

# BTI 2010 | Togo Country Report

<b>Status Index</b>	1-10	<b>4.25</b>	# 104 of 128	
Democracy	1-10	4.68	# 80 of 128	↗
Market Economy	1-10	3.82	# 112 of 128	➔
<b>Management Index</b>	1-10	<b>4.70</b>	# 74 of 128	

scale: 1 (lowest) to 10 (highest)    score    rank    trend

This report is part of the Transformation Index (BTI) 2010. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 128 transformation and developing countries are evaluated.

The BTI is a joint project of the Bertelsmann Stiftung and the Center for Applied Policy Research (C•A•P) at Munich University.

More on the BTI at <http://www.bertelsmann-transformation-index.de/>

Please cite as follows: Bertelsmann Stiftung, *BTI 2010 – Togo Country Report*. Gütersloh: Bertelsmann Stiftung, 2009.

### Key Indicators

Population	mn.	6.3	HDI	0.50	GDP p.c.	\$	823
Pop. growth	% p.a.	2.5	HDI rank of 182	159	Gini Index		34.4
Life expectancy	years	62	UN Education Index	0.53	Poverty <sup>2</sup>	%	69.3
Urban population	%	41.3	Gender equality <sup>1</sup>	-	Aid per capita	\$	18.4

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

## Executive Summary

Characterized by relative freedom, transparency and a non-violent atmosphere, parliamentary elections held on 4 October 2007 marked a turning point in Togo's recent history. There is currently a genuine opposition within parliament, largely because all major political parties participated in the elections.

Nevertheless, the process of democratization is far from being sustainably consolidated. Togo's political system continues to undergo transformation and qualifies as a fairly defective democracy at best. In the economic arena, tremendous efforts are still needed if the country is to effectively address the numerous challenges ahead in developing a market economy anchored in principles of social justice.

The Togolese government is clearly making a concerted effort to implement reforms in key social sectors such as health and education. Infrastructural development is another primary reform target, as are the country's administrative and judicial systems. A former UN Assistant Secretary General, Gilbert Houngbo, was appointed prime minister by President Faure Gnassingbé on 5 September 2008, breathing new life into these efforts.

For example, construction of a new 100 megawatt power plant capable of providing the entire country with a stable energy supply is already underway. This plant is intended to provide a lasting solution to the country's severe energy crisis and thus facilitate economic production while improving social services.

Upcoming presidential elections (scheduled for 2010) and the manner in which they are conducted will signal whether or not democracy in Togo is taking root. Legacies of past regimes have still to be overcome, including the inordinate economic and social influence held by the presidential family and the ruling party's cronies, the military's substantial political influence, and endemic corruption in the administrative and economic systems.

Creating a committed administration and providing positive economic conditions will be of utmost importance if the country is to face the difficulties emanating from the current global economic crisis that is sure to have negative repercussions for the Togolese population.

## History and Characteristics of Transformation

Togo wrested its independence from France on 27 April 1961. After leading two coup d'états, the first ousting President Sylvanus Olympio in 1963 and the second ousting President Nicolas Grunitzki, Lt. Col. (later General) Gnassingbé Eyadéma became president of Togo in 1967. Establishing a one-party government, Eyadéma ruled as Togo's authoritarian head of state for 38 years. Taking advantage of the support of Western countries, who appreciated Togo's capitalist orientation, General Eyadéma went almost unchallenged until 1990. Consequently, any efforts by the mostly clandestine opposition to expand freedom and democratic participation in the country were undermined.

In early October 1990, influenced by the implosion of the Soviet empire and by apparently successful democratization efforts in a number of African countries – including neighboring Benin – students organized a general strike and opposition parties demonstrated against the Eyadéma government. In August 1990, a National Conference was organized with the objective of deciding on the country's new constitutional and political order. The assembly opted for a semi-presidential system and elected an interim prime minister. Four months later, however, President Eyadéma ordered the army to attack the interim government, re-establishing his dictatorial power.

The presidential elections that followed in 1993, 1998 and 2003 were not organized democratically, prompting several opposition groups to boycott them, which in turn resulted in overwhelming victories for Eyadéma. Attempts by opposition groups and civil society organizations to challenge the government through demonstrations and general strikes were brutally crushed by the army and security forces. Thousands of frustrated Togolese citizens left either for neighboring countries or Europe. Political resistance gradually lost out to apathy, pessimism and frustration.

The opposition parties were divided into a radical and a more moderate bloc. While the former advocated an unconditional overthrow of Eyadéma's government, the latter left room for negotiations. Eyadéma, however, succeeded in winning concessions by creating pseudo-opposition parties who apparently supported his policies. Aiming to avoid international isolation, Eyadéma created these parties to give the impression that his country was following the rules of multiparty democracy. Eventually, the European Union suspended its cooperation with Togo despite the close ties Eyadéma maintained with the French President Jacques Chirac. Chirac even endorsed the manipulated presidential elections of 2003, praising Eyadéma as "a great statesman." Indeed, it was France that prevented Togo from being cut off internationally.

Despite Togo's political support from Paris, the suspension of international aid and the decline in investments had severe effects on the country's economy. These effects were exacerbated by general apathy and the loss of human resources resulting from the out-migration of highly qualified Togolese citizens.

By 2005, the situation had deteriorated so far that the president was compelled to show his willingness to accept changes in order to re-establish ties with donor countries and win their financial support. Following negotiations with the European Union, he promised political, administrative and economic reforms, and the organization of free, fair and transparent general elections. Shortly after that, Eyadéma died.

In defiance of the country's constitution, the military proclaimed Faure Gnassingbé, the son of the late president, the new head of state. Hastily removing the president of the assembly, who would have been the legitimate interim successor, the parliament later confirmed the coup d'état by approving a series of constitutional amendments to legitimize this decision.

Widespread international protests compelled the new president to call a presidential election on 24 April 2005. Despite international protests against massive electoral irregularities, Faure Gnassingbé was sworn in as president on 4 May 2005.

