

Case study - Togo

LRFP - 2021 - 9172173 - Evidence generation for
KRC#8 Innovative Finance - Regional Revolving Fund

Wednesday, 5th October, 2022



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Glossary

CO: Country Office

RO: Regional Office

WCAR: West and Central Africa Region

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RO: Regional Office

WCAR: West and Central Africa Region

OD(F): Open Defecation (Free)

BoP: Base of the Pyramid

(R)RFS: (Regional) Revolving Fund for Sanitation

CLTS: Community-Led Total Sanitation

BSF: Basic Sanitation Fund

DSF: District Sanitation Fund

FSP: Financial Service Provider

MFI: Micro-Finance Institution

CAC: Municipal Sanitation Committee (Comité d'Assainissement Communal in French)

Case study technical report

1. Introduction / Background

cewas has been engaged by UNICEF to assess the key success factors and areas for improvement of the cewas has been engaged by UNICEF to conduct the assignment in April 2022 and aims to finalize it before the end of 2022. Over 3 months and leading up to this Technical Country Case Study, the team has developed an analytical framework and methodology as well as a set of guiding questions to assess the Regional Revolving Fund for Sanitation in West Africa, namely Ghana, Nigeria and Togo. The team conducted secondary data analysis through a desk review, then collected primary data virtually through the CO reporting template, and finally conducted a Field Mission in each of the countries in June and July 2022, for interviews and site visits. This Technical Country Case Study is the result of the analysis of the findings from secondary, primary and field visit information and data drawing a picture of the current functioning of the Regional Revolving Fund for Sanitation in Togo. The document presents an in-depth analysis of the RRFS in Togo and draws lessons learnt and conclusions for scaling the system piloted in 3 states to the country overall. Based on the Technical Country Case Studies for Ghana, Nigeria and Togo, a Regional Feasibility for scaling analysis will be developed and discussed through strategic discussions and feedback during a physical workshop planned to take place in November 2022 in Togo. A final step in this assignment, will be developing a business model for the regional deployment of the RRFS in WCAR.

This technical report analyses the Regional Revolving Fund for Sanitation for the case of Togo and provides insights on how to scale the RRFS throughout the country to support the achievement of SDG6. The report will first provide a snapshot of the current sanitation situation in Togo, as well as the key action to end open defecation and provide improved sanitation for all, including a map of the evolution of programs and actions taken by the government and several other stakeholders. Secondly, the relevance, effectiveness, efficiency, sustainability, and equity of the RFSS will be assessed, to draw lessons for a roll-out of the fund across Togo and regionally.

If the Togo Country Team was able to review and comment the flowchart, as well as the evolution map, the key findings of Chapter 4 were not presented to them yet, although most of the content was at the heart of the discussions the consultants held with them already.

2. Overview of sanitation and sanitation financing in Togo

a. Sanitation situation in Togo

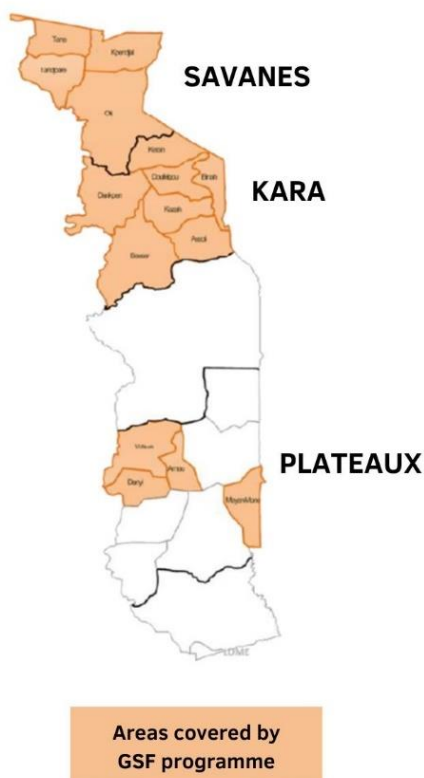
The Republic of Togo's population is currently 8,278,724. In 2019, 51% of the inhabitants were still practising open defecation, a figure that is much higher in rural areas (around 70%)¹.

In 2017, the share of the population accessing improved sanitation facilities was 46,6%, hiding another huge discrepancy between rural and urban areas².

Pursuing the achievement of SDG 6.2 for 2030, Togo has set an ambitious goal in terms of sanitation: ending Open Defecation (OD) by 2030.

¹ Key resources shared by UNICEF, UNICEF Togo WASH microfinance

² Togo country brief, SWA sector ministers meeting 2019



Since 2010, Togo's strategy to end OD has taken shape throughout one major approach: CLTS. First piloted with UNICEF and then scaled with the support of the GSF, CLTS campaigns are the major tool of the Government to end open defecation.

Based on this experience, Togo adopted the Togo SANDAL sanitation roadmap in 2017, which has marked another important step in the sanitation sector. This roadmap has reaffirmed the space of CLTS, encouraging all subsidy-based programmes to target only ODF communities or institutions rather than households still practicing OD.

The RRFs in Togo marks a real innovation within the sanitation financing space, as no other similar programme including microfinance was ever implemented.

If many government-led or international donors programmes have now emerged in hygiene and sanitation, those sectors have only been gaining momentum for the last 10 years. Only in 2015, was the Directorate of Hygiene and Sanitation created within the Ministry of Health. A major progress, for 2 sectors that had for long been considered a sub-sections of health topics.

This evolution is noticeable in the changes of Hygiene and Sanitation budgets.

Budget allocated to the sub-sector of hygiene and basic sanitation ³

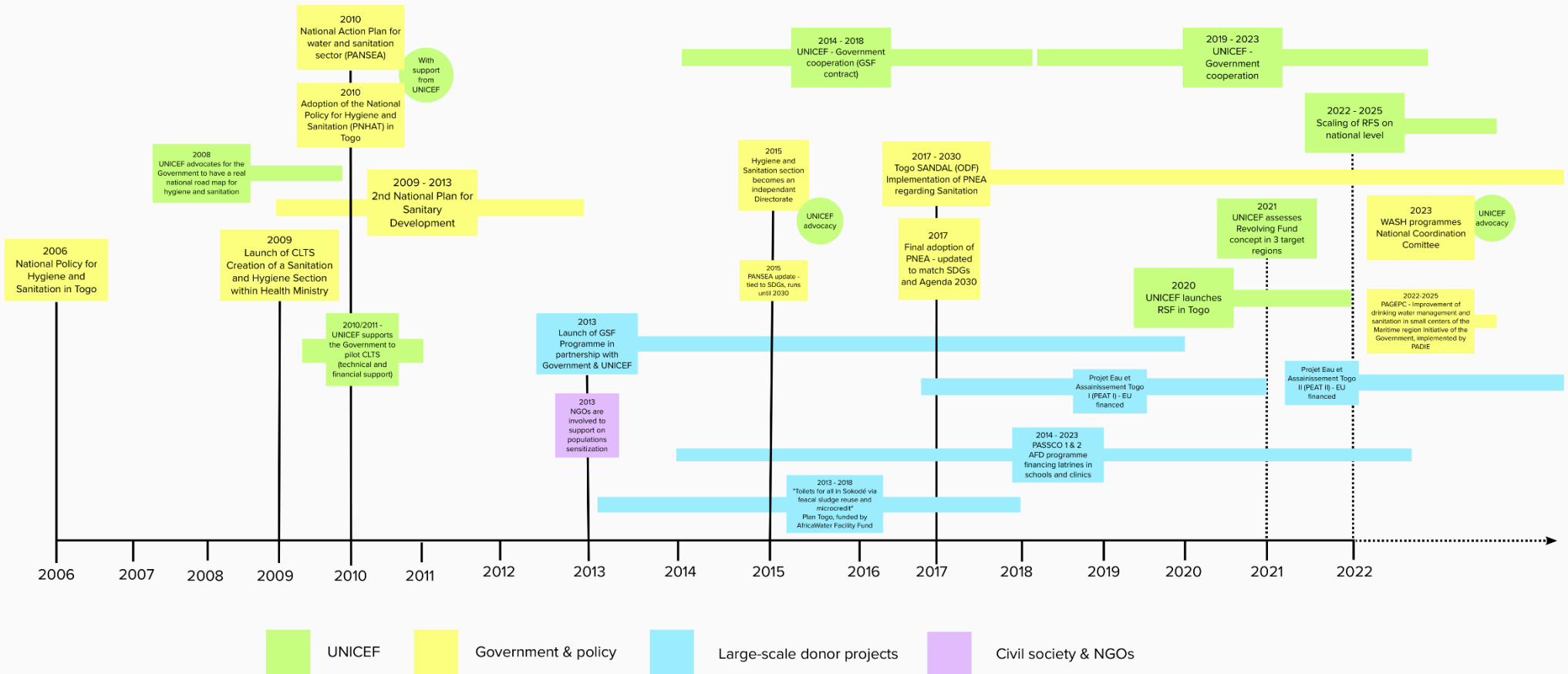
Indicators	2012	2013	2014	2015	2016
Population	6 859 000	7 043 000	7 229 000	7 417 000	7 606 000
Health budget (thousands of FCFA)	25 744 228	45 384 030	30 099 595	45 006 161	51 475 910
Share of health budget in general state budget (%)	4	6	4	5	5
Hygiene and sanitation budget (thousands of FCFA)	5 720	8 370	3 235	3 235	14 227
Share of health budget allocated to hygiene and sanitation (%)	0,022	0,018	0,011	0,0072	0,028
Share of hygiene and sanitation budget in GDP (%)	0,00027	0,00038	0,00013	0,00015	0,0006

