

## Technical Assessment

### TOGO ASTRE PforR (P178835)

**1. The Program for Results (PforR) will be anchored under the Programme National de Protection Sociale Non-Contributive (PNPSNC).** The PNPSNC defines a new flagship cash transfer program, and its accompanying measures and outlines a framework for coordinating the intervention of various actors to achieve the Government's vision of reducing poverty and vulnerability to shocks, strengthening household resilience, and enabling equitable access to services. It is formulating the challenge of building an integrated, multisectoral and multifunctional non-contributory system reflecting a modern and effective approach to social protection that can respond to Togo's priorities in terms of reducing extreme poverty, achieving greater equity, improving access to economic and social opportunities, and strengthening human capital and assistance to the poorest. The PNPSNC is laying a foundational element through a system of technical coordination and monitoring and evaluation, which includes appropriate techniques for identifying households, accessing the needs and conditions and updating their data through the operation of the Social Registry of Persons and Households.

**2. The expected results of the overall Government program (PNPSNC) include:** (a) strengthening inclusion, prioritization and coverage of beneficiaries to improve living standards, reduce food insecurity and vulnerability to climate shocks; (b) achieve a reduction and consolidation of actors and more effective institutional and technical coordination, including through interoperable information systems; (c) mobilizing additional resources and achieving greater efficiency in social protection spending through results-based financing.

**3. The IDA role will consist of support for the flagship program with accompanying measures and financial inclusion and leveraging the transformation of interoperable delivery systems platforms.** The proposed PforR will support the building of the foundations of a modern social protection system and scale up of its coverage fully in line with the objectives of the Government program. It will finance the expansion of social protection through a flagship social safety net program, to enable a whole-of-government approach to reducing poverty and vulnerability and strengthening resilience to shocks, fostering financial inclusion and greater investment in human capital through enhanced access to services.

**4. PforR is conceived as support to the Government of Togo's efforts to achieve transformative change to the social protection programming.** To strengthen individuals' and household's resilience to climate, conflict, and other shocks, there is a need to allow households to sustain consumption through social safety nets and voluntary savings as a first line of defense. A consolidated flagship safety nets program will allow for the creation of a set of incentives to female beneficiaries for voluntary savings to help reduce dependence on negative coping strategies. In view of rural poverty being primarily driven by low and instable incomes from agriculture and market inefficiencies buffeted by climate, conflict, and other shocks, the flagship program will create space for investment in their agriculture-related or other businesses. To enhance the efficiency and institutional coordination of safety net programs, coordination among programs and shared investments in delivery systems platforms will reduce the duplication of efforts and cost inefficiencies.

**5. The PforR Program supports a subset of Government activities within the project boundary.** The PforR will focus on results in terms of the number of beneficiaries reached by cash transfers and

accompanying measures and the development of delivery systems to improve the integration across all social protection programs and social services. The PforR Program will reward the government's achievements in increasing access of the poorest households to the safety nets system and strengthen its operational capabilities by rewarding corresponding results outlines in the results framework.

#### Program Strategic Relevance

**6. The proposed operation will directly support the new vision of the Government of Togo to accelerate development and economic growth by building resilience and prosperity for all Togolese.** The FDR 2025 was adopted in October 2020, and complemented Togo's first national development plan (PND; 2018-2022). The first of three strategic objectives embrace "strengthening inclusion and social cohesion and guaranteeing peace", combatting inequality, vulnerability and insecurity through coordinated actions, by boosting human capital outcomes, through social protection, health and education.

**7. The FDR 2025 was concretized in the Ministry of Economy and Finance's "Multi-year Programmatic Budget and Economic Document 2023-2025" (DPBEP) and the Prime Minister's State Budget Draft Program 2022-2024.** These documents contain specific targets for reform in all sectors, and program spending and performance indicators for all ministries and agencies.

