Public Disclosure Authorized

Public Disclosure Authorized

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: 76730-NE

PROJECT APPRAISAL DOCUMENT

OF A PROPOSED IDA GRANT OF SDR26.7 MILLION
(US$40 MILLION EQUIVALENT)

AND

A PROPOSED GRANT FROM
THE GLOBAL ENVIRONMENT FACILITY TRUST FUND
IN THE AMOUNT OF US$4.518 MILLION

TO THE

REPUBLIC OF NIGER

FOR THE

THIRD COMMUNITY ACTION PROGRAM SUPPORT PROJECT

April 29, 2013

Sustainable Development Department
Agriculture, Rural Development and Irrigation Unit (AFTA1)
Country Department AFCW3
Africa Region

This document is being made publicly available prior to Board consideration. This does not imply a presumed outcome. This document may be updated following Board consideration and the updated document will be made publicly available in accordance with the Bank's policy on Access to Information.

CURRENCY EQUIVALENTS
(Exchange Rate Effective: March 31, 2013)

Currency Unit	=	FCFA
SDR 1	=	US$1.4992
FCFA 100	=	US$0.202
US$ 1	=	FCFA 492

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AIP	Annual Investment Plan
ANFICT	*Agence Nationale pour le Financement des Investissements des Collectivités Territoriales (*National Agency for the Investment of Local Governments*)*
APL	Adaptable Program Loan
ARENI	*Association des Régions du Niger (*Niger Regions Associations)
CAPCR	Community Action Project for Climate Resilience
CAP1	Community Action Program (Phase 1)
CAP2	Community Action Program (Phase 2)
CAP3	Community Action Program (Phase 3)
CNP	Comité National de Pilotage
CDAP	Comité Départemental d'Approbation des Micro-Projets (*District Project Analysis Committee)*
COGES	Comité de Gestion *(Management Committee)*
CERC	Contingent Emergency Response Component
DEP	*Directions des Etudes et Programmes* (Directorate for Studies and Programs)
DGATDC	Direction Générale de l'Aménagement du Territoire et du Développement Communautaire (*National Directorate for Territorial Management and Community Development*)
DGEPD	Direction Générale des Études, des Programmes et du Développement *(General Directorate of Studies, programs and Developments)*
DGEEF	*Direction Générale de l'Environnement et des Eaux et Forêts (*General Directorate of Environment, Water and Forests)
DGPIA	*Direction Générale de la Production et des Industries Animales* (General Directorate of Production and Livestock Industry)
ESMF	Environmental and Social Management Framework
FIL	Fonds d'Investissement Local *(Local Investment Fund)*
GGWI	Great Green Wall Initiative
HCME	Haute Autorité de Modernisation de l'État *(High Commissioner for the Modernization of the State)*
IBRD	International Bank for Reconstruction and Development
IRM	Immediate Response Mechanism
I3N	*Les Nigeriens Nourrissent les Nigeriens (*Initiative 3N)
LDP	Local Development Plan
LG	Local Governance
LULUCF	Land Use, Land Use Change, and Forestry
MAG	Ministère de l'Agriculture *(Ministry of Agriculture)*
MEL	Ministère de l'Élevage (*Ministry of Livestock)*

MHE	Ministère. Hydraulique et Environnement *(Ministry of Water and Environment)*
MISPDAR	Ministère de l'Intérieur, Sécurité Publique, Décentralisation et AffairesReligieuses *(Ministry of Interior, Security, Decentralization and Religious Affairs)*
MPATDC	Ministère du Plan, Aménagement du Territoire et Développement Communautaire *(Ministry of Planning, Territorial Management and Community Development)*
M&E	Monitoring and Evaluation
NCU	National Coordination Unit
ORAF	Operational Risk Assessment Framework
PDC	Plan de Développement Communal *(Commune Development Plan)*
PDO	Project Development Objective
PF	Processing Framework
PPCR	Pilot Program for Climate Resilience
RCU	Regional Coordination Unit
RPF	Resettlement Policy Framework
SPCR	Strategic Program for Climate Resilience
PDES	Plan de Développement Économique et Social *(Economic & Social Development Plan)*
SAWAP	Sahel and West Africa Program
SDRP	Stratégie de Développement & Réduction de la Pauvreté *(Development and Poverty Reduction Strategy*)
SFM	Sustainable Forest Management
SLM	Sustainable Land Management
SNP	Safety Nets Project

Regional Vice President:	Makhtar Diop
Country Director:	Ousmane Diagana
Sector Director:	Jamal Saghir
Sector Manager:	Martien Van Nieuwkoop
Task Team Leader:	Amadou Alassane

TABLE OF CONTENTS

I. STRATEGIC CONTEXT 1
A. Country Context 1
B. Sectoral and Institutional Context 2
C. Higher Level Objectives to which the Project Contributes 3
II. PROJECT DEVELOPMENT OBJECTIVES (PDO and GEO) 4
A. PDO and GEO 4
B. Project beneficiaries 4
C. PDO Level Results Indicators 5
III. PROJECT DESCRIPTION 6
A. Project components 6
B. Program Objectives and Phases 12
C. Lessons learned and reflected in the Project Design 13
IV. IMPLEMENTATION 14
A. Institutional and Implementation Arrangements 14
B. Monitoring and Evaluation of Outcomes and Results 15
C. Sustainability 16
V. KEY RISKS AND MITIGATION MEASURES 17
A. Risk Ratings Summary 17
B. Overall Risk Rating Explanation 17
VI. APPRAISAL SUMMARY 18
A. Economic and Financial Analysis 18
B. Technical 18
C. Financial Management 19
D. Procurement 19
E. Social (including Safeguards) 20
F. Environment (including Safeguards) 21
G. Other Safeguard Policies triggered 22

ANNEXES
Annex 1: Result Framework and Monitoring 23
Annex 2: Detailed Project Description 27
Annex 3: Implementation Arrangements 39
Annex 4: Implementation Support Plan 60
Annex 5: GEF Incremental Cost Analysis 64
Annex 6: Immediate Response Mechanism 73
Annex 7: Map of Niger 75

LIST OF TABLES

Table 1: Project Cost and Financing (US$ million)..... 12
Table 2: Risk ratings..... 17
Table 3: Safeguard Policies..... 22

LIST OF BOXES

Box 1: Supporting A Gender-Sensitive Approach..... 5
Box 2: Niger's Commitment to International Environmental Conventions..... 8
Box 3: Key Aspects of the '3 N Initiative' Strategic Framework..... 9
Box 4: Overview of CAP1 and CAP2 achievements..... 12
Box 5: Use of FIL (*)..... 37
Box 6: GEF Incremental Reasoning..... 65

PAD DATA SHEET

Niger

NIGER COMMUNITY ACTION PROGRAM PHASE 3 (P132306)

PROJECT APPRAISAL DOCUMENT

AFRICA

AFTA1

Report No.: PAD457

Basic Information			
Project ID	Lending Instrument	EA Category	Team Leader
P132306	Investment Project Financing	B - Partial Assessment	Amadou Alassane
Project Implementation Start Date		Project Implementation End Date	
23-May-2013		23-Aug-2017	
Expected Effectiveness Date		Expected Closing Date	
23-Aug-2013		22-Dec-2017	
Joint IFC			GEF Focal Area
No			Multi-focal area
Sector Manager	Sector Director	Country Director	Regional Vice President
Martien Van Nieuwkoop	Jamal Saghir	Ousmane Diagana	Makhtar Diop

Borrower: Ministry of Agriculture, Ministry of Planning, Regional and Community Development

Project Financing Data(in USD Million)					
[ ]	Loan	[X]	Grant	[ ]	Other
[X]	Credit	[ ]	Guarantee		

Total Project Cost:	44.52	Total Bank Financing:	40.00
Total Cofinancing:		Financing Gap:	0.00

Financing Source	**Amount**
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	40.00
Global Environment Facility (GEF)	4.52
Total	44.52

Expected Disbursements (in USD Million)

Fiscal Year	2014	2015	2016	2017	2018	0000	0000	0000	0000
Annual	4.40	11.00	12.00	8.60	4.00	0.00	0.00	0.00	0.00

Cumulative	4.40	15.40	27.40	36.00	40.00	0.00	0.00	0.00	0.00

Expected Disbursements GEF (in USD Million)

Fiscal Year	2014	2015	2016	2017	2018				
Annual	0.61	1.29	1.40	0.918	0.30				
Cumulative	0.61	1.9	3.3	4.218	4.518				

Proposed Development Objective(s)

The Development Objectives (PDO) of the proposed CAP3 are to strengthen the Recipient's local development planning and implementation capacities, including the capacity to respond promptly and effectively to an eligible crisis or emergency, and to improve the access of the targeted population to socio-economic services.

Proposed Global Environmental Objective(s)

The Global Environment Objective (GEO) is to promote sustainable land and natural resources management and productive investments at the commune level in selected areas of Niger.

Components

Component Name	Cost (USD Millions)
COMPONENT A: Capacity Building	8.35
COMPONENT B: Local Investment Fund	29.39
COMPONENT C: Project Coordination, Management, Monitoring and Evaluation and Communication	6.78
COMPONENT D: Contingent Emergency Response	0.00

Institutional Data

Sector Board

Agriculture and Rural Development

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Agriculture, fishing, and forestry	Agricultural extension and research	10		
Health and other social services	Other social services	20		
Agriculture, fishing, and forestry	General agriculture, fishing and forestry sector	40		
Public Administration, Law, and	General public	30		

Justice	administration sector			
Total		100		

☐ I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Public sector governance	Decentralization	30
Rural development	Rural non-farm income generation	10
Environment and natural resources management	Land administration and management	20
Environment and natural resources management	Climate change	10
Rural development	Other rural development	30
Total		100

Compliance

Policy

Does the project depart from the CAS in content or in other significant respects?	Yes [ ]	No [X]
Does the project require any waivers of Bank policies?	Yes [ ]	No [X]
Have these been approved by Bank management?	Yes [ ]	No [ ]
Is approval for any policy waiver sought from the Board?	Yes [ ]	No [ ]
Does the project meet the Regional criteria for readiness for implementation?	Yes [ ]	No [ ]

Safeguard Policies Triggered by the Project	**Yes**	**No**
Environmental Assessment OP/BP 4.01	**X**	
Natural Habitats OP/BP 4.04	**X**	
Forests OP/BP 4.36	**X**	
Pest Management OP 4.09	**X**	
Physical Cultural Resources OP/BP 4.11	**X**	
Indigenous Peoples OP/BP 4.10		**X**
Involuntary Resettlement OP/BP 4.12	**X**	
Safety of Dams OP/BP 4.37		**X**
Projects on International Waterways OP/BP 7.50		**X**
Projects in Disputed Areas OP/BP 7.60		**X**

Legal Covenants			
Name	**Recurrent**	**Due Date**	**Frequency**
Condition of effectiveness of the Financing Agreement		23-Aug-2013	

Description of Covenant

The Recipient has revised for the Project, approved and disseminated to the entities involved in the implementation of the Project: (i) the Project Implementation Manual, (ii) the Administrative, Accounting and Financial Procedures Manual, and (iii) the Monitoring and Evaluation Manual, each in form and substance satisfactory to the Association.

Name	Recurrent	Due Date	Frequency
Condition of effectiveness of the Financing Agreement		23-Aug-2013	

Description of Covenant

Recipient has established: (i) the Steering Committee, (ii) the National Coordination Unit, and (iii) the eight (8) Regional Coordination Units for the Project, each with attributions, composition and resources acceptable to the Association.

Name	Recurrent	Due Date	Frequency
Condition of effectiveness of the Financing Agreement		23-Aug-2013	

Description of Covenant

Recipient has recruited the following key staff for the Project, each on the basis of ToRs, qualifications and experience satisfactory to the Association: (i) a Project coordinator; (ii) an administrative and financial specialist; (iii) a senior accountant; (iv) a procurement specialist; (v) a monitoring & evaluation specialist; and (vi) a planning and communal development specialist.

Name	Recurrent	Due Date	Frequency
Dated covenant		23-Aug-2015	

Description of Covenant

Mid Term Review: Recipient shall prepare and furnish to the Association not less than 3 months prior to the beginning of the Mid-term Review, a report integrating the results of the monitoring and evaluation activities, on the progress achieved in carrying out the Project during the period preceding the date of such report and the action plan for the remaining period to achieve the project PDO.

Name	Recurrent	Due Date	Frequency
Dated covenant	**X**		

Description of Covenant

Recipient shall furnish to the Association, not later than December 15 of each year, the annual work program and budget approved by the Steering Committee except the annual work program of the first year which should be submitted one month after effectiveness.

Name	Recurrent	Due Date	Frequency
Dated covenant	**X**		Yearly

Description of Covenant

Recipient shall have upgraded its accounting software in a manner satisfactory to the Association to ensure the timely production of the financial reports

Name	Recurrent	Due Date	Frequency
Dated covenant		23-Nov-2013	

Description of Covenant

Recipient shall have updated the Simplified Procedure Manual in form and substance satisfactory to the Association for the Project and disseminated it to the Targeted Communes.

Name	Recurrent	Due Date	Frequency
Dated covenant		23-Dec-2013	

Description of Covenant

Recipient shall engage independent auditors for the purpose not later than four (4) months after the Effective Date.

Name	Recurrent	Due Date	Frequency
Dated Covenant	**X**		Quarterly

Description of Covenant

Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association

Name	Recurrent	Due Date	Frequency
Dated Covenant	**X**		Yearly

Description of Covenant

Recipient shall have its financial statements audited each year and the audited statements shall be furnished to the Association not later than six months after the end of the Recipient fiscal year.

Conditions

Name	Type
Disbursement Condition (category 5)	Disbursement

Description of Condition

Eligible crisis or emergency has occurred, the Recipient has designated a Coordinating Authority with adequate staff and resources and the Recipient has adopted an Immediate Response Operations Manual in form and substance satisfactory to the Association.

Name	Type
Disbursement Condition (category 6)	Disbursement

Description of Condition

Eligible crisis or emergency has occurred, the Recipient has designated a Coordinating Authority with adequate staff and resources, the Recipient has adopted an Immediate Response Operations Manual in form and substance satisfactory to the Association and the required Safeguard Documents have been prepared, consulted upon and disclosed in accordance with Bank's policies.

Team Composition

Bank Staff

Name	Title	Specialization	Unit
Amadou Alassane	Sr Agricultural Specialist	Team Lead	AFTA1
Helene Bertaud	Senior Counsel	Legal	LEGAM
Aissatou Diallo	Senior Finance Officer	Disbursement	CTRLA
Wolfgang M. T. Chadab	Senior Finance Officer	Disbursement	CTRLA
El Hadj Adama Toure	Senior Agriculture Economist	Agriculture	AFTA1
Beth Wanjeri Mwangi	Financial Management Specialist	Financial Management	AFTMW
Ibrah Rahamane Sanoussi	Senior Procurement Specialist	Procurement	AFTPW
Dahlia Lotayef	Lead Environmental Specialist	Environment	AFTN2
Hadidia Diallo Djimba	Program Assistant	Program Support	AFMNE
Robert Johann Utz	Senior Economist	Senior Economist	AFTP4
Abdoulaye Toure	Lead Agriculture Economist	Agriculture	AFTA1
Soulemane Fofana	Sr. Rural Development Specialist	Rural Development	AFTA1
Janet M. Owens	Senior Economist	Senior Economist	AFTP4
Juvenal Nzambimana	Operations Officer	Operations	AFTA1
Karima Laouali Ladjo	Program Assistant	Program Assistant	AFTP5
Marie Claudine Fundi	Program Assistant	Operations Support	AFTA2
Gayatri Kanugo	Environment Specialist	Environment / GEF	AFTN3
Volana F. Andriamasinoro	Program Assistant	Operations Support	AFTA1
Karima L. Ladjo	Program Assistant	Operations Support	AFTNE
Ofumilayo F. Olympio	Program Assistant	Operations Support	AFTA1
Daniel Sellen	Lead Agriculture Economist	Ag & Rural Dev.	LCSSD
Germaine M. Ethy	Program Assistant	Operations Support	AFTA1
Mohamed Khatouri	Lead Monitoring and Evaluation Specialist	Lead Monitoring and Evaluation	SARDE
Laurent Valiergue	Sr. Carbon Finance Specialist	Senior Carbon Finance	CPFCF
Adrien de Bassompierre	Sr. Carbon Finance Specialist	Carbon Finance	CPFCF
Begnadehi Bationo	Operations Officer	Operations	AFMBF
Abdoulahi Garba	Economist	Economist	AFTP4

Non Bank Staff

Name	Title	Office Phone	City
Raymond Audette	M&E Specialist		Québec
Angelo Bonfiglioli	Local Governance Specialist		Vence
Medou Lo	Consultant		Washington
Dan Petrescu	Communication Specialist		Colombo
Ayouba Moussa	Social Safeguards Specialist		Niamey

REPUBLIC OF NIGER

THIRD COMMUNITY ACTION PROGRAM SUPPORT PROJECT (CAP3)

I. STRATEGIC CONTEXT

A. Country Context

1. **Geography and climate.** Niger is a land-locked country with an area of 1,267,000 km² (two-thirds of the country is located in arid and semi-arid zones). The climate is mostly arid (in 85% of total area, annual rainfall is less than 350 mm). Its population is estimated at 16.3 million (annual population growth of 3.3%).[1]

2. **Poverty.** Two-thirds of the population lives below the poverty threshold. The 2012 *Human Development Index* ranks Niger last with an estimated per capita Gross National Income (GNI) at purchasing power parity of US$701. Only 29% of the population is literate and the child mortality rate is 198 deaths for 1,000 children. More than 50% of the population is affected by food and nutrition insecurity, with 22% of the population chronically suffering extreme food insecurity and 40% of children under five are underweight. Poverty has declined marginally over the last decade. However, its incidence has remained constant since the early 1990s, mainly due to lack of resources, low agricultural productivity, and high population growth.

