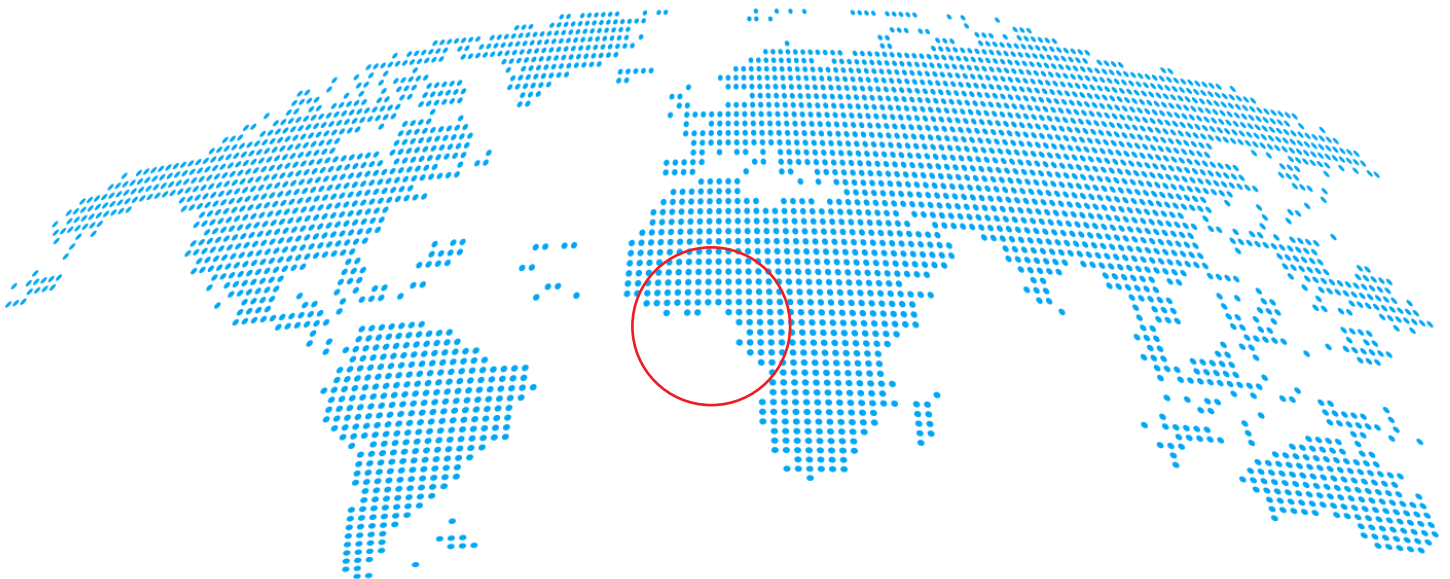


ANKER LIVING WAGE REFERENCE VALUE 2023

URBAN TOGO

┌ **LIVING WAGE** ┐
CFA **122,967** PER MONTH
└ (US\$ 205) ┘





Anker Research Institute engages in and disseminates high quality research, analysis, and training related to living wage and living income (based on the Anker Methodology) to inform and influence companies, empower working people, and shape public policy, thereby helping to enhance quality of life and sustainable livelihoods for working people and their families everywhere. Social Accountability International (SAI) is the institutional host.



Anker Reference Values are endorsed by the Global Living Wage Coalition (led by Fairtrade International, Rainforest Alliance, Social Accountability International and ISEAL). Development of the methodology was initiated and supported by Fairtrade International and German Federal Ministry for Economic Cooperation and Development (BMZ). Further support was received from Rainforest Alliance, Social Accountability International, and Clif Bar & Company.

We are grateful to the Olam Agri for funds supporting this report.

ABSTRACT

Urban Togo

Living Wage Reference Value 2023

By: Kabeer DAWANI*, Daniel ALVARADO**, Ian PRATES***, Richard ANKER****, Martha ANKER****

This report provides estimates for the Anker Living Wage Reference Value for urban Togo for 2023, as well as contextual background about the country's geography, demographics, economy, poverty, labor market, and standards of living. The gross Anker Living Wage Reference Value is estimated as CFA 122,967 (USD 205) per month. The report concludes by comparing the reference values to existing incomes and wages and highlighting gaps to living income and living wage.

