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INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

AND

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP STRATEGY

FOR THE

REPUBLIC OF NIGER

FOR THE PERIOD FY13-FY16

March 29, 2013

Country Management Unit: AFCW3
Africa Region

The International Finance Corporation
Africa Region

The Multilateral Investment Guarantee Agency

The date of the last Country Assistance Strategy (CAS) is April 29, 2008

CURRENCY EQUIVALENTS
(Exchange Rate Effective March 29, 2013)

Currency Unit
CFAF 510 = US$1
US$1.5 = SDR1

FISCAL YEAR: January 1 – December 31

ABBREVIATIONS AND ACROYNYMS

AAA	:	Analytical and Advisory Assistance
AGRHYMET	:	Centre Regional de Formation et d'Application en Agrométéorologie et Hydrologie Opérationnelle
AQIM	:	Al Qaida in the Islamic Maghreb
CAFER	:	*Caisse Autonome de Financement de l'Entretien Routier*
CAS		Country Assistance Strategy
CILSS	:	Comité Inter-Etate pour la Lutte contre la Sécheresse au Sahel
DHS	:	Demographic and Health Survey
DPO	:	Development Policy Operation
DSA	:	Debt Sustainability Analysis
ECOWAS	:	Economic Community of West African States
EITI	:	Extractive Industries Transparency Initiative
ESW	:	Economic and Sector Work
FDI	:	Foreign Direct Investment
GDP	:	Gross Domestic Product
GEF	:	Global Environment Fund
GNI	:	Gross National Income
GER	:	Gross Enrollment Ratio
HALCIA	:	Haute Autorité pour la Lutte contre la Corruption et les Infractions Assimilées
HIPCs	:	Heavily Indebted Poor Countries
HIV-AIDS	:	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICA	:	Investment Climate Assessment
ICRISAT	:	International Crops Research Institute for the Semi-Arid-Tropics
ICT	:	Information and Communication Technology
IDA	:	International Development Association
IMF	:	International Monetary Fund
INS	:	*Institut National de la Statistique*
MDGs	:	Millennium Development Goals
MDRI	:	Multilateral Debt Relief Initiative
MIGA	:	Multilateral Investment Guarantee Agency
MSME	:	Micro, Small and Medium Enterprises
MTR	:	Mid-Term Review

NBFI	:	Non-bank Financial Institution
NPV	:	Net Present Value
ODA	:	Official Development Assistance
OECD	:	Organisation for Economic Co-operation and Development
OHADA	:	*Organisation pour l'Harmonisation en Afrique du Droit des Affaires*
PEFA	:	Public Expenditure and Financial Accountability
PEMFAR	:	Public Expenditure Management and Financial Accountability Review
PDES	:	Plan for Economic and Social Development
PETS	:	Public Expenditure Tracking System
PRGF	:	Poverty Reduction and Growth Facility
PRODEM	:	Multi-sector Demographic Program
PRSP	:	Poverty Reduction Strategy Paper
RDS	:	Rural Development Strategy
RSE	:	Export Statistical Change
SMEs	:	Small-and-Medium Enterprises
SSA	:	Sub-Saharan Africa
TVET	:	Technical and Vocational Education and Training
UEMOA	:	*Union Economique et Monétaire Ouest Africaine*
UNDP	:	United Nations Development Program
UNFPA	:	United Nations Population Fund
WAEMU	:	West African Economic and Monetary Fund
WDR	:	World Development Report

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FY13-FY16 COUNTRY PARTNERSHIP STRATEGY FOR THE REPUBLIC OF NIGER

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EXECUTIVE SUMMARY

i. **Niger has recently embarked on a path to political stability and has attained positive results in reducing poverty, albeit not without uncertainties**. In 2009, efforts by then President Tandja to circumvent a two-term limit resulted in a severe political crisis that led to the February 2010 military coup d'état. Following a referendum and the adoption of a new constitution in November 2010 and a series of local, legislative, and presidential elections in early 2011, a new President took office in April 2011. Poverty has declined from 64 percent in 2005 to 61 percent in 2007/08 and 56 percent in 2011 based on preliminary World Bank estimates.

ii. **Despite progress, Niger's development challenges continue to be magnified by significant internal and external stresses.** Weak institutions, economic grievances and potential spill-over effect of the Mali crisis, and the risk of a growing young population, could alter the country's fragile equilibrium. Vulnerability to droughts and severe climate shocks represents a major threat to Niger's stability. The Authorities are committed to introducing an integrated approach to building resilience of communities.

iii. **Niger displays a 'grievance-generating resource economy' that has yet to provide tangible benefits for the majority of the population.** The agriculture sector has been the main engine of growth over the past decade. A poor harvest in 2011 had a negative impact on economic growth and caused severe cereal deficit, mitigated with large inflows of humanitarian aid. A good harvest last year and the start of oil production improved the economic outlook. Fiscal policies remained prudent even during the period of highest political instability.

iv. **Strong and inclusive growth is an urgent priority for Niger.** After more than three decades of declining or stagnating per capita incomes, sustaining economic growth remains vital for Niger's development and poverty reduction. In the medium term, scaled up production in the uranium and petrol sector will be the primary driver of growth. Good results have been attained in reducing poverty over the past decade and in improving social indicators. However, gender inequality and high population growth rate, both linked to long-standing cultural norms, may hamper inclusive economic growth.

v. **The strategic objectives of the proposed Country Partnership Strategy (CPS) are to assist Niger achieve resilient growth, reduce vulnerability and strengthen capacity for service delivery.** Accordingly, the CPS supports actions aimed at strengthening the macroeconomic foundation, the investment climate and access to finance to build resilient growth, improve agricultural productivity and marketing of selected crops and promote risk-based agriculture to mitigate the impacts of climatic changes and variability. Safety net programs will be further strengthened to reduce vulnerability of the poorest and improve resilience of the population to natural hazards, climatic change and variability; the program will target in particular gender-specific

actions across all activities, will reinforce education and youth employment skills, and support improved coverage and quality of basic services.

vi. **This Strategy is fully aligned with the 2012 Government Plan for Social and Economic Development (PDES) and the World Bank Strategy for Africa.** In particular, the CPS is aligned with the PDES objectives of strengthening the credibility of public institutions; creating the conditions for inclusive, sustainable and balanced development; supporting food security and sustainable agricultural development; creating a competitive and diversified economy for accelerated, inclusive growth; and promoting social development.

vii. **The success of this strategy may be hampered by four foreseeable major risks**: (i) the Sahel crisis and security risks; (ii) climatic exogenous shocks e.g droughts, locust infestation, floods; (iii) capacity constraints; (iv) and natural resources related risks. Mainstreaming gender and strengthening governance and capacity across the board will need to be pursued to deliver the two interdependent and mutually reinforcing strategic objectives. Innovative financing mechanisms such as the Crisis Response Window (CRW), Contingent Emergency Response Component under the framework of Immediate Response Mechanism (IRM) are considered under this CPS to act flexibly and in a timely manner should a crisis arise.

I. INTRODUCTION

1. **The last Country Assistance Strategy (CAS) for Niger was discussed by the Board on April 29, 2008 and was intended to cover the period up to June 30, 2011.** However, political instability caused severe disruptions to implementation that forced the Bank to slow down its program. The Bank re-engaged with Niger following the lifting of OP/BP.7.30 restrictions and the establishment of a new government in accordance with Niger law in April 2011. The new regime engaged with its partners to formulate its Plan for Social and Economic Development – PDES – adopted in August 2012. Implementation of the current CAS was extended by one year as a result, and this extension enabled the full delivery of the originally planned program. The proposed Country Partnership Strategy (CPS) covers a period of four years, from FY2013 to FY2016.

II. COUNTRY CONTEXT

A. Regional Context

2. **Niger is located in an unstable sub-region, surrounded by armed conflict and rebellions.** The Libyan conflict led to the return of over 100,000 migrants and an out-flow of arms which contributed to regional instability. Remittances declined drastically as a result of the massive return of migrants, and it was further exacerbated by the financial burden of supporting returnees. As many Sahel countries face recurrent food and nutrition crises, the influx of refugees in Niger has put additional strain on families already struggling with a shortfall in agricultural production.

3. **The coup d'état and rebellion in Mali have resulted in an additional inflow of around 64,000 refugees into Niger, compounded by existing tensions in the north between Tuareg populations and the Government in Niamey.** The refugee population is mostly concentrated in the northern Tillabéry region, one of the areas hit the hardest by the 2012 food crisis. Given that around 5 million people[1] are at chronic risk of food shortages and malnutrition, the inflow of additional refugees has worsened an already fragile humanitarian situation.

4. **Political and religious groups from outside Niger have emerged as alternative service providers and authorities, finding easy ground to establish roots among the disenfranchised and marginalized parts of the society**. The Boko Haram sect in Nigeria has increasingly used Niger for recruitment and as a refuge. The expulsion of more than 10,000 Nigeriens from northern Nigeria and border closures by Nigerian authorities has significantly threatened the economy in the south of Niger.

5. **These factors have overstretched the security forces and border protection**

[1] Corresponding to 34 percent of Niger population

resources. A weak regional security architecture and general militarization in the region have facilitated cross-border trafficking of drugs and arms across the entire Sahel region. The military intervention against AQIM and Jihadist militants in Mali presents a risk of spill-over into Niger[2]. Tuareg insurgencies elsewhere are perceived as a source of tension that could potentially involve the Nigerien Tuareg community.

B. Political Context

6. **Historically unstable, Niger has experienced frequent political infighting and coups d'états but has recently stabilized. In 2009, efforts by then President Tandja to circumvent a two-term limit resulted in a severe political crisis that led to the February 2010 military coup d'état**. As a result, from February 2010 to April 2011, Niger was governed by the Supreme Council for the Restoration of Democracy under the presidency of a military general. Following a referendum and the adoption of a new constitution in November 2010 and a series of local, legislative, and presidential elections in early 2011, a new President took office in April 2011.

7. **Niger has now entered a period of relative stability but long term trends are challenging.** Repeated coups d'états and violent rebellions have reduced trust in the effectiveness and stability of the political system. Coupled with weak service provision, these phenomena weaken state legitimacy and open up space for alternative service providers and claimants of legitimacy, such as emerging conservative religious groups and traditional authorities, which are mostly implanted in rural areas, where more than 80 percent of the population lives and where central government influence is weak.

8. **The army is a powerful actor in Niger's political and economic landscape**. With four military governments since independence, Niger has experienced longer spells of military than civilian rule. However, since 1991, the army has transferred power to civilian rulers and now plays the role of the guardian of democratic rule. As a result of the presence of security threats, the army has benefited from substantial amounts of resources and training, reinforcing its importance.

9. **Niger displays a 'grievance-generating resource economy' that has yet to provide tangible benefits for the majority of the population.** The Tuareg rebellions of 2007-2009, were fuelled mainly by grievances over: (i) lack of economic benefits from uranium exports; (ii) under-representation in the labor force of French and Chinese companies, and (iii) poor working conditions in uranium mines and oil sites. With the uranium mines mainly located in the Tuareg-inhabited North, these phenomena underscore the importance of focusing on local governance and improving the mechanisms to channel local grievances and resolve them in an inclusive fashion[3] .

[2] Illicit activities generate significant funds for terrorists, which are used for arms purchases and the creation of local patronage networks that consolidate extremists' standing in communities.

C. Economic Context

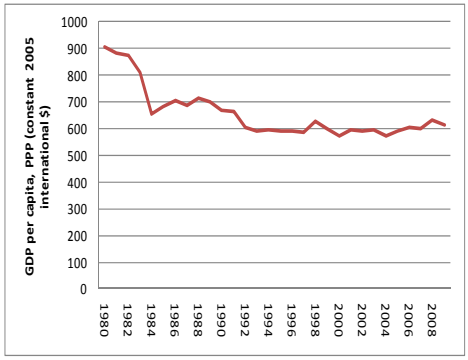
Recent Economic Developments and Economic Outlook

10. **The structure of the Nigerien economy is dominated by agriculture, which contributes 43 percent of GDP, and commerce and services, which contribute 41 percent**. Industry accounts for only 16 percent of GDP and remains characterized by a lack of competitiveness and low diversification. While manufacturing industries increased their contribution from less than 2 percent of GDP over the period 1990-2004 to 4 percent in 2011, significant potential remains, in particular to increase the processing of agricultural products.

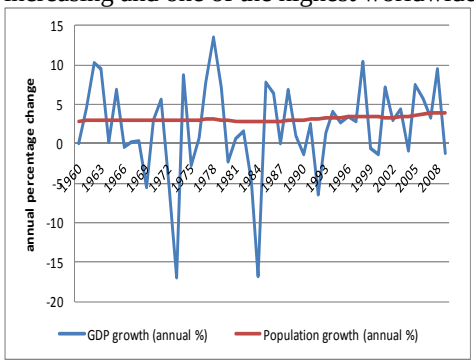
11. **Niger's historical growth performance has been difficult with a decline in real per capita incomes by more than 30 percent between 1980 and 2000.** Following a short lived uranium boom in the 1970s, Niger experienced a continuous decline in per capita incomes until around 2000. Annual average per capita growth between 1960 and 2000 was a mere one percent. While macro-economic stability and economic reforms resulted in a significant increase in average growth to 4.7 percent during the period 2001-2010, this was largely negated by high population growth, resulting in GDP growth per capita of around 1 percent per year. Niger has one of Africa's highest population growth rates estimated at 3.3 percent per year.

Figure 1: Per-capita Incomes and Economic Growth, 1960-2010

Niger's per capita GDP in 2009 is 30 percent lower than it was in 1980…



.. as Niger has not been able to generate sustained high growth, while its population growth rate is increasing and one of the highest worldwide



12. **Over the past decade, the rural sector has been the main engine of growth**. In the short run, the sector's performance is primarily determined by rainfall patterns, resulting in large year to year fluctuations of production. While in years with strong harvests Niger becomes a net exporter of cereals, in years with poor harvests Niger becomes a net importer, with imports funded with the support of the international community. Livestock as well as agricultural niche products such as onion, black eyed peas, or gum Arabica contribute about 50 percent of Niger's exports.

13. **Frequent droughts, political instability, and fluctuations in revenue from Niger's mineral exports have contributed to high volatility in Niger's growth rate.** Niger's extreme vulnerability to climatic shocks, unstable enabling environment, and developments in the global demand for uranium is a result of the undiversified structure of the economy, which is unable to absorb or mitigate the impact of shocks

14. **A poor harvest in 2011 resulted in economic growth of only 2.3 percent and a severe cereal deficit, which triggered large inflows of humanitarian aid in 2012.** Growth in 2012 is expected to reach 11.2 percent as the result of a good harvest and the start of oil production. Annual average inflation was 2.9 percent in 2011 and is projected to drop to 0.6 percent in 2012. Still thanks to heavy rains, the 2012 harvest generated over 5 million tons cereals surplus – the highest in 5 years – which shows the huge potential if water resource were under control in such arid lands.

15. **Niger commenced oil production in November 2011 in a joint venture with the Chinese National Petroleum Corporation (CNPC).** Due to pricing, regulatory and coordination problems in upstream oil production, refining, and marketing, the refinery was only producing in 2012 around 11,000 to 12,000 barrels per day, well below its full capacity of 20,000. The launch of oil production has also given rise to social pressures for a reduction in domestic fuel prices and for increases in civil service salaries.

Table 1: Key Macroeconomic Indicators

	2009	2010	2011	2012 p	2013 p	2014 p	2015 p
Real GDP growth (annual %)	-0.9	10.7	2.2	11.2	6.2	6.4	6.0
Inflation (annual average %)	1.1	0.9	2.9	0.5	1.7	1.6	1.3
Broad money growth (annual %)	18.3	22.0	6.2	21.9	11.6	10.3	6.0
Exports, f.o.b. (FCFA, annual change)	15.2	21.1	5.4	31.1	8.2	11.3	4.8
Imports, f.o.b. (FCFA, annual change)	40.2	14.8	8.1	4.2	7.2	7.4	3.8
Curr acc bal (% of GDP, excl off trans)	-25. 7	-25.4	-28.0	-20.9	-22.9	-23.3	-22.7
Curr acc bal (% of GDP, incl off trans)	-25.0	-19.9	-24.7	-17.7	-18.9	-19.9	-19.5
FDI (% of GDP)	13.9	17.5	14.9	8.4	-4.3[1]	9.3	8.4
Foreign Aid (% of GDP)	6.1	6.0	6.8	11.2	12.6	12.1	12.0
Net foreign assets (months import)	2.2	1.8	3.0	3.0	4.1	5.0	5.5
PPG External debt (PV, % of GDP)	10.9	11.8	18.6	19.4	25.7	26.7	27.9
PPG Domestic debt (PV, % of GDP)	8.1	7.1	6.4	5.7	4.9	4.9	4.2
Debt service (% of government revenue)	3.5	3.9	5.1	11.0	37.0	3.3	7.2

Source: IMF and staff estimates.
1/ Domestic revenue minus expenditures net of foreign financed projects
Note: p –projection

16. **Revenue from the extractive industries sector accounted for about two percent of GDP in 2011 and is projected to increase to about 5 percent of GDP by 2015.** The completion of the link to the Chad-Cameroon pipeline in 2015 is expected to contribute to a further significant increase in revenue from the projected export of 60,000 barrels of crude oil per day. Yet high yielding physical, human, and financial capital associated with revenue from the extractive industries represent major challenges for the authorities.

17. **Niger's manufacturing and handicrafts sector is small and mostly informal.** It has shown little dynamism in recent years, but with improvements in the business environment it could be the basis for diversification and job creation.

18. **Niger's economic outlook is affected by large scale investments in the uranium sector.** Total uranium production was 4351 tons in 2011 generating exports of about F CFA 300 bn. Since 2009, development of the Imouraren deposit has been ongoing and is expected to more than double uranium production by adding 5000 tons per year when production commences in 2015. In 2010, mining of the Azelik deposit started in a joint venture between the Nigerien government and Chinese partners. Production is expected to reach 2500 tons per year by 2015 and potentially double by 2020. Realization of these investments, together with increased petroleum production, will be a major driver of growth in the medium term.

19. **Developments in the agriculture, mining, and oil sectors are the main determinants of Niger's balance of trade.** Exports of uranium currently account for about 50 percent of total exports and increased by 24 percent in 2011. The value of other exports, mainly livestock and agricultural products, increased by 14 percent in 2011 contributing to an overall increase in the value of exports by 19 percent. The value of imports increased by 12 percent and imports of capital goods destined primarily for the mining and oil industry grew by four percent and accounted for about one third of total imports. Due to the good 2010/11 harvest, imports of food declined by seven percent and their share in total imports dropped from 27 to 22 percent. Donor grants and loans are the main source of current account funding in Niger and increased from 4.1 percent of GDP in 2010 to 9.3 percent of GDP in 2011.

20. **Despite the economic and political turbulence experienced between 2009 and 2011, fiscal policies remained consistent with macroeconomic stability.** Government's fiscal policy was broadly in line with macro-economic programs agreed with the IMF. The fiscal deficit (including grants) increased only slightly from 2.6 percent of GDP in 2010 to 2.8 percent of GDP in 2011. For 2012, the deficit is projected to increase to 3.9 percent of GDP. The medium term challenge for Niger is to enhance domestic revenue mobilization, which stood at 15.1 percent of GDP in 2011 and to enhance the allocative and operational efficiency of public expenditures.

21. **Niger's financial sector remains severely underdeveloped with most of the rural economy and SMEs without access to credit.** Financial sector depth (M2/GDP) increased from 19 percent by the end of 2009 to 22 percent by the end of 2011, but Niger remains well below the 41 percent average for Sub Saharan Africa. Credit to the private sector as a percentage of GDP has increased steadily from 6.8 percent in 2004 to 13.0 percent in 2010 and further to 14.2 percent in 2011 but credit to SMEs remains

inadequate. In February 2012, the authorities completed a financial sector development strategy and action plan[4].

22. **Enhanced public financial management and a prudent debt policy are key to preserving debt sustainability and ensuring the efficient use of available fiscal space.** Following a significant reduction of Niger's external debt through the Enhanced HIPC initiative and the MDRI, the NPV of external debt has been rising rapidly from 10.9 percent in 2009 to a projected 29.0 percent in 2012, mainly on account of borrowing and guarantees for Government engagement in the mining and petroleum sectors. Most of Niger's external borrowing is on concessional terms to support Niger's large development needs. Preliminary results from the latest debt sustainability analysis (DSA)[5] based on end-2011 data show that the risk of debt distress remains moderate. The DSA highlights the need to minimize borrowing on commercial terms for public investment projects, and limit as much as possible the Government's involvement in the financing of natural resources projects[6]. A Debt Management Performance Assessment was carried out by the Bank Group in 2012 and the authorities have requested technical assistance for the preparation of a debt management reform plan and a medium term debt strategy to be provided in 2013.

23. **Increasing per capita income growth is imperative for Niger.** After more than three decades of declining or stagnating per capita incomes, promoting economic growth remains vital for Niger's development and poverty reduction. The main elements to support economic growth and competitiveness defined in the World Bank's Strategy for Africa - namely improving infrastructure, the business environment, and human capacity/skills - are all highly relevant for Niger.

24. **In the medium term, scaled up production in the uranium and petroleum sector will be the primary driver of growth.** However, as the growth impact of the large scale extractive industry investments peters out, sustained economic growth and employment generation will depend on scaled up productivity in the agriculture sector and the diversification of the economy. Several areas have potential to contribute to a diversification of the economy. First is the diversification of natural resource exploitation beyond uranium, with significant proven potential for gold, base metals and coal. The Government is actively seeking to promote this diversification within the mining sector. Second, the promotion of mining sector related activities by strengthening the linkages with the rest of the economy through development of clusters. Third, agriculture sector activities, in particular related to processing and trade in agricultural products (beef and hides). Fourth, scaling up of non-agricultural and non-mining activities that are currently concentrated in the informal sector. Investing in women and men as economic agents

[4] The strategy envisages, among other things, improvements in the legal and judicial framework (including for mortgages and guarantees); deepening the financial sector (including through credit to SMEs), increasing the stability and transparency of the financial sector, and developing and building capacity and knowledge of financial institutions and the public as well.

[5] IDA and IMF. 2013. Draft Niger Joint Bank-Fund Debt Sustainability Analysis. (Expected to be submitted to the Board before or with the CPS.)

[6] This would include a primary focus on mobilizing concessional resources in order to ensure debt sustainability; strengthening of the management of public investments and increasing absorptive capacity will be critical to ensure the effective use of external resources.

provides the potential to improve women's on-farm and off-farm productivity and their relative wages, thereby lessening the demand for large family size and high fertility.

D. Poverty and social context

25. **Poverty has declined from 64 percent in 2005 to 61 percent in 2007/08 and 56 percent in 2011 based on preliminary World Bank estimates[7].** Poverty trends are dependent upon the rate of economic growth and the manner in which the growth is distributed between groups in the population. In line with population concentration, poverty remains primarily a rural phenomenon because 80 percent of the population is rural and a little more than nine out of ten poor Nigeriens reside in rural areas. Therefore, the economic growth resulting from increased returns to the agricultural sector will disproportionately benefit the poor because that is where the majority seek their livelihoods. The reduction in poverty occurring during this period is likely attributable to positive changes in agricultural sector growth. This sector relies predominantly on rain-fed agriculture in which performance is exposed to droughts, locusts, pest and disease outbreaks and a number of agricultural risks. The incidence of drought – which occurred four times between 2000 and 2012 – caused dramatic fluctuations in annual real GDP growth and wielded significant adverse impacts on per capita income.

26. **Household size, lack of education, and agricultural employment are important correlates of poverty in Niger.** Household dependency ratios have a hugely negative effect on household consumption. The level of consumption increases in the household by about 0.4 percent with each additional one percent increase in household size which suggests a strong negative relationship between fertility and poverty. Urban household heads who have completed primary education are likely to sustain greater levels of consumption compared with urban heads who did not attend school. Education has no poverty reduction effect on rural households. Given that agriculture is practiced predominantly using low levels of inputs and technology in settings where population densities have increased rapidly over time, the returns to labor would be low. As expected, heads of households working in agriculture face a significantly larger consumption shortfall and by implication face a higher probability of being poor.

27. **The impacts of economic shocks are likely to exact the largest toll on the poorest households in the population**. During the period following a drought households are likely to experience extreme spikes in grain prices- well above the level of fluctuations attributed to seasonality. Household behavior is extremely sensitive to these events since grain consumption represents a significant portion of the household diet. As an example, in early 2010, a period that followed the drought of 2009, a 10 percent increase in the price of millet led to an almost 10 percent reduction in millet consumption per capita. In addition to cutting back on millet and other dietary consumption, households also responded by selling their productive assets and in dire cases households consumed the seed stock that was reserved for future seasons. These events led to large welfare losses in households which aren't likely to be recovered easily.[8]

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[7] These figures are under discussion with the National Institute of Statistics and are subject to revision.

[8] For more discussion on the welfare implications of economic shocks, see World Bank, "Niger: Investing for Prosperity – A Poverty Assessment", 2012.

28. **Besides the immediate welfare losses, high exposure to shocks also induces risk-averse behaviors in agricultural decision making among households**. This partly explains low levels of uptake by farmers of modern agricultural inputs, and in turn low agricultural productivity growth[9]. Other factors such as affordability, lack of availability and relatively expensive inputs, limited agricultural advisory and financial services, also impair farmer's ability to adopt improved agriculture practices.

29. **Poverty trends appear to be unstable for several reasons.** First, despite the downward trend in poverty incidence that occurred between all survey-referenced periods, the poverty gap and the poverty severity trends present more varied outcomes. These indicators focus on measuring the welfare of the poor relative to the poverty line and suggest that inequality among the poorest has grown. The change in the rural poverty severity measure remained positive between all three periods. These trends suggest that while agricultural growth has led to a reduction in poverty over time, the poorest segments may be less able to bounce back from economic crises and they remain entrenched in low levels of consumption. Second, although the incidence of poverty is estimated to have decreased the absolute numbers of the poor have not declined in Niger. The percentage reduction in poverty did not keep pace with the rate of population growth and any gains in poverty reduction have been cancelled out.

30. **Despite significant progress on social indicators, there are strong concerns that gender issues and the high population growth rate, both of which derive from long-standing cultural norms, will hamper inclusive economic growth.** Niger is among the fastest growing populations (3.3 percent per annum) coupled with a young age structure, in which half the population is under age 15 and can be expected to experience high rates of population growth in the medium term. At this current growth rate, the population would reach about 54 million by 2050. This high population growth is largely the product of an extremely high fertility rate: with an average of 7.6 children per woman, Niger stands alone as the country with the highest fertility rate in the world. High population growth creates huge challenges in terms of demand for social infrastructure and services (e.g., education, health, nutrition, employment, housing and urban management) and the availability of factors of production. Further, high fertility is likely to result in low worker output- or low capital intensification- and provide disincentives to females to make tradeoffs in family size over increased labor force participation. Females bear high opportunity costs in terms of lost school completion, educational achievement, and capacity to earn and generate income.

31. **Persistent poverty and high levels of gender inequality have hindered female participation in Niger's development processes.** Gender differences are pervasive in human development outcomes, legal status, economic opportunities, and political voice. Enrollment gaps in primary education are most acute for poor girls living in rural areas. They trail boys by about 15 percentage points. Uptake in contraceptive usage edged up

[9] Preliminary evidence based on 2011 household survey data indicate that large portions of the population tend to experience some level of food insecurity during the year. Approximately 40 percent of the population is found to be food insecure during at least one episode while nearly 23 percent are considered to be chronically food insecure.

only to about 12 percent and high maternal mortality remains of paramount concern. Differences in legal capacity and status are particularly acute for married women who possess lower legal status and property rights than men. These differences are likely to undermine business opportunities in the non-agricultural economy for women and also impinge upon their productivity in the agricultural sector. Female farmers are likely to use lower levels of productive inputs and be less exposed to technological innovations compared with their male counterparts. Women are poorly represented in public life and in decision-making institutions in Niger. Female parliamentarians hold less than 14 percent of the seats in the Parliament. Increasing opportunities for girls to access education will offer the benefit of not only facilitating economic empowerment and opportunities for women but also help to curb the high rate of demographic growth and accelerate economic development. Specifically, this will entail breaking the cycle of early-marriages, unsustainably high birth rate, infant and maternal mortality rates, and girls' school dropout rates.

E. Progress toward the MDGs and human development indicators

32. **Despite significant progress achieved in the last decade, Niger is far from reaching the MDG targets by 2015 (see Table 2 and Annex 22) and its human development indicators remain among the lowest.** Based on present trends only 3 out of the 7 MDG targets appear likely to be met by 2015, in spite of some positive developments. The primary completion rate grew from 18 percent in 1990 to 52 percent in 2011. While this is a notable increase, Niger's education indicators remain among the lowest in SSA. With an enrollment rate of only 13 percent, secondary education coverage, for instance, is extremely low. Gender inequalities have also tended to decline but remain strong, particularly in terms of education and access to healthcare. The girls/boys ratio in primary school increased from 56 percent in 1990s to 82 percent in 2011. While the child mortality MDG target is likely to be met, highlighting a positive trend partly related to increased use of bed nets, child and maternal mortality indicators remain very high. With a rate of over 500, Niger is notably among the highest in maternal mortality. Access to health care, including the coverage of vaccines, remains inadequate especially in rural areas and the incidence of malaria and HIV prevalence have slightly increased despite government efforts. While prevalence of stunting in children aged 24-35 months has fallen slightly, about 47 percent of children under 5 are stunted and 34 percent are under-weight, these are very high rates at the SSA level. Child malnutrition rate is still very high due to recurrent food shortage, particularly in rural areas. Access to water indicator is on target. Against this backdrop, Niger signed up to the MDG Acceleration Framework (MAF) to focus more on poverty and food insecurity (MDG1). Human capital improvements will be critical to achieve higher competitiveness and growth and reduce vulnerability.

Table 2: Niger's Progress toward the MDGs

MDG	1990	Status (08-11)	2015 trend	MDG targets	Likelihood of achievement
1. Poverty **MAF Targets:** Halve, between 1990 and 2015 *- Proportion of people whose income is less than 1$ a day* *- Proportion of people who suffer from hunger (%* underweight children under 5)	 63% 36%	 59.5% 33.7%	 55% 29.8%	 32.5% 18%	 Unlikely Unlikely
2. Universal Primary Education (ensure full completion rate)	18%	52%	55%	100%	Unlikely
3. Gender equality (eliminate disparities - Girls/boys ratio primary school)	56%	82%	100%	100%	Unlikely
4. Child Mortality (reduce by 2/3 under-5 mortality - deaths/1000 live births)	322	130.5	112.7	106.1	Likely
5. Maternal Health (reduce by ¾ maternal mortality - deaths/ 100,000 births)	652	554	526.7	175	Unlikely
6. HIV/AIDS, malaria & other diseases (HIV/AIDS Prevalence rate)	0.87%	0.7%	n.a	<0.7%	Likely
7. Environmental Sustainability - halve non-access to safe water - halve non-access to improved sanitation facilities	 22.3% 5%	 48.9% 9%	 58% 15%	 58% 50%	 Likely Unlikely

Source: Niger authorities and World Bank Staff estimates

III. CHALLENGES AND OPPORTUNITIES

33. **At present, Niger has an unprecedented opportunity to make significant advances in development and poverty reduction, but also faces high risks from conflict in neighboring countries.** The successful return to constitutional order in April 2011 provides the basis for a renewed focus on economic development and poverty reduction. The government program sets out an ambitious agenda to foster economic growth, food security, universal primary education, and good governance. At the same time, the start of oil production in November 2011 and large scale investments in the uranium sector promise to boost economic growth in the medium term and provide additional resources to Government for the realization of its program.

34. **Over the past decade, Niger has also developed a strong record of reforms that have been implemented despite severe human and institutional capacity constraints and frequently recurring domestic and external shocks that claim much of government's attention.** Niger's Country Policy and Institutions Assessment rating has increased steadily over the past few years and stands now at 3.4, above the average for Sub-Saharan Africa of 3.2. Progress has been particularly strong in strengthening economic management, but also in the area of policy for social inclusion and equity, which plays an important role in reducing the potential for conflict.

35. **On account of these improvements in policies and institutions, Niger is not formally on the World Bank's fragile situations list, but internal and external stresses could, if left unchecked, alter its fragile equilibrium.** These include political fragility where failure of the Government to deliver tangible results could result quickly in the loss of popular support and a political stalemate; increased security threats from

conflict and terrorist activities in the sub-region; continued vulnerability to climatic shocks and developments in commodity markets; and a high fertility rate which puts further stress on Niger's scarce land resources, weak social service delivery systems, and its small labor market.

36. **Strong economic management and improved policies and institutions provide a conducive environment for the productive use of official development assistance, but various studies identify Niger as an "aid orphan" with inadequate and unpredictable flows of aid representing a main constraint to the expansion of social services and infrastructure.** In response to the commitment of the international community contained in the Accra Agenda for Action to "address the issue of countries that receive insufficient aid," the World Bank and the OECD carried out research that sought to identify countries that receive insufficient aid.[10] Using a variety of global aid allocation approaches as benchmarks, this research consistently identified Niger among the countries that receive insufficient aid. Efforts to help mobilize aid in conjunction with private sector resources are thus essential, and the CPS envisages to support these efforts.

A. Vulnerability and Resilience

37. **Niger is extremely vulnerable to severe climate shocks with drought being the most important risk in terms of frequency and impacts.** Despite availability of an efficient early monitoring system – *Système d'Alerte Précoce (SAP)* - insufficient preparedness and lack of ex-ante risk management strategies have led to frequent drought-related insecurities. Indeed, between 1980 and 2012, 10 major episodes of drought have been recorded, of which 8 led to major food and fodder deficit[11]. The food crisis resulting from the 2011 drought affected more than 7 million people or half of the country's total population. On top of drought, locust infestation and crops and animal disease are contributing to food insecurity.

38. **Flooding is another important natural hazard affecting people's lives and physical assets in Niger**. Recent floods in August 2012 adversely affected more than 500,000 people of which at least 176,000 were rendered homeless. More broadly, the country's vulnerability to frequent weather shocks has impacts on housing, agriculture, livestock, business, industry, soil degradation with implications on soil fertility.

39. **While the agricultural sector is exposed to a large number of constraints and risks, demographic and climatic changes also offer a number of opportunities**. The trend of aggregate rainfall is increasing and movement of isohyets to the north provides new areas for acreage expansion as well as new opportunities for tapping groundwater for irrigation. Increased penetration of cell phone use in rural areas offers a new delivery

[10] Utz, Robert. 2010. Will Countries that Receive Insufficient Aid Please Stand Up? CFP Working Paper Series No. 7. September 2010. OECD/DAC. 2011. Aid Orphans: A Collective Responsibility? Improved Identification and Monitoring of Under-Aided Countries. DCD/DAC(2011)18. April 27, 2011.

[11] In 2008, more than 50 percent of Niger's population was estimated to be chronically food insecure, with 22 percent suffering from extreme chronic food insecurity. The implication of climatic shocks on Niger's ability to significantly address issues of poverty is put in better perspective given that agriculture accounts for over 40 percent of GDP and is the main source of livelihoods for over 80 percent of the population.

channel to provide services and enable effective decision-making by agricultural sector stakeholders. While burgeoning population remains a huge challenge for food security, it also offers big market opportunities for agricultural producers. In addition, proximity to Nigeria and sustained demand for agriculture commodities from coastal cities in the ECOWAS space provide potential markets for Niger.

40. **More importantly the Government's 3N Initiative (*Nigeriens Nourish Nigeriens*) offers a unique window of opportunity to support an integrated approach to building resilience of communities** by improving land-use planning and secure property rights, developing flood risk analysis and early warning systems; increasing efficiency and productivity of agriculture and livestock production systems, through inter alia sustainable land and water management, improved agriculture and livestock services and inputs markets for accelerated adoption of improved technologies and good agricultural practices, integrating information services to improve government and farmers decision making, and scaling-up safety net systems.[12]

41. **Demographic dividend or youth bulge? High population growth makes it much more difficult to achieve development outcomes.** Human development indicators are all lagging in Niger and are a key cause of vulnerability for the country. High fertility rates and related rapid population growth severely limit the development outcomes which can be achieved through education and health services. For instance, the links between high fertility and high malnutrition (of mothers and children) also means that the children of today face a double burden of competition for scarce resources as well as the likelihood of poor cognitive and nutrition traps that will put them on a permanently lower trajectory in terms of opportunities. To be able to take advantage of the demographic dividend, Niger needs to make faster progress in reducing child mortality, and continue expanding reproductive health services and the promotion of modern contraceptive usage, while creating high level support for population policy through nationwide advocacy and communication efforts. Longer-term measures to reduce fertility also need to include the promotion of gender equality through higher women's labor force participation and better access to health and education services.

42. **High population growth also creates daunting challenges to absorb the youth into the labor force.** Youth faces several problems that pose a threat to stability and can be seen as a driver of fragility, as they become increasingly more frustrated with the political situation and its inability to adequately respond to their challenges. Two key issues that cause frustration and a sense of marginalization have been identified as the following: (i) high unemployment amongst both educated and non-educated youth with the perception that jobs are distributed based on personal relationships rather than skill sets; and (ii) a mismatch between education and the employment market, as the options for the majority of educated youth seem to be limited to two professional paths: the army or teaching.

[12] One key issue is the absence of a comprehensive safety nets scheme able to protect human capital in times of crises. The social protection strategy needs to focus on improving the efficiency, scope, and coordination of safety net programs (both existing and new ones), while supporting better nutrition practices and promoting effective medium-term strategies and investments to improve resilience to economic and natural shocks.

43. **A broad-based, inclusive growth pattern can go a long way to address some of Niger's economic grievances**. As the country transitions into a resource-based economy, it is critical that the proceeds of natural resource revenues are used to advance the development agenda; increase the potential for youth employability and job creation; and provide benefits to the poorest segments of the population and further reduce the incidence of poverty.

44. **Niger exemplifies social cohesion in the Sahel that needs to translate into equitable development impact**. Four years after the end of the rebellion symbolized by the *Mouvement des Nigériens pour la Justice* (MNJ) which started in 2007 following claims on the lack of equal sharing of mining revenues and social investments, the integration movement of Tuareg in Niger has found a new dynamic in combination with the acceleration of the decentralization process. Local and regional elections organized in 2011 saw many former rebellion leaders appointed or elected to official positions. Populations are more closely involved in the local management, investments have been obtained and the Government's anticipation of the consequences of the Libyan crisis – returnees and weapons – was key in keeping the region pacified. Finally, the ethnic and cultural intermixing is such in Niger[13] that the bulk of the challenges remain at the economic level. In order to curb the poverty gap, this will require increasing financial support for investments in the northern regions embodied by the current *Strategy on Security and Development in the Sahel Regions* known as SDS Niger.