The majority of the Togolese population protested against this manipulation of the public will, but the military brutally brought down the protests. More than 400 people died, and again more than 40,000 citizens migrated into neighboring countries.

The economy of the country further declined, despite efforts of the government to put some reforms in place. Finally, massive international pressure forced the antagonists of Togo's political class into negotiations, which included the opposition political parties and civil society groups. This resulted in the so called global political agreement in August 2006.

In September 2006, Yawovi Agboyibo, an opposition leader, became prime minister. His main task was the organization of fair parliamentary elections, which took place on 4 October 2007. The conduct of these elections was declared free, fair and transparent by international observer groups, despite some allegations of vote-counting irregularities.

The governing party, Rally of the Togolese People (Rassemblement du Peuple Togolais, RPT) won an overwhelming majority in parliament with 50 seats against 31 for the opposition. The fact the RPT could achieve this broad margin with slightly more than a third of the general vote can be explained by the disproportionate system of representation in which the less-populated north has more members of parliament than the more populated south.

Despite their shortfalls, the October 2007 parliamentary elections were the first held since the multiparty system was reinstated in which incidents of violence and intimidation were relatively few. On 3 December 2007, Komlan Mally of the RPT was appointed prime minister, only to be replaced on 5 September 2008 by Gilbert Houngbo, who had served as Africa Director at the UNDP before his nomination.

Political developments have been accompanied by some progress in the economic area. After a Staff-Monitored Program (SMP) from October 2006 to June 2007 was concluded, a three-year, IMF-sponsored Poverty and Growth Facility (PRGF) began in April 2008. The IMF's full re-engagement in Togo has paved the way for significant flows of donor aid, especially from the European Union and the World Bank.

Benefiting from growing international aid, the present government's efforts to implement sound economic and administrative reforms have already yielded some considerable results. The presidential elections in 2010 constitute the real challenge, however, to a sustainable process of transformation in Togo.

## Transformation Status

### I. Democracy

Since 2007, there have been substantial improvements made to the state of democracy in Togo. The last parliamentary elections were generally free and fair; and administrative and judiciary reforms have been planned or are already under way. However, the presidential elections of 2010 will be a crucial test as to whether the country is really undergoing substantial political transformation towards a democracy under the rule of law.

#### 1 | Stateness

The state's monopoly on the use of force is still almost perfectly guaranteed in Togo. The army and the police are loyal to the incumbent government. This loyalty goes back to the historically grown links between the army leadership and the presidential family. Some limitations stem from crime, which constitutes a problem in much of the country. According to some U.N. reports, there are indications that Togo may become a transit country for international drug – especially cocaine – smuggling.

Monopoly on the use of force

It should be mentioned, however, that with the forced departure of Faure's brother Kpatcha from the Ministry of Defense, there are signs of an emerging opposition to the president within his own family. Many observers were alarmed by the prodigious display of weaponry by the security forces on 13 January 2009 during the Liberation Day parade.

Aside from the historical domination of northerners in Togo's political administration, there are few problems challenging national identity in Togo. On the contrary, since 2007, a sense of belonging to the nation has gradually developed among the population. This sense of nationhood can be observed during international sports events when Togolese celebrate their national pride. Tensions between ethnic groups, particularly those between the politically dominant northerners and the economically more active southerners, play a greater role in limiting the rule of law – not who may qualify as a Togolese citizen.

State identity

There is no substantial negative interference of religious groups in political matters. On the contrary, the established religious groups – Christians (Catholic and Protestant) and Muslims – seek to play a constructive role in the political system and to make democracy more vibrant, as was observed during the 2007 elections. The New Evangelical and Pentecostal churches are less active in secular public life, but they do not constitute a danger to the political system either.

No interference of religious dogmas

Whereas the state's basic administration extends throughout the entire territory, it is functionally deficient. It continues to suffer from the legitimacy crisis left behind by the political leadership of the last 15 years and growing corruption in a fragile economic environment.

Basic administration

The state's administrative organizational structure is centralized. A decentralization policy was defined in the mid-1990s. Devolution of the administrative system was also one of the commitments made to the European Union before economic sanctions could be lifted. However, it was not until the end of 2008 that the government made its first genuine moves toward implementing devolution.

## 2 | Political Participation

As compared to any previous elections in Togo, the parliamentary elections of 4 October 2007 were exemplary. The campaign period, the casting and counting of votes and the announcement of results were free of violence and generally transparent. Political parties were able to organize political rallies without any major disturbances.

Free and fair elections

The positive marks afforded by international observer groups with regard to these elections is therefore justified, despite the fact that there were some reports of problems with vote counting for some constituencies in Lomé, an opposition stronghold.

It should be noted, however, that the present composition of the Togolese constituencies favors the governing RPT tremendously. With only 39% of votes cast, the party was able to win 50 out of 81 seats in the National Assembly. Correcting this situation is one of the opposition's most salient demands for electoral reform.

The electoral commission – its composition, independence and especially the tenure of office – is the subject of another key debate. To date, members of the commission are only appointed for the next election, which raises serious doubts about the neutrality or impartiality of nominated commissioners.

While the legislative elections were, by and large, democratic, free and fair presidential elections in 2010 have still to be held. The current president was elected in elections that did not meet democratic standards.

The president has the full support of the country's administration as well as that of the security forces. He does not face any major structural constraints in putting his decisions into practice.

Effective power to govern

The prime minister needs the president's support more so than that of parliament if he wants to implement important pieces of policy.

However, the president does not yet enjoy full democratic legitimacy, and it remains to be seen whether the powerful military – traditionally a veto player – will accept a possible defeat of President Faure Gnassingbé in the upcoming 2010 elections.