3. **Economic dependence on natural resources and vulnerability to climate hazards.** About 84% of the population depends on natural resources that are highly vulnerable to climate factors. Niger's economy has been affected by high variability of rainfall, fluctuating terms of trade, and volatility of aid flows. These shocks severely affect human development and cause chronic food insecurity in Niger. Poor households, particularly female-headed households, are more exposed to these shocks and often resort to negative coping mechanisms such as the sale or consumption of seed stocks and sale of productive livestock. Food insecurity is aggravated by the high incidence of rural poverty, which at household level translates into low purchasing power, difficult access to food by vulnerable groups, rampant malnutrition, and poor access to health facilities. Climate change and variability are likely to increasingly affect land and water resources, biodiversity, production, food security, human health, settlements, and infrastructure.

4. **Social and Security Situation**: The security situation in many parts of the country is fragile. Conflicts in neighboring Mali and Libya exacerbate an already tenuous security situation (especially in the North, where there was recent social unrest), including bandits involved in criminal activities. In the South, events in Northern Nigeria, could easily affect Niger, particularly the densely inhabited and economically active southern parts of the country (from Dosso to Nguigmi). To address this situation of insecurity, the Government has launched a *Development and Security Strategy in Sahelian-Saharan Areas* which aims to contribute to social and economic development by creating sustainable peace and security conditions in particularly sensitive geographic areas. Security collaboration with regional and international partners has also been scaled up, as have public expenditure on security.

[1] *Source* : Projection by the 'Institut National de la Statistique-Niger', *Recensement général de la Population et de l'Habitat,* 2001.

5. **Macro-economic achievements and challenges**. Since 2000, Niger has developed a track record for macro-economic stability and has embarked on reforms to foster private sector-led economic growth, reduce the debt and improve social indicators. Economic growth has accelerated from an average annual rate of 4.1 percent during the period 2002 to 2007 to 6.4 percent for the period 2007-2012. Much of this growth acceleration is due to the expansion of the extractive industries, while growth in the rural sector actually slowed down from 4.9 percent during the period 2002-2007 to 4.7 percent during the period 2007-2012. However, despite these gains, Niger continues to face persistent, long-term development challenges (demographic growth and climate crises affect overall economic growth, together with other combined factors, such as the Libyan crisis and social unrest in Mali and Northern Nigeria, as well as the European debt crisis and commodity market developments).

B. Sectoral and Institutional Context

6. **National development policies and strategies.** The Government adopted a new PRSP - the '*Plan for Economic and Social Development* 2012-2015' (PDES) in August 2012. It represents unique operational framework for the Government mid-term development agenda, in line with the Millennium Development Goals (MDGs). It covers the following strategic axes: (i) creation of conditions conducive to sustainable, equitable and inclusive development; (ii) food security and sustainable agricultural development; (iii) promotion of a competitive and diversified economy; and (iv) promotion of social development. The *Environment National Plan for Sustainable Development* ('Plan National de l'Environnement pour un Développement Durable'/ PNEDD) is the key document unifying all the efforts related to environment and sustainable development. Niger has also made numerous efforts and committed itself over the recent years to implementing key international environmental Conventions, such as the *United Nations Conventions to Combat Desertification* (UNCCD, 2008-2018), the 1992 *Convention on Biological Diversity* (CBD), and the 1992 *United Nations Framework Convention on Climate Change* (UNFCCC).

7. **Food security.** On April 18, 2012, the Government has also adopted and started implementation of the '3 N initiative'("*Nigeriens feed Nigeriens*") for sustainable food security and agricultural development, axis 3 of PDES, whose objective is to protect communities from hunger and malnutrition and guarantee them adequate conditions to participate in production and income generating efforts. Key implementation principles of the initiative stress, among others, the following: (i) working through local governments/communes; (ii) involving beneficiaries in planning and implementing development projects; (iii) developing resilient crops; and (iv) scaling up sustainable management of natural resources.

8. **Decentralization**. The project will also contribute to strengthening implementation of decentralization reforms and scaling up on-going initiatives aimed at empowering local governments, highlighting their leadership in local development. The definition and implementation of innovative forms of horizontal collaboration between communes and the strengthening of the capacities of regional councils will be given greater emphasis. Local governments (*collectivités locales*) have important comparative advantages in terms of knowledge of local socio-economic constraints and potential, climate-related hazards and appropriate mitigations measures. On-going experiments aimed at empowering them achieved positive results, in spite of very limited human and financial resources. Elections in 2010 brought new actors to municipal councils, put in place regional councils, and paved the way to a new constitutional and democratic life.

C. Higher Level Objectives to which the Project Contributes

9. The proposed third phase of the program will contribute to the achievement of Niger's key development objectives of reducing poverty through initiatives aimed at improving food security, raising the income of rural producers and increasing, securing and diversifying food production. The project will also support the implementation of key national development policies and strategies. It will be implemented in synergy with current development programs, in particular with current Bank-supported projects.

10. **World Bank's objectives**. The rationale for Bank involvement in the program is the implementation of the third phase of Adaptable Program Loan (APL) initiated in 2004. This third phase remains valid and continues to provide a strong impetus. It is aligned with the Government of Niger objectives to reduce poverty. The third phase will scale up activities aimed at empowering local governments and community organizations to better participate in local development planning, access investment facilities to better manage their natural resource base, improve livelihoods, diversify incomes, and improve access to social services. The proposed project is consistent with the Bank's Country Partnership Strategy (CPS) for Niger (FY13-16) to be discussed by the Board on April 30, 2013, in responding to the country's social, economic and environmental conditions and taking into account the structural political and administrative reforms undertaken over the last few years.

11. The proposed project is also aligned with the objectives of the Bank's *Strategy for Africa.* It is fully aligned with Africa Region's Action Plan for Enhancing Competitiveness and Resilience through improved natural resource and environment management which demonstrates the role that sound environment and natural resource management play in implementing the goals of the *Strategy for Africa*. Close relationships and coordinated activities will be established with other Bank-supported projects in Niger, particularly the following: (i) *Community Action Project for Climate Resilience* (CAPCR), a US$63 million project, whose objective is to improve the resilience of populations and production systems to climate change and variability in 38 targeted communes as part of the Niger 'Strategic Program for Climate Resilience' (SPCR); (ii) *Safety Nets Project* (SNP), a US$70 million project whose main objective is to establish and support an effective safety net system for the poor; and (iii) *Niger Basin Water Resources Development and Sustainable Ecosystems Management Program (AP, 2A),* a US$ 203 million program whose objective is to increase access to water for agriculture development and capacity for energy generation in the Nigerien part of the Niger Basin,[2] as well as support local development in 11 communes whose territory is located in the Niger river basin area affected by the Kandadji dam and its reservoir.

12. **Synergy with the Sahel and West Africa Program**. Through its GEF co-financing, the proposed project will be a part of the 'Sahel and West Africa Program' (SAWAP) in support of the 'Great Green Wall Initiative' that aims to expand Sustainable Land and Water Management (SLWM) in targeted landscapes and in climate vulnerable areas in West African and Sahelian countries. The program, with a financing envelope of US$108 million, was approved by the GEF and LDCF/ SCCF Councils in May 2011, and addresses major issues related to land degradation

[2] In addition, the Bank is financing other on-going projects in Niger, such as: the *Exports and Agro-sylvo-pastoral Development Project* (PRODEX); the *Local Infrastructure Project* (PDIL) in three urban communes; and the *Second Food Security Emergency Support Project* (PUSA2) to mitigate the effects of recent food crises in the most affected regions (Tillabery). The proposed program will also establish a close relationship with the other three investment projects of the SPCR, that is: the *Climate Information Development and Forecasting Project* (PDICP) that will be implemented with support of the African Development Bank (AfDB); the *Project for the Mobilization and Development of Water Resources* (PROMOVARE) that will also be implemented with AfDB support; and the International Finance Corporation (IFC)-related project on *Improving private sector resilience to climate change*.

and NRM for support of sustainable development and regional integration. Twelve countries in the sub-region including Niger are participating in the Great Green Wall Initiative. The Project will be implemented following the SAWAP's landscape approach which integrates people's livelihood objectives in the management of the different ecosystems within the landscape, and contribute to the conservation of biodiversity in national protected area systems as well as production landscapes.

13. **Synergy with initiatives of other development partners.** The project will also establish close collaboration with initiatives supported by other development partners (mainly United Nations agencies, European Union, and German, Belgian, French and Swiss cooperation), to support decentralization reforms, rural development, gender-sensitive community development, and sustainable land management (SLM). Particularly important will be the synergy with specific initiatives of the 'Development and Security Strategy' targeting disadvantaged geographic areas (mainly in the northern zones of Tillabery, Tahoua, Zinder and Diffa regions and all Agadez Region) affected by recent and/or current civil insecurity and unrest.

II. PROJECT DEVELOPMENT OBJECTIVES (PDO and GEO)

A. PDO and GEO

14. The **development objectives** (PDO) of the proposed project are to strengthen the Recipient's local development planning and implementation capacities, including the capacity to respond promptly and effectively to an eligible crisis or emergency, and to improve the access of the targeted population to socio-economic services.

15. The **Global Environment objective** (GEO) is to promote sustainable land and natural resources management and productive investments at the commune level in selected areas of Niger.

B. Project beneficiaries

16. The project will cover 266 local governments/collectivités territoriales of Niger, including the 164 urban and rural communes that have already benefitted from previous phases of CAP, and the remaining 91 communes, as well as the 7 Regional councils and 4 urban councils established following the December 2010 elections. The primary beneficiaries of the funding will specifically be :

- All the communes, including urban and selected regional councils will benefit from initiatives related to local governance and institutional capacity building;
- Some communes will benefit from the 3 N Initiative-oriented specific investments (individually or through inter-communal modalities) – these communes, out of which a further selection will be made, have already been identified through a complete mapping exercise carried out in December 2012 (focusing on 130 communes not covered by initiatives supported by other development partners); and
- All the regional councils will benefit from consultations concerning their roles and competencies in local development. However, for more specific capacity building initiatives, only selected Regions will be directly covered (within a strategic partnership with other development partners).

17. The number of direct beneficiaries of the investments for the project (excluding institutional and capacity building initiatives) can be estimated to be between 500,000-650,000 households of small-scale rural producers (about 3 million people), including chronically poor households living in disadvantaged and marginal areas.[3]

Box 1: Supporting A Gender-Sensitive Approach

Phase 3 of the APL will continue to address the gender-specific needs of its beneficiaries. During CAP2, for instance, about 50 percent of beneficiaries of income-generating activities, were women (some 241,000), representing a substantial increase from CAP1. While building on the achievements of Phase 2, the proposed project will seek to increase women's participation in the investment decision-making process, contribute to a more gender-balanced access to land and financing, and reduce gender-related vulnerabilities. The approach is based on the following key assumptions respectively related to environmental and climatic hazards, economic opportunities and institutions:

- Women are disproportionately vulnerable to natural hazards due to social norms, entrenched gender inequality and reproductive responsibilities, all of which constrain women's mobility and survival options;
- Women have less control over capitals, limited economic opportunities, and lack voice in decision making within households and communities. These factors reduce their capacity to adapt and overcome hazards; and
- Women have relatively limited access to public institutions, and as a result have no access to climate related information, both adaptation and mitigation, and support.

18. Representatives of local governments will also benefit from capacity building initiatives aimed at building their technical and institutional capacities in planning and monitoring local development. Finally, representatives of line departments and private economic operators and local service providers will indirectly benefit from a variety of rural sector-related activities (transport, storage and food processing).

C. PDO Level Results Indicators

19. The following key indicators will monitor progress towards achieving the objectives and their outcomes:

(i) Percentage of newly targeted communes that have defined and put in place governance practices in the areas of participation, financial accountability, and social equity;
(ii) Percentage of targeted communes that are enabled to sustain proper operation and maintenance of local development investments;
(iii) Additional land area under sustainable land and water management (SLWM) and Sustainable Forest Management (SFM) practices (hectares) [*GEF indicator*];
(iv) Percentage of targeted farming households who have adopted sustainable agro-sylvo-pastoral practices and technology promoted by the project [IDA core indicator];

[3] Estimations take into account the amount of allocations to communes, the average population of communes, and the average size of households.

(v) Direct project beneficiaries (number), of which female (percentage) [*IDA core indicator*]; and

(vi) Time taken to make funds available as requested by Government in case of an eligible crisis or emergency [*IRM-related indicator*].

III. PROJECT DESCRIPTION

A. Project components

COMPONENT A: Capacity Building. (IDA: US$7.173 million; GEF: US$1.174 million)

20. ***Sub-component A.1: Capacity building for communes and communities and improving local governance***. A range of cross-cutting initiatives - built on achievements from earlier phases by deepening technical and capacity building for local stakeholders - will aim at enhancing the governance of communes in five domains: (i) *participation* of local stakeholders (including farmers groups, livestock keepers groups, women associations, etc.) in planning and implementing local development activities (within the context of local development plans,), which will take into account economic, social, technical and environmental sustainability, and will efficiently operate and maintain physical investments and infrastructure in a sustainable way; (ii) social accountability to enable local authorities to conduct local government activities in an inclusive and transparent manner, to be more accountable to their constituencies and allow all categories of citizens (including women and the youth) to access to key information and participate in decision making processes;[4] (iii) *equity* at the level of local communities between different social categories of population in general, and between men and women in particular (by guaranteeing, for instance, that within the Annual Investment Plan of each Commune a quota of micro-projects specifically targeted to women's priority needs such as e., micro-projects identified and managed by women's organizations is set aside); (iv) modernization and efficiency of public services at the level of communes and deconcentrated line departments; and (v) sustainable use of natural resources and biodiversity conservation following a landscape's approach.

21. Furthermore, at the level of community organizations, specific activities will aim at: (i) achieving awareness of program objectives and participatory approaches; (ii) building capacities to achieve efficient implementation of planned investments; and (iii) stimulating behavior change and favoring adoption of sustainable community-based agricultural and environmental practices and improved household nutrition.

22. ***Sub-component A.2: Promoting inter-communal collaboration.*** Key activities will include: (i) carrying out, institutional studies and assessments of the legal, institutional administrative and financial conditions favoring horizontal cooperation between local governments including cooperation towards the sustainable management of inter-communal natural resources; and (ii) preparation of a complete *Guide of inter-governmental cooperation at local level*. These activities will be designed and implemented together with other development partners.

23. ***Sub-component A.3: Building capacities of Regional governments***. This will concern explicit support to the *High Authority for the Modernization of the State* (HCME), the Ministry

[4] This will include, among other things, the establishment of an independent grievance mechanism in each participating Commune (mostly by using existing local-level institutions); investment and procurement-related information published in a timely fashion; and use of billboards or other ways of sharing procurement and investment-related information with the communities.

of Planning, Territorial Management and Community Development (MPATDC), the Ministry of Interior, Public Security, Decentralization and Religious Affairs (MISPDAR) and the *Niger Association of Regional Governments* (ARENI), for the implementation of the following initiatives: (i) conduct a diagnostic study of all regional governmental bodies, to assess their institutional, technical, administrative and financial capacities to assume their mandate for local development; (ii) present results and recommendations of the diagnostic study at national workshop in which representatives of the different Regions, key sectoral ministries and national agencies, as well as development partners will participate; (iii) contribute to the design of a general framework for comprehensive regional development plans consistent with both the national PDES and PDCs that incorporate the landscape approach and the climate change dimension; (iv) organize two study tours to neighboring countries with significant regional development experience; and (v) support institutional and capacity building initiatives to selected Regional Governments. All these initiatives will be defined, supported and implemented in close synergy and collaboration with other development partners supporting decentralization in Niger.

24. ***Sub-component A.4: Building the capacities of the Agency for the Investment of Local Governments, sectoral line departments and non-state actors.*** Specific activities will address institutional capacity building needs of the Agency for the Investment of Local Governments (ANFICT), to enable it to manage funds to be allocated to communes for their respective investments. Adequate support will be provided to on-going initiatives (supported by United Nations Development Program/UNDP, United Nations Children Fund/UNICEF and German International Cooperation/GIZ) to better sensitize civil servants and representative of sectoral departments about key principles of decentralization and deconcentration. This will also include the capacities of sectoral line departments and other agencies in charge of providing technical assistance to communes and Regions on local development planning and monitoring (this will also include maintaining and/or strengthening "carbon know-how" at the institutional level), and increased the adaptive capacity of targeted institutions to reduce risks and response to climate variability). All these capacity-building activities are in line with the main operational principles of the '3 N Initiative'.

COMPONENT B: Local Investment Fund. (IDA: US$26.270 million; GEF: US$3.118 million)

25. This component will assist communes to make investments to support agriculture and livestock activities, improve sustainable land management (SLM), create and/or ensure maintenance of essential socio-economic infrastructures and facilities, and diversify income generating activities**.** A Local Investment Fund (FIL) will be established to support micro-projects that have been identified and planned by local beneficiaries themselves, under the leadership of their local governments. The micro-project identification will follow the model that has demonstrated its efficacy in the previous phases. They will be implemented according to a results-based managed approach, through a partnership between central state institutions, local governments and other programs.