B. Weak Business Environment and Lack of Diversification

45. **Although extractive industries are important for the economy of Niger, the growth of mining activities has not spurred the development of other economic sectors.** The extractive industries have evolved as enclave projects, and their impact on broad-based growth has been constrained by low level of private sector development and weak forward, backward and sideways linkages with the non-extractive economic sectors.

46. **Despite Niger's important energy resources, energy consumption is limited and mainly based on massive use of wood fuel (85 percent of total consumption).** Niger imports 85 percent of its electricity consumption from Nigeria, with a national estimated rate of access of 8 percent (47 percent in urban areas and 0.4 percent in rural areas).

47. **With an underdeveloped financial sector and approximately 1,400 businesses registered contributing to only about 15 percent of GDP, Niger's formal private sector base is one of the smallest in the region.** It is estimated that about 60 percent of Niger's economic activity takes place in the informal sector. With the exception of some niche markets, the private sector base is poorly connected to the global economy. Most of

[13] Gado Alzouma - *Identité politique et démocratie: les trois dimensions de l'ethnonationalisme touareg au Niger et au Mali*, In Marisa Fois and Alessandro Pes, Politics and Minorities in Africa, 2012 issue of Nova Collectanea Africana, Centro di Studi Africani in Sardegna (CSAS), Italy, Aracne, Pp. 47-70.
Chekou Koré Lawel - *Rébellion Touareg au Niger: raisons de persistance et tentatives de solution*, p 54

the country's growth potential is associated with the oil and mining sector, livestock, and regional trade mostly with Nigeria (its main economic partner) and with the West African Economic and Monetary Union (WAEMU) countries. The 2013 Doing Business DB report considers Niger as one of the most difficult countries to engage in private sector activities (176 out of 185 countries**)**. Private sector development is hampered by poor infrastructure, limited access to finance, slow government procedures, corruption, low labor productivity, ineffective taxation and tax administration.

48. **Private sector development is also hampered by high transport prices which reduce competitiveness**, and indirectly, negatively impact growth and the job market. Poorly designed market regulation has resulted in the provision of low quality transport services, insufficiently capitalized trucking companies and obsolete trucking fleets. Existing regional and bilateral arrangements discourage the provision of efficient road transport services. Regulatory reforms including regional freight sharing agreements and national carrier restrictions need to be coordinated at the regional level to be transformational.

49. **The projected increase in natural resource production and revenues offers an opportunity to promote inclusive growth**. The 2010 Constitution contains far-reaching provisions to allocate 15 percent of mining revenues to the local government of the regions where these resources are generated and requires greater transparency in the extractive industries at large.

C. Governance and Public Sector

50. **Despite recent improvements, public service delivery is limited by capacity constraints.** Public service is provided by a tiny administration made of a small number of aging civil servants that are poorly trained and often lack adequate qualifications, resources and training opportunities for their functions. Human resource management cannot track the overall number of civil servants, develop a merit-based policy and provide adequate incentives. Introduction of ICT tools and systems, and related changes in working procedures are still at an early stage.

51. **Improvements in Public Financial Management (PFM) are needed to streamline budget preparation, execution processes and internal and external controls.** The draft report of the 2012 repeater PEFA reveals very limited progress achieved since 2008. Among 31 indicators, 20 received ratings equal or inferior in comparison with the 2008 assessment while 11 indicators marked slight progress, mainly in areas where technical assistance had been strong.

52. **Rent seeking remains relatively common in the provision of service delivery, and politicization is relatively common in the public administration.** Recruitment is not systematically based on merit, and skills need to be significantly strengthened. Overall, the public sector does not have effective incentive mechanisms. Other challenges include multiple personnel statutes, staff turnover, and discrepancies in the payroll systems, and lack of precise information on the number of public servants. The judicial

system is also facing important challenges such as limited access, and interference in enforcement processes.

53. **The mining sector is bedeviled by non-transparent mechanisms for award of exploration licenses and mining contracts**. Mining contracts are often characterized by high up-front payments with little attention to maximization of medium/long-term value – and revenues - for the state. The tax administration capacity especially in the mining sector has been limited. Finally, the allocation of resources and the quality of public investment systems and expenditure execution does not allow for the effective use of public resources generated by mining investments for growth. The Government of Niger is committed to revisit existing contracts in the extractive industry sector for a better win-win deal.

54. **Niger's international governance indicators have shown a favorable trend in recent years in a difficult regional context.** On the 2012 Ibrahim Index of African Governance, Niger ranks 28th out of 52 countries, up from 39th in the previous year. Between 2006 and 2011, Niger's score improved by 6.7 points - the best relative performance in the sub-region.[14] Other governance indicators such as the World Governance Indicators and CPIA also confirm this trend thanks to recent initiatives**.** In March 2011, Niger became the first country in francophone Africa to reach compliant status under the Extractive Industries Transparency Initiative (EITI). Strong provisions of transparency for natural resources and public procurement[15] are also enshrined in the new Constitution. In parallel, the new administration has required an asset declaration for government officials upon entry into office, established an Anti-Corruption Authority (HALCIA) and a corruption hotline in the Ministry of Justice, and arrested several government officials on corruption charges. Finally, with support from the Bank, the Government has developed a Governance Action Plan to (i) increase the transparency and accountability of the state; (ii) strengthen the independence and credibility of the justice system; and (iii) improve the performance of public administration.

[14] http://www.moibrahimfoundation.org/niger/.

[15] Article 52 forbids the direct or indirect participation of the President, Prime Minister, Members of the Cabinet, and Members of Parliament in public procurement contracts.

IV. GOVERNMENT POVERTY REDUCTION STRATEGY 2012-2015

55. **Niger's new Poverty Reduction Strategy – the Plan for Economic and Social Development (PDES) - was approved by the Council of Ministers on August 1, 2012.**[16] It represents Niger's overarching framework for the Government's development agenda. The main focus of the PDES is on achieving economic growth of around 8 percent over the PDES period (2012-2015).

56. **The PDES represents a fundamental change in policy orientation and institutional arrangements, responding to recent developments in Niger and the sub region.** In particular, in order to prevent a recurrence of the political instability experienced during the period 2009 – 2010, the PDES pays particular attention to the consolidation of the credibility and efficacy of public institutions. In the wake of political developments in the sub-region, priority has been given to issues of security. The PDES also advocates for a more inclusive development approach that seeks to reduce regional disparities. In the light of recurring food crises, the PDES pays particular attention to the agriculture and food security, as one of the priority programs of the government.

57. **The PDES targets 11 strategic results and identifies 86 programs for their achievement.** These are clustered in five programmatic areas which are (i) Strengthening the credibility and efficiency of public institutions; (ii) Creating the conditions for inclusive, sustainable and balanced development; (iii) Food security and sustainable agricultural development; (iv) Competitive and diversified economy for accelerated, inclusive growth; and (v) Promotion of social development. (See details in Annex 20).

58. **The PDES was prepared through a broad-based and participative process and was endorsed by donors at a Round-table in Paris who pledged to support its implementation with US$4.8 billion.** The staff of the World Bank and the IMF discussed the assessment of the PDES under JSAN separately.

V. BANK GROUP PARTNERSHIP STRATEGY

A. Lessons Learnt from previous CAS, Stakeholder Feedback and Gender Assessment

The 2008-2011 CAS Completion Report

59. **Results and lessons from the 2008-2011 CAS are assessed in the CAS Completion Report and discussed with the Government in March 2012 (see Annex 2 to 5).** The main conclusions of this report are summarized here. The 2008-2011 CAS was built around two pillars (i) accelerating sustained growth that is equitably shared; and (ii) increasing access to basic services and developing human capital and two cross

[16] Subsequently, the Ministry of Planning, Regional, and Community Development also prepared and issued a Priority Action Plan and a Strategic Results Framework.

cutting issues (i) demographics; and (ii) good governance. The CAS was well aligned with PRSP-II. Given the structural challenges to development in Niger, the CAS proposed to deliver about one third of IDA resources in the form of DPOs.

60. **During most of the period covered by this assessment, Niger was affected by a dramatic combination of events and external shocks, with adverse consequences on the country's economic performance.** The CAS period comprised two episodes of catastrophic droughts in 2009 and 2011, and important political changes in four different phases: (i) pre-2009 political events phase, broadly a continuation of the previous CAS period; (ii) a period of severe political crisis from mid-2009 until the February 2010 coup; (iii) a transition period with interim de facto government until the early 2011 elections; and (iv) since 2011, renewed stability under the newly elected President and new government resulting from the April 2011 parliamentary election. Overall the performance of the CAS program is assessed as moderately satisfactory. Bank performance is assessed as moderately satisfactory – satisfactory in design of the program and moderately satisfactory in its implementation for the Bank failed to complete a CAS Progress Report to adjust the CAS to new country context.

61. **Progress was mixed under pillar 1[17] with four out of five expected outcomes partially achieved.** Through the Bank support, progress was made in clearing Government arrears to the private sector and introducing electronic processing of Government bills to suppliers. The Second Private Irrigation Project (PIP2) and Agro-Sylvo-Pastoral Export and Market Development Project (PRODEX) also supported a significant increase in areas under irrigation and contributing in a major way to the development of a supply chain approach for priority commercial agriculture commodities and livestock products, thus paving the way for enhanced private sector involvement in the agriculture sector.

62. **Under pillar 2, five out of eight expected outcomes have been partially achieved**. The Basic Education Project and the FTI-Basic Education Support Project contributed successfully to raising overall gross primary enrolment rates (GER) above 2011 targets. The Institutional Strengthening and Health Sector Program supported the improvement in access to basic health and nutrition services of rural population; and contributed to setting up a Sector Wide Approach program (SWAP).

63. **Promoting good governance was a cross-cutting theme under the CAS**. The outcomes focused on strengthening economic governance and capacity to implement and monitor reforms and were partially achieved also.

64. **Finally, while progress under the cross-cutting theme "reducing the Rate of Population Growth" was made**, the specific outcomes aimed at increasing awareness in family planning were only partially achieved. PRODEM has strengthened Niger's capacity to address the demographic challenge by building the government capacity in designing and implementing a nationwide multi-sector population program, increasing

[17] Pillar1 of the CAS focuses on accelerating sustainable growth that is equitably shared with key outcomes including: (i) ensuring macroeconomic stability; (ii) strengthening the competitiveness of supply chains; (iii) strengthening the sustainable management of natural resources to reduce vulnerability to desertification; (iv) improving the investment climate and supporting entrepreneurship; and (v) strengthening economic infrastructure for growth.

general awareness on population and reproductive health issues.

Experience and Lessons learnt from the 2008-2011 CAS Completion Report

65. **Lessons learned from the implementation of the FY08-11 CAS include the following:** (i) the strongest impact is achieved when multi-sectorial DPOs are delivered in parallel with sectoral operations, creating substantial synergies. This is particularly the case in areas where reforms are difficult and need sustained commitment and actions from the Government; (ii) a programmatic DPO approach plays an important role in keeping the reform agenda on track and mobilizing the Government on cross-cutting issues in an environment of frequent external shocks and instability; (iii) long term involvement in one area – spanning two to three CAS periods - and substantial partner support by Bank, reinforces Government commitment and incentives for changes.

66. **In addition, the Bank Group's involvement in one sector can often serve as leverage and allows the Bank Group to play its convening role with other donors.** Furthermore a balanced approach involving addressing swiftly the critical short-term crisis concerns while maintaining a long-term focus on reforms necessary for reducing vulnerability and accelerating growth proved effective. Finally, addressing gender and demographic issues is a challenging undertaking. It requires a multi-sectoral and sustained approach over a long time horizon and underpinned by sharp social-cultural-economic analysis and action

67. **Reducing Niger's vulnerability – in particular getting its rural population out of the "vulnerability to weather shocks" trap – is paramount**. Supporting a country that is highly vulnerable and prone to frequent shocks requires a balanced approach, addressing rapidly the critical short-term concerns while maintaining a long-term focus on risk management. To address these challenges, Niger should not just rely on windfall benefits from its growing extractive industries, but scale-up agricultural productivity and risk management and diversify its economy.

Stakeholder consultations and Country Survey

68. **In-country consultations to collect perceptions and advice on the work of the WBG in Niger from a diverse group of stakeholders were carried out in October 2012 throughout five out of eight regions**. Over 500 stakeholder representatives provided the views of the Government, civil society and organizations, community leaders, development partners, parliament, private sector, media, academia with a significant representation of women and youth. Overall, participants acknowledged the relevance and contributions of the Bank Group to Niger development at large. All actors agreed that it is very difficult to establish a hierarchy of development priorities in Niger due to the many cross-cutting challenges and external shocks that make the country highly vulnerable. The main conclusions were as follows (see Annex 18 for more details):

- In the agriculture sector, there was a consensus on the need to create new opportunities in rural areas, notably for youth and to reduce migration to urban centers.

- The need to improve the education sector, with a focus on quality of education outcomes, was a consistent and recurring theme throughout the discussions;

- Infrastructure and transport are considered vital for regional integration and economic opportunities;

- Corruption is seen as a major impediment to inclusive development in many sectors. Increasing the role of civil society actors was seen as important as a mechanism for assisting, communicating and monitoring Bank Group-financed projects and CPS implementation;

- Re-organizing the legislative economic framework to help create more businesses (especially SMEs) was a predominant theme for the private sector.

69. A country team retreat held on November 2, 2012 endorsed the outcomes of the consultations and discussed the strategic directions to align the CPS with Government PDES priorities.

70. **Several of these issues were repeated in a Country Survey undertaken in FY 2012.** This survey, which is described in more detail in Annex 18, shows that perceived development priorities place greater emphasis on corruption and public sector governance. Respondents report that they recognize a significant role for the Bank Group in the area of public sector governance. Along with governance and corruption, education, rural development and energy and oil development are viewed as important aspects of growth and/or poverty reduction in Niger. Domestic private sector development is seen as an important aspect of growth and also an area where respondents see value in Bank involvement.

71. **In terms of collaboration with the government and other donors, the survey findings suggest that the Bank Group is doing well**. The importance of its future involvement in Niger is not questioned. Areas for improvement by the Bank include: greater flexibility (in terms of its products and services and in light of changing country circumstances); improvement in staff accessibility, responsiveness and openness in terms of sharing its data and other information; and greater overall speed, especially in the disbursement of funds.

72. **Finally, the survey highlights that the Bank Group is most valued for its financial resources with recognition of the value of technical assistance and training** but that there needs to be greater outreach beyond government, especially towards civil society.

Gender Assessment

73. **A recently completed Gender Assessment highlights the need for the Bank Group program to be more gender-informed.** The assessment reveals that currently only 24 percent of projects contain gender analysis; and when done, it is often weak, generic, and without sector or project specificity. The assessment also indicates that in 59 percent of projects there is a disconnect between analysis and actions resulting in some gender-focused actions or components.

74. **With respect to indicators, many projects make an attempt to provide**

gender-relevant and gender-disaggregated indicators. These include laudable efforts to focus on registration of women's enterprises in the Competitiveness and Growth project, and on disaggregating by gender involvement in local development initiatives (Niger Basin), distribution of ruminants (Emergency Food Security II), and households benefiting from social protection (Safety Net Project).

B. Strategic Approach

Overview, objectives and principles

75. **The proposed CPS is aligned with priorities of the Government PDES and aims at supporting Niger's development as an emerging economy that is competitive, diversified, resilient and inclusive with enhanced opportunities for productive employment and improved standards of living.** It provides the framework for Bank Group support to Niger over the next four years ending June 30, 2016. It is also closely aligned with the Bank's Africa Strategy; the 2011 World Development Report on conflict and fragility, and the update 2014 WDR on risk. Finally it also draws on the findings and lessons from several analytical pieces, including the CAS Completion Report, Client Survey, and feedback from stakeholder consultations.

76. **The Bank Group's engagement will be guided by the following 4 principles:** (i) Flexibility, (ii) Selectivity; (iii) Leverage; and (iv) Aid effectiveness.

77. *Flexibility*: **In view of the recurrent crises in the Sahel and dynamic nature, the Bank Group will seek to maximize flexibility in its engagement with Niger.** The need for such flexibility has been highlighted in the CAS Completion Report and FY12 Country Survey. The Bank Group will endeavor to discern early any project implementation difficulties and act boldly and swiftly in undertaking corrective actions, including early project restructuring to avoid prolonged stays by projects in problem status.

78. *Selectivity:* **The Bank Group's resources are limited relative to Niger's needs. Against that backdrop, concentrating resources in a few high priority areas is critical.** The choice of sector or thematic intervention will be based on the following filters: (i) transformational impact with an emphasis on increasing competitiveness for inclusive growth and poverty reduction; (ii) potential impact on the key drivers of fragility and stability; (iii) ensuring a balance of interventions that produce short-term results with interventions aimed at longer-term impact; (iv) operational feasibility; (v) comparative strength of the Bank Group; and (vi) impact on Niger's connectivity with regional and international markets.

79. *Leverage:* **The Bank Group will utilize its programs as a catalyst for leveraging other sources of financing to maximize development impact**. In this regard, where possible, the Bank Group will endeavor to: (i) access trust funds to finance analytical and advisory work; (ii) encourage co-financing of its operations by other development partners to scale up interventions; (iii) continue to lead the donors coordination and harmonization through OECD/DAC and provide the platform for other development partners' interventions through the preparation of robust analytical work;

and (iv) work in collaboration with the IFC and MIGA to crowd-in private investments especially in key growth sectors/markets.

80. *Aid effectiveness:* **Niger receives about 58 percent of its investment resources from development partners and is thus highly impacted by the predictability of these resources and whether they are effectively and efficiently translated into results**. The Bank Group in collaboration with others development partners will continue to assist the government in developing systems to improve service delivery, monitor and evaluate the impact of development programs by, among other things, promoting country ownership and spearheading the use of country systems, coordinating interventions and seeking opportunities for better division of labor amongst development partners for greater synergy.

C. Bank Group Program

81. **The Bank Group recognizes that accelerating economic growth and reducing volatility need to be complemented by reforms to ensure that growth is inclusive and its benefits widely shared.** Increasing per-capita incomes is the central challenge for Niger to reduce poverty. Yet given the structure of its economy, poverty reducing economic growth will require a focus on three tightly interwoven issues: (i) focusing on growth which increases the productivity of males and females; (ii) reducing growth volatility and enhancing resilience to external shocks; and (iii) ensuring that growth is inclusive and widely shared.

Table 3: CPS Strategic Objectives and Outcomes

Objective 1: Promote Resilient Growth	Objective 2: Reduce Vulnerability
1. Fiscal Performance consolidated 2. Improved Investment Climate and Access to Finance for SMEs 3. Increased Agricultural Productivity of Selected Crops in Selected Areas 4. Improved Selected Economic Infrastructures	5. Increased Access of Poor and Food Insecure People to Safety Net Programs 6. Increased Adoption of Climate Resilience Policies and Actions in Targeted Communes 7. Improved Education and Employment Skills for Youth 8. Increased Access to Water, Sanitation, Health and Population Services
Cross-cutting Objectives: Mainstream gender and strengthen governance and capacity for public service delivery	
9. Improved Budget Execution and Efficiency 10. Improved Transparency of Sector Budget Allocations 11. Improved Transparency in the Mining and Oil Sector	

82. **The Bank Group will partner with other development agencies to pursue the following interdependent and mutually reinforcing strategic objectives articulated as CPS pillars: (1) promote resilient growth, (2) reduce vulnerability, and (3) strengthen governance and capacity for public service delivery across the board.** The rationales for selecting these strategic pillars are grounded in the following: (i) their

close alignment with the new priorities set by the PDES to address Niger development challenges, (ii) lessons learned from the implementation of the previous CAS, notably that long term strong engagement of the Bank Group in one area – spanning two to three CAS periods – reinforces Government commitment and incentives for lasting change; (iii) feedback from the stakeholders consultations and the results of the new country survey that stress greater engagement on governance (iv) and the comparative advantage of the Bank Group with respect to the current aid matrix (see Annex 13) to help reducing the aid fragmentation. The specific rationale and objectives pursued under each pillar are further elaborated below.

Pillar 1: Promoting Resilient Growth

Outcomes	Indicators
1. Fiscal Performance consolidated	- *Efficiency of tax and customs collections has improved – increase in PEFA rating of performance indicator 15 from D+ in 2012 to C in 2015* - *Treasury and debt management has improved- increase in PEFA rating of performance indicator 17 from C in 2012 to B in 2015*
2. Improved Investment Climate and Access to Finance for SMEs	- *Average number of new enterprises registered per year increased from 2500 in 2012 to 3000 by 2015 (of which 20 % led by women)* - *SMEs Loan Portfolio increased from US$19 million in 2012 to US$33 million by 2015 (of which 20% are received by female-owned SMEs)*
3. Increased Agricultural Productivity of Selected Crops in Selected Areas	- *Average yield of cereal crops (millet, sorghum & rice) in targeted rain fed areas increased by 25% by 2015 (Baseline: average yield in kg/ha in 2008-2012 period: Millet: 5061; Sorghum: 354, and Rice: 5500)*
4. Improved Selected Economic Infrastructures	- *Connection of the country to regional fiber backbones established* - *300 Kilometers of inter-urban roads rehabilitated in targeted areas by 2015*

83. **Under this CPS Pillar, the Bank Group will support the sectors that drive growth and have the greatest potential for creating jobs,** while also supporting efforts to strengthen the resilience against external shocks, through a flexible mix of development policy lending, investment instruments, technical assistance and non-financial services. Under Axis 4 of the PDES, the Government is committed to achieving strong and sustained economic growth. Recognizing the potential fiscal spillover of external shocks, the Bank Group will continue to support authorities in pursuing and maintaining policies for a stable and resilient macroeconomic environment. To this end, the Bank Group will pursue the following specific interventions:

84. ***Consolidate the fiscal framework.*** Under the DPO series - Shared Growth Credits – the Bank Group together with other partners will support policy reforms to promote resilient growth and improve the management of oil and mining revenues, internal revenues and debt. More specifically the DPO series will focus on the consolidation of the fiscal performance through the development and implementation of plans for customs, tax department and reforms of debt management among other policy reforms.

85. ***Improve investment climate and access to finance for private sector.*** The Bank Group will spur reforms and investment to promote high potential growth opportunities identified by the PDES, notably in the agribusiness, oil and mining sectors, to expand and diversify the narrow economic base while reducing the economy's vulnerability to shocks. To that end, the Bank Group will extend lines of credit to local banks, promote reforms to increase access to financial services for SMEs, establish PPP arrangements and modernize OHADA laws for an improved investment climate. The Bank Group will also continue supporting SMEs through matching grants and boosting the implementation of the financial sector strategy. The ongoing Competitiveness and Growth Support Project will be pursued with a focus on promoting value chains in agribusiness, livestock, oil and mining coupled with a continuation of the DPO series - Shared Growth Credits - aiming to promoting resilient private sector-led growth through policy reforms. A potential DPO to support reforms of WAEMU regional transport regulations governing the trucking industry is also under consideration.

86. ***Increase agricultural productivity of selected crops.*** The Government plans to achieve a forty five percent increase of cereal production by 2015 under the Axis 3 of its PDES. This will require a strong focus on reforms in the agriculture and livestock sectors which are the source of livelihood for about 80 percent of the population. To support this objective, the Bank Group will help male and female producers adopt improved agriculture technologies and drought resistant varieties of crops, support the development of additional irrigation schemes with drainage services, and promote feeder roads in rural and urban areas to connect the producers to markets. The ongoing Bank-financed Community Action Program (CAP) supports sustainable natural resource management and access to services at the local level by financing micro-projects and development plans prepared by communities and local government. Third phase of CAP will mainly support the implementation of 3N Initiative to increase agriculture productivity. The ongoing Agro-Pastoral Export Promotion Project and Second Emergency Food Security Project are helping small farmers increase the production of high-value irrigated crops, using low-cost technology while facilitating the export of selected crops such as cowpea and onion. After the closing of the ongoing projects, the Bank Group will continue to support this objective with a new large scale sector-wide program in FY15. Accounting for gender differences in access to productive inputs and respective roles in agriculture, the Bank Group will ensure that these operations target female beneficiaries with an overall aim of raising productivity and improving food security. The Bank Group will also extend the ongoing Transport Project through 2015 to support the movement of agricultural production to the markets.

87. ***Promoting risk-based agriculture development is key to mitigating the impact of climatic changes and variability.*** Building on a recent Assessment of Agriculture Risks, the Bank Group will provide technical advisory services for a risk-based agriculture development program that helps improve resilient approaches to scaling-up sustainable land and water management in Niger. The Bank Group will promote climate change adaptation to increase resilience through the following actions: adoption of drought tolerant crop varieties; soil and water conservation techniques, selection of appropriate

natural resource management (NRM) techniques, irrigation, early detection and destruction of desert locusts; support the Government to develop an Inclusive Green Growth Strategy and supporting community level interventions through food/fodder banks, and livestock vaccination and other veterinary services. The IFC's Sustainable Business Advisory is undertaking market research on a range of private sector investments under the Climate Investment Fund's Pilot Program for Climate Resilience (PPCR). Subject to their commercial viability, the potential investments will include: a mobile phone platform to deliver agro-meteorological information and market price information to small scale farmers; a weather index-based insurance product for rain-fed agriculture; expansion of vegetable production under drip irrigation; and production of drought-resilient seeds.

88. ***Improvement in economic infrastructures and opportunities.*** The Bank Group will support this outcome through the development of transformative high-risk and high reward programs notably the Kandadji Growth Pole that aims to produce low cost electricity for the irrigation of 42,000 ha, and the Dosso Dry Port and the Expansion of the Regional Railways Program to connect Niger's economy with its main maritime corridors of Cotonou and Abidjan at lower cost. More specifically a joint IFC/World Bank business plan will be developed to spur agribusiness opportunities offered by the Kandadji Growth Pole. With an additional financing, the Bank Group will continue to support the rehabilitation of inter-urban roads to better connect the agriculture productions with the markets and consumers. The Bank Group will also continue to assist Niger in expanding and deepening the energy and telecommunication sectors by reducing costs and increasing access to regional power market and telecommunication networks under an Energy Sector TA operation and the regional fiber optic program. To further deepen the knowledge base on the Regional Railways Program and support a marketable PPP design, the Bank Group is preparing a TA operation to support the regional Technical Secretariat set up by member countries to launch the Program.

89. ***Regional synergies***. Under the PDES, Niger reaffirms its commitment to comply with WAEMU Convergence and Stability Pact by implementing sound macroeconomic stability policies. To that end, the Bank Group will extend its support for macroeconomic stability through a DPO series – Shared Growth Credits – with a specific focus on implementing the new WAEMU PFM Directive and reduce the spillover of the ongoing Sahel crisis. Niger participates in the regional Niger Basin Water Resources Development project and the associated GEF-financed Reversing Land and Water Degradation Trends in the Niger River Basin which are, respectively, strengthening the capacity of the Niger River Basin Authority. Under this regional project, the Bank Group is supporting Kandadji Growth Pole development. Niger also participates in the second phase of the West Africa Agriculture Productivity project that promotes regional cooperation in agricultural research. Depending on IDA availability Niger could participate in WARCIP to improve its telecom connectivity with the rest of the world. The Bank Group is also supporting improvement of trade with Nigeria through Growth and Competitiveness Project and the development of a dry port in Dosso region to facilitate trade and transport with the Benin corridor. In the Transport sector, Niger is highly affected by the challenges faced by its partner transport, Benin, where tariffs remain punitively high;

domestic and regional regulatory reforms coupled with public and private investment in roads and railways are necessary. High transport prices reduce competitiveness, and indirectly impact growth and the job market. Depending on IDA availability, Niger could participate in a potential DPO to support reforms of regional transport dealing with WAEMU regulations governing the trucking industry. Finally the Bank Group is supporting Niger together with Burkina Faso, Benin and Cote d'Ivoire to expand the existing railways to Niamey in view of better integrating its economy with the rest of the sub-region and increasing its resilience to climatic exogenous shocks.

Pillar 2: Reducing Vulnerability

Outcomes	Indicators
1. Increased Access of Poor and Food Insecure People to Safety Net Programs	- *At least 100,000 additional households with access to the safety net programs (the cash transfer and cash for work programs) by 2015*
2. Increased Adoption of Climate Resilience Policies and Actions in Targeted Communes	- *At least 2000 ha of additional agricultural areas with improved Sustainable Land Management (SLM)* - *At least 5000 ha of additional sylvo-pastoral areas with improved SLM* - *Number of Local Development Plans (LDPs) incorporating climatic resilience increased from zero in 2012 to 25 by 2015.*
3. Improved Education and Employment Skills for Youth	- *Primary completion rate increased from 52% in 2012 to 55% in 2015;* - *Youth who completed dual apprenticeship programs increased from 0 in 2012 to 30% in 2015 (with at least 20% of women)*
4. Increased Access to Water, Sanitation, Health and Population Services	- *Number of additional people in selected urban areas provided with access to improved water sources: 480,000 by 2015* - *Number of additional people provided with access to improved Sanitation in selected urban areas: 235,000 by 2015* - *Number of sex workers screened for sexually transmitted diseases increased from 0 in 2012 to 3000 in 2015* - *Percentage of modern contraceptive use among women increased from 16% in 2012 to 20 % by 2015*

90. **Vulnerability has to be prevented or mitigated** While the focus will be on prevention and mitigation, in some cases mitigation and coping activities to smooth the effects of shocks will be the objective. Mitigating measures will require addressing the underlying constraints giving rise to these risks. These include the role of demographic pressures, gender inequalities and widespread poverty, weak governance, lack of diversification of the economic basis, constraining social norms, and lack of adequate information/education and incentives.

91. **A multi-sectoral approach focused on the key underlying causes of vulnerability including the drivers of fragility notably agricultural risks is essential for reducing vulnerability and building resilience.** Most vulnerabilities have multiple causes and are interrelated and thus require a multi-sectoral approach.

92. **A combination of investments, policy reforms and technical assistance tackling the key underlying causes of vulnerability is therefore needed.** Recognizing this, the Bank Group will put a special emphasis on cross-sectoral interventions, such as population programs and diagnostic work to support higher national awareness and action on demographic issues, a skills development program and a job strategy to support youth employability and job creation, to increase the flexibility of the labor force. These cross-sectoral activities will be complemented by other interventions aiming at strengthening the resilience of the communities and reduce their vulnerability. A particular focus will be put on social protection and agriculture to reduce its vulnerability to weather-related shocks by promoting the adoption of agricultural methods that are less subject to the vagaries of Niger's harsh climate. The Bank Group will pursue the objective of reducing vulnerability through the following actions:

93. **Increase access of the poor and insecure people to safety net programs.** In order for Niger to pull the poor and food insecure people out of the humanitarian dependency trap, sustainable safety net systems are needed to help identify and register the beneficiary household while providing them with appropriate support to meet their basic needs through cash transfer and cash-for-work. The Bank Group will continue to support the overarching objective of providing sustainable food security and nutrition for all Nigeriens by helping additional households to access cash transfer and cash-for-work programs under the ongoing Safety Net Project. To further support the social protection, a TA operation is underway to help strengthen the resilience of poor and food insecure people and build the foundations of a safety net system. Bank support to GON agriculture and national food security programs, notably *3N (Nigeriens Nourish Nigeriens)* and the *Dispositif National*, will be considered in FY16.

94. **Improve resilience of populations to natural hazards, climatic change and variability**. The Government of Niger is committed under Axis 2 of the PDES to strengthen adaptive and resilience capacities, disseminate strategies for adapting to climate change, and adopt adequate regulations and training curricula. The Bank Group will continue to support this outcome through the ongoing Community Actions Program for Climatic Resilience (CAPCR) and the Community-Based Disaster Reduction Project. To that end, a climatic information platform for agricultural producers will be created to improve climate change resilience together with local development plans incorporating climate resilience features. A Land, Urban and Disaster Management Project will be considered in FY14 to build on the achievements of the Local Urban Development Infrastructures Project with a focus on multi-hazard early warning systems, land development and integrated flood risk management. The third phase of CAP coupled with an Integrated Ecosystem Management funded by the GEF will contribute to improve the people's resilience to climatic change and variability, notably for those living in disadvantaged northern communes targeted under the Security-Development Strategy. In addition, IFC will be promoting climate resilience in the private sector through the Pilot Program for Climatic Resilience by exploring the development of a mobile phone platform and a weather index-based insurance product which will both serve small scale farmers; and expanding - through private sector financing - drip irrigation and drought resilient seed production.

95. **Improve education and youth employment skills.** Strengthening human capital is an integral part of any growth strategy but is also a key ingredient to alleviate the stresses posed by the alarming population growth and youth unemployment. Thus the Niger Government is committed to continued improvements in education, population and health services to improve socio-economic outcomes and reach the MDGs. The Bank Group through the Global Partnership for Education Trust Fund will continue to support access to basic education and improved quality of teaching. Special emphasis is placed on promoting girls' participation in school and parents and communities in children's education. To support the Government's commitment to better integrate youth into the economy and reduce the threat they pose to the country stability under the current volatile security context, the Bank Group will help upgrade Technical, Vocational and Education Training institutions in four critical sectors and set up on-demand technical training programs to improve youth employability for the job market (Box 1. *The skills for growth project - PRODEC*). A jobs and employability assessment will be conducted in FY14 to identify the entry points and recommendations for youth job creation.

Box 1: The Skills for Growth Project (PRODEC)

Youth employability and job creation are a very important priority for Niger. Many employers look abroad for skilled workers, and the lack of skills, from basic to advanced, of domestic workers is a constraint to productivity, employability and job creation. To that extent Niger needs to invest in the skill development of its youth. Well-designed interventions in the skill development sector can promote youth employability and the job creation agenda, by providing the technical and other skills to make youth more employable by the private sector, fostering local firms to create more jobs and supporting the development of small and medium enterprises through entrepreneurship skills. Constraints to job creation in Niger will also depend on other issues, including improving business climate, promoting investments, reinforcing infrastructure and labor market institutions and policies.

The skills for growth project aims at developing skills for key economic sectors and improving youth employability through providing access to improved formal technical and vocational training and new shorter term skill development options. The project will target short-term on-demand skill development, apprenticeships and entrepreneurship programs for, respectively, 1,500 youth of different education level, 3,000 out of school youth with very limited education, and 8,000 secondary and tertiary graduates, apprentices and would be micro entrepreneurs. Job creation would be supported by fostering local firms to hire the youth that they have asked to be formed through the on-demand skills development program, and supporting the development of small and medium enterprises through the entrepreneurship skills provided to the multiple target youth groups.

By enhancing employability and job creation, the project will not only support the broad social and economic development of Niger but will contribute to increased security by providing unemployed and under-employed youth new hope and concrete tools for meaningful integration in the Niger labor market and society, reducing potential for unrest and involvement in violent activities.

96. **Increase access to clean water, sanitation, health and population services.** Increasing access to clean water, sanitation, health and population is vital for the survival of the most vulnerable people. For over ten years, the Bank Group has been a prominent partner to Niger in the development of the water and sanitation sector. A Bank Group intervention under the present CPS will therefore consolidate successful achievements of previous interventions; generate strategic continuity and strong operational synergies with activities supported by the ongoing Urban Water and Sanitation Project, acknowledging one of the main conclusions of the CAS completion report. In the same

vein, the Bank Group will continue to support Niger through Water Sanitation Program TA to (i) improve programmatic conditions for scaling up rural sanitation, (ii) promote private sector participation in the management of small and medium-sized water supply systems, and sludge management facilities, and (iii) support the Ministry of Hydraulics to set up sustainable monitoring system to better manage investment programs. The Bank Group will also continue to help provide peer education to health-risk groups, sensitize the population on health issues and provide training opportunities to health personnel on family planning and reproductive health issues. Expanded coverage of basic health care and HIV/AIDS prevention and treatment will be pursued under the ongoing HIV/AIDS Support Project 2 and a new Population and Health Project will be considered for FY15 in view of, among others, scaling up gender and population oriented programs notably *Ecole-des-Maris* and *Adolescent Girls* initiatives in partnership with UNFPA. To deepen the Bank Group's knowledge in these areas in view of underpinning follow-up interventions, a health country status survey report and a Sahel Demographic study - the latter currently being undertaken - will both be delivered in FY15.

97. **Regional synergies***:* Being at the cross-road between Saharan and the Sub-Saharan Africa, Niger is hugely exposed to developments, positive and negative, in the sub-region. As a member of ECOWAS, Niger is also participating in regional efforts to resolve the ongoing military crisis in the Sahel.. Niger also participates in the ongoing regional studies notably on (i) Sahel Drylands Flagship Report, (ii) demography and (iii) the drivers of fragility in the Sahel. Going forward the Bank Group will continue to support Niger Food Security Programs notably *3N and Dispositif National* in view of scaling up the benefits of this Model to WAEMU countries. Recognizing that demographic migration, open trade and free movement of citizens within ECOWAS are key factors in addressing food crises, the Bank Group will continue to monitor the market and prices of staples, livestock and support regional bodies e.g ECOWAS, WAEMU, ICRISAT, AGRYMET, CILSSS, in charge of the oversight of regional versatile stresses such as locust, animal diseases, drought and flood.

Cross-Cutting Theme: Mainstreaming gender and strengthening governance and capacity for public service delivery

Outcomes	Indicators
1. Improved Budget Execution and Efficiency	- *Budget execution ratio of own funded expenditures (actual/budget) increased from 75 percent in 2011 to 90 percent in 2015;* - *Share of public procurement contracts awarded through competitive bidding maintained above 75 percent.*
2. Improved Transparency of Sector Budget Allocations	- *Number of budgetary documents published based on the 'Open budget initiative classification)"increased from 1 in 2012 to 6 in 2015*
3. Improved Transparency in the Mining and Oil Sector	- *EITI Reports published annually*

98. Faced with a heavy reform agenda, Government must improve implementation capacity across the board in order to enhance its legitimacy. Addressing governance and capacity constrains entails a focus on catalytic reforms to build strategic planning and

M&E capacity, effective contracts management and revenues collection in the natural resources sector, support the modernization of the public financial management system including the implementation of WAEMU PFM Directives, public investment and oversight of SOEs. In addition to the ongoing Reform Management Technical Assistance Project focused on PFM, the CPS envisions for FY14 a Governance and Capacity Building Project to improve service delivery in partnership with the other development partners. More specifically the Bank Group will help the Government through the following actions with a focus on the implementation of its Governance and Anti-corruption strategy:

99. **Improve budget execution and pro-poor spending.** The government is committed to ensure fair access of the citizens to public services that are delivered efficiently under Axis 1 of the PDES. To do so, the Government envisages restoring the credibility and improving the effectiveness of public institutions. The Bank Group will support this outcome through the implementation of the ongoing Reform Management and TA Project and Governance and Anti-corruption TA. The Bank Group will support this outcome with a special focus on quick wins to provide incentives for the reforms to stay on track. To that end, the ongoing Reform Management and TA Project will be complemented in FY14 with financing new capacity building project to promote greater governance, improve public financial management and service delivery with a focus on pro-poor spending in health and education. Support to the National Institute of Statistics – (INS) to boost capacity in the collection of quality household survey data and monitoring of service delivery outcomes - and cultural change will be key to achieving these outcomes in addition to the technical and political pre-requisites. Key Bank Group operations include budget support, and analytical works, notably Service Delivery Indicators (SDI) surveys that will monitor the quality and competency of service providers, a Gender Assessment that explores issues related to social norms and agency in Niger, and annual Public Expenditures Reviews. Consistent with WDR 2011 the Bank Group will work with other development partners to deliver in FY14 a Public Expenditures Management and Fiduciary Review [18]of the security sector requested by the Government to inform and help improve the economic efficiency and governance of this sector. The review will remain within the Bank Group's mandate in terms of scope, methodology and will not analyze any security specific aspects.