Keywords: Living wage; Anker Methodology; Togo; urban

JEL Classification: I30; J30; J31; J80

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* Independent Researcher. email: kabeer.dawani@gmail.com

** Anker Research Institute. email: daniel.alvarado.abarca18@gmail.com

*** Anker Research Institute (ARI) and Brazilian Center for Analysis and Planning (CEBRAP). email: iprates@sa-intl.org

**** Anker Research Institute (ARI). email: marthaandrighard@gmail.com

**** Anker Research Institute (ARI). email: marthaandrighard@gmail.com

Anker Living Wage Reference Value

Urban Togo

1. Anker Living Wage Reference Value for Urban Togo in 2023

The Anker Living Wage Reference Value for 2023 for Urban Togo is CFA 122,967 (USD 205)¹ per month, with a 95% confidence interval that ranges from CFA 112,524 to CFA 134,377 (USD 188 to 224). This Reference Value consists of the Net Living Wage (or take-home pay) of CFA 117,608 (196 USD) required for workers living in urban areas to be able to afford a basic but decent living standard in a typical urban area of Togo in 2023, plus CFA 5,359 (USD 9) in mandatory payroll deductions which would need to be paid by law as contributions to social security (4.0 %) and income tax (0.5%) after deductions.

Living wage is defined as:

“A living wage is the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events”.

(Global Living Wage Coalition)

2. Anker Reference Value Methodology

Anker Living Wage Reference Values are based on a methodology developed by Richard Anker, Martha Anker, and Ian Prates, of the Anker Research Institute. This methodology is based on a rigorous statistical analysis of 40 internationally comparable, quality-assured Anker Methodology studies for developing countries. The Anker Research Institute is a founding member of the Global Living Wage Coalition.

Anker Reference Values are internationally comparable, consistent with results from existing Anker Methodology living wage and living income Anker Benchmark studies, and easy to update every year. Thus, they are of special value to countries, or areas within a country, where a full quality-assured Anker Methodology living wage or living income study has not yet been conducted.

¹ Exchange rate used to convert to US dollars is CFA 599.2. This is the average exchange rate for the mid-year three-month period from May through July 2023. Note that USD values in this report are indicative only, since exchange rates are volatile.

Anker Living Wage Reference Values represent a living wage for typical families in rural or urban areas of developing countries. Since they are based on a statistical analysis, they have a margin of error for typical urban (or rural) areas of a country, which is generally around +/- 10% using a 95% confidence interval. Since Reference Values are not location-specific within countries and represent the situation in typical urban (rural) regions, the margin of error is likely to be larger for locations with atypical living costs within a country such as large cities with high living costs, or poorer (richer) areas with relatively low (high) living costs and norms.

3. Country Context

Geography and demographics

Togo is located in West Africa, sharing a border with Burkina Faso in the north, Benin in the east, Ghana in the west, and in the south with a 56 kilometer stretch of the Gulf of Guinea. With an area of 56,875 square kilometers, Togo is a relatively small country, ranked 126th in the world by area.² There are six broad geographic regions in the country. The southern part has low-lying sandy beaches along a narrow coastline, followed by tidal flats and shallow lagoons. Beyond the coast lies the Ouatchi Plateau, northeast of which is a tableland, a region which includes the Mono River. West of the tableland are the Togo Mountains which run from the southwest of the country to the northeast. North of the mountains is a sandstone plateau. Finally, the northwest of Togo has a higher region characterized by granite and gneiss.

Togo had a population of 8.85 million in 2022, making it the 99th most populous country in the world.³ Its population growth rate was 2.3% in 2022.⁴ Most of the population in 2022 lived in rural areas (56%) compared to urban areas (44%).⁵ However, the country has been steadily urbanizing over the years. In 2022, urban population growth (3.6%) outpaced rural population growth (1.3%), which has been the pattern over multiple decades.

² Worldometers. 2023. "Largest Countries in the World (by area)." <https://www.worldometers.info/geography/largest-countries-in-the-world/>. Accessed on 31st August 2023.

³ World Population Review. 2023. "Largest Countries in the World." <https://worldpopulationreview.com/countries>. Accessed on 31st August 2023.

⁴ World Bank. 2023. "World Development Indicators." <https://data.worldbank.org/indicator/SP.POP.GROW?locations=TG>. Accessed on 31st August 2023.

⁵ Ibid.

