Program Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 31-Oct-2019 | Report No: PIDA27188
BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Niger</td>
<td>P169830</td>
<td>Niger First Laying the Foundation for Inclusive Development Policy Financing (P169830)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
<th>Financing Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFRICA</td>
<td>12-Dec-2019</td>
<td>Macroeconomics, Trade and Investment</td>
<td>Development Policy Financing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Niger</td>
<td>Ministry of Planning</td>
</tr>
</tbody>
</table>

Proposed Development Objective(s)

The Program Development Objective (PDO) and Pillars of the Operation are: (i) Reducing Gender Gaps; (ii) Expanding access to electricity and potable water, and (iii) Improving transparency and Debt Management.

Financing (in US$, Millions)

<table>
<thead>
<tr>
<th>SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Financing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total World Bank Group Financing</td>
</tr>
<tr>
<td>World Bank Lending</td>
</tr>
</tbody>
</table>

Decision

The review did authorize the team to appraise and negotiate
B. Introduction and Context

Country Context

1. Niger has experienced political stability and benefited from strong support of development partners. The Government has been backed by a strong parliamentary majority since the elections in 2016. Niger has received large-scale donor financial support to implement the Niger’s social and economic development plan (PDES II 2017-2021). Over the recent past, the Government has successfully prevented terrorist networks from taking root, which has reduced the migrant flow to a fraction of its past levels.

2. Despite recent upward trend of real economic growth, per capita economic growth has been modest, and Niger still remains one of the poorest nations in the world. Real economic growth has averaged 5.6 percent between 2016 and 2019 with 1.7 percent economic growth in per capita terms due to a high population growth rate (3.9 percent). Agriculture, accounting for about 40 percent of the economy, and mineral wealth, including uranium and gold, and recently the oil sector, are the main drivers of growth. Donor financing in support of the PDES II has boosted investment for large-scale projects. Niger ranked 155th of 157 countries in 2017 in the new World Bank Human Capital Index, among countries with the worst health/nutrition and education outcomes.

3. Niger features stark gender inequality with high economic costs. Gender inequality emerges as a major issue during adolescence in Niger. High prevalence of child marriage and early childbearing translate into high fertility rate of about 7.8 children per women and the highest population growth rate in the world. Adolescent girls fare poorly in terms of completion of primary and secondary school in comparison to boys. The economic costs of gender inequity are high. To illustrate, substantially expanding educational attainment and reducing fertility would boost GDP by an estimated 12.6 percent by 2030.

4. Access to electricity and water is strikingly low and closing the gap in these areas could generate substantial development gains. The share of the population accessing grid electricity is about 17 percent nationwide and 5 percent in rural areas. Only 43.6 percent of the population has access to basic water services, which is drinking water from an improved source. If addressed, access to both electricity and water would have significant benefits in terms of building human capital. Significant economic gains could also be made if inefficiencies in infrastructure were fixed. According to the Niger SCD (2017), power would contribute around 1.5 percentage points to per capita growth if generation capacity and national access rates were increased. As of today, they remain among the lowest in the region.

5. Public debt has increased significantly in recent years. The debt to GDP ratio more than doubled from 25.6 percent of GDP in 2013 to 54.2 percent in 2019. External debt accounts for the largest share in total debt at 36.5 percent of GDP, but domestic debt has also risen rapidly (from 4.6 percent of GDP in 2013 to 17.7 percent in 2019). The Government has been active in issuing short-term domestic securities in the regional market. Fiscal risks linked to state-owned enterprises (SOEs) are also significant. SOEs have access to commercial credit and benefit from debt guaranteed by the state. PPPs and SOEs could be a source of contingent liabilities but the related guaranteed debt has not been subjected to much scrutiny.
Relationship to CPF

6. The proposed DPF series is closely aligned with the Niger Country Partnership Framework (CPF) (FY18-22) and draws on the World Bank Systematic Country Diagnostics. The CPF was endorsed by the Board of the WBG Executive Directors in April 2018. It is built around three focus areas: (i) increased rural productivity and incomes; (ii) improved human capital and social protection; and a cross-cutting theme (iii). better governance for jobs, service delivery and growth.

C. Proposed Development Objective(s)

7. The Program Development Objective (PDO) and Pillars of the Operation are: (i) Reducing Gender Gaps; (ii) Expanding access to electricity and potable water, and (iii) Improving transparency and Debt Management.