100. **Improve transparency of sector budget allocations with PDES Priorities**. The PDES recognizes the disconnect between the strategic planning, the annual budget and its execution. This disconnect is furthermore exacerbated with the creation of two separate

[18] The study is responding to a formal government request in a specific security situation where security expenditures have significantly increased and to the need for economic consideration of the impact of such increasing security expenditures on the budget remaining available for the financing of economic and social development activities. The country has confirmed that the Bank would have legal access to the relevant information to carry out its review. The Bank will act in concert with an acceptable partner that has specific sector expertise; the Bank would not be making security sector judgment calls. On that basis the Bank has determined that the risk of carrying out this review was lower than the risk of not responding to the country's request under the circumstances. The scope of the review is also compliant with Bank mandate: descriptive and comparative analysis of administrative procedures, practices, and processes, transparency and governance; retrospective, prospective and generic description of related expenditure with an informative focus; impact analysis of security expenditure scenarios upon economic development. It will not analyze the security specific aspects of the sector.

ministries where one is handling the multi-year strategic planning and the other preparing and executing the budget without effectively collaborating with one another. To help improve the conjunction of sector alignment with PDES priorities, the Bank Group will provide support through the Reform Management TA Project and to develop a performance-based budgeting framework and promote competitive selection of high officials. The project also supports capacity building for the preparation of cross-sectoral and sectoral Medium Term Expenditure Frameworks as key instruments to strengthen the link between the PDES and the budget. Public financial management reforms supported through the annual DPO series also aim at enhancing fiscal transparency[19], supported by an annual Public Expenditure Review process, which envisages an annual review of overall expenditure trends as well as in depth review of expenditures in a few key sectors.[20] Furthermore, the Bank Group will support building capacity in M&E and design of robust indicators to improve both quantitative and qualitative analysis to better inform both key decision-makers and citizens of progress. If major improvement is not achieved in M&E, it will delay the introduction of targeted, means-tested programs.

101. **Mainstream Gender.** As noted above, gender disparities persist in Niger and are reinforced by the country's development challenges which continue to pose a serious constraint to adopting specific measures that target women's and girl's access to public services. These measures will be integral to reducing gaps in gender outcomes in human and physical capital accumulation and ensuring that females engage completely in Niger's development. The Bank Group will continue to engage with other development partners to support the implementation of the national gender policy and it will address gender gaps notably by improving the education opportunities of girls, fostering activities that reduce incentives for girls to marry early, and promoting the ongoing bold community-level communication initiatives such as *"Club d'Ecoute"* which was conceived by FAO and *"L'école des maris"* and *"Adolescent Girls"* piloted by UNFPA to improve women's agency. These initiatives have opened communication channels between men and women and fostered exchanges on a wide range of reproductive health and economic empowerment topics. The exchanges have been effective in improving factual knowledge on the links between cultural practices and potential negative consequences on women's welfare and they may be instrumental in changing incentives and relaxing social norms –critical to improving the ability of men and women to express their preferences and to take action on their own behalf. Moreover, the Bank Group will lobby for and support increased gender-sensitive programs from technical ministries that can partner with the Ministry of Population. This focus will improve women's opportunities for acquiring economic assets and building their productive capacity. Consistent with WDR 2012 the Bank Group will strive to reach a rate of 100 percent of new operations being considered gender-sensitive. This would involve extensive sharing and learning among TTLs of good practices, pitfalls to address gender across the entire portfolio, and focusing on three approaches: (1) devoting a CPPR during the CPS period to examining the gender impact of all new operations; (2) ensuring that the MTR of all

[19] This includes support for the transposition and implementation of the WAEMU directives on public financial management, including that on fiscal transparency, as well as support for regular procurement audits and their publication. The government is also committed to publish quarterly budget execution reports.

[20] The 2012 Public Expenditure Review, which is currently being finalized, focuses on the education, health, and rural development sectors. For 2013, a focus on financial management in the security sectors is envisaged.

new projects specifically focus on gender impacts; and (3) increasing the use of gender-relevant analysis in ESW/AAA work in order to build on the gender knowledge base.

102. **Improve governance:** while Niger governance indicators have steadily improved over the last two years, there is still a long way for the citizens to enjoy the outcomes as suggested by the results of the Country Survey and stakeholder consultations. Inefficient service delivery is still perceived as the manifestation of corruption and poor governance. With the assistance of the Bank Group, Niger completed an assessment on governance and corruption whose results are translated into an Action Plan to improve governance. The Bank Group will continue to support the governance and anti-corruption reforms initiated by Government such as implementing the EITI-post-compliance program – (see Annex 22); strengthening transparency and accountability in the public sector in particular through making information widely available (audits, public accounts laws, budget laws, performance contracts); involving key stakeholders in the roll-out of PFM reforms and deploying in other ministries the feedback mechanisms such as the hotline initiated in the justice sector.

D. Delivering the Bank Group's Program

103. This strategy will be implemented using the traditional instruments of the Bank Group: (i) partnerships with stakeholders; (ii) knowledge for development solutions; and (iii) finance.

104. Knowledge for development solutions*:* **The Bank Group's support for reforms in Niger is informed by various analytical works.** Going forward, knowledge will be generated to further assist Niger in service delivery and public capacity building as well as supporting the two pillars of the Bank Group's strategy with a focus on critical cross-cutting themes such as gender, employment and jobs, vulnerability to natural shocks, land tenure, population pressure, and security. The Bank Group will ensure that the results of analytical work contribute to the public debate on major policy issues and are adequately disseminated with other development partners. As much as feasible, the Bank Group will strive to translate its knowledge products into development solutions through new lending and operational technical assistance proposed under Table 4.

105. Finances: **The Bank Group will use its financing instruments to support policy and institutional changes that will influence development**. A mix of Development Policy Operations and Investment Lending will be the main financing instruments to foster policy reforms informed by knowledge products. Knowledge products and provision of technical assistance will be financed by the Bank, by partnering with other donors, by leveraging trust funds, and IDA resources. The IFC will strategically leverage its engagement to bring new partners on board in the developing value chains and niches. Where feasible MIGA will provide partial guarantee to private investors to leverage FDI under PPP agreements.

106. **During this CAS period, the Bank Group will continue to provide strong IDA support to Niger through available IDA resources, IFC funding and guarantees opportunities presented to MIGA.** The CPS period spans across two IDA

replenishment periods (FY13-14 in IDA16 and FY15-16 in IDA17). The indicative IDA allocation available in FY13-14, which is the first half of the four year CPS, is estimated at around US$320 million (SDR207.5 million). The indicative envelope for the second half of CPS period, covering FY15-16 program presented in Table 4, is estimated to be about US$332 million (SDR216 million). Therefore, overall indicative IDA allocation for the four years of the CPS is estimated to be about US$652 million (SDR423.5 million). The final allocations may vary depending on: (i) total IDA resources available, (ii) the country's performance rating, GNI per capita, and population; (iii) the terms of IDA assistance (grants/credits) and the allocation deductions associated with MDRI debt relief; (iv) the performance, other allocation parameters, and IDA assistance terms for other IDA borrowers; (v) the decision on the post-conflict allocation for IDA17; and (vi) the number of IDA-eligible countries. Also, the IDA allocation is provided in SDR terms, while the US dollar equivalent amount is provided at the applicable prevailing rate at the time of approval. From FY13 onward Niger is receiving 45 percent of its IDA allocation on grant terms and 55 percent on credit terms.

107. Lending instruments*:* **In the spirit of harmonization and selectivity, the lending portfolio will increasingly move toward programmatic and multi-sectoral approaches.** Following the satisfactory implementation of two multi-donor programs for water and health, the Bank Group will continue to support programmatic approaches through SWAPs, PERs and DPLs. Furthermore the Bank Group will also strive to consolidate the portfolio by forging synergy between sectors through transformative programs that bring together several sectors to deliver key social and economic services. In the same vein, the volume of the portfolio will gradually be reduced by integrating no more than one investment lending per fiscal year while discouraging extension of projects not deemed indispensable and phasing out single sector type projects at their closing.

108. **The CPS proposes to explore access to additional funding through scaled-up initiatives in the Africa region, depending on financing needs and absorption capacity.** The indicative IDA lending envelope is flexible and can be calibrated to respond to the pace of reforms and progress as reflected in the upward trend in the Country Performance and Institutional Assessment (CPIA) index, particularly in the areas of economic management and governance, and portfolio performance. However, there continue to be downside risks and the IDA program could be adjusted in case of policy slippages and the pace of reforms, particularly through the sizing and timing of the DPO. The support for proposed sector operations is also contingent on reaching agreement on sector strategies among the donors and the Government.

109. **The adoption of a programmatic approach to lending and AAA activities is intended to help reduce fragmentation and to ensure coherence and synergies across the main areas of Bank Group support.** In particular, a programmatic development policy series (annual Shared Growth Credits) is a key instrument to help the authorities to prioritize and implement reforms in the CPS focus areas, and generate synergies with the Bank's investment support by helping improve efficiency at the sector level. Annual Public Expenditure Reviews would not only seek to ensure that the Bank's financial support is well aligned and integrated into the overall government expenditure program,

but also support the productive use of all government resources. Finally, a demand driven policy notes series is intended to provide real time advice in the CPS focus areas and expand the space of policy options considered in the policy dialogue.

E. Aligning Current Portfolio

110. **As of end of December 2012 the Niger portfolio comprises 13 active projects amounting to US$ 524million across sectors:** urban sector (22 percent), human development (12 percent), rural development (28 percent), public sector (24 percent), private sector (9 percent) and transport (5 percent). Niger also participates in **two regional projects for about US$250 million**. The FY12 disbursement ratio for investment operations stood at 23.1 percent. Total disbursements reached US$126.8 million of which US$65.3 million is for DPO. The overall quality of portfolio remains moderately satisfactory or above over the recent two years and is regularly discussed with the Government, CSOs and other stakeholders during annual CPPRs. The submission of interim financial reports to the Bank is timely and the reports are of acceptable quality. During the last two years, Niger has achieved 100 per cent fiduciary compliance with regard to submission of audit reports against the set target of 90 percent for the Africa Region. Most of the audits opinions were unqualified and control weakness have been resolved through follow up on the implementation of the auditor's recommendations

111. **Key systemic issues affecting the performance of the portfolio** include (i) weak internal control environment of the implementing units, (ii) procurement delays - especially at evaluation of tenders and signing stages, (iii) institutional arrangements challenges for operations supporting sector programs, (iv) ineffective monitoring and evaluation systems, and (v) inappropriate incentive mechanisms for civil servants to dedicate full attention to the implementation of development projects. An action plan agreed upon after the 2012 CPPR to resolve these issues is being implemented in close coordination with the government.

112. **The Bank Group is conducting an assessment of the use of country systems (UCS) with a strong interest of the other development partners.** Ultimately the Bank Group and development partners expect to reach an agreement with the Government to foster greater use of the national systems notably procurement, budgeting, reporting and external controls. To that end, the Bank Group is supporting the *Cour des Comptes* and the Procurement Office – ARMP - to improve their capacity through two newly approved IDF grants.

113. **To respond to the multiple exogenous shocks of the past two years, the Bank Group demonstrated great flexibility and responsiveness by providing just-in-time advisory services and technically adjusting some of the existing operations**. Specifically, to address the fiscal shortfall resulting from the effects of the Libyan crisis and the food shortages, in FY12 the Bank provided US$15 million in supplemental budget support and technically adjusted four existing projects (Community Action Program, Agro-Pastoral Export and Market Development, Social Safety Net and Second Emergency Food Security Support) under a U$15 million rapid response compact to provide cash transfers, cash-for-work and micro-project opportunities to help reintegrate

the returnees from Libya and Côte d'Ivoire. Under the proposed CPS the Bank Group will continue to further response flexibly to demands and explore built-in flexible mechanisms for new lending to address exogenous shocks in a timely manner.

114. **While Niger is a priority country for the Multilateral Investment Guarantee Agency (MIGA), having become its 177th member country, there is currently only one guarantee operation for a private investor in Niger.** Niger's membership in MIGA means that direct foreign investment into the country is eligible for the agency's political risk insurance. This insurance protects investments against the risks of transfer restriction, expropriation, breach of contract, non-honoring of sovereign financial obligations, and war and civil disturbance. Investors from Niger going into other developing countries may also receive coverage for their investments from MIGA.

115. **The International Finance Corporation (IFC)'s strategy in Niger is selective and has focused on actively developing projects in sectors such as agribusiness, manufacturing and infrastructure;** forging partnerships with local banks to foster joint ventures aimed at supporting these projects with long-term local currency facilities to banks and NBFIs; long term credit facilities to financial intermediaries to allow them to provide long term facilities to their clients while strengthening their capital base as well as developing micro and SME finance products to support the microfinance and SME sectors. IFC will also offer: (i) trade finance facilities to banks supporting the trading activities of their MSMEs clients; (ii) risk sharing facilities to banks supporting the growth of their SME and agribusiness portfolios. To ensure that economic recovery is inclusive and sustainable, focus will be on SME capacity building. The Africa for Micro and SMEs (AMSME) program with local banks is designed to substantially increase the number and value of outstanding SME loans. IFC will also follow up on selective PPP opportunities. IFC is already advising the government on the implementation of a dry port project in Dosso and Niamey. Three reputable pre-qualified bidders have expressed their interest in the project. Key pending customs reforms are essential for any chance of closing the project successfully. IFC has started providing assistance to the Government of Niger for improving the country's business climate. To this end, the Investment Climate Advisory Services in Africa team has delivered in April 2012 a reform matrix to the Government, including short and medium-long term recommendations. IFC will continue to support the implementation of these recommendations in particular through cross support to the Competitiveness and Growth Support Project.

F. Managing Program Implementation

116. **The proposed FY13-FY16 CPS program will be implemented by government implementing organization (IO) and Project Implementation Units (PIUs) with close support by WBG teams.** Due to the existing capacity limitations and other structural issues of the public administration, most PIUs are still not fully mainstreamed into the respective implementing organization. It will be crucial to build mechanisms that would allow the transfer for knowledge and skills related to project management prior to mainstreaming PIUs. In the meantime the Bank Group will continue to support greater use of country systems and involve CSOs in project implementation and monitoring.

117. **In addition to the close follow-up on implementation by sector teams, the**

program implementation will be continuously reviewed through annual Country Program Performance Reviews. Progress on the implementation of the proposed CPS will be analyzed in the course of a mid-term review and subsequent elaboration of a CPS Progress Report. Media and the Parliament Network on Bank Group –IMF programs will continue to be involved in view of increasing ownership and oversight of the population.

G. Partnerships and Donor Coordination

118. **The Bank Group engagement will strengthen partnerships with national, regional, and global players**. In its engagement, the Bank Group will support stronger dialogue between the public and private sector and involve CSO/NGO in strengthening social accountability. Partnership with key development partners and regional bodies that have demonstrated comparative advantages in priority areas for the Bank Group will be nurtured and fully exploited to greater effect in delivering the CPS. The Bank Group is co-leading a new mapping of partnership and division of labor amongst the OECD/DAC to better leverage Donors' support to achieve greater synergy and impact. Similar outreach is also underway with regional bodies such as CILSS, ECOWAS and UEMOA where Niger plays an important role on regional challenges such as security in the Sahel and food security.

119. **The development partners' community in Niger is comprised of traditional and non-traditional donors.** The OECD/DAC group is the umbrella coordination and is co-chaired by the Bank Group and UNDP. Through this arrangement, the Bank Group and UNDP have coordinated the support of development partners in support of the development of the PDES. A Joint Consultative Commission Government - Donors under the leadership of the Prime Minister also meets up to four times a year depending on the emerging issues, e.g food insecurity last February and the flood crisis last August. The Bank Group is leading the harmonized budget support approach involving the European Union and the African Development Bank; France and Denmark have expressed interest to join. The mapping of thematic groups consistent with PDES and division of labor amongst the development partners is being considered to increase synergy and reduce aid fragmentation. Annex 13 provides the tentative configuration under discussion.

H. Monitoring and Evaluation

120. **The first draft of the CPS Results Matrix (Annex 1) uses Niger's PDES Results framework as its starting point, and narrows down the range of outcomes to those that the Bank intend to influence directly through its interventions over the CPS period.** It illustrates the country strategic objectives to which the CPS outcomes seek to contribute. Achievement of the results of the proposed outcomes will depend to a large extent on on-going programs and speed with which planned programs are developed and implemented. The CPS results matrix will be used during implementation to monitor progress toward the achievement of the CPS outcomes.

121. **Annual CPPRs will be organized to align project results with the CPS results matrix, assess progress in achieving CPS outcomes, and address risks and systemic issues that might hinder portfolio performance and achievement of CPS outcomes.** Special attention will be paid to collecting gender-sensitive indicators, identifying problem projects and constraints to disbursements. At mid-term, a CPS Progress Report will be prepared, reviewing progress towards the CPS outcomes and assessing whether they remain relevant to the country strategic objectives, given country conditions in the very volatile Sahel context. A Completion Report will be prepared at the end of the CPS implementation to feed into the next CPS cycle.

122. **To the extent possible, the CPS monitoring framework will be linked with PDES M&E Framework, which requires an integrated M&E system to collect data from different sources to track progress of a set of selected outcome indicators and report on results achieved**. Hence, during the CPS implementation, the Bank Group will focus on complementing and enhancing the government's results-based monitoring and evaluation capacities. Toward that end, the Bank Group will work with the Government and civil society to increase demand for M&E information at national, regional, and local levels through linking planning, budgeting, and reporting with results. The Bank Group will help build Niger's M&E systems and capacities at national and sector levels, as well as Niger's overall capacity for statistical data collection and regular reporting through an IDF project. The Bank Group will collaborate with the INS to collect detailed panel household survey data in 2014. Panel survey data will be an important first in Niger and it will improve understanding about the dynamic impact of exogenous shocks on households.

Box 2: Evolution of Statistical Capacity Building in Niger

Measuring advances made in poverty alleviation and other indicators of non-monetary welfare in Niger is critical for determining whether the country is moving in the right direction and more specifically whether Niger is making progress towards the achievement of development outcomes identified in its PRSPs. The Bank Group and the Niger National Institute of Statistics (INS) have been engaged in a fruitful collaboration to promote the development of statistical planning and overall capacity over time. The Niger country team has successfully integrated the Niger INS into several important initiatives focusing on improved statistical management and survey data quality.

With support from the first set of development policy operations, the Niger Rural and Social Policy Reform Grant (RSRC), the INS obtained a grant from the WB Statistical Capacity Trust Fund (TFSCB) in 2007 to prepare and implement its first national statistical development strategy (NSDS). The NSDS enabled the INS to articulate a comprehensive vision for priority data needs to monitor PRSP and MDG indicators with identified support from development partners for specific survey operations and relevant training of its professional staff on overall statistical program management and specific processes in survey design and analysis. The plan was successfully implemented from 2008 -12 in tandem with its second PRSP. The RSRC identified several policy measures to strengthen operations at INS including the adoption of a law that provided semi-autonomous administrative status to INS enabling the Institute to plan and execute activities in closer alignment with its data monitoring needs and to hire qualified professional staff as needed for these objectives. The RSRC also highlighted a measure to align the INS budget allocation with the survey activities and training identified in the NSDS.

The INS has obtained support to build capacity in the measurement of activity in selected sectors including household consumption, access to public services and social outcomes, and the informal sector. This assistance has buoyed capacity in survey design and methodology, data processing and dissemination, and analysis. The Bank Group selected Niger as one of seven African countries to join the LSMS-Gates Initiative, a household survey project to build increased knowledge on activities in the agricultural sector and their linkage to household welfare and poverty reduction. Niger conducted its first survey in 2011 and it will track those same household respondents and repeat the survey in 2014. The Initiative offers Niger the opportunity to develop expertise in panel data collection- a first for Niger INS- which will improve measurement of poverty dynamics and long term impact of economic shocks. Most

recently, INS has embarked on the preparation of its second NSDS with the support of the TFSCB. This work will be aligned with the adoption of Niger's third PRSP and the Niger CPS 2013-16.

Based on past achievements, INS has proved to be a viable partner and the CPS 2013-16 will endeavor to build further capacity in data collection processes, monitoring, and data analysis at INS and in the sectoral statistical units with whom INS partners to monitor the PRSP. Rigorous monitoring of Niger's development programs depends on the availability of both timely, high quality administrative data and survey data. The CPS will reinforce statistical management and expertise in specific data collection and analysis activities in its proposed Governance & Capacity Building Project to be developed in FY14. The CPS will leverage this support through the identification of trust funds (TFSCB, multi-year Trust Funds) to undergird overall capacity and to build capacity in specific initiatives, including the use of mobile survey technologies. Given the fragile political and economic landscape of Niger, it will be important to build capacity for rapid assessment of potential impacts of shocks and public opinion responses. INS requires further support to build analytical capacity of its survey data which is essential for ensuring empirically-based policy design. The Niger team will build analytical capacity through increased collaboration with INS in its analytical work program, especially poverty monitoring activities. Collaboration will also instill ownership in the GON of these products and ensure their integration into public policy design.

VI. MANAGING RISKS

123. **The success of this strategy may be hampered by the four foreseeable major risks below for which specific mitigation measures are also discussed**. In addition, the Bank Group will encourage inclusion of contingent emergency response components[21] in selected existing and/or new investment projects. The respective Legal Agreements will enable the rapid drawdown of funds via these components to meet emergency needs. These contingent components will also be envisaged in the framework of Immediate Response Mechanism.[22] The Bank Group will also use innovative financing mechanisms such as Crises Response Window (*CRW*[23]) to provide timely solutions against vulnerability when crisis arise.

124. **Sahel crisis and security risks**: Although the current coalition government has so far demonstrated its ability to take proactive measures to mitigate the spillover of the Libyan crisis, the Sahel crisis poses a major threat to the political stability of Niger. The ongoing military intervention in neighboring Mali coupled with the intensification of Boko Haram activities in Nigeria pose serious risks to the stability of Niger. The Government of Niger is playing an active role with the international community to resolve the Mali crisis. The Bank Group will support these efforts through the implementation of the National Strategy for Development and Security with a PER and Fiduciary Review of the security sector and supporting under CAP III 19 communes that are prone to increased insecurity and civil unrest. Micro-projects primarily targeting women and youth will be promoted to expand economic opportunities and reduce the temptation to resort to violence and criminal means. A CPS Progress Report will take into account evolving developments and the need to adapt to changing country context.

[21] See "Including Contingent Emergency Response Components in Standard Investment Projects Guidance Note to Staff" – OPCS April 2009

[22] See "Guidance Note for Staff: Implementing the IDA Immediate Response Mechanism" - OPCS, April 2012

[23] Technical Note on the Establishment of a Crisis Response Window, September 2010

125. **Climatic exogenous shocks pose high risks**. Droughts, locust infestation, flood and other exogenous shocks could limit the implementation of the CPS. To mitigate this risk, the Bank Group continue together with other partners to support disaster risk management and climatic adaptation activities through a new project in view of reducing Niger's vulnerability to such shocks. In addition the Bank Group will support the Government to better monitor disaster risks, develop prevention and preparedness capacities and tools.

126. **Capacity constraints are an issue at all levels of the public sector.** Weak capacity and lack of coordination within the Cabinet constrain the pace of implementation of Donor-supported programs. The creation of a new Ministry of Planning distinct from the Ministry of Finances has increased the complexity of policy dialogue and reform implementation. The ongoing coordination between OECD/DAC and the Government serves to mitigate this risk. The Bank Group, as Co-Chair of the OECD/DAC, will continue to play an active role to promote Government ownership and harmonization among development partners. In addition, the proposed program will serve to mitigate this risk by: (i) sustaining reforms that will generate stronger capacity in PFM and governance; (ii) concentrating on a limited number of policy areas; and (iii) agreeing on critical technical assistance required to overcome weaknesses identified in various institutional capacity assessments, (iv) translating knowledge products into operational development solutions through technical assistance where feasible. In addition a Governance and Capacity Building Project is proposed to complement joint donors' efforts to help the Government address the capacity challenges that are paramount.

127. **Natural resources related risks**: Mineral revenues can be volatile and destabilize the macroeconomic framework and implementation of reforms supported by the Bank Group. Alternatively the prospects of increase production of uranium and oil could result in Dutch Disease with the negative effects on agriculture. Similarly failure in improving the business environment is another risk that could compromise the Program. The CPS supports the diversification and competitiveness of Niger economy to reduce vulnerability to such shocks and its impact on the Bank Group Program. The concentrated ownership of natural resources investments and the asymmetry between the extractive industries and the government's capacity have contributed to the existence of multiple areas of risk along different stages of the natural resource value chain. The most critical are the negotiation and award of licenses and contracts; the monitoring of contracts; the mobilization of revenues; and the financing of development programs. The Government has put in place a certain number of measures to mitigate governance risks in extractive industries, including: (i) publication of mining and oil contracts in the official national gazette; (ii) adoption of the National Resources Charter; (iii) transfer of 15% of natural resource revenues to extractive zones; and (iv) EITI conformity. The results-based Governance and Capacity Building operation foreseen by the CPS will contribute to mitigating these risks through strengthening the government's capacity to negotiate contracts, monitor the operations, and invest natural resource rents for sustainable development.

Table 4 : Indicative Lending and AAA Program mapped to CPS Pillars, FY13-16

Operations according to Fiscal Year (FY)	Source of Financing (US$ million)			CPS Pillars and Foundation			Key Knowledge Products[24]
	IDA	TF	IFC	Pillar I: Promote resilient growth	Pillar II: Reduce vulnerability	Cross-cutting Pillar: Strengthen governance & capacity for service delivery	
FY13							
Shared Growth Credit II	50			X			• Local Development (Kandadji) TA • GAC Strategy & Inst. Develop. TA • Policy Notes Series[25] • PEMFAR Update • Advisory on Rural Finances • Social Protection Bldg Resilience TA • Gender Assessment I • Debt Management Reform Plan TA • EITI – Post Compliance TA • IFC –PPP/Niger Dry port TA • IFC – Access to Finances – AMSME • IFC- Pilot Program for Climate Resilience
Community Action Program III	40	4.5			X	X	
Support to Transport Sector - AF	19.5				X		
Education Enhancement & Skills Development	30				X		
Manufacturing, Agribusiness & Services			0.5	X			
Asset Management Company – Loan			1.6	X			
Global Trade Finance Program			4.0	X			
Sub-Total FY13	***139.5***	***4.5***	***6.1***				
FY14							
Shared Growth Credit III	50			X			• Policy Notes Series • Debt Management Reform Plan TA • Regional Railways Program TA • Security Sector PER and Fiduciary Review • Country Status Report for Health • Education and health service delivery TA • Gender Assessment II • Agriculture Risk Management and Inclusive Green Growth TA • Programmatic Study on PFM/Procurement Bottlenecks to Service Delivery
Global Partnership for Education		82.7			X		
Sup to Governance & Capacity for Service Delivery	20.5					X	
WARCIP - Regional WA Com. Infrastructure	10			X			
Land, Urban, Disaster Management	100				X		
Sub-Total FY14	***180.5***	***82.7***					
FY15							
Shared Growth Credit IV	50			X			• Policy Notes Series • PER Update • Sahel Drylands Flagship Report • Sahel Demographic Study • Youth Employment and Jobs Study
Population and Health Support	116				X		
Sub-Total FY15	***166***						
FY16							
Shared Growth Credit V	50			X			• Policy Notes Series • PEMFAR Update and Monitoring
Support Agric & Nat. Food Security Programs	116				X		
Regional DPO to spur transport reforms	TBD			X			
Sub-Total FY16	***166***						
Overall Total	***652***	***87.2***	***6.1***				

[24] Planned knowledge products are sequenced in a way to help the preparation of related lending in the following FY

[25] Policy Notes Series will be demand driven intended to provide real time advice in the CPS focus areas and expand the space of policy options considered in the policy dialogue including Growth, Gender, Governance, Trade

Annex 1. Niger CPS Results Matrix FY13-16

Country Strategic Objectives (PDES 2012)	Challenges	CPS Outcomes	Milestones	Program instruments
Pillar I. Promoting Resilient Growth				
Reduce vulnerability to external shocks through a stable and resilient macroeconomic environment (dept management, revenues collection etc…) Increase access to finance for SME and boost private investments	Weaknesses in revenue administration result in an uneven playing field for economic actors Weaknesses in fiscal and debt management create additional macro-economic risks The 2012 Doing Business report ranks Niger 173th out of 183 countries	**1.1 Fiscal Performance consolidated** - *Efficiency of tax and customs collections has improved – increase in PEFA rating of performance indicator 15 from D+ in 2012 to C in 2015* - *Treasury and debt management has improved- increase in PEFA rating of performance indicator 17 from C in 2012 to B in 2015*	Strategic plans for customs and tax department implemented Action plan for the reform of debt management developed and implemented	**On-going Financing** . Competitiveness & Growth Support Project (P127204) . First Shared Growth Credit I **Planned Financing** **.** Second Shared Growth Credit FY13 (P132757) Third Shared Growth Credit FY14 **Indicative AAA** **.** Policy Notes Series on growth & poverty . Financial sector development strategy . Public Expenditure Review - Annual updates . Policy Notes Series on Growth, Gender, Governance and Trade . Debt Management Reform Plan TA

Country Strategic Objectives (PDES 2012)	Challenges	CPS Outcomes	Milestones	Program instruments
	The cost and time for starting a business in Niger remain high, compared to similar countries Private enterprises, particularly Small and Medium Enterprises (SME) in Niger have limited access to financial services	**1.2 Improved Investment Climate and Access to Finance for SMEs** - *Average number of new enterprises registered per year increased from 2500 in 2012 to 3000 by 2015 (of which 20 % led by women)* - *SMEs Loan Portfolio increased from US$19 million in 2012 to US$33 million by 2015 (of which 20% are received by female-owned SMEs)*	Line of credits extended to at least one additional local bank. Reforms that will increase access to financial services for SME developed At least 3 PPPs established by 2015 Action plan for the improvement of the business environment adopted and implemented Investment Climate reforms to modernize the OHADA laws (company law and insolvency law) adopted	

Country Strategic Objectives (PDES 2012)	Challenges	CPS Outcomes	Milestones	Program instruments
Ensure food security and sustainable agriculture development	Yields of main agriculture products are low for all three main crops (millet, sorghum, and groundnuts) Low access to improved technologies and agricultural services (research, extension, training and advisory services) Limited development of water for agriculture (water harvesting and irrigation)	**1.3 Increased Agricultural Productivity of Selected Crops in Selected Areas** - *Average yield of cereal crops (millet, sorghum & rice) in targeted rain fed areas increased by 25% by 2015* *(Baseline: average yield in kg/ha in 2008-2012 period:* - *Millet: 5061;* - *Sorghum: 354, and* - *Rice: 5500).*	At least 90,000 producers have adopted improved agriculture technologies by 2015 (including drought resistant varieties demonstrated in selected area) At least 1500 hectares of additional area provided with irrigation and drainage services and 1000 hectares of irrigated area rehabilitated by 2015	**On-going Financing** • WAAPP-1C Niger Phase 1 (P122065) . Niger Basin Water Resources Program APL1 & APL2A (P1093806) . Agro-Pastoral Export Promotion project (P095210) • Second Emergency Food Security Project (P123567) • Shared Growth Credit I (P125272) . Transport Sector Program SIM (P101434) . Community Action Program PAC2 (P102354) **Planned Financing** . Support to Food Security Programs – 3N & Dispositif Nat. – (FY15) • WAAPP2 (FY14) . Shared Growth Credit Series . Additional Financing for Transport Sector Support Program (P131107) - FY13 . PAC 3 **Indicative AAA** . Regional Railways Program TA . Agriculture Risk Management and Inclusive Green Growth TA

Country Strategic Objectives (PDES 2012)	Challenges	CPS Outcomes	Milestones	Program instruments
Increase access to modern infrastructures (energy, IT, transport, etc…)	Limited geographical reach of broadband networks and high costs of broadband services Low density of the transport networks constitutes a major obstacle to the development of trade Lack of rail connectivity as an obstacle to mine development and livestock trade	**1.4 Improved Selected Economic Infrastructures** - *Connection of the country to regional fiber backbones established* - *300 Kilometers of inter-urban roads rehabilitated in targeted areas by 2015*	PPP framework for regional for railway expansion adopted.	**On-going Financing** . Niger Basin Water Resources Program APL1 & 2A (P1093806) . Transport Sector Program SIM (P101434) **Planned Financing** . West Africa Regional Communications Infrastructure Program (WARCIP) . **Indicative AAA** . Energy Sector TA . Regional Railways Program TA
Pillar II. Reducing Vulnerability				
Ensure food security	Cyclical natural disasters, particularly floods and droughts, which affect food security of	**2.1 Increased Access of Poor and Food Insecure People to Safety Net Programs**		**On-going Financing** • Niger Safety Net Project (P123399) . Second Emergency Food Security Project • PUSA2/GFRP

Country Strategic Objectives (PDES 2012)	Challenges	CPS Outcomes	Milestones	Program instruments
	vulnerable communities. Severe external shocks have resulted in unanticipated financing needs, including the Libyan and Malian crises	- *At least 100,000 additional households with access to the safety net programs(the cash transfer and cash for work programs) by 2015*	A management information System for the identification and registration of beneficiary households established	• Community Action Program CAP 2 . Community Actions Program for Climatic Resilience . Community-Based Disaster Risk Reduction **Planned Financing** • Land, Urban and Disaster Management Project – FY14 • CAP III (cash for work) • Support to Agric. Food Security Programs – 3N & Dispositif Nat.-FY15 **Indicative AAA** . Security Sector PER . TA on Social Protection for Resilience .
<u>Create the conditions for sustainable development</u>	Sustainable land and water management practices are insufficiently integrated High dependency on rain-fed	**2.2 Increased Adoption of Climate Resilience Policies and Actions in Targeted Communes** - *At least 2000 ha of additional agricultural areas with improved*	Climate information platform for agricultural producers created to improve	**On-going Financing** . Community Actions Program for Climatic Resilience CAPCR (P125669) . Agro-pastoral Export Program (P095210) . Community-Based Disaster Risk Reduction Project

Country Strategic Objectives (PDES 2012)	Challenges	CPS Outcomes	Milestones	Program instruments
	agriculture and livestock Limited infrastructure to manage water resources Disaster risk management and climatic adaptation are still poorly mainstreamed in development plans	SLM - *At least 5000 ha of additional sylvo-pastoral areas with improved SLM* - *Number of Local Development Plans (LDPs) incorporating climatic resilience increased from zero in 2012 to 25 by 2015.*	climate change resilience	**Planned Financing** . . PAC III (P143079) . Land, Urban and Disaster Management Project – FY14 . Support to Agric. Food Security Programs – 3N & Dispositif Nat.-FY15 **Indicative AAA**
<u>Increase access to quality education as well as vocational and technical training</u>	Too few children complete basic education, learning outcomes are low, females have lower access Post-basic education does not respond to the needs of the labor	**2.3 Improved Education and Employment Skills for Youth** - *Primary completion rate increased from 52% in 2012 to 55% in 2015;* - *Youth who completed dual apprenticeship*	Education Sector Plan completed Upgrade of TVET institutions in 4 priority sectors launched On-demand technical training program and dual-apprenticeship program set-up	**On-going Financing** **Planned Financing** . Basic Education Support Project FY13 (P132405) . Education Enhancement and Skills Development FY13 (P126049) **Indicative AAA**

Country Strategic Objectives (PDES 2012)	Challenges	CPS Outcomes	Milestones	Program instruments
	market and youth does not have the skills for employability Lack of skills is also constraining job creation	programs increased from 0 in 2012 to 30% in 2015 (with at least 20% of women)		. Education and Health Service Delivery TA . Youth Employment and Jobs Study
<u>Promoting social development</u> <u>Extend access to drinking water and sanitation services</u> <u>Improve the supply and quality of health care services for the population</u>	One third of population does not have access to improved water resources and more than 80% without access to improved sanitation services HIV/AIDS is concentrated in high-risk groups (sex workers and partners Because of the low level of use of modern	**2.4 Increased Access to Water, Sanitation, Health and Population Services** - *Number of additional people in selected urban areas provided with access to improved water sources: 480,000 by 2015* - *Number of additional people provided with access to improved Sanitation in selected urban areas: 235,000 by 2015* - *Number of sex workers screened for sexually transmitted diseases*	450 Additional improved community water points constructed or rehabilitated by 2015 73,000 new piped household water connections and 30,000 additional latrines constructed by 2015 At least 2000 people form the HIV/AIDS risk groups receiving peer education by 2015 At least 800 Health personnel receiving	**On-going Financing** . Urban Water and Sanitation Project (P117365) . **.** Community Action Program II (P102354 &P107841) . HIV/AIDS Support Project (P116167) . Multi-sector Demographic Development Project **Ongoing TA** Water and Sanitation Program TAs (FY12 – FY15) **Planned Financing** . Community Action Program III . Land, Urban and Disaster Management Project – FY14 . Population and Health Sector

Country Strategic Objectives (PDES 2012)	Challenges	CPS Outcomes	Milestones	Program instruments
	contraceptives, Niger has one of the highest fertility rate in the World (7.1 children per woman)	*increased from 0 in 2012 to 3000 in 2015* - *Percentage of modern contraceptive use among women increased from 16% in 2012 to 20 % by 2015*	training on Family planning and Reproductive health issues by 2015	Support project – FY15 **Indicative AAA** . Health Country Status Report . Sahel Demographic study
Cross-cutting. Mainstreaming Gender and Strengthening Governance and Capacity for Public Service Delivery				
<u>Strengthen credibility and efficiency of public institutions</u>	Weak capacity to implement a transparent, efficient, and effective framework for public resource management Weak link between strategic policies and priorities, and the budget Careful management of revenue from	**3.1 Improved Budget Execution and Efficiency** • *Budget execution ratio of own funded expenditures (actual/budget) increased from 75 percent in 2011 to 90 percent in 2015* • *Share of public procurement contracts awarded through competitive bidding maintained above 75 percent* **3.2 Improved Transparency of Sector**	National Capacity strengthening Plan adopted by 2014 PFM information system improvement plan adopted Operational results-based M&E framework established at national and key sectors Performance-based budgeting framework adopted	***On-going Financing*** . Reform Management TA (P108253) . Competitiveness & Growth Support Project (P127204) . Support to Cour des Comptes (IDF) . Support to Procurement Office - ARMP (IDF) **Planned Financing** . Support Governance & Capacity Building for Service Delivery Project – FY14 . Support to PDES Monitoring and Evaluation System – IDF grant

Country Strategic Objectives (PDES 2012)	Challenges	CPS Outcomes	Milestones	Program instruments
	mining and oil sectors essential to ensure adequate contribution to Niger's development	**Budget Allocations** • *Number of budgetary documents published based on the 'Open budget initiative classification)' increased from 1 in 2012 to 6 in 2015* *3.3* **Improved Transparency in the Mining and Oil Sector** - *EITI Reports published annually*	Number of high level officials recruited through competitive selection	**Indicative AAA** . Public Expenditure Review - Annual updates . Gender Assessment .Education and Health Service Delivery TA

Annex 2: CAS Completion Report

Summary

1. This Country Assistance Strategy Completion Report (CASCR) assesses program performance and Bank performance with the FY08-11 Country Assistance Strategy (CAS) for Niger, which was discussed by the Board of Executive Directors on April 29, 2008 (Report No. 43443-NE). This assessment covers a period up to December 31, 2011, extending slightly beyond FY011[26]. During most of the years covered by this assessment, Niger had to face a dramatic combination of events and external shocks - some of which were not entirely unexpected. But few could have foreseen that all those events would occur simultaneously.

