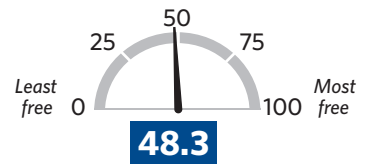


TOGO

Economic Freedom Score



World Rank: **155** Regional Rank: **36**

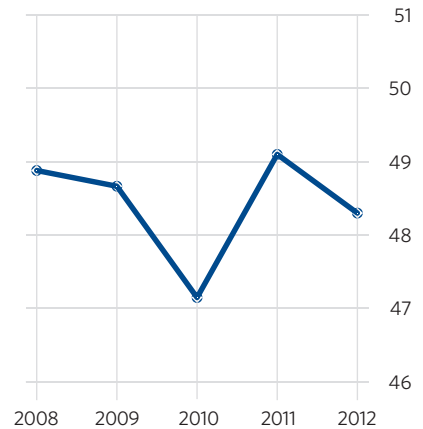
Togo's economic freedom score is 48.3, making its economy the 155th freest in the 2012 *Index*. Its score is 0.8 point lower than last year, reflecting declines in four of the 10 economic freedoms including freedom from corruption, business freedom, and the government spending category. Togo is ranked 36th out of 46 countries in the Sub-Saharan Africa region, and its overall score is well below the world and regional averages.

Economic progress in Togo is undermined by the weak foundations of economic freedom. Property rights are difficult to secure and enforce, and high levels of corruption have driven many people into the informal sector. The weak judicial system is vulnerable to political interference, increasing investment risk and slowing economic growth.

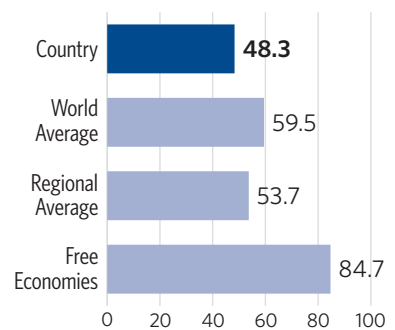
Togo's overall competitiveness has been held back by an inefficient business environment and weak public administration. State-controlled enterprises dominate key sectors, perpetuating poor productivity throughout the economy. An opaque regulatory environment, coupled with a lack of policies designed to facilitate flows of trade and investment, hinders the emergence of a vibrant private sector.

BACKGROUND: In 2005, the military appointed Faure Gnassingbé to serve as president following the death of his father, who had ruled for 38 years. Partly because of condemnation and sanctions by the Economic Community of West African States and the African Union, he stepped down. He then won the 2005 election, widely viewed as flawed. Legislative elections, judged relatively free and fair, were held in 2007, and Gnassingbé was re-elected in March 2010 in elections regarded as legitimate. Togo is the world's fourth-largest producer of phosphate. Cocoa, coffee, and cotton generate about 40 percent of export earnings, and cotton is the most important cash crop. Services, especially re-exports from the Lomé port facility, are also important.

Freedom Trend



Country Comparisons



Quick Facts

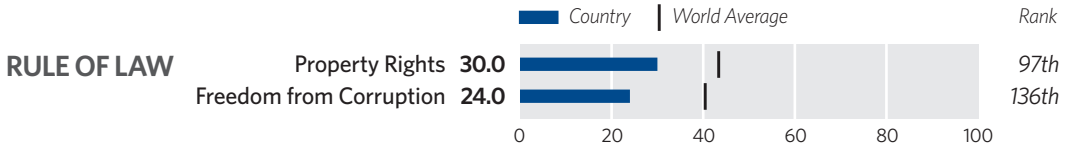
- Population:** 7.0 million
- GDP (PPP):** \$6.0 billion
- 3.4% growth in 2010
- 5-year compound annual growth 3.1%
- \$858 per capita
- Unemployment:** n/a
- Inflation (CPI):** 3.2%
- FDI Inflow:** \$41.1 million
- Public Debt:** 32.3% of GDP

How Do We Measure Economic Freedom?

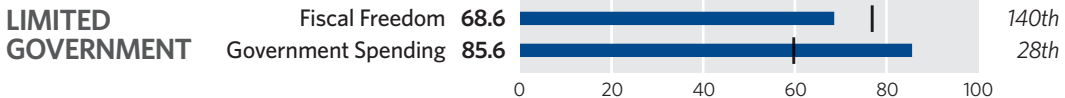
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
Data compiled as of September 2011.

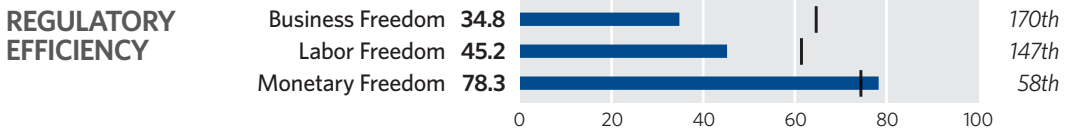
THE TEN ECONOMIC FREEDOMS



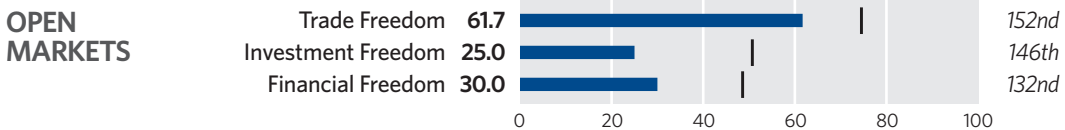
The judicial system is vulnerable to strong influence from the executive and does not provide independent protection of private property. Contracts are difficult to enforce. Ownership of physical property is frequently disputed due to poorly defined inheritance laws. Togo has a large informal market in pirated optical media, computer software, and counterfeit products. The executive and legislative branches are subject to corruption.



The top income tax rate is 45 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax (VAT) and a property tax, with the overall tax burden amounting to 14.5 percent of total domestic income. Government spending is equivalent to 21.9 percent of gross domestic output. The budget balance has fallen into deficit, and public debt stands at 32.3 percent of GDP.



Measures to improve the entrepreneurial environment have not been implemented effectively. The overall business environment remains quite burdensome. It takes 84 days to start a company, with the minimum capital requirement costing about five times the level of average annual income. The labor market is underdeveloped, and informal labor activity remains substantial. Inflation is moderate.



The trade weighted average tariff rate is prohibitively high at 14.2 percent, with onerous non-tariff barriers further increasing the cost of trade. Investment is permitted only in certain sectors and is screened case-by-case. Capital transactions are subject to some controls or government approval. The underdeveloped banking system remains subject to strong government influence and suffers from a lack of solvency and liquidity.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	+0.5	Business Freedom	-2.0	Trade Freedom	-0.5
Freedom from Corruption	-4.0	Government Spending	-3.0	Labor Freedom	+1.5	Investment Freedom	0
				Monetary Freedom	+0.2	Financial Freedom	0