

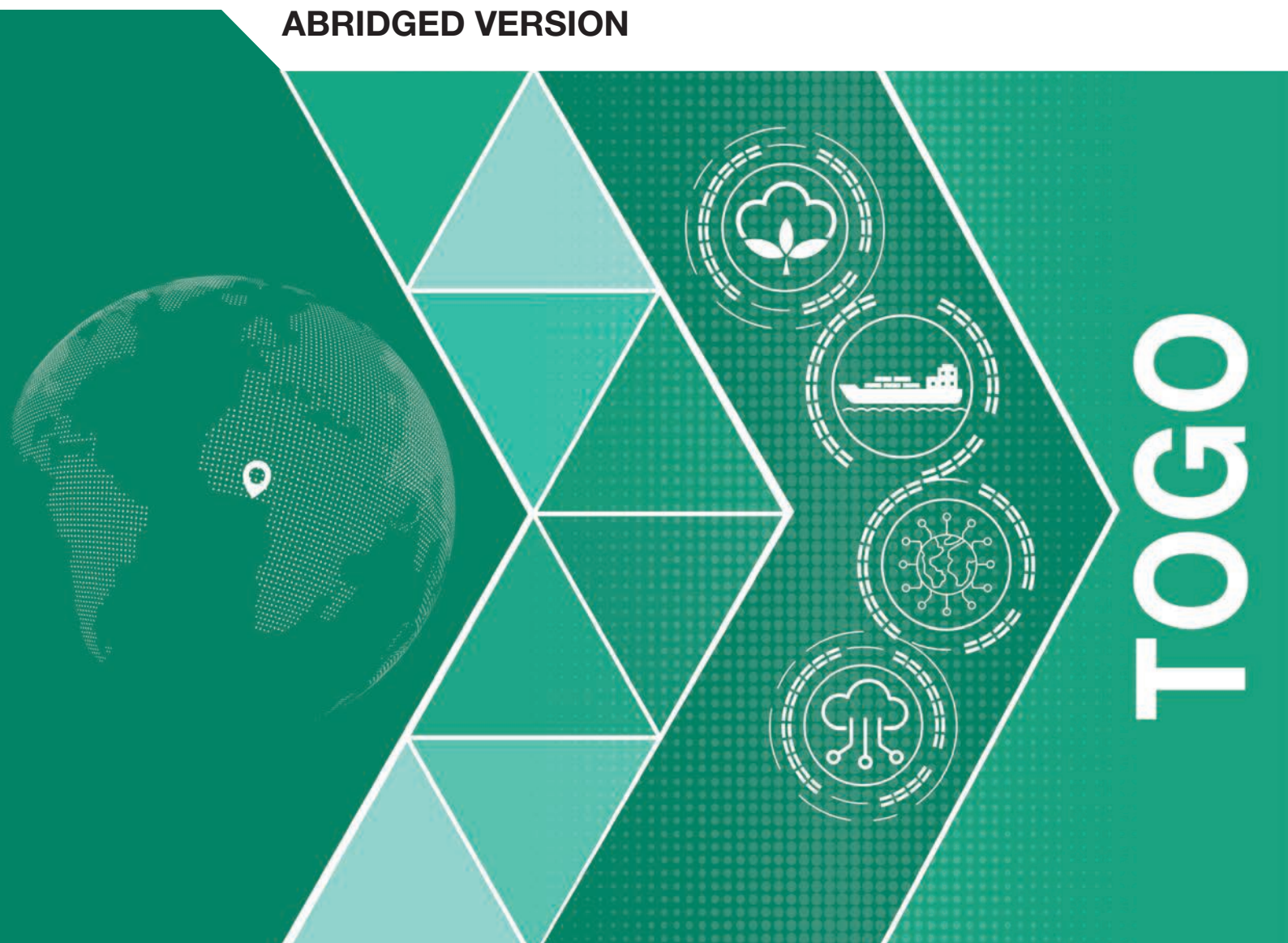


OECD Development Pathways

Production Transformation Policy Review of Togo

TOWARDS SHARED PROSPERITY

ABRIDGED VERSION



Production Transformation Policy Review of Togo (Abridged version)

TOWARDS SHARED PROSPERITY

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Foreword

The Production Transformation Policy Reviews (PTPRs) serve as an OECD policy assessment and guidance tool, aiding policymakers in crafting and implementing improved strategies for economic transformation. These reviews are enriched by international peer dialogues and discussions under the OECD Initiative for Policy Dialogue on Global Value Chains, Production Transformation, and Development.

The PTPR of Togo is the second PTPR carried out in Africa and in a Least Developed Country (LDC). It was requested by the Prime Minister of Togo and benefited from co-operation with the UN Trade and Development (UNCTAD), United Nations Economic Commission for Africa (UNECA), United Nations Industrial Development Organization (UNIDO) and the International Trade Centre (ITC).

The PTPR of Togo engaged an extensive process of consultation with multiple stakeholders in Togo and abroad and benefited from peer learning from Viet Nam (National Agency for Technology Entrepreneurship and Commercialization Development of Viet Nam) and Mauritius (Economic Development Board of Mauritius). It also involved the participation of several representatives of countries, the private sector and international organisations in a Peer Learning Group that steers each PTPR process hosted in Paris in July 2023.

Acknowledgements

The Production Transformation Policy Review (PTPR) of Togo was developed through a comprehensive policy review and consensus-building process involving several key stakeholders and international organisations. The report was led by the OECD Development Centre, in collaboration with the UN Trade and Development (UNCTAD), United Nations Economic Commission for Africa (UNECA), United Nations Industrial Development Organization (UNIDO), and the International Trade Centre (ITC). Ragnheiður Elín Árnadóttir, Director of the OECD Development Centre, Ashish Shah, Director of ITC's Country Programmes Division, Stephen Karingi, Director of UNECA's Regional Integration and Trade Division, Paul Akiwumi, Director of UNCTAD's Division for Africa, LDCs and Special Programmes, and Ciyong Zou, Deputy Director General and Director of Technical Cooperation and Sustainable Industrialisation facilitated the partnership that enabled the successful implementation of the PTPR process.

The PTPR process and the report were developed under the strategic guidance of Annalisa Primi, Head of the Economic Transformation and Development Division at the OECD Development Centre. Manuel Toselli, Economist, led the process implementation and report elaboration together with Abdul-Fahd Fofana former policy analyst at the OECD Development Centre. The report was authored by a team from the participating institutions, including Annalisa Primi, Manuel Toselli, Abdul-Fahd Fofana, Vasiliki Mavroeidi, and Pearl Herrero (OECD); Giovanni Valensisi, Piergiuseppe Fortunato, Habiba Ben Barka, Junior Davis, and Anja Slany (UNCTAD); Stephen Karingi and Koffi Elitcha (UNECA); Lily Sommer, Aissatou Diallo and Helge Senkpiel (ITC); Anders Isaksson and Christoph Hammer (UNIDO). Vicente Ruiz, Economist at the OECD Development Centre, and Donald Anani, National Startup and Ecosystem Coordinator at ITC, contributed to shaping the analytical content of the report during the second PTPR field mission. The report benefited from valuable feedback and suggestions from several OECD colleagues: Elisabeth Lambrecht (OECD Development Centre), Olaf Merk (International Transport Forum), Emily Bosh (Development and Co-operation Directorate), Steven Cassimon (Statistics and Data Directorate), Alberto Morales (Public Governance Directorate), Csaba Gaspar (Trade and Agriculture Directorate), and Philipp Heinrigs (Sahel and West Africa Club Secretariat). The publication process was overseen by Delphine Grandrieux and Elizabeth Nash, with editing by Andrew Brenner.

The report received invaluable contributions from two international peers. We are thankful to Heerun Ghurburrun, Regional Director for Europe, Economic Development Board (EDB), Mauritius, and to Tu Minh Hieu, Deputy Head, Innovative Startup Division of the National Agency for Technology Entrepreneurship and Commercialization Development, Viet Nam, for their inputs and perspectives.

We would like to thank all the authorities and institutions who initiated and participated in this project, in particular the President of the Togolese Republic, Faure Essozimna Gnassingbé and the Prime Minister, Victoire Sidémého Tomégah-Dogbé for leading the PTPR process in Togo and facilitating the involvement of all authorities through the Local Economic Transformation Task Force. We are grateful for the excellent organisational and technical support of several colleagues in Togo, especially Anumu Edem Ketogo, Adviser to the President of the Republic; Etsri Homevor, Director of the Office of the Prime Minister; Kpowbié Tchasso Akaya, Secretary General of the Ministry of Economy and Finance; Anumu Edem

Ketoglo, Adviser to the President of the Republic; Atoum Tchakpélé and Rose Akuitsè, Advisers to the Prime Minister. We would like to thank Togo's diplomatic authorities in Paris for facilitating the process.

Valuable inputs for this PTPR report originated from the Peer Learning Group (PLG) hosted in Paris in July 2023, which saw the participation of high-level representatives from 10 countries, 11 international organisations, and 12 representatives from academia and the private sector. We are thankful to the contribution of Dejene Tezera, Director of the Department of Agri-Business at UNIDO; Clairia Lloyd, Senior Manager of Processed Phosphate and Phosphate Rock at Argus Media; Daniel Trento, Advisor for Innovation and Business at Embrapa, Brazil; Soad Souleimani, Minister Plenipotentiary at the Embassy of Morocco to France; Naoyuki Yoshino, Professor Emeritus at Keio University of Tokyo and Former CEO of the Asian Development Bank Institute, Japan; Pierre Cariou, Senior Professor of Operations Management-Supply Chain and Information Systems at KEDGE Business School, France; Jean-Paul Rodrigue, Professor in the Department of Global Studies & Geography at Hofstra University, United States; Rahima Guliyeva, Principal Liaison Officer at the Bureau International des Poids et Mesures (BIPM); Karl-Christian Göthner, Senior Expert at the German National Metrology Institute (PTB), Germany; Steffen Kaeser, Chief at the Standard and Quality Infrastructure Division at UNIDO; Mauricio Céspedes, Executive Director of INTECO, Costa Rica; and Taffere Tesfachew, Acting Managing Director at the UN Technology Bank for Least Developed Countries.