2. Niger's performance has been affected by those events - but the overall impact could have been much more profound. The country's achievements, in terms of economic growth and fulfilling the objectives of its Poverty Reduction Strategy Paper (PRSP), fall short of the original and very ambitious expectations, but are still encouraging considering the negative circumstances. Overall the performance of the CAS program is assessed as moderately satisfactory. On the basis of the self-evaluation conducted in early 2012 and slightly updated in the context of the next CPS, Bank performance is assessed as moderately satisfactory – satisfactory in design of the program and moderately satisfactory in its implementation for the Bank failed to complete a CAS Progress Report to adjust the CAS to the new country context.

3. Lessons learned include inter alia that the strongest impact is achieved when multi-sectoral Development Policy Operations (DPOs) are delivered in synergy with parallel sectoral operations in areas where reforms are difficult and need sustained commitment and actions from the Government. The strong impact of a long-term Bank involvement in specific areas and the effectiveness of well-focused budget support with strong analytical underpinnings have been confirmed once more. The difficulty of addressing effectively gender and demographic issues has also again been highlighted.

4. Niger faces the risk of an average sluggish growth – where growth stalls at around the (still) very high rate of population growth and poverty decreases only very slowly. A steady GDP growth rate of 5 percent and above will be necessary coupled with a steady reduction of population growth. For the next CAS program, the Bank engagement should be comprehensive with activities boosting sustained and inclusive economic growth and employment generation, reducing vulnerability to climate change and other external shocks and more broadly the volatility of growth (i.e. through the diversification of the economy), and enhancing good governance. A*bsorptive capacity* constraints - could be felt more acutely unless stronger efforts succeed in modernizing rapidly Niger's Administration. The new Bank instrument – Program for Results (P4R) could be introduced as a pilot in selected sectors[27].

[26] The preparation of the next CAS has been delayed, partly because of the political events of 2009-011. Preparation of this next CAS should coincide with the finalization of the Niger's third Poverty Reduction Strategy Paper (PRSP-III).
[27] S*uch as rural development and food security*.

Context and Objectives of the CAS

5. Niger is one of the poorest countries in the world. With a limited natural and human resource base it faces tremendous challenges and pressures. It is a large landlocked, mostly desert country with a population of about 16 million people. It ranked 186th out of 187 countries on UNDP's Human Development Index in 2011, with a Gross Domestic Product (GDP) per capita in Parity Purchasing Power (PPP) terms of US$680, one of the lowest also in Africa. Head count poverty in 2007/2008, was estimated at 60.8 percent overall and at 65 percent in rural areas. About 30 percent of the population is extremely poor. Poverty is exacerbated by inequality which affects girls, women and children disproportionately**.** Its population is growing at one of the fastest rate in the world (3.3 percent/annum) with 47 percent of its population under the age of 15[28]. Niger's economic growth is constrained by a combination of factors: agricultural production highly exposed to extreme weather conditions like droughts, heat waves, and occasional floods, plus locust invasions, as well as inadequate irrigation and the limited use of modern inputs; its dependence on a narrow economic base with agricultural and mineral commodity exports leaves the economy vulnerable to price shocks; economic diversification is hampered by inadequate road and transport networks and the high cost of doing business due inter alia to weak financing systems, a small national market, poor judiciary and legal practices, weak private sector support institutions and a low-skilled workforce. As a landlocked country more than 1000 km away from the nearest seaport, its exports and imports also face high transport costs. Only about 12 percent of its land is arable and there is constant overuse of scant natural resources. About 80 percent of the population depends on rain-fed agriculture and livestock. Niger's high vulnerability to droughts and other crop failures regularly leave a high share of the population food insecure. Sporadic rebel movements in the north of the country, kidnappings by Al Qaeda in the Islamic Maghreb (AQMI) and instability in neighboring countries such as Libya and Cote d'Ivoire added to those pressures and recurrent internal political instability.

6. Nevertheless since 2000 the country has witnessed improvements in both economic and social indicators, with a few notable achievements in education and health indicators[29]. Also, Niger is endowed with important mineral resources such as uranium, gold, and only recently exploited, oil. Niger is the fifth largest producer of uranium in the world and is expected to triple its production by 2018. Still, reaching the Millennium Development Goals (MDGs) is a formidable challenge. Progress is predicated on effective and efficient utilization of national resources and donor assistance funds. Niger's progress towards the MDGs since 1990 is illustrated in Annex 3 of CASCR full report.

7. As the FY08-11 CAS was being prepared, the Government adopted its second generation Poverty Reduction Strategy Paper, PRSP-II, covering the 2008-2012 period. It was prepared through a broad-based participatory process and includes all the main objectives of the PRSP-I [30] of December 2001. It emphasizes the priority of creating an enabling environment for accelerated

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[28] At current rates growth the population would reach about 54 million by year 2050. It is a race against time as Niger adds around 450,000 extra mouths to feed each year

[29] For example the primary gross enrollment rate increased from 25 percent in 1991 to 54 percent in 2005; primary completion rate grew from 18 percent in 1990 to 40 percent in 2005; infant mortality rate declined from 126/1,000 live births to 81/1,000 in 2006.

[30] Centered on four pillars: (i) putting in place a macroeconomic framework which ensures economic and financial stability while promoting sustainable and robust growth; (ii) developing the productive sectors, especially in rural areas, to mitigate vulnerability and stimulate income generation; (iii) improving the access of the poor to quality social services, and (iv) strengthening institutional and individual capacity within and outside government, at the central and local level. It also aimed to address cross-cutting issues of gender, governance and stakeholder participation.

economic growth - at an ambitious rate of 7 percent per year in order to reach the MDGs by 2015. It is articulated around seven strategic pillars: (i) strong, diversified, sustainable and job-creating growth; (ii) equitable access to quality social services; (iii) addressing the demographic challenge; (iv) reducing inequalities and strengthening social protection for vulnerable groups; (v) developing infrastructure; (vi) promoting high quality governance; and (vii) ensuring the effective implementation of the strategy. The two cross-cutting issues of good governance and of demographics are thus also specifically addressed in PRSP-II.

8. The 2008-2011 CAS presented to the Board on April 29, 2008, was built around two pillars: (i) accelerating sustained growth that is equitably shared; and (ii) increasing access to basic services and developing human capital; and two cross cutting issues: (i) demographics and (ii) good governance. The CAS was well aligned with PRSP-II – despite a different clustering around a smaller number of pillars as explained below. The alignment of the CAS pillars with the PRSP pillars is detailed in Table 1- Summary of CAS Program Self-evaluation. In terms of instruments the CAS proposed to deliver about one third of IDA resources in the form of DPOs.

9. To achieve the first CAS strategic objective of accelerating sustainable and shared growth, the Bank seek to promote the key sectors that drive growth and have the greatest potential for creating jobs - such as the agro-pastoral and mining sectors - while also supporting efforts to strengthen the private sector, improve the business climate and access to regional and global commercial opportunities through DPOs, investment instruments, technical assistance (TA) and non-financial services. This is in line with PRSP-II Pillar 1 (Achieve strong, diversified and sustainable growth that creates jobs) and Pillar 5 (Endow the country with economic infrastructure to promote growth). To achieve the second CAS objective of developing human capital, the Bank is supporting access to basic education and improved quality of teaching; expanded coverage of basic health care and HIV/AIDS prevention and treatment; and enhanced protection for the most vulnerable groups. This pillar is in line with PRSP-II Pillar 2 (Equitable access to social services); and Pillar 4 (Reduce inequalities and strengthen social protection for the poorest). The cross-cutting challenges tackled by the CAS essentially coincide with PRSP-II Pillar 3 (slow down population growth) and Pillar 6 (promoting good governance).

10. This CAS is the first results-based CAS for Niger. The results-based framework comprises 15 main outcomes aligned with PRSP objectives and MDGs. Bank support was planned in the following areas under the two pillars and two cross-cutting themes, with the corresponding major outcomes:

- **Pillar I: *Accelerating Sustainable Growth that is Equitably Shared*:** supporting key sectors that drive growth and have the greatest potential for creating jobs, with policies and investments to promote "growth clusters," such as agro-pastoral products and exports and mining; strengthen economic infrastructure services, including irrigation, transport, and municipal services; improve the business and investment climate; and strengthen regional integration. Outcomes:
    1. Macroeconomic stability maintained.
    2. Competitiveness of supply chains strengthened.
    3. Sustainable management of natural resources strengthened.
    4. Investment climate and support of entrepreneurship strengthened.
    5. Economic infrastructure to promote growth, access to services and regional integration strengthened.

- **Pillar II: *Developing Human Capital through Equal Access to Quality Social Services*:** supporting access to basic education and improved quality of teaching and expanded

coverage of basic health care and HIV/AIDS prevention and treatment; and providing technical input for better targeting of social protection to the most vulnerable groups, through a mix of financial and analytical support. Outcomes:

6. Increased access to basic education and improved quality.
7. Improved access of the rural population to basic health and nutrition services.
8. Improved coverage and use of HIV/AIDS prevention services and treatment.
9. Increased access to safe drinking water and sanitation.
10. Increased access of urban residents to basic infrastructure services particularly in disadvantaged areas.
11. Gender inequity reduced, as evidenced by improved girls' access to education and health services.
12. An effective food security and social protection strategy in place.
13. Government and farmers better prepared to deal with natural disasters.

- **Cross-cutting theme 1**: ***Addressing demographic issues: Slow down population growth.*** Outcome:

  14. Increased awareness of and access to family planning.

- **Cross-cutting theme 2**: ***Promoting Good Governance and Fighting Corruption.*** With an emphasis on economy and financial management and capacity building. Outcome:

  15. Strengthened economic governance and capacity to implement and monitor reform.

11. The CAS was strongly influenced by the previous CAS approved in 2003. That CAS was itself aligned on PRSP-I and supported in particular three of its four pillars[31]: (i) Pillar 1: ensuring economic/financial stability while promoting growth; (ii) Pillar 2: developing the productive sectors, especially in rural areas, to mitigate vulnerability and stimulate income generation; and (iii) Pillar 3: improve access of the poor to quality social services. A large number of activities started prior to FY 2008– mainly nine operations[32] - were thus pursued, including one APL and eight investment or TA projects (see Annex 1 of CASCR full report).

12. Using a selected mix of financing instruments and a targeted program of Analytical and Advisory Activities (AAA), the CAS seek continuity with the ongoing reform programs, including by using a programmatic approach around three DPOs. It also promoted selectivity by focusing interventions on selected PRSP themes (where the Bank has the greatest comparative advantage, and where the Bank can complement or leverage efforts by donors) and left other aspects of the PRSP agenda aside[33]. Sector interventions were expected to decrease in terms of number of new operations proposed and areas of Bank presence. The Bank was also to continue promote donors harmonization in the spirit of the 2005 Paris declaration on Aid Effectiveness, of which Niger is a signatory. Active partnerships with other donors were to be pursued, particularly in Public Finance Management (PFM) reform/governance, agriculture and irrigation, transport,

[31] Respectively through (i) Pillar 1: Improvements in public financial and fiduciary management and fiduciary controls; supporting privatization of state-owned enterprises and improving the environment for private sector investment; reforming and developing the financial sector including restructuring of state-owned banks, and strengthening financial institutions to expand SME financing; (ii) Pillar 2: Improvements in rural production and income-generating activity and addressing environmental degradation by, among other things expanding irrigated agriculture; and (iii) Pillar 3: Making primary education accessible to all; making health care accessible to the poor; addressing population issues; and intensifying the fight against HIV/AIDS.

[32] Two other operations were about to close. In addition there were three regional projects: the Africa Emergency Locust Project; Reversing Land and Water Degradation Trends in the Niger River Basin Project; and the Niger Basin Water Resources Development and Sustainable Ecosystems Management Program

[33] This included stand-alone operations in the social sectors and in mining and energy. Budget support and a proposed Sources of Growth operation were expected to cover, inter alia, mining and energy investments and/or reforms.

education and health (co-financing of multi-year investment programs), and water. The CAS also stressed support to regional integration. The CAS report thus highlighted the regional synergies expected within each of the 15 areas of intervention/outcomes.

13. The IDA 15 allocation processing was not yet completed by the time the CAS was prepared and the CAS was presented with an indicative annual IDA envelope of US$90 million equivalent. Overall with IDA 14 and 15, the CAS proposed a program financed by a total envelope of IDA resources of US$380 million over four years. The new IDA assistance was expected to be slightly stronger in the first pillar, with a share of 49 percent of total financing versus 38 percent for the second pillar, with the cross-cutting themes receiving about 13 percent of the Bank's assistance. By FY09 budget support was expected represent close to 40 percent of the Bank annual support to Niger with the start of a new DPO series - with one multi-sectoral operation per year. At the same time, the Bank intended to still rely on CDD-type operations, with the aim to increase empowerment of local communities and final beneficiaries, and strengthen the decentralization process. It was also planned to mobilize funding for ESW through Trust Funds (TF) and collaborative efforts with other donors. For example the Public Expenditure Management and Financial Accountability Review (PEMFAR) II was to be carried out with the other partners involved in PFM reform.

14. The CAS was based on rounds of extensive consultations held primarily by the Niger Country office with key constituencies and opinion-makers in Niger including governments, parliamentarians, the media, youth, and academics, the private sector, CSOs and other community groups in the capital Niamey as well as in four other regions. These consultations followed and build on the client survey of June 2007 involving approximately 600 stakeholders.

15. While the CAS objective was to contribute to Niger's higher order goals outlined in PRSP-II, the Bank's performance was not expected to be measured according to high order indicators (such as GDP growth or reduction in poverty levels). Performance was to be measured through 37 indicators (of which some were specifically related to MDGs) and milestones for the 15 outcomes. The results obtainable during the CAS period were expected to be mostly influenced by operations already on-going in 2007-2008 and to a limited extent by new operations started over the first two years of the CAS period. No dedicated CAS indicator measurement system was foreseen for the regional operations. Specific data and feedback was to be provided mainly by the PRSP M&E capacity of the Government (essentially the Statistical Institute which benefitted from IDA and other donors' support), ISRs/M&E of the different Bank operations and PERs using Public Expenditure Tracking Surveys (PETS) in key PRSP sectors.

16. The CAS report pointed at a high number of risks: security risks, internal political risks, climate risks and vulnerability to other exogenous shocks (locust invasion, avian flu) with strong negative effects in agriculture, commodity price risks, a possible Dutch Disease fueled by high uranium prices, and particularly food insecurity. All in all, with such a high number of risks and its current poverty levels and low Human Development Index, and neighboring countries having just experienced conflicts, Niger had many features of a fragile state although it was and is still not formally designated as such by the donors.

Developments and Adjustments during CAS Implementation

17. Implementation of the CAS had barely started that Niger was hit by a succession of shocks which deeply affected its political environment and weighted heavily on its economic

performance. Its internal political situation had been relatively stable since 2000. However in 2009 efforts by then President Tandja to circumvent a two-term limit resulted in a severe political crisis that led to a coup d'état by a military junta in February 2010. The junta committed to a one-year transition period that was to lead to the reinstatement of democratically governing institutions in early 2011. From February 2010 to April 2011 Niger was thus governed by the Supreme Council for the Restoration of Democracy under the presidency of a general. Seasoned technocrats, several of them Nigeriens working previously for international organizations, were appointed to key ministerial positions. Following a referendum and the adoption of a new constitution in November 2010 and a series of local, legislative, and presidential elections in early 2011, the new President took office in April. The February 2010 military coup d'état however triggered OP/BP 7.30 (Dealing with de facto government) affecting for a certain time the Bank's operations in Niger.

18. During this difficult political period starting when OP 7.30 was triggered, the Bank has reacted swiftly to the succession of shocks that Niger faced and responded with commendable flexibility to the country's needs. Following the start of the political crisis in mid-2009, IDA largely refrained from presenting new projects to the Board and delayed the effectiveness of some newly approved operations, although implementation of previously approved projects continued. Following the coup, an assessment under OP 7.30 carried out in April 2010 provided the basis for continued disbursements of the existing portfolio (such as the first DPO of the CAS period). The Bank maintained close dialogue with the interim authorities and development partners to encourage continued progress towards constitutional normalcy given the importance of stability to development and poverty reduction. Also a limited number of financing activities were approved on a case by case basis, especially to support the government's response to a new food crisis - through trust funding. A second assessment under OP 7.30 resulted in the Bank's decision in March 2011 to resume new lending to Niger. The Bank also reacted to the changed country situation by agreeing with the authorities on a reprioritized reform program resulting in some adjustments to the original triggers for the second DPO.

19. In addition in 2010, with the repetition of the 2008 drought, Niger had to deal with a severe food crisis which left 48 percent of the population food insecure. Finally, the crisis in Cote d'Ivoire and the events in neighboring Libya, where many Nigerians worked, added also to external pressures. Although most institutions are relatively weak in Niger, some institutions showed remarkable willingness and capacity to deal with the stress during these years. The preparation of a new constitution laid the foundation for a smooth return to a democratically elected regime. Domestic institutions created to deal with food crises and strengthened after the 2005 famine, worked very well in 2010 – with the military government's quick recognition of the problem and call for external assistance.

20. The 2008-2011 CAS period comprised four different phases, with a different political environment and/or government: (i) pre-2009 political events phase, broadly a continuation of the previous CAS period; (ii) a period of severe political crisis from mid-2009 until the February 2010 coup; (iii) a transition period with interim de facto government until the early 2011 democratic elections; and (iv) since 2011, renewed stability under the newly elected President and new government resulting from the April 2011 parliamentary election. For more than one year during the 2nd and 3rd phases missions could not be carried out as planned. Also, the Bank's Niger team was during 15 months without a Country Manager in the Niamey office. Still, the Bank demonstrated a high degree of responsiveness and flexibility during the last three phases that made a significant difference for the country and the CAS program. During this critical time,

as the IMF program had been interrupted, the Bank program, particularly the DPOs, was the key instrument used to ensure that the macro situation stayed on track.

21. The CAS remained relevant in the context of economic and political turbulence. The 2010-2011 transition authorities remained committed to the strategic orientation of PRSP-II and the CAS, and advanced most of the reform agenda of the PRSP/CAS[34]. The new Government democratically-elected in 2011 has likewise supported the trust of the CAS. No major reorientation of the CAS was thus deemed necessary in the later part of the CAS period.

22. A CAS Progress Report was prepared neither in 2010 as originally planned - given the circumstances - nor later as the time of preparation of the next CAS and the PRSP II (2012) was coming close. But this did not prevent the Bank to adjust adequately the strategy - primarily to respond effectively to the crisis resulting from the successive shocks and particularly meet the country's urgent financing needs. The two emergency food projects, not planned in the CAS were delivered respectively in 2008 and 2010. With the two DPOs - GPRC-1 which was declared effective as soon as the basic constraints under OP 7.30 were lifted and GPRG-2 approved soon after the newly elected Government was in place – the Bank provided budget support at a critical time. The innovative safety net project – not planned in the CAS – was also nevertheless delivered as soon as possible, and should contribute alleviating the effects in 2011-2012 of the Libyan crisis causing inter alia the return of large numbers of migrant Nigerian workers. Still, in these years when a difficult environment called for quick responses, the Bank at the same time contributed significantly in having the Government keep the focus on longer term issues and on areas of long-term growth potential.

23. Despite the 2009-2011 political turmoil, the Bank delivered more IDA resources over the CAS period (US$403.5 million excluding TFs) than originally programmed (US$365 million) plus US$45 million of Niger's share in two new regional projects. Thirteen new IDA operations were approved until June 30, 2011, in addition to the two regional projects plus three Trust Fund financed operations (see Table 2 and Annex 2). Instead of three PRSCs/DPOs (for a planned total of US$120 million), two DPOs were approved for a total amount of US$92 million. The two new investments operations (PRODEX and CAP2) plus the two Food Security Operations and new regional agriculture operation, beefed up significantly the share of Rural Development and Agriculture (RDA) in the portfolio. The weight of RDA became the most important - with 39% in terms of $ amount – of the portfolio by July 1, 2011 – followed by urban and water with 29%[35]. A significant use of TF resources was made during the CAS period, with total new approvals for 2009-2010 of US 35.2 million, of which US$30.5 million from the Global Food Price Crisis Response from and the Education for All - Fast Track Initiative Catalytic Fund (EFA-FTI).

24. A substantial program of analytical work has been undertaken. It not only broadly fulfilled the scope of what was planned under the CAS (although with some slippage between years) but included also a number of additional tasks (see Table 3). Significant non-lending work included the PEMFAR 2, a comprehensive set of policy notes (covering 14 sectors) for the new Government in 2011, and a batch of in depth analysis leading eventually to the innovative Safety Net Project.

[34] The transition government for example also requested Bank assistance in carrying out a governance assessment and the preparation of a governance reform program, efforts which are being continued by the new government.

[35] Followed by Public Sector (19%), Education & health (9%) and Transport (7%).

25. The succession of shocks did impact GDP growth. After a lack-luster 2007 year with a GDP growth of 3.4 percent, growth jumped to 9.6 percent with a bumper crop harvest in 2008. But after the failure of the 2009 harvest, GDP decreased by 0.9 percent. It partly recovered in 2010 to increase by 8 percent – again on account of a good harvest. With another poor harvest in 2011 (leading to a severe food shortage in 2012), the growth rate is estimated at about 2.3% that year. The average growth rate for 2008-2011 would thus not exceed 4.7 percent, lower than the PRSP target of 7 percent but still slightly better than the 4.4 percent average achieved between 2001 and 2007 and better than the 4.2 percent of the base-case scenario of the Bank/IMF estimates in 2008. It is not clear to what extent the slight improvement is due to the investment boom and/or better price in extractive industries (2009-2011), structural reforms implemented since 2000, and improvement in the agriculture sector[36]. On the negative side however, the large yearly variations in GDP changes underscores the continuing extreme volatility and vulnerability of Niger's economy to climatic factors and other chocks. On the bright side, despite the 2009-2010 economic turbulences, Niger was able to maintain a sound fiscal policy, with a fiscal balance remaining essentially under control: 1.5% in 2008, -5.5% in 2009, -2.5% in 2010, -3.6% in 2011 (projected). Poverty remains deeply entrenched[37] and most MDGs are still out of reach. Analysis undertaken on the preliminary results of a recent Poverty Assessment in Niger indicates that poverty has declined from 59 percent in 2008 to 56 percent in 2011 and the poor have benefitted more from growth than the non-poor. Also the growth in GDP per capita – (probably around 1.4 percent/year on average) over 2008-2011 suggests some improvement in poverty incidence over the last four years.

Program Performance Evaluation

26. An evaluation of program performance is provided in Table 1, essentially around the outcomes and indicators[38] and based on specific detailed subprogram reviews and evaluations for each of the sectors or main areas of engagement provided in Annex 2. This evaluation is summarized below for each of two pillars and the two cross-cutting themes. It concludes that performance assessed up to December 2011 has been moderately satisfactory. Partial progress was achieved towards most outcomes. The outcomes are mixed with respect to the financial sector which remains shallow and expensive. While results are so far still short of expectations in that specific sector, overall there are no significant shortcomings in the performance of the program. The performance is fairly good given Niger's absorptive capacity constraints – resulting primarily from shortcomings in an administration that needs to be urgently modernized.

27. For many outcomes the progress shown by the indicators is to a significant extent the result of operations initiated during previous CAS. Most new operations approved during the new CAS became effective or were approved only during last one and half year of the CAS. Most of their effects will not been seen soon except for a few effects of triggers and prior actions of the two DPOs. Most results of many operations started and implemented during the CAS will only accrue during the next CAS. The success of these operations will be primarily seen over the medium term in the context of the policy changes and strategies they introduced.

Pillar 1 – Accelerating Sustainable Growth that is equitably shared

[36] An in-depth analysis of the growth of agriculture production and agriculture GDP growth over 2008-2011 is needed. The PICAG data suggest an average growth of agriculture and élevage of 3.6%, barely above population growth.
[37] Head count poverty is estimated to have declined by three percentage points from 64.4 percent in 2005 to 60.8 percent in 2007/08.
[38] The Government's PRSP evaluation report is not yet completed and no users' survey is being carried out.

28. Progress has been moderate under this pillar, with most expected outcomes partially achieved. Outcome 1, Maintain macroeconomic stability, was partially achieved – with a significant contribution of GPRG-1 and GRPC-2[39]. The progress also was significant in clearing Government arrears to the private sector and introducing electronic processing of payable needed for paying Government bills in a faster and transparent way to the suppliers but keeping the inflation rate under 3 percent was uneven. Outcome 2, strengthen competitiveness of supply chains, is already partly achieved and well on its way to be fully achieved. The Private Irrigation Project (PIP) and Agro-Pastoral Export and Market Development Project (PRODEX) have significantly increased the agriculture areas under irrigation. PRODEX is contributing in a major way in developing a participatory supply chain approach for priority export agriculture commodities and livestock products and paving the ways for PPPs in the agriculture sector.

29. Outcome 3, Strengthen sustainable management of natural resources to reduce vulnerability to desertification - is well on its way to be achieved. The Community Action Program (CAP) 1 and 2 APL projects have addressed this issue through a comprehensive CDD approach. They substantially improved local governance as well as land and natural resource and ecosystem management, raised levels of health, education and food security, and reclaimed and protected large areas of land. The Local Investment Fund successfully stimulated local development and empowered communes and communities to provide a response to their priority needs. A supplementary grant equivalent to US$4.5 million added in 2008 to CAP 1 to finance a new Avian Influenza prevention and control component was swiftly prepared as an emergency project and successfully implemented. The networks built up by the project can be used against other epidemic diseases. An innovative PHRD grant to promote carbon sequestration by acacia Senegal trees planting was also added to the CAP 1 and this initiative is being pursued under the CAP2 with both IDA and GEF financings.

30. Outcome 4 Strengthen the investment climate and support entrepreneurship - was fully achieved regarding investment climate, but financial sector reform and development objectives were only partially achieved, albeit with reasonable prospects for tangible improvements over the next two years. GPRG-1 supported the Government's efforts in promoting private sector-led growth and entry in the formal sector by reducing the corporate tax as a first step towards comprehensive tax reforms, broadening of the tax base, and overhaul of incentives to ensure a level playing field for private firms**.** Doing Business 2012 indicates Niger "distance to frontier" has been reduced and in terms of cumulative change over 5 last years, Niger ranks 53rd among 173 countries (with inter alia the reduction in cost and time for establishing a business, progress in dealing with construction permits and resolving insolvency, etc..). With the Financial Sector TA Project the new Microfinance Regulatory and Supervisory Agency was created and is operational. Substantial progress was made in building capacity within the ministries, and financial sector institutions and participants especially in microfinance institutions[40], insurance companies, and banks. But the cost of financial intermediation was not reduced and because of the delays in setting-up a new the postal bank system, that project did not contribute to private sector development as expected by expanding access to financial services in financially underserved areas.

[39] As stressed in paragraph 20, during the critical 2010-2011 period as the IMF program had been interrupted, the Bank program mainly through these DPOs was the key instrument used to ensure that the macro situation stayed on track.

[40] The audits of the main MFIs suggested some improvement in the capacity of the sector. The total number of MFI members and clients, and the value of deposit accounts in MFIs both increased threefold

31. Outcome 5, strengthen economic infrastructure to promote growth, access to services and regional synergies - is basically achieved for transport and on its way to be fully achieved for electric power. The targets of the Transport Sector Program Project for rural access and reduction of transport time were reached. Road rehabilitation targets are now only partly met[41]. But with this project and the two GPRGs, road maintenance funding for CAFER has at last reached the target levels in 2011, although these are still not sufficient in relation to Niger's relatively wide and dense road network. Yet increased spending on road maintenance has resulted in some increase in the share of the road network in good condition[42]. Regarding electrical energy supply, rehabilitation of the hydropower units of the Kainji dam in Nigeria is not far advanced but is expected to be achieved with the completion of the regional Niger Basin Water Resources Development Project.

Pillar II. - Developing Human Capital through Equal Access to Quality Social Services.

32. Under pillar 2, five out of eight expected outcomes have been partially achieved. *Outcome 6, increased access to basic education and improved quality* – is partially achieved. The Basic Education Project and the FTI-Basic Education Support Project contributed successfully in raising overall gross primary enrolment (GER) above 2011 targets, but increased only slightly girls' GER. The GER in rural areas, the primary completion rate and pass rate reached also project targets, albeit those were more conservative than CAS targets and MDGs.

33. Outcome 7, improved access of the rural population to basic health and nutrition services is also fully achieved. The Institutional Strengthening & Health Sector Program provided a minimum package of essential health services targeted at the poor, women and children, and made a significant contribution in the strengthening of the health sector. It achieved its specific objectives and the principal objectives of reducing maternal and child mortality. It contributed to set up a Sector Wide Approach (SWAp), established the conditions for a smooth transition from project to program implementation, motivating donors to support the National Health Development plan through a pooled account, a first in Niger. Outcome 8 - improved coverage and use of HIV/AIDS prevention services and treatment is also fully achieved. The Multi-Sector HIV/AIDS program project succeeded in establishing a permanent institutional framework and in putting in place policies and programs that continue to guide the fight against HIV/AIDS. It vastly improved the Ministry of Health's capacity to deliver prevention, treatment, and mitigation services and achieved significant institutional development at the central and regional levels of both the public and NGO sectors. The recently approved HIV/AIDS Support 2 project will assist the Government in aligning better its response strategy with the modes of transmission of the epidemic to target high-risk groups.

34. Outcome 9 - Increased access to safe drinking water and sanitation is partially achieved with further progress under way. The Water Sector Project achieved or exceeded all its objectives of substantially increasing access to potable water in urban and rural areas as well as sanitation services in some peri-urban areas. Improving performance and implementation of socially-acceptable tariffs allowed the urban water subsector to reach and maintain for some time its financial equilibrium under a successful PPP. The new recent Urban and Water Sanitation project will expand the achievements of the first project, with an emphasis on sanitation and schools and capacity building. *Outcome 10 - Increased access of urban residents to basic infrastructure services particularly in disadvantaged areas*, is partially achieved with further progress under way. The Local Urban Infrastructure Development Project has made reasonable

[41] Rehabilitation costs had been underestimated.

[42] 51 % of bituminous roads and 27.5 % of non-bituminous roads in good condition in 2009, compared to 41% and 16 % respectively in 2001.

progress in building local management capacities for programming, implementing and managing urban infrastructure and basic services. It is financing municipal investments in infrastructure for basic services (build partly through labor-intensive techniques) in three cities, as well as infrastructure boosting local economic development. A national framework for public intervention in the urban sector has been proposed and a law drafted on public project delegation and management.

35. Outcome 11 - Gender inequity reduced, as evidenced by improved girls' access to education and health service - has so far been partially achieved. The Basic Education Project and the EFA-FTI FTI-Basic Education Support Project contributed in rising only slightly girls' Gross Enrolment Ratio (GER) in primary education. The Institutional Strengthening & Health Sector Program on the other hand significantly improved women's access to health services – essentially in terms of births attended by skilled medical personnel and ante-natal coverage**.** Outcome 12 - An effective food security and social protection strategy in place - was achieved regarding Food Security but there has been only limited progress on Social Security. The first Emergency Food Security Project successfully helped mitigate the impact of the 2008 food crisis. The second Emergency Food Security Project has made great strides in reducing Niger's vulnerability to shocks and increasing income of the poor. Monitoring of food price and national food security stock is effective and the capacity for preparation and implementation of the institutions in the Food Crisis Prevention and Management Framework has been reinforced. Targeted programs for cash transfer and cash for work have been launched and a comprehensive safety net system is being established with the Safety Net Project. But implementation of policy reforms for the pension system has barely begun under the GPRC2 and Financial Sector TA project.

36. Outcome 13. Government and farmers are better prepared to deal with natural disasters by mitigating risks - achieved. The Avian Flu Prevention Component of the CAP1 established a network that can be used against various epidemic diseases. The Africa Emergency Locust Project established an Early Warning and Response system and a National Unit for Locust Control. A National Contingency Plan is operational and adequate for response to draught/food emergencies. The CAP1/2 introduced improved Sustainable Land Management (SLM) practices. The West Africa Agriculture Productivity project will support adoption of improved technologies.

Cross Cutting Issue 1: Reducing the Rate of Population Growth

37. Outcome 14: increased awareness of family planning. Partially achieved and further progress expected. PRODEM has strengthened Niger's capacity to address the demographic challenge by building the government capacity in designing and implementing a nationwide multi-sector population program, increasing general awareness on population and reproductive health issues. It has helped strengthen substantially the supply of, and demand for, family planning and reproductive health services and contributed increasing demand for planning services and the modern contraceptives prevalence.

Cross Cutting Issue 2: Promoting Good Governance.

38. Outcome 15. Strengthen economic governance and capacity to implement and monitor reforms. Partially achieved and further PFM progress under way. GPRG1 and GPRC2 and the Reform Management & TA project have led to steady progress on the front of PEMFAR reforms, including fiscal resource mobilization, enhanced budget preparation, execution and control using PEFA methodology to evaluate progress and performance, and preparation of MTEFs. The public procurement system has also notably improved with a more transparent and effective control of contract awards. The Bank's efforts in supporting Niger's adhesion to the EITI to promote good

governance in the extractive industries have borne fruit. Niger's compliance with EITI standards and principles was assessed as highly satisfactory allowing Niger to completed EITI validation in 2011.

39. The CAS results matrix did not set forth specific outcomes for the regional operations in Niger, three operations concentrated essentially under the Pillar 1[43]. These are programs that clearly contribute significantly to Niger's growth. The specific development objectives of these operations have or are in the process of being met as detailed in Annex 2.

Bank Performance

40. The performance of the Bank is assessed as *moderately satisfactory as a combination of satisfactory for the design of the CAS and moderately satisfactory for the implementation of the program*. The design of the CAS program was well aligned with Niger's development priorities and the Government's strategy laid out in PRSP-II. It was well clustered around two pillars and two cross-cutting themes, with a clear objective to maximize impact and enhance synergy, and while at the same time coping with the Bank's overarching concern – possibly excessive in the specific case of Niger - to reduce fragmentation. Starting with the guiding principle that it was essential for Niger to break with its history of slow economic growth that was not keeping up with a fast population increase, the program rightly stressed first the need for: (i) accelerated and sustained growth that is equally shared; and (ii) developing human capital through equal access to quality social services. With its two cross-cutting filters the program adequately stressed the essential importance of addressing demographic issues and emphasized the fourth PRSP pillar devoted to governance. Finally, the CAS rightly focused on food security, reducing vulnerability, and rural development, given the severe food crises that critically affect Niger on recurrent basis. Yet the selection of indicators proved difficult to measure the achievements of the program in an unstable country context. The political instability from 2009 to 2011 and subsequent OP.7.30 were missed opportunity to complete a CAS Progress Report where the whole Program could have been adjusted.

41. The planned CAS assistance was selective and focused on actions where the Bank has a comparative advantage, taking into account other donor programs. The CAS kept a significant continuity with the ongoing reform programs. It refrained from evolving into a much stronger budget support approach that would probably have been more risky with little additional benefits. The areas of engagement were all highly relevant. It is likely that a broad Civil Service reform program could have been premature and would most probably not have worked in the context prevailing in 2008-2010. The Bank instead undertook to proceed with a more conservative approach focused on PFM and capacity building in many sectors. A more ambitious and broad approach on that front will nevertheless be crucial in the next CAS. The only apparent shortcoming in the program was the decision[44] to not to support the energy sector, except for very limited AAA activities (which eventually were not even carried out during the CAS). The unfortunate absence of the Bank from this sector - not covered by EITI - was not compensated by

[43] The West Africa Productivity Program, the Emergency Locust project and the Niger River Basin Multi-Purpose Water Resources Development project.

[44] The country team's original plans for staying engaged in energy were dropped following a lukewarm reaction by the Government then in place and Bank management's strong recommendation to make the CAS program more selective. The negative experience with the failed attempts in 2004-2006 to privatize the power utility and petroleum products distribution company under the unsuccessful Privatization and Regulatory TA project had also some influence on this decision.

adequate comprehensive support by other donors. A swift and major re-engagement of the Bank in the next CAS directly in this crucial sector is warranted, given Niger's extreme dependence on electrical power imports on one hand and its major hydropower development potential on the other, the increasingly poor performance and difficult financial situation of the state-owned utility, the fast recent development of its oil production and refining industry coupled with the related probable surge of Government revenues, the major needs of the country in terms of rural electrification, renewable energy at large and other environment friendly domestic fuel source. The program was also weak on the ICT front.

42. The mix of instruments was well balanced between SILs, SWAps and DPOs, plus two emergencies operations. The two multi-sectoral DPOs had an important impact through strong synergies with specific parallel sector operations and solid analytical underpinning from sector operations and self-standing AAA. The choice of outcome indicators for the results matrix was generally adequate: almost all could be measured properly. The targets were generally realistic and were aligned on the specific targets of the operations except in a few instances. The CAS report was correct in identifying risks – particularly political conflict, exogenous shocks and related food security risks. The approaches to help mitigate the last two types of risks have been chosen correctly: supporting diversification of Niger's economy with various programs to reduce vulnerability to such risks, and using flexibility in RDA projects and budget support operations to help respond swiftly to the shock-induced crises.