Togo has a large youth population with 40% of the population in 2022 aged 0-14 years.⁶ In comparison, 57% of the population was aged 15-64, while the old-age population (ages 65 and above) was only 3% in 2022. Therefore, primarily due to the large young population, the age dependency ratio – or the population aged 15 and below and 64 and above as a share of the working age population (15-64 years) – was relatively high at 76% in 2022.⁷

The total fertility rate in Togo was 4.3 births per woman in 2021. Although this has come down from 5.3 births per woman in 2000 and 5.0 in 2010, it is still high and is well above replacement level. The average household size in 2017 was 4.32, with households larger in rural areas (4.60) than in urban areas (3.8).⁸

Economy

Togo is classified as a low-income country by the World Bank, with a GDP of \$8.13 billion (in current US\$) and a GDP per capita \$918.4 (in current US\$) in 2022.⁹ Togo remains one of the poorest countries in West Africa despite steady economic growth over recent years; GDP growth averaged 5.7% from 2010 to 2019. Following a slowdown due to the global COVID-19 pandemic in 2020 when Togo’s GDP growth was 2%, growth picked up and was 6% in 2021 and 5.8% in 2022.¹⁰ One reason for Togo’s lack of substantive economic progress is because the country is still “emerging from the effects of years of isolation and donor disengagement (from 1993-2007) due to political turmoil and economic mismanagement.”¹¹ Thus, while economic growth has been steady since 2008, it is partly because the country had a low base and prior to 2008 often had negative annual economic growth rates.

Recently, rising energy and fertilizer costs (due to external shocks) have had a negative impact on agricultural production as well as food prices.¹² This is one reason among others for a sharp rise in inflation over the last two years; annual inflation (measured through the consumer price index) increased from 1.8% in 2020 to 4.2% in 2021 and 8.0% in 2022, which was a 20-year high.¹³

⁶ Ibid.

⁷ Ibid.

⁸ Global Data Lab. “Average household size.” <https://globaldatalab.org/areadata/table/hhsize/TGO/?levels=1+2>

⁹ World Bank. 2023. “Togo: Data Overview.” Accessed on 1st September 2023. <https://data.worldbank.org/country/TG>

¹⁰ World Bank. 2023. “World Development Indicators.”

¹¹ World Bank. 2017. “Country Partnership Framework for Republic of Togo for the period FY17-FY20.” Washington DC: World Bank.

¹² World Bank. 2023. “The World Bank in Togo: Overview.”

¹³ World Bank. 2023. “World Development Indicators.”

In conjunction with rising inflation, there has been a rise in violence, concentrated in the Savanes region of Togo. The government's response to this was substantial emergency spending in the 2022 budget. Among other things, this included enhanced subsidies for fertilizers and fuel, public sector wage and pension increases amounting to 1.3% of GDP, and new capital expenditure focused on security that amounted to 2% of GDP.¹⁴ While this eased some of the inflationary pressures on the population, the fiscal deficit increased from 4.8% in 2021 to 8.3% in 2022.¹⁵ This was financed by increasing government debt, which rose from 63% in 2021 to 68% in 2022.¹⁶ However, this should be manageable as the most recent Joint World Bank – International Monetary Fund Debt Sustainability Analysis for Togo in 2020 indicated the risk of external debt distress as 'moderate.'¹⁷

Poverty and inequality

Togo is a poor country, with poverty remaining consistently high despite steady economic growth post-2008. In 2018, poverty using the World Bank international poverty line (\$2.15 in 2017 PPP) was 28.1%, making it one of the poorest countries in the region.¹⁸ The national poverty rate at the national poverty line for Togo was 45.5% in 2018.¹⁹ Furthermore, the poverty rate at the World Bank international lower-middle income poverty line (\$3.65 in 2017 PPP) was much higher at 57%, indicating there is a long way to go for poverty reduction in the country.²⁰

Poverty has large regional disparities in Togo. In rural areas, 58.8% of the population was in poverty, compared to 26.5% in urban areas, using data from the latest 2018/19 household survey data.²¹ Poverty incidence was highest in the northernmost Savanes region (65.1%) and the Kara region (56.1%) and lowest in the Lome Commune region (22.3%).²² Consistent with the rural-urban divide, the rates of poverty were

¹⁴ World Bank. 2023. "Macro Poverty Outlook: Togo." Washington DC: World Bank.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ IMF and World Bank. 2020. "Togo – Joint World Bank-IMF Debt Sustainability Analysis." Washington DC: World Bank and International Monetary Fund." <https://documents1.worldbank.org/curated/en/836781594937297351/pdf/Togo-Joint-World-Bank-IMF-Debt-Sustainability-Analysis.pdf>

¹⁸ World Bank. 2023. "World Development Indicators."