The PTPR is the result of an extensive and open consultation with diverse stakeholders during two field missions in Togo in January and November 2023 that included the following activities:

- Two round tables on economic transformation in Togo, with around 50 representatives, including the peer countries – Viet Nam and Mauritius –, public and private sectors, development partners and civil society that discussed the strategies, public policies and partnerships needed to stimulate investment and trade, develop an innovation cluster and support agribusiness
- Bilateral meetings with development partners and Foreign Delegations in Togo contributed to enriching the discussion and supported the diagnostic process. We especially thank (in alphabetical order) the African Development Bank (AfDB), the Agence française de développement (AFD), the European Union Delegation, the German Development Cooperation (GIZ), the Japan International Cooperation Agency (JICA), the United Nations Development Programme (UNDP) and the World Bank Group,
- Semi-structured interviews with more than 50 experts from business, government, academia, and think tanks in Togo have been extremely relevant in shaping the report. We acknowledge the time and contributions of the following representatives of the following stakeholders (in institutional alphabetical order): Adétikope Industrial Park (PIA); Association of large companies in Togo (AGET); Autonomous Port of Lomé (PAL); High Authority for Quality and the Environment (HAUQE); Ministry of Agriculture, Livestock and Rural Development; Ministry of Commerce and Industry; Ministry of Community Development; Ministry of Digital Economy; Ministry of Economy and Finance; Ministry of Energy and Mines; Ministry of Investment promotion; Ministry of Maritime Economy, Fisheries and Coastal Protection; Ministry of Planning; Ministry of Research and Innovation; National Council of Employers (CNP); Presidency Office; Prime Minister's Office; Togo Chamber of Commerce and Industry (CCIT); University of Kara; University of Lomé.

This report benefited from the financial contribution of the Government of Togo.

Editorial

Togo, a small emerging economy in West Africa, has demonstrated progress and resilience over the last two decades. Sustained economic growth has led to improvements in poverty reduction and in the response to basic needs. The country has also mitigated the effects of COVID-19 through prompt support and the use of digital technologies.

While agriculture remains central, services and manufacturing increasingly contribute to Togo's economic dynamism. The country's strategic position as a trade corridor with other African countries has been strengthened by investments in port infrastructure and increased openness to international and regional markets.

Looking forward, limited production and trade diversification, as well as persistent productivity gaps, inhibit further progress. These challenges are exacerbated by regional insecurity risks and climate change, casting uncertainty over Togo's future economic trajectory.

To address those challenges, this report outlines a number of policy priorities, focusing on investment promotion, innovation, and integration within the African Continental Free Trade Area (AfCFTA). It stresses the need for collaborative approaches by the government, the international community, the private sector and regional partners. By leveraging its comparative advantages, fostering a conducive business environment and with the effective support of the international community, Togo can accelerate its industrialisation agenda and foster inclusive growth.

This Production Transformation Policy Review is the result of a longstanding co-operation between the OECD Development Centre, the UN Trade and Development (UNCTAD), the United Nations Economic Commission for Africa (UNECA), the International Trade Centre (ITC), and United Nations Industrial Development Organization (UNIDO). Together, we stand committed to supporting Togo throughout its journey towards economic resilience and progress, ensuring a future of shared prosperity for all its citizens and across all territories.

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Abbreviations and acronyms

ABAN	Africa Business Angels Network
ADC	Africa Data Centers
AfCFTA	African Continental Free Trade Agreement
AFD	French Development Agency (Agence française de développement)
AfDB	African Development Bank
AGET	Association of Large Enterprises of Togo
AGOA	African Growth and Opportunity Act
AIS	Automatic Identification System
ANPGF	National Agency for the Promotion and Guarantee of SMEs
API-ZF	Investment Promotion Agency
ATA	Agricultural Transformation Agency
ATN	Togolese Standards Agency
ATOMET	Togolese Metrology Agency
ATOPROQ	Togolese Agency for the Promotion of Quality
AU	African Union
BCEAO	Central Bank of West African States
BEPS	Base Erosion and Profit Shifting
BIPM	International Bureau of Weights and Measures
BOAD	West African Development Bank
CCIT	Togo Chamber of Commerce and Industry
CDF	Land and Property Code
CEET	Electric Power Company of Togo
CNP	National Employers Council
COMESA	Common Market for Eastern and Southern Africa
DAC	Development Assistance Committee
EBA	Everything But Arms
EPZ	Export Processing Zones
FAIEJ	Youth Economic Initiatives Support Fund
FDI	Foreign direct investment
FDR	Government Roadmap
FTA	Free-Trade Agreements
GDP	Gross domestic product
GFCF	Gross fixed capital formation
GFU	Single Land Registry
GNI	Gross national income

GSP	Generalized System of Preferences
GTI	Guided Trade Initiative
GVC	Global value chain
HAUQE	High Authority for Quality and the Environment
IAFP	Integrated Agro-food Park
ICT	Information and communication technology
INSEED	National Institute for Statistics, Economic and Demographic Studies
IPR	Intellectual property rights
ITC	International Trade Centre
ITU	International Telecommunication Union
JICA	Japan International Cooperation Agency
KFW	German Development Bank
LCT	Lomé Container Terminal
LDCs	Least developed countries
LLDCs	Landlocked developing countries
MNEs	Multinational enterprises
NQI	National Quality Infrastructure
ODA	Official Development Assistance
PCS	Port Community System
PIA	Industrial Platform of Adétikopé
PND	National Development Plan
PPP	Public-private partnership
PTB	National Metrology Institute of Germany
RDTII	Regional Digital Trade Integration Index
SADC	Southern African Development Community
SAZOF	Free Zone Administration Company
SDAI	Master Plan for Irrigated Agriculture
SDGs	Sustainable Development Goals
SPS	Sanitary and phytosanitary
TBT	Technical Barriers to Trade
TFP	Total factor productivity
WAEMU	West Africa Economic and Monetary Union
WARCIP	West Africa Regional Communications Infrastructure Program
WURI	West Africa Unique Identification for Regional Integration and Inclusion
ZAAP	Agricultural Planning Zones

Executive summary

Togo, a small yet growing economy in West Africa, has a gross domestic product (GDP) above USD 8.2 billion, the 39th largest economy in Africa. It has experienced sustained growth, averaging 5.5% annually over the past decade, which has contributed to poverty reduction. However, GDP per capita remains low compared to the Economic Community of West African States (ECOWAS) average.

Agriculture remains the backbone of Togo's economy, contributing 20% to GDP and employing 40% of the workforce. Togo is the largest exporter of organic soy to the European Union, reflecting its growing export-oriented cash crops. However, food insecurity remains a challenge, affecting over 60% of the population. The services sector, accounting for 52% of GDP, has expanded significantly, driven by financial institutions and public services. Manufacturing, though limited to 15% of GDP, is concentrated in low-tech industries such as food processing and textiles. Togo's economic structure remains fragile. 99% of business units are micro, small, and medium-sized enterprises (MSMEs) and 85.5% of firms operate informally.

Togo mostly exports primary commodities and agro-food products. Phosphates accounted for 14% of all gross exports in 2020-22. Togo's trade network is limited, with exports primarily going to Africa (64%), followed by Asia (17%) and Europe (12%). Most imports come from Asia, with the People's Republic of China (hereafter "China") alone accounting for 20%. Europe is the second largest source of imports.

Classified as a Least Developed Country since 1982, Togo faces several vulnerabilities, including rising temperatures and worsening droughts, particularly in the northern regions. Climate change risks are significant given Togo's economic dependence on agriculture. Additionally, economic development is concentrated around the capital city of Lomé and the Maritime Region along the coast, with poverty higher in rural areas (59%) compared to urban areas (24%). Additionally, transport and energy infrastructure gaps hinder local industrialisation aspirations. Energy dependency and high electricity costs make Togo less competitive compared to regional partners like Ghana and Nigeria. Regional instability also adds to Togo's development challenges, while simultaneously increasing its strategic relevance as a stable trading hub in West Africa.

Historically a trade corridor connecting landlocked African countries to the world, Togo has advanced its port and logistics sector, making it a driver of economic development. Hosting the busiest container port in the region, the Lomé deep-water port is central to Togo's economic dynamism. Recent improvements, including enhanced port efficiency and the establishment of a dry port, have bolstered its transshipment capabilities. Lomé handles significant transshipment traffic, with 67% of its goods transferred between vessels. Between 2021 and 2024, port efficiency improved, doubling the average container handling speed.

Togo has advanced in digitalisation, with broadband speed increasing from 25 Mbps in 2021 to 31.53 Mbps in 2023, now on par with Ghana and surpassing Benin. The 4G network coverage grew from 7.5% to 72% of the population between 2018 and 2022. In 2022, the government launched the Adetikopé Industrial Platform (PIA) and a dry port. Additionally, the government is fostering agriculture-based development with plans to build 11 agro-poles across all regions. The country is also investing in closing infrastructure and energy gaps, with last-mile and rural access and connectivity being the hardest challenges. The

government has also improved state capacity, creating new agencies for agricultural development, updating legal frameworks for investment, and enhancing the national quality infrastructure system.

To achieve shared prosperity, Togo needs to tackle its structural vulnerabilities. The government is committed to reforms, aiming to transform the economy, foster private sector development, and ensure inclusive growth, as outlined in the National Development Roadmap (FDR 2025). This plan emphasises social inclusion and industrial development, with the government seeking private sector investment to finance 80% of the USD 4.4 billion required for implementation.

Togo has a track record of implementing reforms and has built a reputation as a reliable partner in international markets. As a small economy in an emerging continent with clear aspirations, Togo needs to prioritise policy sequencing and build alliances for success. Five actions are key to accelerating progress and ensuring inclusive and sustainable development:

- **Prioritising inclusive and local development.** To really deliver on the inclusion and local development agenda, Togo needs also to continue modernising the state by strengthening planning, management, and implementation capacities in all ministries and at all levels of government, foster infrastructure development in rural areas and improve its capacity to foster youth inclusion as well as local community engagement.
- **Diversifying and upgrading domestic production:** Attracting more foreign investment is crucial to support the industrialisation process. Although FDI stock has been growing since 2000, it remains below Africa's average. Togo should diversify its network of international partners and prioritise forward-looking FDI.
- **Investing in innovation to increase productivity:** The current national strategy (FDR 2025) allocates only 0.1% of investment to innovation. Togo should strengthen its innovation policies through modernised extension services, targeted international partnerships, and a dedicated national innovation fund.
- **Capitalising on digitalisation and start-up creation.** Digital technologies can be a game-changer for Togo. Digital technologies can drive productivity growth, increase risk management capacity, and enhance government transparency, accountability, and efficiency. Togo's nascent start-up scene should be supported to develop into an effective ecosystem.
- **Scaling up international and continental partnerships.** Togo should have a targeted strategy to benefit from AfCFTA, leveraging the port of Lomé as a continental asset and not only as a national one. As a small economy in the African continent, there is a risk for the country to be marginalised in major international investment plans and partnerships. A well-crafted economic diplomacy agenda is needed to ensure Togo remains a priority for international partners and to foster higher co-ordination among them to support Togo's development aspirations. International partners are key for investment, sharing of know-how and technologies and for industrial partnerships to co-create local capabilities.