³ Initiative Togo SANDAL Septembre 2017, Document institutionnel

b. Evolution Map

Ending open defecation is a complex endeavour that requires awareness, behavioural change, availability of skills and materials as well as financing mechanisms. Collaboration of stakeholders at all levels and from different sectors is decisive for the success of driving such change, namely policymakers, local governments, financial entities such as banks, MFIs and others, local government offices, Civil Society Organizations and the business sector, construction companies and artisans to implement. These actors are embedded in local ecosystems, operate according to existing policies and programs, and create initiatives and platforms, that can define the success of a mechanism such as the RRFS. The below Evolution Map provides full overview of the ecosystem in which the RRFS operates and fosters a clearer understanding of the key success factors in place as well as potential gaps in the ecosystem that could be addressed to scale the RRFS.

Togo Evolution Map:



While current trends indicate that the SDG Goal 6.2 will not be reached by 2030, the Government of Togo has set out to work towards its achievement through the following measures:

- In the year **2006**, the Government issued a National Policy for Sanitation in Hygiene in Togo. For the first time, sanitation was not a small part of a larger health policy but had a policy for itself.
- From **2009 to 2011**, UNICEF partnered with the Government to pilot the Community Led Total Sanitation approach. CLTS effectively raised awareness about the need to end open defecation and created demand for toilets amongst communities in Togo. However, the majority of toilets built were basic, made out of materials that would not resist rainy weather conditions, which caused some of them to collapse.
- In **2010**, the Government adopted a national policy and a national action plan for sanitation (PNHAT, PANSEA) demonstrating an unprecedentedly clear road map for the sanitation sector at national level. Further, Togo voted in favour of UN General Assembly resolution 64/292 of July 2010 which “recognizes the right to safe and clean drinking water and sanitation as a human right that is essential for the full enjoyment of life and all human rights.”⁴
- In **2013**, a large-scale programme was launched, funded by the Global Sanitation Fund (GSF), gathering UNICEF and the Government. UNICEF provided both a technical and financial support, especially in the training and involvement of local health services and NGOs on how to spread out the CLTS approach. The GSF funding stopped in 2020, which led to a decrease of NGOs’ participation to CLTS and a reinforcement of the role of municipal and local leaders.
- The cooperation between UNICEF and the Government on CLTS was formalized in **2014**, with a first 4-year contract that ran until 2018 and that was renewed for 4 more years, from **2019 to 2023**. During the first contract, the sole purpose of the cooperation was to scale up the implementation of the CLTS approach, as sanitation was for a very long time the poor relation of any WASH or health policies. The second 4-year contract is covering a broader scope, as water, menstrual hygiene, health, infections prevention are integrated to the collaboration. As for the first contract, UNICEF funds and keeps working along with NGOs as local implementors to reach the targets set with the Government.
- It is only in **2015** that the Government of Togo granted the hygiene and sanitation sector with an autonomous Directorate within the Ministry of Health. This transition from a sub-section to a Directorate reveals the growing awareness about the importance of sanitation and hygiene as a key development sector, indeed from 2014 to 2016, the budget allocated to the sector was multiplied by 4.⁵
- **2017** marks an important year in terms of sanitation policy in Togo. The Togo SANDAL⁶ strategy (2017 – 2030) is launched, turning into concrete actions what has been adopted in the 2017 National Policy for Water and Sanitation (which is based on the SDGs). The Togo SANDAL strategy grounds itself on the assessment and experience of the GSF programme launched in 2013 with UNICEF and the Government. It is also the year that marks a fusion between sanitation and water policies within PNEA, though these sectors still fall respectively within Health and Water ministries.
- In **2020**, the RFS was launched in Togo. The Korea International Cooperation Agency provided \$250,000 to test the model and the 7% Set Aside Innovation Fund brought \$300,000 in 2021. As far as June 2022, XOF 262 500 000 (\$385,452) have been disbursed to CACs, the Fund Administrators. The remaining available funds are retained by UNICEF and are used for coordination of the programme.
- In **2022**, over July and August, UNICEF has committed to add \$300,000 to the RFS programme, via the 7% set-aside innovation fund. The funds have however still not been received by the Togo Country Office by the time this report was written.

⁴ <https://www.amnesty.org/en/wp-content/uploads/2021/05/IOR4013802015ENGLISH.pdf>

⁵ Policy document, Initiative Togo SANDAL 2017 - 2030

⁶ Togo SANDAL means Togo without Open Defecation

The sanitation sector in Togo is guided by the Togo SANDAL Roadmap, which prioritises the elimination of open defecation by 2030 and achieving universal access to basic water services and sanitation in rural areas by 2030.

c. Sanitation Funds in Togo

The sanitation sector in Togo has long been suffering from underinvestment: it was considered as a minor part of health policies for decades and was not recognized as a key axis in itself for development, therefore sanitation funds and financing options are very scarce in the country.

Based on the interview conducted with the Directorate of Basic Hygiene and Sanitation, it appeared that the RFS is the first micro-credit programme ever created in the sanitation sector in Togo.

In Togo, the financing options for a household willing to build its own latrine are the following:

- Paying all at once with their own money
- Using AVECs (tontines) to avoid paying all at once, still HH own money
- Taking a RFS loan if available in their municipalities
- Benefiting from a subsidy if available in their municipalities

This shows that other sanitation financing options in Togo at household level are non-existent, other than subsidies or the RFS loans, households have no other options but to rely on their own funds or the solidarity of their communities/the diaspora.

If subsidy-based programmes to build latrines at HH level have existed and still remain, since the deployment of the CLTS approach and the adoption of the Togo SANDAL roadmap, the Government of Togo has enforced the following strategy: subsidy-based programmes should focus on building latrines in institutions (schools, clinics etc...) or at household level, but only and only if their communities are declared ODF.

The rationale behind this strategy is that the CLTS approach should nudge HH to build their own latrines, even basic ones with local materials. The additional efforts to improve sanitation facilities at HH level will be made by Government or other stakeholders only if this first step to overcome OD has been engaged by households themselves.

A few WASH programmes are today still subsidizing latrines at household level but UNICEF is strongly advocating for these programmes to coordinate with the Togo SANDAL strategy and directly link their subsidies to the attainment of ODF status by the municipalities.

For example, the AFD programme PASSCO II has integrated this strategy in its criteria, and now builds toilets in schools and clinics only in municipalities that have been declared ODF.

As subsidy-based programmes are usually necessary to target the poorest households, some compensation mechanisms have been set in place, especially by UNICEF and will be described in this report (see chapter 4.e).