¹⁹ Ibid.

²⁰ Ibid.

²¹ World Bank. 2023. "Program Appraisal Document for Togo Social Assistance Transformation for Resilience Program." Report No. PAD5374. Washington DC: World Bank.

²² Ibid.

also higher for those working in the agricultural sector (65.0%) compared to those working in the services sector (28.5%).²³

Inequality in Togo was also high at 42.4 in 2018 as measured by the Gini Index, although there was a slight decline from 46.0 in 2011.²⁴ This put Togo as the second most unequal country in West Africa, behind only Burkina Faso. In terms of income inequality, the top 10% received 50% of the income while the bottom 50% of the population had 12.4% of the income in 2021.²⁵ The distribution of wealth was even more skewed, with the top 10% holding 61.1% of the wealth and the bottom 10% holding only 4.4% of the country's wealth.²⁶

Standard of living, healthcare, and education

UNDP classifies Togo as a country with low human development. In 2021, it had a score of 0.539 on the Human Development Index (HDI) and ranked 162nd in the world.²⁷ Togo's HDI stagnated from 2003 to 2008 but has since risen steadily from 2009 (0.472) to 2019 (0.535). Life expectancy at birth in 2021 was 61.6 years, an increase from 56.7 years in 2008.²⁸ To put this into perspective, the average for low-income countries was 62.9 years in 2020, while the world average was 72.3 years.²⁹

Togo performs well on some health indicators but can significantly improve on others. Wasting – weight for height – was relatively low at 5.7% of children under 5 in 2017.³⁰ However, the prevalence of stunting – height for age – was higher at 23.8% of children under 5 in 2017 and needs to be improved for children to achieve their full potential.³¹ Births attended by skilled health staff improved from 44.6% in 2014 to 69.4% in 2017.³² Correlated with this improvement is a decline in the maternal mortality rate from 491 deaths per

²³ World Bank. 2023. "Program Appraisal Document for Togo Social Assistance Transformation for Resilience Program."

²⁴ World Bank. 2023. "World Development Indicators."

²⁵ World Inequality Database: Togo. 2023. <https://wid.world/data/>. Accessed on 3rd September 2023.

²⁶ Ibid.

²⁷ United Nations Development Program. 2023. "Human Development Reports – Togo Country Profile." <https://hdr.undp.org/data-center/specific-country-data#/countries/TGO>. Accessed on 3rd September 2023.

²⁸ Ibid.

²⁹ Our World in Data. 2023. "Life Expectancy." <https://ourworldindata.org/grapher/life-expectancy-at-birth-total-years?tab=chart&facet=none&country=Lower-middle-income+countries~Middle-income+countries~TGO~Low-income+countries>. Accessed on 3rd September 2023.

³⁰ World Bank. 2023. "World Development Indicators."

³¹ Ibid.

³² Our World in Data. 2023. "Share of births attended by skilled health staff." <https://ourworldindata.org/grapher/births-attended-by-health-staff-sdgs?tab=chart&country=TGO>. Accessed on 3rd September 2023.

100,000 live births in 2014 to 399 deaths per 100,000 live births in 2020.³³ There has also been a steady decline in the infant mortality rate over the years, which was 43 deaths per 1,000 live births in 2021.³⁴ Despite improvements, the adolescent fertility rate (births per 1,000 women ages 15-19) was high at 78 in 2021.³⁵

In terms of immunizations, Togo made significant progress in the 2000s but progress has since plateaued, with rates being about the same from 2010 onwards. Immunization for measles (as a share of children ages 12-23 months) was 68% in 2010 and 70% in 2021.³⁶ For hepatitis B, the percentage of one-year old children who received the vaccine was 83% in 2010 and 2021.³⁷ Similarly, for the DPT vaccine, the share of children ages 12-23 months who were immunized was 83% in 2010 and 2021.³⁸

Education indicators show that Togo has significant room for improvement despite progress over the years. Adult literacy has increased slowly from 57% in 2006 to 67% in 2019. This average masks significant gender disparity, with males (80%) much more likely to be literate than females (55%).³⁹ In 2021, 76% of the teachers in primary education were trained.⁴⁰ The net primary school enrolment rate was high at 91% in 2018; however, there is a steep drop off with the net secondary school enrolment rate only 41% in 2017.⁴¹