1 Assessment and recommendations

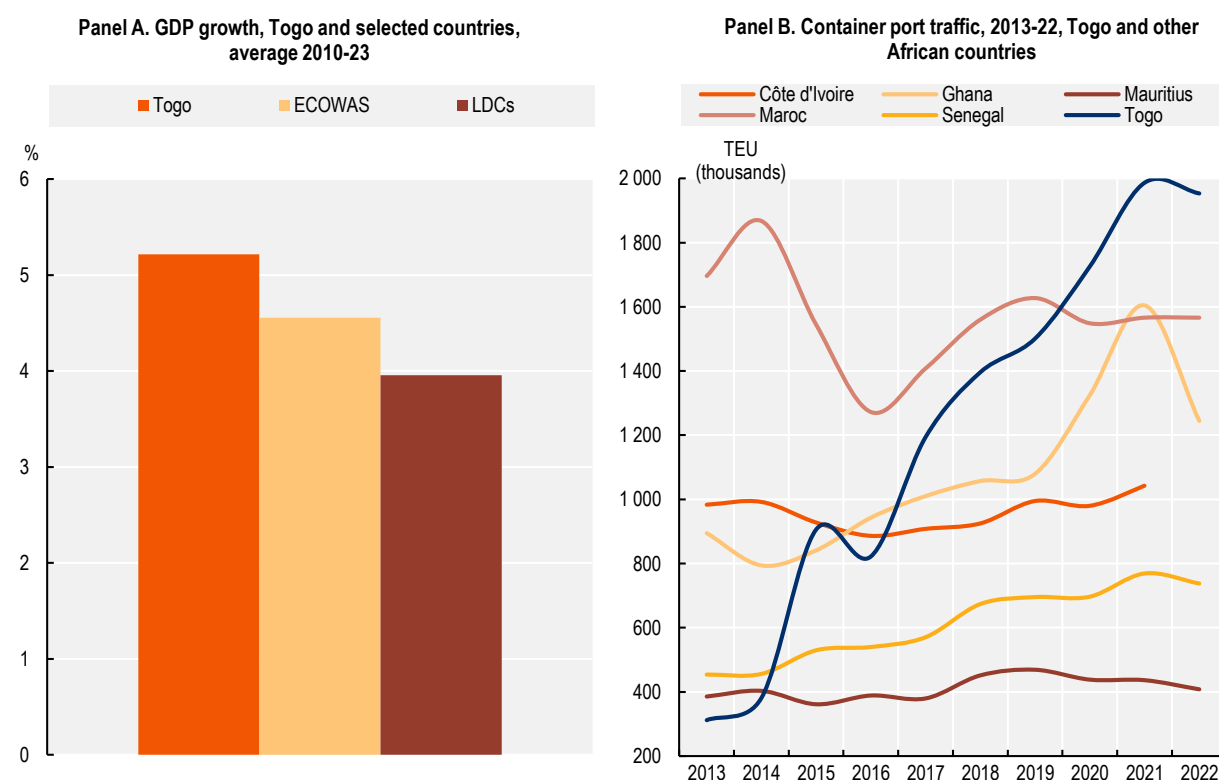
Togo is a small growing economy in West Africa. The country is home to the fourth port in Africa. It has a reputation of stability amid a challenging sub-regional context but is exposed to structural vulnerabilities, including high exposure to climate change and natural disasters. The government is committed to implementing reforms to translate growth into shared prosperity. The country, whose primary activity remains agriculture despite some recent emerging manufacturing and services activities, has a national strategy which prioritises investment attraction and local value creation and infrastructure development. Modernising the state with a focus on delivery, identifying game-changer projects and finding new ways to better benefit from international partnership and development co-operation are crucial steps to unleash the development potential of Togo.

A small, growing economy hosting the first container port in West Africa

Togo, a small West African country on the Gulf of Guinea. It has a population above 8 million people, the equivalent of 0.6% of the total African population. It is classified as a Least Developed Country (LDC) since 1982, and in 2021 had a GDP of 8.2 billion USD, representing 0.3% of Africa's GDP. In 2010 and 2023, Togo has been among the fastest growing economies on the continent, with an average GDP growth of around 5.5%, above the average of countries in the Economic Community of West African States (ECOWAS) (Figure 1.1, Panel A). Togo's growth, while contributing to a reduction in poverty from 61.7% of the population in 2006 to 43.8% in 2021, has not resulted in an effective increase in GDP per capita that remains at 71% of the average in the ECOWAS region.

Historically a trade corridor connecting landlocked African countries and territories with the rest of the world, Togo has advanced in making its port and logistics sector a driver of economic development. Established during the colonial period and expanded after independence in 1961, the Lomé deep-water port has grown into the most trafficked container port in West Africa, handling 75.5 million tons of cargo in 2022 (Figure 1.1, Panel B). The Lomé port today plays a crucial role as a transshipment hub, with 67% of its traffic involving goods transferred between vessels and directed to destinations. Between 2021 and 2024, port efficiency has improved. The average container speed handling time has doubled, from 0.4 to 0.8 tonnes per second. The dry port, set up in 2022, and the adoption of digital solutions have expanded business opportunities, streamlined customs processes, enhanced security and reduced inefficiencies.

Figure 1.1. GDP growth and container traffic



Note: TEU: twenty-foot equivalent unit.

Source: Authors' elaboration based on World Bank national accounts data, <https://data.worldbank.org/>, and Port autonome de Lomé <https://www.togo-port.net/statistiques-pal/>, 2023.

An agricultural and service-based economy with emerging manufacturing activities

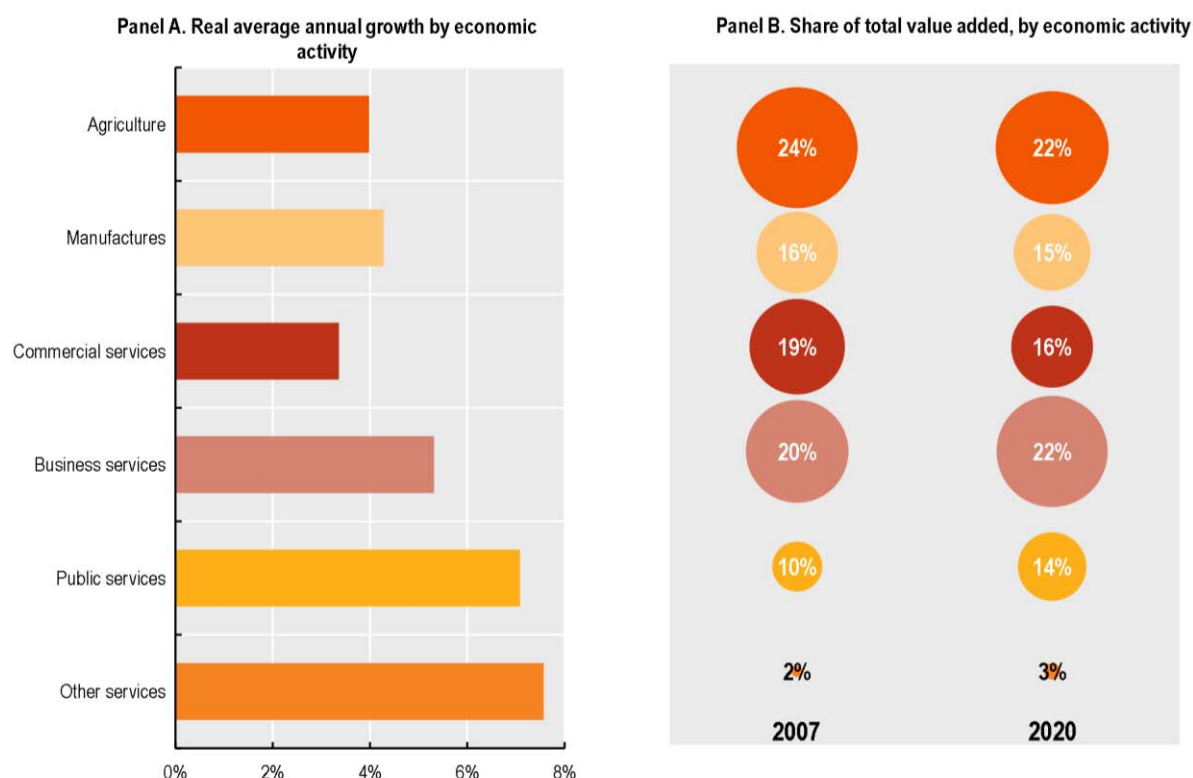
Togo's economy relies heavily on agriculture, which contributes about one-fifth of GDP, employs 40% of the workforce, and accounts for 35% of export earnings. Togo has 3.6 million hectares of agricultural land (70% of the total area), higher than Ghana (55%) and Benin (35%). Most land is used for temporary crops (54%), followed by meadows and pastures (26%), and permanent crops (4%). Agricultural production grew by 3% yearly on average between 2013 and 2022, outpacing the 2.5% population growth. Small, family-led farms dominate, producing 94% of output on plots under 3.5 hectares, with 52% of households managing less than 3 hectares.

In addition to staple foods like cassava, rice, yams, and maize, export-oriented cash crops such as cotton, cocoa, palm oil, and soybeans are increasingly important. Togo is the largest exporter of organic soy to the EU and the 7th largest importer of organic products into the EU, accounting for 5% of total organic imports.