3. Regional Revolving Sanitation Fund

a. Objectives of the RRFS

According to UNICEF Concept Notes from the Togo Country Office, the RRFS aims to:

- **End open defecation and create demand for sanitation.** The micro loans for latrines complement the Community Led Total Sanitation (CLTS) campaigns led by the prefectural cells and are perfectly interlocking with the Togo SANDAL roadmap to provide durable and affordable improved sanitation options that will guarantee the dignity and improved living conditions of the people of Kara, Savanes

and Plateaux regions. By making the CACs a key player in the RRFS scheme, it is also expected that the accountability and responsibility of municipalities regarding sanitation will be strengthened, as they take greater ownership of the programme.

- **Increase access to improved sanitation, and hygiene services for vulnerable people:** the RRFS will provide cheaper access to finance for households to build improved toilets and to re-pay instalment for households who cannot afford the full cost of improved toilets up front. It also provides a more affordable interest rate for people in lower wealth quintiles who are currently not served by existing financial services
- **Improved livelihood through sanitation-based income generation:** the RRFS also aims as nudging MFIs to include sanitation in their products range, beyond the framework of the programme. This will participate to developing a value chain that can facilitate sanitation focused income generation activities thereby creating employment at various levels (material providers, TBOs, masons, hygiene promoters...).

The below analysis will take into consideration the objectives set out for the RRFS, and draw recommendations for further development and scaling.

b. Functioning of the RRFS

Summary of the RRFS functioning

The RRFS (also sometimes referred to as the UNICEF Sanitation Marketing and Financing and Sanitation Revolving Loan initiative / the 7% set-aside fund for innovation / Microcredit for latrines / Sanitation Revolving Fund and others), is a mechanism that starts with UNICEF and a donor (KOICA) contributing funds to a joint Sanitation Fund that is spread among municipalities involved and administered by the CACs (Municipal Sanitation Committees). The CACs provide the funds at 0% interest rate to MFIs that have agreed to join the programme and comply with the lower interest rates. The MFIs were initially approached by the NGOs who handed this responsibility over to the CACs in 2020.

The funds are assigned to the MFIs throughout the opening of a CAC's account. MFIs can debit the CACs' accounts in case of late repayment or default. In case of smooth repayment, they transfer 20% of the collected interest rates to the CACs account. However, the agreements are not describing how the partnership between MFIs and CACs should end. A grey area remains on how the fund should revolve or when the CAC would withdraw its money from the MFI account.

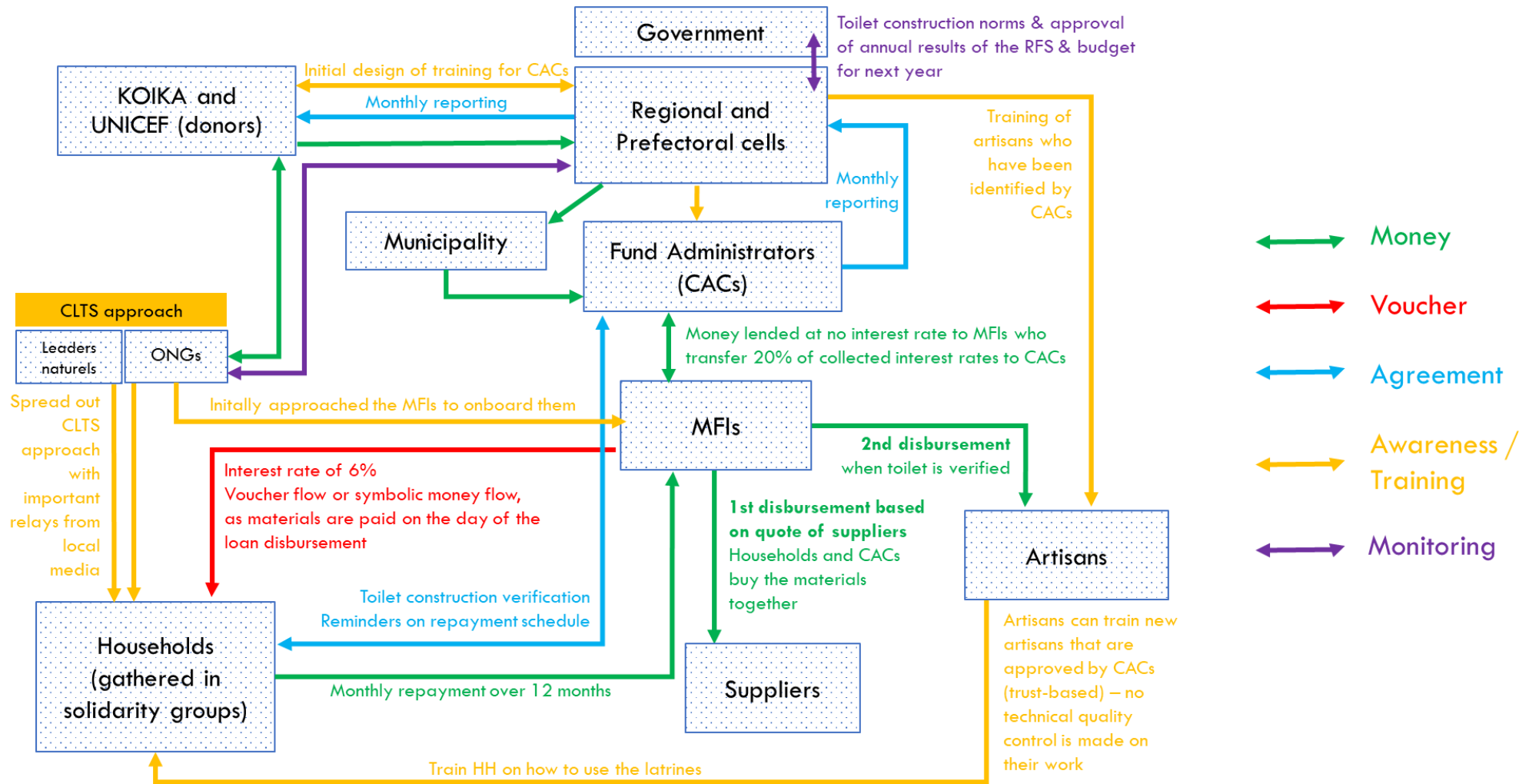
Initially, NGOs, natural local leaders and CLTS cells (part of prefectural cells) conducted CLTS campaigns to raise awareness about the importance of improved sanitation solutions in the communities of the 3 target regions of Togo.

The prefectural and regional cells (Service for Hygiene and Sanitation), with support from UNICEF have trained masons to build improved toilets. The trained artisans can themselves train new masons of their network so that they can build latrines for households who have contracted a loan. However, they need to be approved by the CAC before getting involved in the construction work. It is important to note that the approval from the CAC is based on trust and not on any control of the work or latrines-construction knowledge of the artisan. The Regional and Prefectural cells for Hygiene and Sanitation facilitate knowledge and experience sharing among artisans via a WhatsApp group, technical note cards showcasing latrines prototypes.

When it comes to service provision and monitoring process for the toilet construction for HH, the CACs are omnipresent: they are present on the day when the loan is disbursed to HH and accompany them to buy the material supplies with the first instalment of money disbursed, they also carry out the verification process of the toilets, unlocking the second instalment to pay for workmanship of the artisans.

The HH start reimbursing the loan on a monthly basis upon toilet construction at an interest rate of 6%. Most of the HH are gathered in solidarity groups of 5 and keep each other informed of the repayment schedule. If the

MFIs are supposed to be reminding the HH of their reimbursement obligations, most of the time reality shows that the CACs are assuming this role.



The specific roles and responsibilities of the stakeholders involved in each step of the RFFS are detailed below:

Donor

The main donors in the current RFS are KOICA (Korea International Cooperation Agency) and UNICEF, through the 7% set aside innovation fund.

Their respective contributions amount to \$336 797 (\$250,000 reserved for loans) and \$300,000. Of the current \$636,797 of the fund, \$385,452 (XOF 262 500 000) have been distributed to CACs. The remaining amount is used by UNICEF to cover coordination and implementation costs.

The number of HH targeted for the distributed funds is 3750, of which 1459 have already obtained their credit.⁷

Very recently, over the months of July and August 2022, the UNICEF 7% set aside innovation fund confirmed another \$300,000, but the date of funds release is not confirmed yet.

Fund Administrator – CACs

The fund is administrated locally by CACs. These CACs exist in each municipality that takes part to the programme and they are composed of representatives of various entities such as the MFI, Municipal Council, Village Development Committee, Religious leaders, County chief, Mayor. These CACs were originally created by UNICEF and play a major role in the RFS.