43. The CAS program was more realistic than the Government PRSP-II in terms of GDP growth. The fact that the high order PRSP growth targets and poverty reduction objectives were not achieved during the CAS is not a negative indicator of the quality of the CAS program and of the Bank's performance. It reflects more the magnitude of the shocks Niger had to face and over optimism in setting the PRSP targets, and the low volume of donors' financial support. That support has been insufficient during the last 10 years when compared to major funding needs of Niger, which is listed in recent studies as one of the countries identified as "aid orphans"[45].

44. During this CAS the Bank was particularly responsive: first by having a pro-active and balanced stance after the political events trigger the application of OP 7.30 and it became essential to rapidly reengage the new authorities; and second immediately thereafter by being flexible in adjusting the program to changing country circumstances and priorities, and by responding swiftly to its needs. As shown by the DPOs and the other operations prepared and approved during 2010-2011, the Bank was swift in reengaging and efficient in helping Niger deal with very challenging circumstances and mitigates the effects of the successive shocks. Bank regional management as well as the country team devoted considerable efforts and demonstrated a high degree of flexibility in this crucial reengagement. The Bank's reengagement had also significant impact by leveraging reengagement of many of Niger's other partners. *T*he highly satisfactory stance of the Bank during the 2009-2011 can be considered as best practice. Overall also during the whole CAS period the Bank has acted in balanced manner in addressing the acute short-term crisis concerns while maintaining a focus on long-term accelerated and shared growth and the necessary reforms it entails. Yet the Bank failed to conduct a CAS Progress Report as initially envisaged to adjust the CAS to new country context.

45. The Bank's teams and management paid strong attention to the implementation of the operations[46] as shown by the quality of portfolio: only one project[47] was rated MU for DPO or IP

[45] OECD-DAC**:** AID ORPHANS: October 2011; and CFP Working Paper Series No. 7 *Robert Utz* September, 2010.
[46] Albeit some ISRs focusing exceedingly on implementation issues did not pay sufficient attention to development outcomes and monitoring of indicators. Sector managers' attention was in some cases not well focused on DPOs.

by August 31, 2011. Disappointing outcomes in the financial sector reflect more the flaws in overall project design than persistently insufficient attention during implementation. Disbursements understandably fell in 2009 and picked-up fast thereafter[48]. By August 31, 2011 the outstanding portfolio amounted to US$411 million with a cumulated disbursement ratio of 18%. Overall supervision of execution of the program was reinforced through increased decentralization of implementation to the Niamey office (particularly during the 2009-2010 periods). Concern for effectiveness and focus on development outcomes was generally adequate and well documented in the detailed Annex 2 on operations. Seven out of the 17 non DPL operations under implementation during the CAS period were restructured, of which three during the CAS period itself. M&E was still weak in some operations and special efforts were undertaken to correct those in most operations in the course of their implementation. The need to do better on M&E was again stressed with the 2011 CPPR (given the 2009-2010 events, there was no other CPPR since the 2008 one). Some of the Bank teams failed to follow on CAS outcome indicators not directly derived from their operations. No special CAS implementation plan was designed for specific follow up of the CAS results framework by the country team.

46. The impact of most knowledge based AAA activities on the dialogue with the authorities was generally significant and followed rapidly in the development of the portfolio of operations. The country team reengaged proactively with the authorities after 2009, and particularly with the new elected Government, to support them in the design and implementation of their new program and provide necessary facts and policy analysis with the April 2011 sector policy notes on 14 sectors. It is too early to assess the full impact of those notes. The Bank together with other donors devoted continuous efforts to advancing the PFM agenda.

47. As shown by the co-financing or parallel financing mobilized for about one third of the new CAS operations, the Bank has been successful in leveraging assistance from other donors. Efforts were particularly dedicated to increase donor coordination in budget support and PFM, health, water, transport and education sectors. The opinion of the majority of the Nigerien counterparts and of the donors - based on recent interviews - is that the Bank generally met expectations in terms of responsiveness, efficacy in almost all areas of intervention, coordination with other donors and leadership in key areas.

Key lessons learned and suggestions for the new CAS

48. First the strongest impact is achieved when multi-sectoral DPOs are delivered in parallel with sectoral operations, creating substantial synergies. And particularly so in areas where reforms are difficult and need sustained commitment and actions from the Government. An optimum strategic approach to help achieve CAS (and more broadly PRSP) objectives rely in a mutually reinforcing combination of investment and development policy support and AAA. A balanced mix of DPOs, investment and TA operations, and AAA, carefully tailored to the country's needs and particularly capacity is essential.

49. Second, for a country like Niger budget support plays an important role in buttressing the functioning of government: predictable and sustained budget support plays a bigger role in Niger

[47]The PRODEX. Its ratings were upgraded after the subsequent supervision mission.

[48] From US$91 and 83 million in 2007-08, disbursements dropped to US$ 23million in 2009, and increased to US$ million in 2010 and 2011.

than in countries with a higher revenue base and less external stress. A programmatic DPO approach plays an important role in keeping the reform agenda on track and mobilizing the Government on cross-cutting issues in an environment of frequent external shocks and instability.

50. Third, the strong impact of a long-term Bank involvement in specific areas has been confirmed once more. Long term involvement in one area – spanning two to three CAS periods - and substantial partner support by Bank, reinforces Government commitment and incentives for changes. It is key to have deep and long lasting development (especially transformational) impact (for example water, PFM, RDA). This argues in favor of the Bank pursuing its engagement in a number of areas where much remains to be done and re-engaging in sectors it left "too soon". Even more so as the Bank is often perceived as an "honest broker", many donors are more willing to engage in a sector when the Bank is involved: this also increase leverage for change.

51. Fourth, supporting a country that is highly vulnerable and prone to frequent shocks requires a balanced approach, addressing swiftly the critical short-term crisis concerns while maintaining a long-term focus on reforms necessary for reducing vulnerability and accelerating growth.

52. Fifth, addressing effectively gender and demographic issues is a challenging undertaking. It requires a multi-sectoral and sustained approach over a long time horizon and underpinned by sharp social-cultural-economic analysis and action. This undertaking should be forcefully pursued. A lot remains to be done in Niger – taking into account cultural legacy and sensitivities.

53. An approach which gives an overarching importance to selectivity may not be the most appropriate for Niger. Considering Niger's per-capita ODA receipts that are among the lowest (US$38) in the sub-region, its very low HDI and per capita income, its very high funding needs Niger clearly appears to be under-aided (a finding consistent with that of recent studies on aid orphans). In addition, its high vulnerability to external shocks – commodity prices, climatic and political (including in the neighboring countries), Niger could also be qualified as a fragile state. Paradoxically other sub-Saharan countries have managed to attract more support from donors, including TA and thereby benefit also from more external technical expertise than Niger. The Bank has unique role to play, not only in funding but also as a knowledge Bank and through is convening power. This argues for a presence of the Bank in all sectors where key and difficult reforms are urgent and/or massive investments are needed. The energy sector is a case in point.

54. The last two CAS put the emphasis on addressing rural development, increasing the production and productivity in agriculture to bring the population out of the rural poverty trap. With several operations, the overall weight of RDA in the portfolio may appear too high, but the performance of the recent projects could indicate that the new approaches followed during the last ten years are a last yielding significant positive results[49]. An ex-post evaluation of all major RDA projects in Niger over the last 15-20 years, with a correlative analysis with climatic changes, should be a very informative AAA. It would help sharpen the focus of new RDA operations, inform the preparation of future climate mitigation actions, and indicate which new approaches should be mainstreamed in the next phases of Niger's Rural Development Strategy.

55. Based on current trends, Niger is unlikely to reach most of the MDGs except three – child mortality, HIV/AIDS and non-access to safe water. Niger faces the insidious risk of a sluggish growth – where growth stalls at around the still high rate of population growth and poverty decreases only slowly. A higher and steady average growth rate of 5 percent and beyond will be

[49] Agriculture GDP appears to have grown by about 3.6%/annum between 2007 and 2011, despite the shocks.

necessary, coupled with a steady reduction of population growth. A simultaneous challenge is that of employment creation – also as a means to avoid conflict and violence. Reducing Niger's vulnerability – in particular getting its rural population out of the "vulnerability to climate shocks" trap – is paramount. To address all those challenges, Niger should not just rely on windfall benefits from its growing extractive industries, but primarily scale-up the productivity in the agriculture sector and diversify its economy, in an environment conducive to private-sector led growth – as well formal private as informal private sector.

56. Niger may now be at a turning point for significant changes – with significant opportunities and risks. On the one hand, in addition to growing uranium exports, oil production and refining should generate additional revenues for the Government. It is essential that the oil sector be subject to the same transparency[50] as uranium mining and that PFM be further strengthened to translate increased government revenues into growth enhancing and poverty reducing programs. On the other hand, climate change is likely to further affect negatively Niger's agriculture and non-mineral natural resources.

57. The Bank is expected to help the Government articulate the new 2012-2015 PRSP on which the next CAS should be aligned. For the next CAS program, the Bank engagement should be comprehensive with activities boosting sustained and inclusive economic growth and employment generation, reducing vulnerability to climate change and other external shocks and volatility of growth (i.e. diversification of the economy) and enhancing good governance. A balanced approach, based on basically similar mix of DPOs and investments operation as in the 2008-2011 CAS should be appropriate. The new P4R could be introduced a pilot in selected areas - possibly food security and related aspects of RDA.

58. Niger is likely to benefit from higher levels of external financing (IDA and other partners) as well as more revenues generated from its natural resources. Absorptive capacity constraints will be more significantly felt unless major efforts are urgently devoted all across the board to modernize the administration, starting with the human resources. Short of a dedicated broad Civil Services Reform program/project all future Bank operations should include a strong component/approach to address the capacity problems in Niger's administration.

[50] Including monitoring all revenues that should accrue to the State and the proper costing of refined fuel products; and ensuring the adoption of an adequate pricing policy of those products on the domestic market.

I. TABLE 1. SUMMARY OF CAS PROGRAM SELF-EVALUATION

CAS Outcomes and Outcomes indicators	*Status and Evaluation Summary (with milestones and additional indicators)*	*Lending and Non-lending activities that contributed to the outcome*	*Lessons and Suggestions for new CAS*
CAS PILLAR 1: Accelerating Sustainable Growth that is equitably shared			
PRSP Pillar 1: Achieve strong, diversified and job-creating growth			
Outcome 1. Maintain macroeconomic stability during the CAS period *Indicators:* 1. Overall fiscal deficit (commitment basis, including grants) averages about 3%.of GDP 2 Inflation contained within WAEMU convergence criteria (<3%). 3. Ratio of internal debt arrears to GDP reduced from 9% to 5% of GDP.	***Partially Achieved*** Overall fiscal balance: +1.5 (2008); -5.5 (2009); -2.5 (2010 est.); -3.6 (2011 proj.). Inflation: 11.3 (2008); 1.1 (2009); 0.9 (2010); 3.7 (2011 proj). CFAF 2.5 billion of arrears to private enterprise cleared under GPRG-1. Also GPRG-1 supported the move to an electronic processing of payables allowing private operators working with public services to be paid in a more transparent way and faster (less than 10 days now instead of 1 month) ***Milestones reached*** -Adequate macroeconomic performance evidenced by successful implementation of the PRGF supported program. The three-year ECF approved 2008 lapsed in June 2011 but without completing the last three reviews, in the 2009-10 context of political turmoil. IMF has initiated discussion on a new program with the new Government of Niger (GoN) in May 2011. - Continued implementation of the PFM reform Priority Action Plan under GPRG1 and GPRC-2	***Lending*** GPRG-1: Approved 3/26/2009, closed 6/30/2010. Supports PFM action plan, clearing arrears to private enterprises. Build confidence in financial system: the amount corresponding to CNE's frozen deposits (FCFA5.7 billion) were deposited in Treasury account at BCEAO. Assessed as successful in preparation of new 2012 DPO. GPRC-2: Approved 6/23/2011; closing 6/30/2012. Supports pursuing PFM action plan and action on FINAPOSTE. GoN initiated the second phase of the return to depositors of their deposits in the CNE and has returned more than 68% of the amount outstanding; and. GPRC-2 Assessed as successful in	For a fragile country like Niger, with low income and domestic revenue, budget support plays an important role in supporting the functioning of government. Predictable and sustained budget support plays a bigger role in Niger than in countries with a higher revenue base and less external stress. A programmatic DPO approach plays an important role in keeping the reform agenda on track, in an environment of frequent external shocks and instability. In the 2009-2011 context of political disruption and external shocks that claimed much of the attention of policy makers, the GPRCs were an important tool for sustaining the momentum of a number of structural reforms supported by these operations. The financial support provided in 2010-2011 through GPRG-1 and GPRC-2 has been critical in allowing

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	-FINAPOSTE restructured: instead following Bank's best advice, GoN has abandoned the creation and operationalization of FINAPOSTE and adopted a detailed action plan prepared by Niger Poste to seek a partnership with a commercial bank and/or a company offering mobile banking services. Confidence in financial since being rebuilt with second phase of CNE frozen deposits. 68.8 percent of the outstanding amount claimed by depositors and repaid by February 2011.	preparation of new 2012 DPO. Financial Sector TA (see outcome 4) ***AAA*** PER/PEMFAR II	government to maintain macro-economic and fiscal stability in the face of multiple pressures emanating from the political and food crises. During the critical 2010-11 period as the IMF program had been interrupted, the DPOs were key in ensuring that the macro situation stayed on track.
Outcome 2. Strengthen competitiveness of supply chains *Indicators* 1. Export value of three major Agro-pastoral supply chains increased by 15%, from $170 M (2006) to $195 M (2011). 2 Areas under irrigation increased as a percentage of irrigation potential, from 27% (2008) to 30% (2011) – a 10% increase, .	***Partially Achieved and likely to be fully achieved soon*** Under PRODEX : (i) value of marketed products in the selected supply chains by project supported producers estimated to have increased by 16% on average (against a EOP target of 25%) ; (ii) Incremental volumes of marketed selected products by project supported producers have reached 8% (against a target of 15%). PIP increased irrigated areas by 7% (5,491 ha) and consolidated about 14% (10,904 ha) of existing irrigated areas. Incremental production feeding 24,000 families. Under PRODEX another irrigated 843 ha created/or rehabilitated (out of 2000 ha) sofar. ***Milestones reached:*** Accelerated Growth Strategy is finalized and under implementation, with focus on four growth clusters (rural dev; artisans; tourism, and mining) identified in PRSP and in DTIS. An Operational Action	***Lending*** .Agro-Pastoral Export and Market Development Project *PRODEX*. Approved 3/26/2009; closing 4/30/2014. PDO & IP now rated MS. Private Irrigation Project. (PIP) approved 3/19/2002; closed 12/31/2008. Outcome: HS. Community Action Program 1 (CAP1) with GEF. Approved 3/20/2003; closed 12/31/2010. Avian Flu prevention component added in 2008. Outcomes rated S. Community Action Program 2 (CAP2) + GEF. Approved	During the implementation of CAP-1, partnership agreements have been established with 5 donors. The majority of development partners viewed CAP-1 as one of the most successful projects ever implemented in Niger and became more interested in supporting the local development program of the RDS& Action Plan. This created an opportunity to build a programmatic approach and implement the Paris declaration on harmonization. Setting up decentralized, participatory, and transparent financing mechanisms are necessary to have community /commune development plans and

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Outcome 3. Strengthen sustainable management of natural resources to reduce vulnerability to desertification *Indicator* 15,000-25,000 hectares of land reclaimed and protected	Plan for major export crops was elaborated, including on the basis of the DTIS and under implementation. PRODEX supports development of 6 selected supply chains for export .Strategic Plan for agricultural export promotion (mobilizing public and private financial/human resources) was prepared and under implementation. Local Investment Fund (LIF) resources have been transferred to commune budgets to finance micro-projects, including land and natural resources management. Under development plans prepared by CAP1 178 communities, of which 75% implemented at least 5 micro-projects. 1,546 micro-projects implemented with LIF. Under CAP2 11,045 had reclaimed & protected so far - Sustainable land management Country Investments Strategic framework prepared with UNDP and IFAD and targeted investments underway by CAP2, UNDP and IFAD operations	8/29/2008; closing 4/30/2013. PDO now rated S and IP MS. ***AAA*** -Diagnostic Trade Integration Study (DTIS) - Irrigation Development - Impact of SLM programs on land management and poverty - PER of rural sector with a focus on Sustainable Land Management -Policy notes on rural development and agriculture, and climate change.	to implement an ambitious number of micro-projects in such a large country as Niger. In promoting environmental improvements and SLM practices, it is necessary to understand the local people and their habits, concerns, and priorities. To get people interested in such long-term matters as natural resource management and environmental protection, it is absolutely necessary to them with concrete incentives should be provided and perhaps be more "supply-driven".
-Outcomes 4. strengthen the investment climate and support entrepreneurship *Indicators* (i) -private investments as share of GDP up from 16% to 20%; (ii) -contribution of informal sector (non-agric) to GDP declines from 35% to 30%	***Achieved regarding investment climate. But financial sector reform and development objectives only partially achieved.*** Recent data on private investments and contribution of informal sector to GDP are not available. Financial Sector TA: Project ICR concludes that: (iii) intermediation cost margins decreased to 8.3 percent as of December 2010 but bank's profitability did not improve.(by December 2010, the ratio of profits over loan portfolio was 10.3 percent); (iv) Share of private sector credit to GDP increased to 14.	***Lending*** GPRG-1 and GPRC-2 Financial Sector TA. Approved 2/19/2004; closed o12/31/ 2010. Outcome: MU, despite substantial progress made in building capacity in ministries, financial sector and microfinance institutions (MFIs), insurance companies, banks - contributing to increased customer	The scope of Financial TA project was too ambitious vis-à-vis implementation capacity of the Government. By covering 3 different subsectors around 5 main components under weak implementation arrangement, achievement of DO was almost unattainable. Reforms such as postal services reforms called not only for government commitment but also for active consensus-

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(iii) -cost of credit reduced with spread between lending and deposit rates down from 9.2% in 2007 to 7% (WAEMU avg) (iv) private sector credit to GDP increased from 9.09% in 2007 to 13% *PRSP2 Indicator* Niger's Doing Business ranking for quality of business environment improves to 100th.	% by December 2010; financial depth (M2/GDP) improved from 15.8 % in 2004 to 21.9% percent. - Total number of MFI members and clients, and the value of deposit accounts in MFIs increased by threefold ***Milestones partly reached:*** -Business tax was reduced from 35% to 30% as incentive for businesses to become formal (GPRC-2) -Arrears to private sector cleared and FINAPOSTE liquidated and being replaced under better alternative (see Outcome 1) -GPRC-2: Cost of starting business reduced[51] (registration duties lowered); number of procedures for establishment reduced to9; one stop shop established. – New Investments Code and new Charta for SMEs prepared - But the number of road check points (and related costs for transporting goods) not reduced. - Civil and Commercial Procedures Code not yet amended; but studies on collateral, computerization of trade and credit registries done, feeding into action plan. -Microfinance Regulatory and Supervisory Agency created and operational with Financial Sector TA Project - Financial Sector Strategy and Action Plan drafted (under FIRST) and to be adopted as prior action to 2012 DPO. - Ordinance issued setting out the general framework for PPPs and decree adopted establishing the minimum clauses for simplifying	satisfaction. ***AAA*** - Financial Sector Strategy and Action Plan (FIRST). - Doing business	building to ensure buy-in by key stakeholders. The technical underpinnings of the project provided little guidance on the way the envisioned institutional reforms should be crafted. In its financial services component (postal banking reform) case, further analysis was necessary to inform the team on the most adequate choice and instead the team relied on a one size fits all approach. TA projects aimed at supporting complex reforms need to be complemented by DPO from the start. Access to finance still needs major and fast improvement. Less than 1 percent of the rural population has bank account/uses banking services. Judicial system continues to be a barrier to access to financial services. Government needs to give its final approval to and start implementation of the Financial Sector strategy and action plan in 2012.

[51] Between 2008 and 2010 time for starting a business dropped from 19 to 17 days and cost from 170 to 119 % of income/capita.

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	procedures for PPP contracts. 2012 DB still ranks Niger 173th out of 183 countries despite other progress (on dealing with construction permits and resolving insolvency): but "distance to frontier" has been reduced: in terms of cumulative change over 5 last years, Niger ranks 53rd among 173 countries.		Preparation of a new investment code started in 2008**.** However, its finalization and adoption of the new investment code has been delayed due to the political developments and as the authorities are waiting for the issuing of WAMEU directives on investment codes. The new code would be finalized & adopted in 2012
PRSP Pillar 5: Equip the country with economic infrastructure to promote growth and improve access to social services			
Outcome 5. Strengthen economic infrastructure to promote growth, access to services and regional synergies *Indicators (transport):* -Proportion of population living within 2 km of all-weather roads has increased from 33% to 36% in project area; transport time decreased by 2 hours from Balleyara to Banibangou, and 30 minutes from Maradi to Madarounfa; 1056 km of road maintained/rehabilitated under	***Partially Achieved for transport and Not achieved for energy.*** With TSPSP: (i) rural access in project areas reached 36% in 2009. (ii) transport time Balleyara to Banibangou decreased from 9 hours to 5 (2009); (iii) 600 out of 1056 km of road rehabilitated so far Increased spending on road maintenance has resulted in an increase in the share of the road network in good condition: in 2009, 51 % of bituminous roads and 27.5 % of non-bituminous roads were in good condition, compared to 41 and 16 % in 2001, respectively**.** ***Milestones: about to be reached*** Transport: Increased revenues mobilized for maintenance by CAFER reached FCFA 4.7 actual versus 7bn target in 2009. Under GPRC-2 the budget was increased to 6 billion in 2010 and 7 billion	***Lending*** Transport Sector Program Support Project: (TSPSP) Approved 7/03/2007; closing 1/31/2013. PDO rated MS and IP S GPRG-1 and GPRC-2 Niger Basin Water Resources Development. PDO and IP rated MS ***AAA***-Diagnostic Trade Integration Study	Road maintenance is improving. But frequent road barriers, non competitive practices in trucking (particularly for access to sea transport), and overloading of trucks, are still challenges to be addressed. Measures to reduce those practices need to be addressed at the sub-regional level through collaboration of the countries involved (with support of a regional DPO).

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project	2011. Energy: three hydropower units in Kainji not yet rehabilitated (to provide Niger a supply of low cost energy) but works about to start.		
CAS PILLAR 2: Develop Human Capital and Promote Equal Access to Quality Social Services			
PRSP Pillar 2: Equitable access to quality social services			
Outcome 6: Access to basic education is increased and quality improved *Indicators* -Gross primary enrollment rate (GER) increased from 57% (2006/07) to 70% by 2011 - Girls' Gross primary enrollment rate increased from 47% (2006/07) to 63% (2011) - Primary completion rate increased from 43% (2006/07) to 59% (2011) -Skills development strategy is under implementation	***Partially achieved with further progress under way*** With BEP and EFA-FTI Project so far: (i) Gross primary enrollment rate reached 76% (2011); (ii) Girls' Gross primary enrollment rate increased from actual 42.7% (2006/07) to 44% (2011); (iii) Primary completion rate increased from actual 45,8% (2006/07) to 51% (2011). But skills development strategy only recently updated. ***Milestones: partially reached*** - Improve gross enrollment rate specifically in Diffa and Zinder by 10% (not detailed in ISR); but GER in rural areas at large increased from 58.9% in 2008/09 to 67% in 2010/2011. - School Management Committees have been sensitized to importance of girls' education (training): IEC campaign underway in 23 areas with low girls' education . - Share of schools with sanitation facilities up from 20% in 06/07 to 30% in 2010: not measured: But additional number students in schools with latrines 19,000 (to reach 164,000 end of LUIP)	***Lending-*** Basic Education Project (BEP) Approved 7/17/2003; closed 12/31/2009. Outcome rated S. EFA-FTI Basic Education Support. Approved 7/09/2009; closing 5/31/2012. PDO rated S and IP MS Local Urban Infrastructure Development Project. (LUIDP) GPRG-1 and GPRC-2	One Key consideration in BAP preparation was to simplify the design to increase chances of success. The project and its components were designed to be easily implemented by the MOE in partnership with other stakeholders in the sector. Areas in which there were innovations were first pilot tested before being taken to scale; substantial training and TA provided to ensure that the required capacity was in place. The Bank led substantial analytical work in collaboration with other partners in preparation of the project. Bank input was instrumental in the dialogue with Government on policy and program issues and played a major

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CAS Outcomes and Outcomes indicators	*Status and Evaluation Summary (with milestones and additional indicators)*	*Lending and Non-lending activities that contributed to the outcome*	*Lessons and Suggestions for new CAS*
	-Reduce to less than 10% the primary educ. repetition rate: pass rate increased from 83.6% in 2007/08 to 86.6% in 2010/2011. -Finalize and publish the results of PETS (education); done -Develop a skills development strategy linking education and training systems: done with IDA skills development study.	***AAA*** - -Skills Development study - PETS Education	role in fostering harmonization among partners. While primary education system is improving, Niger's Technical and Vocational Training (TVET) suffers from a number of problems which are reflected in limited access and poor quality. It has received little support from dnrs so far. The government is currently preparing a program to strengthen the link between the education system and needs of the company, that will need urgent and substantial support.
Outcome 7: Improved access of the rural population to basic health and nutrition services *Indicators* 1. Number of children sleeping under treated mosquito nets increased from 68% (2007) to 80% (2011) 2. Breastfeeding increased from 23% (2008) to 43% (2011). 3. Coverage of prenatal care increased from 41% (2008) to 53% (2011) 4.-Births attended by skilled medical personnel increased from 20% (2008) to	***Achieved*** 1. Number of children sleeping under treated mosquito nets increased from 23% (2006 DHS) to 83% (2010). Indicators 2 not measured under the ISHSP. 3. Antenatal coverage increased from 42% (2006) to 88% (2011) 4.Attended births increased from 16% (2008) to 38% (2011) 5 Infant mortality reduced from 81/1000 (2006) to 63/1000 (2010) 6. Under 5 mortality reduced from 198/1000 (2006) to 130.5/1000 (2010 7. Maternal mortality reduced from 648/100,000 (2006) to 554/100,000 (2010) 8. Percentage of Population with access to facilities increased from 41.5% (2005) to 49.4% (2010)	***Lending*** Institutional Strengthening & Health Sector Program (ISHSP) Approved 1/05/2006; closed 6/30/2011. Designed under a SWAp. Outcome rated S. Avian Flu (AF to PAC)- -PAC 2 ***AAA*** -PETS (health)	The SWAp in the health sector, the first genuine one in Niger, was successful and provided the following lessons: 1. SWAPs need to carefully balance expectations and forward momentum. 2. Vision and leadership must be continually present in order to maintain momentum. 3. It is important with a

I. TABLE 1. SUMMARY OF CAS PROGRAM SELF-EVALUATION

CAS Outcomes and Outcomes indicators	*Status and Evaluation Summary (with milestones and additional indicators)*	*Lending and Non-lending activities that contributed to the outcome*	*Lessons and Suggestions for new CAS*
25% (2011) *Additional ISHSP Indicators* 5. Infant mortality reduced 6. Less than 5 mortality reduced 7. Maternal mortality reduced 8. Population with access to facilities offering minimum health package. 9. Health centers staffed with agreed norms. **- Outcome 8: Improved coverage and utilization of HIV prevention services and treatment** *Indicators* -Increase number of infected people receiving Anti-retroviral treatment increased from 39% (2007/MAP ISR) to 80% (2009/MAP)	9. Percentage of health centers staffed with agreed norms: increased from 57.5% (2006) to 70.5% (2010) ***Milestones –partially reached.*** Not reached: Institutionalize and scale up the case management of severe acute malnutrition with efficient (community) screening and effective follow up and preventive interventions. New Milestones reached with ISHSP: - operationalized the SWAp, with a common fund; - strengthened decentralized planning, procurement, financial management - established the framework for free health services for women and children - drafting comprehensive Health Law Other new milestone: Niger prepared and adopted a new Health Development Plan 2011 and design also a Country partnership Agreement "Compact" for the sector endorsed by all donors in April 2011 ***Partially Achieved*** Increase number of infected people receiving Anti-retroviral treatment increased from 39% (2007) to 52% (2009). ***Milestones – reached*** -Percentage of women age 15-49 tested for HIV in past 12 months	- Policy note on health financing - Health CSR updated ***<u>Lending</u>*** <u>Multi-Sector HIV/AIDS program</u> Approved 4/04/2003; closed 6/30/2009. Outcome MU <u>HIV/AIDS support 2</u> Approved 4/26/2011; closing 6/30/2016.	Common Fund to keep the flexibility and decentralized procedures for the financial resources. The Common Fund did improve the response to local needs. The flexible and decentralized procedures used to channel the funds raised staff motivation, improved the ownership and accountability for the results achieved. Locating overall responsibility for the fight against HIV/AIDS outside the MOH undermined ownership & willingness of the MOH to implement its HIV/AIDS activities, It is inherently difficult to accurately assess the time frame and resources required to build the necessary institutional capacity needed to implement complex projects in very low capacity environments, thus increasing the riskiness of any multi-sectoral HIV/AIDS project significantly.,

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	increased from 40% to 61% (2009). A permanent institutional framework for the fight against STIs/HIV/AIDS established; policies and programs that continue to guide the fight against HIV/AIDS put in place; MoH's capacity to deliver prevention, treatment, and mitigation services significantly improved; substantial institutional development particularly at the central and regional levels of both the public and NGO sectors.		For HIV/AIDS Support 2 the response strategy was better aligned with the modes of transmission of the epidemic to target high-risk groups, While in Niger the overall HIV prevalence is still low & stable the rates are worrisome among high-risk transmitters, and HIV/AIDS is concentrated in high-risk groups .
Outcome 9. Increase access to safe water and sanitation *Indicators as stated in CAS* - Urban water: increase access to piped water from 70% (in 2007) to 77% (2011) - Rural water: increase access to safe water from 60% (in 2007) to 64% (2011) Sanitation: increase access to improved sanitation services from 15% in 2007 to 20% in 2011.	A***chieved with further progress under way*** - Urban water: access to safe water increased to 72% (est. 2009) - Rural water: access to safe water increased to 62% (est. 2009) - Sanitation: access to improved sanitation services reached 38% in urban and 5% in rural areas respectively (est. 2009). ***Milestones reached & Additional Indicators*** Under Water Sector Project: - - Number of additional people receiving improved water services in urban centers; 541,000 by 2009. - Availability of water facilities increased from 52% to 78% in rural areas covered by the project. -Number of additional people receiving appropriate sanitation services in peri-urban areas of Niamey: 120,000 - Financial equilibrium in the urban water sub-sector achieved 2006 to 2009. - water supply is now continuous in urban centers covered by project	***Lending*** Water Sector Project Approved 5/31/2001; closed 12/31/2009. Outcome S. Urban Water and Sanitation project Approved 4/26/2011; closing 12/31/2015. Local Urban Infrastructure Development Project .	1. Private sector participation is a feasible delivery option even in a poor country like; 2. Cost recovery can be achieved: improving the efficiency of the water utility while matching investment programs to the real needs of the sector, has helped achieving cost recovery with tariff increases acceptable to the population; 3. Tackling water sector reform without the funding of major investments can be risky as the latter usually provide a counterbalance to the political cost of the reform. Bank's role was critical for the successful implementation of the sector reform: (i) through its catalyzing power to ensure that other donors participate in project

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	- unaccounted for water decreased from 20 percent to 15.3 percent - 55 rural piped water systems rehabilitated; 41 managed by private operators. –new Sector Policy Letter adopted April 2011.		preparation and funding; (ii) by ensuring the soundness of the operation because of its technical credibility and past experience; and (iii) by ensuring that governance and fiduciary issues are properly addressed
Outcome 10. Increased access of urban residents to basic infrastructure services, particularly in disadvantaged areas. *Indicators* Three cities are providing all-year access to transportation, have improved access to safe water supply and sanitation for citizens	***Partially achieved with further progress under way*** Significant increase access to water and sanitation under the Water sector project So far under LUIDP, population in Niamey, Maradi, Dosso with access to infrastructure services has increased by mid-2011 as follows: - all-year access to transportation: 8,000 people in addition to 440,000 people (2008) - improved access to safe water supply: 2,400 people in addition to 631,000 people (2008) - access to sanitation: additional .2,800 people ***Milestones reached*** -Capacity of local & other governments to plan, program, deliver and maintain infrastructure and services in the 3 cities improved; -national framework proposed for public intervention in the urban sector, including a mechanism to transfer resources to local governments; -a law drafted on public project management and delegation, including t application by-laws to set up the legal framework that will allow institutions other than Public Work Agency NIGETIP perform public project management and clarify roles of actors in the provision of public infrastructures.	***Lending*** Local Urban Infrastructure Development Project. Approved 5/29/2008. Closing 4/30/2015. PDO and IP rated MS Transport Sector Support Program Water Sector Project Urban Water and Sanitation project WSP-AF	Lessons learned from LUIDP: (i) selection of investments based on a participatory approach is a determinant for continued adherence of local governments to priorities defined even in a context of institutional instability; (ii) supporting investment programs by capacity building activities is critical in improving sustainability.

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CAS Outcomes and Outcomes indicators	*Status and Evaluation Summary (with milestones and additional indicators)*	*Lending and Non-lending activities that contributed to the outcome*	*Lessons and Suggestions for new CAS*
PRSP Pillar 4: Reduce Inequalities and Strengthen Social Protection for Vulnerable Groups			
Outcome 11: Gender inequity reduced as evidenced by improved girls' access education and health services **Indicators** -Girls' Gross primary enrollment rate increased to 63% 2011 --Births attended by skilled medical personnel increased from 20% (2008/sectoral review 2007) to 25% (2011/MBB07)	***Partially Achieved*** - Girls' Gross primary enrollment rate increased from actual 42.7% (2006/07) to 44% (2011). And Girls' share in primary enrollment increased from 39.87% in 2002 to 43% in 2009. --Births attended by skilled medical personnel: ISHSP indicates it increased from 16% in (2006) to 38% (2011). And ante-natal coverage increased from 42% (2006) to 88% (2011) ***Milestones and other indicators*** -Training to School Management Committees to raise awareness of girl's education provided - Increase the share of schools equipped with sanitation facilities (not measured but see Outcome 6). – 72% of women among the 46,000 adults enrolled in literacy classes under BAP	***Lending*** Basic Education Project (BAP). EFA-FTI Education Institutional Strengthening & Health Sector Program	BAP indicated that to promote access to education for girls, provision of school places is not enough. Demand side issues also need to be addressed. Targeted interventions are needed to address specific constraints. The use of Alternative rural schools and the tutoring programs for girls was used effectively in this project
Outcome 12. An effective food security and social protection strategy is in place ***Social security:*** **-Implementation of policy**	***Achieved regarding Food Security*** A number of programs have been or are being implemented to reduce vulnerability to shocks, increase income of the poor, mainly with the 2 Emergency Food Security Projects and the Safety net project: - regular reporting food price and national food security stock achieved. - capacity strengthened for preparation and implementation of sustainable safety programs established with the Food Crisis Coordination Unit	***Lending*** Financial Sector TA GPRC-2 Emergency Food Security Project (EFSP) Approved 8/26/2008;	While being an emergency operation, the EFSP was used to move forward the longstanding agenda for developing safety nets in Niger, a country which needed a comprehensive and long-term response to recurrent food crises and chronic food insecurity. High

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reforms for the pension system, including parametric reforms, has begun ***Food security*** **-Implementation of policies that help to reduce vulnerability to shocks, increase income of the poor, and improve efficiency of grain markets**	(CCA)/other bodies involved in the Food Crisis Prevention and Management Framework FCPMF /National Body for Prevention and management of food crisis. -Government started implementing pilot cash transfer program in 2010 based on sales of fertilizers under EFSP1. – under the Safety Net Project targeted programs for cash transfer and cash for work have been launched and comprehensive safety net system being established. ***Partial progress for Social Security*** Implementation of policy reforms for the pension system has begun: actuarial study and audit of CNSS completed and proposes options for the restructuring of the pension systems. Government has increased employer & employee contribution to the private sector pension fund, in order to ensure its short term viability.(with reductions in the contribution to the family allowance scheme and a reduction in salary taxes). Furthermore, CNSS was restructured and employer, employee, and beneficiary files cleaned up. Agreement on a comprehensive reform plan for the pension system now requires tripartite negotiations ***Milestones Reached*** - Joint Government-Donors' Food Crisis Prevention and Management Framework (FCPMF) provides efficient early warning system. - Government developing in 2011 a new agenda on food security under the 3N concept (*Nigeriens feed Nigeriens*), and created a High Commissioner for its implementation, along with an Emergency Irrigation Program 2011-2012 in response to 2011 food crisis and for returnees from Libya/ Cote d'Ivoire.	closed 6/30/2009. Outcome S Safety Net Project Approved 5/19/2011; closing on 6/30/2017. DPO and IP rated S. 2nd Emergency Food Security Project Approved 1/24/2011; closing 11/29/ 2013. ***AAA*** - Food Security and Safety Net study - Pension reform study	level commitment, by the Bank and Government was instrumental in increasing effectiveness and speed of preparing emergency operations. The simple design of the project (focusing on responding to the Government's short-term priority and to the urgent needs of the beneficiaries) was a key factor in the project's success. The Bank has been playing and continues to play a key role as a source of knowledge with global experience with safety nets systems, bringing innovation and with a strong convening power. As a catalyst it facilitates essentials discussions on the social protection strategy

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Outcome 13. Government and farmers are better prepared to deal with natural disasters such as locust surge, drought, avian flu by mitigating risks ***Indicators*** **-** functioning early warning system is in place -earmarked resources in GoN annual budget -Gum Arabic planted and/or protected areas increased from 7800 ha (2008) to 22,000 ha (2011)	***Partially Achieved*** As results of CAP1 Avian Flu Prevention Component: large network of entities/agents established. It can also be used against other epidemic diseases At closing of regional Africa Emergency Locust Project, in Niger: Early Warning and Response system effective; National Unit of Locust Control operational; Risk Management Plan RMP finalized; key infrastructures being finalized. National Contingency Plan, including emergency plans and safety nets, is operational and adequate for response to draught/food emergencies. But no specific earmarked resources in Niger's annual budget. -Hectares of Acacia Senegalensis under the Biocarbon fund transaction: Under CAP 1/GEF 7,837 ha of Acacia Senegalensis planted on degraded land reforestation eligible for Biocarbon Finance. Under CAP2 11,045 had reclaimed & protected so far and 6,966 of Acacia Senegalensis planted.	***Lending*** Additional Financing to Mitigate Avian Influenza (CAP1). Approved 11/2007 Africa Emergency Locust Project (regional). Approved 12/16/2204; closed 5/31/2011. CAP 1 CAP2 West Africa Agricultural Productivity Program ***AAA*** -Food Security and Safety Nets study -Sustainable Rural Growth??	GPRC 1 and 2 supported the initiation of reforms of agricultural institutions, increasing access and use of agricultural inputs and technology (transparency in the management of the Central Procurement Unit for Agricultural Inputs (CAIMA) increased. The adoption of an integrated framework for agricultural extension services provides the basis for future reforms that will also be supported through the West African Agricultural Productivity project.
Cross Cutting Issue 1: Reducing the Rate of Population Growth			
PRSP Pillar 3: Slow down population growth			
Outcome 14: increased awareness of family planning -Use of modern contraceptives up	***Partially Achieved and further progress expected*** ISHSP indicated modern contraceptives prevalence up from 4 to 5% (2006) to 17.8% (2010). Overall demand for reproductive health services	***Lending*** Multi-sector Demographic Project PRODEM Approved 6/19/2007;	Population and fertility outcomes depend on interventions in areas other than health, in particular in education but also in rural

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for women 20-24 from 4.4% (2006) to 7% (end 2010) - Percentage of children 0-5 months exclusively breastfed is up from 13.5% (2006) to 16% (end 2010)	has increased. But increased demand for planning services not yet met by sufficiently increased supply. 55% of population over age 15 had been sensitized on population and reproductive health issues. Percentage of children 0-5 months exclusively breastfed is up from 13.5% (2006) to 27% (end 2010) ***Milestones partially reached*** Appropriate institutional setup for the implementation of Government's (DGPP) at the central, regional, departmental, and communal level. Consolidated responsibility for population issues, promotion of women, and the protection of children in a single ministry, to facilitate the effective implementation of the DGPP. Major capacity building done in Ministry of Population and Social Reform. M&E system in place and demographic data collected. Budget allocation for this ministry almost doubled from 2010 to FCFA 5.8 billion in 2011. Nationwide and culturally sensitive national advocacy, information, education and communication (IEC) and behavior change communication (BCC), on population and development and reproductive health, family planning and breastfeeding issues progressing well under PRODEM including with NGO support. Annual work plans prepared, adopted, implemented each year. -Introduce legal reforms to increase age at marriage: Government prepared legal text and measures to increase minimum age of marriage: not yet done Implementing policies that foster women's economic autonomy: some	closing 3/31/2013. Restructured mid-2011. PDO rated MS; IP rated S. Institutional Strengthening & Health Sector Program Basic Education Project GPRC-1 ***AAA*** Health and demographic survey 2011	development, women affairs, and justice. The multi-sector design like the PRODEM is needed for capturing the synergies between these various sectors.