**8. The proposed Program is strategically relevant as it addresses key constraints to poverty reduction and human capital accumulation in Togo.** By increasing access of the poorest households to safety nets programs and improving the performance of the delivery system, households will benefit from synergies of existing programs. Poverty remains a major concern in Togo despite the efforts made and the significant progress observed. Poverty as an absolute material deprivation in 2018/2019 was estimated at 45.5 percent, equivalent to 3.6 million people. An additional 19 percent of the population is considered vulnerable to falling back into poverty. This means that over 5 million people—that is almost 2 out of 3—Togolese are either poor or vulnerable to poverty. Poverty incidence is significantly higher in rural areas (58.7 percent, versus 34.3 percent in urban areas), and the Savanes region displays the highest poverty incidence followed by the Kara Region. Individuals from households with one adult female—that is, households in which the only adult is a woman—display a higher poverty incidence compared to those with one adult male (45.3 percent and 19.6 percent, respectively).

**9. Poverty not only affects 45 percent of Togolese but is also deep with 23.5 percent of the population living in extreme poverty.** Togo's poverty incidence is measured by comparing annual per capita consumption with the national poverty line, estimated at FCFA 273,619 per capita per year in 2018/2019, i.e., US\$3 per person per day in purchasing power parity (PPP) of 2017. The poverty gap associated with this line was estimated at 15 percent of poor population incomes (21 percent in rural areas and 7 percent in urban areas). Extreme poverty line is defined as the monetary equivalent of meeting food needs. In monetary terms, the extreme poverty line in Togo is about US\$1.9 per person per day in 2017 PPP (FCFA 167,549 per capita per year).

**10. Global and Togo-specific evidence suggests that cash transfers targeted to the extreme poor and vulnerable are necessary to insure inclusive economic growth.** The activities proposed under the PforR are backed by previous analytical work. For example, Hoozeven and Van Dyck (2014) have shown that by spending around 1 percent of GDP on targeted social safety nets (which would bring Togo's spending to the average levels among developing countries), combined with measures to promote inclusive economic growth, Togo can potentially achieve a substantial reduction of extreme poverty.

Under the PNPSNC the Government is planning to increase its financing of the sector to 0.6 percent of GDP bringing it closer to the regional averages and the scale of needs of the target population.

**11. A number of lessons emerge from international experience.** The report on *Realizing the full potential of Safety Nets in Africa* highlights a few lessons.<sup>1</sup> First, the value of a cash transfer matters. Ensuring impact requires sufficiently large transfers to help households smooth consumption. Second, the impact of programs relies on predictability. If benefits are not delivered with regularity, households cannot use them as effectively. As programs go to scale, fiscal sustainability (i.e., regular funding) is needed to ensure that programs reach maximum impact. Third, coordination with complementary programs, such as skills training, is critical for maximizing resilience and promoting productive inclusion. As social safety nets grow, there will be a greater need for a sound institutional framework to tie programs together. The PforR design is well aligned with these key lessons. The evidence consistently showed an increase in total expenditure and food expenditure and a reduction in poverty measures. Randomized controlled trials show transfers allowed poor households to build assets, increase consumption, reduce hunger, increase investment in and revenue from livestock and small businesses, while not increasing spending on alcohol or tobacco.<sup>2</sup>

**12. Combining small and predictable cash transfers covering a large share of the poor with measures to support financial inclusion will in turn feed into the economic growth** by 1) building resilience and the ability to save to smooth fluctuating income streams and enable investment and climate change adaptation, 2) activating local economy multipliers creating demand for goods and services produced by the poor, 3) enhancing their capacity to invest in human capital and incentivizing them to access basic services, thus creating pre-condition for participation in the economic growth, 4) improve economic returns on public spending through the increased efficiency of social programs. The proposal to expand poverty-targeted cash transfers responds directly to the findings of the recent public expenditure review aimed at enhancing impact in tackling poverty. More details of the poverty impact assessment of the proposed PforR are provided below in the Economic analysis section.

**13. Therefore, the proposed Program is adequately structured to resolve the issues at hand and builds on international best practices.** The Program aims to consolidate the achievements of the FSB and Novissi, moving toward a systemic national approach, with a sustainable and inclusive safety net system, an updated socio-economic registry, greater linkages, and harmonization of tools between social programs and the development of a shock response system.