When the RFS started, the NGOs that were carrying out CLTS campaigns locally were quite involved and started to approach the MFIs to get them onboard of the project. When the 2013-2020 contract (and funding) with the Global Sanitation Fund ended (see Evolution map), the transition was made from NGOs to CACs, to ensure continuous management and monitoring of the RFS. The transition seems to not have been smooth in all municipalities and Prefectural cells were solicited as mediation actors.

Today, the CACs are involved in operations on the ground and intervene at almost each step, from initial communication on the loan opportunity, to toilet construction verification and follow-up of the maintenance. All CACs members work on a volunteering basis as it is not the main occupation of the members but they receive minor financial support from UNICEF to compensate for the logistical fees of their meetings.

Financial service providers – MFIs

The RFS in Togo engages only MFIs as financial service providers. These MFIs have different agreements with the CACs and their internal loan management procedures also vary. The MFIs enquire on activities and revenue sources of the households and take an educational responsibility to ensure that beneficiaries are aware of what taking a loan implies. In Togo, this comes at a rather later stage, after the CAC has conducted most of the awareness and pre-selected household applicants for the loan.

In the signed agreement with CACs, MFIs are supposed to lead the repayment collection with HH, however reality shows CACs are much more involved than MFIs and the investment of MFIs in the repayment collection process varies greatly between branches. This is not a surprising situation as MFIs are not incentivized to do so. So far, the MFIs seem rather like a passive player, leaving the CACs playing the biggest role.

It is important to note that MFIs in Togo are not familiar with the sanitation sector and have never been engaged in a similar programme.

Local Authorities – Prefectural and Regional Cells

All the local entities work closely together, though not all are involved in day-to-day operations. Mayors and CLTS points of contact are closely interacting with the CACs, the households and the artisans. Prefectural and Regional coordination cells rather endorse a monitoring role and report monthly to UNICEF on the progress of the sanitation loans. Yet, those cells are not disconnected from the on-the-ground work and can easily intervene in case of any challenge and play a mediation role if tensions occur between the stakeholders. Their technical expertise is also used in toilet construction or verification process.

National authorities / Gouvernement

⁷ Synthèse Revolving Fund – UNICEF Togo – August 2022

The Hygiene and Basic Sanitation Directorate is following the RFS with great interest. Inspired by a similar experience in Uganda, they have really supported the microfinance scheme. The Directorate sets norms for sanitation and construction and releases the overall strategy on ODF in Togo (Togo SANDAL Roadmap). They highlighted their interest to mainstream new technologies, such as BIOGAZ.

The Ministry of Economy and Finance also follows the progress of the RFS on a quarterly basis, as they collect the reports from MFIs and monitor the repayment rate.

In this sense, the Ministry of Health and the Ministry of Economy and Finance are investing resources in the RFS, in the form of in kind contribution.

Toilet Artisans

Toilet artisans do not have access to loans in Togo, however they remain beneficiaries of the programme in the sense that they are provided with training on improved toilet construction. Most of these artisans are informal workers, usually masons, looking for new opportunities to expand their revenue sources. They face the mainstream challenges of material supply (they can't afford to buy in bulk), high cost of transportation and lack of equipment, which hinders their growth. They expressed interest for contracting business expansion loans in the event of a high demand for toilets, which occurs when sanitation loans for households are disbursed.

Toilet artisans are a key actor in the RRFS, since they:

- Inform HH about the options available and assess their needs
- Build toilets and sanitation systems
- Handover the constructed toilet to the HH in presence of the LGA WASH Unit

Households

Households are the direct beneficiaries of the RFS. When they receive the money from the loan, they are in presence of CACs who accompany them to buy the necessary materials to build the latrines. HH are selected based on their needs, their income and ability to repay and form a solidarity group. While many HH already had basic toilets, these were often not safe from a health and environmental perspective. The programme prioritises the delivery of safe and advanced sanitation solutions.

NGOs

Local NGOs got involved in CLTS campaigns in the framework of the GSF-funded programme in partnership with the Government and UNICEF. In 2020, they started to approach the MFIs that could potentially join the RRFS. As the GSF programme ended this same year, the NGOs handed over their responsibilities within RRFS to the CACs. However, in 2022 the UNICEF Togo office plans to resume the collaboration with the NGOs to pursue the deployment of CLTS in new communities, which, if not inherent to the RFS scheme, is a condition for it to be implemented.

Therefore the NGOs play a key role into paving the way for RFS to run smoothly.

c. The RRFS in numbers

General Overview	
Loan amount available (USD)	454 855
Loan tenure from Fund administrator to MFIs	12 months
Loan tenure from MFIs to HH	12 months
Number of HH loans disbursed	1459
Number of TBO loans disbursed	0
Number of toilets built / HH with improved toilets	1211
Loan repayment rate	47%
Overall UNICEF cost of operating the RRFS (USD)	181 942

As the UNICEF Togo office gets a monthly report from the Regional cells on the RFS loans, additional data is available (updated to August 2022) below.

Prefectures	Municipalities	MFIs	Total number of HH in municipalities covered	HH targets for the 1st instalment (October 2020)	HH targets for the 2nd instalment (May-June 2022)	Total targets	Number of HH who contracted a loan	Share of HH targets reached (Instalment 1)	Beneficiaries of latrines construction	Amount allocated to the CACs			Total credit granted to HH (already consumed)	Effective reimbursement rate (Total amount reimbursed / Total expected amount) x 100
										Instalment 1 (October 2020)	Instalment 2 (May-June 2022)	Total		
TANDJOARE	Tandjoare 1	UMECTO	16 945	264	0	264	226	86%	2086	18 480 000	0	18 480 000	12 417 550	28,15%
CINKASSE	Cinkansé 1 Cinkansé 2	U-CMEC	8 689	264	310	574	184	70%	2458	18 480 000	21 700 000	40 180 000	14 460 000	82,45%
OTI	Oti 1 Oti 2	U-CMEC	11 152	264	310	574	173	66%	1947	18 480 000	21 700 000	40 180 000	12 072 100	39,74%
OTI SUD	Oti Sud1 Oti sud 2	U-CMEC	15 342	264	310	574	146	55%	1606	18 480 000	21 700 000	40 180 000	11 997 800	27,86%
KPENDJAL OUEST	Kpendjal ouest 1 Kpendjal 2	U-CMEC	9 137	264	310	574	252	95%	2465	18 480 000	21 700 000	40 180 000	15 610 000	78,22%
5	9		61 265	1 320	1 240	2 560	981	74%	10562	92 400 000	86 800 000	179 200 000	66 557 450	55,33%
ASSOLI	Assoli 1 Assoli 2 Assoli 3	ADESEM	6 668	150	243	393	108	72%	818	10 500 000	17 010 000	27 510 000	8 475 000	71,40%
BINAH 1 et 2	Binah 1	UMECTO	10 362	150	243	393	144	96%	1 097	10 500 000	17 010 000	27 510 000	9 455 000	11,71%
	Binah 2	PROMO FINANCE	8 115	140	0	140	66	47%	629	9 800 000	0	9 800 000	4 500 000	54,41%
3	5		25 145	440	486	926	318	72%	2 544	30 800 000	34 020 000	64 820 000	22 430 000	41,49%
AKEBOU	Akébou 1 Akébou 2	FECECAV	10 521	264	0	264	160	61%	1299	18 480 000	0	18 480 000	11 531 000	17,32%
1	2		10 521	264	0	264	160	61%	1299	18 480 000	0	18 480 000	11 531 000	17,32%
9	16		96 932	2024	1726	3750	1 459	72%	14 405	141 680 000	120 820 000	262 500 000	100 518 450	47,41%

The information from previous chapters and data in the above table shows several facts worth noting, that we will address in the following chapters:

- Precise data on several aspects is not being monitored regularly and data is not readily available to all parties involved (no gender disaggregation, lack of clarity about costs or managing the fund)
- The loan repayment rate, as well as related costs to manage the fund, vary across the selected MFIs and repayment can be extremely low in some cases.
- The roll-out of the RRFS in Togo is relatively slow, which makes it difficult to draw conclusions on the revolving scheme and the scaling (72% of households targeted by the first loan instalment of October 2020 have been reached).