26. The investments of the proposed project would comprise two 'windows': (i) a first window, which would mobilize about 95% of the total FIL, for investment identified by individual communes (similar to the system already adopted in previous CAP phases); and (ii) a second 'window', mobilizing about 5% of the FIL, for pilot initiatives defined and implemented by two or more communes (according to *inter-communalité*-related principles).

27. ***Sub-component B.1. Implementing targeted investments of Commune Development Plans (PDCs).*** Direct support will be provided for the implementation of PDCs and 'Annual

Investment Plans' (PIA). As in the previous CAP phases, allocations to communes will be made on the basis of the following criteria: demography, magnitude of natural resource degradation, and number/density of livestock (with an additional new parameter related to climate change and variability).

28. Appropriate capacity-building activities and other institutional measures will be identified and implemented to enable the *Agency for the Investment of Local Governments* (ANFICT) to effectively play its mandate in managing more or less important portions of the FIL. An institutional evaluation will assess the legal, financial and operational readiness of the ANFICT and a decision will be made at that point (in close collaboration with other development partners) with respect to channeling funds (whose amount will be determined) through this mechanism – that decision will also depend on the amount of annual financial resources that the State is willing to transfer to the agency for its operational costs and for its allocations to support local governments' investments.

29. The GEF funds will, inter alia, address sustainable management of land use, land-use change and forestry, agro-ecosystem services or forest ecosystem services in dry lands sustaining the livelihoods of local communities, and promote climate smart technologies and agriculture in line with Niger's commitment to key international environmental conventions (see Box 2). Activities supported by GEF are aligned with the main objectives of SAWAP to expand Sustainable Land and Water Management (SLWM) technologies in targeted landscapes and in climate vulnerable areas to help communities adapt production systems to climate variability and change, generate income and livelihoods, and secure global public goods such as retention of greenhouse gases (GHG), nitrogen fixation, groundwater recharge and biodiversity, and reduce impacts from erosion, drought, and flooding.

Box 2: Niger's Commitment to International Environmental Conventions

In recent years, Niger has made numerous efforts and committed itself to implementing key international environmental Conventions, such as the *United Nations Conventions to Combat Desertification* (UNCCD, 2008-2018), the 1992 *Convention on Biological Diversity* (CBD), and the 1992 *United Nations Framework Convention on Climate Change* (UNFCCC). In Niger, the *Environment National Plan for Sustainable Development* ('Plan National de l'Environnement pour un Développement Durable' PNEDD) is the key document unifying all the efforts related to environment and sustainable development. The proposed project will explicitly support the implementation of the different aspects of these Conventions , particularly by stressing the participation of targeted populations in the design and implementation of initiatives to combat desertification, the development of international and regional cooperation, the development of partnerships between local governments, NGOs and agricultural land users, and the adoption of strategies to protect natural resources, as well as designing and implementing regional and local action plans to combat desertification adapted to the different Nigerien agro-socio-ecological systems.

30. In order to avoid dispersion and optimize impact, communes will focus on a number of eligible investments identified in their development plans and annual investment budgets, in accordance with strategic principles of PDES (Axis 3), in general, and of key axes of the '3 N Initiative' (see Box 3), in particular the following:

(i) ***Sustainable and improved land and water management practices*** (about 40% of the FIL for communes) will contribute to increase the productivity of agro-sylvo-pastoral activities for food and nutrition security. They will also improve conservation and sustainable use of

biodiversity and ensure the maintenance of ecosystem goods and services through a variety of practices and techniques. To achieve this goal, the sub-component will focus on: (i) improving the sustainability of protected area systems; and (ii) mainstreaming biodiversity conservation and sustainable use into production landscapes and sectors.[5] These initiatives are closely related to the GEF objective of supporting an integrated ecosystem management and landscape approach that generates multiple wins (from food security and livelihoods to environmental public goods). They are also related to parallel initiatives aimed at restoring deforested and highly degraded land by empowering rural communities to adopt sustainable agro-forestry practices and allowing producers to earn an income from the sale of Arabic gum. Additional revenues might be possible through sales of "carbon credits" (removals) thanks to carbon sequestration in Acacia stands. This will depend nevertheless on market conditions. In order to optimize the revenue flows, the voluntary markets will be privileged - for instance, with the sale of 'Verified Carbon Units' (VCUs) to be generated under the Verified Carbon Standard (VCS). As the main driver for the depletion of carbon stocks remains primarily in the energy sector (wood-fuel collection), a special emphasis will be placed on the demand side. Low carbon technologies such as cook stoves, biogas digesters will also be eligible for funding. These technologies will reduce pressure on forest and woodlands by reducing demand for wood-fuel (fuel-wood and charcoal), and reduce GHG emissions and indoor air pollution by fuel switching to cleaner options.

Box 3: Key Aspects of the '3 N Initiative' Strategic Framework

The 3 N Initiative promotes the use of innovative practices and technologies, well adapted to local ecological and socio-economic conditions and is based on the following strategic axes:

- Increasing and diversifying agro-sylvo-pastoral and halieutic productions by supporting small-scale producers to increase use of agricultural inputs, equipment and other technologic tools (Axis 1);
- Improving the resilience of vulnerable groups to climate change, food crises and natural disasters (Axis 2);
- Improving local mechanisms to manage all types of risk, particularly those related to climate (droughts, floods), ecology (strong winds, bush fires), biologic conditions (locust invasion), society (land use-related conflicts), and health (epidemics) (Axis 3);
- Improving and promoting nutrition and good hygiene conditions, and reducing malnutrition (particularly recurrent severe malnutrition) (Axis 4).

The Initiative also promotes a sustainable approach aimed at:

- Focusing on the leadership of communes and the participation of local communities and households;
- Targeting vulnerable categories of people, women, the youth, and favors their participation in decision-making processes;
- Supporting sustainable practices of land and natural resource management;
- Empowering local actors in planning and implementing development activities.

(ii) ***Diversification of income-generating activities*** (IGAs) (about 35% of the FIL) will improve the wellbeing of individuals and households through growth and stability of income,

[5] Practices and techniques include, among other things, the following: soil/moisture conservation methods, water harvesting, reduced tillage, agro-forestry, nutrient-enhancing rotation systems, animal health and nutrition. This will also include support for better gum tapping practices.

improved nutrition, and reduce their vulnerability to shocks. Diversification is a crucial priority in many rural areas of Niger and is likely to contribute to reducing pressure on natural resources. Activities will primarily benefit the youth and women of the poorest households living in disadvantaged geographic areas (in line with Axis 4 the 3 N Initiative on promotion of social development).

(iii) ***Creation and maintenance of collective economic facilities and infrastructures*** (about 25% of the FIL), particularly in disadvantaged and marginal geographic areas. In line with the '3 N Initiative' service package, this sub-component would focus, among others, on the following activities: cereal banks, storages of agricultural and veterinary inputs and equipment, workshops to repair agricultural equipment and engines, livestock market-related facilities, slaughterhouses, vaccination parks, livestock transhumance corridors and access ways to water points, rural radio facilities, facilities for the sale of non-timber forest products etc...

31. ***Sub-component B.2: Implementing targeted investments of 'Inter-communal Development Initiatives'*** (IDI). Adequate support will be provided to the implementation of an experimental initiative aimed at facilitating and encouraging collaboration between local governments on a voluntary basis with the added incentive that participating communes would benefit from additional financial resources.

32. Inter-communal initiatives will focus on two areas: (i) sustainable management of inter-communal natural resources, and (ii) provision of inter-communal social services (see Box 4). Inter-communal collaboration will essentially be considered as a means to more rationally manage local development, optimally use meager human and financial resources and strengthen good governance.

33. ***Climate-related hazards and contingency procedures***. In case of localized crises – such as climate hazards (severe floods, droughts, climate-related epidemics, and the like) - the Project will define with affected Communes precise and adaptable 'contingency plans'.[6] Affected Communes will be allowed to rapidly and efficiently re-affect to community-based emergency initiatives a portion or the totality of the funds that have already been allocated by the Communes to their respective 'Annual Investment Plans' (AIPs). Communes will maintain their leadership role in the design and implementation of all of these crisis management initiatives.

COMPONENT C: Project Coordination, Management, Monitoring and Evaluation and Communication. (IDA: US$6.557 million; GEF: US$0.226 million)

34. ***Sub component C.1: Coordination and Management.*** Activities will include management of staff and equipment, financial management, procurement activities, management of the environmental and social safeguards aspects, preparation of annual work plans, and organization of supervision missions

35. ***Sub component C.2: Planning and M&E.*** The project will adopt the same M&E system put in place by CAP2, with the addition of adequate tools and indicators to track new outcomes on sustainable use of natural resources and biodiversity; as well as simple greenhouse gas emission monitoring to check the CO2 eq. overall impact of the project over time. The GEF focal area Tracking

[6] Eligible emergency measures would include, among others, the following: purchase and distribution of food and animal feed, construction of temporary shelters, drinking water facilities, special care activities for children and the elderly, cash transfers to the poorest and most vulnerable households, distribution of food stamps, etc. Lessons learned bv CAPCR on adaptive social protection and by the Safety Nets Project will be used as guide. The Implementation Manual spells out contingency procedures and mechanisms.

Tools for Land Degradation, Biodiversity, Climate Change and Sustainable Forest Management will also be used to help establish M&E systems for those resources and ecosystems beyond the project's life time. In order to speed up full national ownership, a formal agreement will be established with the PDES M&E mechanism at the MP/AT/DC. Specific support will be provided to M&E units of ministries and agencies involved in producing and using information, in collaboration with the CAP3 M&E system. This will particularly concern the Ministries in charge of Planning and of the 3 N Initiative; the Coordination Unit of the Great Green Wall; the Centre National de Suivi Ecologique (CNSE), in collaboration with the corresponding departments of the Ministry of Water and Environment and the National Institute for Statistics (INS). This will ensure the ownership of all M&E related activities by permanent institutions before the end of the program.

36. ***Sub component C.3:*** **Communication**. Knowledge management and sharing. A communication strategy and an action plan will be designed and implemented in order to favor appropriate dissemination of all the information concerning approaches, processes, results and lessons learned by the program (including information concerning transparent, inclusive and gender-sensitive planning processes) as a whole to key ministerial departments and national agencies, local governments, lateral and multilateral development partners, and non-governmental organizations.

COMPONENT D: Contingent Emergency Response (IDA: US$0.0 million)

37. A 'Contingent Emergency Response Component' (CERC) of CAP3 will be used to providing immediate response to an Eligible Crisis or Emergency channeling resources from rapid restructuring of CAP3 portfolio itself, to finance emergency response expenditures and meet crises and emergency needs.

A. Project Financing

Lending instruments

38. This is an IDA Grant of US$40 million equivalent and fully blended with a GEF grant of $4.518 million. The GEF funding comes from Country allocation and the SFM incentive within the context of the 'Sahel and West Africa Program'/SAWAP in support of the Great Green Wall Initiative. GEF funds will provide financing to target activities under components A, B and C. This is the third phase of a 12 year program. The beneficiary Communes/local communities will contribute a minimum amount approximately equivalent to US$3.65 million to support some accompanying activities of the annual investment plans (AIPs) that are not already financed by IDA and GEF.

Table 1: Project Cost and Financing (US$ million)

Project Component	*Project cost*[7]	*IDA Financing*	*% IDA Financing*	*GEF Funding*	*% GEF Financing*
A. Capacity Building	8.347	7.173	85%	1.174	5%
B. Local Investment Fund	29.388	26.270	89%	3.118	11%
C. Project Coord./ Mangm/ Communic	6.783	6.557	96%	0.226	4%
D. Contingence Emergency Response	0.00	0.00	0%	0.00	0%
Total Baseline Costs	44.518	40.00	90%	4.518	10%
Physical contingencies					
Price contingencies					
Total Project costs	**44.518**	**40.00**		**4.518**	
Total Financing Required	**44.518**	**40.00**	**90%**	**4.518**	**10%**

B. Program Objectives and Phases

39. The project is part of a 'horizontal' APL comprising of three phases over a 12-year period. It is essentially based on lessons learned from and achievements of previous phases (see Box 4). This third phase of the program will complete the geographic expansion of activities to all Nigerien Communes, design and implement an innovative framework for inter-Commune collaboration and capacity building activities for regional councils, and consolidate the program impact on local livelihoods and sustainable natural resources management in accordance with SAWAP objectives. Local governments will benefit from decentralized financing mechanism to leverage resources, including fiscal transfers from the central government and additional resources from other development partners.

Box 4: Overview of CAP1 and CAP2 achievements

CAP 1

The development objective of CAP1 (2004-2007) was to assist the Government to design and implement planning and implement decentralized, transparent and participatory development mechanisms, by involving local governments, and to promote a sustainable, community-based management of ecosystems. It successfully achieved its outcomes.

Triggers from Phase 1 were all achieved. They included: (i) 80% of communities and local stakeholders were satisfied with the CAP and wish it to continue; (ii) at least two-thirds of targeted communities in the first phase have received capacity-building support and have drafted local development plans; (iii) one half of the communes selected for local governance capacity-building are considered ready to assume key project management roles, in particular fiscal management, during the second phase of the program; and (iv) the Government, through its continued implementation of reforms, such as the holding of local elections, and the provision of financial support to CAP- 1, has demonstrated strong support for decentralization and community-based development.

CAP 2

The objective of CAP2 (2008-2012) was to improve Local governments' capacities in the participatory design and implementation of local development plans and budgets in order to

[7] Does not include Government and communes participation

improve rural livelihoods. CAP2 consolidated and scaled up CAP1 achievements and extended area of coverage, and established a solid partnership with other development partners.
More than 1,500 community-based micro-projects have been financed and implemented, with significant impacts on poverty reduction, diversification of local livelihoods, and dissemination of sustainable natural resource management practices. For the entire 2004-2012 period, main sectoral areas of the CAP2 portfolio (excluding capacity building) were the following: socio-economic infrastructures (26.7% of micro-projects), income generating initiatives/IGRs (41.7%) and sustainable land and water management/SLWM activities (31.4%). The total cost of 1,502 micro-projects, which benefitted about 275,000 households, was about US$35.28 million, i.e. about US$128/hhd for the 4-year period (or US$32/hhd/year). Because of the nature of the approach, about 42% of households benefitted from IGRs, while 34% and 24% of household benefitted respectively from socioeconomic infrastructure-related micro-projects and sustainable land management activities, i.e. two activities with lasting effects. Average costs of individual micro- varied from about US$18,000 for IGRs (about US$3.5 per household) and US$21,000 for sustainable land and water management activities (about US$3.4 per hhd) to US$32,000 for socio-economic infrastructures (about US$2.8 per hhd).

Moreover, key performance triggers for moving from Phase 2 to Phase 3 were achieved:
(a) Trigger 1: Adoption and dissemination of legal texts on the implementation of the General Code on Local Governments: the policy framework has been completed by the adoption of a *General Code of Local Governments* (key document on local government management) and the creation of eight decentralized regional governments (2011).
(b) Creation of the equity fund for local governments regulatory and adoption of legal texts. The national agency ANFICT in charge of managing the fund was created in.

PHASE 3 is the culmination of the 12-year APL. It will focus on aspects of sustainability related to capacity at all levels (central institutions and *Collectivités territoriales*), investment, social cohesiveness, and environmental sustainability, and natural resource management. GEF support will be fully blended with IDA resources to fund activities in natural resource management and sustainable land and forestry management in communes and select vulnerable zones.

C. Lessons learned and reflected in the Project Design

40. The proposed project will draw important lessons from the strengths and weaknesses of previous phases and from other programs/projects operating in Niger in the areas of institutional development, decentralization and local governance, community development, capacity building and sustainable management of natural resources. Key lessons reflected in the project design are the following:

- ***Program approach***. During the implementation of CAP2, the adoption of a program approach turned out to be much more difficult and laborious than planned. While still highlighting the need for greater involvement of national institutions and agencies in the management of the project, CAP3 will adopt more realistic and pragmatic approaches in this regard.
- ***Capacity building***. In order to foster full national ownership, empowerment of all local-level stakeholders will be considered as a key catalyst for change. By drawing on the lessons of CAP2, capacity building and communication efforts will reach the grassroots level.
- ***Knowledge management and sharing***. An efficient knowledge management and sharing system will aim at stimulating community participation, consultation and transparency, facilitating horizontal inter-community communication to share best practices and build social capital, and capitalizing lessons learned from other development programs/projects.

- ***Sustainable land and water management***. In a context of natural resource degradation/depletion and climate change, sustainable land management is increasingly seen as an element that will play a growing role to critically contribute to poverty reduction and economic growth. Sustainability will also mean adoption of key *environmental governance* principles, with removal of barriers preventing local stakeholders from managing their resource base in an efficient, participatory, transparent and accountable manner. Lessons learned on SLM from earlier phases and from the ongoing Niger GEF project-SIP: Community Driven SLM for Environmental and Food Security are also incorporated.
- ***Gendered approach***. CAP3 will continue stressing the importance of a gendered-approach initiated by CAP1 and CAP2, namely by: (i) addressing in all initiatives the specific needs of women and men (for instance, through well-tailored training programs, gender-sensitive income generation activities, etc.); and (ii) identifying interventions that specifically target women as main beneficiaries.
- ***Vulnerability, security and social cohesion***. The crucial nexus between poverty, vulnerability to ecological and climate crises, degradation of the natural resource base, and low productivity, as well as civil security will be further highlighted and demonstrated through project activities. In particularly critical circumstances, contingency social protection measures for the poorest will be put in place in close collaboration with the *Community Action Project for Climate Resilience* (CAPCR). Opportunities and challenges will be identified to stress linkages between food and nutrition security, by promoting nutrition–sensitive through measures for monitoring food quality and safety.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

41. The project will build on 'partnership arrangements' with baseline projects created by the two previous phases, as well as other Bank's projects and particularly CAPCR and SNP. There will be close operational relations (for instance in terms of technical advisory services) with the *International Fund for Agricultural Development* (IFAD), whose present funding to CAP2 will last until the end of 2013.