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	limited actions under way with PRODEM and CAP. Milestones for improved girls education, basic health services and gender equity also contribute to this outcome		
Cross Cutting issue 2: Promoting Good Governance			
PRSP Pillar 6: Promoting high quality governance			
Outcome 15. strengthen economic governance and capacity to implement and monitor reforms *Indicators* -Improved capacity to implement PEMFAR and procurement reforms -More efficient and transparent administration of government resources -Allocations to education, health and rural development sectors better aligned with MTEF and budget law	***Partially Achieved and Further PFM progress under way*** PEMFAR reforms on fiscal resource mobilization (tax and customs), enhanced budget preparation, execution and control, using PEFA methodology to evaluate progress and performance well under way. The various performance measures of the budget cycle including preparation, reliability of revenues forecasts, implementation, monitoring and reporting, have experienced some progress against the 2009 baseline. The quality of macroeconomic projections and fiscal revenues has improved. The variance between actual and planned revenues for the Customs and Tax Authorities in 2010 was smaller than a year earlier (15% versus 21% for Tax; and 1% versus 11% for Customs. Global MTEF is prepared, outlining sector budget allocations, consistent with PRSP. From 2007 to 2009 budget expenditures for priority sectors increased from 5.7% to 7.5% of GDP. Budget allocations for pro-	***Lending*** - Reform Management and TA Approved 7/02/2009; closing 4/30/2015. DPO and IP rated S. - GPRC -1 and GPRC-2 - EITI TF ***AAA*** PETS Political economy of Mining PEMFAR II GAC review and action program proposal (2011)	The lack of success of previous PFM reform programs in Niger highlighted the need to combine the design of a major policy and institutional reform program in PFM with implementation of a comprehensive capacity-building project supporting each main objective of the aspects of the program. Thus five-year Reform management and TA project supports an in-depth increase of Ministry of Finance (MEF)'s capacity. The approach for PFM in Niger is based on a long-term and systemic treatment of existing anomalies of the PFM system rather than a quick short-term technical fix and consists in a sequenced platform approach for building credible and

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	poor expenditures increased by about 1.3 percent of GDP and expenditure allocations for priority sectors by 4 percent of GDP in 2011. - Supreme Audit (Courts of Accounts established) with capacity-building provided to it. - Public procurement system ensuring more transparent and effective control of contract awards during the opening and technical evaluation of bids, with the revision of the legal framework (unique committee responsible for bid opening and contract award established and composition of bid evaluation committees adjusted). Draft new procurement code has been submitted to the National Assembly. -General Directorate for public procurement and its decentralized divisions are staffed and operational Niger's compliance with EITI standards and principles highly satisfactory. Niger completed EITI validation on March 1, 2011. EITI++ mission done. But in oil sector, the government does not yet have the proper legal, regulatory and institutional framework to properly manage oil development and review split of benefits whiles oil production has started end 2011.		reliable PFM systems. It encompasses a sequence of activities which gives priority to the most pressing needs, taking into account the capacity and institutional realities. Civil service reform, a crucial driver of public sector management in Niger has not yet been addressed. Coordination and harmonization among many donors active in PFM has improved but more needs to be done – as for budget support, through common matrix.

II. TABLE 2. PLANNED LENDING PROGRAM AND ACTUAL DELIVERIES

CAS PLANS			STATUS	
FY		**US$ M**		**US$ M**
2008	Local Urban Infrastructure Development	30.0	Delivered	30.0
	Avian Flu Component added to Community Action Program 1	4.7	Delivered	4.5
	Niger Basin Water Resources Development Project	15.0	Delivered	15.0
	Transport Sector Program Support Project	30.0	Delivered	30.0
			Additional Actual projects	
			Emergency Food Security Project *	7.0
			Basic Education Support EFA-FTI (FTI-BEP) *	8.0
	Subtotal	**79.7**		**94.5**
2009	Community Action Program 2 APL	30	Delivered	30.0
	Agro-Pastoral Export and Markets Development Promotion	30	Delivered	40.0
	Reform Management and TA	10	Moved to early FY010	0
	DPL III on Growth	30	Delivered as Growth Policy Reform Grant GPRG-1	40
			GEF additional to CAP2*	4.7
	Subtotal	**100**	Subtotal	**110.0**
2010	Water Sector Support II	50	Moved to FY11 as Urban Water and Sanitation	0
	DPL IV/PRSC 1	50	Moved to FY11 as GPRG-2	0
			Reform Management and TA (delivered; instead of FY09)	10
	subtotal	**100**		**10.0**
2011	Education Enhancement and Skills Development	30	Moved to FY12?	
	Sources of Growth	30	Moved to FY12	0
	DPL V/ PRSC 2	40	GPRG-2 (delivered instead of FY010)	52
			Urban Water and Sanitation (delivered; instead of FY09)	90
			Additional Actual projects	
			Safety Net Project	70
			2nd Emergency Food Security Project*	15

	l	**100**	Subtotal	**212**
	Subtotal FY09-011- IDA 15	**300**	Subtotal FY09-011	**332**
			(of which additional GEF and other grants)*	
	Total FY07-10	**379.7**		**418.5**

Regional Projects			
2011		West Africa Agriculture Productivity Project 1 –C	30.0

III. TABLE 3. PLANNED NON LENDING SERVICES AND ACTUAL DELIVERIES

CAS PLANS		STATUS
2008	Diagnostic Trade Integrated Survey	Delivered based on 2006-07 missions and validated in 2008.[52]
	Food Security and Social Safety Nets	Delivered
	Irrigation Development	Delivered
	PETS (health, education)	Delivered
		FSAP (report September 2008)
		EITI Implementation
2009	Review of Pension Systems/Pension reform study	Delivered (based on 2007-2009 missions)
	PER/PEMFAR11	Delivered, updated &reviewed in FY010; validated in November 2011
	Political Economy of Mining	Delivered
		Additional actual products
		ROSC Accounting and audit
		Four AAA activities for the Safety Net[53]
2010	Skills Development and Growth	Delivered
	Rural Finance study	Delivered
	Supporting Sustainable Rural Growth	Dropped
	CAS progress report	Dropped
		Additional actual products
		PEMFAR Action Plan
		Country education status
		Support to National Statistical Office
2011	other AAA (TBD)	Financial Sector development Strategy (FIRST)
		LSMS-ISA[54] underway
		Policy Notes for New Government (10)
		Local Development Kandadji growth Pole
		Poverty assessment/TA for Poverty Monitoring
		CSO Support mining /EITI Post compliance
		School Grants Impact Evaluation
		Strengthening Results-Based M&E for Rural Dvt. Strategy
AAA Carried out or started and during first quarters of FY012		
Energy sector review (originally planned for 05 under previous CAS, rescheduled for FY08 and delayed again).		
Support to preparation of new PRSP		
Household Survey on Migration		
Demographic and Health Survey		
Informal Sector Survey[55]		
Joint Bank-Fund Debt Sustainability Analysis November 2011		

AAA on climate change carried out during 2008-2012
PER of rural sector with a focus on Sustainable Land Management
Impact evaluation of land rehabilitation programs with Sustainable Land Management
Harmonizing resource management schemes and plans study
Regional ESW "Managing Land in a Changing Climate: An Operational Perspective for Sub-Saharan Africa" including a pilot area on Niger

[52] Action matrix adopted by Government in May 2010.
[53] (i) Identifying the causes of food insecurity and policies to reduce it; (ii) assess the scope and coverage of existing safety net programs; (iii) evaluating targeting methods of vulnerable population; (iv) assess the feasibility of cash transfer programs.
[54] Living conditions Panel Survey project supported by a US$ 1.6 million grant
[55] for measuring the size and typology of the informal economy for both youth and adult entrepreneurs

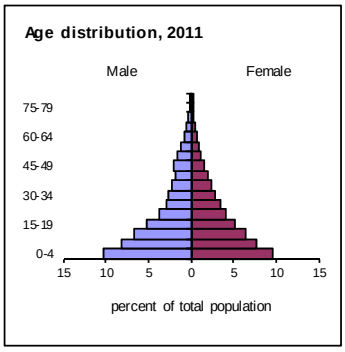
IV. ANNEX 1 – LENDING OPERATIONS UNDER IMPLEMENTATION 2008-2011

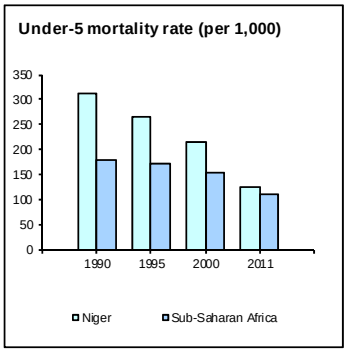
Operation	Approval Date	Closing Date – Actual. or (planned)	Amounts US$ mil. Credit/Grant	Extensions (E) Restructuring (R)	Outcome rating[56] (Bank Performance)
Water Sector Project	5/03/2001	12/31/2009	48 + 10	E	S (S) (ICR)
Private Irrigation Promotion	3/19/2002	12/31/2008	38.72	R & E	HS (S) (ICR)
Community-based Integrated Ecosystem Management[57]	3/20/2003	6/31/2008	4.0		S (S) (ICR)
CAP I Community Action Program	3/20/2003	12/31/2010	35 + 4[58]	E (2)	S (S) (ICR)
Multi-Sectoral HIV/AIDS Support project	4/04/2003	6/30/2009	25	R & E	MU (MU) (ICR)
PADEB Basic Education Project	7/17/2003	6/31/2009	30	E	S (S) (ICR)
Financial Sector TA Project	2/19/2004	12/31/2010	14.8	R&E	MU (MU) (ICR[59])
IHSPP (Inst. Strengthening & Health Sector Support Project). -	1/05/2006	6//2011	35	R & E	S (S)(ICR)
PRODEM Multi-sector Demographic Project	6/19/2007	3/31/2013	10	R	MS (S) (ISR)
Transport Sector Program Support Project	4/29/2008	(12/15/2012)	30	R (2) E	MS (S) (ISR)
Local Urban infrastructure development project	5/29/2008	(4/30/2015)	30	R	S (S) (ISR)
CAP-2 Community Action Program 2	8/29/2008	(4/30/2013)	30+ 4.5[60]		S (MS) (ISR)
GPRC-1 Growth Policy Reform credit	3/24/2009	6/30/2010	40		
PRODEX Agro-pastoral Export and Market Development Project	3/26/2009	(4/30/2014)	40		MS (MS)(ISR)
Reform Management and TA project.	7/02/2009	(4/30/2015)	10	E	S (S) (ISR)
HIV/AIDS Support 2	4/26/2011	(6/30/2016)	20		na
Urban Water & Sanitation	4/26/2011	(12/31/2015)	90		na
Safety net Project	5/19/2011	(6/30/2017)	70		S (S) (ISR)
GPRC-2 Growth Policy Reform credit 2	6/23/2011	(6/30/2012)	52		na
GEF and other Grants					
Emergency Food Security	8/26/2008	12/31/2009	7	E	S (S) (ICR)
EFA-FTI Basic Education	8/09/2009	(5/31/2012)	8	E	S (MS) (ISR)
Second Emergency Food Security	1/24/2011	(11/29/2013)	15		na
Regional Operations					
W. Africa Agricultural Productivity	4/24/2011	(6/30/2016)	30		S (S) (ISR)
Africa Emergency Locust (regional)	12/16/2004	5/31/2011	9.9 (60 for 7 countries)	E	S(S[61])(ISR)
Niger Basin Water river Development	7/03/2007	(1/31/2013)	15		MS (MS) (ISR)

[56] Rating from ISRs: for the DPO and in brackets for IP. Rating from ICR is for overall outcome and in brackets for Bank performance.
[57] Parallel financing to CAP 1
[58] US$4.5 million Avian Flu additional financing approved 12/12/2007
[59] The IEG ratings are both U for outcomes and Bank performance:
[60] PAC2 benefitted also from a US$4.67 GEF grant
61 Rating for Niger component: MS

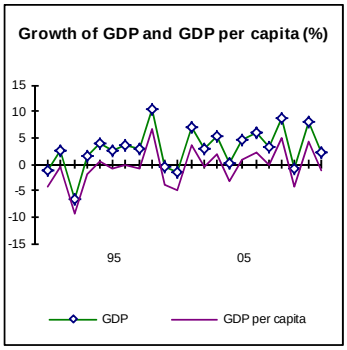
Annex 3: Country at Glance

Key Development Indicators	Niger	Sub-Saharan Africa	Low income
(2011)			
Population, mid-year (millions)	16.1	875	817
Surface area (thousand sq. km)	1,267	24,244	16,584
Population growth (%)	3.6	2.5	2.1
Urban population (% of total population)	18	36	28
GNI (Atlas method, US$ billions)	5.8	1,101	466
GNI per capita (Atlas method, US$)	360	1,258	571
GNI per capita (PPP, international $)	720	2,225	1,378
GDP growth (%)	2.3	4.7	6.0
GDP per capita growth (%)	-12	2.1	3.7
(most recent estimate, 2005–2011)			
Poverty headcount ratio at $1.25 a day (PPP, %)	44	48	48.4
Poverty headcount ratio at $2.00 a day (PPP, %)	75	69	74.3
Life expectancy at birth (years)	55	55	59
Infant mortality (per 1,000 live births)	66	69	63
Child malnutrition (% of children under 5)	40	21	23
Adult literacy, male (% of ages 15 and older)	43	71	70
Adult literacy, female (% of ages 15 and older)	15	54	56
Gross primary enrollment, male (% of age group)	77	103	108
Gross primary enrollment, female (% of age group)	64	96	103
Access to an improved water source (% of population)	49	61	65
Access to improved sanitation facilities (% of population)	9	31	37





Net Aid Flows	1980	1990	2000	2011
(US$ millions)				
Net ODA and official aid	165	388	209	745
Top 3 donors (in 2010):				
European Union Institutions	9	42	13	151
United States	9	31	5	103
Canada	4	13	3	54
Aid (% of GNI)	6.7	16.0	11.7	13.8
Aid per capita (US$)	28	50	19	48



Long-Term Economic Trends	1980	1990	2000	2011	1980–90	1990–2000	2000–11
					(average annual growth %)		
Consumer prices (annual % change)	..	*-2.9*	2.9	*2.3*			
GDP implicit deflator (annual % change)	20.8	-16	4.5	3.6			
Exchange rate (annual average, local per US$)	211.3	272.3	712.0	471.9			
Terms of trade index (2000 = 100)	..	*152*	100	*95*			
Population, mid-year (millions)	5.9	7.8	10.9	16.1	2.8	3.4	3.5
GDP (US$ millions)	2,509	2,481	1,798	6,017	-0.1	2.4	4.2
		(% of GDP)					
Agriculture	43.1	35.3	37.8	..	17	3.0	..
Industry	22.9	16.2	17.8	..	-17	2.0	..
Manufacturing	3.7	6.6	6.8	..	*-2.7*	2.6	..
Services	34.0	48.6	44.4	..	-0.7	1.9	..
Household final consumption expenditure	75.1	83.8	83.4	75.1	-0.6	*1.5*	..
General gov't final consumption expenditure	10.4	15.0	13.0	11.5	4.4	*0.8*	..
Gross capital formation	28.1	8.1	11.4	22.6	-7.1	*4.0*	..
Exports of goods and services	24.6	15.0	17.8	15.0	-2.9	*3.1*	..
Imports of goods and services	38.1	22.0	25.7	24.2	-6.3	*-2.1*	..
Gross savings	17.1	-2.1	2.8	..			

Note: Figures in italics are for years other than those specified. .. indicates data are not available.

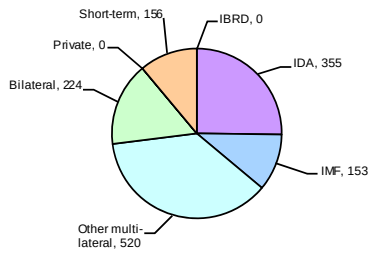
Development Economics, Development Data Group (DECDG).

Balance of Payments and Trade	**2000**	**2011**
(US$ millions)		
Total merchandise exports (fob)	283	*438*
Total merchandise imports (cif)	402	*830*
Net trade in goods and services	-135	*-1,257*
Current account balance	-147	*-1,198*
as a % of GDP	-8.2	*-22.8*
Personal transfers and compensation of employees (receipts)	14	102
Reserves, including gold	..	..

Central Government Finance		
(% of GDP)		
Current revenue (including grants)	10.3	11.3
Tax revenue	8.0	9.9
Current expenditure	11.2	9.9
Overall surplus/deficit	-5.7	-8.3
Highest marginal tax rate (%)		
Individual	..	..
Corporate	..	..

External Debt and Resource Flows		
(US$ millions)		
Total debt outstanding and disbursed	1,721	1,408
Total debt service	27	35
Debt relief (HIPC, MDRI)	944	646
Total debt (% of GDP)	95.7	23.4
Total debt service (% of exports)	7.9	*4.5*
Foreign direct investment (net inflows)	8	1,014
Portfolio equity (net inflows)	0	0

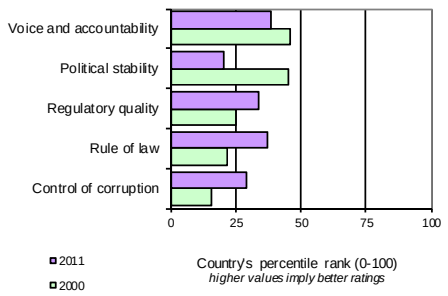
Composition of total external debt, 2011



US$ millions

Private Sector Development	**2000**	**2011**
Time required to start a business (days)	–	17
Cost to start a business (% of GNI per capita)	–	114.4
Time required to register property (days)	–	35
Ranked as a major constraint to business (% of managers surveyed who agreed)	**2000**	**2011**
Tax rates	..	*32.8*
Anticompetitive or informal practices	..	*20.8*
Stock market capitalization (% of GDP)	..	..
Bank capital to asset ratio (%)	..	..

Governance indicators, 2000 and 2011



Source: Worldwide Governance Indicators (www.govindicators.org)

Technology and Infrastructure	**2000**	**2011**
Paved roads (% of total)	*25.7*	*20.6*
Fixed line and mobile phone subscribers (per 100 people)	0	30
High technology exports (% of manufactured exports)	*15.5*	4.5

Environment		
Agricultural land (% of land area)	29	35
Forest area (% of land area)	10	0.9
Terrestrial protected areas (% of land area)	7.1	*7.1*
Freshwater resources per capita (cu. meters)	*299*	218
Freshwater withdrawal (% of internal resources)	*67.5*	67.5
CO2 emissions per capita (mt)	0.07	*0.08*
GDP per unit of energy use (2005 PPP $ per kg of oil equivalent)	..	..
Energy use per capita (kg of oil equivalent)	..	..

World Bank Group portfolio	**2000**	**2011**
(US$ millions)		
IBRD		
Total debt outstanding and disbursed	0	0
Disbursements	0	0
Principal repayments	0	0
Interest payments	0	0
IDA		
Total debt outstanding and disbursed	723	355
Disbursements	68	83
Total debt service	14	3
IFC *(fiscal year)*		
Total disbursed and outstanding portfolio	0	1
of which IFC own account	0	1
Disbursements for IFC own account	0	0
Portfolio sales, prepayments and repayments for IFC own account	0	0
MIGA		
Gross exposure	–	–
New guarantees	–	–

Note: Figures in italics are for years other than those specified.
.. indicates data are not available. – indicates observation is not applicable.

3/15/13

Development Economics, Development Data Group (DECDG).

Annex 4: Selected Indicators of Bank Portfolio Performance and Management

CAS Annex B2 - Niger

As Of Date
1/28/2013

Indicator	2010	2011	2012	2013
Portfolio Assessment				
Number of Projects Under Implementation [a]	10	10	11	10
Average Implementation Period (years) [b]	4.1	2.1	2.8	3.3
Percent of Problem Projects by Number [a, c]	10.0	20.0	0.0	0.0
Percent of Problem Projects by Amount [a, c]	4.9	18.1	0.0	0.0
Percent of Projects at Risk by Number [a, d]	50.0	40.0	9.1	20.0
Percent of Projects at Risk by Amount [a, d]	44.5	29.6	7.0	24.7
Disbursement Ratio (%) [e]	18.9	29.0	23.1	7.0
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US$)				
Average Supervision (US$/project)				

Memorandum Item	Since FY 80	Last Five FYs
Proj Eval by OED by Number	54	7
Proj Eval by OED by Amt (US$ millions)	1,347.0	216.6
% of OED Projects Rated U or HU by Number	40.7	42.9
% of OED Projects Rated U or HU by Amt	39.0	31.9

a. As shown in the Annual Report on Portfolio Performance (except for current FY).
b. Average age of projects in the Bank's country portfolio.
c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
d. As defined under the Portfolio Improvement Program.
e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 5: Niger Social Indicators

Niger Social Indicators

	Latest single year			Same region/income group	
	1980-85	1990-95	2005-11	Sub-Saharan Africa	Low-income
POPULATION					
Total population, mid-year *(millions)*	6.7	9.2	16.1	853.4	796.3
Growth rate *(% annual average for period)*	2.8	3.3	3.5	2.5	2.1
Urban population *(% of population)*	14.5	15.8	17.9	37.4	28.3
Total fertility rate *(births per woman)*	7.8	7.7	7.0	4.9	4.1
POVERTY					
(% of population)					
National headcount index	..	..	59.5	..	..
Urban headcount index	..	..	36.7	..	..
Rural headcount index	..	..	63.9	..	..
INCOME					
GNI per capita *(US$)*	220	190	340	1,176	528
Consumer price index *(2005=100)*	..	88	135	147	151
Food price index *(2000=100)*	..	..	..	..	..
INCOME/CONSUMPTION DISTRIBUTION					
Gini index	..	41.5	34.6	..	..
Lowest quintile *(% of income or consumption)*	..	6.0	8.1	..	..
Highest quintile *(% of income or consumption)*	..	48.1	43.1	..	..
SOCIAL INDICATORS					
Public expenditure					
Health *(% of GDP)*	..	1.6	2.6	3.0	2.0
Education *(% of GNI)*	..	..	..	5.0	3.8
Net primary school enrollment rate					
(% of age group)					
Total	19	22	62	75	80
Male	..	27	68	77	81
Female	..	17	57	73	78
Access to an improved water source					
(% of population)					
Total	..	39	49	61	65
Urban	..	68	100	83	86
Rural	..	33	39	49	57
Immunization rate					
(% of children ages 12-23 months)					
Measles	27	40	76	75	78
DPT	4	23	75	77	80
Child malnutrition *(% under 5 years)*	45	41	40	22	23
Life expectancy at birth					
(years)					
Total	40	44	55	54	59
Male	40	44	54	53	58
Female	40	45	55	55	60
Mortality					
Infant *(per 1,000 live births)*	134	115	66	76	70
Under 5 *(per 1,000 live births)*	318	267	125	121	108
Adult (15-59)					
Male *(per 1,000 population)*	..	..	313	379	297
Female *(per 1,000 population)*	..	..	271	346	260
Maternal *(per 100,000 live births)*	..	1,100	590	650	590
Births attended by skilled health staff *(%)*	..	15	18	46	44

CAS Annex B5. This table was produced from the CMU LDB system. 01/31/13

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97. Immunization: refers to children ages 12-23 months who received vaccinations before one year of age or at any time before the survey.

Annex 6: Niger Key Economic Indicators

Update

Niger - Key Economic Indicators

Indicator	Actual 2007	Actual 2008	Actual 2009	Estimate 2010	Estimate 2011	Estimate 2012	Projected 2013	Projected 2014	Projected 2015
National accounts (as % of GDP)									
Gross domestic product[a]	100	100	100	100	100	100	100	100	100
Agriculture	41	44	39	45	42	43	43	44	44
Industry	13	14	15	12	12	12	12	12	12
Services	38	35	38	36	38	39	39	39	38
Total Consumption	90	85	94	88	88	89	85	85	86
Gross domestic fixed investment	23	32	33	37	38	35	40	41	38
Government investment	16	15	17	14	13	16	16	17	17
Private investment	7	17	16	22	25	19	23	25	22
Exports (GNFS)[b]	18	19	21	22	22	27	27	28	27
Imports (GNFS)	30	36	47	48	50	48	48	50	48
Gross domestic savings	10	15	6	12	12	11	15	15	14
Gross national savings[c]	11	..	6	12	12	11	..	..	..
Memorandum items									
Gross domestic product (US$ million at current prices)	4248.1	5359.4	5327.9	5793.3	6468.6	6271.5	6939.1	7411.6	7908.1
GNI per capita (US$, Atlas method)	0	0	0	0	0	0	..	..	..
Real annual growth rates (%, calculated from 87 prices)									
Gross domestic product at market prices	3.3	9.5	1.0	10.7	2.2	11.2	6.2	6.4	6.0
Gross Domestic Income	2.3	7.4	-0.2	9.2	1.6	8.5	5.6	5.5	6.2
Real annual per capita growth rates (%, calculated from 87 prices)									
Gross domestic product at market prices	-0.3	6.0	-2.2	7.1	-1.1	7.7	2.8	3.0	2.6
Total consumption	..	..	..	..	..	..	..	..	..
Private consumption	..	..	..	..	..	..	..	..	..
Balance of Payments (US$)									
Exports (GNFS)[b]	731	972	968	1006	1015	1032	..	..	..
Merchandise FOB	590	834	927	1085	1206	1274	..	..	..
Imports (GNFS)[b]	1249	1890	2224	2849	0	0	..	..	..
Merchandise FOB	896	1321	1432	1848	1848	1848	..	..	..
Resource balance	-517	-918	-1257	-1843	1015	1032	..	..	..
Net current transfers	0	0	0	0	0	0	..	..	..
Current account balance	-333	-710	-1198	-1403	-1835	-2205	..	..	..
Net private foreign direct investment	121	566	736	1001	0	0	..	..	..
Long-term loans (net)	..	..	..	..	..	..	..	..	..
Official	70	86	74	79	..	..	..	..	..
Private	..	..	..	..	..	..	..	..	..
Other capital (net, incl. errors & ommissions)	..	..	..	..	..	..	..	..	..
Change in reserves[d]	-149	-131	101	29	0	0	..	..	..
Memorandum items									
Resource balance (% of GDP)	0.0	0.0	0.0	0.0	0.0	0.0	..	..	..
Real annual growth rates (YR87 prices)									
Merchandise exports (FOB)	-4.4	-1.1	3.6	14.7	5.4	31.1	..	..	..
Primary	..	..	..	..	..	..	..	..	..
Manufactures	..	..	..	..	..	..	..	..	..
Merchandise imports (CIF)	7.9	30.8	28.9	11.8		..	..	..	..

(Continued)

Niger - Key Economic Indicators
(Continued)

Indicator	Actual			Estimate			Projected	
	2007	2008	2009	2010	2011	2012	2013	2014
Public finance (as % of GDP at market prices)[e]								
Current revenues	22.4	24.3	18.9	18.3	25.2	36.6	..	..
Current expenditures	23.4	22.8	24.3	20.4	20.7	15.4	..	..
Current account surplus (+) or deficit (-)	-1.0	1.5	-5.4	-2.1	4.5	21.3	..	..
Capital expenditure	11.6	10.3	12.3	7.6	6.8	13.9	..	..
Foreign financing	8.5	5.7	5.8	4.1	4.8	9.7	..	..
Monetary indicators								
M2/GDP	18.0	17.1	19.3	18.3	18.6	19.2	..	..
Growth of M2 (%)	23.0	12.2	18.3	8.1	8.1	8.1	..	..
Private sector credit growth / total credit growth (%)	0.0	0.0	0.0	0.0	0.0	0.0	..	..
Price indices(YR87 =100)								
Merchandise export price index	121.7	173.8	186.5	190.3	200.7	161.7	..	..
Merchandise import price index	119.6	134.8	113.4	130.8			..	..
Merchandise terms of trade index	101.8	128.9	164.5	145.5	..	..	..	..
Real exchange rate (US$/LCU)[f]	..	0.0	0.0	0.0	0.0	0.0	..	..
Real interest rates								
Consumer price index (% change)	..	..	4.3	1.6	1.6	1.6	..	..
GDP deflator (% change)	3.3	7.8	3.7	3.1	4.0	-5.7	1.1	1.0

a. GDP at market prices
b. "GNFS" denotes "goods and nonfactor services."
c. Includes net unrequited transfers excluding official capital grants.
d. Includes use of IMF resources.
e. Consolidated central government.
f. "LCU" denotes "local currency units." An increase in US$/LCU denotes appreciation.

Annex 7: Niger Key Exposure Indicators

Update

Niger - Key Exposure Indicators

Indicator	Actual 2007	Actual 2008	Actual 2009	Estimated 2010	Estimated 2011	Estimated 2012	Projected 2013	Projected 2014	Projected 2015
Total debt outstanding and disbursed (TDO) (US$m)[a]	818	1225	2156	2855	3124	3638	3953	4244	4555
Net disbursements (US$m)[a]	23	22	29	24	70	96	551	133	146
Total debt service (TDS) (US$m)[a]	15	13	16	14	17	26	33	32	33
Debt and debt service indicators (%)									
TDO/XGS[b]	263	341	745	580	778	578	572	579	581
TDO/GDP	19	23	40	51	49	55	54	54	54
TDS/XGS	5	3	5	3	4	4	5	4	4
Concessional/TDO									
IBRD exposure indicators (%)									
IBRD DS/public DS	..	..	..	..	..	..	..	..	..
Preferred creditor DS/public DS (%)[c]	..	..	..	..	..	..	..	..	..
IBRD DS/XGS	..	..	..	..	..	..	..	..	..
IBRD TDO (US$m)[d]	..	..	..	..	..	..	..	..	..
Of which present value of guarantees (US$m)									
Share of IBRD portfolio (%)	..	..	..	..	..	..	..	..	..
IDA TDO (US$m)[d]	234.87	248.1	265.733	275.24	..	..	..	..	..
IFC (US$m)									
Loans									
Equity and quasi-equity /c									
MIGA									
MIGA guarantees (US$m)									

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

e. Includes equity and quasi-equity types of both loan and equity instruments.

Annex 8: Operations Portfolio

CAS Annex B8 - Niger

Operations Portfolio (IBRD/IDA and Grants)

As Of Date 1/28/2013

Closed Projects **65**

IBRD/IDA *	
Total Disbursed (Active)	161.98
of which has been repaid	0.00
Total Disbursed (Closed)	676.63
of which has been repaid	53.59
Total Disbursed (Active + Closed)	838.61
of which has been repaid	53.59
Total Undisbursed (Active)	232.48
Total Undisbursed (Closed)	4.57
Total Undisbursed (Active + Closed)	237.05

Active Projects

Project ID	Project Name	Last PSR Supervision Rating: Development Objectives	Last PSR Supervision Rating: Implementation Progress	Fiscal Year	Original Amount in US$ Millions: IBRD	IDA	GRANT	Cancel.	Undisb.	Difference Between Expected and Actual Disbursements [a/]: Orig.	Frm Rev'd
P102354	Community Action Program	S	S	2009		30			0.038631	1.1477486	
P127204	Competitiveness & Growth	S	S	2012		50			49.62992	2.6666667	
P095210	NE - Agro-Pastoral Export I	S	S	2009		40			16.31525	13.962241	4.213062
P107841	NE Community Action Proj	S	S	2009			4.5		0.008197		
P116167	NE-HIV/AIDS Support Proje	S	S	2011		20			17.21377	1.4636931	
P096198	NE-MS Demographic SIL (F	MS	S	2007		10			0.40328	-0.01853	-0.83146
P101434	NE-Transport Sector Progra	MS	S	2008		30			2.048295	2.9387393	
P117365	NE-Urban Water and Sanita	S	MS	2011		90			78.90959	2.5335672	
P125272	NIGER - Shared Growth Cr	S	S	2012		50			0.384503		
P108253	Niger Reform Management	S	S	2010		10			5.867723	2.2164694	
P123399	Niger Safety Net Project	S	S	2011		70			61.66937	-2.105494	
Overall Result						400	4.5		232.4885	-28.939	3.381599

Annex 9: Statement of IFC's Held and Disbursed Portfolio

PEP Donor Activity: (as of June 30, 2012)

Name of Donor	Sector	Program	Committed ($m)
IFC	PPP	Niger Port Devco	0.80
IFC	Access to Finance	AMSME Program	0.50
Grand Total			**1.30**

Resource Mobilization: (as of June 30, 2012)

Name of IFC Initiative / Parallel financing / B-loan	Partner Institution	# of Projects in which participant	Committed Portfolio ($m)
Asset Management Company - Equity Fund	JBIC	1	0.35
Asset Management Company - Sub-debt Fund	JBIC	1	1.04
Asset Management Company - ALAC Fund	KIC	1	0.03
Asset Management Company - ALAC Fund	PGGM	1	0.09
Asset Management Company - ALAC Fund	Saudi	1	0.03
Asset Management Company - ALAC Fund	SOF Azer.	1	0.03
Asset Management Company - ALAC Fund	UN Pension Fund	1	0.05
Asset Management Company - ALAC Fund	ADIA	1	0.02
Grand Total			**1.64**

Investment Activity: (as of June 30, 2012)

Client	Sector	Committed ($m)
Marina Mkt Niger	Wholesale and Retail Trade	0.50
Grand Total		**0.50**

FY13 Investment Pipeline: (as of August 31, 2012)

None

Annex 10: Donor Mapping, Bank sectoral mapping in FY16 and ODA Coordination

Sectors / Donors	Macroeconomics	Governance and Public Sector Management	Decentralization	Education	Health	Food Security	Population and Gender	Water and Sanitation	Agriculture and Rural Development	Transport	Private Sector and Finance	HIV AIDS
France	*	*	*	*	*	*		*	*		*	*
Germany		*	*	*	*	*		*	*			
Belgium				*		*						
Denmark				*				*	*			
Switzerland												
Canada							*				*	
Luxembourg				*					*			
United Kingdom				*								
USA		*		*		*						
World Bank	*		*	*	*		*	*	*	*	*	*
ADB	*											
BOAD								*		*		
IMF	*											
European Union	*	*	*	*		*		*	*	*	*	
IDB			*						*	*		
BADEA												
UN Agencies		*	*		*	*	*				*	*

Sector / World Bank FY	Macroeconomics	Governance and Public Sector Management	Decentralization	Education	Health	Food Security and RDA activities	Population and Gender	Water and Sanitation	Transport	Private Sector and Finance	HIV AIDS
FY 12	*	*	*	*	*	*	*	*	*	*	*
FY 16[62]	*			*	*	*	*	*		*	

ODA Coordination

Thematic Groups	*Lead Donor*
Coordination and Aid Efficiency	WBG&UNDP
Macroeconomics/PFM	EU
Health	Spain
Transport &Infrastructure	EU
Education	UNICEF
Climate Change & Environment	UNDP
Governance	WBG
Water & Sanitation	France
Demography/Gender/Social Protection	UNFPA
Agriculture & Food Security (3N)	EU

[62] Areas where the Bank Group will have a major intervention

Annex 11: Country Financing Parameters

NIGER: COUNTRY FINANCING PARAMETERS

August 04, 2005

The country financing parameters for Niger set out below have been approved by the Regional Vice President, Africa Region, and are being posted on the Bank's internal website.