The guarantee and protection of freedom of assembly and association rights have improved during the last two years. However, limitations, particularly on assembly rights persist. In August 2007, before the legislative elections, the government banned street demonstrations planned by several opposition parties. In October 2007, security forces used tear gas to disperse a group of Union of Forces for a Change (Union des Forces du Changement, UFC) activists attempting to invade the Electoral Commission's office. The UFC and the media reported that security forces beat, brutalized and insulted demonstrators; an estimated 10 persons were injured and 25 arrested. According to the U.S. Department of State, there were several cases in 2008 of association and assembly rights being restricted. For example, in March of that year, the government denied the Togolese Consumers Association's applications for permits to protest the high cost of living. In two incidents in mid-April, security forces broke up a group of retired military members who were protesting the government's failure to pay pension arrears, and later a group of students protesting conditions at the University of Kara.

Association / assembly rights

Togo has a vibrant press, upon which substantially fewer restrictions have been placed during the review period than in previous years. There is a wide range of daily and weekly newspapers, a large number of radio stations and three TV stations that send news regularly. In addition, a number of foreign stations can be followed freely. However, the Global Freedom of the Press Ranking 2008 by Freedom House considers press freedom in Togo to be "not free" (rank 161st out of 195, next to Chad and Venezuela), an evaluation that might be explained in part by the fact that some minor disturbances during the parliamentary elections were reported. In one such example, the Catholic station Radio Maria could not air some of the programs it had prepared for voter education and awareness-raising. It remains to be seen whether similar constraints will be observed again during the 2010 presidential elections. The neutrality of the regulatory body HAAC will prove critical in this regard.

Freedom of expression



### 3 | Rule of Law

The constitution of 1992 established the legal framework for a presidential multiparty system in Togo. The president is elected for five years. He or she can be re-elected without any limitation of the number of mandates. The minimum age for an elected president has been reduced to 35 in order to legitimize the election of the current head of state. The prime minister is nominated by the majority group in parliament and appointed by the president.

Separation of powers

However, great deal of power vested in the office of the president makes it difficult for the other arms of government to serve as a counterbalance. The legislature in particular needs much more technical and constitutional authority and capacity if it is to successfully act as a check on the president's power. In addition, the judiciary has yet to live up to its constitutional role. Although corruption and unequal access to the courts still exist, the new administration of Prime Minister Hounbo has taken steps to improve the judicial system. And while these steps forward have not yet created a judicial system in which citizens can place their full trust, they do demonstrate a commitment to reforms. This is underlined by the fact that, on 10 December 2008, the 60th anniversary of the Universal Declaration of Human Rights, the government presented a bill to abolish the death penalty in Togo.

At present, an independent judiciary does not yet exist. The president of Togo's Judges' Professional Association (APMT) complained at the Association's plenary at the end of 2008 that the Togolese people have to suffer from a judicial system of two speeds, one for the poor and another one for those who are able to buy the judges' conscience.

Independent judiciary

Moreover, it is still absolutely necessary to belong to the inner network dominated by the ruling party in order to be nominated to any influential position in the judiciary. It is even difficult for an independent lawyer to run a law firm because his chances to win the respective court cases are much lower than for regime friendly colleagues. It is for these reasons that the announced reform of the judiciary is of fundamental importance for Togo.

Abuse of public office is still endemic in Togolese society, and the embezzlement of public funds remains rampant. However, the political opening has meant that corrupt officeholders are subjected to somewhat more (negative) publicity. Nonetheless, due to the judicial system's shortcomings, these officials are rarely prosecuted.

Prosecution of office abuse

Although the civil rights situation in Togo has improved substantially, serious problems persist. The U.S. Department of State has reported numerous abuses during the period of review, such as the torture of detainees, harsh and life-threatening prison conditions, arbitrary arrests and detention. Plagued by corruption, the executive branch's influence and lengthy pretrial detention periods, the judicial system does not fulfill its function. Civil rights for a number of groups are restricted, the practice of female genital mutilation (FGM) and violence against women continues, and there is regional and ethnic favoritism in public services and among the security forces, which are dominated by northerners. There were ethnic and regional overtones to incidents of human rights abuses motivated by politics. Other problems include child labor and the trafficking of people, especially children.

Civil rights

#### 4 | Stability of Democratic Institutions

Institutions are only partially democratic and their performance remains deficient. The president's conduct of office shows more transparency and commitment to dialogue than has been the case during his father's regime. The question is whether his efforts are sincere and stable given that President Faure Gnassingbé is still surrounded by many figures of the old dictatorial regime. Whereas parliament now engages in controversial debates, its deputies generally lack professional depth of knowledge. This is due, on the one hand, to the legislature's insufficient working conditions and, on the other hand, to the fact that the opposition has yet to move beyond criticizing government and to formulate alternative policy proposals. Judicial reform is underway (a website informs about current developments), but the aforementioned challenges (see "independent judiciary") persisted throughout the assessment period.

Performance of democratic institutions

The commitment to democratic institutions has obviously increased in the wake of the political opening. However, as far as the existing institutions are concerned, a high degree of skepticism remains, since the president was not elected democratically and parliament has not shown its real potential yet. The personal cult around the president is still omnipresent in daily life, and it is unclear whether the military would accept a possible turn-over in the 2010 presidential elections. This, in turn, raises further doubts about the level of commitment to democratic institutions.

Commitment to democratic institutions

## 5 | Political and Social Integration

Togo is heading towards a two-party system with the ruling Rally of the Togolese People (RPT) and the Union of Forces for a Change (UFC) of Gilchrist Olympio forming the two major political parties.

Party system

The Action Committee for Renewal (Comité d'Action pour le Renouveau, CAR) is the only party that could have served as a third, balancing force in this situation. Formerly led by Yawovi Agboyibo, the CAR had to pay the price for Agboyibo's involvement in the transition government, where he successfully organized the parliamentary elections in cooperation with the Electoral Commission.

Intra-party democracy is still weak, parties are clearly leadership-driven and not program-oriented. Given this situation, it is remarkable that a change of leadership has taken place in CAR, where Agboyibo accepted his replacement by Dodji Apévon.