42. ***The Ministry of Agriculture,*** which has been involved in all the previous phases, will have overall responsibility for the implementation and the supervision of the project. The role of this ministry is justified by its comparative operational advantages (including the successful oversight of CAP1 and CAP2).

43. ***Participating Communes*** will have the legitimate leadership for all community-based initiatives of component B (to be integrated into their development plans and annual budgets) as well as, in the case of activities of sub-component B.2, within the context of the 'Inter-communal Development Initiative' framework.

44. Strategic ***steering mechanisms*** for the project would be built upon the existing institutional architecture: (i) *at national level,* national functions of guidance will be provided by a National Steering Committee (*Comité national de Pilotage*, CNP), chaired by the Minister of Agriculture. The CNP will ensure coherence between CAP3 and other similar World Bank-supported operation in the area of local development (CAPCR, Local development component of the Kandadji project, Safety Nets Project). (ii) *at district and regional levels,* the district committee for project analysis' (CDAP, CRAP) will analyze micro-projects selected by commune councils to be financed under FIL to ensure their compliance with sectoral policies, technical standards, economic effectiveness, and social and environmental safeguard policies;

and (iv) *at Commune level*: municipal councils will approve funding of micro-projects. Leadership of local authorities will be provided with adequate technical advice and support.

45. ***The technical implementation framework*** of the project will be made up of national institutions that are directly involved in project activities, and sub-national governments:

- ***Activities of Component A*** (local administration and fiscal governance) will be designed and supervised by the *High Commission for the Modernization of the State* (HC/ME), the DGDD, the DG/AT/CL (MISP/D/AR) and the DG/AT/DC (MP/AT/DC). For other aspects of local governance – related to agro-sylvo-pastoral and halieutic activities – the following departments will be involved: the Direction Générale de l'Environnement et des Eaux et Forêts (DGEEF) ; la Direction Générale de l'Agriculture (DGA), the DGPIA and the DEP. Furthermore, the Great Green Wall Coordination Unit will be in charge of the implementation of the GGW Initiative.
- ***Activities of Component B*** (Local Investment Fund) will be implemented by local governments (mainly the executive bodies of Communes) for all managerial tasks, with the support NCU and Regional Coordination Units (RCUs) of the CAP3.
- ***Activities of Component C*** related to communication and knowledge sharing will be implemented by the National and Regional Coordinating Units (NCU and RCU), in close collaboration with DGEEF, CCIGMV, and the communication units of the implementing agencies, in synergy with the 3 N Initiative department in charge of communication.
- ***Activities of Component D*** for 'Contingent Emergency Response' of CAP3, implementation arrangements will be defined in an 'Immediate Response Mechanism Operational Manual' (IRM/OM) – this will be a disbursement condition for this component, and is to be prepared and adopted separately by the Recipient and subject to no-objection by the Bank, in line with the flexibility provided in OP 8.00 'Rapid Response to Crises and Emergencies').

46. ***Fiduciary management and procurement*** services will be provided by the *National Coordination Unit* (NCU), in compliance with World Bank's regulations and directives. *The National Coordination Unit* (NCU), together with its Regional Coordination Units (RCU), will be directly responsible for all activities related to Component C, namely sub-component C.1 (monitoring and evaluation), C.2 (communication, knowledge management and sharing), and C.3 (general coordination of the project). *The Implementation Manual* and the *Manual of Procedures* of CAP2 will be revised, approved and disseminated during the preparation phase (prior to effectiveness), to take into account new institutional configurations.

B. Monitoring and Evaluation of Outcomes and Results

47. **General characteristics.** The M&E system will be a result-based framework, conceived as a management tool, and emphasizing project impacts and outcomes, as well as the regular monitoring of inputs and outputs covering the three project components. The CAP3 monitoring and evaluation system will build upon the system set up during the implementation of CAP2. It will also comprise Key Performance Indicators (KPIs) of the Sahel and West Africa Program in support of the Great Green Wall Initiative (SAWAP/GGWI), of the 3 N Initiative, and of the PDES.

48. **Institutional arrangements.** At the national level, the M&E team (NCU) will lead all aspects of monitoring and evaluation and provide operational tools and instruments for data collection at the regional and local levels. Furthermore, the team will assist local governments in monitoring the implementation of their respective communal development plan (PDCs). It will

collect and validate upstream reports and monitor information from the regional M&E specialists (RCUs) and from each of the national institutions involved in project activities, to facilitate decision-making processes. Institutional arrangements and procedures of Component D, on Contingent Emergency Response - used to channel resources from other Bank-supported projects or, as needed, from rapid restructuring of CAP3 portfolio itself - will be defined in an 'Immediate Response Mechanism Operational Manual' (IRM/OM), to be prepared and adopted separately by the Recipient and subject to no-objection by the Bank, in line with the flexibility provided in OP 8.00 'Rapid Response to Crises and Emergencies' that permits a range of simplified procedures.

49. **Harmonization and integration with national and sectoral M&E systems.** Within a precise exit strategy perspective, more consistent efforts will be made to fully empower national institutions in the M&E of the project outcomes, ensuring that the system is strongly linked to the national M&E system for the '3 N Initiative' and the PDES.

50. **Importance of the M&E system.** By producing timely and pertinent information, the M&E system will be a key management instrument aimed at helping the decision-making process. Outcomes/ results of activities will be measured by qualitative and quantitative indicators.

C. Sustainability

51. ***Overall sustainability*** is provided by the firm commitment of the Government of Niger in pursuing its key sectoral strategies, including decentralization and deconcentration, and in strengthening participating institutions. Factors that are critical to the sustainability of the project will be addressed through adequate M&E procedures carried out by the different national agencies, according to their institutional and technical capacities and their comparative advantages.

52. ***Institutional sustainability*** is a key element of an 'exit strategy', which has already been defined and partially implemented during the previous phases. The strategy will be based on:

- Building a full sense of ownership of the development process at the level of national institutions and local governments in line with national vision on social and economic development (PDES and "3 N Initiative");
- Defining more innovative and comprehensive partnership agreements with national institutions to speed up and consolidate this process;
- Empowering all local-level stakeholders, through a whole range of innovative training and capacity building activities well-tailored to their specific needs; and
- Defining and implementing an efficient knowledge management and sharing system to efficiently capitalize lessons learned and mainstream them into national policies.

53. ***Technical sustainability*** of the project is built upon the experience of the completed CAP1 and CAP2, although already-established technologies and techniques will be refined and scaled-up. More specific environmental sustainability will also depend on application of best SLM practices, particularly for the development and maintenance of Acacia plantations and protection of Acacia plantations from cattle and harmful gum-tapping techniques, and therefore on reliable sources of revenues from the sale of Arabic gum and carbon credits. Mechanisms to deliver infrastructure investments and services and to generate and disseminate technologies will be improved. The program will increase its support to capacity-building of national and local institutions in order to facilitate full ownership of the program.

54. To boost ***economic and financial sustainability***, the proposed project will support the dissemination of practices, technologies and techniques which are expected to improve the productivity and resilience of households/communities engaged in agro-sylvo-pastoral and halieutic activities. Adequate communication and knowledge-sharing initiatives will be key in ensuring sustainability. Partnerships will be established with some projects (such as the new 'West African Agricultural Productivity Project, WAAPP) for dissemination of technologies. Through adequate measures, marginalized categories of the populations will progressively be reintegrated into the dynamic of economic growth. The sustainability of the program's financial resources could be further enhanced by other *ad hoc* funding facilities (including those managed by ANFICT).

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary

Table 2: Risk ratings

Risk	Rating
Stakeholder Risk	Moderate
Implementing Agency Risk	
- Capacity	Moderate
- Governance	Moderate
Project Risk	
- Design	Moderate
- Social and Environmental	Low
- Program and Donor	Moderate
- Delivery Monitoring and Sustainability	Moderate
Overall Implementation Risk	Moderate

B. Overall Risk Rating Explanation

55. The overall risk of the proposed project is rated moderate (mainly because of limited institutional capacities and lack of expertise), including:

- The absence of a fully adequate system of transferring human and financial resources to local governments. The lack of concrete synergies between local authorities and deconcentrated technical services could jeopardize the achievement of objectives;
- Social insecurity which could threaten the achievement of key project objectives; and
- Lack of collaboration and competing priorities among different sectoral ministries, departments, agencies, central and local authorities which could limit the impact of project's activities.

56. To mitigate these risks, implementation mechanisms have been designed with a view to be extremely transparent and participatory for the beneficiaries and stakeholders. The role of national implementing agencies will be crucial within the context of an overall process aimed at consolidating well proven practices in the areas of fiduciary management and procurement.

These risks are summarized in the *Operational Risk Assessment Framework* (ORAF, see Annex 4). The overall risk is rated '*Moderate*'.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

57. An economic analysis of an integrated of all aspects of project such as CAP3 is challenging. On the one hand, intangibles or qualitative capacity building initiatives cannot be quantified in monetary terms. On the other hand, *ex-ante* cost-benefit analysis and rates of returns of demand-driven investments that have not been pre-identified cannot be fully assessed at entry. Furthermore, benefits aimed at strengthening the capacities of local governments, fostering their role in planning and monitoring local development and improving governance and managerial efficiencies are not easy to quantify, while they are expected to be significant.

58. **Increase household revenues**. Support from CAP3 to more diversified economic activities is likely to consistently increase annual household revenues (estimated at US$464.49 in a 2005 CAP-supported baseline study), through a ripple effect. It is expected that there will be a direct correlation between improved productivity of targeted households' agro-sylvo-pastoral and halieutic activities over time and increased revenues and, as a consequence, improved gender-sensitive access to basic social services and economic opportunities. The underlying assumptions of the economic analysis are as follow:

- About 30% of the households covered by CAP3 will be affected by project activities in Year 1, with a growth rate of at least 10%/year in the following years;
- Revenues from agriculture and livestock are expected to initially increase by 15%, with a subsequent annual growth of 5% over a period of 10 years; and
- Household revenues from outside agriculture and livestock will increase by 3 percent.

59. Based on expected benefits, the implementation of the proposed project is fully justified. Economic benefits will particularly include the following:

(i) Enhanced livelihoods of rural communities and households (through investments aimed at diversifying and increasing production and income);
(ii) Economic benefits from more effective citizen consultations and improved access to and provision of basic public facilities and social services;
(iii) Economic gains from greater effectiveness in public administration through capacity-building, community participation and accountability.

B. Technical

60. The project's design is based on successful approaches and methodologies already developed under previous phases, particularly during the implementation of CAP2, as well as on lessons learned by past and/or ongoing projects for sustainable land management, community development, participation, and technology dissemination, which have already been replicated in other donor-funded programs (including Bank-supported projects).

61. All the proposed SLM techniques have been tested on a small scale and adapted to local conditions. *Inter-communalité* constitutes a quite innovative framework and it will be cautiously designed and developed. As part of the project's support to the decentralization process, key responsibilities will be given to local governments for all the aspects related to the planning,

fiduciary management, and the implementation of the activities as well as to monitoring and evaluation. They will be provided with consequent technical support by local public and private service providers.

C. Financial Management

62. Considering the nature of the program (community driven development program), the current financial management arrangements and the proposed mitigating actions, the residual financial management risk is rated ***Substantial***. The Ministry of Agriculture will be responsible for the overall coordination and implementation of the activities under the project. It will rely on the national coordination unit (NCU) and the regional coordination units (RCUs). However, the following actions need to be completed to ensure that the Ministry has adequate FM arrangements to handle the activities under the project: (i) before effectiveness, update the administrative, accounting and financial procedures manual to incorporate activities under the phase 3; (ii) three months after effectiveness, update the simplified implementation manual to be used at the local government level; (iii) two months after effectiveness, set up an internal audit department and recruit an internal auditor; (iv) within two months after effectiveness, upgrade the accounting software to ensure timely production of quarterly and annual financial statements; and (v) within four months after effectiveness, recruit an external auditor for the audit of financial statements. The proposed FM arrangements for this program are therefore considered adequate and meet the Bank's minimum fiduciary requirements under OP/BP10.00.

63. The quarterly interim unaudited financial reports (IFR) will be submitted to the Bank within 45 days after the end of each quarter while the annual audit report of the project financial statements shall be submitted to the Bank within six months following the end of each financial year. The Project Financial Statements will be audited in accordance with international standards on auditing by an independent, experienced, and internationally recognized audit firm recruited on a competitive basis and based on ToRs acceptable to the Bank. In addition to the annual audit report of the financial statements, the auditor will also provide a management letter following the review of the internal control system at the NCU and the RCUs. The audited financial statements will be publicly disclosed according to the Bank disclosure policy.

D. Procurement

64. Procurement activities will be managed by the CAP3 National Coordination Unit, which will carry out the following activities: (i) managing the overall procurement activities, and ensuring compliance with the procurement process described in the relevant manuals; (ii) preparing and updating the procurement plan annually in relation with the executing agencies; (iii) ensuring compliance of bidding documents, draft RFPs, evaluation reports, and contracts in relation with the executing agencies and in compliance with WB procedures; and (iv) seeking and obtaining approval of national entities and of IDA on procurement documents as required.

65. Implementing agencies will participate in the process of all procurement activities and will particularly ensure the following activities: (i) preparation of TORs and the bidding documents, (ii) preparation of evaluation reports, and contracts related to the executing agencies in compliance with WB procedures, and (iii) participation in procurement commission activities and in all related meetings. The CAP3 will be under the procurement responsibility of the Ministry of Agriculture for Component A and C while the Communes will be responsible for the procurement activities of Component B.

66. The Communes will be responsible for the community-based procurement for all the investments of Component B (FIL), including but not limited to: water infrastructures, small

gardening facilities; small social infrastructures, nutrition centers in rural areas; storage warehouses, vaccination parks; buildings for cereal banks and agricultural inputs banks; activities and equipment for IEC (information, education, communication), small workshops, etc.. Procurement of items for the implementation of micro-projects will be carried out in accordance with simplified procurement procedures referred to in the program implementation manual. The existing manual used for the former CAP 2 in line with the Bank's guidelines for Simplified Procurement and Disbursement for Community-Based Investments (March 3, 1998) will be adapted. The NCU and RCUs will be responsible for ensuring compliance of these guidelines and ex-post reviews of random micro-projects will be conducted periodically by the Bank and independent technical audits.

67. Procurement will be carried out in accordance with the "Guidelines On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants dated October 15, 2006 and revised in January 2011" known as the '2011 Anti-Corruption Guidelines', and the 'Guidelines: Procurement under IBRD Loans and IDA Credits' published by the Bank in January 2011 and the 'Guidelines: Selection and Employment of Consultants by World Bank Borrowers,' dated January 2011, the Financing Agreements and the Procurement Plan approved by the Bank. The National Coordinating Unit (NCU) has experience in applying the Bank's procurement procedures and it also has a qualified procurement specialist among its staff. The residual program risk for procurement will be ***Moderate*** after the adoption of required mitigation measures.

68. For ***activities of Component D*** for 'Contingent Emergency Response' of CAP3, simplified procurement procedures will be defined in an 'Immediate Response Mechanism Operational Manual' (IRM/OM), to be prepared and adopted separately by the Recipient and subject to no-objection by the Bank, in line with the flexibility provided in OP 8.00 'Rapid Response to Crises and Emergencies'.

E. Social (including Safeguards)

69. Social impacts of the proposed program activities are expected to be positive. The activities to be undertaken by the Local Governments (individually or together) will improve their capacity to deliver better services, be transparent and use resources effectively, thereby improving the living conditions of their respective communities. Together with 'social equity', the concept of social accountability is strongly embedded in project activities, and is intended to allow local authorities to be better accountable to their constituencies and citizens to better access to key information and participate in decision making processes.

70. It is expected that the program will enhance development and ensure greater engagement of beneficiaries in local decision-making processes. Specific attention will also be paid to gender inequalities. The project will promote participation and representation of marginalized groups, particularly women, in decision-making, and will specifically address the priority needs of the youth in marginalized and disadvantaged areas.

71. Throughout the entire process of project preparation, consultations were conducted with key stakeholders within the public sector, the private sector, and civil society. Key actors were involved in the definition of the scope of activities and they will remain engaged during implementation, supervision and evaluation stages of the project. Youth and women, in particular, are expected to benefit from this project because they are heavily involved in most of the activities and processes. The project is expected to improve the food security status of households, with a successful adoption of sustainable land management practices and income generating activities. In addition, the Project will strive to respect and build on coping strategies

devised by local communities in order to deal with a variety of environmental and climatic crises.

72. Activities of CAP3 are expected to yield substantial positive social impact in the following areas:

- Small producers, the primary target of project investments, will directly benefit from a variety of agro-sylvo-pastoral investments, including training and technology transfer;
- Local government's authorities will be empowered as they will be the main implementing entities on the ground and will receive training and technical assistance to increase their capacity and participate in local development planning;
- Attention will be given to the most poor and vulnerable social categories (including women) as the priority beneficiaries of the activities; and
- Community organizations, associations of civil society, and producer groups will actively participate in the design and implementation of all the activities.