4. Analysis

The key success factors and areas for improvement of the RRFS in Togo and assessed through a SWOT analysis in the following chapters.

a. Relevance

Strengths

The RFS in Togo builds on over a decade of CLTS approach campaigns to end open defecation, led by UNICEF, NGOs, local leaders and the Government of Togo throughout the Regional and Prefectural cells.

The RFS addresses the need for:

- Innovative financing solutions for Households interested in improved toilets that are not able to pay up front, through offering a loan at more preferential rates to borrowers than commercial loans
- Strengthening the toilet supply chain, by training toilet businesses to ensure that the demand is met with adequate solutions, technical and business know-how and material availability.
- Providing improved sanitation options that satisfy the users expectations and thus prevent a return to open defecation
- A more sustainable approach to funding sanitation than relying fully on donor and state funding, by allowing to recover the cost of toilets build and revolving the fund several times to further sanitation solutions. Costs for operating the revolving fund however remain (see chapter 4.c) a grey area, as not much data is available (breakdown of programme costs missing).
- The RFS facilitates sanitation focused on income generation activities and has created initial employment opportunities. TBOs are very satisfied with the RFS, mentioning that it increased their client-base through the increased demand and additional promotion they are conducting.

Weaknesses

Despite progress on reducing open defecation, access to improved sanitation remains limited in Togo. The status quo is unsustainable (see chapter 2.a) and drastic measures must be taken to offer improved and sustainable sanitation solutions to everyone.

- While the programme addresses gaps and needs identified in previous programs such as the CLTS campaigns supported by the GSF and UNICEF, it is still at a testing phase and applied in a limited number of communities (9 Prefectures involved on total) in the 3 pilot regions. The experiences gathered and lessons learnt from this pilot will need to continue being observed to ensure the transferability of the mechanism to other regions and municipalities.

- When it comes to the beneficiary targeting, the RFS covers HH with various revenue levels and types, including farmers, shopkeepers, artisans...However, the RFS has not reached the poorest of the poor: some households can simply not afford the loan, even with a 6% interest rate. Given that the current amount of the loan offered so far was too low to cover all costs linked to the toilet construction, most of the beneficiaries had to top off the loan amount (XOF 70,000) with their own money or with extra loans, as the total cost of latrines usually varies between 110,000 to 120,000 francs. This makes it even harder for the most vulnerable HH to access improved toilets. It is very important to note here that UNICEF has worked for several years on this issue, beyond the RFS. Local leaders of communities covered by CLTS campaigns have been trained to identify their most vulnerable members and set in place a solidarity mechanism based on the community itself and the diaspora, to provide partial or total financing of latrines made out of local material for HH who cannot afford it. The challenge that remains is the durability of the toilets built: as they are made of local materials, they might not resist rainy season.
- The issue of the amount of the loan is currently being solved in several municipalities where MFIs have raised the amount of the credit disbursed.
- It is known from previous experiences and from the interviews conducted by the consultants on the field, even in traditional and religious communities, that women are more reliable borrowers than men, however the programme has so far not put particular attention on reaching female borrowers.
- There is not sufficient evidence to assess whether the improved toilets allow access for people with disability.

Opportunities

- Several programs in partnership with AFD, the EU and the Government such as the PASSCO, PAGEPC, PEAT II, have been launched over the past years and will still be running for a few years, at least until 2025. They mainly consist in building sanitation infrastructures. It is important that those many programs coordinate on their sanitation activities to make sure that subsidy-based programs cover the poorest areas and link their subsidies to ODF status of the locations where they operate. UNICEF has been advocating for the creation of a National Coordination Committee for WASH programmes (donor-initiated and government-driven) to make sure all synergies are exploited and that the efforts and resources are optimally allocated and fit well in the Togo SANDAL roadmap.
- It would also be key to test the operationality of a sanitation financing mechanism that includes both loans through MFIs as well as a social substructure that supports poor households, in order to assess how to avoid contradictions in terms of incentives and access to subsidies versus loans.
- Reinforcing the focus on female borrowers and mobilizing more women to take the lead on the loan within their households would increase the repayment rate

Threats

The global COVID-19 pandemic has led to increased attention towards WASH topics, resulting in budget-increase for this sector. Now that COVID-19 is not at the heart of global preoccupations anymore, it is key to ensure that the momentum given to hygiene, sanitation and water topics is not lost, and that the financial resources invested remain at a constant level.

Key findings and recommendations

Recommendations to move forward include:

- Testing the RRFS with the same set-up in other regions that might have slightly different conditions will help understand the success factors and gaps better, in order to strengthen the mechanism before scaling.
- More clearly disaggregate according to gender in the monitoring of programme implementation and targeting women as borrowers more actively particularly in areas where repayment rates are low.
- A review of the repayment rates per MFIs has to be done, as some repayment rates are particularly low. An assessment is to be done for each MFIs, and the possibility that some might need to drop from the programme due to low performance must be considered.
- Combine efforts with other sanitation programmes to make sure that the incentives given to beneficiary populations are consistent and all converging towards ending OD, as planned in the Togo SANDAL roadmap.
- It is key to be able to rely on Government financial involvement in the RRFS in the future, especially when scaling the mechanism to new municipalities or regions.

b. Effectiveness

Strength:

In the 3 regions where the fund was implemented, most of the stakeholders involved are satisfied with the programme (except MFIs, see Weaknesses below).

- It is worth noting that municipalities have taken real ownership of sanitation topics throughout the RFS, as it reinforced their roles and responsibility in making their communities OD, whereas the previous CLTS campaigns were more lying in the hands of NGOs or Regional/Prefectural levels. Many mayors are strongly advocating to get the programme implemented in their municipalities.
- Artisans that were trained have increased their business scope, the skills they gained in improved toilet construction has open new markets for them, both in terms of geography and types of clients (they can sometimes operate for institutions and not only households).
- Households were very satisfied and proud with their improved toilets
- The CACs prove great commitment at all steps, even if the transition from NGOs to CACs in terms of roles was not always smooth, the CACs have showed a strong will to take on their responsibilities. They report to Prefectural/Regional cells on a monthly basis and sit together to discuss potential challenges.
- Training was provided to artisans who are gathered on Whatsapp Groups at local level to share experiences, technical knowledge etc...
- Training on sanitation and technical aspects of latrine construction was also provided to CACs, who can therefore ensure an accurate technical follow-up with toilet construction and maintenance

Weaknesses:

- MFIs in Togo are not given a major role to play in the sanitation loans scheme, even though they have strong local roots. The payment collection is a task that should primarily fall to the MFIs, yet it is in practice a shared responsibility between them and the CACs. The collection procedures of the MFIs are not homogeneous, some MFIs deploy the means to go visit households at their homes, whereas some others fully rely on the CACs and invest the lowest possible time and money to reimbursement collection. This situation obviously threatens the level of repayment rate, all the more since several households

raised the point that some of the selected MFIs are located too far away from their communities, thus making the cost of transportation not worth the trip to the MFI.

- The municipalities and the CACs highlighted in conversations, that the fund is not sufficient to respond to the high demand for improved sanitation loans, that the loan size is too small to adequately cover the cost of toilets and that the tenor of the loan is challenging for the households to repay, particularly for farmers who have seasonal revenues.
- If a coherent monitoring mechanism seems to be in place with the monthly reporting, an effort must be made to make access to information easier and to ensure that all documents are consistent in terms of data.
- Solidarity groups are a mechanism set in place to ensure collateral security, however:
 - it seems that it do not always work as a guaranty mechanism, it happened that HH can stop paying even when they can afford to if they see their other group members defaulting. It would be worth assessing the extent of this case
 - It is not systematically applied, as the consultants met some households that borrowed money without teaming up with other borrowers. If the solidarity groups probably remain relevant in most cases, it must be made clearer what are the cases in which a HH can borrow money individually or not.
- Artisans that were trained in the framework of the programme can themselves nominate and train other artisans, that can integrate the list of available toilet businesses (if approved by CACs). There is no control on the knowledge or on the quality of the work conducted by those artisans before they start building latrines for households contracting RFS loans. We can assume that the training given by the current artisans is sufficient, however, to ensure a smooth construction process, it might be worth having more defined selection criteria for the new artisans, going beyond trust-based relationships with the CACs.