#### Technical Soundness

**14. A technically sound Program is one that is designed and implemented to efficiently produce results and reach the Program's objectives.** By rewarding results reflecting the expansion of the social safety net, the development of the adaptive capacity of the social protection system, and achievements in the strengthening of the social protection system and improving its coordination, the PforR will contribute to the success of the PNPSNC in achieving greater social inclusion of poor and vulnerable populations and improving their living conditions.

**15. Two areas were assessed in relation to the Program:** (i) flagship social safety net and the

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<sup>1</sup> Beegle, Kathleen; Coudouel, Aline; Monsalve, Emma. 2018. *Realizing the Full Potential of Social Safety Nets in Africa*. Africa Development Forum; Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/29789> License: CC BY 3.0 IGO

<sup>2</sup> Haushofer, Johannes, and Jeremy Shapiro. "Policy brief: impacts of unconditional cash transfers." *Massachusetts Institute of Technology* (2013).

development of the adaptive capacity of the social protection system; and (ii) the strengthening of the social protection delivery system and its coordination.

## Design of the flagship social safety net

### Target group

**16. The new flagship program will continue to focus on extremely poor and poor households.** Eligible households under the FSB were identified through a mix of proxy means testing (PMT) and community validation to identify and categorize poor households. This will ensure maximum transparency and efficiency in identifying the right beneficiaries. It will also utilize targeting innovation under the Novissi program.

### Gender considerations

**17. The government intends to prioritize women.** Indeed, international literature on the impact of cash transfer programs indicates that cash transfers can increase women's decision-making power and choices.<sup>3</sup> Evidence also shows that cash transfers and graduation type interventions (especially financial inclusion measures) do support young women in increasing their decision-making power, diversifying their income source. These types of programs are particularly impactful in the medium term as they can tackle several constraints (access to cash, financial sovereignty, financial literacy guidance etc.). Programs which target women or establish quotas for women have shown to be more impactful.<sup>4</sup> Targeting women with cash transfers can have significant positive impacts on outcomes related to child development, education, and health, in addition to promoting gender equality.

**18. The proposed Program design takes into consideration the second phase of the Novissi program which focused on the chronic poor and had important aspects differentiating the benefits by gender,** thus incentivizing households to nominate female as the beneficiary and transfer recipients for the household (8170 FCFA per month for female beneficiaries versus 7000 FCFA for males). Enabling savings for participating households up to 42,000 FCFA per beneficiary family, it creates necessary precondition for greater resilience and helps households to plan strategically the investment into productive assets

**19. The Program will adopt measures to promote the inclusion of women and contribute to closing the gender gap in access to mobile money.** First, by distributing about 50,000 mobile smart phones and connectivity kits for free to female beneficiaries who may not have one, the program will contribute to closing the gap in access to mobile phones, and therefore also in access to mobile money, a critical steppingstone in achieving greater financial inclusion. Given that women are less likely to own mobile phones or a financial account, and since most of the beneficiaries will be women, the ASTRE program will reduce such inequalities. Moreover, cash transfers targeted towards women have the potential to address intimate partner violence (IPV), and gender-based violence (GBV), if accompanied by proper measures. A recent meta-analysis of 14 evaluations of cash transfer programs found that 11 of them resulted in a decrease in IPV attributable to the intervention. This growing body of evidence highlights the potential of cash transfer programs to not only address poverty and gender inequality but also promote safer and healthier households and communities.

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<sup>3</sup> Jessica Hagen-Zanker, Luca Pellerano, Francesca Bastagli, Luke Harman, Valentina Barca, Georgina Sturge, Tanja Schmidt and Calvin Laing. 2017. The impact of cash transfers on women and girls, a summary of the evidence. Overseas Development Institute, ODI. <https://cdn.odi.org/media/documents/11374.pdf>

<sup>4</sup> UNICEF 2021. Social Protection and Gender Equality Outcomes across the Life course: A Synthesis of Recent Findings.