The party system still mirrors to a considerable extent ethnic and regional divisions. Thus, political parties tend to have readily identifiable ethnic and regional bases. The RPT party was had greater representation among northern ethnic groups than among southern groups; the reverse was true of the UFC and CAR opposition parties.

Although there are a large number of labor unions in Togo, none of them have the strength or capacity to shape or heavily influence legislation. However, doctors striking in 2008 led to some adjustments in wages. The unions also succeeded in convincing the government to continue paying subsidies for fuel and some staple food items as well as fertilizer so as to avoid a serious social crisis. In an effort to draw attention to the need for improved learning conditions, the students at the University of Kara initiated a boycott of classes, which led to the campus being temporarily shut down.

Interest groups

Within the remarkably fast growing number of NGOs that deal with political and judicial questions, organizations for the defense and promotion of women's rights deserve special mention, because they also represented civil society during the political negotiations at Ouagadougou and continue to play a role in public debates.

There are no opinion polls conducted in Togo, but there is overwhelming 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. Nevertheless, the high level of participation (85%) at the most recent elections can be interpreted as an indication of the population's clear commitment to take part in building their democracy.

Consent to democratic norms

One of the most tremendous changes observed in Togo in 2008 is the fact that people are more inclined to feel free to associate, to express their views and to organize themselves for self-help efforts, in spite of reported incidents of the government's attempts to restrict association and assembly rights (see "association and assembly rights"). Many of these self-help groups are based on traditional systems of mutual support, others have been stimulated by international NGOs or churches. It is unclear whether many of the new groups that have emerged rather spontaneously will be strong enough to stand the challenges of time.

Associational  
activities

## II. Market Economy

Togo's economic decline in the last fifteen years was a direct result of the country's political crisis. Economic reforms therefore need to be accompanied – if not preceded – by a stabilization of the country's political framework in order to create an attractive investment climate and sustainable growth. At the time of writing, future prospects are overshadowed by the current world economic and financial crisis.

### 6 | Level of Socioeconomic Development

The current socioeconomic situation in Togo is precarious. Until 1991, Togo had been a model of development in West Africa to which many of its neighbors, especially Benin and Ghana, looked at with envy as they benefited from the availability of consumer goods and jobs provided through Togo. But Togo's economy has since then been in continued decline, making it one of the least developed countries in the subregion.

Socioeconomic  
barriers

Togo is still ranked at 147th out of 177 countries in the Human Development Index (2007/2008). About 61.7% of the total population live below the poverty line. The urban-rural divide is also pronounced, as 74.3% of the population in rural areas live below the poverty line (i.e., €239 annual income) and 36.8% in Lomé (i.e., €369 annual income).

Only 54% of the population has access to clean drinking water and 34% have access to sanitary equipment. There are only 8 doctors per 100,000 inhabitants. The child mortality rate is still at 8%, for children under 5 at 14.3%.

The figures concerning the prevalence of HIV and AIDS vary between 4.5% and 6%. Life expectancy has dropped to 54.4 years due to an increase of HIV infections and also of tuberculosis, much of which has been triggered by the poor health system.

The changes in the country have not yet led to an improvement of people's living conditions. The subsistence economy in rural areas, the potential of the informal sector in towns and remittances from exiled Togolese have helped to avoid a more severe crisis. However, on balance, Togolese citizens lack adequate freedom of choice.

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	2061	2108.2	2218	<b>2498.9</b>
Growth of GDP	%	3.0	1.2	3.9	<b>1.9</b>
Inflation (CPI)	%	0.4	6.8	2.2	<b>1.0</b>
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	2.8	3.7	3.5	<b>2.8</b>
Export growth	%	3.0	7.5	-	-
Import growth	%	3.0	2.8	-	-
Current account balance	\$ mn.	-205.7	-460.7	-340.4	-
Public debt	\$ mn.	1605.2	1446.3	1553.5	<b>1654.6</b>
External debt	\$ mn.	1830.1	1678.8	1787.5	<b>1967.6</b>
Total debt service	% of GNI	1.1	1.2	1.3	<b>0.7</b>
Cash surplus or deficit	% of GDP	-0.3	-5.8	-3.5	<b>-0.8</b>
Tax Revenue	% of GDP	14.4	13.9	14.7	<b>16.4</b>
Government consumption	% of GDP	9.7	17.6	18.5	<b>18.6</b>
Public expnd. on edu.	% of GDP	3.4	3.3	3.6	<b>3.7</b>
Public expnd. on health	% of GDP	1.2	1.4	1.3	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	1.5	1.6	-	-

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security.

## 7 | Organization of the Market and Competition

Generally, Togo lacks the foundations for sound market-based competition. Regulatory burdens mean that the business climate in Togo is not very investment-friendly. For instance, starting a business takes an average of 53 days. Obtaining a business license takes almost a year. Private sector development is very slow. The allocation of foreign aid is crucial for investments into the country's neglected infrastructure.

Market-based competition

Regulations on the labor 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.

Many key sectors of the economy are still in the hand of either a few individuals or government enterprises. A further privatization and adequate steps to attract foreign and domestic private investment are part of a strategy to stabilize macroeconomic stability and growth, but they have not yet been put into practice. It is unlikely that such an effort will be made before the next elections.

Anti-monopoly policy

Created in 1989, the Togo Free Zone-SAZOF aims to promote foreign trade and attract investments by facilitating competitive conditions for export-oriented businesses in Togo. As long as Togo's economy continues to be highly subject to political influence, a more dynamic development can hardly be expected. The Togolese population has yet to reap the benefits expected from the development of the free port of Lomé because the harbor remains in the hands of a few businessmen close to the political elite, who share the profits.