73. CAP3 includes minor activities that may cause relocation (loss of property and assets) displacement or loss of land. Therefore and in compliance with the Bank's Involuntary Resettlement policy (OP 4.12), the project has updated the existing Resettlement Policy Framework (RPF) and Process framework (PF) for the CAP program which have been re-disclosed in-country and at the Bank's InfoShop before appraisal. These safeguards instruments deal with policy, legal and regulatory mechanisms, which, as a result of project activities, could affect people in terms of land acquisition, loss of livelihoods, and restriction of access to and use of protected areas. They also provide a coherent framework, eligibility criteria and asset valuation methods for compensation and/or resettlement of affected people, as well as grievance mechanisms of affected persons, in case of unsatisfactory arrangements between the parties involved.

F. Environment (including Safeguards)

74. From an environmental and social safeguard point of view, the project is classified as a Category B, with minimal, site-specific and manageable environmental and social impacts. The project will have a great positive impact for Niger's natural resource base. On the one hand, it will integrate a strong dimension of political, institutional and community participation and capacity building and, on the other hand, it will support current and future initiatives with positive cumulative impacts.

75. CAP3 brings a real added value to existing initiatives, and puts a strong emphasis on disseminating value-added SLM technologies and techniques. The environmental and social impacts of the project are mainly related to the implementation of component B which is designed to support various small-scale projects/activities in response to communities' needs and priorities. Natural resource management-related activities and civil works could raise a concern of some safeguard policies; hence the project triggers the following policies: OP 4.01 (Environmental Assessment), OP 4.36 (Forests), OP 4.04 (Natural Habitats), OP 4.09 (Pest Management), OP 4.11 (Physical Cultural Resources),), and OP4.12 (Involuntary Resettlement).

76. The project updated the existing Environmental and Social Management Framework (ESMF) based on lessons learned from its implementation during CAP2. The ESMF formulated standards, methods and procedures to specify how unidentified future subprojects, whose locations are unknown, will systematically address environmental and social issues in the screening and categorization, design, implementation, operational phases and maintenance of the micro-project lifecycle. The ESMF includes institutional arrangements, and outlines the roles

and responsibilities for the various stakeholder groups involved, for screening, reviewing and approving micro-projects, as well as for implementing and monitoring their mitigation measures. It also includes provisions for capacity strengthening, to ensure that safeguard measures are adequately implemented. The project's activities on land resource management should lead to an improved environmental situation and thus provide a net benefit with respect to environmental impact.

G. Other Safeguard Policies triggered

77. ***Pest Management Policy.*** OP 4.09 is triggered based on project' activities to increase agricultural productivity which is expected to result in increased use of agrochemicals, such as pesticides. The Pest Management Plan prepared for the Niger Basin Water Resources Development and Sustainable Ecosystems Management Program has been adapted and updated to apply to the proposed project. Regarding **Physical Cultural Resources Policy OP 4.11**, the project will take a careful approach regarding cultural issues ("chance finds" procedure) to address potential impacts on cultural resources. The Project will not support forest exploitation, but the **Forests Policy OP 4.36** is triggered to ensure that project's activities, particularly under Component B would not affect the rights and welfare of people dependent on forests; or bring about changes in the management, protection, or utilization of natural forests or plantations.

78. The overall environmental and social impact of the project is positive and the adopted ESMF, PMP, RPF and PF provide enough information for making decision on safeguards aspects during the implementation phase. All safeguards instruments were cleared and disclosed in the country on January 13, 2013 and at the World Bank InfoShop on January 30, 2013, prior to the project appraisal. Prior to disclosure in-country and at World Bank InfoShop, a stakeholders' workshop was organized by the Borrower to share the results of the updated studies, mainstream ownership and seek input from these stakeholders in order to improve quality and soundness of these instruments. Recommendations from the stakeholders' workshop have been reflected in the final safeguard reports, prior to disclosure. Relevant provisions from the three sets of reports will be reflected in the Project implementation Manual (PIM).

Table 3: Safeguard Policies

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[x]	[ ]
Natural Habitats (OP/BP 4.04)	[x]	[ ]
Pest management (OP 4.09)	[x]	[ ]
Physical Cultural Resources (OP/BP 4.11)	[x]	[ ]
Involuntary Resettlement (OP/BP 4.12)	[x]	[ ]
Indigenous People (OP/BP. 4.10)	[ ]	[x]
Forests (OP/BP. 4.36)	[x]	[ ]
Safety of dams (OP/BP 4.37)	[ ]	[x]
Projects in Disputed Areas (OP/BP. 7.60)	[ ]	[x]
Projects in International Waterways (OP/BP.	[ ]	[x]

Annexes

Annex 1: Result Framework and Monitoring

Project Development Objectives (PDO): ***Strengthen the Recipient's local development planning and implementation capacities, including the capacity to respond promptly and effectively to an eligible crisis of emergency, and to improve the access of the targeted population to socio-economic services*** **Global Environment Objective (GEO):** ***Promote sustainable land management and productive investments at the commune level in selected areas of Niger***											
Result indicators (objective)	**Core**	**Unity of measure-ment**	**Baseline**	**Value of accumulated targets**				**Frequency**	**Source data Methodology**	**Responsible. Data collect.**	**Description (indicator definition)**
				Year 1	**Year 2**	**Year 3**	**Year 4**				
Percentage of newly targeted Communes that have defined and implemented good governance practices (participation, accountability and equity)	☐	**%**	**0**	10%	35%	60%	85%	Annual	Survey	NCU M&E	This will refer to: (a) participation of different categories of beneficiaries in local development planning sessions, (b) Timely preparation of financial reports to *Cour des Comptes*, and (c) Social equity (including gender equity) in approved and implemented micro-projects.
Percentage of targeted Communes that are enabled to sustain proper operation and maintenance of local development investments	☐	**%**	Baseline study	10%	35%	70%	100%	Annual	Survey	NCU M&E	Indicator of sustainability (for all the Communes supported by the entire PAC program). A baseline study (to be conducted during PPF phase) will assess the situation and allow proper targeting.
Additional land area under sustainable land and water management (SLWM) and Sustainable Forest Management (SFM) practices (hectares) *[GEF indicator]*	☐	Ha	0	5,000	15,000	45,000	60,000	Annual	Survey	NCU Environment Assessment	According to a range of SLM practices (according to the differences between Communes) . Baseline studies will be carried during preparatory phase.
Percentage of newly targeted farming households who adopted sustainable agro-sylvo-pastoral practices and technology promoted by the project *[IDA core indicator]*	x	%	0	15%	40%	75%	90%	Annual	Survey	NCU M&E	According to a range of SLM practices (mainly land recovery). Baseline studies will be carried during preparatory phase.
Direct project beneficiaries (number), of which female (percentage) *[IDA core indicator]*	x	Number and %	0	300,000 20%	900,000 30%	2,100,000 40%	3,000,000 50%	Annual	M&E	NCU M&E	Core (mandatory) indicator. On the basis of a total 500,000 beneficiaries hhds (about 3million of people).

Time taken to make funds available as requested by Government for an eligible crisis or emergency [*IRM-related indicator*]	x	Weeks	N/A	4	4	4	4	Annual	M&E	NCU (or separate IRM implementing agency	IRM mandatory indicator. The Contingent Emergency Response Component will be used to channel resources from rapid restructuring of the Project to finance emergency response expenditures as needed under an Immediate Response Mechanism. Target of four weeks to make funds available, as needed. Values are not cumulative

COMPONENT A: Capacity Building. ***Supporting initiatives aimed at building the capacities of participating Communes and improving local governance***

Sub-Component A.1 : ***Capacity building for Communes and Communities***

Result indicators	**Core**	**Unity of measure-ment**	**Baseline**	**Value of accumulated targets**				**Frequency**	**Source data Methodology**	**Responsible Data collection**	**Description (indicator definition)**
				Year 1	**Year 2**	**Year 3**	**Year 4**				
Percentage of targeted Communes whose planning and AIP sessions are public		%	0	10%	25%	40%	60%	Annual	Minutes	NCU/RCUs	Participation of all social categories (women' association, youth associations, producers' groups, private sector, etc.)
Percentage of targeted Communes that timely prepare annual financial reports (within legal delays)		%	0	10%	30%	50%	75%	Annual	M&E External assessments	NCU Survey	This refers to the timely preparation of finance reports for the Cour des Comptes (Court of Auditors)
Percentage of Commune whose approved micro-projects integrate gender equity		%	0	15%	30%	60%	90%	Annual	M&E	NCU Survey	This refers to initiatives addressing: (i) the specific needs of women and men (well-tailored training programs, gender-sensitive IGAs, etc.); and (ii) interventions specifically targeting women as main beneficiaries.
Percentage of Communes whose grievance mechanisms have been created and are operational		%	0	10%	20%	40%	65%	Annual	M&E	NCU External evaluation	Local-level grievance committees made up of elected authority and representatives of civil society

Sub-Component A.2 : ***Promoting inter-communal collaboration (intercommunalité)***

Percentage of targeted Communes effectively interested in *Intercommunalité.*		%	0	10%	20%	40%	60%	Annual	M&E	NCU Assessment	Consultations leading to the creation of formal collaboration between two or more Communes on shared investments.

Sub-Component A.3 : ***Building the capacities of Regional governments (collectivités régionales)***											
Percentage of representatives of key Regional agencies whose planning capacities have been strengthened		%	0	10%	20%	40%	60%	Annual	M&E	NCU Assessment	Capacities refer to key planning and monitoring tools for Regional development
Sub-Component A.4: ***Building the capacities of national institutions***											
Percentage of representatives of deconcentrated line departments whose local development-related capacities have been strengthened.		%	0	30%	60%	80%	90%	Annual	M&E		Building the managerial and planning capacities of national agencies involved in implementing and monitoring the program
COMPONENT B: Local Investment Fund. ***Assisting Communes make investments to improve sustainable land management, create and/or ensure maintenance to essential socio-economic infrastructures and facilities, and diversify income generating activities***											
Sub-Component B.1: ***Implementing targeted investments of Commune Development Plans***											
Percentage of targeted Communes utilizing at least 80% of their investment allocations		%	0	20%	40%	60%	80%	Annual	M&E	M&E Assessment	This is intended to reduce the gap existing between nominal allocations to local governments and effective investments
Percentage of targeted Communes which have protected and/or restored at least 200 hectares of land.		%	0	15%	30%	55%	70%	Annual	Surveys	M&E Survey	According to agreed technical parameters
Percentage of beneficiaries whose income increased by 30% because of farm and off-farm jobs created by approved micro-projects		%	0	10%	30%	60%	80%	Annual	Survey	M&E Survey	Indicator related to agreed technical parameters
Percentage of populations (disaggregated by gender) of newly targeted Communes whose access to health and nutrition services improved		%	0	15%	30%	60%	90%	Annual	M&E	M&E Survey	Through health centers
Percentage of populations of newly targeted Communes whose access to education improved		%	0	15%	30%	60%	90%	Annual	M&E	M&E Survey	Through primary schools

Sub-Component B.2: *Implementing targeted investments of 'Inter-communal Development Initiatives'*											
Percentage of targeted inter-governmental initiatives which have been implemented		%	0	0%	15%	30%	50%	Annual	M&E Assessments	M&E	This refers to the percentage of all inter-communal micro-projects which have been designed and approved.
COMPONENT C: Project Coordination, Management, Monitoring and Evaluation and Communication.											
Sub-Component C.2: Communication											
Percentage of targeted knowledge & communication products prepared and disseminated		%	0	0%	10%	50%	80%	Annual	Knowledge & communication products	M&E Survey	The indicator refers to a list of planned products for well-targeted audiences (training and communication modules, reports, workshop proceedings, Web site; etc.)
COMPONENT D: Contingent Emergency Response											
IRM established and ready to provide access to financial resources to Niger in case of an eligible emergency		N	0	1	1	1	1	Annual	M&E	NCU or separate implementing agency	The Contingent Emergency Response Component will be used to channel resources from rapid restructuring of the Project to finance emergency response expenditures as needed under an Immediate Response Mechanism

Annex 2: Detailed Project Description

A. PROJECT DEVELOPMENT OBJECTIVES – PDO AND GEO

1. ***The development objectives*** of the proposed CAP3 (PDO) are to strengthen the Recipient's local development planning and implementation capacities, including the capacity to respond promptly and effectively to an eligible crisis or emergency, and to improve the access of the targeted population to socio-economic services.

2. ***The Global Environment objective*** (GEO) is to promote sustainable land and natural resources management and productive investments at the commune level in selected areas of Niger.

3. As the two previous phases, the third APL phase will aim at empowering local governments and community organizations to better participate in local development planning, access investment facilities to better manage their natural resource base, improve livelihoods, diversify incomes, and improve access to social services.

B. Project beneficiaries

4. The project will cover the 266 local governments/collectivités of Niger (that is the 164 communes that already benefitted from CAP previous phases, and the remaining 91 communes) and the 7 regional councils and 4 urban councils put in place following the December 2010 elections. The primary beneficiaries of the funding will specifically be:

- All the communes, including urban council and selected regional councils, will benefit from initiatives related to local governance and institutional capacity building;
- Some communes will benefit from 3 N Initiative-oriented specific investments (individually or through inter-communal modalities) – these communes, out of which a further selection will be made, have already been identified through a complete mapping exercise carried out in December 2012 (focusing on 130 communes not covered by initiatives supported by other development partners);and
- All the regional councils will benefit from consultations concerning their roles and competencies in local development. However, for more specific capacity building initiatives, only selected regions will be directly covered (within a strategic partnership with other development partners).

5. The number of direct beneficiaries of the investments for the new project (excluding institutional and capacity building initiatives) can be estimated between 500,000 -650,000 households of small-scale rural producers (3 million people), including chronically poor households living in disadvantaged and marginal areas. [8]

6. Representatives of local governments will also benefit from capacity building initiatives aimed at building their technical and institutional capacities in planning and monitoring local development (the initial mapping exercise will estimate their number). Finally, representatives of line departments and private economic operators and local service providers will indirectly benefit from a variety of rural sector-related activities (transport, storage and food processing). Phase 3 of the program will continue to address the gender-specific needs of its beneficiaries. The proposed project will build on the achievements of Phase 2 and seek to: increase women's

[8] Estimations take into account the amount of allocations to communes, the average population of communes, and the average size of households.

participation in the investment decision-making process; contribute to a more gender-balanced access to land and financing; and reduce gender-related vulnerabilities.

C. PDO Level Results Indicators

7. The following key indicators will monitor progress towards achieving the objectives and their key livelihood outcomes:

(i) Percentage of newly targeted communes that have defined and put in place governance practices in the areas of participation, financial accountability, and social equity;
(ii) Percentage of targeted communes that are enabled to sustain proper operation and maintenance of local development investments;
(iii) Additional land area under sustainable land and water management (SLWM) and Sustainable Forest Management (SFM) practices (hectares) [*GEF indicator*];
(iv) Percentage of targeted farming households who have adopted sustainable agro-sylvo-pastoral practices and technology promoted by the project [*IDA core indicator*];
(v) Direct project beneficiaries (number), of which female (percentage) [*IDA core indicator*]; [9] and
(vi) Time taken to make funds available as requested by Government for an eligible crisis or emergency (target of four weeks) [*IRM-related indicator*].

COMPONENT A: Capacity Building. ***(IDA: US$7.173 million; GEF: US$1.174 million)***

8. This component will support initiatives aimed at building the capacities of participating communes and improve local governance**.** While investments on sustainable land and water management and local collective infrastructures are the pillar of the proposed project, governance may be considered as its foundation. In order to be functional, governance needs the development and the establishment, as well as the full adoption and use of a set of institutions and norms at local level, in order to boost inclusive and participatory approaches to poverty reduction and economic growth.

9. In line with the CAP2 approach, the proposed third phase will support capacity building for both local governments (Commune and Region) and communities. Therefore, a cross-cutting institutional capacity building program will address not only the needs of the members of municipal Councils (put in place after the 2011 local elections), but also those of all local stakeholders - including representatives of line departments in their advising role, and the members of the District Project Analysis Committees (*Comités Départementaux d'Analyse des Projets*, CDAP), of Municipal technical Committees (Commissions communales), and of Local Management Committees, COGES), as well as regional committees (*Comité Régional d'Approbation des Sous-Projets in the framework of the Cadre Régional de Concertation*) (to be revitalized or created in each Region). It will also support transfer of powers and resources to local governments through the formulation and approval of provision concerning local authorities Code. Overall activities of this component will aim at reducing local vulnerabilities to mis-governance and setting the conditions for sustainable investments improving local resilience to crises and diversifying local livelihoods.

[9] Other Program indicators are embedded in the Project's results indicators or the GEF Tracking Tools

Sub-component A.1: Capacity building for communes and communities

10. A range of initiatives will aim at creating / enhancing the governance of local institutions in the five key areas of participation, accountability, efficiency, equity and sustainability. Sustainability is of critical importance to reach a transformative change beyond the lifetime of the project to ensure that the expected CO2 benefits to be generated under the project will be sustained. This will be achieved through:

(a) Strengthening the participation of all local institutional stakeholders in planning and implementing local development. This will include, among others, the following aspects:
- Put in place and support the work of inclusive technical committees at the level of all participating communes (*Commissions communales*) (the legally mandatory committees and those required by the characteristics of the activities). All these committees will be made up of local institutional stakeholders, including elected authorities, representatives of line deconcentrated departments, leaders of community organizations (particularly youth and women's associations), and the private sector. Adequate support will be provided to initiatives aimed at strengthening the capacities of the members of these committees; and
- Define and implement more transparent mechanisms and procedures allowing civil society, local-level community organizations and the private sector to better participate in the preparation/revision of communal development plans (PDCs) and annual budgets (PIAs) and identify concrete community-based micro-projects. Among others, this activity will aim at (i) strengthening the CDAPs and direct their role in the sense of a 'control of the legality' of the initiatives undertaken by communes and communities; and (ii) updating and consolidating the 'Infrastructure Management Committees' (COGES) put in place by the CAP2 at- community level, in order to make them more efficient and gender-sensitive.

