	
Land and spatial solutions	**Measures** Continue the implementation of land and property registries and the facilitation of property title transfer in cities. Streamline the investment incentive regulatory framework to bring all exemption provisions into one law instead of two laws—the free zone law of 2011 and the 2019 investment code. Review the coherence of all spatial initiatives, including SEZs, industrial parks, and growth poles through a national growth strategy and bring under one vision the projects of the Ministry of Industry on industrial zones, APRODAT on agropoles, and API-ZF on SEZs. Conduct a regular cost-benefit analysis of the various incentives provided and their efficacy and monitor the performance of SEZs. Improve engagement with the private sector. Existing and future incentives available to the country's zones should be clearly and unambiguously communicated and easily accessible. Work more extensively with TogoInvest as an important potential source of investors and financing. Review the limitation for firms located in the free zone to sell their production in Togo or in ECOWAS countries.	

Note: API-ZF = Agence de Promotion des Investissements—Zone Franche; APRODAT = Agropoles Development Agency; ECOWAS = Economic Community of West African States; SEZ = special economic zone.

	Priority short-term government measures and opportunities for private investment	Priority medium-term government measures and opportunities for private investment
PPP and public investment	**Measures** Implement the new PPP law with the aim of improving transparency and efficiently preparing projects. Review the organization of responsibilities within government and agencies regarding the conduct of PPPs. Increase recourse to competitive expression of interests for PPPs. **Opportunities** Scale up PPPs in areas such as energy, logistics, and agriculture.	**Measures** Reinforce the institutional structure to manage public investments: • Reinforce the capacity of line ministries to manage projects. • Increase the staffing and technical capacity of the Presidential delivery unit. Improve the alignment between the government budget and the PIP, and coordination/coherence between different governmental units Reinforce the capacity of the PPP unit and coordination with line ministries and agencies. **Opportunities** Scale up PPPs in areas such as energy, logistics, and agriculture.
Energy		
Solar and renewable energy generation	**Measures** Review investment plans for small-scale minigrids. **Opportunities** Pursue opportunities in • Solar generation for free zones • Off-grid solar with CIZO • Solar kits	**Measures** Implement the least-cost power development plan using a competitive procurement method. **Opportunities** Scale up PPPs in areas such as energy, logistics, and agriculture.
Reform of CEB	**Measures** Put in place a transitional arrangement to ensure the operation and management of existing transmission infrastructure following the breakup of CEB. Establish a roadmap and provide technical assistance to conduct analysis, including audits of assets and debt and arrears.	**Measures** Set in place and operationalize the new structures (NTC and NSO) if CEB is dissolved or improve the performance of CEB through the implementation of a management service contract.
Reform of CEET	**Measures** Finalize and adopt the turnaround plan and commence its implementation. Pursue the implementation of smart metering and e-payments. Prepare and implement a performance contract for 2022–24.	**Measures** Restructure the debt of CEET.
Tariffication	**Measures** Finalize the study on electricity tariffs. Implement the new methodology for determining the revenue requirement for CEET.	**Measures** Adopt new tariffication models, including a mechanism for protecting vulnerable households, on the recommendations of the electricity tariffs study.

Note: CEB = Communauté Electrique du Bénin; CEET = Compagnie Energie Electrique du Togo; CIZO = government program to support electricity access; NSO; NTC = Nouvelles Technology et Conseils; PPP = public-private partnership.

	Priority short-term government measures and opportunities for private investment	Priority medium-term government measures and opportunities for private investment
Financial sector		
	Measures Finalize the privatization of Union Togolaise de Banque. Improve the regulatory environment for DFS technologies beyond mobile money: • Boost online purchases and payments using credit/debit cards. • Use ecommerce and marketing technology Increase supervision capacity, in view of the specific role of regional banks.	Enhance the development of • Financial media and data solutions • Insurance and health care technology
ICT		
	Measures Increase competition in the national backbone segment by leveraging existing capacity available under the eGov network, including the new Google Equino submarine cable. Stimulate facilities-based competition (open access policies for all submarine cables, licenses, authorizations, and rights-of-way to stimulate FTTH deployment).	**Measures** Lower the cost for investment and create incentives for infrastructure sharing. **Opportunity** Obtain a third telecommunications license.
Transport and logistics		
Transit	**Measures** Implement a single transit guarantee. Eliminate control on the corridor. Operationalize the road safety office (Office national de la sécurité routière).	**Measures** Improve conditions for transporters on the corridor (such as rest areas). Improve road safety on the corridor. Improve the interconnectivity of services operating on the corridor.
Customs	**Measures** Interconnect with Burkina Faso customs. Implement the AEO more broadly.	
Port operations	**Measures** As part of the government's strategy 2020–2025: • Review port concessions. • Review PAL institutional arrangements. • Review the PAL rules for storage and unbundling.	