Liberalization of foreign trade

As a consequence, Togo's economic freedom score has dropped from 48.9 to 48.7, making its economy the 154th freest in the 2009 Index by the Heritage Foundation. Togo is ranked 33rd out of 46 countries in the sub-Saharan Africa region.

The banking system in Togo has deteriorated since the early 1990s because of unprofessional government involvement in lending and banking decisions. As a consequence, the IMF requested in June 2007 a reform of the banking sector, which included measures to privatize government-run banks and avoid under-capitalization. The system was then put under the close survey of the West African Economic and Monetary Union (WAEMU). Increasingly more banks are entering the market and expanding their branch networks and services (e.g., more consumer-friendly banking, loans for mid-sized businesses). Banque Atlantique and Ecobank, which is also building its pan-African headquarters in Lomé, are just two examples.

Banking system

In addition to traditional banking, the microfinance system plays an important role, especially for small and medium scale industries, even in the informal sector. It is estimated that in March 2007, 345,000 people benefited from micro-credits.

## 8 | Currency and Price Stability

As a member of the CFA franc zone, the country cannot pursue an independent monetary policy. The CFA franc is pegged to the Euro, and the central bank of WAEMU is largely independent. Inflation generally remained low until 2007, averaging 1.8% between 2005 and 2007.

Anti-inflation /  
forex policy

The dramatic increases in food and fuel prices in 2008 pushed the inflation rate to approximately 9% in that year. These price spikes for some food items and energy poses a serious problem for the population. According to the trade unions, the price of corn – a staple food in Togo – has increased by 183.33 %. The price of bread has increased by 175%, meat by 66.66%, rice by 21.43%, while fish prices have doubled. During the same period, charcoal prices have risen by 150% and those for cement by 35%.

According to an IMF country report published in October 2008 (No. 08/370), Togo's performance under the current PRGF, which commenced after the government settled debt arrears with donors in April 2008, has been "exemplary" thus far. In November 2008, Togo reached the completion point for the Heavily Indebted Poor Countries Initiative (HIPC). The IMF predicts real GDP growth of almost 4%, driven by donor-financed public investment, improved business confidence, growing regional trade and an increase in cotton and phosphate production. The IMF itself, the Banque Oest Africaine de Developpement (BOAD), the EU as well as a good number of bilateral donors, including France, Germany and the United States have promised considerable assistance for investments into expanding the port, road infrastructure, electricity networks, political institutions, the banking system and reforms in the public sector. However, full compliance with the PRGF will be difficult because it requires comprehensive reforms in finance governance and the restructuring of key sectors such as cotton, phosphate, transport, electricity and state banking. These huge challenges will be further complicated by probably adverse international conditions, particularly the international economic crisis.

Macrostability

## 9 | Private Property

The judicial system does not sufficiently protect private property. The influence exercised by the executive is too strong. There are hardly any reliable inheritance and property protection laws. And where they exist, they are not adequately enforced. As for most of the laws, contracts are difficult to enforce. The ongoing reform of the judiciary needs to address these issues.

Property rights

Because of the state of quasi-lawlessness in many sectors of the land, there is a substantial black market for illegally imported products, mainly electronics, computer software and cosmetics.

A limited sector of small-scale enterprises covers a greater part of the Togolese' day-to-day consumption needs. But the private sector is comprised primarily of the agricultural sector, which employs 65% of the country's labor force in both subsistence and small-scale commercial farming.

Private enterprise

On a larger scale, there are still too many hurdles to developing a stable private sector. Government procurement contracts and dispute settlements are subject to corrupt practices. In addition, investment is permitted only in certain sectors. Every investment must have a minimum value, and is screened on a case-by-case basis, which opens doors to further bribery. The lack of transparency and predictability, and the high informal transaction costs inhibit robust investment. Foreign exchange accounts need prior government approval.

## 10 | Welfare Regime

Togo's welfare system is minimal and it is available only to government employees and those employed in the formal sector. Monthly minimum wage has been increased to CFA 28,000 (€42.68), which is hardly enough to feed an individual for a month. Moreover, all government employees receive CFA 5,000 as a monthly transport allowance.

Social safety nets

Pension schemes in Togo are not adequate enough to guarantee their beneficiaries a decent living. Despite the fact that the median age in Togo is 18.6 years (i.e., almost half of the population is younger than 18), the current system can no longer be financed. This is why the government has been negotiating with unions to increase the pension entry age for civil servants to 60, which would put further pressure on the labor market.

The state of Togo's health services system is lamentable and there is no public health insurance system in place. Individuals suffering hardship or accidents rely either on the help of family (or clan) members or that of a traditional mutual assistance schemes. These schemes are self-organized by their members, who provide services either on a rotating basis (e.g., rotating savings clubs (tontines)) or in the event of an emergency.

Togo does not provide equal opportunities to all citizens. While the political factors that disadvantaged the southern part of the country until 2006 no longer play an important role, having a sufficiently wealthy family or relations in the administration remain important when securing formal employment. Apart from these inequalities on the basis of family or clan background, there are severe disadvantages for girls in the Togolese education system. The exclusion of women from key activities has not improved at all. Moreover, socioeconomic differences continue to marginalize an increasingly wider strata of society.

Equal opportunity



## 11 | Economic Performance

The output record of the Togolese economy remains weak. Apart from domestic problems such as a poor infrastructure, erratic electricity supply, slow foreign investment, the suspension of international aid, and an adverse sociopolitical environment, the increase of imported food and fuel prices in 2008 also had a severe impact upon the economy. Moreover, severe flooding in 2007 hit the country's already rudimentary infrastructure hard.

Output strength

Phosphate once provided 40% of the country's revenues from exports and made up more than 20% of Togo's GDP. Since 1997, however, production has fallen from an annual 5.4 million metric tons to 800,000 – primarily due to corruption and mismanagement.

As a result of all of these factors, economic growth in 2008 was negligible and the inflation rate at about 9%. Due to government spending on subsidies, the account deficit went from 6.6% of GDP in 2007 to 11% of GDP in 2008.