(b) *Enhancing social accountability*, by establishing and using a range of instruments aimed at enabling both local elected authorities to be more accountable to their constituencies and allow citizens to access to key information and participate in decision making processes. By addressing the specific problems faced by the communes in mobilizing and collecting local taxes, this activity will comprise, among others, the following aspects:
- Support the establishment and use of an efficient system to evaluate the institutional and fiscal performance of communes (by including parameters related to local revenues recovery rate);
- Support comprehensive and inclusive *communication mechanisms* concerning the publication and dissemination of local governments' administrative reports (mainly the financial section to be timely addressed each year to the national public account's office or *Cour des Comptes*);
- Establish and use regular mechanisms favoring *downward accountability*, allowing dissemination of local governments' results and achievements to larger audiences (including comprehensive annual fiscal records to be prepared by local treasury officers or *receveurs communaux*);
- Define measures aimed at further involving communes in monitoring and evaluating their own investments, through simple, pragmatic and efficient practices; and
- Establish an independent grievance mechanism in each participating Commune for the purpose of: (i) clarifying the entitlement of households and individuals to receive benefits from the Project as well as due process if complaints or grievance arise; (ii)

implementing such grievance mechanism suitable to the local context in order to protect the rights of the participants; and (iii) designing and implementing an outreach program to inform participants on their rights and duties as well as on the respective procedures.

(c) Fostering equity at the level of local communities between different social categories of population, in general, and gender equity, in particular, in order to enhance equality and close the gender gap at the level of local-level institutions, by undertaking actions aimed to:

- Proactively improve quantitative and qualitative women's participation in local institutions' decision making (communal committees), through adequate initiatives (including ad hoc capacity building);
- Guarantee within the Annual Investment Plan of each communes a quota of micro-projects specifically aiming at women's priority needs (micro-projects identified and managed by women's organizations)
- Support establishment/strengthening of women's associations and women's producer groups; and
- Undertake proactive measures aimed at enhancing literacy of women and girls (in order to enhance their participation in decision-making processes, particularly at the level of the COGES of their respective communities).

(d) Improving the modernization and efficiency of public services at the level of communes and deconcentrated line departments. This will increase the quality of services provided to the population and improve the relations between users and administrations. This will particularly concern the following initiatives:

- Organizing the civil registry service (birth/marriage/death registrations);
- Improving the present archiving system of all the documents (local development plans annual investment plans, budgets, minutes of municipal council meetings, etc.)
- Improving tax collection system at local level; 10 and
- Formalizing partnership agreements with deconcentrated line departments, particularly those in charge of decentralization and local development.

(e) Mainstreaming environmental sustainability considerations within the local planning by communes. This will include, inter-alia:

- Supporting targeted communes in the preparation or revision of their local development plans and their annual budgets in order to better integrate the sustainable use of natural resources and biodiversity conservation, proper land use planning and climate-sensitive initiatives, at the communal level;
- Capacity building activities and training towards environmental policy making and policy implementation;
- Supporting the technical design and the implementation of the planned measures by service providers (line departments, NGOs, private entrepreneurs, etc...) with an emphasis on the role of municipal authorities in the preparation and the implementation of specific contracts with service providers;

[10] This initiative fully integrates the objectives of the 'Public Services Strengthening and Modernizing Process' (Processus Dynamique de Modernisation des Services Publics; PDMSP-II) of the High Commissioner of the Modernization of the State HC/ME). In this regard, an initial diagnostic study, financed by CAP2, has already been carried out by the HC/ME in 2010-2011. Document-cadre de la Politique Nationale de la Décentralisation' (DCPND), prepared by the General Directory for Decentralization and Deconcentration

- Liaising activities of the different players, such as the Municipal Commissions on Rural Development and the Municipal Commissions of Social affairs;
- Building technical capacities of local producers' organizations and strengthen civil society associations;
- Enhancing community participation in planning and implementation of local development plans, stressing social and environmental sustainability;
- Promoting understanding of the landscape approach and its incorporation in land use planning with a special emphasis on carbon stock enhancement; and
- Promoting project activities as part of the development plans which does not entail or induce displacement activities outside the intervention area, with an interest in preventing domestic carbon leakage.

11. Furthermore, at the level of community organizations, as for previous phases, specific activities will aim at: (i) achieving awareness of project objectives and participatory approach; (ii) contributing to the capacity building effort to achieve efficient implementation of planned investments, and (iii) stimulating behavior change and favoring adoption of sustainable community-based agricultural and environmental practices, and improved household nutrition.

Sub-component A.2: Promoting inter-communal collaboration *(intercommunalité)*

12. In the 'National Decentralization Policy White Paper', inter-Commune collaboration *(intercommunalité*) is considered as one of the key strategic measures to be undertaken in order to build the capacities of local governments and allow them to assume their responsibilities. Inter- communal collaboration will essentially be considered as a means to more rationally manage local development, optimally use meager human and financial resources, strengthen good governance and follow communal social and environmental sustainability criteria. Furthermore, this emphasis on intercommunalité is perfectly aligned with the new World Bank's 'Strategy for Africa', which highlights the importance of "institutional, regulatory, and administrative reforms that will not only improve infrastructure service delivery but also yield economies of scales and increase specialization that can boost productivity".

13. Key activities of this sub-component will include, among others, the following:

(a) *Support national institutions to carry out institutional assessments and national and local consultations* on the legal, administrative and financial aspects of inter-governmental collaboration (intercommunalité). This will particularly include the following:
   - Carrying out studies and institutional assessments of the legal, institutional administrative and financial conditions leading to Intercommunalité, in order to define, among others, the most adequate scenario for its implementation (most probably under the form of a public entity for inter-governmental cooperation or EPCI (Etablissement public de coopération intercommunale);
   - Organizing large consultations at regional and national level (workshops) to discuss mechanisms and procedures aimed at enhancing inter-communal collaboration (intercommunalité) including cooperation towards the sustainable management of inter-communal natural resources; and
   - Setting up the general administrative, institutional and financial conditions allowing the proposed CAP3 to put in place an experimental initiative aimed at enhancing intercommunalité at a relatively small scale, with a limited number of participating communes (in the light of the results of an adequate diagnostic study). In the absence

of concrete experiences on intercommunalité, the proposed project is likely to have an important pilot role, its lessons feeding the national debate on decentralization.[11]

14. Preparation of a detailed *Guide of inter-governmental cooperation* at local level ('Guide de l'intercommunalité') for the proposed CAP3 project – to be prepared in collaboration with concerned regional governors' offices. A section of the Guide will also adapt to the inter-communal approach the principles of the 'Practical Guide for the preparation of Local Development Plans (prepared by CAP2 for the communes) and the 'Financing Manual'. The Guide will focus, among others, on the following factors:

- General principles of intercommunalité; eligibility of participating communes; eligibility of inter-communal initiatives;
- Financial incentives promoting inter-communal initiatives;
- Financial flow mechanisms; equitable cost sharing rules and economy of scale; and
- Decision-making procedures; grievance mechanisms; monitoring and evaluation modalities, etc.

Sub-component A.3: Building the capacities of Regional governments

15. In Niger, decentralization reforms include two levels of decentralization: the Commune and the Region. These levels are supposed to operate in a parallel way, as free and autonomous entities, not hierarchically dependent on each other. Over the last decade, encouraging results have already been achieved by creating and supporting communes and enabling them to assume key roles in local development (with consistent support from programs/projects supporting local government, including CAP1 and CAP2). However, very little has been done so far to support the Regions (with the exception of their official creation in 2011 and the election of the members of their regional Councils). In line with the 'subsidiarity' principle, the proposed project will adopt an innovative approach. This will concern explicit support to the High Authority for the Modernization of the State (HCME), the Department of Decentralization (Ministry of Planning, Territorial Administration and Community Development/MPATDC), the Ministry of Interior, Public Security, Decentralization and Religious Affairs (MISPDAR) and the Niger Association of Regional Governments (ARENI) for the implementation, among others, of the following pilot activities (be defined, supported and implemented in close synergy and collaboration with other development partners supporting decentralization in Niger):

- Conducting a diagnostic study of all regional governmental bodies, to assess their institutional, technical, administrative and financial capacities to assume their mandate for local development; [12]

[11] A potential form of EPCI would be the *Communauté de Communes rurales* (CCR) (Community of rural communes'), an institutional arrangements where, while keeping their full autonomy and independence, two or more neighboring communes may define and put in place a set of common regulations for collective actions and would therefore benefit from additional financial incentives. CCRs will have an internal council, made up of representatives elected by the municipal councils of each of the participating communes. Areas of potential collective action would be the following: environment, natural resources management, roads, culture and sport-related facilities, sanitation, and social protection.

[12] See the Local Government Bill ('Code Général des Collectivités Territoriales (2011), Direction Générale de la Décentralisation et de la Déconcentration du Ministère de l'Intérieur, Ordonnance n. 2010-54 du 17 Sept. 2010..Article 161 of Book III concerning "transfer of responsibilities from Central state to local governments", points out the fact the transfer will be made 'by blocks' and according to the subsidiarity principle, parallel to "a transfer of resources". Key areas of local governments' competencies are: land use, economic development, territorial planning and administration, urban planning, education and literacy, etc.

- Presenting the results and the recommendations of the diagnostic study at a national workshop (which will include representatives of the Regions and of key sectoral ministries and national agencies);
- Designing the general framework for regional development plans (schemas directeurs) and, eventually, of district development, by taking into account both local development plans (PDCs) prepared by communes and the National Social and Economic Development Plan (PDES), prepared by the Ministry of Plan, Territorial Management and Community Development. This framework will mainstream sustainable land use management and biodiversity conservation within the development plans incorporating the landscape approach.
- Organizing two study tours to neighboring countries with significant regional development experience;
- Setting the general conditions allowing the proposed CAP3 to support two Regional Governments on an experimental basis (selected among the eight Regional Governments of Niger, according to clear social, economic and administrative criteria). This initiative will particularly focus on the establishment of key regional institutions and the organization of an important program aimed at building the capacities of regional actors (particularly the elected members of Regional Councils) in the area of socio-economic development. Strategic partnerships and synergies will be established with other development partners supporting social and economic development in the other Nigerien Regions.

Sub-component A.4: Building the capacities of the Agency for the Investment of Local Governments (ANFICT), sectoral line departments and non-state actors.

16. Specific activities will address institutional capacity building needs of the Agency for the Investment of local Governments (*Agence Nationale pour le Financement des Investissements des Collectivités Territoriales* ANFICT), to enable it to manage funds to be allocated to communes for their sustainable investments. Adequate support will be provided to on-going initiatives (supported by UNDP, UNICEF and GIZ, for instance) to better sensitize civil servants and representative of sectoral departments about key principles of decentralization and deconcentration. This will also include the capacities of sectoral line departments and other agencies in charge of providing technical assistance to communes and Regions on local development planning (that incorporates sustainable land use management) and monitoring (this will also include maintaining and/or strengthening "carbon know-how" at the institutional level and increased the adaptive capacity of targeted institutions to reduce risks and response to climate variability). All these capacity-building activities are in line with main operational principles of the '3 N Initiative'.

<u>COMPONENT B: Local Investment Fund.</u> *(IDA: US$26.270 million; GEF:US$3.118 million)*

17. This component will assist communes to make investments to support agriculture and livestock activities, improve sustainable land management, create and/or ensure maintenance of essential socio-economic infrastructures and facilities, and diversify income generating activities. In terms of investments, the approach of the proposed project is shaped by a number of key strategic options and assumptions (in line both with the strategic options of the governmental '3N Initiative' and the new WB's strategy on 'Inclusive Green Growth'). Among the underlying assumptions of the activities of this component, the most important are the following:

- Infrastructure is not a goal in itself, rather a critical ingredient to economic growth.
- Improved management of natural resources can and should be sustainable (by promoting green growth and green jobs), and can be integrated (by fostering production of crops, trees, and livestock on the same land areas).
- Management of natural resources can be sustainable by being highly productive, protecting biodiversity, reducing deforestation, saving water, and reducing greenhouse gas emissions.

18. As in the previous phases, the proposed new phase of CAP will finance a Local Investment Fund (FIL) to support micro-projects that have been identified and planned by local beneficiaries themselves, under the leadership of local governments. As for CAP2, these micro-projects will be implemented according to a result-based managed approach, through a partnership linking central State's institutions, local governments and other projects/programs operating in the same sector/geographic area.

19. Appropriate capacity-building activities and other institutional measures will be identified and implemented to enable the Agency for the Investment of Local Governments (ANFICT) to effectively play its mandate in managing more or less important portions of the FIL. An institutional evaluation will assess the legal, financial and operational readiness of the ANFICT and a decision will be made at that point (in close collaboration with other development partners) with respect to channeling funds (whose amount will be determined) through this mechanism – that decision will also depend on the amount of annual financial resources that the State is willing to transfer to the agency for its operational costs and for its allocations to support local governments' investments.

20. The investments of the proposed project will comprise two 'windows': (i) A first window, which would mobilize from about 95% of the total FIL, for investment identified by individual communes (similar to the system already adopted in previous CAP phases); and (ii) a second 'window', mobilizing 5% of the FIL, for experimental initiatives defined and implemented by two or more communes (according to intercommunalité principles).[13]

Sub-component B.1: Implementing targeted investments of Commune Development Plans

21. Activities of this sub-component will provide direct support to the implementation of selected sectors of local development plans and annual investment plans (PIAs) of individual communes. As in the previous phases, allocations to communes will be made on the basis of the following criteria: demography, magnitude of natural resources degradation, number/density of livestock (with an additional new parameter related to climate change and variability), with the addition of a new parameter related to vulnerability to climate change and variability. Among others, the activities of this sub-component will:

- Use approaches that have already been defined and put in place by the previous phases of the CAP in the areas of participatory planning and implementation, while improving them by better emphasizing the active involvement of different categories of stakeholders;
- Provide a greater support to the preparation of PDCs, through measures aimed at building the capacities both of local government officials (for their fiscal and fund-raising responsibilities) and of members of local management committees (for the supervision of the planning and implementation of micro-projects); and

[13] The mandate of the ANFICT is "to manage and redistribute the resources that have been allocated to sub-national governments to support their operating costs and implement their investments" (Source: ANFCIT Statutes).

- Ensure, through support to the preparation of local development plans, capacity building and institutional strengthening activities of sub-components A1 and A2 that no shift of environmental and/or carbon depletion pressure to other areas, outside the areas of intervention of the project, is taking place as a result of these investments.

22. The GEF funds will, inter alia, address sustainable management of land use, land-use change and forestry, agro-ecosystem services or forest ecosystem services in drylands sustaining the livelihoods of local communities; and promote climate smart technologies and agriculture. Investment will target initiatives related to agriculture, agro-forestry, agro-pastoralism and pastoralism, by scaling up sustainable land management (SLM) practices (including, among others, soil/moisture conservation methods, water harvesting, reduced tillage, agro-forestry, nutrient-enhancing rotation systems, animal health and nutrition, and the like).. The concept of SLM is a holistic system of management of natural resources (soil, water, vegetation, and animals), which integrates social, economic, physical, and biological assets and enables producers to maximize their socio-economic benefits from the use of resources, while maintaining or enhancing their ecological support functions.

Table 1: Examples of SLM best practices

APPROACHES	**TECHNOLOGIES**	
Land use planning	**Agronomic and vegetative measures**	**Structural measures**
• Small watershed • Large-scale basin plans • Storm water plans • Community land use plans • Farmland conservation plans • Grazing arrangements, rations, closures, etc. • Conservation zones • Other	• Inter-cropping • Agro-forestry in crop or grazing systems • Afforestation and reforestation • Mulching and crop residue • Crop rotation • Fallowing • No till • Composite green manure • Integrated pest management • Vegetative strip cover • Contour plantin • Re-vegetation of rangelands • Integrated crop-livestock systems • Climate smart agriculture.	• Terraces and other phyisical measures • Flood control and drainage measures • Water harvesting, runoff management and small-scale irrigation • Gully stabilization measures • Other

23. In order to avoid dispersion and optimize impact as well strengthen synergies with other on-going programs, Commune-related investments will focus on the following sectoral areas:

(i) ***Sustainable and improved land and water management practices*** (about 40% of the FIL for communes) will contribute, in accordance with key strategic principles of PDES (Axis 3) and of '3 N Initiative' (Axis 1), to conservation and sustainable use of biodiversity and the maintenance of ecosystem goods and services, through a variety of practices and techniques.[14] These initiatives are closely related to the GEF/GGWI objective of supporting an integrated ecosystem management and landscape approach that generates multiple wins (from food security and livelihoods to environmental public goods). They are also related to parallel initiatives aimed at restoring deforested and highly degraded land by empowering rural communities to adopt sustainable agro-

[14] Such as soil/moisture conservation methods, water harvesting, reduced tillage, agro-forestry, nutrient-enhancing rotation systems, animal health and nutrition. This will also include support for better gum tapping practices.

forestry practices and allowing producers to earn an income from the sale of Arabic gum or "carbon credits" (removals) thanks to carbon sequestration in acacia stands,. This will require pursuing some investments (plantation), as well as maintenance operations, such as erecting fences, weeding and thinning[15].As the main driver for the depletion of carbon stocks remains the energy sector, a special emphasis will be placed on the demand side. Low carbon technologies such as cook stoves, biogas digesters will also be eligible. These climate smart technologies will reduce pressure on forest and woodlands by reducing demand for woodfuel (charcoal and fuelwood), and reduce GHG emissions and indoor air pollution by fuel switching to cleaner options. Low greenhouse gases emitting technologies and practices to promote climate smart agriculture are also eligible.