## Scale

**20. The Program will cover four cohorts of 110,000 households each, for a total of 440,000 households supported each for 18 months.** Cash transfer program for the extreme poor aims to reach 1.8 million extremely poor individuals cumulatively by the end of the program. This scale is equivalent to the size of the extremely poor population in Togo. In addition, the shock responsive element will create institutional framework, procedures and financial vehicle to cover cumulatively 250,000 households exposed to shocks during the Program implementation. This two-pronged approach aims to reflect differentiation between the two poverty categories, as well as the objectives of the program in terms of meeting immediate consumption needs for extremely poor households, promoting human capital and financial inclusion, and to avoid negative coping strategies for all poor, extreme or not extreme.

## Scope

**21. Ex ante simulations on the potential effect of the program on poverty** are performed based on EHCVM 2018/2019 harmonized household survey data.

**22. The estimated impact of the program on poverty reduction increases over the years (from 0.6 percent in 2024 when the poor are targeted to 3.7 percent in 2029).** Based on these results, the program is expected to lift about 1.24 million people out of poverty by 2029, corresponding to approximately 12 percent of the population. These are driven by the assumption that those who are lifted out of poverty do not fall back into it. This is an ambitious assumption, given the high vulnerability to poverty in Togo. Nevertheless, it can be supported by the accompanying measures which aim to increase resilience among the program beneficiaries. For example, the savings incentives provided by the program can help households undertake productive investments, allowing them to sustainably boost their income and, consequently, reduce their vulnerability to poverty.

**23. The program is expected to lift about 2.3 million people out of food poverty by 2029, when targeting is based on food poverty.** Institutionalizing cash transfers presents a promising response mechanism to food security shocks, thereby reducing food poverty. Consistent with high food insecurity, food poverty is high in Togo. The share of the population whose food consumption is below the food poverty line (estimated at 148,827 FCFA) was estimated at 52 percent in 2018/19. The cash transfers are expected to help households meet their minimum daily food intake. Simulations of the impact of the cash transfers on food poverty show that the program would reduce food poverty by 1.03 percentage points in the first year and by almost 7 percentage points in 2029.

## Human Capital Accompanying Measures

**24. The Human Capital Accompanying measures and a package of financial inclusion through incentives to save using mobile money accounts offer a promising way of boosting UCT impact on assets accumulation and graduation from poverty.**<sup>5</sup> The basic unconditional cash transfer will be accompanied by a systematic communication campaign geared towards human capital accumulation, providing an incentive to participate in social and behavior change communication sessions aiming at promoting knowledge. The saving incentives will integrate lessons learned from other programs.

## Benefits levels

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<sup>5</sup> <https://blogs.worldbank.org/developmenttalk/how-should-we-design-cash-transfer-programs>

**25. Each household will benefit from a package of intervention, reflecting best practices<sup>6</sup>.** The recurring transfers represent a total benefit of 8170 FCFA per month for extremely poor households, representing 14.3 percent of the 2019 national poverty line, or 35 percent of the poverty gap in line with international best practices. This amount is higher than the current transfer provided under FSB (5000 FCFA per month), signaling the start of the flagship and providing incentives to participating households to enroll. It also builds on the experience in Novissi in providing more frequent transfers (monthly instead of quarterly for FSB), thus improving the consumption smoothing effects of the transfer. Lower middle-income countries in Africa provide benefits representing on average 12 percent of the national poverty line through cash transfers<sup>7</sup>.

**26. The transfer will be implemented over a cycle of 18 months for each eligible household.** The duration of a cash transfer always presents a tradeoff between offering maximum coverage of eligible households and providing a support of a period long enough to make a lasting impact on household welfare. The choice of the period of participation in a program (18 months) is driven by the experience of FSB (which provides support for 24 months), on the one hand, and by the objective of covering all the chronic extreme poor with cash transfers and accompanying measures under a given budget. Demonstrating the feasibility to cover all the extreme poor will provide the foundational principle for the future social safety nets system in Togo. The 18 months duration was estimated to provide a support long enough to give households time to benefit from the various activities and improve their livelihoods, fully in line with the Government's PNPSNC.