Item	Parameter	Remarks / Explanation
Cost Sharing. Limit on the proportion of individual project costs that the Bank may finance.	Up to 100 per cent	Bank financing for individual projects may be up to 100 per cent of project cost. However, given the authorities' expressed desire to participate in project financing to demonstrate ownership and commitment, it is expected that Government contributions will remain at the current average of 10 percent except when adverse conditions warrant otherwise. Contributions of local government in the context of decentralization and the implementation of CDD type projects would be defined on a case by case basis also and is expected to average about 10 per cent. The Bank expects to cofinance several projects with other development partners, particularly in sectorwide approaches.
Recurrent cost financing. Any limits that would apply to the overall amount of recurrent expenditures that the Bank may finance.	No limit on recurrent cost financing (if conditions specified in the next column are met).	Recurrent cost financing will be determined on a case by case basis. Bank's financing of recurrent cost would be done within the government's fiscal policy framework, ensuring good control of fiscal deficit and overall sustainability of external debt. The Bank would closely monitor these aspects and their implications for recurrent cost financing. In determining the Bank financing of recurrent costs in individual projects, the Bank will take into account sustainability issues at sector and project levels.
Local cost financing. Are the requirements for Bank financing of local expenditures met, namely that: (i) financing requirements for the country's development program would exceed the public sector's own resources (e.g., from taxation and other revenues) and expected domestic borrowing; and (ii) the financing of foreign expenditures alone would not enable the Bank to assist in the financing of individual projects.	Yes	The two criteria are met and the Bank may finance local costs as needed in individual projects.
Taxes and duties. Are there any taxes and duties that the Bank would not finance.	None	Tax and duties are reasonable. At the project-level, the Bank would consider if taxes and duties constitute an excessively high share of project costs.

Annex 12: Debt Sustainability Analysis

INTERNATIONAL DEVELOPMENT ASSOCIATION

Niger

Joint IMF/IDA Debt Sustainability Analysis Update

Prepared by the Staffs of the International Monetary Fund and the International Development Association

Approved by David Robinson and Peter Allum (IMF) and Marcelo Giugale and Sudarshan Gooptu (World Bank)

March 14, 2013

The previous Debt Sustainability Analysis was prepared in 2011. The medium-term economic framework underpinning the analysis has been revised to reflect new information on the financing of large oil and mining projects, including the contracting of a new concessional loan to refinance an oil refinery. While the various debt measures remain below the relevant thresholds for the baseline scenario, the present value (PV) of debt to GDP ratio breaches the threshold under the most extreme stress test. On the basis of this, Niger's risk of debt distress should continue to be considered as moderate.

I. BACKGROUND

1. This debt sustainability analysis (DSA) was jointly prepared by the IMF and the World Bank and updates the 2011 DSA of the external and total public debt of Niger. It uses the standard debt dynamics template for low-income countries and is based on end-2011 data. The debt data cover external and domestic debt of the central government, debt of public enterprises and parastatals, a state guarantee, and private external debt, derived from the projected debt flows linked to large oil and mining projects. Domestic debt includes arrears, debt to the central bank (BCEAO) for statutory advances and the SDR allocation, and government securities.

2. Niger's debt ratios have been significantly reduced by debt relief, as discussed in the previous DSA. The Enhanced HIPC Initiative, whose completion point was reached in 2004, together with the Multilateral Debt Relief Initiative (MDRI) assistance in 2006 from the African Development Fund, IDA, and the IMF, resulted in a significant decline in public nominal external debt, from more than 80 percent of GDP in 2002 to about 17 percent in 2010. In 2011, the government contracted a 650 million yuan loan for the financing of its share in the construction of the new Azelik uranium mine, and extended a guarantee of 40 percent of a US$880 million loan to the Soraz oil refinery. As a result, the stock of public external debt, including guarantees, moved to 22 percent of GDP at end-2011. Looking ahead, the authorities' ambitious economic development program includes increased infrastructure spending in the next few years.

II. UNDERLYING DSA ASSUMPTIONS

3. Medium-and long-term projections for Niger have been updated since the last DSA in the light of recent developments and discussions with the authorities (Text Table 1). The key differences from the previous analysis stem from the fact that a bad agricultural harvest in 2011, together with important start-up difficulties encountered in the new oil project and a significant shortfall in custom revenues in 2012 led to downward revisions in GDP growth, fiscal revenue and exports for both 2011 and 2012. At the same time, the start of operations of the new Imouraren uranium mine, currently under development and expected to double current uranium production capacity, has been postponed by about two years, resulting in the expected impact of this new project

Text Table 1. Niger: Key Macroeconomic Assumptions (1)

Text Table 1. Niger: Key Macroeconomic Assumptions (1)

	2011-12	2013-16	2017-32
Real GDP growth (percent)			
DSA 2012	6.7	6.1	6.3
DSA 2011	8.9	6.9	6.2
Total Revenue (percent of GDP) /2			
DSA 2012	15.1	17.7	20.3
DSA 2011	16.4	19.1	21.1
Exports of goods and services (percent of GDP)			
DSA 2012	23.8	25.9	33.8
DSA2011	24.5	28.9	33.3

Sources: Nigerien authorities; and IMF and World Bank staffs estimates

1. Previous DSA covers the period 2011-31
2. Total revenue, excluding grants

shifting from the medium to the longer term. Macroeconomic assumptions for the long-term in GDP growth, revenue, and exports, remain close to those made in the last DSA.

4. Natural resources are expected to continue playing a key role in GDP growth in the longer term, together with a greater contribution from other sectors of the economy as the economy diversifies. Our assumption remains that higher revenue will be used for productive public investment, which, together with progress improving the business climate, will allow the economy to diversify. The inflation rate is projected to remain low and stable, averaging 1.9 percent over the projection period.

5. The exports-to-GDP ratio is projected to increase through 2028 as the economy diversifies and develops. A crude oil export project is currently under development, which might have an important impact on revenue and exports, but there is still too much uncertainty at this point in time to include it in the baseline framework.

6. The current account deficit, excluding official transfers, is projected to improve, reflecting the coming on stream of petroleum. The current account deficit is financed by debt creating flows, foreign direct investment, and capital grants, which account for about 17 percent of exports of goods and services on average over the projection period in Niger.

7. The macroeconomic outlook continues to be subject to various risks. The country remains vulnerable to exogenous shocks, including climatic shocks that frequently result in food crises, commodity price fluctuations including through their impact on the return on public sector investment projects, and the security situation in the region, as demonstrated by the recent flooding and continued arrivals of migrants from neighboring countries.

III. PUBLIC EXTERNAL DSA

IV. **Niger's public debt exposure is expected to increase significantly due to the government's involvement in natural resource projects.** In particular, the authorities have reached understandings with EXIM Bank of China on the contracting of a concessional loan of US$880 million (CFAF 435 billion, or 12 percent of GDP). This loan will refinance the existing non-concessional financing of the new refinery, which was initially provided by the Chinese investment partner (CNPC), with 40 percent guaranteed by the state. While the non-concessional 40 percent state guarantee will thus be terminated, causing a one-off spike in debt service ratios in 2013, the government is expected to assume liability for the total amount of the new loan, which will be on-lent to the refinery. As a result, the stock of public external debt is expected to reach about 33.5 percent of GDP in 2013, from 24 percent in 2012. As private external debt is expected to decrease by 60 percent in counterpart, as the previously contracted loan is terminated, the stock of total (public and private) external debt (in nominal terms) is not expected to be affected by this transaction. The rate of external public debt accumulation is subsequently expected to remain broadly stable over time (Figure 1a). While the grant element

of the new borrowing in the short term has improved compared to the previous DSA, because the new loan for the refinery is now concessional[63], it is expected to gradually decline over time, as the country develops and thus will have less access to new borrowing on highly concessional terms.

V. **In the baseline scenario the external debt ratios remain below their policy-dependent thresholds throughout the projection period (2012-32),** as in the previous DSA. The present value (PV) of debt-to-GDP ratio is projected to increase sharply from 2012 to 2013 and will continue to move upward for the rest of the period. The PV of debt-to-export and debt-to-revenue ratios adopt similar trajectories, with a relatively more benign path for the PV of debt-to-export ratio thanks to the increasing projected exports over the projection period.[64] Because of the assumed termination of the 40 percent state guarantee of the SORAZ loan in 2013, the present value of debt service to export and debt service to revenue ratios breach their thresholds in 2013.

VI. As in the previous DSA, the historical scenario shows a relative improvement in debt ratios. The scenario underlines that if the current account deficit, FDI inflows, real GDP growth and GDP deflator were at their historical averages, debt ratios would significantly improve. In comparison to the baseline scenario, lower debt ratios in this scenario mainly stem from a higher historical GDP deflator at about 8.5 percent compared to 2 percent in the projection period (see box).

VII. **The debt-to-GDP threshold is breached in the case of a one-time 30 percent depreciation of the CFA franc.** Following a one-time 30 percent nominal depreciation relative to the baseline in 2013, the PV of debt-to-GDP ratio would breach its threshold as early as 2016, and remain above it until 2032. The breach of thresholds is large and protracted. In addition to a one-time nominal depreciation, Niger is also vulnerable to a worsening in its financing terms during the projected period, as the PV of debt-to-GDP ratio would also breach its threshold from 2020 onwards.

IV. PUBLIC DSA INCLUDING DOMESTIC DEBT

V. **As in the previous DSA, considering public debt does not change the analysis.** Domestic debt includes arrears, debt to the central bank (BCEAO) for statutory advances and

[63] The terms are expected to be 1.5 percent interest rate, 20 years maturity and 9 years grace period, compared to a 3 percent interest rate margin over LIBOR, 10 year maturity and one year grace period for the guarantee.

[64] As in the previous DSA, the large residuals shown in table 1a and 1b reflect capital grants that the country is projected to receive thanks to the more stable political and economic environment. The large 2013 residuals also result from the amortization of the previously non-concessional contracted debt from CNPC, a, transaction reflected by large FDI outlows in that particular year.

the SDR allocation, and government securities. The public debt ratios remain relatively low under the different scenarios except for the most extreme shock. The most extreme shock (real GDP growth being set at its historical average minus one standard deviation in 2013-2014) is assumed to negatively affect nominal revenue while keeping the level of government spending the same as in the baseline, consequently leading to an increase in primary deficit and financing needs. This is reflected by the PV of debt-to-GDP and the PV of debt-to-revenue ratios more than doubling during the projection period.

V. PRIVATE DEBT DYNAMICS

VI. **The current DSA includes preliminary information on private debt provided by the authorities.** The main flows related to this category are linked to the large ongoing oil and uranium projects. The estimates incorporate the impact of the contracting of a loan by the refinery Soraz (60 percent privately owned) in 2011, and the expected gradual disbursement and subsequent repayment of a loan of about 1.4 billion euro from a foreign investor to finance the new uranium mine Imouraren. Including this debt, the stock of external debt would reach 56 percent of GDP in 2013. Amortization of this loan is projected to start from 2017 onwards, thus gradually decreasing the stock of private external debt.

VI. CONCLUSION

VII. **On the basis of the updated DSA, Niger remains subject to moderate risk of debt distress.** Although the grant element of new borrowing is projected to improve compared to the previous DSA in the short run, the stock of public external debt is expected to increase significantly, following the refinancing of the $880 million Soraz loan in 2013. This loan will replace the existing private non-concessional financing of the refinery, which was 40 percent guaranteed by the State, thereby substantially increasing the stock of public debt. The country's level of debt and the government's involvement in the financing of natural resources projects keep Niger very much vulnerable to adverse shocks, as demonstrated by the deterioration of the debt indicators in the extreme shock scenarios.

VIII. **Niger's continued risk of debt distress calls for a limited government involvement in financing natural resource projects.** It also underlines the need to remain vigilant in terms of seeking concessional new borrowing. Non-concessional borrowing should only be considered for well-assessed, high-yield commercial and infrastructure projects that will generate sufficient government revenue to cover debt service related to the projects.

IX. The Nigerian Authorities have indicated their agreement with the conclusions reached in this DSA. In particular, the authorities have stated that the result of moderate debt distress level, as well as staff recommendations in terms of limiting government involvement in financing natural resources projects, are consistent with a debt sustainability analysis the Technical Commission from National Public Debt Committee conducted in October 2012.

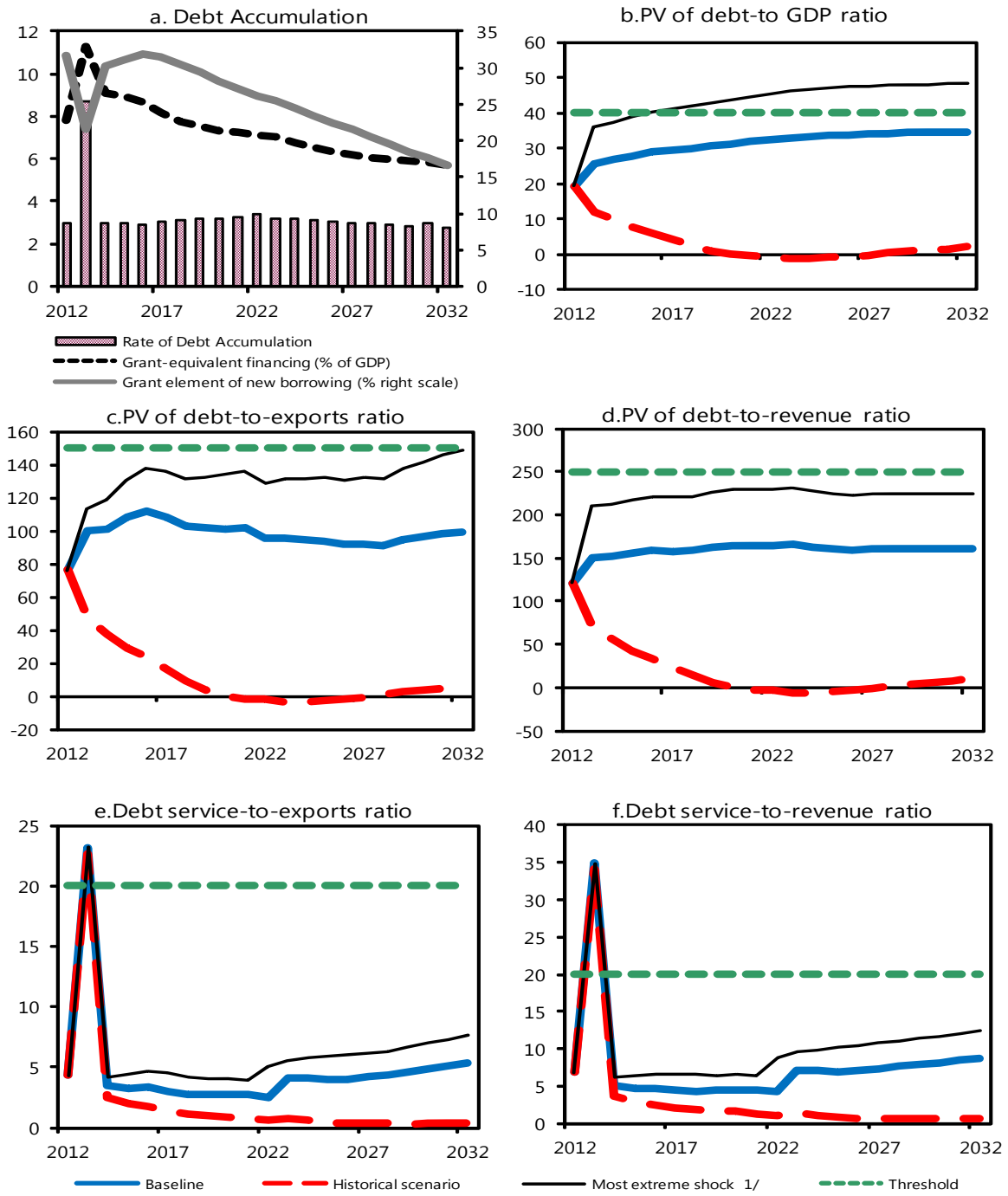
Baseline Scenario Assumptions

The baseline macroeconomic scenario for 2012-32 is based on the following assumptions:

- Real GDP growth is projected to increase to an average of about 6.2 percent a year in 2013-32, reflecting increasing production developments in the extractive industries and higher non-resource GDP growth as private sector expands and business climate is improved. Inflation is projected to remain stable at 1.8 percent over the projection period; compared to historical values, The lower projected inflation reflects lower expected international food price inflation and the recent average inflation of around 2 percent[65].
- The revenue-to-GDP ratio is projected to rise from 16 percent in 2012 to 21.5 percent in 2032, reflecting revenue generating developments in the extractive industries, further structural reforms aiming at improving revenue collection and a more diversified private sector.
- Primary Expenditure is expected to increase from 25.3 percentage points of GDP in 2012 to 29.8 percent of GDP in 2032, mostly driven by capital expenditure that is projected to increase from 13.3 percent of GDP in 2012 to stabilize at around 17.2 in 2032. The ambitious government investment program is expected to result in an increase in infrastructure spending, including large transport and irrigation projects in the pipeline. Infrastructure projects that would be financed by non-concessional lending were assumed to be occurring only in the cases where sufficient government revenue can cover debt service related to the projects, but there is still too much uncertainty at this point in time to include it in the present DSA. The basic balance (the fiscal balance net of grants and externally-financed capital expenditure) remains in surplus from 2022 onward (complying with the WAEMU regional convergence criterion).
- The current account deficit is projected to significantly decline from 17.2 percent of GDP in 2012 to about only 9.5 percent of GDP in 2032. Exports are projected to increase from 25.4 percent of GDP to 34.7 percent in 2032, as oil and uranium exports expand and the economy diversifies. After a brief decline, imports would increase again before stabilizing, in line with foreign direct investment patterns.
- Following a few years of substantial FDI inflows linked mostly to the oil investment, net FDI is projected to decline from a peak of 17.5 percent of GDP in 2010 as the large investment projects come to completion, and in line with the delay in the large investment project related to Imouraren. A large FDI outflow in 2013 will be recorded due to the reclassification of the Soraz loan in that same year, previously considered an FDI, intra-company inflow now defined as public debt. Assuming the start of repayment of the Imouraren debt-creating FDI, FDI is reduced in 2018.
- Total external financing is expected to gradually decrease, from 10.7 percent of GDP in 2012 to about 8.8 percent of GDP in 2032. As in the previous DSA, this assumption relates to the reduction in Niger´s borrowing needs and the expected increase in per capita GDP. Grants would represent about 62 percent of total external financing on average during the period. The discount rate is 3 percent, a lower rate compared to the previous DSA rate of 4 percent.

[65] The drop in GDP deflator in 2012 results from a depreciation of the exchange rate in that year.

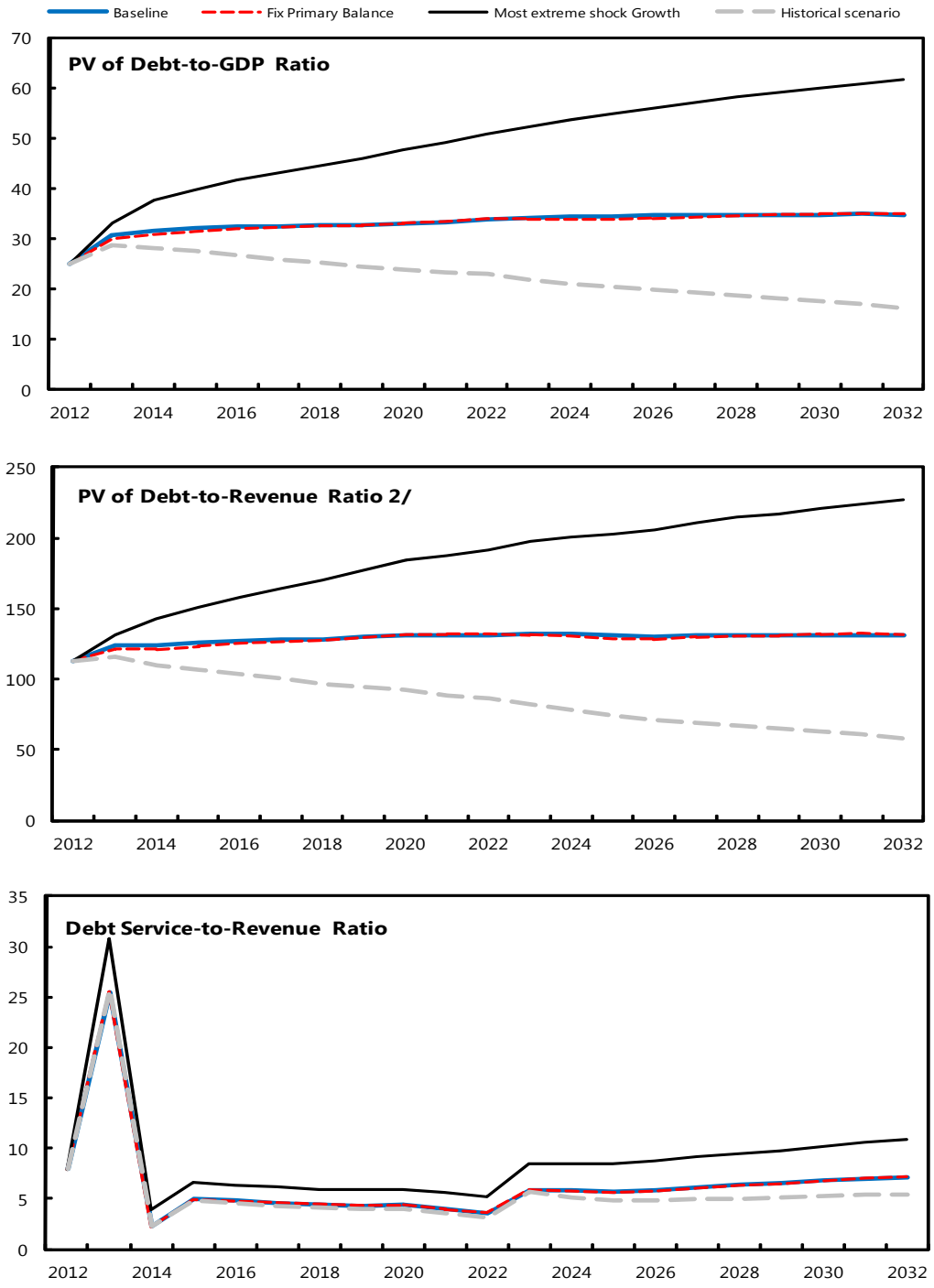
Figure 1. Niger: Indicators of Public- and Publicly-Guaranteed External Debt under Alternatives Scenarios, 2012-2032 1/



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2022. In figure b. it corresponds to a One-time depreciation shock; in c. to a Terms shock; in d. to a One-time depreciation shock; in e. to a Terms shock and in figure f. to a Terms shock

Figure 2. Niger: Indicators of Public Debt Under Alternative Scenarios, 2012-2032 1/



Sources: Country authorities; and staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in 2022.
2/ Revenues are defined inclusive of grants.

Table 1a. Niger: External Debt Sustainability Framework, Baseline Scenario, 2009-2032 1/

(Percent of GDP, unless otherwise indicated)

	Actual			Historical 6/ Average	Standard 6/ Deviation	Projections								
	2009	2010	2011			2012	2013	2014	2015	2016	2017	2022	2032	2018-2032 Average
External debt (nominal) 1/	**39.5**	**50.0**	**50.4**			**54.0**	**56.0**	**58.5**	**61.2**	**62.6**	**59.2**	**48.0**	**40.9**	
of which: public and publicly guaranteed (PPG)	18.9	17.0	22.4			24.0	33.5	34.8	36.4	37.8	38.6	41.7	42.1	
Change in external debt	15.6	10.5	0.4			3.6	2.0	2.5	2.7	1.4	-3.5	-1.6	-0.5	
Identified net debt-creating flows	11.2	-0.3	3.1			3.8	20.2	7.3	7.8	6.9	6.0	6.1	5.5	
Non-interest current account deficit	**24.4**	**19.7**	**24.6**	**12.2**	**7.8**	**17.2**	**18.5**	**19.4**	**18.9**	**15.9**	**10.0**	**9.9**	**9.5**	10.3
Deficit in balance of goods and services	26.9	26.9	28.5			20.4	20.1	20.3	19.2	16.7	10.8	9.4	11.1	
Exports	20.6	22.2	22.2			25.4	25.7	26.4	25.8	25.8	27.2	34.1	34.7	
Imports	47.5	49.2	50.7			45.9	45.8	46.7	44.9	42.4	37.9	43.5	45.9	
Net current transfers (negative = inflow)	-2.8	-7.9	-4.6	-4.4	1.5	-4.6	-4.5	-4.6	-4.5	-4.4	-4.1	-2.8	-1.8	-2.5
of which: official	-0.7	-5.5	-3.3			-3.3	-3.3	-3.4	-3.2	-3.1	-2.9	-1.5	-0.6	
Other current account flows (negative = net inflow)	0.3	0.6	0.7			1.4	2.9	3.7	4.3	3.6	3.4	3.3	0.2	
Net FDI (negative = inflow)	**-13.8**	**-17.5**	**-16.7**	**-6.5**	**7.3**	**-8.4**	**4.3**	**-9.3**	**-8.4**	**-6.2**	**-0.6**	**-1.4**	**-2.3**	-1.8
Endogenous debt dynamics 2/	**0.6**	**-2.5**	**-4.8**			**-5.0**	**-2.5**	**-2.8**	**-2.7**	**-2.8**	**-3.4**	**-2.4**	**-1.7**	
Contribution from nominal interest rate	0.4	0.2	0.1			0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.6	
Contribution from real GDP growth	0.2	-3.9	-1.0			-5.5	-3.0	-3.3	-3.3	-3.4	-3.9	-2.9	-2.3	
Contribution from price and exchange rate changes	0.0	1.3	-4.0			...	...	...	...	...	...	...	...	
Residual (3-4) 3/	**4.4**	**10.8**	**-2.6**			**-0.3**	**-18.2**	**-4.8**	**-5.1**	**-5.5**	**-9.5**	**-7.7**	**-5.9**	
of which: exceptional financing	-0.1	-0.1	-0.1			-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0	
PV of external debt 4/	...	...	46.6			49.3	48.3	50.4	52.7	53.7	50.0	38.7	33.2	
In percent of exports	...	...	209.5			194.0	188.1	191.2	204.3	208.3	184.0	113.5	95.7	
PV of PPG external debt	**...**	**...**	**18.6**			**19.4**	**25.7**	**26.7**	**27.9**	**28.9**	**29.4**	**32.4**	**34.5**	
In percent of exports	**...**	**...**	**83.5**			**76.2**	**100.2**	**101.3**	**108.1**	**112.0**	**108.1**	**95.1**	**99.3**	
In percent of government revenues	**...**	**...**	**129.6**			**121.4**	**150.8**	**151.4**	**156.0**	**158.5**	**158.0**	**164.4**	**160.8**	
Debt service-to-exports ratio (in percent)	**3.3**	**2.5**	**3.2**			**5.1**	**70.7**	**4.1**	**3.9**	**7.3**	**11.8**	**7.1**	**6.1**	
PPG debt service-to-exports ratio (in percent)	**3.3**	**2.5**	**3.2**			**4.3**	**23.2**	**3.4**	**3.3**	**3.3**	**3.0**	**2.4**	**5.4**	
PPG debt service-to-revenue ratio (in percent)	**4.6**	**4.1**	**5.0**			**6.9**	**34.9**	**5.1**	**4.7**	**4.7**	**4.4**	**4.2**	**8.7**	
Total gross financing need (Billions of U.S. dollars)	0.6	0.2	0.5			0.7	3.0	0.9	1.0	1.0	1.2	1.6	3.0	
Non-interest current account deficit that stabilizes debt r	8.7	9.2	24.1			13.7	16.4	16.9	16.2	14.5	13.5	11.5	10.0	
Key macroeconomic assumptions														
Real GDP growth (in percent)	-1.0	10.7	2.2	4.8	4.3	11.2	6.2	6.4	6.0	5.9	6.8	6.4	6.0	6.2
GDP deflator in US dollar terms (change in percent)	0.0	-3.1	8.6	8.5	7.2	-6.8	4.7	1.1	0.6	0.8	1.7	2.0	2.0	2.0
Effective interest rate (percent) 5/	1.7	0.4	0.3	2.2	2.1	0.9	1.0	1.1	1.0	0.9	0.9	1.2	1.6	1.3
Growth of exports of G&S (US dollar terms, in percent)	4.9	15.7	11.0	16.2	11.8	18.5	12.4	10.3	4.3	6.7	14.6	18.1	6.5	10.1
Growth of imports of G&S (US dollar terms, in percent)	29.4	10.9	14.5	21.6	13.2	-6.4	11.0	9.7	2.7	0.8	-2.9	18.3	5.0	9.7
Grant element of new public sector borrowing (in perce	...	...	...	...	...	31.6	21.5	30.3	31.1	31.8	31.5	26.1	16.7	23.4
Government revenues (excluding grants, in percent of GI	14.5	13.6	14.3			16.0	17.1	17.6	17.9	18.2	18.6	19.7	21.5	20.4
Aid flows (in Billions of US dollars) 7/	0.3	0.3	0.4			0.6	0.7	0.8	0.8	0.8	0.9	1.1	1.9	
of which: Grants	0.2	0.3	0.2			0.4	0.6	0.6	0.6	0.7	0.7	0.9	1.6	
of which: Concessional loans	0.1	0.1	0.2			0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.3	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			7.8	11.3	9.1	9.0	8.7	8.1	7.1	5.7	6.6
Grant-equivalent financing (in percent of external financir	...	...	...			69.3	46.1	75.7	75.6	75.5	74.1	69.7	62.4	66.7
Memorandum items:														
Nominal GDP (Billions of US dollars)	5.3	5.7	6.3			6.6	7.3	7.9	8.4	9.0	9.7	14.6	32.2	
Nominal dollar GDP growth	-1.0	7.2	11.0			3.6	11.2	7.6	6.6	6.7	8.6	8.5	8.1	8.3
PV of PPG external debt (in Billions of US dollars)			1.1			1.3	1.9	2.1	2.3	2.6	2.8	4.7	11.1	
(PVt-PVt-1)/GDPt-1 (in percent)						3.0	**8.7**	2.9	3.0	2.9	3.1	3.4	2.7	3.1
Gross workers' remittances (Billions of US dollars)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
PV of PPG external debt (in percent of GDP + remittance	...	...	18.6			19.4	25.7	26.7	27.9	28.9	29.4	32.4	34.5	
PV of PPG external debt (in percent of exports + remitta	...	...	83.5			76.2	100.2	101.3	108.1	112.0	108.1	95.1	99.3	
Debt service of PPG external debt (in percent of exports	...	...	3.2			4.3	23.2	3.4	3.3	3.3	3.0	2.4	5.4	

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terr

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price a

4/ Assumes that PV of private sector debt is equivalent to its face value.

5/ Current-year interest payments divided by previous period debt stock.

6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

7/ Defined as grants, concessional loans, and debt relief.

8/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

Table 1b. Niger: Public Sector Debt Sustainability Framework, Baseline Scenario, 2009-2

(Percent of GDP, unless otherwise indicated)

	Actual					Estimate	Projections								
	2009	2010	2011	Average 5/	Standard Deviation 5/	2012	2013	2014	2015	2016	2017	2012-17 Average	2022	2032	2018-32 Average
Public sector debt 1/	27.2	24.0	28.9			29.7	38.3	39.7	40.7	41.5	41.6		43.0	42.5	
of which: foreign-currency denominated	18.9	17.0	22.4			24.0	33.5	34.8	36.4	37.8	38.6		41.7	42.1	
Change in public sector debt	4.8	-3.2	4.8			0.9	8.6	1.4	0.9	0.8	0.2		0.4	-0.3	
Identified debt-creating flows	3.4	1.1	0.2			0.4	2.0	1.3	1.0	0.8	0.1		0.3	0.7	
Primary deficit	5.0	2.2	1.3	0.9	2.2	3.2	3.9	3.5	3.0	3.0	2.9	3.2	3.2	3.3	3.1
Revenue and grants	18.9	18.2	18.1			22.2	24.8	25.5	25.5	25.6	25.4		25.8	26.5	
of which: grants	4.4	4.6	3.8			6.2	7.7	7.8	7.7	7.3	6.8		6.0	5.0	
Primary (noninterest) expenditure	23.8	20.4	19.4			25.3	28.6	29.0	28.6	28.5	28.4		28.9	29.8	
Automatic debt dynamics	-1.5	-1.0	-1.0			-2.8	-1.8	-2.2	-2.0	-2.1	-2.8		-2.9	-2.6	
Contribution from interest rate/growth differential	0.2	-2.7	-0.9			-3.0	-1.7	-2.4	-2.4	-2.5	-3.0		-2.9	-2.6	
of which: contribution from average real interest rate	-0.1	-0.1	-0.3			-0.1	0.0	-0.1	-0.2	-0.2	-0.3		-0.3	-0.2	
of which: contribution from real GDP growth	0.2	-2.6	-0.5			-2.9	-1.7	-2.3	-2.2	-2.3	-2.7		-2.6	-2.4	
Contribution from real exchange rate depreciation	-1.7	1.7	-0.2			0.2	-0.1	0.2	0.4	0.4	0.1		...	...	
Other identified debt-creating flows	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Debt relief (HIPC and other)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes	1.4	-4.3	4.6			0.5	6.6	0.2	-0.1	0.0	0.1		0.1	-1.1	
Other Sustainability Indicators															
PV of public sector debt	...	...	25.0			25.1	30.6	31.6	32.1	32.5	32.5		33.8	34.8	
of which: foreign-currency denominated	...	...	18.6			19.4	25.7	26.7	27.9	28.9	29.4		32.4	34.5	
of which: external	...	...	18.6			19.4	25.7	26.7	27.9	28.9	29.4		32.4	34.5	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 2/	4.7	3.5	2.0			4.9	10.2	4.1	4.3	4.2	4.1		4.1	5.2	
PV of public sector debt-to-revenue and grants ratio (in percent)	...	...	138.1			113.1	123.6	124.1	125.7	127.2	127.6		131.1	131.5	
PV of public sector debt-to-revenue ratio (in percent)	...	...	174.6			157.0	179.2	179.2	179.7	178.5	174.5		171.2	162.3	
of which: external 3/	...	...	129.6			121.4	150.8	151.4	156.0	158.5	158.0		164.4	160.8	
Debt service-to-revenue and grants ratio (in percent) 4/	-1.2	7.2	4.0			8.0	25.5	2.3	5.0	4.8	4.6		3.6	7.1	
Debt service-to-revenue ratio (in percent) 4/	-1.5	9.6	5.1			11.0	37.0	3.3	7.2	6.7	6.3		4.7	8.8	
Primary deficit that stabilizes the debt-to-GDP ratio	0.2	5.4	-3.6			2.3	-4.7	2.1	2.1	2.2	2.8		2.8	3.7	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	-1.0	10.7	2.2	4.8	4.3	11.2	6.2	6.4	6.0	5.9	6.8	7.1	6.4	6.0	6.2
Average nominal interest rate on forex debt (in percent)	2.7	0.9	0.8	2.4	2.0	1.0	1.4	1.2	1.2	1.2	1.1	1.2	1.2	1.5	1.3
Average real interest rate on domestic debt (in percent)	-4.7	-0.6	-1.9	-2.7	2.5	1.5	-0.1	0.0	0.2	0.1	0.2	0.3	0.2	2.0	0.8
Real exchange rate depreciation (in percent, + indicates depreciation	-10.9	10.0	-1.1	-4.7	9.2	0.8	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	5.7	1.7	3.6	3.6	2.9	0.8	1.6	1.7	1.3	1.6	1.7	1.5	2.0	2.0	2.0
Growth of real primary spending (deflated by GDP deflator, in percer	0.1	-0.1	0.0	0.1	0.1	0.5	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Grant element of new external borrowing (in percent)	...	...	...	...	...	31.6	21.5	30.3	31.1	31.8	31.5	29.7	26.1	16.7	...

Sources: Country authorities; and staff estimates and projections.

1/ [Indicate coverage of public sector, e.g., general government or nonfinancial public sector. Also whether net or gross debt is used.]

2/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period.

3/ Revenues excluding grants.

4/ Debt service is defined as the sum of interest and amortization of medium and long-term debt.

5/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

Table 2a.Niger: Sensitivity Analysis for Key Indicators of Public- and Publicly-Guaranteed External Debt, 2012-2032

(Percent)

	Projections							
	2012	2013	2014	2015	2016	2017	**2022**	2032
PV of debt-to GDP ratio								
Baseline	19	26	27	28	29	29	**32**	34
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	19	12	10	8	6	4	**-1**	2
A2. New public sector loans on less favorable terms in 2012-2032 2	19	29	31	34	36	37	**44**	52
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	19	27	30	31	32	33	**36**	38
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	19	27	30	31	32	33	**35**	35
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	19	27	27	29	30	30	**33**	35
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	19	24	34	35	36	36	**37**	36
B5. Combination of B1-B4 using one-half standard deviation shocks	19	22	30	31	32	32	**35**	36
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	19	36	37	39	40	41	**45**	48
PV of debt-to-exports ratio								
Baseline	76	100	101	108	112	108	**95**	99
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	76	47	37	29	23	16	**-2**	6
A2. New public sector loans on less favorable terms in 2012-2032 2	76	113	119	130	138	136	**129**	149
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	76	100	101	108	112	108	**95**	99
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	76	114	131	139	143	137	**116**	115
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	76	100	101	108	112	108	**95**	99
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	76	94	130	136	139	132	**110**	103
B5. Combination of B1-B4 using one-half standard deviation shocks	76	85	111	118	122	117	**101**	102
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	76	100	101	108	112	108	**95**	99
PV of debt-to-revenue ratio								
Baseline	121	151	151	156	158	158	**164**	161
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	121	71	56	42	33	24	**-4**	10
A2. New public sector loans on less favorable terms in 2012-2032 2	121	170	177	188	196	199	**222**	241
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	121	159	169	174	177	176	**183**	179
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	121	159	173	176	177	175	**177**	163
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	121	156	156	161	163	163	**169**	165
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	121	142	195	197	197	194	**190**	167
B5. Combination of B1-B4 using one-half standard deviation shocks	121	129	168	172	174	173	**177**	168
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	121	211	212	218	221	221	**230**	224

Table 2a. Niger: Sensitivity Analysis for Key Indicators of Public- and Publicly-Guaranteed External Debt, 2012-2032 (continued)

(Percent)

Debt service-to-exports ratio

Baseline	4	23	3	3	3	3	**2**	5
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	4	23	2	2	2	1	**1**	0
A2. New public sector loans on less favorable terms in 2012-2032 2	4	23	4	4	5	4	**5**	8
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	4	23	3	3	3	3	**2**	5
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	4	25	4	4	4	4	**3**	6
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	4	23	3	3	3	3	**2**	5
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	4	23	3	4	4	3	**3**	6
B5. Combination of B1-B4 using one-half standard deviation shocks	4	24	3	3	4	3	**3**	6
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	4	23	3	3	3	3	**2**	5

Debt service-to-revenue ratio

Baseline	7	35	5	5	5	4	**4**	9
A. Alternative Scenarios								
A1. Key variables at their historical averages in 2012-2032 1/	7	34	4	3	2	2	**1**	1
A2. New public sector loans on less favorable terms in 2012-2032 2	7	35	6	6	7	7	**9**	12
B. Bound Tests								
B1. Real GDP growth at historical average minus one standard deviation in 2013-2014	7	37	6	5	5	5	**5**	10
B2. Export value growth at historical average minus one standard deviation in 2013-2014 3/	7	35	5	5	5	5	**4**	9
B3. US dollar GDP deflator at historical average minus one standard deviation in 2013-2014	7	36	5	5	5	5	**4**	9
B4. Net non-debt creating flows at historical average minus one standard deviation in 2013-2014 4/	7	35	5	5	5	5	**5**	10
B5. Combination of B1-B4 using one-half standard deviation shocks	7	36	5	5	5	5	**4**	9
B6. One-time 30 percent nominal depreciation relative to the baseline in 2013 5/	7	49	7	7	7	6	**6**	12
Memorandum item:								
Grant element assumed on residual financing (i.e., financing required above baseline) 6/	23	23	23	23	23	23	**23**	23

Sources: Country authorities; and staff estimates and projections.