## 12 | Sustainability

Togo's record on environmental policy remains poor. Deforestation rates remain high at an annual rate of 1.4% of the forest and there are no visible attempts of reforestation. This is attributable mainly to slash-and-burn agriculture and the use of wood for fuel. The government aims to influence a change in habits by subsidizing kerosene and household gas as a substitute for the domestic use of firewood, but to no avail.

Environmental policy

Water pollution presents health hazards and hinders the fishing industry. Air pollution is increasingly rapid in urban areas. But the government has yet to formulate any policies on pollution. It should be mentioned, however, that the environment in most Togolese towns is much cleaner compared to years past, as some waste management efforts have begun to yield improvements.

At the time of writing, an association founded by the former Minister of Human rights Djovi Gally has been organizing resistance to the construction of 150 luxury villas on Lomé's open beach in order to preserve the beauty of the capital's marina and avoid further environmental degradation.

The entire education system in Togo is in shambles and must be comprehensively reformed. The universities are overcrowded, and they lack materials, staff and learning facilities. Private schools are expensive – and not always of better quality.

Education policy /  
R&D

The poor state of the system is mirrored in alarming literacy rates, which are at only 56.9% for the overall population and only 39.6% for women. Two million Togolese students are taught by only 40,000 teachers.

Serious attempts to improve the situation have already begun in the primary school sector, including measures to reinforce and strengthen teacher training. However, plans to improve secondary and tertiary level education have yet to be developed and implemented.

## Transformation Management

### I. Level of Difficulty

The external factors influencing the government's capacity to induce systemic transformation have definitely not become more favorable, both in 2007 and in 2008. The country has been hit by regular shortages of electricity, because supplies from neighboring Ghana and Nigeria were no longer stable. In October 2007, floods in the north caused severe and unforeseen damage to the country's infrastructure. Later in June 2008, the same happened in southern Togo, with even more serious damages incurred to the crucial south-north road connection, which is a life line for the hinterland of the port of Lomé and includes Burkina Faso and Niger. The sharp increases of food and energy prices, combined with the impact of the global economic crisis, have made matters worse for efficient governance.

Structural  
constraints

Togo is a small country with relatively few natural resources. It depends to a large extent on commercial and subsistence farming. The price of phosphate, the country's single most important raw export, is expected to drop drastically on the world market.

In addition, the country only produces some of the energy that it needs. Togo is dependent on neighboring Ghana and Nigeria for electricity supply. Access to electrical power remains a luxury for most of the Togolese population, whose main source of energy is firewood and charcoal, which combined comprise 80% of the country's energy.

The once booming tourism industry is no more because of the neglect of the country's beaches, park and wildlife during the political crisis. International conferences, once an important economic factor, are nowadays organized in neighboring Ghana or Benin rather than in Togo.

Migration has had a dramatic negative impact on the country's labor force in the last two decades. Many qualified Togolese can be found in Europe but also in neighboring West African countries.

Finally, Togo's education system, which once functioned well at all three (primary, secondary and tertiary) levels, has disintegrated, leaving behind a dearth of qualified Togolese for new enterprises.

Civil society development is a very recent phenomenon in Togo. This is primarily due to the fact that under the dictatorship of General Eyadéma, any gathering that had not been organized by the government was likely to face fatal consequences.

Civil society traditions

Today, there are hundreds of NGOs and associations in all spheres of public life that exercise their right to freely express their opinion or form self-help groups. This has resulted – mainly in the cities – in the creation of a multitude of different associations, often competing against each other for both the right to represent their clientele and for donor support. This indeed is a clear sign of freedom. Some of these civil society organizations must exercise greater transparency in defining their operational mode and objectives. It remains to be seen whether such associations will gain the same strength in rural areas that they have in urban areas, especially Lomé.

During the period under review, the concept of civil society networking also became popular. There are notable partnerships between various interest groups that have been forged around issues such as elections, gender and microfinancing.

The high potential for conflict that existed under Gnassingbé Eyadéma's rule through the ethnic polarization and the militarization of society can no longer be considered the one crucial impediment to Togo's development. Both elements still need to be paid attention to even though they no longer form the most important determining factors in conflict.

Conflict intensity

It should be mentioned that Togo has not yet encountered severe tensions between different religious groups. Generally, the relationship between Muslims and Christians is amicable. Cooperation is sought by both groups on many occasions.

It is also remarkable that the conflicts between pastoralist and agriculturalist tribes have become less important in recent years, although they still need attention in order to protect the environment.

Sentiments of distrust and mutual antipathy between the people in the south and those in the north still need to be addressed. Having enjoyed the spoils of the system throughout much of recent history, northerners still hold an unduly high number of relevant public offices compared to their counterparts in the south.

There are sharp class differences in Togo, but these have not led to a situation of violent conflict in the past and are unlikely to do so in the future.

## II. Management Performance

The nomination of Gilbert Houngbo as prime minister, who had been Africa Director at the United Nations Development Program, was a sign of the president's intention to foster efficiency and results in policy implementation. Despite the fact that political difficulties still exist as a result of previously established malpractices, an effort to improve the government's performance in terms of service delivery and in facilitating economic development is now on the country's agenda. The government seems to have understood that the next elections cannot only be won by the use of force, but that people need to be convinced by government's action.

### 14 | Steering Capability

It remains unclear whether the political leadership as a whole is committed to both political and economic transformation.

Prioritization

However, the transitional government of Agboyibo clearly emphasized the organization of a meaningful electoral process, with remarkable success. Agboyibo's party, Action Committee for Renewal (CAR), was punished for this non-partisan approach and lost a lot of votes to a more radical opposition party, Union of Forces for a Change (UFC). Agboyibo accepted responsibility for this defeat and resigned as party leader.

No clear priorities were recognized in his successor Mally, whose administration had a rather very unclear legacy.