#### Payment modalities

**27. Payment of the cash transfers.** In line with good practice, to ensure the efficient delivery of cash transfers, the flagship cash transfers will be operated via mobile money to distribute payments to **beneficiaries**. Digital payments and associated payment platform are essential to ensure greater ability to reach beneficiaries in an efficient way, while avoid security issues associated with physical cash distributions. Digitization of payments for social protection programs has the potential to substantially increase financial inclusion, particularly among the poor and vulnerable. By adopting rapidly evolving financial and technological services, countries using modern Government-to-People (G2P) payment systems have improved recipients' experiences by allowing them to choose payment providers and set-up their own accounts to receive funds, lowered payment delivery costs for governments, reduced leakage through integrated payment systems, and introduced incentives for payment service providers to compete for their market share.<sup>8</sup>

**28. The payment ecosystem in Togo is adequate to operate most benefits via mobile money.** Recent estimates showed 43 percent mobile money penetration rate<sup>9</sup>. As a result of Novissi model 1 and 2, 170,000 new mobile money accounts were created. Under Novissi all beneficiaries received their payments through mobile money, and while this modality was a success, given the gaps in some of the remote areas in terms of access to cellphones or coverage, to remove barriers to access the program will distribute low-cost smartphone devices to beneficiaries who do not currently have one. Several Government initiatives under FDR are promoting the digital financial inclusion and skills to catalyze the uptake of digital financial services in rural areas, with a focus on women.

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<sup>6</sup> <https://blogs.worldbank.org/developmenttalk/how-should-we-design-cash-transfer-programs>

<sup>7</sup> <https://openknowledge.worldbank.org/bitstream/handle/10986/29789/9781464811647.pdf?sequence=2&isAllowed=y>

<sup>8</sup> Lindert, Kathy, Tina George Karippacheril, Inés Rodríguez Caillava, and Kenichi Nishikawa Chávez, eds. 2020. Sourcebook on the Foundations of Social Protection Delivery Systems. Washington, DC: World Bank.

<sup>9</sup> <https://arcep.bj/wp-content/uploads/2021/11/Rapport-dactivitpercentC3percentA9s-2020-ARCEP-BENIN-2.pdf>

**29. A beneficiary centric design will allow beneficiaries to access grievance redressal mechanisms if needed and will minimize the cost to them.** The Program will consolidate the grievance redress mechanism (GRM) systems developed by FSB, Novissi and WURI. It will utilize an integrated call center and chatbots that will respond to calls in local languages with grievances on the flagship program, as well as the RSPM and eID among other people-facing systems and programs.

#### Delivery system

**30. The proposed Program supports the strengthening of the social protection delivery system in Togo.** The RSPM and eID Togo are supported by the World Bank-financed West Africa Unique Identification for Regional Integration and Inclusion (WURI) program (P169594). The government is working towards rolling out eID Togo to register all individuals in Togo by 2024. In tandem the RSPM is being developed to collect and update self-reported socioeconomic information from households through the RSPM's dynamic intake and registration process. A multidimensional economic and vulnerability criterion is being developed to perform an assessment of needs and conditions. The assessments are to be validated based on self-reported information through cross-checks against other data sources facilitated by a data exchange platform (to be developed under the Togo PforR). The RSPM will allow for determination of potential eligibility based on the validated assessment of needs and conditions and the eligibility criteria set by each program. Innovations in the processes along the delivery chain of the RPSM, such as during outreach, registration, and assessments, will make it possible to account for overlapping social disadvantages, such as those related to gender, to ensure an inclusive and equitable tool.

**31. The operation aims to consolidate the key building blocks currently being put in place into a holistic interoperable social information system.** In doing so, the operation will support the government in putting in place a cutting-edge social protection delivery system combining international best practices with recent innovations. Experiences from three countries (Turkey's ISAS, Brazil's Cadastro Único and Chile's SIIS) and Togo's own innovations through Novissi will inform the Program's support of interoperable delivery systems.