(ii) ***Diversification of income-generating activities*** (IGAs) (about 35% of the FIL) will improve the wellbeing of individuals and households through growth and stability of income, improved nutrition, and reduce their vulnerability to shocks. Diversification is a crucial priority in many rural areas of Niger and is likely to contribute to reducing pressure on natural resources. Activities will primarily benefit the youth and women of the poorest households living in disadvantaged geographic areas (see Axis 4 of the 3 N Initiative, on promotion of social development); and

(iii) ***Creation and maintenance of collective socio-economic facilities and infrastructures*** (about 25% of the FIL) in disadvantaged and marginal geographic areas. In line with the '3 N Initiative' service package, this will concern, among others, the following community facilities: health centers, nutrition centers for children, maternity hospitals, primary schools, village markets, slaughterhouses, vaccination parks, feeder roads, water supply systems, small water infrastructure, cereal banks, and storage facilities for agricultural and veterinary inputs, livestock transhumance corridors and access ways to water points, rural radio facilities, facilities for the sale of non-timber forest products, etc.

Sub-component B.2: Targeted investments of 'Inter-communal Development Initiatives' (*Initiatives de développement intercommunales* (IDI)

24. Activities will support the implementation of selected initiatives planned and implemented through inter-communal participatory mechanisms and procedures (each of these initiative will be integrated into the annual investment plan of each participating Commune).

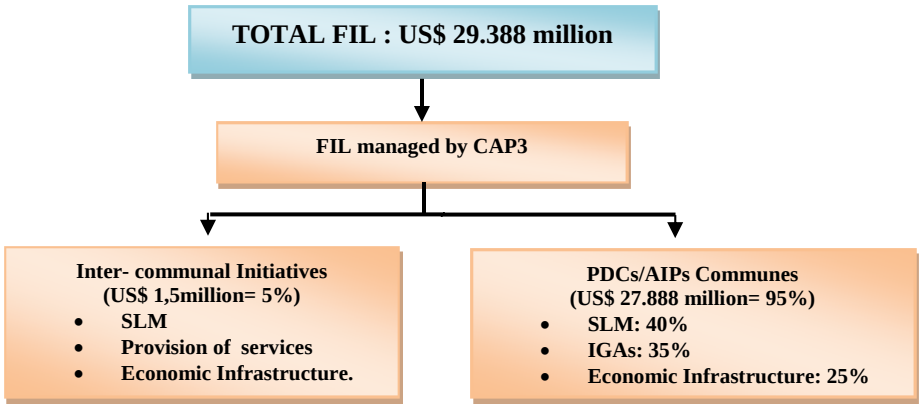
25. These pilot initiatives will focus on two areas:

(i) Sustainable management of inter-communal natural resources,
(ii) Provision of inter-communal social services.

26. Together with the revision of the Manuals of Operations and Implementation, a 'Guide of Inter-communal operations' will be prepared, to define the conditions concerning key mechanisms of planning, implementing, monitoring and evaluating inter-communal initiatives.

[15] A total of about 8,472 ha of Acacia plantations have been developed under the related 'Niger Acacia Senegal Plantation Project (NASPP), which is expected to produce around 4,600 tons of Arabic gum each year at full capacity and sequester about 35,000 tCO2e per annum.
This project will be verified under standards of the voluntary markets, such as the VCS ("Verified Carbon Standard").

Box 5: Use of FIL (*)



(*) New arrangements would be defined after an institutional evaluation of ANFICT's readiness to manage portions of the FIL earmarked for economic infrastructure-related investments

27. ***Climate-related hazards and contingency procedures.*** In case of major climate hazards (such as severe floods, droughts, climate-related epidemics, and the like), the project will define with the participating Communes precise and adaptable Contingency procedures (including more flexible procurement – that will however be consistent with the general Procurement Guidelines - and approval procedures for community-based micro-projects), whereby a portion or the totality of the funds that have already been allocated by the communes to their respective 'Annual Investment Plans' (AIPs) could rapidly and efficiently be re-affected to community-based emergency initiatives.[16] Communes will maintain their leadership role in the design and implementation of all of these crisis management initiatives (emergency situations should not be used to justify external interference or pressure on decisions concerning utilization of available funds).

COMPONENT C: Project Coordination, Management, Monitoring and Evaluation and Communication. ***(IDA: US$6.557 million; GEF: US$0.226 million)***

28. ***Sub component C.1: Coordination and Management.*** This sub-component will particularly include management of staff (including national and international consultants) and equipment, financial management, procurement activities, management of the environmental and social safeguards aspects, and organization of work, including the organization of joint supervision missions. Operating Costs will be eligible for financing from the funds of the IDA or GEF Grants. For the purpose of this project, Operating Costs means the reasonable incremental operating expenses based on the Annual Work Plans and Budgets as approved by the World Bank incurred by the CAP3 NCU or its regional representations, the targeted Communes, the Technical Entities including their decentralized services involved in the Project implementation, management and monitoring. The operational costs include, among others, reasonable costs for utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related

[16] Emergency measures would include, among others, the following: purchase and distribution of food and animal feed, construction of temporary shelters, drinking water facilities, special care activities for children and the elderly, cash transfers to the poorest and most vulnerable households, distribution of food stamps, etc. Lessons learned bv CAPCR on adaptive social protection and by the Safety Nets Project will be drawn.

media expenses, travel and supervision, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Borrower's civil service that will be funded by the Recipient. The operating costs will be procured in accordance with the administrative procedures that are acceptable to the Bank and that are detailed in the relevant manual.

29. ***Sub component C.2: Monitoring and Evaluation.*** The project will adopt the same M&E system put in place by CAP2, with the addition of adequate tools and indicators to track new outcomes on sustainable use of natural resources and biodiversity as well as simple greenhouse gas emission monitoring to check the CO2 eq. overall impact of the project over time. The GEF focal area Tracking Tools for Land Degradation, Biodiversity, Climate Change and Sustainable Forest Management will also be used which will help establishing M&E systems for those resources and ecosystems beyond the project's life time. In order to speed up full national ownership, a formal agreement will be established with the PDES M&E mechanism at the MP/AT/DC. Specific support will be provided to M&E units of ministries and agencies involved in producing and using information, in collaboration with the CAP3 M&E system. This will particularly concern the Ministry in charge of Planning and of the 3 N Initiative; the Coordination Unit of the Great Green Wall; the Centre National de Suivi Ecologique (CNSE), in collaboration with the corresponding departments of the Ministry of Water and Environment and the National Institute for Statistics (INS). This will ensure the ownership of all M&E related activities by permanent institutions, before the end of the program.

30. ***Sub component C.3:*** Communication: Knowledge management and sharing. A Communication strategy and an Action Plan will be designed and implemented in order to favor appropriate dissemination of all the information concerning approaches, processes, results and lessons learned by the whole program as a whole to key ministerial departments and national agencies, local governments, lateral and multilateral development partners, and non-governmental organizations.

COMPONENT D: Contingent Emergency Response - *(IDA: US$0.0 million)*.

31. A 'Contingent Emergency Response Component' (CERC) is planned to be able to provide immediate response to an eligible crisis or emergency under of CAP3. The component will be used to channel resources by rapidly restructuring CAP3 portfolio to finance emergency response expenditures that are consistent with the provisions of OP 6 Bank Financing and meet crises and emergency needs. Expenditure management and simplified procedures will be defined in an 'Immediate Response Mechanism Operational Manual' (IRM/OM), to be prepared and adopted separately by the Recipient and subject to no-objection by the Bank, in line with the flexibility provided in OP 8.00 'Rapid Response to Crises and Emergencies' that permits a range of simplified procedures

Annex 3: Implementation Arrangements

Institutional and implementation arrangements

1. The proposed project will build on partnership arrangements with baseline projects created by the two previous phases, as well as other Bank's projects and particularly CAPCR and SNP. Specific partnership agreements will be established with other GEF-financed activities in Niger, and the CAPCR under the Niger Pilot Program for Climate Resilience. The partnership would be able to provide specific contributions to mainstreaming climate variability in local development plans and community based activities aiming at improving climate resilience. Arrangements will also include close relations with IFAD, which participated in the financing of CAP2, and whose present funding will last until the end of 2013.

2. ***The Ministry of Agriculture***, which has been involved in all the previous phases, will have overall responsibility for the implementation and the supervision of the project. The role of this ministry is justified by its comparative operational advantages (including the successful oversight of CAP1 and CAP2)

3. Participating communes will have the legitimate leadership for all the initiatives of component B, which will be included in their respective PDCs and PIAs as well as the 'Inter-communal Development Initiative' framework in the case of activities of sub-component B.2. In the previous phases of the CAP, in spite of their numerous institutional weaknesses, communes have achieved encouraging results.

4. A strategic steering mechanisms for the project would be built upon the existing institutional architecture. At national level, national functions of guidance will be provided by a National Steering Committee (Comité national de Pilotage, CNP), chaired by the Minister of Agriculture. The CNP will ensure coherence between CAP3 and other similar World Bank-supported operation in the area of local development (CAPCR, local development component of the Kandadji project, Safety Nets Project). At district and regional levels, the District committee for project analysis' (CDAP, CRAP) will analyze micro-projects selected by Commune councils to be financed under FIL to ensure their compliance with sectoral policies, technical standards, economic effectiveness, and social and environmental safeguard policies. At Commune level, municipal councils will approve funding of micro-projects. Leadership of local authorities will be provided with adequate technical advice and support.

5. The technical implementation framework of the project will be made up of national institutions directly involved in project activities, particularly the following:

6. Under Component A, local administrative and fiscal governance activities will be designed and supervised by the *High Commission for the Modernization of the State* (HC/ME), the DGDD, the DG/AT/CL (MISP/D/AR) and the DG/AT/DC (MP/AT/DC). For other aspects of local governance related to agro-sylvo-pastoral and halieutic activities, the Direction Générale de l'Environnement et des Eaux et Forêts (DGEEF) ; la Direction Générale de l'Agriculture (DGA), the DGPIA and the DEP departments will be involved. Furthermore, the Great Green Wall Coordination Unit will be in charge of the implementation of the GGW Initiative. Main institution involved in capacity building initiatives are the following:

- Directorate of Studies and Planning (DEP) and Permanent Secretariat for Rural Code (Department of Agriculture and Livestock) in the areas of local development planning and monitoring tools, Community development, and policy compliance;

- General Directorate of Decentralization and Deconcentration, General Directorate of Territorial Administration and Local governments (Dept of Interior, public security, Decentralization and religious affairs);
- Directorate of Territorial Planning (*Aménagement du territoire*) and Community Development (Dept of Plan, Regional Planning *(Aménagement du territoire and Community Development)* for the implementation of decentralization and local development-related legal texts;
- General Directorate of Decentralization and Deconcentration of the MISP/D/AR, the Directorate of Territorial Planning in the MP/AT/DC, and the General Directorate of Environment, Water and Forest (DGEEF) and the Coordination Unit of the Great Green Wall Initiative (CCIGMV) in the MHE;
- Office for Environmental Evaluation and Impact Assessment (Dept of Hydraulic and Environment) for support to SAF and validation workshops, evaluation of safeguards policies;
- Directorate of Decentralization and Administrative Deconcentration (High Commission for the Modernization of the State (Haut Commissariat pour la Modernization de l'Etat, HC/ME);
- The National School for Public Administration and Civil Service (ENAM); and
- Monitoring and Evaluation Division of High Commission for 3N Initiative.

7. Two government institutions will play an important role to ensure overall sustainability of this component:

- The Center of Training and Development of sub-national management (*Centre de formation et de Perfectionnement en gestion des collectivités locales*, CFPGCT) will be responsible for pedagogical support, standardization and quality control of management tools (fiscal, administrative and financial) and supervision;
- The National Agency for the Investment of Local Governements (*Agence Nationale pour le financement des investissements des collectivités locales*, ANFICT) will be reinforced to manage Government financial contributions for local governments as well as contribution from other development partners.

8. The coherence of capacity building activities will be ensured by participating institutions around three 3 main topics (local governance and decentralization, local and regional development, SLM and natural resources management), each topic having one focal point providing leadership and coordination with NCU. At the national and regional level, activities will be implemented through the National Coordination Unit (NCU) and Regional Coordination Units (RCUs) already operational in each region.

9. Activities of Component B (Local Investment Fund) will be implemented by local governments (mainly communes) for all managerial tasks such as the annual investment plans, procurement, operation and maintenance. NCU/RCUs will approve annual investment plans and transfer funds to municipal accounts provided adequate conditions are met. Inter-communal funds will be managed by NCU/RCU according to specific criteria to be developed at the beginning of the project. Individual municipal plans are integrated by NCU/RCU into a general work plan.

10. Institutional arrangements will favor both adequate coordination mechanisms and efficient implementation of all activities, by empowering different stakeholders according to their respective mandates and competences. This will be in line with the program approach adopted in Niger by most development partners to ensure sustainability. Key principles

underlying institutional and implementation arrangements are the following: (i) deep linkages with the '3N Initiative', and the PDES; (ii) growing ownership of the project by national institutions with appropriate mandate and capacity; (iii) use of the subsidiarity principles in the implementation of the different activities; (iv) cost optimization in terms of project management; and (v) best use of lessons learned.

11. Activities of Component C on communication and knowledge sharing will be implemented by the NCU/RCUs, in collaboration with DGEEF, CCIGMV and the communication units of implementing agencies, with the 3 N Initiative departments in charge of communication.

12. Fiduciary management and procurement services will be provided by CAP National Coordination Unit (NCU) in compliance with World Bank's regulations and directives. CAP2 NCU is also in charge of these services for CAPRC, for IFAD component (PAC-2 Maradi) and for local development component of Kandadji project (P-KRESMIN). The National Coordination Unit (NCU), together with its Regional Coordination Units (RCU), will be directly responsible for all the activities related to Component C, namely sub-component C.1 (monitoring and evaluation), C.2 (communication, knowledge management and sharing), and C.3 (general coordination of the project). Specifically, it will be responsible for the following general tasks: (i) consolidate the annual work plans (AWPs) of all the participating implementing agencies and institutions, and produce the action plans that will be validated by the National Steering committee; (ii) send TORs to the World Bank; (iii) ensure control of compliance of the contracts to be signed by the implementing agencies and the operators; (iv) ensure compliance with the standards of fiduciary management (including receive, monitor, process and archive accounting packages), as well as consolidate information related to monitoring of performance and assess the effects of actions taken; and (v) ensure compliance with the safeguards instruments, and report on environmental and social aspects in the quarterly reports to be transmitted to the Government, the World Bank, and other key stakeholders.

13. The 'Implementation Manual' and the 'Manual of Procedures' of CAP2 will be revised, approved and disseminated during the preparation phase (prior to effectiveness), to take into account new institutional configurations (in terms, for instance, of inter-Commune collaboration) to define eligible communes, mechanisms and procedures, eligible investments, financial agreements, institutional arrangements, and financing mechanisms (in accordance to national procedures).

14. Planning and implementation of initiatives at local level will be the responsibility of the communes and their bodies (Councils and specialized units or commissions), which will be provided with adequate training and technical assistance. The capacities of the members of these entities will be adequately strengthened. Service providers and deconcentrated technical services will be enabled to adequately support communes in the areas of participatory diagnosis and management of contracts related to micro-projects. Funding mechanism for local projects will follow the existing mechanisms defined and adopted for CAP2.

15. ***Activities of Component D*** for 'Contingent Emergency Response' of CAP3, expenditure management and simplified procedures will be defined in an 'Immediate Response Mechanism Operational Manual' (IRM/OM). This will be a disbursement condition of this component and is to be prepared and adopted separately by the Recipient and subject to no-objection by the Bank, in line with the flexibility provided in OP 8.00 'Rapid Response to Crises and Emergencies' that permits a range of simplified procedures (for more details on this component see Annex 8).

Monitoring and Evaluation of Outcomes and Results

16. ***General characteristics.*** The CAP3 M&E system will be a result-based framework, conceived as a management tool. It emphasis is on project impacts and outcomes, as well as the regular monitoring of inputs and outputs covering the three project components. The CAP3 monitoring and evaluation system will build upon the system set up during the implementation of CAP2. Communes will be provided assistance for the adoption of the 'Practical Guide to PDCs monitoring and evaluation', which has recently been adopted by the Directorate of Plan, and for the collection, analysis and dissemination of main results. The CAP3 M&E system will also comprise Key Performance Indicators (KPIs) of the Sahel and West Africa Program in support of the Great Green Wall Initiative (SAWAP/GGWI), of the 3 N Initiative, and of the PDES.

