Togo’s economic freedom score is 57.2, making its economy the 104th freest in the 2022 Index. Togo is ranked 15th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Unlike many of the world’s other economies, the Togolese economy has grown during the past five years: relatively briskly from 2017 through 2019, more slowly in 2020, and then more rapidly in 2021. A half-decade trend of expanding economic freedom has continued as well. With a robust improvement in its fiscal health, Togo has recorded a 4.0-point overall gain in economic freedom since 2017 and has risen to the top half of the “Mostly Unfree” category. Making it over the threshold to the “Moderately Free” category would require additional improvements in financial freedom and rule of law.

IMPACT OF COVID-19: As of December 1, 2021, 243 deaths had been attributed to the pandemic in Togo, and the government’s response to the crisis ranked 111th among the countries included in this Index in terms of its stringency. The economy grew by just 0.7 percent in 2020.

BACKGROUND: French Togoland became Togo in 1960. General Gnassingbé Eyadema was installed as military ruler in 1967 and remained in power for almost four decades. Faure Gnassingbé, appointed to the presidency by the military in 2005 following the death of his father, was elected president later that year, and his Union for the Republic dominates Togo’s political landscape. In 2020, Faure Gnassingbé won a fourth five-year term pursuant to a 2019 constitutional change that permitted him to serve two additional terms. The economy depends heavily on commercial and subsistence agriculture, which employs about 60 percent of the labor force. Togo has one of West Africa’s few natural deep-water ports, and its secure territorial waters have become a relatively safe zone for international shippers.
Protection of real property is difficult because most land lacks clear title. The statutes governing property are poorly defined mixtures of civil code and traditional laws, and legal fights over inheritances are frequent. Enforcement of contracts is difficult. The opaque judicial system is inadequately resourced and heavily influenced by the presidency. Graft and corruption remain serious problems.

The top individual income tax rate is 45 percent, and the top corporate tax rate is 27 percent. Other taxes include value-added and property taxes. The overall tax burden equals 19.4 percent of total domestic income. Government spending has amounted to 19.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.7 percent of GDP. Public debt is equivalent to 57.6 percent of GDP.

The current five-year National Development Plan includes electrification of the country and extensions and upgrades of roads and highways. If the plan is implemented successfully, business freedom should increase. A Labor Code adopted on December 29, 2020, replaces the 2006 code. The World Bank estimated in 2019 (the most recent year for which data are available) that subsidies and transfers accounted for 8.7 percent of the government’s budget.

Togo has two preferential trade agreements in force. The trade-weighted average tariff rate is 12.2 percent, and one formal nontariff measure is in effect. Although foreign and domestic investors are generally treated equally under the law, the overall investment regime lacks efficiency. Credit to the private sector has increased, but the overall banking and financial system remains underdeveloped.