There are also large rural-urban disparities in education in Togo. The out-of-school rate for children of primary school age was 7.6% in 2017; however, the percentage of children out of school was much higher in rural areas (11.1%) than in urban areas (2.9%).⁴² Similarly, the lower secondary school completion rate was 47.5% in the aggregate, which is low, but this was much lower in rural areas (36.4%) than in urban areas (60.6%) in 2017.⁴³ There is thus significant progress to be made for Togo to improve its human capital as well as to decrease regional disparities.

Living conditions are largely inadequate in Togo, and in general rural Togo is worse off compared to urban Togo. The share of population using at least basic water services was 68.6% in 2020, with 90.6% of urban

³³ World Bank. 2023. "World Development Indicators."

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid,

³⁷ World Bank. 2023. "World Development Indicators."

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² World Bank. 2023. "Education Statistics: Education Equality." <https://databank.worldbank.org/source/education-statistics:-education-equality>. Accessed on 4th September 2023.

⁴³ Ibid.

residents having this compared to only 52.1% of rural residents.⁴⁴ Similarly, the share of population with access to electricity was 55.7% in 2021, but with a majority of the urban population (96.3%) having access and only a minority of the rural population (24.7%) having the same access.⁴⁵ Togo performs poorly with respect to the percentage of people using safe sanitation services as well, with this percentage being very low overall (9%) and lower still in rural areas (7%) compared to urban areas (12%).⁴⁶ Further, only 35% of the population used the internet in Togo in 2021.⁴⁷ There is thus significant room for improvement in living conditions for the country's residents.

Labor market

The total labor force was 3.08 million in 2022.⁴⁸ The labor force participation rate for ages 15+ was 58% in 2022, with similar rates for man (60%) and woman (56%).⁴⁹ The unemployment rate is relatively low in Togo, at 4.1% in 2022, although this is an increase from 2.0% in 2011.⁵⁰ However, the quality of jobs is low, with significant underemployment: 61% of those with jobs were underemployed in terms of time in 2018.⁵¹ Furthermore, the bulk of those working as own-account workers (59%), have uncertain income. There were more own-account workers in rural Togo (62%) than in urban Togo (55%) in 2018.⁵² The majority of the country's labor market was informal (90% of workers) in 2017.⁵³

4. Wage ladder and gaps to a living wage, Togo 2023

Figure 1 provides a wage ladder for urban Togo and indicates gaps to a living wage. It compares the Anker Living Wage Reference Value for urban Togo for 2023 with four other indicators. The gross Anker Living Wage Reference Value of CFA 122,967 (USD 205) is higher than four other comparators. It is 2.6 times higher than the World Bank's \$2.15 poverty line wage for a low-income country like Togo. It is almost 1.9 times the national poverty line wage from 2018 updated to 2023 by inflation. It is 2.4 times the national minimum wage for 2023. The Anker Living Wage Reference Value 2.1 times the average wage for the manufacturing sector for 2023 (updated from 2017 by inflation).

⁴⁴ Our World in Data. 2023. "Share of population using at least basic water services." Accessed on 4th September 2023.

⁴⁵ World Bank. 2023. "World Development Indicators."

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Ibid.