1/ Variables include real GDP growth, growth of GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
2/ Assumes that the interest rate on new borrowing is by 2 percentage points higher than in the baseline., while grace and maturity periods are the same as in the baseline.
3/ Exports values are assumed to remain permanently at the lower level, but the current account as a share of GDP is assumed to return to its baseline level after the shock (implicitly assuming an offsetting adjustment in import levels).
4/ Includes official and private transfers and FDI.
5/ Depreciation is defined as percentage decline in dollar/local currency rate, such that it never exceeds 100 percent.
6/ Applies to all stress scenarios except for A2 (less favorable financing) in which the terms on all new financing are as specified in footnote 2.

Table 2b. Niger: Sensitivity Analysis for Key Indicators of Public Debt, 2012-2032

	Projections							
	2012	2013	2014	2015	2016	2017	2022	2032
PV of Debt-to-GDP Ratio								
Baseline	25	31	32	32	32	32	34	35
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	25	29	28	28	27	26	23	16
A2. Primary balance is unchanged from 2012	25	30	31	31	32	32	34	35
A3. Permanently lower GDP growth 1/	25	31	33	34	35	36	43	66
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2013-20	25	33	38	40	42	43	51	61
B2. Primary balance is at historical average minus one standard deviations in 2013-201	25	30	31	31	32	32	33	35
B3. Combination of B1-B2 using one half standard deviation shocks	25	30	31	33	34	35	41	50
B4. One-time 30 percent real depreciation in 2013	25	37	37	37	37	36	36	35
B5. 10 percent of GDP increase in other debt-creating flows in 2013	25	38	39	39	39	39	39	37
PV of Debt-to-Revenue Ratio 2/								
Baseline	113	124	124	126	127	128	131	132
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	113	115	110	107	103	100	86	58
A2. Primary balance is unchanged from 2012	113	121	121	123	125	126	132	132
A3. Permanently lower GDP growth 1/	113	125	127	131	135	139	165	240
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2013-20	113	131	143	151	158	164	192	227
B2. Primary balance is at historical average minus one standard deviations in 2013-201	113	121	121	122	124	125	129	130
B3. Combination of B1-B2 using one half standard deviation shocks	113	120	119	125	131	136	158	185
B4. One-time 30 percent real depreciation in 2013	113	148	145	144	144	142	138	133
B5. 10 percent of GDP increase in other debt-creating flows in 2013	113	154	153	153	153	153	150	141
Debt Service-to-Revenue Ratio 2/								
Baseline	8	26	2	5	5	5	4	7
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	8	26	2	5	5	4	3	5
A2. Primary balance is unchanged from 2012	8	26	2	5	5	5	4	7
A3. Permanently lower GDP growth 1/	8	26	2	5	5	5	4	10
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2013-20	8	26	3	6	6	5	5	10
B2. Primary balance is at historical average minus one standard deviations in 2013-201	8	26	2	5	5	5	4	7
B3. Combination of B1-B2 using one half standard deviation shocks	8	26	2	5	5	5	4	9
B4. One-time 30 percent real depreciation in 2013	8	31	4	7	6	6	5	11
B5. 10 percent of GDP increase in other debt-creating flows in 2013	8	26	3	6	5	5	4	8

Sources: Country authorities; and staff estimates and projections.

1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of the length of the projection period.

2/ Revenues are defined inclusive of grants.

Annex 13: Proposed WBG Assistance for FY13-16 and Corresponding PDES Axes

CPS Pillars	PDES Axes	WBG Operations	AAA and TA
Pillar 1: Promoting Resilient Growth	**Axis 4:** Competitive and diversified economy for accelerated and inclusive growth **Axis 3**: Food security and sustainable agricultural development	**Ongoing** • Competitiveness and Growth Support project • Competitive Growth Credits (II and Supplemental DPO) • Agro-Pastoral Export Promotion project • West Africa Agriculture Productivity Promotion project • Niger Basin Water Resources Development / Kandadji Growth Pole program– APL1 & APL2A • Transport Sector Support Program • IFC access to finance AMSME program • FIAS Investment Climate Advisory Services Program (OHADA reforms) **Proposed** • Shared Growth Credit Series I, II and III • AF for Transport Sector • Support to Ag. Food Security Programs – *3N & Dispositif National* • Regional Railways Expansion Program • Regional Transport DPO • WARCIP	**Ongoing** • Public Expenditure Review 2012 • PEMFAR Updates and monitoring • Policy Notes Series • Energy Sector Assessment • Advisory Note on Rural Finances • EITI Post Compliance TA • IFC Advisory Program for the privatization of dry port- Dosso **Proposed** • Policy Notes Series • PER updates • Medium term Debt Strategy TA • Energy Sector TA Regional Railways Program TA • Agriculture Risk Management and Inclusive Green Growth TA
Pillar 2: Reducing Vulnerability	**Axis 2:** Creating the conditions for inclusive, sustainable and equitable development **Axis 5**: Promoting social development	**Ongoing** • Safety Net Project • Second Emergency Food Security Project • Community Actions Program for Climatic Resilience • Community Actions Program II • Multi-sector Demographic Development Project • Multi-Sector HIV/AIDS Program • Urban Water and Sanitation Project • Local Infrastructure Development Project • Community-Based Disaster Risk Reduction Project **Proposed** • Basic Education Support Project • Education Enhancement and Skills	**Ongoing** • Social Protection for Building Resilience TA • Regional Security Assessment • Water Sanitation Program TAs **Proposed** • Security Sector PER and Fiduciary Review • Health and Education Service Delivery TA • Youth Employment and Jobs Study • Health Country Status Report • Sahel Demographic study • Sahel Drylands Flagship Report

		Development • Community Actions Program III • Land, Urban and Disaster Management Project • Population and Health Sector Support project	
Cross Cutting: Mainstreaming gender and Strengthening Governance and Public Service Delivery	**Axis 1**: Strengthening Credibility and Efficiency of public institutions	**Ongoing** • Reform Management and TA project • Support to Cour des Comptes - IDF • Support to Procurement Office - IDF **Proposed** • Support to Governance and Capacity Building for Service Delivery • Support to PDES Monitoring and Evaluation System –IDF	**Ongoing** • Governance and Anti-corruption Strategy and Institutional Development TA **Proposed** • Annual PER updates and dialogue • Programmatic study on FM/Procurement bottlenecks to service delivery • Gender Assessment • Policy Notes Series

Annex 14: Results of Stakeholder Consultations and FY12 Country Survey

Stakeholders' Feedback

In October 2012, the Niger Country office conducted extensive consultations with key constituencies and opinion-makers in Niger including governments, parliamentarians, the media, youth, academics, the private sector, CSOs and other community groups. The discussions took place in the capital Niamey as well as in the regions of Tillabery, Dosso, Tahoua and Maradi. Although different groups brought diverse perspectives, there were significant areas of agreement:

In the agriculture sector, there was a common consensus to create new opportunities in rural areas, notably for youth and to reduce migration to urban centers. In the same vein, there was an emphasis on the importance of processing and transforming products at the local level to add value to exports (for ex. seeds, onions, tomatoes, sesame, potatoes). The credit-granting process of some projects was considered an issue for some farmers, including the fact that some projects do not accept land properties as personal contributions in order to access these grants.

The education sector, with a focus on quality of education outcomes, was a consistent and recurring theme throughout the discussions. Key amongst the issues featuring prominently were (i) ways to end contracting in the sector and focus on quality; (ii) addressing skills development of youth and putting an emphasis on adult literacy, (iii). Another issue which was put on the table regarding the elaboration of basic education projects is the variable relating to the discrepancy between nomadic and sedentary environments which is not always taken into account.

Infrastructure and transport are considered vital for regional integration and economic opportunities. As a result, the implication of the Bank Group in the upcoming sub-regional railway project and the finalization of the *Dosso* Dry Port are key priorities for the population. The recent $203 million supplemental effort provided by the Bank in the *Kandadji* program to create a Growth Pole has been saluted by all stakeholders and maintained that its must be monitored carefully to ensure a proper implementation and timely execution.

On population growth and gender, most representatives felt the need for Bank Group support in conducting a socio-cultural analysis including regional diversity to study social behaviors towards demography. The increasingly rapid annual growth population (3.3%) and the extremely high fertility rate which stands at 7.6 children per woman are viewed as one of the strongest impediments to economic growth. Besides, the loss of young girls in the education system must attract the attention of the Bank to help find ways to eradicate the access bottleneck between primary school and middle-school, and help support mitigating measures to reduce early marriages. Finally, there should be a necessary focus on ways to create measures to facilitate access to land.

Corruption is seen as a major impediment to an inclusive development in many sectors. Government participants, however, did not mention the issue of anti-corruption much, but several did nevertheless underline the need for a strengthening of institutions and the importance

of the Bank Group supporting the Government in this area. The process of decentralization was seen as crucial step in dealing with the governance challenge as it would help build local government capacity to plan and manage budgets and services but also create a platform between decentralized governments and the Bank in order to support directly local development plans were very important topics raised in the regions visited.

Increased role of civil society actors as a mechanism for assisting, communicating and monitoring Bank Group-financed projects and CPS implementation. Most CSOs noted the importance of ensuring that the Bank Group supports greater transparency of government decisions as well freedom of information. Media also needs to help inform the general public about Bank programs and elaborate a communication strategy with them. Members of parliament mentioned the need to strengthen the capacity of parliament to provide checks and balances to the executive, especially through the Parliamentary Network of the Bank Group and the IMF.

Re-organizing the legislative economic framework to help create more businesses (especially SMEs) was a predominant theme for the private sector. This will enhance their productivity, competitiveness, and help them do the transition from an informal and commercial economy to a formal and investment-oriented one.

FY12 Country Survey

In October and November 2012, 300 stakeholders of the World Bank in Niger were invited to provide their opinions on the Bank's assistance to the country by participating in a country survey. Respondents were asked about: general issues facing Niger, their overall attitudes toward the Bank; the World Bank's effectiveness and results; the Bank's knowledge work and activities; working with the World Bank; the Bank's future role in Niger, and the Bank's communication and information sharing.

Priorities: Perceived development priorities have shifted since FY 07 with far greater emphasis currently on corruption and public sector governance. The issue of corruption emerges in a number of ways as a key priority in terms of development, poverty and growth. Respondents report that they recognize a significant role for the Bank in the area of public sector governance – aligned with the perceived priorities. Along with governance and corruption, education, rural development and energy and oil development are viewed as important aspects of growth and/or poverty reduction in Niger. Domestic private sector development is seen as an important aspect of growth and also an area where respondents see value in Bank involvement.

When considering the priorities as identified by stakeholders, it is worth considering how the Bank's efforts and emphasis are aligned with these perceptions. In addition it is important to look at perceptions of the Bank's effectiveness in these key areas. Ratings have stayed relatively high in key sectors: poverty, education and public sector governance, but they have diminished in agriculture, demography, growth, domestic private sector development, gender. The survey findings are a good starting point for further discussion with stakeholders and internally.

How the Bank works in Niger: The survey findings suggest that the Bank is doing very well in terms of how it collaborates with government and other donors. The importance of its future involvement in Niger is not questioned. Areas that the team might consider further exploring, as

they received quite negative ratings include: flexibility (in terms of its products and services and in light of changing country circumstances), staff accessibility and responsiveness and openness in terms of sharing its data and other information, and the speed of disbursement of funds and overall speed. While the speed of disbursement is often difficult to change because of circumstances on the ground, behaviors such as accessibility and responsiveness are certainly areas that can change. **In terms of overall attitudes, The Bank is working within a positive context.** The Bank is viewed as relevant and respectful. In addition, one of the most positive trend in findings to emerge from the survey is related to the perception of how realistic the programs are, in Niger, that the Bank supports. Ratings increased significantly from 3.3 to 6.5 on a ten point scale.

Knowledge: There are a number of findings that are important to consider overall in Niger. The Bank is most valued for its financial resources with recognition of the value of technical assistance and training. However, as in FY 07, there is less recognition of the value of the Bank's knowledge, advice, etc. Some of the concerns expressed in the survey findings include how well the knowledge is disseminated and translated and whether there is an adequate level of stakeholder involvement during preparation. Use of the Bank's website has increased from 29% in FY 07 to 56% in FY 13. Many modes of dissemination and distribution must continue to be considered.

Collaboration: Throughout the survey the view emerges amongst many that there needs to be greater outreach beyond government. A third of stakeholders attribute slow or failed reform efforts to an inadequate level of citizen participation and an equal amount says that the Bank would be of greater value if it reached out beyond government. This is important to consider particularly in light of the Bank's overall emphasis on ensuring openness, accountability and voice in countries.

Annex 15: Central Government Operations (% of GDP), 2009-2015

	2009	2010	2011pr	2012p	2013db	2014p	2015p
Domestic Revenue	14.7	14.4	15.1	16.0.0	17.7	19.3	20
Current Expenditure	12.1	13.7	14.7	14.1	12.8	13.9	14.3
Capital Expenditure)	12.5	8.1	7.3	14.1	16.3	18.0	17.6
Fiscal deficit (commitment basis, excl. grants)	-9.9	-7.4	-6.8	-12.2	-11.4	-12.7	-12.0
Grants	4.5	4.9	4.0	8.3	7.8	7.5	7.4
Net. Loans	1.4	1.0	1.3	5.5	4.1	5.3	5.2
Domestic financing	4.5	2.0	1.62	-1.2	-0.3	0.2	-0.5

Source: IMF
Note: pr – preliminary, p –projection, db – draft budget

Annex 16: Axes of the PDES

Axis 1: Strengthening the credibility and efficiency of public institutions

The PDES is built on the Government of Niger's desire to provide a new foundation for dynamic, economic and social development. Strong public institutions are to guarantee political stability and respect for human rights, leading individuals to invest and participate in the economy. This is expected to improve the overall efficiency of the administration and public services to ensure fairness and equality of citizens' access to them.

Axis II: Creating the conditions for inclusive, sustainable and balanced development

The second programmatic area of the PDES seeks to strengthen the preconditions for the achievement of sustainable inclusive economic growth. These include (i) peace and security; (ii) control of demographic growth; (iii) the preservation and sustainable management of natural resources; and (iv) a balanced regional development. These programs will be critical to achieving the goals as set out in the PDES.

Axis III: Food security and sustainable agricultural development

The third axis of the PDES represents one of the key initiatives of the government – the 3N initiative – Nigeriens Nourish Nigeriens. The initiative aims, firstly, to ensure sufficient supply and quality of food for all Nigeriens based primarily on the development of local production and, secondly, to increase the resilience of households in food crises and natural disaster. Key areas of intervention include (i) growth and diversification of agro-forestry-pastoral and fish products, (ii) the regular supply of rural and urban markets for agricultural products and food, (iii) the improvement of people's resilience to climate changes, food insecurity and disasters, (iv) improving the nutritional status of populations, and (v) sector policy coordination, mobilization, and empowerment of stakeholders.

Axis IV. Competitive and diversified economy for accelerated and inclusive growth.

To emerge as an economy that is both competitive and diversified, the PDES envisages an accelerated and inclusive growth that will leverage Niger's natural resource potential. The PDES takes into account Niger's potential of mining and hydraulic resources and promotes a long-term transformation of the structure of the economy in order to reduce vulnerability to climatic shocks. While recognizing that the agricultural sector is essential for social and economic development, the PDES also identifies the extractive industries as the main lever for accelerated growth and will seek to promote activities that will facilitate the exploitation of these resources. The implementation of a large-scale program for public investments in infrastructures such as the *Kandadji* hydro electrical dam, the *Salkadamna* mine; and the promotion of rail development will be prioritized under the PDES with the aim to economic diversification and reducing the impact of Niger's landlocked situation. The Plan also aims to create 50,000 jobs a year over the 2012-2015 period including through public private partnership (PPP).

Axis V. Promotion of Social development

This axis aims at improving the level of development of social indicators through enhanced access of the populations to basic social services and the implementation of a social

protection policy for the most vulnerable populations. The main results revolve around improvement of the health status of the populations, strengthening of educational levels and knowledge, more equitable access to drinking water and sanitation infrastructures, reduction of gender inequality and inequity, social protection of the most vulnerable populations, improvement of the living environment and protection and the promotion of the youth.

Annex 17: EITI process in Niger: Challenges and Achievements

Challenges	Achievements
	- **Niger qualified as Compliant country by EITI Board in March 2011;** - **EITI-Post Compliance Program is under implementation with the Bank Group support**
Legal requirements	Article 150 of the Constitution now states that "exploration, exploitation licenses and contracts of natural resources and subsurface as well as revenues paid to the State, on a company-by-company basis and disaggregated, are fully published in the Official Journal of the Republic of the Niger"
Multi-stakeholder approach	• Civil Society Organizations (CSOs) and extractive industry (EI) companies are actively involved in governing the process, including with the Government (Ministry of Mining and Oil, Ministry of Finance). • In the process of creating: o a multi-stakeholder framework for strategic thinking which will formulate recommendations for decision-support tools in anticipation of a changing EI context; o mechanisms of investments in the extractive sector
Technical and financial assistance	The Bank Group provided EITI advisers and consultants to train thirty local EI CSO leaders in areas of exercising citizen oversight to ensure transparency and good governance in the EI. This TA program also aims at: • sharing of international best practice; • providing training, information and public awareness on the nature of the exploitation of natural resources; • promoting advocacy, and lobbying for increased transparency in the use of mining, oil, and gas resources; • Encouraging greater inclusion of gender in the EITI.
Communication and public debates	WB support has helped improve debates at the government level but also among the population through forums by: • CSOs (ROTAB, Publish What You Pay, Transparency International – Niger Chapter), trade unions working in IE, Journalists, students; • local elected representatives, members of parliament; • Cabinet members, advisors of the Presidency and students.
Dissemination of collection and reconciliation reports	Through reconciliation of payments and revenue collection, EITI reports (2005-2010) showed that GoN received an average of 66 billion CFA per year ($132m USD) over 6 years, a figure considered as very inadequate to be a catalyst for the country's development goals.
Auditing	The Court of Auditors conducts periodic sectoral audits
Ownership	Creation of Networks of journalists and CSOs focused on EI

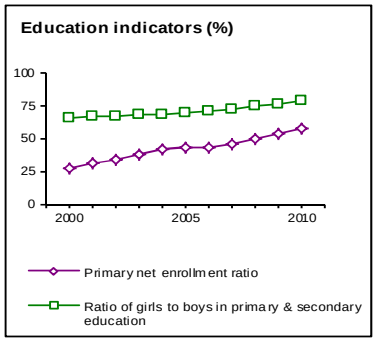
Annex 18: Progress on MDGs

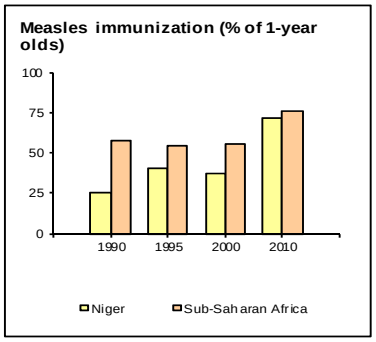
Millennium Development Goals

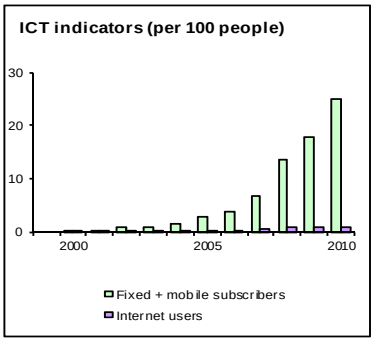
Niger

With selected targets to achieve between 1990 and 2015
(estimate closest to date shown, +/- 2 years)

	Niger			
Goal 1: halve the rates for extreme poverty and malnutrition	**1990**	**1995**	**2000**	**2010**
Poverty headcount ratio at $125 a day (PPP, % of population)	*72.8*	*78.2*	..	*43.6*
Poverty headcount ratio at national poverty line (% of population)	*63.0*	..	..	*59.5*
Share of income or consumption to the poorest quintile (%)	*7.5*	*6.0*	..	*8.1*
Prevalence of malnutrition (% of children under 5)	*410*	..	43.6	*39.9*
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	23	*24*	27	57
Primary completion rate (% of relevant age group)	16	13	19	*46*
Secondary school enrollment (gross, %)	6	6	7	13
Youth literacy rate (% of people ages 15-24)	..	..	*14*	*37*
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	53	60	65	78
Women employed in the nonagricultural sector (% of nonagricultural employment)	..	..	..	*36*
Proportion of seats held by women in national parliament (%)	5	..	1	*12*
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	311	267	218	143
Infant mortality rate (per 1,000 live births)	132	115	98	73
Measles immunization (proportion of one-year olds immunized, %)	25	40	37	71
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	1,400	1,300	1,100	*820*
Births attended by skilled health staff (% of total)	*15*	..	16	*18*
Contraceptive prevalence (% of women ages 15-49)	*4*	..	14	18
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	0.1	0.6	1.0	*0.8*
Incidence of tuberculosis (per 100,000 people)	125	138	152	185
Tuberculosis case detection rate (%, all forms)	53	16	28	35
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	35	39	42	49
Access to improved sanitation facilities (% of population)	5	5	7	9
Forest area (% of total land area)	1.5	..	1.0	1.0
Terrestrial protected areas (% of land area)	7.1	7.1	7.1	7.1
CO2 emissions (metric tons per capita)	0.1	0.1	0.1	*0.1*
GDP per unit of energy use (constant 2005 PPP $ per kg of oil equivalent)	..	..	..	..
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	0.1	0.1	0.2	0.5
Mobile phone subscribers (per 100 people)	0.0	0.0	0.0	24.5
Internet users (per 100 people)	0.0	*0.0*	0.0	0.8
Computer users (per 100 people)	..	..	..	*0.9*







Note: Figures in italics are for years other than those specified. .. indicates data are not available. 4/5/12

Development Economics, Development Data Group (DECDG).

Annex 19: Trust Fund Country Report on Niger

1.IBRD, IDA and RETF Approvals and Disbursements , FY11 - FY13 Q2

Amounts in $million

Fiscal Year	IBRD		IDA		RETF		GRAND TOTAL	
	Disb	Commit	Disb	Commit	Disb	Commit	Total Disb	Total Commit
FY11		0.00	41.99	232.00	6.19	17.83	48.17	249.83
FY12		0.00	126.80	115.00	8.63	65.10	135.44	180.10
FY13 Q2			66.21		6.54		72.75	
Grand Total		**0.00**	**235.00**	**347.00**	**21.36**	**82.93**	**256.36**	**429.93**

Concessional Finance & Global Partnerships

TF Country Report

FY11 - FY13 Q2

Niger

2. BB and BETF Disbursements, FY11 - FY13 Q2

Amounts in $million

Fiscal year	BETF	BB	Grand Total
FY11	1.14	2.77	3.91
FY12	1.70	2.62	4.32
FY13 Q2	0.69	1.22	1.91
Grand Total	**3.54**	**6.61**	**10.14**

IBRD/IDA Trust Funds

(Bank & Recipient Executed Grants)

Disbursements, approvals and pending requests

3. Disbursements (BETF, RETF) by Managing Unit, FY11 - FY13 Q2

Amounts in $million

The Managing Unit of the disbursing grant or, if the several units are making changes to the grant, the managing unit of the cost object (WBS or I/O)under wchich the disbursements are made

Managing Unit	BETF			RETF			Grand Total		
	FY11	FY12	FY13 Q2	FY11	FY12	FY13 Q2	FY11	FY12	FY13 Q2
AFTA1	0.18	0.10	0.07	1.58	5.54	2.19	1.76	5.64	2.26
AFTEW	0.10	0.13	0.19	4.23	2.05	1.37	4.33	2.18	1.56
AFTFW	0.10	0.08	0.01				0.10	0.08	0.01
AFTG2			0.03						0.03
AFTHW		0.12	0.03		0.15			0.27	0.03
AFTN2	0.24	0.32	0.10	0.13	0.33	2.70	0.37	0.65	2.80
AFTP4	0.07	0.31	0.09	0.05	0.01		0.13	0.32	0.09
AFTP5	0.05	0.03					0.05	0.03	
AFTSW			0.01						0.01
DECPI				0.11	0.48	0.17	0.11	0.48	0.17
PRMED		0.06	0.00					0.06	0.00
SEGOM	0.03	0.08	0.04	0.08	0.08	0.12	0.11	0.16	0.16
TWIAF	0.38	0.44	0.11				0.38	0.44	0.11
TWIWP		0.02						0.02	
Grand Total	**1.15**	**1.70**	**0.69**	**6.19**	**8.63**	**6.54**	**7.33**	**10.33**	**7.23**

4. Disbursements (BETF, RETF) by Grant Type, FY11 - FY13 Q2

Amounts in $million

Execution	Grant Type	Grant Type Description	FY11	FY12	FY13 Q2
BETF	BEA	Project/activity support	1.14	1.43	0.62
	BES	Partnership Secretariat & TF Admin	0.00	0.18	0.07
	BEU	Partnership - Project Umbrella		0.08	0.00
RETF	REP	Stand-alone Recipient Executed Project	4.61	6.63	6.37
	REB	IBRD/IDA Cofinancing		0.15	
	REO	Other Recipient Executed Project	1.58	1.85	0.17
Grand Total			**7.33**	**10.33**	**7.23**

5. Disbursements (BETF, RETF) by TF Program, FY11 - FY13 Q2

Amounts in $million

Program Type	Program	Program Name	FY11	FY12	FY13 Q2
Free Standing	FS-DEC	FREE-STANDING TFS FOR DEC	0.11	0.48	0.17
Programmatic	PSIA	POVERTY & SOCIAL IMPACT ANALYSIS MDTF		0.01	0.00
	SIEF	STRATEGIC IMPACT EVALUATION FUND(S)--HD			0.01
	PPIAF	PUBLIC-PRIVATE INFRASTRUCTURE ADVISORY F			0.03
	GFDRR	GLOBALFACILITYFORDISASTERREDUCTION&RECOV			0.03
	JSDF	JAPANESE SOCIAL DEVELOPMENT FUND			0.03
	NPEF	NORWEGIAN POST- PRIMARY EDUCATION FUND	0.00	0.01	0.03
	DMF	DEBT MANAGEMENT FACILITY FOR LICS		0.06	0.00
	TFSCB	STATISTICAL CAPACITY BUILDING PROGRAM	0.05	0.01	
	BPRP	BELGIUM POVERTY REDUCTION PARTNERSHIP PR	0.05	0.04	
	HRBF	HEALTH RESULTS-BASED FINANCING		0.12	
	ICHYAO	ITALIAN FUND FOR CHILDERN & YOUTH IN WES		0.15	
	TERRAF	TERRAFRICA LEVERAGING FUND	0.03	0.16	
	FIRST	FINANCIAL SECTOR REFORM & STRENGTH. INIT	0.10	0.08	0.01
	IDF	INSTITUTIONAL DEVELOMENT FUND	0.19		
	FTIE	EFA FTI EDUCATION PROGRAM DEVELOPMENT F	0.05	0.01	0.17
	EITI	EXTRACTIVE INDUSTRIES TRANSPARENCY INITI	0.11	0.16	0.16
	LPRP	LUXEMBOURG POVERTY REDUCTION	0.12	0.32	0.13

	WSP	WATER AND SANITATION PROGRAM(WSP)	0.38	0.46	0.11
	GEFIA	GEF-IBRD AS IMPLEMENTING AGENCY	1.50	1.85	0.17
	CSCFIA	SCF - IBRD AS IMPLEMENTING AGENCY	0.34	0.49	2.77
	GFCRP	GLOBAL FOOD CRISIS RESPONSE PROGRAM	0.02	3.76	2.05
	EFAFTI	EDUCATN FOR ALL-FAST TRACK INITIATIVE	4.27	2.16	1.37
Grand Total			**7.33**	**10.33**	**7.23**

6. Disbursements (BETF, RETF) by Freestanding/Programmatic Funds, FY11 - FY13 Q2

Amounts in $million

Type	FY11	FY12	FY13 Q2
Free Standing	0.11	0.48	0.17
Programmatic	7.22	9.86	7.07
Sum:	**7.33**	**10.33**	**7.23**

7. Disbursements (BETF, RETF) by Single Donor/Multi Donor, FY11 - FY13 Q2

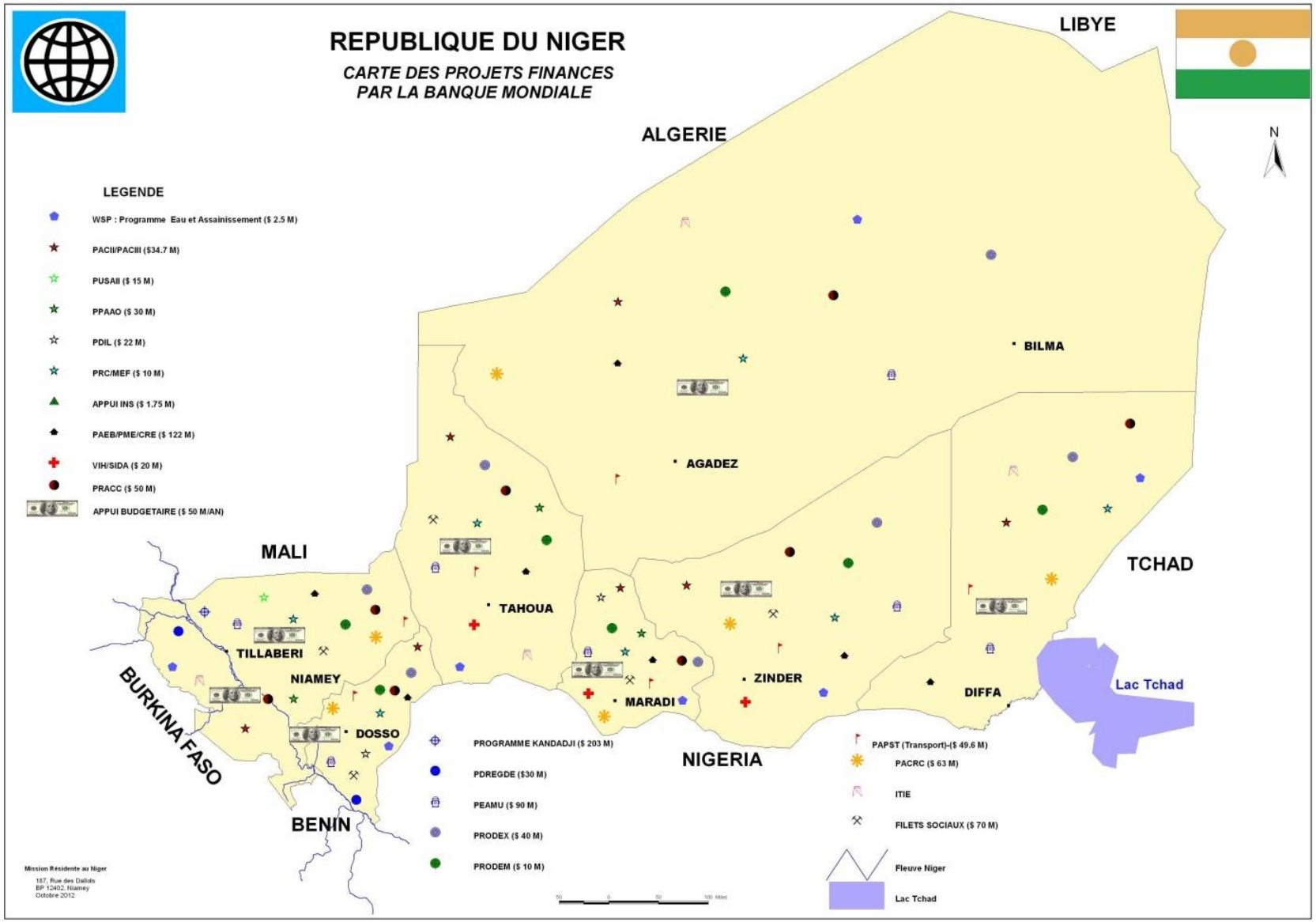
Amounts in $million

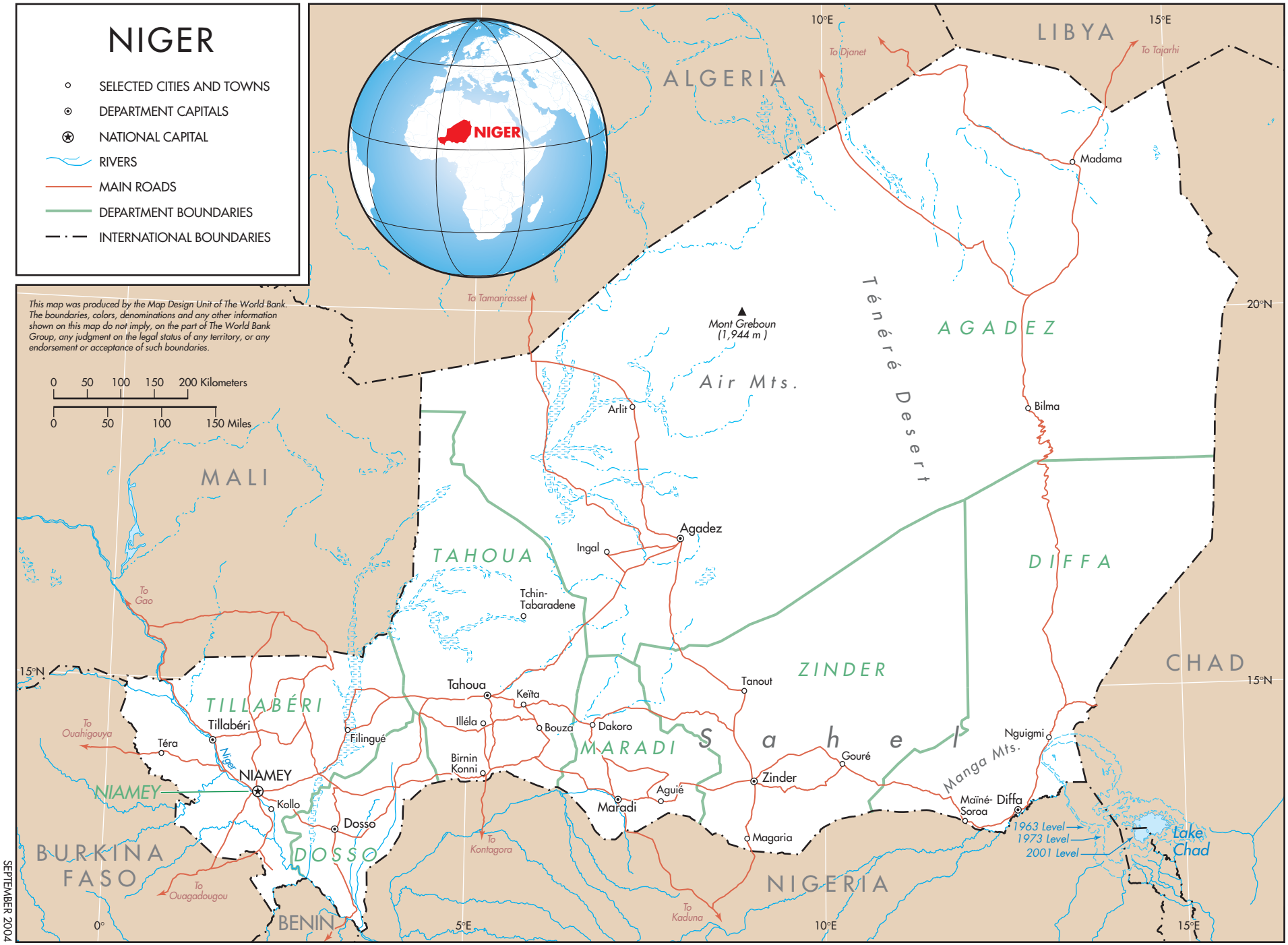
Type	FY11	FY12	FY13 Q2
Multi-donor	2.66	7.01	5.48
Single-donor	4.67	3.32	1.76
Grand Total	**7.33**	**10.33**	**7.23**

8. RETF Disbursements by Sector, FY11 - FY13 Q2

Amounts in $million

Sector	FY11	Share of FY11 Disbursement	FY12	Share of FY12 Disbursement	FY13 Q2	Share of FY13 Q2 Disbursement
Agriculture	1.45	23.40%	5.69	65.86%	4.14	63.33%
Education	3.83	61.88%	1.95	22.53%	1.26	19.31%
Energy & mining	0.08	1.28%	0.08	0.93%	0.12	1.83%
Finance						
Health & social serv	0.02	0.37%	0.14	1.57%	0.03	0.51%
Industry and trade						
Not assigned						
Public admin, Law	0.81	13.07%	0.79	9.11%	0.98	15.01%
Transportation						
Water/sanit/fld prot						
Grand Total Actuals	**6.19**		**8.63**		**6.54**	


REPUBLIQUE DU NIGER
CARTE DES PROJETS FINANCES
PAR LA BANQUE MONDIALE
LIBYE
ALGERIE
N
LEGENDE
WSP : Programme Eau et Assainissement ($ 2.5 M)
PACII/PACIII ($34.7 M)
PUSAII ($ 15 M)
PPAAO ($ 30 M)
PDIL ($ 22 M)
PRC/MEF ($ 10 M)
APPUI INS ($ 1.75 M)
PAEB/PME/CRE ($ 122 M)
VIH/SIDA ($ 20 M)
PRACC ($ 50 M)
APPUI BUDGETAIRE ($ 50 M/AN)
BILMA
AGADEZ
MALI
TCHAD
TAHOUA
TILLABERI
NIAMEY
ZINDER
MARADI
DIFFA
Lac Tchad
BURKINA FASO
DOSSO
NIGERIA
BENIN
PROGRAMME KANDADJI ($ 203 M)
PDREGDE ($30 M)
PEAMU ($ 90 M)
PRODEX ($ 40 M)
PRODEM ($ 10 M)
PAPST (Transport)-($ 49.6 M)
PACRC ($ 63 M)
ITIE
FILETS SOCIAUX ($ 70 M)
Fleuve Niger
Lac Tchad
Mission Résidente au Niger
187, Rue des Dallols
BP 12402, Niamey
Octobre 2012



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