Despite increased output and better food availability, food insecurity remains high, with 63% of the population experiencing moderate or severe food insecurity from 2020 to 2022, compared to 39% in Ghana, 33% in Brazil, and less than 10% in Viet Nam. Contributing factors include climate change, rising inflation of imported agro-food items and inputs, and high fertiliser costs, which rose by 45% between 2022 and 2023.

Since the mid-2000s, the development of financial institutions and public services has driven growth in the services sector, which accounted for 52% of GDP in 2023. Manufacturing has remained stable at around 15% of GDP, mainly in low-tech industries like food processing, textiles, and construction materials. Food processing is the largest manufacturing sector, contributing 46% of manufacturing value added and 31% of manufacturing employment (Figure 1.2).

Togo's economic structure is fragile: 99% of businesses are micro, small, and medium-sized enterprises (MSMEs), accounting for 80% of GDP. Most domestic firms (85.5%) operate informally, with an average of two employees compared to seven for formal businesses. Togo has only eight multinational enterprises (MNEs), mostly in marine shipping and insurance, primarily from Europe.

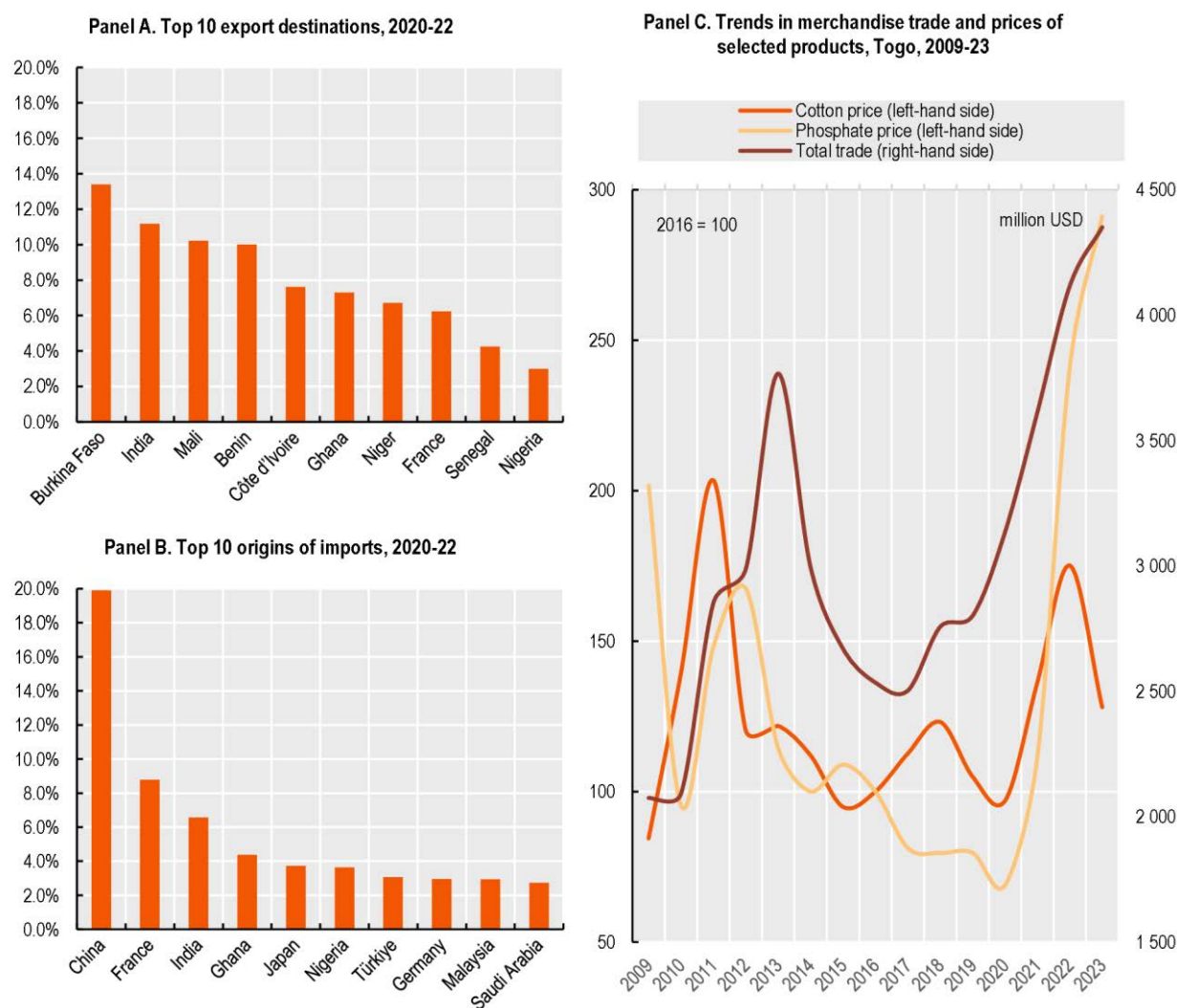
Figure 1.2. Agriculture and services account for 80% of GDP

Source: Authors' elaboration based on INSEED National Account Data, <https://inseed.tg>, 2023 and data from OECD-UNSD Multinational Enterprise Information Platform, <https://www.oecd.org/sdd/its/mne-platform.htm>, 2023.

Exports are concentrated on commodities and agri-food products. The top 20 products account for 82% of total exports. Phosphate accounted for 14% of all gross exports in 2020-22 and is mainly shipped to India where it serves as a main component in producing fertilisers. Following phosphate, plastic articles, beauty-related products, and cement each represented export shares varying from 6% to 8%. Other products include soybeans, cotton fabrics, and agro-food products.

Togo mostly exports to Africa and imports from Asia. The African continent accounts for 64% of total gross exports, followed by Asia with 17% and Europe with 12%. North America, on the contrary, accounts for only 3% of total gross exports. Asian countries, led by China with 20%, are Togo's biggest import partners, accounting for 48% of total imports, followed by European countries at 29%, with France leading at 9%. At the same time, re-exports play a significant role accounting for up to 22% of gross exports, highlighting the role of Togo as a corridor connecting landlocked countries with the rest of the world. Togo handles 90% of transit cargo directed to landlocked countries such as Burkina Faso, Niger and Mali (Figure 1.3, Panel A). The main re-exported products are fuels (30%) and transport products (26%), followed by textiles (13.5%) and vegetables (8.5%).

The relevance of trade in Togo's GDP has decreased over time. During the second half of the 2000s, trade as a percentage of GDP was relatively higher, notably due to high phosphate and cotton prices. However, these factors have dissipated since the early 2010s, as the ratio of trade over GDP decreased reaching 58% over 2019-22. Since 2021, global phosphate prices have increased due to rising global demand for fertilisers and supply disruptions, leading to a slight increase in trade incidence (Figure 1.3, Panel C).

Figure 1.3. Togo's trade diversification is limited

Source: Authors' elaboration based on Comtrade, <https://comtrade.un.org/>, 2023 and IMF Primary Commodity Price System, <https://data.imf.org/>, 2024.

Togo needs to tackle its structural vulnerabilities to achieve shared prosperity

Togo is exposed to a set of domestic and external vulnerabilities that hinder future progress:

- Togo faces significant climate change risks, with rising temperatures and worsening droughts, particularly in the northern regions. These conditions have severely impacted many products, particularly cotton, whose production dropped by 62% between 2018-19 and 2021-22. Poor rainfall distribution, soil degradation, and deforestation exacerbate the vulnerability of the entire agricultural sector, especially since most of it relies on rain-fed systems and limited technological adoption.
- Territorial divides limit development. Togo remains a primarily rural economy, with 57% of the population residing in rural areas as of 2022. Economic development opportunities are concentrated around the capital city of Lomé and in the Maritime Region along the coast. Poverty is higher in rural areas, at 59%, compared to 24% in urban areas, and exceeds 65% in the Savanes

region in the north. While the country is involved in a major effort to improve infrastructure across the whole national territory, rural areas lag in terms of transport, energy, and water infrastructure, which exacerbates their already high vulnerability. For example, while the national average electrification rate is 57%, in rural areas it is at 25%.

- Transport and energy infrastructure gaps hinder local industrialisation aspirations. Energy dependency and high electricity costs for industries, at USD 0.19 per kWh in 2023, make Togo less competitive compared to regional partners such as Ghana with USD 0.10 per kWh and Nigeria with USD 0.04 per kWh. Moreover, Togo heavily depends on energy imports, accounting for around 70% of total consumption and imports the totality of fuels.
- Mobilising domestic and foreign strategic investment will be crucial for Togo. Domestic public debt reached 68% of GDP in 2022, and access to international financing remains challenging, with critical projects like the rural roads expansion facing a funding gap of USD 88 million out of an estimated USD 97 million. Rising debt repayment obligations – with interest payments comprising 14% of government revenue in 2022 – and limited private sector investment capacity further intensify these challenges. External factors exacerbate these issues, such as surges in global energy prices, which strain the budget and impact ministries' operational capacities. In the banking sector, financial inclusion is high at 86%, and domestic bank capitalisation improved to 25% in 2021, yet private sector credit remains low at 27%, below the Sub-Saharan African and LDC averages of 34.4% and 35.5%, respectively.
- The escalating insecurity and instability in West Africa pose significant challenges to Togo's development ambitions, directly impacting regional trade and economic integration with key partners such as Burkina Faso, Niger, and Mali. Despite these obstacles, Togo's stability and reliability as a trading hub make it an increasingly strategic partner for the international community in efforts to manage and reduce regional instability.

Togo is committed to making reforms happen

Togo is a country in motion. It has a government committed to making reforms happen, with a clear vision for transforming the economy, fostering private sector development and making growth work for all.

The National Development Roadmap (FDR 2025) focuses on social inclusion and the equitable distribution of government initiatives across the entire country, and it prioritises industrialisation. It comprises 42 actions to be implemented between 2021 and 2025. 35 out of these 42 actions are linked to economic transformation, and account for around 70% of the total estimated budget of USD 4.4 billion. The private sector is expected to contribute to around 80% of the total estimated investment (Table 1.1). The FDR 2025 is co-ordinated by the Prime Minister's office and the Presidency monitors and ensures delivery through the Delivery Unit in the President's office. Each priority project has a lead ministry that acts as a co-ordinator of a taskforce composed of the relevant ministries and agencies involved.