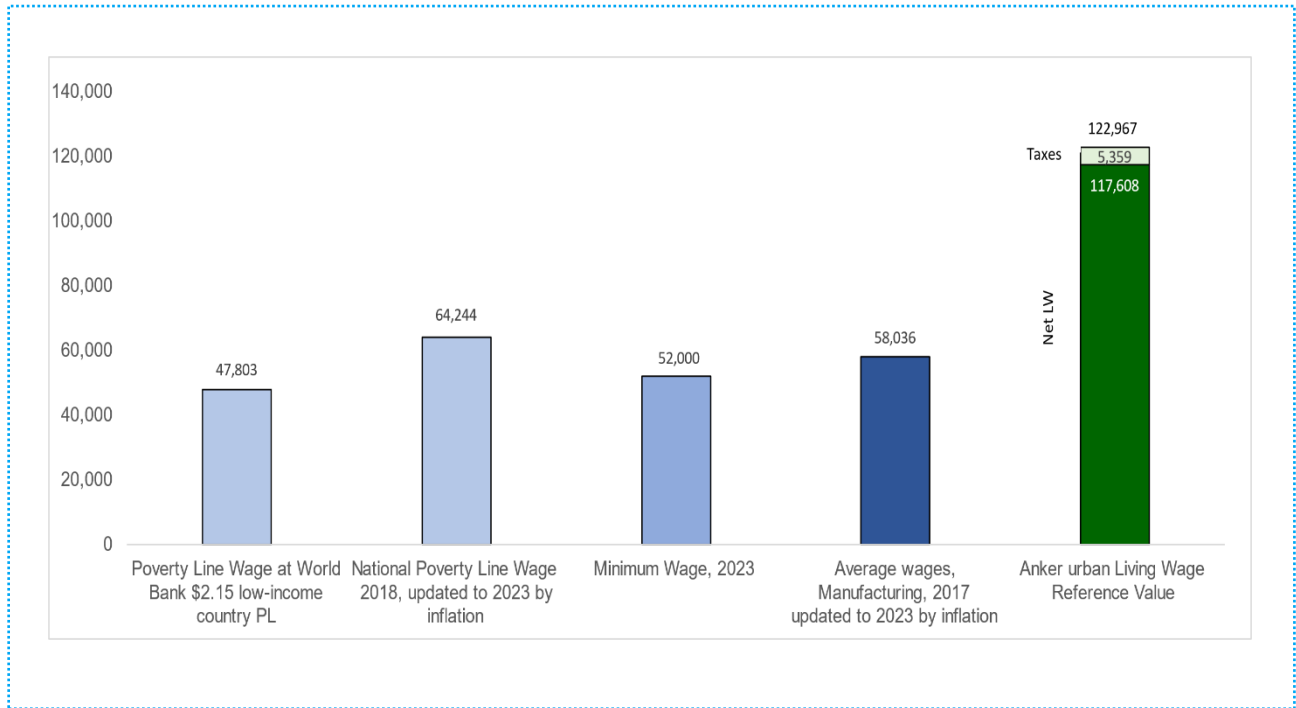
⁵⁰ Ibid.

⁵¹ Karlen, Raphaela and Friederike Rother (editors), 2023. "Togo Jobs Diagnostic—Confronting Challenges and Creating Opportunities for More Good Quality Jobs for All." Washington DC: World Bank.

⁵² Ibid.

⁵³ Ibid.

Figure 1. Togo Urban Wage Ladder (CFA per month), 2023



Notes:

^aTogo’s national poverty line is indicated in the *Poverty Profile* report, from the Institut National de la Statistique (2020). Last year available was for 2018, which we updated by inflation to June 2023 for expositional purposes.

^bThe World Bank international poverty line for Togo was estimated using the new World Bank per capita poverty line for low-income countries (\$2.15 PPP). The PPP value we used to estimate the World Bank Poverty Line Wage was 247.07, based on the World Bank PPP Private Consumption Conversion Factor.

^cFamily size of 5.0 (2 adults and 3.0 children) was used for expositional purposes to estimate the national poverty line and the World Bank poverty line. This is in keeping with an urban total fertility rate of 3.47 and a child mortality adjusted urban total fertility rate of 3.30 which implies a family size around 5.50; and a urban average household size of 4.50 when single person households (that do not include children) and of 3.97 when especially large households with more than 8 members (that probably includes more than 2 workers) are excluded.

^dNumber of full-time equivalent workers per family of 1.69 is used for expositional purposes to estimate poverty line wages. This was determined using male and female rates for the age range of 25-54 from ILOSTAT for labor force participation (M=90.4%; F=78.8%), unemployment (M=6.5%; F=4.4%), and part-time employment (M=21.4%; F=33.2%). Part-time employment was not available for Togo. Benin values were used and was defined as workers who work less than 35 hours per week.

^eThe Anker Living Wage Reference Value is estimated directly based on statistical analysis and therefore does not have an explicit number of full-time workers per family or reference family size (although reference family size falls from 6 to 4 with development in Anker living wage benchmark studies).

^fMinimum Wage is with effect from January 2023.

^gAverage wages are from the ILOSTAT, based on the National Labor Force Survey. Last year available (2017) was updated to 2023 by inflation for expositional purposes.

^hWorkers would have to pay social security tax (4.0%), and income tax (at 0.5%) after deductions on the Anker Reference Value living wage.