The World Bank Group conducted face-to-face interviews with top managers and business owners of 150 enterprises in Togo from July 2016 through November 2016. The Enterprise Survey (ES) sample is representative of Togo’s formal private sector. The ES covers several aspects of business environment along with measures of firm performance. Below are the main highlights from the survey.

**Firm performance in Togo is positive and higher than comparators**

Between 2013 and 2015 firms in Togo experienced positive performance. Real annual sales growth doubled from 5% during the period 2005-2008 to 10% in 2013-2015. This is in contrast with the average negative growth rate for firms in economies in the same income group (-3.8%). Annual employment growth was also positive (8%), despite a small decrease compared to 2013-2015 when it was 9.5%. Despite this small contraction, firms in Togo still outperformed the average annual employment growth for firms in low income economies (6.3%).

**Firms also have better access to financial services**

The share of firms that have a loan or line of credit has doubled between 2009 (22%) and 2016 (42%). The percentage of firms using banks to finance working capital also increased from 17% in 2009 to 40% in 2016. On average, firms in Togo have better access to finance than firms in comparators economies. The percentage of firms with a bank loan or line of credit in the same income group is 22%—roughly half that of Togo, and the percentage of firms using banks to finance working capital in the low income group is 24%, also almost half that of Togo.

**The regulatory environment is more difficult for firms in Togo than in comparator economies**

In 2016, firms in Togo spent more time dealing with government regulations and obtaining licenses than in 2009. The percentage of firms that met with tax officials increased from 67% in 2009 to 77% in 2016. The percentage of senior management’s time spent dealing with regulations (“time tax”) also increased, from 3% in 2009 to 10% in 2016. On average, the regulatory and tax burden on firms in Togo is higher than the average for comparator economies. In low income economies, on average, 70% of firms met with tax officials and time tax was on average was 8.5 percent —lower than in Togo.
The share of public transactions that was accompanied by the request of a gift or informal payment (bribery depth) decreased substantially from 19% in 2009 to 7% in 2016. The share of firms that experienced at least one bribe payment request across six transactions involving access to utilities, permits, licenses, and taxes (bribery incidence) also decreased, equally substantially, from 16% in 2009 to 5% in 2016. Firms in Togo face lower bribery depth and lower bribery incidence rates than firms on average in low income economies (18% and 24%, respectively).

**Increase in imports has been accompanies by delays**

The percent of firms using material inputs or supplies of foreign origin increased substantially, from 72% in 2009 to 81% in 2016, suggesting improved performance in international trade. At the same time, the number of days it takes to clear imports from customs more than doubled, increasing from 8 in 2009 to 19 in 2016. Togo’s average of 19 days to clear imports through customs is the same as the average for low income economies. Yet, in terms of the prevalence of firms that use inputs of foreign origin, Togo substantially outperforms average for low income economies, 81% in Togo compared with 64% for low income average.

**Firms consider tax rates as the biggest business environment obstacle facing firms in Togo**

Among 15 areas of the business environment, 26% of firms in Togo chose tax rates as the biggest obstacle to their daily operations. Access to finance and political instability are the second-most and third-most frequently cited top obstacle among 24% and 9% of firms respectively. In 2009, access to finance was identified as the biggest obstacle by firms in Togo (24%), immediately followed by political instability (23%). In contrast, only 7% of firms cited tax rates as the biggest obstacle in 2009.