#### Program Expenditure Framework

**32. The Program is leveraging the current political will and momentum to transition the existing IDA-supported cash transfer IPF project into a long-term national program** to increase access of poor households to safety nets and improve the performance of the safety nets delivery system.

**33. An expenditure framework has been developed to allow for an effective implementation of the program.** The expenditure framework will ensure that at the end of the Program Bank financing does not exceed Program expenditures, and that program budgeting and reporting ensure transparency and accountability. The 2021 actual budget execution for social assistance in Togo is taken as a baseline. The full costing of the new Flagship Cash transfer program under PNPSNC with the accompanying measures and the delivery systems investment were estimated.

**34. The program of the Government is financially sustainable, but funding predictability is fragile.** The total IDA funding available to fund the Program under this operation is US\$100 million, representing 41 percent of the estimated required budget for the program over five years, 2024-2028. The government will mobilize US\$142.4 million to meet all of the PNPSNC program's expenditure. It is likely that other donors may contribute to the financing.

**35. The program cost is minimal compared to the GoT's overall budget, which contributes to its fiscal and financial sustainability.** The program's total budget is US\$242.4 million, representing 3.3 percent of the 2022 total expenditures per the budget law and on a yearly basis the program cost represents 3.6 percent of the Government budget over 5 years. The overall budget cost of the program represents 0.57 percent of GDP, making the fiscal burden of the program limited. In addition, some of the Program's activities will increase the effectiveness of public spending, including by improving the targeting.

#### Program Results Framework and M&E

**36. Result framework and M&E capacity:** The government program is built on a sound theory of change with clear output and outcome-level indicators disaggregated by year, and reliable monitoring and reporting arrangements are in place. M&E systems have the necessary foundations to function but would require strengthening in the areas of data quality, data sharing, and data use for decision-making at all levels.

#### Economic justification

**37. Rationale for public investment:** A comprehensive social safety nets system is an important prerequisite for sustained and inclusive economic growth. Generally, it reduces poverty by providing direct income support through cash transfers and builds resilience through economic inclusion measures. It also protects the poor and vulnerable against shocks which may throw them into or deeper into poverty.

**38. World Bank added value:** The World Bank is well positioned to support the Government of Togo in strengthening access for poor and vulnerable to the safety nets system as well as strengthening its sustainability. Through its current engagement in the sector, the World Bank has established itself as a knowledge organization that is uniquely positioned to bring international good practice to bear. The World Bank has supported a range of analytical work that has strengthened the overall social protection sector, while increasing the efficiency and effectiveness of individual programs. Additionally, the World Bank's convening authority in the sector is well recognized, as is its commitment to supporting government-led, multi-donor processes.

#### Cost-benefit analysis (CBA) of the Program

**39. CBA parameters.** The impact of the ASTRE Program on future benefits is estimated as (i) the increase in future income of the recipients and the (expected savings (that the creation of the new system will allow) from future cash transfer distribution to the chronic and transient poor. To calculate the net present value and the rate of return of the program, the following basic assumptions were made:

- (i) The cash transfer distribution to the chronic poor will increase household income by 33% upon their graduation from the program based on the impact evaluation of a similar productive inclusion program in Uganda.<sup>10</sup> This assumption will particularly be applied to the 80 percent of households where a woman is the transfer recipient and will receive the financial inclusion package. According to the impact evaluation results, the income effects of

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<sup>10</sup> Haushofer, J., & Shapiro, J. (2013). Household response to income changes: Evidence from an unconditional cash transfer program in Kenya. *Massachusetts Institute of Technology*, 24(5), 1-57



cash transfers can persist from 2 years<sup>11</sup> to 10 years after graduation from the program.<sup>12</sup> Some CBA guidelines also recommend considering up to 20 years.<sup>13</sup> For the ASTRE Program, we assume a duration of 4 years, which is conservative.