With the Houngbo government in power, things have changed substantially. In its first meeting, Houngbo's cabinet defined education, health, road infrastructure, water, energy, youth employment and the reform of the judiciary as priority areas. A couple of implementing measures such as the cancellation of school fees, assistance to the electricity company Togo-CEET, and first steps in the judicial reforms demonstrate a serious desire to stick to these priorities.

The president seems to support this new approach of accountability in policy implementation. He attended the African Peer Review Mechanism (APRM) regional meeting in Cotonou (Benin). Togo recently acceded to the APRM and is preparing its first country report.

Since the priorities listed under “prioritization” were set only in the last quarter of 2008, it stands to be observed whether the present government will have sufficient backing and steering capacity to see at least some of the reforms implemented through before the end of the current legislature.

Implementation

The administration definitely has the support of the international community for these efforts. Apart from the traditional partners, such as the United States, France and Germany, China and India also supported the country with development aid during the review period. In addition to the revitalization of bilateral cooperation, international organizations like the IMF, the BOAD and the European Union are also reinforcing their assistance to Togo. The IMF in its last report described the efforts of the Togolese government as sufficient enough for its decision to grant additional financing. In January 2009, the European Union decided to open a representation with full competence in Lomé in the course of the year (thus far, the EU has been coordinating its activities from Accra, Ghana). These moves on the part of the donors can be interpreted as signals of faith in the Houngbo administration to further transformation. It will be of crucial importance that these efforts not be interrupted during the presidential election campaigns in the second half of 2009.

The first moves made by the Houngbo government at implementing the policies mentioned under “prioritization” underscores his and his government’s willingness to correct some of the mistakes of the past and to demonstrate more result-oriented approach. There seems to be a genuine desire to improve overall performance.

Policy learning

Senior government officials meeting at the end of 2008 in Kara, a town in northern Togo, made some effort to discuss the effects of measures taken and to readjust certain decisions. A permanent evaluation system that includes self-monitoring and evaluation mechanisms, and the creation of respective think tanks or other bodies to assist in this process, does not yet exist. The actual reform process still seems to have been developed quite spontaneously.

The process of reform in Togo is also highly volatile and might easily be reversed when pressure is put on the government as, for example, the next presidential election draws near. There are already signs of the president reverting to the propagandistic practices of his father, with campaign posters glorifying him as the savior of the nation and with cash handouts to the security forces.

## 15 | Resource Efficiency

Togo is still suffering from an underutilization of assets and other opportunities which could be used by the government. The new reform processes have not yet led to an efficiency oriented governance approach in most areas. For example, the potential output from the free port of Lomé is underexploited by up to 80%. This is one important reason why the national budget is in deficit.

Efficient use of assets

Also, whereas children are now attending school, there are not enough teachers to teach them, despite the high numbers of potential teaching personnel in the country. Most of the qualified Togolese teachers waiting for an opportunity to work in their own country again are abroad because the former government, suspicious of educators, drove them away from investing their money and efforts in Togo. There are no consequent efforts yet to offer these people career or investment opportunities in their home country.

Donor confidence constitutes the most important resource in providing an initial push toward development growth in Togo. Some precarious gains have been achieved that must not be destroyed through erratic or even systematically erroneous policies in the course of preparing the presidential elections of 2010.

The coordination between the presidency and the prime minister's office appears to run more smoothly. The prime minister's efforts to harmonize the government's policies in different sectors are also evident. These are steps into the right direction which, however, are still far outweighed by the corrupt and criminal practices of many members of the current administration – at all levels. These can hardly be controlled without appropriate laws to curb the situation

Policy coordination

Corruption has become a very serious subject of debate in Togo. The whole society is aware of the need to undertake decisive steps to eradicate this problem. However, this seems to be the most difficult policy step to take because it would cut the lifeline of large parts of the current Togolese elites. Yet, in July 2007, a law against money laundering was enacted after serious debate in parliament. Nevertheless, there are serious concerns regarding the threat of financial criminal behavior as Togo becomes a transit country for drug smuggling, especially cocaine.

Anti-corruption policy

## 16 | Consensus-Building

The consensus on transformation goals remains somewhat fragile. There are still some key cleavages running through Togolese society that result from the regional and ethnic discriminations of the past, the exclusion of any opposition movement and from the high socioeconomic disparities found in the country. Nonetheless, the majority (e.g., the governing party and most of the opposition) agree on the country's need to regain economic strength, a view shaped by the severe hardships experienced by many Togolese in everyday life. Political change, requested by many, is also seen as an instrument for urgently needed social and economic development. On the one hand, these daily hardships might lead one day to serious social strife. On the other hand, citizens appear willing to support any government that shows genuine concern for the problems of the majority. This is why President Faure Gnassingbé seeks to portray himself as a dialogue- and people-oriented leader.

Consensus on goals

The RPT's purely anti-democratic elements are no longer as important as they had been before 2005. They are still strong enough, however, to endanger any serious attempt made by President Faure Gnassingbé to further democratization. Whether this will happen in the course of preparing and conducting the next presidential elections, and perhaps in collaboration with the leaders of the army, will be a key question for the coming period. President Faure Gnassingbé's brother, Kpatcha, might play an important role in this respect. He and some people in the military and RPT leadership know about the disadvantages they will have to face in the event of a change in government.

Anti-democratic  
veto actors

In addition, it must be noted that democratic rules of the game as well as a culture of transparency and accountability are not fully respected among even the new elites of Togo, including the opposition political parties. Strengthening democratic practices at all levels of society, from grassroots associations to political parties through parliament, is of the utmost importance.

Government is no longer pursuing a policy of creating or stimulating conflicts in order to exercise its authoritarian regulatory power. However, there are no consistent policies in place to systematically address emerging conflicts in the country.

Cleavage /  
conflict  
management

Nevertheless, there have been some positive steps taken. The administration recognized, for example, that the environmental problems arising from nomads and their cattle herds during transhumance, which often leads to problems with settled farmers, whose agricultural production is endangered, must be addressed. A national committee is now trying to find lasting solutions to this conflict by taking into consideration views from both sides.