Opportunities

- Initiating or expanding an existing online management system where progress of a loan, toilet construction and other processes could be recorded, would ensure both increased transparency as well as ease approval processes, lower coordination and monitoring efforts and ensure that even remotely an overview of the projects' impact is available.
- Investigate the possibility to make repayment to MFIs via Mobile money if regulations and local context allow for it. Mobile money is widespread in Togo and latest data show that 78 % of Togolese have a mobile money account.⁸

Threats

In 2019, Togo launched a country-wide decentralization process, creating 117 municipalities who have seen their responsibilities reinforced in terms of local development. A study from the Coalition Eau on municipalities' budgets found out that many municipalities actually do not have a WASH budget (29% of the municipalities interviewed)⁹. This situation is worrying as it reveals that some municipalities have not prioritized sanitation (and even WASH) topics and sanitation investments albeit they are facing many challenges related to these

⁸ <https://www.afrobarometer.org/wp-content/uploads/2022/05/Comm-de-presse-Mobile-money-vs-banques-au-Togo-Afrobarometer-10mai22.pdf>

⁹ [Etude de la coalition eau – Financement du secteur eau/assainissement dans les budgets communaux](#)

issues. Given that the sanitation sector is already plagued by underinvestment, it is crucial to ensure that the decentralization process does not reinforce that trend.

Key findings and recommendations

- Training to MFIs in states where the RRFS is planned to be rolled out in the future could be initiated to ensure sufficient capacity is available when launching the RRFS.
- It is key to ensure that repayment collection can be made available in each municipality where the RRFS is implemented, to maximize the repayment rate and avoid discouraging beneficiaries to make their monthly reimbursement because of transportation cost. This should be included in the selection criteria of MFIs (presence of a branch in municipality covered).
- The current process of selection of the MFIs remains unclear and relevant and accurate selection criteria must be defined for the selection of MFIs. It might be worth exploring a collaboration with l'Association Professionnelle des Systèmes Financiers Décentralisés du Togo for selection and continuous training. (<https://apsfdtogo.com/>)
- Throughout the decentralization process, it is key to encourage WASH-sensitive budgets at municipality level. This element can be added to UNICEF advocacy to Government, if not done yet.
- An increase of the loan size could be considered in order to be able to adequately cover the cost of the toilets.
- Developing a coherent monitoring and evaluation mechanism in place for all stakeholders involved to track progress

Areas for improvement also include additional capacity building for some of the involved stakeholders, to overcome gaps in know-how and experience.

- A weak link in the loan mechanism is the lack of MFIs with experience in the sanitation sector, that have their feet on the ground and able to ensure a high repayment rate. They have not been guided on how to track the resources (time, staff, transportation expenses etc...) they use within the framework of the programme. The loan mechanism urgently needs the involvement of an institution or expert to provide the less experienced MFIs with regular monitoring, evaluation and on-the-job coaching in order to ensure effectiveness and compliance.
- Then MFIs could be given more leeway and more decision power to adapt to specific situations of HH and communities (seasonal revenues, inflation etc...), whether on loan tenure, repayment schedule, amount of the loan
- It appears that in some cases, there is a lack of technical follow up and pedagogy on usage of sanitation facilities. Some households know that they can make compost with their toilets, but when asking how they proceed to do so, they admit they don't know. The households need a closer follow-up in terms of usage and maintenance of their latrines, which should be carried out by artisans. The CACs must remind them of this obligation, but they must also verify that the artisans themselves are aware of these technicalities. If not, capacity building must be provided, such as refresher trainings to artisans to monitor the quality of their work (make sure they offer various toilet options, not only the most basic ones etc...) and increase their pedagogical skills when it comes to teaching HH how to use and maintain the toilets.

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c. Cost-effectiveness / Efficiency

Strength:

- **Financial commitment:** Both donors, UNICEF and the Government of Togo are committed towards ending open defecation using the mechanisms of the RFS among others Sanitation activities. KOICA's contribution amounts to \$336,797 (of which \$250,000 are reserved for loans) and UNICEF's total sum of funding reserved for the RFS is \$600,000, out of which \$300,000 have already been received by the UNICEF Togo Country office.

Fund contribution from UNICEF and KOICA¹⁰:

Donor	Date of contribution	Amount of the contribution in USD	Contribution reserved for loans in USD	Contribution reserved for other costs (coordination, implementation etc...) in USD
KOICA	2020	336 797	250 000	86 797
UNICEF 7% set aside fund	2021	300 000	204 855	95 145
UNICEF 7% set aside fund	2022 (july/august)	300 000	Not-known yet	Not-known yet

Weaknesses:

- **Operational costs:** The MFIs are not tracking their operating costs for RFS loans management, which makes it difficult to run a performance analysis. During the interviews on the field with the consultants, all MFIs interviewed highlighted that the interest rate they retain is not enough to cover their costs in managing the fund, they cannot provide an exact breakdown of what expenses they occur. None of them initiated any calculations or monitoring process to back this statement with clear figures.
- **Repayment process:** The procedure in case of loss/ non repayment of the loans is also particularly interesting to observe, as in most of the cases it remains a grey area for the MFIs. Most of them were not able to provide an answer when the consultants asked what would happen when the contract with the CAC ends, in case of repayments missing. Though, one MFI (U-CMECs) stands in a different situation and has integrated an article to tackle such an issue: in case of repayments still defaulting after 2 years, the MFI will be authorized to debit the amount missing on the CAC's account. In both situations, the MFI is not incentivised to optimally invest resources in payment collection, as they will eventually not be covering the loss.
- The targeted number of loans to be disbursed with the first instalment of money that was transferred to CACs in October 2020 has still not been reached and 565 loans are still to be disbursed (28% of the targeted amount) while the 2nd instalment of money has been transferred to the CACs in May and June 2022
- **Initial selection of MFIs:** as explained in the previous chapters, initially the MFIs were approached by NGOs to onboard the programme. For an unexplored reason, some NGOs had initially selected MFIs that did not have a local branch in the community where the loans are disbursed. This has created a situation where the cost of transportation for HH to provide their monthly repayment is too high to be worth the trip to the MFI branch, thus creating delays in the reimbursement process. Since the CACs took over the NGOs, they have raised this topic to all stakeholders, including UNICEF. During the months of July and August, in the Savanes region, a solution has been implemented to simply transfer all CACs funds and loans to MFIs that were closer to the HH who contracted the loans. This has considerably

¹⁰ Togo CO template – filled in by the UNICEF Togo office

extended the schedule for some MFIs to disburse loans from the rest of the 1st instalment and the 2nd instalment. It also probably increased coordination costs, which should be assessed for an accurate overview of implementation and coordination costs of the RFS.

- **Reimbursement rate:** overall, reimbursement rate amounts to 47,41%.¹¹ It varies greatly between municipalities, from 12% to 82% in some other municipalities. However we cannot compare this to the operations cost of the MFIs nor to the cost of follow-up by the CACs as none of these costs are tracked. The data provided are also not clear enough to allow for an assessment of the reasons that could account for such variations between municipalities.
- **Amount of the loan:** as explained in chapter 4.a, the amount of the loan is not adapted to the real cost of the toilets, yet the amount has been revised (from XOF 70K to XOF 110/120K). We have no clarity on whether the targeted number of households has been updated considering this new loan amount.

Opportunities:

- Releasing the 2nd tranche will create an opportunity for more households to be reached as screened households are presently awaiting loan collection.
- Digital technologies offer a wide range of opportunities to make the whole process of RFS scheme more efficient. Data collection, repayment reminder, monitoring of the whole process can be made much easier if digitalized. This is an approach that both MFIs, Fund administrators and Government entities should adopt.

Threats:

The cost of toilets is high due to the constant increase in the cost of toilet materials and inflation, making it difficult to accurately estimate the cost of toilets and whether the loan will be sufficient for the full cost of the toilet.