Table 1.1. Togo's economic transformation strategy, based on the FDR 2020-25

Priority areas	Closing infrastructure gaps	Fostering digital transformation and startup promotion	Attracting FDI through special economic zones	Promoting local industrial development	Institutional and legal framework updates
Main actions	Expansion of electrification, rural roads, and national highways, along with the extension of both airport and port	Improving digital infrastructure, favoring access to digital technologies + digitalisation of public services. Improve and	Launch of the PIA (Industrial Investment Platform) and plan for 10 agro-poles (in the whole territory)	Targeted support to farmers (non-reimbursable support for seeds and fertilisers and tractors), mining and chemicals (including phosphate	Creation of the agricultural modernisation agencies, of Rural Areas, legal reforms to cut red tape, land reforms, reforms in

	capacities	increase financing options for micro, small, and medium enterprises (MSMEs), and develop a local innovation hub		production), awareness campaign to foster local consumption of domestic production, nation branding and improvements in the infrastructure system (QIS)	rules for management of state-owned enterprises
Main sectors	Agriculture, manufacturing and logistics	Horizontal	Agro-food and manufacturing	Mining and phosphate	All sectors, with a main focus on agriculture and agro-food
Main beneficiaries	All firms	All firms + public sector	Large companies (domestic and foreign)	Large companies	Farmers and all firms
Public (USD millions)	690	78	26	113	38
Private (USD millions)	1 798	82	188	2 062	4
Total (USD million and share of total)	2 488 (49%)	159 (3.4%)	214 (4%)	2 175 (43%)	42 (1%)

Note: For the purpose of this analysis focusing on economic transformation measures, the following measures with significant social components have been excluded: universal health coverage, healthcare emergency response plan, water and sanitation, housing development, digital banking, school enrolment capacity, and improving the quality of teaching.

Source: Authors' elaboration based on the *Feuille de route gouvernementale Togo*, 2024, <https://presidence.gouv.tg/feuille-de-route-gouvernementale-togo-2025>.

In the implementation of the FDR 2025 Togo has advanced on three main fronts:

- Closing infrastructure gaps.
- Modernising government institutions and governance.
- Updating the incentives schemes and the regulatory framework.

The following paragraphs resume the progress achieved so far.

Closing the infrastructure gaps

Togo's strategy strongly focuses on closing infrastructure gaps in transport and energy and in production related infrastructure through the setting up of Special Economic Zones (SEZ) to accelerate industrialisation, attract investment and foster production diversification with local value addition.

- In 2021 Togo inaugurated the **Adetikopé Industrial Platform (PIA)**. Launched through a USD 250 million Public-Private Partnership (PPP), PIA is conceived as a multi-sectoral industrial park located 15 km north of Lomé. It focuses on agro-food, light manufacturing, and textiles, with a strong emphasis on local cotton transformation. The platform includes industrial, commercial, and container facilities, as well as a residential area and is expected to create 35 000 jobs.
- To complement PIA, in 2022 Togo launched the dry port, located 27 km from Lomé Port. It covers 20 hectares and can accommodate 500 trucks and 12 000 containers. The dry port primarily serves as a handling and transit hub for trucks and containers connecting landlocked countries to the port. It extends the port's duty-free zone and offers warehouses, storage areas, and customs clearance services. Under the FDR 2025, the government plans to connect the harbor and dry port with a railway.
- **In parallel, the government is fostering agriculture-based development. Since 2020, as a plan to build 11 agro-poles across the whole territory of Togo to foster** agriculture-based development. The country started with the building of the first pilot project in the region of Kara.

The agro-poles project has an initial budget of USD 6 million from AfDB and BOAD for infrastructure development and targeted support to farmers to improve agricultural practices. Implementation has advanced more slowly than expected. Attracting private sector investment will be key to accelerating progress. To support the agro-poles, Togo is also working with local farmers to improve production techniques of smallholders through the creation of Planned Agricultural Development Zones (ZAAPs).

- Togo is investing in expanding its energy capacity, with recent projects including the completion of phase one of the 47 MW Kékéli Gas plant in 2021 and the development of a 50 MW hydropower plant in Tététou. The country also focuses on renewable energy, aiming for universal access by 2030 and targeting 50% of installed capacity from renewable sources by 2025.
- Togo is investing in upgrading transport infrastructure. The FDR 2025 outlines a USD 2 500 billion investment need from 2020 to 2025, with key projects including the N1 highway linking Togo to Burkina Faso (USD 2 billion) and the east-west corridor connecting Ghana and Benin. Togo has expanded and modernised the Gnassingbé Eyadéma International Airport, and is expanding the Niamtougou International Airport in the Kara region.
- Togo has made progress in deploying digital infrastructure. In 2023, the Equiano submarine fiber-optic telecommunications cable became operational, complementing existing connections, and is expected to deliver approximately 20 times more network capacity and significantly increase internet speeds.

Modernising government institutions and governance

Since 2015, Togo has implemented institutional reforms and created:

- in 2018, the Agency for the Promotion and Development of Agropoles (APRODAT), which aims to oversee the development of ten agropoles throughout the country and attract foreign investors.
- in 2018, the Agricultural Financing Incentive Facility (MIFA) to meet the challenges of agricultural financing. The aim is to provide players in the agricultural value chain with sustainable access to markets and appropriate financial and non-financial services.
- in 2019, the Ministry of Investment Promotion and the Investment Promotion Agency (API-ZF) to offer pre- and after-sales services to investors.
- in 2020, the State-Private Sector Consultation Committee (CCESP). It is chaired by the Prime Minister's Office, with special units responsible for overseeing the implementation of reforms and the development of businesses from the President's office.
- in 2022, the Agricultural Transformation Agency (ATA) as an implementing agency affiliated to the Ministry of Agriculture, responsible for technology transfer and extension services.

In parallel, Togo has strengthened its National Quality Infrastructure (NQI) system notably by establishing:

- The High Authority for Quality and the Environment (HAUQE): Created to oversee and co-ordinate the quality infrastructure framework, ensuring national product and service quality, adherence to international standards, and consumer protection.
- The Togolese Standardization Agency (ATN) responsible for developing and adopting standards.
- The Togolese Metrology Agency (ATOMET) that manages the control and calibration of measurement instruments.
- The Togolese Agency for Quality Promotion (ATOPROQ) which promotes a quality culture among businesses and the public.

Togo has advanced in using digital technology to increase government accountability, transparency and efficiency. Togo set up the National Cybersecurity Agency (ANCy) in 2019. In 2021, the Lomé Data Centre

was inaugurated which, through its 500 m², provides digital services for the government and the private sector.

Togo has also advanced in port-efficiency infrastructure by adopting digital solutions, including the ASYCUDA World customs management system adopted in 2014 which reduced red tape as well as the time to trade. Togo has also adopted the SEGUCE Platform in 2021; this system operates as a single window for foreign trade by facilitating stakeholders' interaction and speeding up goods processing, reducing transit times, and simplifying customs procedures. In 2023, Togo adopted the AIS 2.0, a remote vessel identification and traffic flow improvement, enhancing port security.

Updating the regulatory framework

Togo has advanced in updating its regulatory framework and incentive schemes with the aim of increasing value added of its industrial bases and attract foreign investment.

As of 2024 Foreign Direct Investment (FDI) regulatory framework is governed by three laws: the 2019 Investment Code, the 2011 Free Zone law, and the newly approved 2023 Industrial and Textile Zone decree. All three schemes offer preferential tax rates covering both direct and indirect taxes, including exemptions from customs and import duties, with specific provisions related to capital and machinery imports, VAT exemptions, and dividends on capital gains, as well as withholding of corporate income and property taxes. While the three investment regimes have distinctive features targeting different types of investors and industries, they all include specific and additional provisions to target less developed regions in which potential investors can enjoy increased benefits.

Land reforms, such as the 2018 Land and Property Code, have simplified property registration procedures, particularly in Lomé. The country has seen significant growth in tax revenues, with the tax/GDP ratio increasing by 6 percentage points between 2010 and 2021, thanks to the modernisation of revenue collection and the prevention of fraud. Togo has fostered a relatively open digital business environment, with a score on the Digital Services Trade Restrictiveness Index indicating fewer restrictions than the African average, although improvements in infrastructure and connectivity are still needed.

Other important regulatory reforms include the Public-Private Partnership (PPP) law of 2021, which updates the 2014 framework; a Property Code (CDF) that seeks to regulate land ownership and property rights; and in 2021 Togo a new code regulating the activities of micro and SMEs, to improve formalisation and access to specific financing mechanisms. Additionally, Togo has become the 140th member of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), engaging in global endeavours to combat tax evasion and avoidance. As a member, Togo will collaborate on an equal footing with others to implement the BEPS package comprising 15 measures aimed at combating tax avoidance and ensuring compliance with international tax rules.

The country has also adopted key legislation related to digitalisation, including the Biometric Identification Law, Cybersecurity Law, and Personal Data Protection Law.

Five keys to unlock Togo's development potential

Togo has a track record of making reforms happen and has built a reputation as a reliable partner in international markets.

As a relatively small economy in an emerging continent with clear aspirations, Togo needs to get its priorities right in policy sequencing and in building alliances for success. Five actions emerge as key to accelerate progress and ensure Togo delivers on its agenda of inclusive and sustainable development.

Prioritising inclusive and local development

A game changer for the country will be the identification of actionable policies and reforms to provide real opportunities for the youth in all the national territory and address major development gaps in the rural regions. Translating the national vision of achieving shared prosperity across all its territory is an essential step for Togo to advance towards sustainable development. To advance inclusive development, Togo will need to update its infrastructure planning to ensure rural road development, last-mile connection and effective planning of an intermodal transport network.

Likewise, Togo will need to advance in increasing community stakeholder engagement in policymaking. This is particularly important for infrastructure projects in rural areas. These actions will better address local needs, such as appropriate irrigation techniques and water management capacities. Community engagement will also serve to increase local citizens' ownership and participation and it will require increasing local government capacities, also by fostering mobility of civil servants from the capital to the territory. Mechanisms of staff rotation could be established to scale up capacities at the local level.