8. The operation is structured around three pillars. The first pillar aims to reduce gender gaps. It aims to reduce child marriage trends, improve access of married adolescent girls to health services and improve educational attainment of adolescent girls. Measures include (i) mobilizing communities, through the Child Protection Committees, in the efforts to abandon child marriage; (ii) empowering married adolescent girls to access health services on their own, and; (iii) amending framework that prevents married or adolescent girls from returning to school. The second pillar aims to expand access to electricity and potable water. It does so by (i) strengthening the legal and regulatory frameworks for rural electrification and for the private sector to participate in mini grid electricity supply, and; (ii) strengthening the financial situation of the water sector and improving the regulatory framework of the sector to allow for greater investment in water supply. The third pillar aims to improve debt transparency and debt management. Measures include: (i) centralizing all public debt management in a single managing authority to mitigate risks that may stem from overlapping of responsibilities and roles, and lack of coherent information flows, and; (ii) including in debt reporting PPPs and SOE’s debt, and publishing SOEs’ financial statements.

Key Results

9. By the end of the program in December 2021, it is expected that: (i) 50 communes, with the highest child marriage prevalence, representing 30 percent of the targeted communes (170) for 2025, will be equipped with the Child Protection Committee compared to 0 in 2019. This will help obtain public pledges and written agreements from 450 religious and traditional leaders with the Child Protection Committees to abandon the practice of child marriages in their localities; (ii) the share of married adolescent girls aged 15-19 accessing family planning services will increase from 35.5 percent from 2017 to 60 percent, and; (iv) the share of married and mother adolescent girls aged 15-19 remaining in the school system would increase from 1.3 percent in 2006 to be 50 percent.

10. By the end of the program in 2021, it is expected that: (i) 5,000 new connections to mini grid electricity will be created for previously unserved households in rural areas, which will represent 20 percent of the 2025 target of 25,000 connections; and (ii) 40 MWp new solar capacity are awarded on a competitive basis. The results indicators are consistent with the World Bank guidance on Corporate Results Indicators for the power sector. By the end of the program in 2021, it is expected that: (i) the financial situation of the SPEN will improve significantly, with financial results after taxes increasing from a deficit of CFAF 300 million in 2018 to a surplus of CFAF300 million; and 550,000 previously unserved beneficiaries, representing 42 percent of the target population will have access to potable water.

11. By the end of the operation in 2021, it is expected that: (i) 75 percent of SOEs will comply with debt reporting arrangements, compared to 0 percent in 2019, and; (ii) 50 percent of SOEs, will publish certified financial statements.
compared to 0 percent in 2019. These SOEs will include the largest units as a priority according to the criteria defined above.

D. Project Description

12. The proposed operation is articulated around three pillars. Pillar 1 is “Reducing gender gaps”, Pillar 2 is “Expanding rural access to electricity and potable water” and Pillar 3 is “Improving Debt Transparency and Debt Management”. It is fully aligned with the government’s development strategy and priorities as articulated in the PDES II. The focus on gender in Pillar 1 supports the PDES II strategic pillars (ii) and (iii). The focus on infrastructure under Pillar 2 also supports the PDES II strategic pillar (iii). The focus on debt management supports PDES II strategic pillar (iv).

13. The proposed operation is articulated in a way that brings substantial gender-related and human capital benefits through mutually-reinforcing Pillar I and II. Increase in access to electricity will have positive effects on human capital development, gender agenda and women empowerment in Niger. This will include reduced burden with water pumping, lighting (reduction of usage of hazardous traditional lighting), education (schools, energy for media for awareness raising for women and girls), electrified healthcare centers, and productive use of electricity for small and family level businesses usually managed by women. Improving access to and quality of water also has positive gender implications as it will alleviate some of the time burden placed on women and girls by water chores as well as the caring from sick children and family members resulting from water-related diseases.

E. Implementation

Institutional and Implementation Arrangements

14. The proposed operation will utilize an institutional framework for the coordination of economic and financial programs established by the Government. This framework includes an inter-ministerial committee in charge of the coordination of external projects and budget supports, chaired by the Minister of Planning, while day-to-day oversight and supervision of implementation of these projects is delegated to a technical committee. The technical committee regroups all entities involved in the implementation of all existing budget support programs, which will improve the coordination of reforms and the flow of information within the Government. Primary technical responsibility for the implementation reforms will rest with line ministries involved, with overall coordination provided by the technical inter-ministerial committee.