Summary of key findings

- Loan recovery needs to be near to 100% for the Fund to be able to revolve and the revolving mechanisms need to be clearly defined with the MFIs and appear in the contract signed between them and the Fund Administrators.
- MFIs need to be trained and given clear guidelines on how to track the resources they engage in the programme and the costs it occurs for them. This capacity building is key, as currently some MFIs have the intuition that the programme is not profitable for them but they cannot prove it and it remains an assumption. If the programme is to be scaled, new MFIs to be onboarded must be convinced that the programme is either financially neutral or profitable. To onboard new MFIs, UNICEF and the municipalities must rely on clear and accurate numbers from current MFIs.
- There are several options for Government to get financially involved in the RFS and one starting point could be covering the logistical costs of CACs meetings and other coordination meetings, which would decrease dependency on UNICEF funds and transition the financial responsibility to municipal budgets

¹¹ Taux de remboursement réel, Synthèse RFS – UNICEF Togo – Août 2022

- The monitoring and breakdown of costs covering coordination and implementation must be clarified, especially since they represent a significant share of overall programme costs, which will have to decrease over time. For example, the logistical costs of CACs covered by UNICEF for their meetings must be tracked. This would allow an assessment and optimization of the programme expenses (other than loan expenses). To ensure both transparency and efficiency, this kind of information must be easily accessible.
- Explore the opportunities of digital technologies to cut down on the costs and time of certain steps of the loan disbursement and repayment process

d. Sustainability

In assessing the extent to which outputs, outcomes and impact have persisted or are likely to persist during a significant time period (more than one or two years) after external technical and financial support has ended, the evaluation found that to date implementation of the RFS Programme has resulted in positive changes at the community level.

Ending open defecation is a large endeavour, and the CLTS campaigns as well as the RFS have made an important contribution to solving OD.

- Cost of pit emptying is high in the communities, especially areas where septic tank truck emptier cannot access.
- Cost of toilets is high due to the constant increase in the cost of toilet materials, making it difficult to accurately estimate cost of toilets during promotions.
- With the proliferation of latrines, the problem of sludge evacuation, transportation and treatment/reuse will soon emerge & could result in a crisis if no sludge evacuation service providers are available.

Dual pits improved pit are being prioritized/recommended for households, as the cost of evacuation is almost equivalent to the cost of construction of a new pit.

Strength

- The mechanism of a revolving fund is sustainable in itself, but only if repayment rates are high. Otherwise the RFS is depleted quite fast as evidenced on a separate spreadsheet by the consultants.
- The capacity building provided to all stakeholders of the RFS scheme (artisans, CACs, MFIs in particular) is creating long-lasting effects:
 - Municipalities have strengthened their role and ownership when it comes to sanitation topics
 - Artisans have acquired the skills to build durable and improved latrines, a know-how that can be exported beyond their sole community
 - MFIs can integrate sanitation loans in their range of products
- With more and more people accessing improved and durable toilets thanks to the loans within the targeted communities, a wider behaviour change is fostered and occurring. Given the wide benefits of the loan, all stakeholders are encouraged to maintain an increasing demand for improved toilets and loans
- Duration for repayment is maximum of 12 months which means the fund should revolve once per year.
- The RRFS can be used as a basis to engage impact investors over time, to the condition that the repayment rates are high enough and the administration costs are within industry norms.

Weaknesses

- Ending OD is only one aspect in the sanitation value chain and does not contribute to solving the sanitation crisis in a fully circular and sustainable way. For instance, manual pit evacuation can be very costly (sometimes equivalent to the cost of constructing a new toilet) and this service is not always available.
- The RFS with its very low interest rate (sub-market) can deter other investors (impact and commercial investors) from entering the market and creates a dependency of UNICEF funding.
- To make a meaningful contribution to ending OD, the loans must be released at a higher rhythm, to reach the target of over 2000 toilets in two years.
- In Togo, the role given to the MFIs is very minor, as the CACs have the predominant role. This creates great engagement on sanitation from municipalities, however, engagement from MFIs is very light, both in terms of ownership of the programme and in terms of resources allocation to ensure smooth loans disbursement and repayment process. In most of the cases, the loss/ non repayment procedures remain a grey area for the MFIs, which actually limits their investment. With such a situation, the risk is that some MFIs disengage from the programme in the future, as they might not find a particular interest to remain part of the scheme (though most MFIs claim they want to pursue the programme as the well-being of their communities is at stake).

Opportunities:

- The Government of Togo has not contributed to the RFS yet, but it would perfectly fit in the Togo SANDAL roadmap
- To overcome the problem of pit evacuation, more sustainable practices exist such as biogas systems providing the Household with cooking gas. Artisans, with adequate training from UNICEF or other actors are expected to be interested in such opportunities to expand their businesses, since it represents another income opportunity. UNICEF, in partnership with local NGOs, has piloted such biogas system installation at household level and could integrate this component as an additional training for experienced artisans.
- The Government of Togo has been promoting foreign investments for a few years and has made considerable efforts to make its country, an appealing and investable place. This has resulted in a big jump for Togo in the ease of doing business index of the World Bank (from ranking 137/190 in 2018 to 97/190 in 2019). With this trend, it can be expected that impact investors will be eager to join the RFS, if repayment rates are substantially higher.

Threats:

- In 2019, Togo launched a country-wide decentralization process, creating 117 municipalities who have seen their responsibilities reinforced in terms of local development. A study from the Coalition Eau on municipalities' budgets found out that many municipalities actually do not have a WASH budget (29% of the municipalities interviewed)¹². This situation is worrying as it reveals that some municipalities have not prioritized sanitation (and even WASH) topics and sanitation investments albeit they are facing many challenges related to these issues. Given that the sanitation sector is already plagued by underinvestment, it is crucial to ensure that the decentralization process does not reinforce that trend, especially as Government's financial involvement in the RFS would contribute greatly to its sustainability.

¹² [Etude de la coalition eau – Financement du secteur eau/assainissement dans les budgets communaux](#)

Summary of key findings

- Coordinate efforts with other programmes to support a whole sanitation value chain, especially on evacuation of wastewater
- Get Government involved to transition from international donor funded programme to nationally-sustained and impact investor funded programme. Government's involvement would also contribute to de-risking the fund to the eyes of impact investors.
- Investing in capacities of the MFIs is key, as well as sensitizing them to sanitation sector and business opportunities. Sustainability of the RFS implies also implies that MFIs get attracted by the sanitation sector, beyond the RFS framework. This sector must become appealing to them business wise.
- Consider a potential expansion of program to also cover pit emptying costs especially once the RFS has been active for a while

e. Equity – ability to reach poor households and gender

Strengths:

- Overall, the RRFs, by providing loans at preferential rates to be paid back over time offers many Households the opportunity to get an improved toilet, that would have otherwise not been possible.
- **Poorest HH:** since the CLTS approach has been deployed in Togo (2011 for the pilot campaigns), UNICEF and the government focused their subsidies on HH and communities that have already engaged personal and own resources to build latrines and end OD. In order to leave no one behind, UNICEF has supported the creation of a solidarity mechanism within all communities triggered, to complement the existing tontines and specifically target the poorest HH (for the poorest, even tontines are not always affordable/sufficient). The solidarity mechanism is led by local leaders of the community who are in charge of identifying the most vulnerable HH and encourage the community or the diaspora to contribute all together to cover the costs of the household's latrines. This mechanism ensures that even the poorest HH have a latrine, even if not durable because made out of local materials that might not resist the weather conditions (especially heavy rains).

Weaknesses:

- **Seasonality of revenues:** The current monthly repayment scheme is not adapted to farmers and other populations with seasonal revenues. MFIs could discuss with CACs how to adapt the repayment scheme for populations with seasonal revenues, in a way to ease the reimbursement process for households and to make their internal reimbursement forecasts more realistic
- **Solidarity Mechanism for the poorest:** The RFS itself does not provide a mechanism to ensure that the poorest quintiles can access loans and improved toilets facilities. The current mechanism that exists in Togo had been set in place before the RFS by UNICEF, following the approach that after being triggered by CLTS, HH should pay latrines with their own money to later benefit from further state or donor investments. Plus, the current latrines that the poorest can benefit from are not durable because they are made at the cheapest possible cost. They might collapse or deteriorate after a few months which might result in additional costs to repair them or to OD.
- **Gender:** The number of female beneficiaries remains low and it proves challenging to target female borrowers for sanitation due to the cultural and societal norms. Though MFIs interviewed have recognized the repayment rate of female borrowers is always better, most of the monitoring tools and data are not gender disaggregated and thus do not allow a full overview of the situation.