Future foreign investment and concession agreements should add a specific clause on equitable value distribution to ensure that the generated value is fairly distributed among all stakeholders, with clear enforcement mechanisms and targeted support for knowledge sharing and technology transfer. These should be coupled with a targeted strategy to address jobs and business informality. In this context, programmes for education and capability building at the local level will be essential, together with increased effort in the development of the Planned Agricultural Development Zones (ZAAP).

To deliver on the inclusion and local development agenda, Togo also needs to continue modernising the state by strengthening planning, management, and implementation capacities in all ministries and at all levels of government. Transitioning from a national roadmap to a national development strategy will require an empowered administration at all levels of government. At present, the Presidency drives most of the top initiatives, which is common at early stages of development and in contexts of high fragility. However, as part of the pathway to prosperity, it will be important to strengthen government capacities and in parallel generate effective spaces for policy co-ordination. These changes would also contribute to reducing the high levels of limited budget execution, which averaged around 70% between 2015 and 2021.

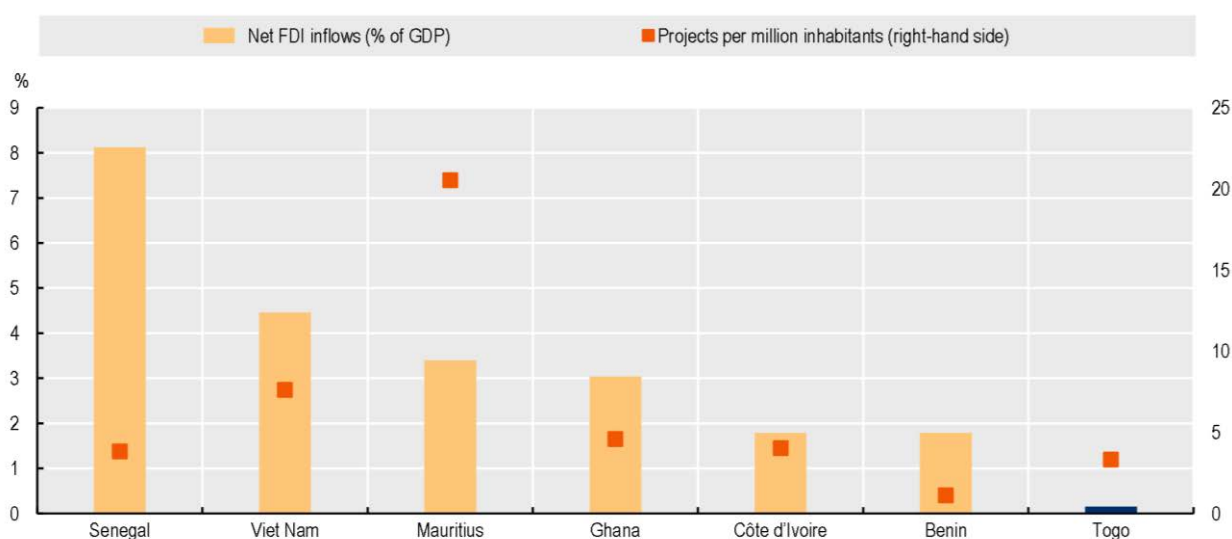
Diversifying and upgrading domestic production through quality exports and FDI

Togo needs to diversify and upgrade its production and export base. The government of Togo has the ambition to increase local value-added and to support industrialisation. One of the key policies is linked to increasing consumer awareness, centred on the "Made in Togo" initiative to promote exports, which should be strengthened and supported by progress in quality control at all stages of the different value chains. These include for example the adoption of quality seeds in increasing productivity, product quality, and safety at farm level, such as the adherence to the OECD Schemes for the Varietal Certification of Seed. Likewise, attention should be focused on areas like metrology, standardisation, accreditation, and conformity assessment, and accreditation, in which Togo lags behind not only more advanced economies but also neighbouring countries. Continuing to advance on strengthening the quality infrastructure system for competitiveness is key to benefit more from trade and FDI and will require an approach that involves co-ordination with other stakeholders in the region to complement the current national quality infrastructure system.

Attracting more foreign investment will be crucial to support the incipient industrialisation process. Togo could benefit more from FDI by continuing to diversify its network of international partners and by prioritising forward-looking FDI. Although FDI stock has been growing since 2000, and in 2022 it accounted for 17% of GDP, it remains below Africa's average of 37% and West Africa's 26%. At the same time, while several foreign investments marked important milestones for the country such as the expansion of the terminal in the port of Lomé and the creation of the industrial PIA platform, in 2019-22 net inflow of FDI slowed down.

Togo has started to diversify its investment partners, with the UAE and India emerging as new investors and should continue to do so. Togo benefits from a higher share of intra-African investment compared to neighbouring countries, including recent investments coming from a Gabon-based pan-African multinational in industrial production, and could capitalise more on this continental attractiveness. In going forward, Togo could continue updating its regulatory framework for FDI by structuring investment incentives around performance criteria and linking them to innovation activities, with the goal of upgrading domestic industrial capabilities. Finally, a proper cost-benefit analysis should be implemented to shed light on the current set of fiscal incentives and properly evaluate the real impact of investment projects vis-a-vis the potential tax loss.

Figure 1.4. FDI remains limited in Togo



Source: Authors' elaboration based on World Bank Development Indicators, <https://databank.worldbank.org/source/world-development-indicators>, and Financial Times FDI Markets Database, <https://www.fdimarkets.com/>, 2023.

Investing in innovation to increase productivity

Togo faces significant productivity challenges, with labour productivity in 2020 at USD 600 per worker – just 3% of the US level and below neighbouring countries. A relative productivity analysis with other countries shows that Togolese productivity was nine percentage points below that of Benin, 12 percentage points below that of Ghana (Figure 1.5, Panel A). The productivity challenges are also related to agriculture, where improvements over the last decade in terms of output have largely been driven by land expansion rather than technological advancements. Although the net capital stock in agriculture has increased, the current gross fixed capital formation in agriculture stands at 5.3%, which is lower compared to countries such as Benin (7.7%) and Ghana (12.6%), as well as the average for Least Developed Countries (8.3%).

Increasing innovation and research capabilities will be key to advancing Togo's economic transformation agenda and boosting productivity. The current national strategy (FDR 2025) falls short in prioritising innovation. Only 0.1% of the expected investment is allocated to it. Raising innovation efforts should encompass a wide range of activities, from boosting scientific research to improving firms' innovation and workforce capabilities. In Togo, only 15.5% of enterprises have introduced process innovation – half the

average for Sub-Saharan Africa. Similarly, scientific output remains weak, with only 167 publications per million inhabitants between 2000 and 2021, behind Senegal and Benin (Figure 1.5, Panel B). Workforce capabilities are also a concern, as tertiary education enrolment remains low (15% in 2020), and the number of researchers per capita is below regional averages.

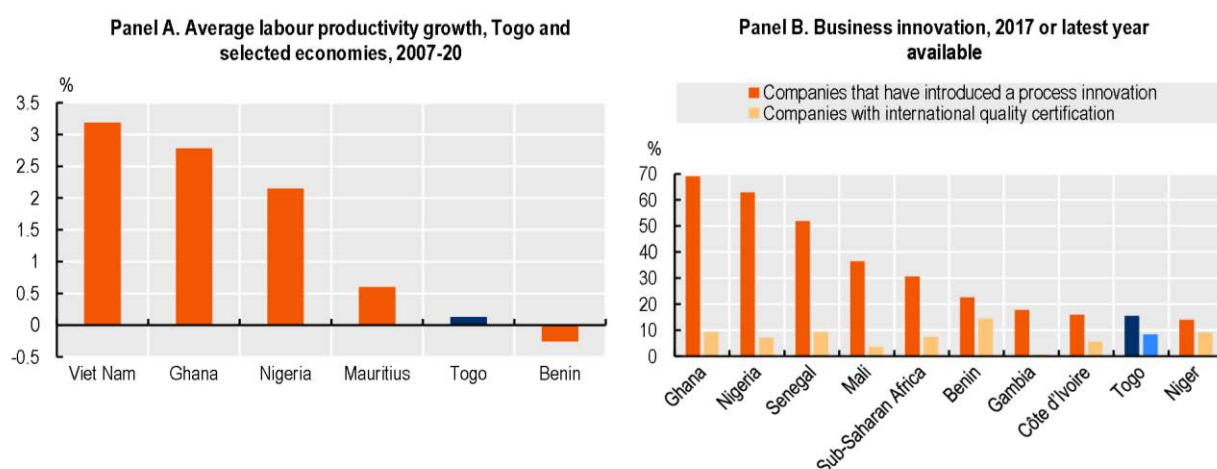
Fostering innovation in Togo also requires modernising the national offer of extension services which is crucial to enhance the productivity of small farmers and agro-businesses and to improve food security and increase the country's export potential. Togo would benefit from prioritising services to improve irrigation, mechanisation and use of seeds and fertilisers and increasing support to farmers for risk management strategies.

Togo could explore the creation of a national innovation fund to foster collaborative, production-oriented innovation projects between universities and the private sector. This fund should target major national challenges, including production development in rural areas, services for logistics, and industrial innovations. This fund should also include specific conditions to facilitate innovation in micro, small and medium-sized enterprises (MSMEs).

Togo should also continue advancing its quality infrastructure for productivity. By aligning with global certifications and labeling systems, Togo can strengthen its brand image, facilitate trade, and build consumer trust both locally and internationally. Adherence to the OECD Seed Schemes is a positive step in this direction. Additionally, Togo could increase its laboratory infrastructure for testing and prototyping.

Finally, as an LDC, Togo benefits from ad-hoc International Support Measures (ISMs) to facilitate trade diversification and upgrading, which the country should utilise more effectively. Awareness of the trade opportunities linked to LDC status is limited in Togo, especially among micro, small and medium enterprises (MSMEs). Targeted export support services could be developed to inform the private sector on how to best leverage these preferences.

Figure 1.5. Boosting productivity and innovation capabilities is key for Togo's economic transformation



Note: Panel A. Ghana (2013), Nigeria (2014), Senegal (2014), Mali (2016), Benin (2016), Gambia (2023), Côte d'Ivoire (2016), Togo (2016), and Niger (2017).

Source: Authors' elaboration based on the World Bank Enterprises survey, <https://www.enterprisesurveys.org/> and Elsevier Scopus, <https://www.elsevier.com/products/scopus>.