Note: AEO = authorized economic operator; DFS = digitial financial services; FTTH = fiber to the home.

	Priority short-term government measures and opportunities for private investment	Priority medium-term government measures and opportunities for private investment
Air transport	**Measures** Reduce airport taxes. Evaluate how to attract more companies as alternatives to Asky.	
Logistics zones	**Measures** Develop a logistics masterplan.	**Measures** Review the institutional framework for government-sponsored economic zones.
Value-added logistics services	**Measures** Provide training. Develop a strategy for VA logistics services (alongside Invest in Togo). **Opportunities** Encourage investments in the PIA	**Measures** Review the incentive framework for VA logistics services.
Road transport	**Measures** Improve enforcement of axle load control. Operationalize the road transport observatory. Create a training center for the road transport profession.	**Measures** Improve transparency in freight management and allocation. Implement the road fund. Renew the fleet. Digitalize transport documentation. Create a database of road transport options.
Agriculture		
	Measures Intensify agricultural production at the level of the Kara agropole through the development of large-scale planned agricultural development zones (ZAAP) (300 to 700 hectares per ZAAP). Facilitate producers' access to agricultural inputs (seeds, fertilizers, phytosanitary products). Continue the construction of agro-food processing centers (CTA). Develop a strategy for implementing PPPs in agropoles. Strengthen communication and investor prospecting around agropoles. **Opportunities** Use the ZAAPs for production under management in the Kara agropole; Aggregate production for industrial processing. Include suppliers (such as packaging, logistics services) and processors (such as oil and feed, chicken factory, fruit juice factory).	**Measures** Continue the development of large-scale ZAAPs in the Kara agropole. Build the agropark of the Kara agropole. Carry out the technical and socioeconomic feasibility study of the two other agropoles (Oti, Haut-Mono). **Opportunity** Install processing units in the agropark of the Kara agropole. Use the ZAAPs for production under management in the Kara agropole. Aggregate production for industrial processing.

Note: CTA = agro-food processing center; PIA = Plateforme Industrielle d'Adetikopé; VA = value added; ZAAP = agricultural development zones.

	Priority short-term government measures and opportunities for private investment	Priority medium-term government measures and opportunities for private investment
Organic production	**Measures** Assess the current state of organic production in Togo, including identification of the main production areas, crops, and actors involved. Implement the national strategy for the development of agro-ecology and organic farming in Togo for 2021–30. Develop knowledge on organic production within the Ministry of Agriculture. Facilitate access to biological inputs (seeds, pesticides, organic fertilizers) while strengthening the ability to obtain them locally. **Opportunities** Strengthen existing production (soy, pineapple, sesame, fonio, and so on).	**Measures** Increase the production capacity of organic seeds in all categories (pre-basic, basic, and certified). Strengthen the capacity of extension services in the dissemination of best practices favorable to organic agriculture. Strengthen the capacities of farmers in organic production, in particular through training on good practices and certification systems. Promote Togolese organic products abroad and in markets where demand is growing rapidly. **Opportunities** Invest in new crops.
Processing	**Measures** Support producers in concluding commercial agreements. Support the development of IT solutions to increase market information and transparency. Refrain from any regulatory intervention that could distort prices in currently open markets. Identify value chains, including regional sourcing, where local processing could be competitive. **Opportunities** Encourage local processing of agricultural products such as raw cotton, soybeans, and sesame in dedicated industrial zones. Invest in renewable energy in order to make national agro-food industries competitive and respectful of the environment.	**Measures** Support the development of irrigation infrastructure and agricultural mechanization. Facilitate the establishment of an agricultural stock exchange. Support the implementation of a certification system for agricultural products. **Opportunities** Invest in continuous production in the quantity and quality of agricultural products; Invest in the management company of the agricultural stock exchange. Increase access to agricultural product markets.

Note: IT = information technology.

Notes

1. See Institut National de la Statistique et des Etudes Economiques et Démographiques, Recensement Général des Enterprises (INSEED RGE) 2018. Unfortunately, Togo is not listed on the Global Entrepreneurship Index, the country's entrepreneurship index cannot be assessed along that different dimension.
2. See the program's website, https://novissi.gouv.tg/.
3. UNCTAD, World Investment Report 2020: International Production beyond the Pandemic (New York: United Nations, 2020).
4. Updated from fDi Intelligence, "Togo's Reforms Spur FDI Renaissance," April 16, 2020, https://www.fdiintelligence.com/article/77281.
5. World Bank, World Development Indicators, https://databank.worldbank.org/source/world-development-indicators#.

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