- Improved toilets options, which are friendly for the disabled are too expensive especially for the less privileged among them. There is insufficient information regarding the provision of access for people with disabilities to improved toilets.

Opportunities

- Better coordination with other Sanitation programmes with the creation of the WASH programmes National Coordination Committee to target specifically the poorest quintiles
- Gender equality and women empowerment are emerging are key topics in Togo, seeping in Government planning, as the 2023 budget is made to be gender sensitive. There is an opportunity for RFS stakeholders to combine their efforts with the state and NGOs in order to increase female participation to RFS.

Threats

- **Shift in attention:** During the COVID-19 pandemic, a renewed attention was placed on matters related to hygiene and sanitation, for example through handwashing stations and awareness campaigns. In a post-pandemic world, this attention and the corresponding budgets might be shifted out of the WASH sector again.

Key findings

- Create an inherent mechanism to RFS to cover for the poorest quintiles. Add the Solidarity Mechanism in the initial trainings of local teams (like CACs in Togo should be trained to the Solidarity Mechanism)
- Require MFIs and other field actors to gather gender-disaggregated data and to include those data in the monthly reports
- Sensitize all stakeholders of the RFS value chain about the importance of mobilizing women so that they increase the number of women participating to information and awareness raising session.
- There needs to be an even stronger focus on leaving no one behind and setup a Social RFS for the future, especially as impact investors will demand higher repayment rates
- If in the future, if impact investors contribute to the funds, they will demand higher repayment rate levels, therefore there is a high need for an even stronger focus on leaving no one behind and setup a Social RFS for the future. Targeting those vulnerable populations usually requires slightly more resources engagement (needs assessment is more complex, close follow up is needed etc...).

5. Summary of key findings

Overall, the RRFS has been successful in testing and establishing a microloan system for household sanitation. This shows the important potential for end-user financing in this sub-sector in Togo. The experiences from the roll-out of the RRFS provide a basis to further optimize the fund towards achieving sustainable impact and paving the way for accelerating loan disbursement and scaling to other geographical regions. The following chapter summarizes the key findings and main recommendations to optimize the fund.

Success factors and lessons learnt

- Togo is the country in the RRFS where there has been comparably recent engagement in sanitation policy and development of the ecosystem. CLTS campaigns are ongoing and are directly linked to the RRFS, for instance through applying it in the same regions
- The fund managed to reach different types of target groups including farmers, households, and commercial target groups as well as people with disabilities
- In Togo, instead of using grantors, the RRFS supports the formation of solidarity groups of 5 HH, who coordinate on the repayment schedule. This mechanism incentivises HH on repayment by peer pressure.
- The good relationship of RRFS with municipalities and communities has been highly beneficial to its implementation in the country. Municipalities took ownership to the point of competing over who reaches ODF first. This might stem from the fact that municipalities feel incentivized to reach ODF status, which qualifies them for other support programs. This has also positively affected the uptake of the fund. The ownership by municipalities is also very important to the general of push for decentralization of sanitation solutions.
- The RRFS is very rooted in the communities and connected with different types of local actors (from municipalities to Regional level), which allows for real dialogue and feedback loops that can be used to continuously improve the RRFS. However, the link with UNICEF could be improved to decrease the time for UNICEF to react and propose adjustments to the programme.
- The RRFS has had strong collaboration with the whole sanitation ecosystem and media, bringing the topic to the forefront, further contributing to the acceptance of the RRFS
- Fund administrators have been trained on sanitation as they need to verify the quality of constructed toilets
- Knowledge and experience sharing between artisans / masons is fostered (e.g. through Whatsapp groups)
- Piloted biogas toilets
- Out of all the countries in the RRFS, Togo has built most toilets, despite a less paved path by long-standing previous sanitation programs and therefore a trickier starting situation. It should be kept in mind that the toilets are not all improved toilets.

The following recommendations can help the UNICEF Nigeria Country office to further optimize the RRFS and prepare it for scaling.

MFIs and selection

The current process of selection of the MFIs remains unclear.

Recommendations:

- Relevant and accurate selection criteria must be defined for the selection of MFIs. It might be worth exploring a collaboration with l'Association Professionnelle des Systèmes Financiers Décentralisés du Togo for selection and continuous training. (<https://apsfdtogo.com/>)
- MFIs need to ensure that repayment collection can be made available in each municipality where the RRFS is implemented, to maximize the repayment rate
- MFIs could be given more leeway and more decision power to adapt to specific situations of HH and communities (seasonal revenues, inflation) on loan tenure, repayment schedule, amount of the loan

- MFIs need to be trained and given clear guidelines on how to track the resources they engage in the programme and the costs it occurs for them. If the programme is to be scaled, new MFIs to be onboarded must be convinced that the programme is either financially neutral or profitable.

Loan size, tenure and repayment rate

The repayment rates are too low and reduce the size of the fund significantly upon revolving it.

Recommendations:

- Loan recovery needs to be near to 100% for the Fund to be able to revolve and the revolving mechanisms need to be clearly defined with the MFIs
- A review of the repayment rates per MFIs has to be done, as some repayment rates are particularly low with the relevant follow-up actions
- An increase of the loan size could be considered to be able to adequately cover the cost of the toilets.

Cost

Costs to manage the fund vary across the selected MFIs and data on the coordination and implementation costs are not available.

Recommendations:

- Costs covering coordination and implementation must be clarified, especially since they represent a significant share of overall programme costs, which will have to decrease over time
- Explore the opportunities of digital technologies to cut down on the costs and time of certain steps of the loan disbursement and repayment process

Reaching the poorest quintiles

The RRFS managed to reach various populations, however

Recommendations:

- Create an inherent mechanism to RFS to cover for the poorest quintiles. Add the Solidarity Mechanism in the initial trainings of local implementation teams

Coordination and communication

Coordination and communication works well, and can be further improved.

Recommendations:

- Combine efforts with other sanitation programmes to make sure that the incentives given to beneficiary populations are consistent and all converging towards ending OD, as planned in the Togo SANDAL roadmap.
- In some cases, there is a lack of technical follow up and pedagogy on usage of sanitation facilities. The households need a closer follow-up in terms of usage and maintenance of their latrines, which should be carried out by artisans.

Gender

The RRFS does not specifically target women and has so far dedicated little effort to reducing barriers of women to access the programmes benefits.

Recommendations:

- More clearly disaggregate according to gender in the monitoring of programme implementation and targeting women as borrowers more actively particularly in areas where repayment rates are low.
- Sensitize all stakeholders of the RFS value chain about the importance of mobilizing women so that they increase the number of women participating to information and awareness raising session.
- There needs to be an even stronger focus on leaving no one behind and setup a Social RFS for the future, especially as impact investors will demand higher repayment rates.....

Monitoring and evaluation

The roll-out of the RRFS in Togo is relatively slow, which makes it difficult to draw conclusions on the revolving scheme and the scaling. The evaluation of the RRFS was challenging due to a lack of data and no centralized system to have an overview of the process or data collection is available.

Recommendations:

- Precise data on several aspects is not being monitored regularly and data is not readily available to all parties involved (no gender disaggregation, lack of clarity about costs or managing the fund)
- Developing a coherent monitoring and evaluation mechanism in place for all stakeholders involved to track progress
- Require MFIs and other field actors to gather gender-disaggregated data and to include those data in the monthly reports

Funding and capacity for scaling

Currently, funding is lacking to scale the RRFS to impactful levels:

Recommendations:

- Testing the RRFS with the same set-up in other regions that might have slightly different conditions will help understand the success factors and gaps better, to strengthen the mechanism before scaling
- It is key to rely on Government financial involvement in the RRFS, starting by the Government covering the logistical costs of CACs meetings and other coordination meetings, which would decrease dependency on UNICEF funds and transition the financial responsibility to municipal budgets
- Training to MFIs in states where the RRFS is planned to be rolled out in the future could be initiated to ensure sufficient capacity is available when launching the RRFS.
- Ensure that support is available along the whole sanitation value chain, especially on evacuation of wastewater and pit emptying costs
- In the longer term, ensure the involvement of Government to transition from international donor funded programme to nationally sustained and impact investor funded programme. Government's involvement would also contribute to de-risking the fund to the eyes of impact investors.