Capitalising on digitalisation and start-up creation

Togo has made strides in digital connectivity, with broadband speeds rising from 25 Mbps in 2021 to 31.53 Mbps in 2023, now on par with Ghana and surpassing Benin. 4G network coverage expanded significantly from 7.5% to 72% of the population between 2018 and 2022, positioning Togo ahead of Burkina Faso but still behind Ghana, Mauritius and Viet Nam, which have 99% coverage. Smartphone adoption reached 45% of the population in 2022, slightly below Côte d'Ivoire and Ghana.

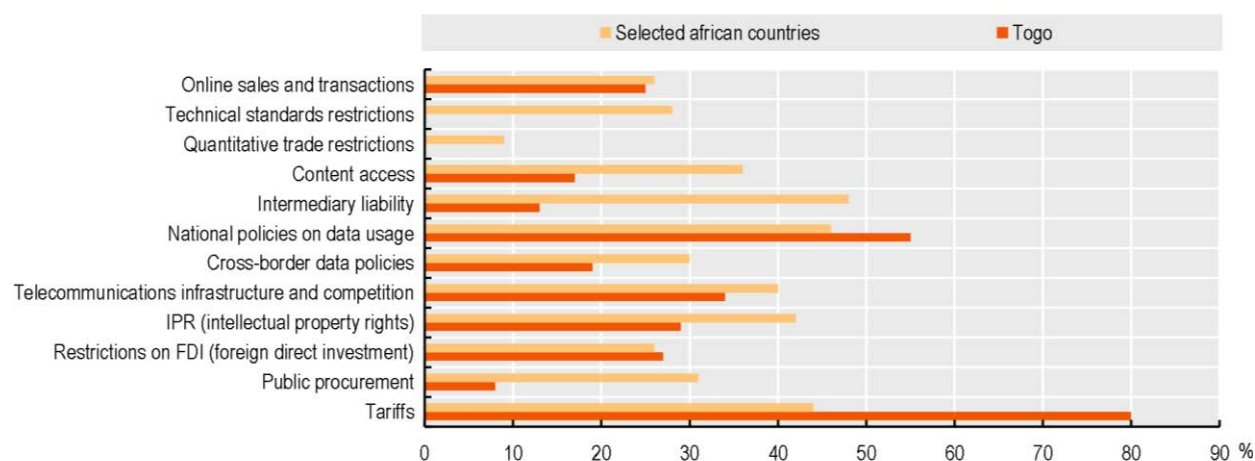
Togo has made progress in digital trade. It has with a good performance in areas like technical standards, quantitative trade, and public procurement. However, it faces challenges in tariffs, trade protection for ICT goods, and data policies, including regulations on data retention and government access to personal data (Figure 1.6). Togo has also become a net exporter of digital services since 2015, with USD 193 million in exports in 2020, largely in business and telecommunication services. However, it lags behind regional leaders as Ghana.

Initiatives such as the platform Invest Togo can improve transparency and enhance business confidence. The one-stop-shop portal should be operational and well-integrated with existing systems, while clarifying its role compared to other private-led initiatives. At the same time, the adoption of digital technologies could support further improvements in the agricultural sector. Emerging digital tools offer opportunities to modernise Togo's agri-food industry. In this regard, private sector involvement is crucial, and an incentive policy could encourage the development of several initiatives, such as smart farming, digital procurement, and digital advisory services.

The adoption of digital technologies can also help streamline administrative burdens and reduce red tape. Accelerating the planned implementation of the Port Community System (PCS) in Togo will enhance cargo movement and improve operational efficiency. Other technologies, such as radio frequency identification (RFID) and Digital Twins, further simplify cargo handling while generating valuable data that can be applied in areas like weather forecasting and environmental protection.

Figure 1.6. Togo is facilitating digital trade

Performance in the pillars of the regional digital trade integration index, Togo and selected African countries, 2022



Note: Selected African countries include: Cameroon, Chad, Gabon, Ghana, Kenya, Malawi, Nigeria, Tanzania, Uganda, Zambia, Zimbabwe, Burundi, Botswana, Congo, Democratic Republic of the Congo, Egypt, Eswatini, Ethiopia, Gambia, Lesotho, Liberia, Madagascar, Mozambique, Namibia, Rwanda, Senegal, Sierra Leone.

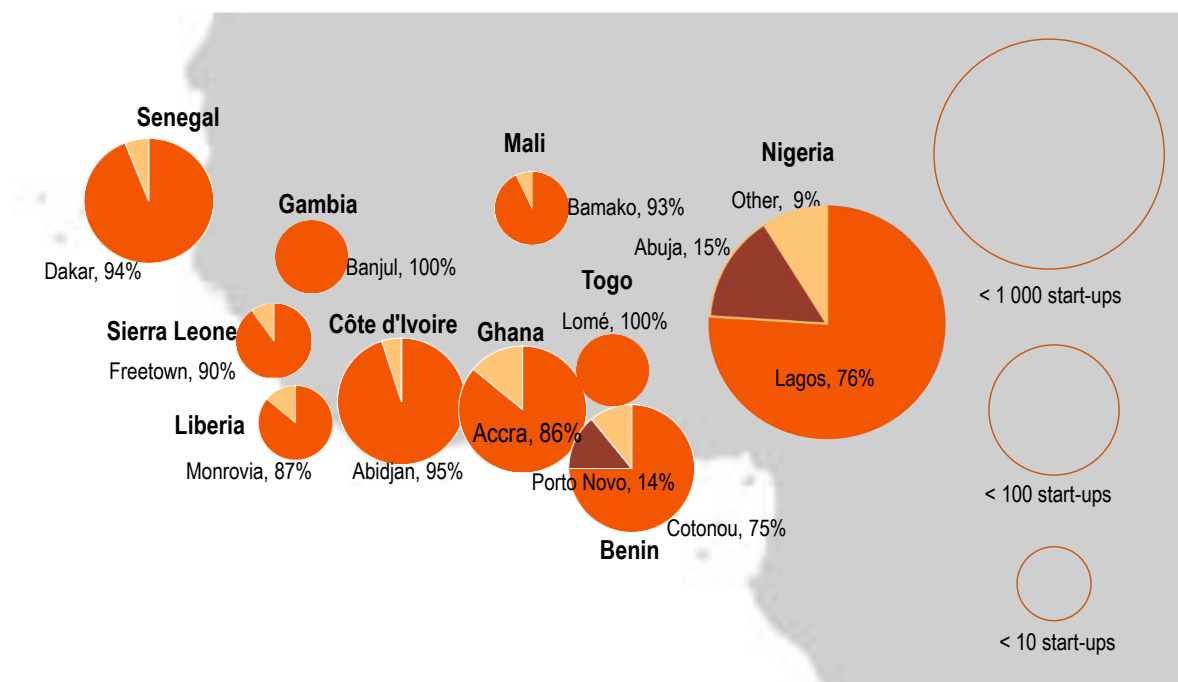
Source: Author's elaboration based on ECA Digital Trade Regulatory Integration database, <https://dtri.uneca.org/eca/home>.

Start-ups are emerging in Togo. The country has 2.8 start-ups per million people, in line with West Africa and below the African average of 13. The country now hosts around 22 start-ups, a notable increase from no start-ups a decade ago, though still smaller compared to Côte d'Ivoire. Nigeria dominates venture capital in West Africa, with Senegal and Ghana also growing as investment hubs. Togo, accounting for only 0.5% of regional VC, needs to enhance access to financing for start-ups and strengthen regional investor networks (Figure 1.7). The emergence of this start-up ecosystem is supported by incipient policy efforts to foster start-up development which include some seed-funds programmes for start-ups and some incubator programmes mostly located in Lomé. In going forward, Togo would benefit from developing a comprehensive policy for start-up development with the aim of building a complete support mechanism for start-ups from incubation to expansion and with adequate financial and technical services support, also mobilising lead firms from Togo and international partners.

Digital technologies can be a game-changer for Togo on other fronts. These technologies can support the country to boost productivity and market access and increase productivity in all production and service areas. They can also be key to enhancing transparency, accountability and efficiency of public administration. For instance, integrating digital programmes like the Novissi initiative, launched during COVID-19, with financial inclusion mechanisms can help reduce the marginalisation of rural populations, particularly farmers.

Figure 1.7. Emerging start-up ecosystem in West Africa

Top 10 start-up hubs in Western Africa, 2023



Note: Active start-ups as of 2023 that were founded between 2012 and 2013.

Source: Authors' elaboration based on data from Crunchbase, <https://www.crunchbase.com/>, 2023.

Scaling up international and continental partnerships

Togo has a well-crafted national development strategy, and international partners are crucial for implementing the national vision for shared prosperity. They are key for investment, sharing know-how and technologies, and forming industrial partnerships to co-create local capabilities.

As a small economy in Africa, Togo risks being marginalised in major international investment plans and partnerships. A well-crafted and implemented economic diplomacy agenda is needed to keep Togo on the radar of international partners. Additionally, a targeted strategy is required to ensure the AfCFTA acts as a real development driver for the local economy and that major continental infrastructure plans, especially those linked to corridors, provide benefits that trickle down to Togo.