- (ii) The new system will reduce the cost of the implementation of future cash transfer programs by 0.05 percent thanks to the reduction in distribution costs and elimination of leakages.<sup>14</sup>
- (iii) The discount rate is set at 10 percent and the exchange rate at US\$1 = FCFA 601.<sup>15</sup>

Table 8: CBA table of costs, benefits, and balances

Parameters	Estimate
Total number of beneficiary households	440,000
Total number of beneficiaries households with the financial inclusion package (80% of beneficiaries)	352,000
Total projected cost (present value)	109,700,000
Total projected benefits (discounted)	140,327,688
Net Present Value	30,327,688
Rate on Investment (%)	28

**40. Results of Economic Evaluation: The estimated net present value of the ASTRE Program is US\$30.3 million, corresponding to an economic rate of return of 28 percent.** This rate is within the range of the economic rate of return of similar productive inclusion programs.<sup>16</sup> Despite the use of very conservative estimates of project benefits, the CBA analysis demonstrates projected positive economic performance of the interventions and its capacity to generate important economic returns to the economy of Togo. Not only have conservative estimates of parameters been used (e.g., the high discount rate) but also important direct impacts of the project on beneficiaries and indirect impacts on non-beneficiaries are excluded from the analysis. For instance, the transfers and the financial inclusion package are likely to increase spending on education and reduce child labor with the potential to increase school enrollment and, consequently, boost future earnings. The Program is also likely to increase spending on health, increasing life expectancy at birth, therefore, extending the working life period of beneficiaries. Furthermore, evidence suggests increased food consumption that persists at least 2 years following graduation from the Program<sup>17</sup> and positive spillovers on the consumption of non-recipient households by up to 40 percent<sup>18</sup>, which are not included in the current analysis. It is therefore clear that the overall rate of return on the Program can be considerably high.

#### Technical Risk Rating

**41. The overall technical risk rating is considered substantial.** The proposed RAs are aligned with the government’s focus and thereby are keeping the complexity of the PforR to a minimum. Activities

<sup>11</sup> Banerjee, A., E. Duflo, N. Goldberg, D. Karlan, R. Osei, W. Pariente, J. Shapiro, B. Thuysbaert, and C. Udry. “A Multifaceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries.” *Science* 348, no. 6236 (May 14, 2015): 1260799–1260799.

<sup>12</sup> Cost Benefit Analysis of Cash Transfer Programme Local Economy and Social Capital Impacts of the SCTPP in Tigray, Ethiopia (2016), J. Edward Taylor, University of California, Davis.

<sup>13</sup> Cost benefit analysis guidelines, MCC (2021),

<sup>14</sup> This is a conservative measure, as the potential savings can be as high as 8 percent of the total cost.

<sup>15</sup> <https://www.xe.com> – May 12, 2023

<sup>16</sup> For reference, see Ethiopia (Blattman, C., Green, E. P., Jamison, J., Lehmann, M. C., & Annan, J. (2016). The returns to microenterprise support among the ultrapoor: A field experiment in postwar Uganda. *American economic journal: Applied economics*, 8(2), 35-64 and Banerjee, A., Duflo, E., Goldberg, N., Karlan, D., Osei, R., Pariente, W., & Udry, C. (2015). A multifaceted program causes lasting progress for the very poor: Evidence from six countries. *Science*, 348(6236), 1260799.

<sup>17</sup> Blattman et al. (2016)

<sup>18</sup> Angelucci, M., & De Giorgi, G. (2009). Indirect effects of an aid program: how do cash transfers affect ineligibles' consumption? *American Economic Review*, 99(1), 486-508.

identified under each RA also include, for the most part, interventions already piloted in Togo through the FSB and Novissi, or for which technical assistance through the WURI program can be provided. Nevertheless, the considerable increase in the safety net caseload may be a challenge and will require a shift in mindset but also approach to collaboration and coordination. Furthermore, potential delays in the budgeting process and resource mobilization could impact the government's ability to implement planned activities on time. Therefore, the technical risk is substantial.