F. Poverty and Social Impacts and Environmental Aspects

Poverty and Social Impacts

15. Several actions supported by the proposed operation are expected to have significant positive poverty reduction and welfare enhancement impacts. Measures the proposed DPF series are specifically designed to speed the pace of poverty reduction by broadening economic and social inclusion and by offering community-based development opportunities. The gender reforms have a wide range of positive impacts on welfare and development outcomes through not only girls’ empowerment (for example in terms of partner’s violence and decision-making), health and education outcomes, but also on their children (for example in terms of under-five mortality and stunting as well as birth registration) and their families (for example in terms of earnings and poverty).

16. Under Pillar 2, the development of the electricity sector will create business opportunities and along with the initiatives to expand access to potable water will improve rural welfare. For the water sector, the poverty and social
impacts are expected to flow from two streams. First, improved financial sustainability of the sector will enable more investment and reach more vulnerable populations in the 75 rural centers now integrated into the urban perimeters. Second, an increased access to water will contribute to improving the well-being of beneficiary households – primarily through the health pathway - and particularly the poorest who currently have a much lesser access as demonstrated by the Niger WASH Poverty Diagnostic (P156806). Those impacts are expected to particularly benefit women who are more directly responsible of water-related chores and also bear the consequences of water-related contamination particularly affecting vulnerable groups: children, the sick and the elderly. A PSIA will be conducted to support the tariff revision as a trigger for the second operation of the series, the results of which will be discussed in the relating PD.

Environmental Aspects

17. The water and energy sectors have institutions dealing with environmental adverse impacts mitigation. In the electricity sector, NIGELEC has a unit staffed with Environmental and Social Safeguard specialists managing large projects. Environmental adverse impacts that could arise from an increased exploitation of water resources will be mitigated by the Ministry of Water that also oversees the management of water resources per the recently approved Plan for the Integrated Management of Water Resources (PANGIRE) adopted at the end of 2017. This plan defines the appropriate national framework for water resources management which is inspired by the principles of water management internationally recognized, while adapting them to national conditions (art. 31 to 33, Water Code). As the PROSEHA was elaborated in parallel with the PANGIRE, both documents have envisioned a reciprocal articulation through the PROSEHA sub-program for Knowledge, Monitoring and Protection of Water Resources.

18. In addition, Niger has a comprehensive framework to ensure effective mitigation of potential negative effect on environment, forests, or other natural resources.

19. Institutional support is still needed to strengthen the current framework. Support from Niger’s development partners, including the World Bank, has greatly improved the effectiveness of these units. As a result, the BNEE is increasingly able to engage with civil society and affected populations through special environmental hearings and impact assessment workshops. However, the actual institutional capacity of the country systems for environmental due diligence needs strengthening. It lacks sufficient number of staff and equipment, and decentralized structure and the institutional capacity assessments carried out by World Bank financed projects show that the enforcement of the legislative framework for environment management needs strengthening. In most cases, World Bank financed projects support the field activities of the BNEE.

G. Risks and Mitigation

20. The overall risk rating for the proposed operation is substantial. Macroeconomic risks are substantial. Risks involving the technical design of the program are substantial. Institutional capacity risks are substantial. Fiduciary risks are rated substantial. Stakeholder risks are rated substantial. Other risks are rated substantial (Climate and Disaster risks, and Security risks). However, the government’s commitment to the reform agenda is strong and based on a broad political consensus and agreement among all stakeholders. In addition, regular consultations between Niger’s development partners involved in DPO reduces risks some risks.
CONTACT POINT

World Bank

Luc Razafimandimby, Affouda Leon Biaou, Marcel Nshimiyimana
Senior Economist

Borrower/Client/Recipient

Republic of Niger

Implementing Agencies

Ministry of Planning
Issa Issoufou
Director General of Planning
iissoufou.issa@gmail.com

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

APPROVAL

Task Team Leader(s):
Luc Razafimandimby, Affouda Leon Biaou, Marcel Nshimiyimana

Approved By

Country Director:
Michael Hamaide
17-Oct-2019