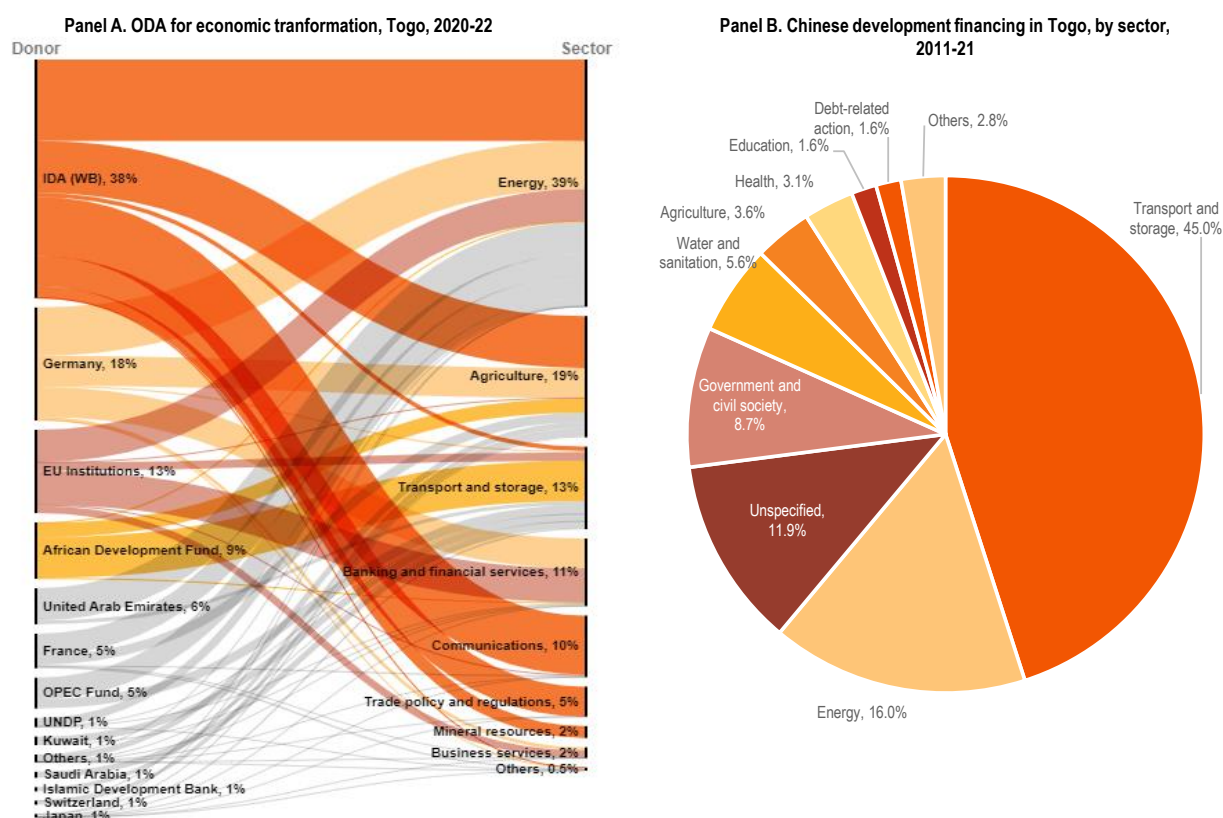
The AfCFTA offers opportunities for Togo's local enterprises to improve productivity and quality but also presents challenges due to increased competition, particularly for unprepared businesses. To fully benefit from AfCFTA, Togo needs to align its national strategy under the FDR with the objectives and mechanisms associated with the continental framework to support businesses and other vulnerable players. The private sector must take a leading role in AfCFTA's implementation, adopting an innovation-driven approach to expand business opportunities and enhance industrial capabilities.

Transforming the Port of Lomé from a national to a continental asset is key for sustainable development in Togo. The country can leverage the Port of Lomé as a continental asset, with African container traffic expected to grow by 125% by 2030 under AfCFTA. However, this requires strategic measures to mitigate risks in a highly concentrated logistics industry with limited African players.

The Port of Lomé should be transformed into an asset valued and utilised by the continent within the framework of AfCFTA's industrialisation aspirations. To achieve this, Togo should increase its participation in regional and continental initiatives to future-proof transport, including PIDA (the AUC Programme for Infrastructure Development in Africa). Togo could benefit more from PIDA's emphasis on inter-modal transport networks and by setting up/accessing shared port community systems across the continent, which would enhance port security and efficiency. Togo could also cut costs and increase efficiency by using the Pan-African Payment and Settlement System (PAPSS) to streamline transactions and reduce costs, as well as by advancing shared regulatory frameworks and standards across the continent. Initiatives that leverage continental ports as drivers of local industrial development are also essential. Increased collaboration among African ports could help optimise performance, reduce costs and improve global competitiveness. Strategies could include shared infrastructure, port alliances and collective incentive packages to avoid price competition.

To effectively support Togo's transformation, international partnerships and development co-operation should be more co-ordinated and aligned with national development aspirations (Figure 1.8). This applies particularly to infrastructure development and agriculture, where Togo would benefit more from deep-impact major projects rather than fragmented international support for relevant but small-scale initiatives.

Figure 1.8. Development partners support infrastructure projects in Togo



Note: Official development assistance (ODA) is defined as government aid designed to promote the economic development and welfare of developing countries. Loans and credits for military purposes are excluded. Aid may be provided bilaterally, from donor to recipient, or channelled through a multilateral development agency such as the United Nations or the World Bank. Aid includes grants, “soft” loans and the provision of technical assistance. The OECD maintains a list of developing countries and territories; only aid to these countries counts as ODA. The list is periodically updated and currently contains over 150 countries or territories (see DAC List of ODA Recipients: <https://oe.cd/dac-list>).

Source: Authors’ elaboration based on OECD Creditor Reporting System (CRS), <https://stats.oecd.org/Index.aspx?DataSetCode=crs1#>; *AidData 2023*, Global Chinese Development Finance Dataset, Version 3.0, retrieved from <https://www.aiddata.org/data/aiddatas-global-chinese-development-finance-dataset-version-3-0>.

Annex 1.A. Summary of recommendations

Annex Table 1.A.1. Main recommendations for sustainable development and shared prosperity

Priority	Area	Objective	Suggested actions
Prioritising inclusive and local development	Infrastructure	Close infrastructure gap within and between territories	Prioritise rural road development Ensure community engagement, embed technology transfer, explore innovative financing Adopt a life-cycle approach to infrastructure projects.
	Governance	Build an efficient and responsive public administration	Modernise state capacities, empower administration, decentralise governance. Improve budget execution, attract talent, implement training programmes, establish monitoring mechanisms, Update the value proposition between Agropoles and ZAAPs development.
	Agro-food	Modernise the agro-food value chain	Invest in mechanisation, modernise extension services, and prioritise to improve market access. Adopt agricultural risk management policies.
		Facilitate access to international and regional markets	Promote certified seed schemes, develop certifications (e.g. "Made in Togo", organic products), Build a national branding strategy. Use digital advisory services for crop management.
		Ensure long-term financing	Provide credit support with international development finance institutions, including co-investment, vouchers, subsidies, and matching grants.
Diversifying and upgrading domestic production	Governance	Streamline interministerial collaboration	Promote cross-collaboration projects between investment, trade, and industry ministries. Implement monitoring and evaluation mechanism to assess the efficacy and effectiveness of current policy mix (FDR 2025)
	Industry, investment and trade	Strengthen quality infrastructure systems	Strengthen the National Quality Infrastructure (NQI) for metrology and conformity assessment, align with international standards. Build partnerships with regional and international organisations.
		Improve market access	Increase awareness among private stakeholders and MSMEs on preferential schemes (e.g. GSP for LDCs). Expand GSP-eligible products and streamline rules of origin (ROO).
		Increase FDI attraction and local impact	Streamline and clarify synergies between investment schemes, adopt modern incentives with conditions related to innovation, technology transfer, and performance (expenditures vs. income). Fast-track operationalisation of an investment promotion agency with after-market support. Adhere to international standards on environment, labor, and Responsible Business Conduct (RBC).
		Support diversification	Leverage on available policy space for LDCs to foster industrial diversification into more sophisticated industries. Update the policy mix to support both demand and supply (including grants, subsidies).
Investing in innovation to increase productivity	Governance	Speed up modernisation of logistics value chain	Incorporate eco-friendly standards to reduce operational costs and emissions and attract sustainable cargo vessels. Design effective concession agreements with provision for local impact.
		Prioritise science and innovation projects	Allocate adequate resources to science, innovation, and technology, by considering a dedicated innovation fund. Support international and regional projects in STI.
			Evaluate establishing a dedicated agency, map stakeholders, prioritise projects in agriculture and logistics, and leverage donor

			financing.
	Agriculture	Boost international support for R&D	Strengthen institutions for agricultural R&D, invest in research, streamline research efforts. Foster international collaboration, including triangular and South-South partnerships.
Capitalising on digitalisation and start-ups	Infrastructure	Digitally connect the entire territory	Expand national connectivity, including last-mile digital infrastructure, by building on recent advances (i.e. Equiano cable).
	Start-up development	Foster a resilient digital and start-up ecosystem	Establish a comprehensive framework for start-up support, including finance access, incubation, and regional collaboration. Co-ordinate scattered ministries' efforts in this area.
	Maritime logistics	Adopt digital solutions for logistics	Implement a Port Community System (PCS), Digital Twins, and AIS for planning maritime logistics.
	Agro-food	Increase digitalisation in agro-food and traditional sectors	Promote digital solutions in agro-food through e-commerce, advisory, and IoT platforms to improve traceability, productivity, and market access.
Scaling up international and continental partnerships	Development and co-operation	Co-ordinate international aid to reduce fragmentation	Enhance domestic and international co-ordination with bilateral and multilateral partners for strategic investments and reduce projects and funding fragmentation.
		Promote regional security and reallocate resources	Support stabilisation and security efforts to reduce military spending and redirect resources towards productive and social areas.
	Industry, Investment and trade	Speed up AfCFTA implementation	Accelerate the implementation of the AfCFTA national strategy (i.e. institutional frameworks, promote awareness, accelerate implementation and ratification of protocols). Embed the AfCTA strategy within the national development Agenda (i.e. FDR 2025)
	Maritime logistics	Position Lomé Port as a continental asset	Foster regional co-operation in port management and logistics, Partner with ECOWAS and regional bodies for multimodal infrastructure, co-ordinate maritime logistics, and speed up inland infrastructure projects to optimise trade competitiveness.

Note: Detailed recommendations are listed in Chapters 2, 3 and 4 of the report.

OECD Development Pathways

Production Transformation Policy Review of Togo (Abridged version)

TOWARDS SHARED PROSPERITY

Over the past two decades, and despite the challenges posed by the COVID-19 pandemic, Togo has experienced sustained economic growth, resulting in reduced poverty and improved access to basic needs. New services and industrial activities are emerging, and investments in port infrastructure have solidified Togo's role as a key trade corridor in West Africa. However, challenges remain, including limited diversification in production and trade and relatively low productivity levels. This report outlines strategic pathways to overcome these challenges by emphasising the promotion of investment, innovation, and integration through the African Continental Free Trade Area (AfCFTA); enhanced support from international partners; and greater accountability within the private sector. The review is the result of a collaborative effort among several international organisations, the Togolese government, the private sector, and international counterparts from Viet Nam and Mauritius.



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