Due to the oppressive and corrupt nature of the previous regime, which affected almost every institution in the country, there are few non-governmental actors that are powerful enough to mediate in actual or future conflicts. The NGOs that specialize in conflict prevention and management are not yet strong enough to play a decisive role. Even religious leaders need to demonstrate an attitude of independence and neutrality before they can play a mediating role.

The present government seems to be much more open to civil society participation than any government heretofore.. The inefficient use of civil society organizations' capacities is often due to the weakness of the NGOs' administration and membership structure than to the government's reluctance to engage with them.

Civil society participation

Enhanced dialogue between NGOs and government is slowly but surely becoming a reality. Both sides must work hard to overcome the distrust in the present situation that has been nourished by the poor state of relations in the last twenty years.

The desire for investigations of human rights abuses under the former regime and even at the beginning of President Faure Gnassingbé's mandate is growing stronger and would be an important factor in facilitating a deeper reconciliation process in Togolese society. In practice, the process is slow. But it is remarkable that both the president and the president of parliament declared their preparedness to participate in the national reconciliation process started in April 2008. This process foresees national consultations about the contents and the scope of the mandate of the commission, which is tasked with a process of "Vérité, Justice et Réconciliation." Since the turmoil of 2005, however, many Togolese continue to reside in neighboring Benin and Ghana, and there have not been many efforts made to reach out to them. The reconciliation process should provide a clear picture of past violent acts and propose measures to compensate the victims.

Reconciliation

## 17 | International Cooperation

Substantial support from donors to the Togolese government only started about two years ago. The numerous activities and cooperation programs such as the PRGF and HIPC completion point are clearly connected to the progress made in political transformation. The use of the aid given in the past was strictly and rigidly supervised by the donors themselves. Support from donors should be used in a most efficient and transparent manner. It must involve, as stated in the Paris Declaration and later reaffirmed in the Accra Agenda for Action, all players in society in order to gain public support and the international community's confidence. The fact that Togo is trying to participate in NEPAD's peer review mechanism, APRM, is clearly a sign of the willingness to change.

Effective use of support

A conflict between the international lending organizations and the government of Togo as regards credit from China on the order of €4.9 million is still unresolved. Togo's traditional partners consider the conditions of this agreement to be counterproductive with regard to the other loan schemes from which the country benefits. Apparently, the government is not yet strong enough to set rules for an alignment of donor support to national policies and a systematic harmonization process of aid.

The single most important event to consolidate the government's recently won credibility among the international community and among the Togolese population is the organization of free, fair and transparent presidential elections in 2010. As of now there are still two deeply contrasting interpretations of the government's actual intentions: those who believe in genuine transformation and are hopeful that a democratic era has just begun, and those who believe the government's attitude is a masquerade camouflaging its attempt to stay in power at all costs. The conduct of the presidential elections, scheduled for 2010, will prove decisive.

Credibility

Togo is a member of all relevant regional, African and international organizations. President Faure Gnassingbé and the other members of his administration are trying to return to a situation where Togo plays a constructive role as regional mediator and host to international meetings. In the beginning of General Eyadéma's regime, this not only politically trumped Togo's diplomacy, but it also lost the opportunity to host international conferences organized in Lomé. To finally re-establish such a role, a legitimately elected president will have to emerge from the 2010 elections.

Regional  
cooperation

## Strategic Outlook

Like most sub-Saharan countries, Togo faces several problems at the start of 2009: the global economic crisis and its related effects on credit, the overall decline of economic growth, rising food costs, erratic energy prices, and the HIV/AIDS pandemic. But there are a few key issues the country must address if it hopes to reach a level of development on par with that achieved by other, more successful African countries, such as neighboring Ghana.

Togo's government must win the trust and confidence of its own population as well as that of the international community. The reforms implemented during the last two years have been met with a lot of support both within and outside the country. The prevailing question among Togolese citizens and of observers, however, regards the genuine character of these attempts to democratize Togolese society. This is a question of credibility. Unless confidence is built in the sustainability of the current process, Togo's transformation process will not succeed. The following challenges should be addressed:

First, the presidential elections of 2010 need to be conducted freely and fairly. Donors should therefore make an effort to accompany this electoral process. Voter registration must be thorough and transparent. Civic and voter education must be reinforced. Election monitors from political parties and civil society groups must be trained and equipped in sufficient numbers. International observers have to be on the ground as early as three months before the elections, and should remain at least until the final results are declared. The security forces must be duly trained. More than anything else, however, it is important that the international community requests an independent Togolese electoral commission be established. Any incentives that can enhance the neutrality or impartiality of electoral commissioners should be supported by the international community.

The second most important issue is the fight against corruption and embezzlement of public funds in Togo's administration. Since donors' contributions will have to play a crucial role for Togo's economic resurrection, international partners must demand that their support will be accompanied by a clear and thoroughly monitored fight against corruption. Any activity that fosters law enforcement on this level should be supported. This includes taking pre-emptive steps to ensure that Togo does not become a transit country for drug-trafficking.

Donors should harmonize their approaches and align the priorities set by the current Togolese government, namely health, education, road infrastructure, and good governance. These targets are of utmost priority.

In order to overcome some of Togo's endemic development problems (i.e., over-centralized decision-making processes, the ruling party's dominance, rulers' distance from on-the-ground realities, regionalism), support for the thorough implementation of the formulated decentralization policy should be enhanced. This should be accompanied by support to civil society organizations at local and national levels.

Last but not the least, it seems important to support the process of regional integration in West Africa. Greater exchange – in both economic and political terms – would serve to benefit all stakeholders. Support should be given to measures aimed at reducing problems at the borders and which thereby reduce transaction costs. In addition, peacekeeping initiatives and observation measures in the West African region should be promoted.