17. ***Institutional arrangements.*** At the national level, the M&E team (NCU) will lead all aspects of monitoring and evaluation and provide operational tools and instruments for data collection at the regional and local levels. Furthermore, the team will assist local governments in monitoring the implementation of their respective local development plan (PDCs). It will collect and validate upstream reports and monitoring information from the regional M&E specialists (RCUs) and from each of the national institutions involved in project activities, to facilitate decision-making processes.

18. ***Harmonization and integration with national and sectoral M&E systems.*** Within a more precise exit strategy perspective, more consistent efforts will be made to fully empower national institutions in the monitoring and evaluation of the project outcomes, ensuring that the system is strongly linked to the national M&E system for the '3 N Initiative' and the PDES.

19. ***Importance of the M&E system***. By producing timely and pertinent information, the M&E system will be a key management instrument that is aimed at helping the decision making process. The outcomes/results of activities will be measured by a set of qualitative and quantitative indicators.

Sustainability

20. ***Overall sustainability*** is provided by the firm commitment of the Government of Niger in pursuing its key sectoral strategies, including decentralization and deconcentration, and in strengthening participating institutions. Factors that are critical to the sustainability of the project will be addressed through adequate M&E procedures carried out by the different national agencies, according to their institutional and technical capacities and their comparative advantages.

21. ***Institutional sustainability*** is a key element of an 'exit strategy', which has already been defined and partially implemented during the previous phases. This strategy will be based on:

- Building a full sense of ownership of the development process at the level of national institutions and local governments in line with national vision on social and economic development (PDES and "3 N Initiative").
- Defining more innovative and comprehensive partnership agreements with national institutions to speed up and consolidate this process.
- Empowering all local-level stakeholders, through a whole range of innovative training and capacity building activities well-tailored to their specific needs.
- Defining and implementing an efficient knowledge management and sharing system to efficiently capitalize lessons learned and mainstream them into national policies.

22. ***Technical sustainability*** of the project is built upon the experience of the completed CAP1 and CAP2, although already-established technologies and techniques will be refined and scaled-up. More specific environmental sustainability will also depend on application of best practices for the development and maintenance of Acacia plantations and protection of Acacia plantations from cattle and harmful gum-tapping techniques, and therefore on reliable sources of revenues from the sale of Arabic gum and carbon credits. Mechanisms to deliver infrastructure investments and services and to generate and disseminate technologies will be improved. The project will increase its support to capacity-building measures of national and local institutions in order to facilitate full ownership of the project.

23. To boost ***economic and financial sustainability***, the proposed project will support the dissemination of practices, technologies and techniques which are expected to improve the productivity and resilience of households/communities engaged in agro-sylvo-pastoral activities. Adequate communication and knowledge-sharing initiatives (reaching both male and female beneficiaries) will be key in ensuring sustainability. Partnerships will be established with key projects. Through adequate measures, marginalized categories of the populations will progressively be reintegrated into the dynamic of economic growth. The sustainability of the project's financial resources could be further enhanced by other ad hoc funding facilities.

Appraisal summary

Economic and Financial Analysis [17]

24. An economic analysis of an integrated project such as CAP3 is challenging. On the one hand, capacity building initiatives cannot be quantified in monetary terms, because they are intangible or qualitative. On the other hand, given the fact that the adopted approach is demand-driven and that investments are not pre-identified, *ex-ante* cost-benefit analysis and rate of returns cannot be fully assessed at entry. Furthermore, the project seeks also to strengthen the capacities of local governments, leading to foster their role in planning and monitoring local development and improved governance and managerial efficiencies. While these benefits are expected to be significant, they are not easy to quantify. However, the general design of the program has been based on the principle of cost-effectiveness.

25. Potential economic benefits of future investments can be obtained from an *ex-post* economic analysis of the following activities undertaken by CAP 2 and from the relative importance and weight of its key micro-projects:

- For the entire 2004-2012 period, main sectoral areas of the CAP2 portfolio (excluding capacity building) included socio-economic infrastructures (26.7% of micro-projects), income generating initiatives/IGRs (41.7%) and sustainable land and water management/SLWM activities (31.4%).
- A total of 1,502 different micro-projects benefitted about 275,000 households, for a total cost of US$35.28 million, i.e. about US$128/hhd for the 4-year period (or US$32/hhd/year). Because of the nature of the approach adopted (which used a revolving fund), about 42% of households benefitted from IGRs, while 34% and 24% of household benefitted respectively from socio-economic infrastructure micro-projects and sustainable land management activities, i.e. two activities with lasting effects.

[17] The results of a more detailed analysis of the social and economic impact of the CAP2 investments in 5 regions were made available just after appraisal.

- Average costs of individual micro-projects (including costs of training, services by providers and technical monitoring by line departments) varied from about US$18,000 for IGRs (about US$3.5 per household) and US$21,000 for sustainable land and water management activities (about US$3.4 per household) to US$32,000 for socio-economic infrastructures (about US$2.8 per household).
- Analyses of investments based on Net Present Value (NPV), Benefit Cost Ratio (BCR) and Internal Rate of Return (IRR) indicate general positive and profitable results - although payback period for some activities such as cereal banks was relatively long, and profitability of small village-based grain mills was low) (see 'Report on Global Financial and economic Analysis of CAP3-related micro-projects, February 2013).
- Every year, each individual Commune was able to design and implement an average of 9 micro-projects, for a total cost varying between US$120,000- 215,000.

26. **Increase household revenues**. In 2005, the CAP baseline study had estimated US$290.36 as the national average of the commercial value of the households agricultural production (after the harvest), with important regional differences. Combined household annual revenues from agriculture and livestock main activities were estimated at US$464.49. Support from CAP3 to more diversified economic activities is likely to consistently increase annual household revenues through a ripple effect. There will be a direct correlation between improved productivity of agro-sylvo-pastoral activities of targeted households over time and increased revenues and, as a consequence, improved access of households to basic social services and increased productivity. More detailed cost-benefit analyses will assess the benefits of the expected growth of food production and of increased revenues from more diversified economic activities.

27. **Underlying assumptions of the economic analysis** are the following:

- About 30% of the households of the communes covered by CAP3 will be affected by the project activities in Year 1, with an annual growth rate of at least 10% in the following years.
- Revenues from agriculture and livestock will initially increase by 15%, with a subsequent annual growth of 5% over a period of 10 years.
- Revenues from outside agriculture and livestock (non-agricultural income generating activities) will increase by 3% for all the households of the area covered by the project. Every year, the target will be to achieve an annual growth rate of 3%, over a period of 10 years.
- However, the project's results can be more or less severely affected by various risks that are inherent to its implementation (falling yield levels, technological adoption rates below expectation, effects of severe climate-related events, and unfavorable changes in product prices, and the likes).

28. The total cost of proposed project investments (Component B) is US 22.4 million (all taxes included), distributed as follows: 15% Year 1, 20% for Years 2 and 3; and 25% for Year 4. More detailed economic analyses will show that the implementation of the proposed project is fully justified by the expected benefits and a favorable cost-benefit ratio will clearly underline the fact that benefits will largely exceed costs.

29. In general terms, based on lessons learned from previous phases, the project is expected to have significant economic and social benefits in the following areas:

- Enhanced livelihoods of rural communities and households (through investments aimed at diversifying and increasing production and income);
- Economic benefits from more effective citizens' consultation and participatory development, and improved access to and provision of basic public facilities and social services (and therefore increased incomes associated to increased community access to sustainable social services); and
- Economic gains from greater effectiveness in public administration through capacity-building, community participation and accountability.

30. **Financial and Fiscal Analysis**: At Commune and at grass-roots levels, the identification and design of micro-projects will also evaluate recurrent costs. Therefore, provisions will be made to ensure the operation, maintenance and renewal of those investments. Beneficiaries will generally assume recurrent costs directly. Emphasis will be put on cost-minimization and the importance of local counterpart contributions. General recurrent costs to be borne at the national level are not expected to be significant. While recurrent costs of water sector investments are borne directly by the users, investments in the health and education sectors may require incremental provision of personnel and materials (to be borne by the national sectoral budgets).

31. **Resource mobilization.** The long-term objective of the proposed project is the capacity of local governments to raise fiscal resources from increased local economic activity and consumption. As such, the Project will support the building of local government capacity to generate resources.

Technical

32. The project's design is based on successful approaches and methodologies already developed under previous phases, particularly during the implementation of CAP2, as well as on lessons learned by past and/or ongoing projects for sustainable land management, community development, participation, and technology dissemination, which have already been replicated in other donor-funded programs (including Bank-supported projects).

33. All the proposed SWLM techniques have been tested on a small scale and adapted to local conditions. Inter-communality constitutes a quite innovative framework, but it will be cautiously designed and developed.

34. As part of the support of the project to the decentralization process, key responsibilities will be given to local governments for all the aspects related to the planning, fiduciary management, and the implementation of the activities as well as to monitoring and evaluation. They will be provided with adequate technical support by local public and private service providers.

Financial Management

35. Overall, the residual financial management risk of the project is rated as ***Substantial,*** based on the nature of the program (community driven development program). The Ministry of Agriculture will be responsible for the overall coordination and implementation of the activities under the project. It will rely on the national coordination unit (NCU) and the regional coordination units (RCUs). However, the following actions need to be completed to ensure that the Ministry, has adequate FM arrangements to handle the activities under the project: (i) before effectiveness update the administrative, accounting and financial procedures manual to incorporate activities under the phase 3; (ii) three months within effectiveness update the

simplified procedures manual to be used at the local government level; (iii) three months within effectiveness, set up an internal audit department and recruit an internal auditor; (iii) within two months of effectiveness, upgrade the accounting software to ensure timely production of quarterly and annual financial statements; (iv) within four months of effectiveness recruit an external auditor for the audit of financial statements.

36. ***Budgeting***: The budget process will be clearly stipulated in the updated administrative, financial and accounting manuals. The preparation of the annual budget and work plans for the project will be coordinated by the NCU and approved by the National Steering Committee with the Bank's no-objection (this will be aligned with the preparation of the budget law) and any changes in the budget and work plans will also be approved by the Committee with the Bank's no-objection. In addition, the Committee will: (i) discuss and review implementation strategies; and (ii) monitor and assess the implementation and results of the project.

37. ***Accounting***: The updated administrative, financial and accounting procedures manual will detail and document the project accounting, policies and procedures at the Ministry. The current accounting software will be upgraded and programmed to facilitate processing of financial information and to prepare interim financial statements as well as annual financial statements. The update of the software will be done at the national coordination unit and at the regional coordination offices. Detailed FM documentation will be maintained in the Project files for the implementing entities.

38. ***Staffing arrangements***: The national coordination unit has had qualified and experienced staff at the national and at the regional offices under CAP 2. At the national coordination unit, the financial management (FM) team will consist of a financial management specialist, a chief accountant, an accountant and an internal auditor. At the regional level, the financial management team will consist of an accountant and an internal controller who will work under the supervision of the financial management specialist. The FM team at the NCU will be responsible for collecting and controlling the invoices, maintaining the books of account, processing financial data, making payments to suppliers and service providers, monitoring the approved budget and preparing the quarterly and annual financial reports. The team will also be responsible for capacity building in financial management skills at the commune level.

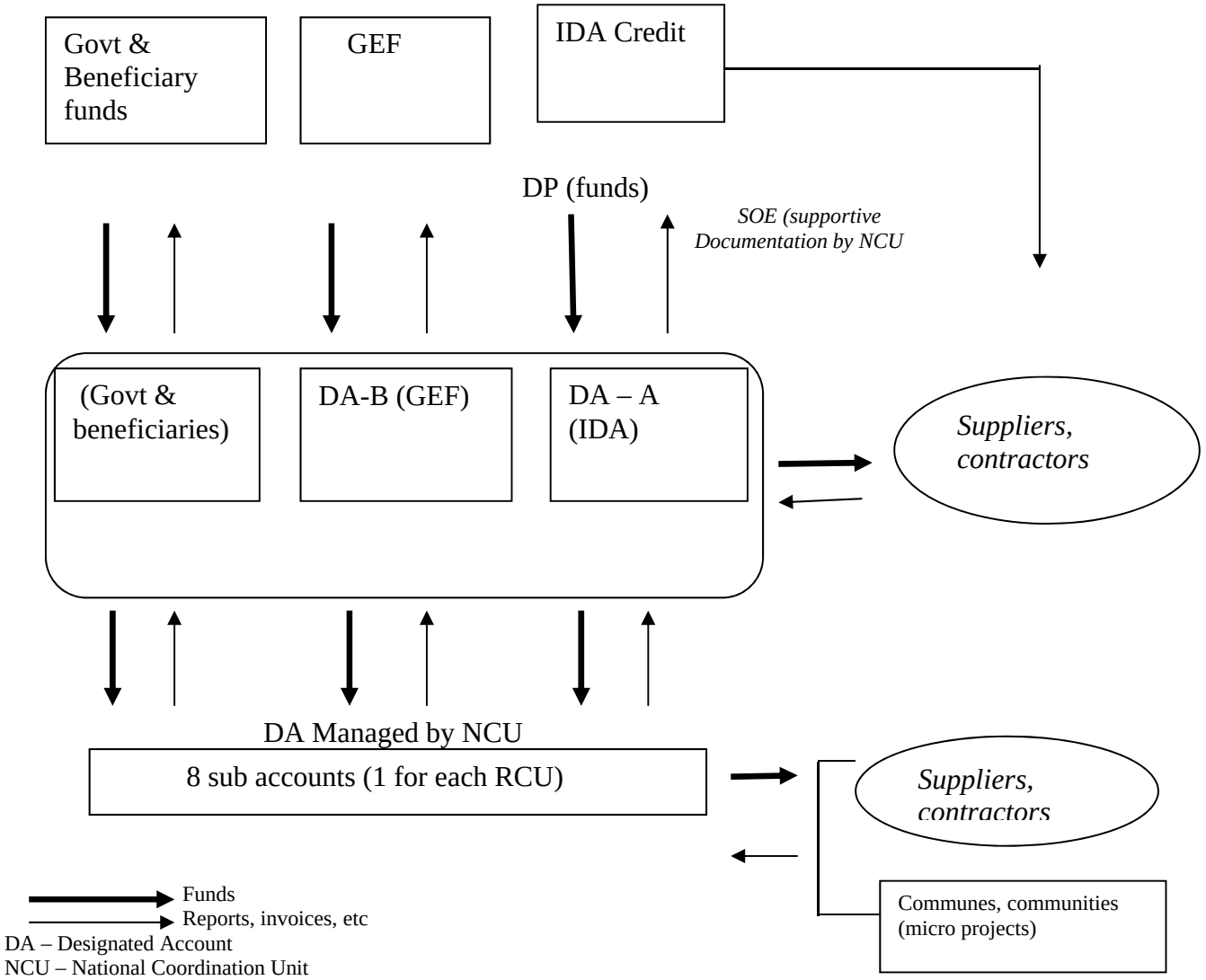
39. ***Internal controls and Internal Audit***: The National Steering Committee will ensure that staffing arrangements in the financial management department at the NCU and at each of the eight regional offices are in place and sufficient to ensure adequate internal controls, preparation, approval and recording of transactions as well as segregation of duties. Within three months following effectiveness, the Committee of CAP 3 will ensure that an Internal Audit Department is set up and staffed with an internal auditor whose terms of reference will cover all the activities under the project, as well as the implementing entities involved in the implementation of the project. The financial management and administrative procedures will be outlined in the administrative, accounting and financial manual for the implementing entity.

40. ***Financial reporting***: The NCU under the supervision of the Ministry of Agriculture will be responsible for the overall reporting on the implementation of the project activities under the proposed project. The Ministry will ensure, through the NCU financial management staff, that the quarterly Interim Financial Reports are prepared and transmitted to the Bank in a timely manner. The reporting format will be documented in the updated administrative, financial and accounting manual. The quarterly Interim Financial Reports will be furnished by the entity to the Bank no later than 45 days after the end of the quarter. Annual financial statements will be prepared and approved by the Steering Committee and will be subject to annual external audits.

41. ***Funds Flow***: Two designated accounts (DA), DA-A for IDA with a ceiling of CFAF 1.5 billion and DA-B for GEF with a ceiling of CFAF 300 million, will be opened in a commercial bank in Niger that is acceptable to the Bank and managed by the NCU according to the disbursement procedures described in the disbursement letter. Transaction accounts will also be opened at the regional level to facilitate the operations of the regional offices. The communes will also have accounts to facilitate the implementation investments activities at their level. Adequate controls will be put in place by the NCU to ensure that funds are used for the purposes intended. The currency for the designated accounts will be the Franc CFA (FCFA). Supporting documentation for all transactions shall be retained by the implementing entity at the national level and at the regional level, and shall be made available for audits and to the Bank and its representatives, if requested. Detailed disbursement procedures will also be stipulated in the disbursement letter and in the entity's administrative, financial and accounting updated procedures manual.

42. ***External audits***: The annual financial statements of the project prepared by the NCU as well as the system of internal control at the national and regional level will be subject to an annual audit by a reputable, competent and independent auditing firm, recruited based on terms of reference satisfactory to the Bank. The auditors will provide an opinion on the financial statements of the project prepared by the implementing entity as per auditing standards acceptable to the Bank. The scope of the audit mission will cover the national, regional and commune levels. The audit reports will be submitted to the Bank not later than six months after the end of each financial year. The auditors will also provide a management letter detailing the status of the internal control system at the national, regional and commune levels.

Diagram: Funds Flow



43. ***Implementation support missions***: In addition to the regular internal and external audits, the World Bank task team will conduct regular implementation missions on a half yearly basis. During these implementation missions Bank FM Staff will evaluate the FM arrangements to ensure that they remain adequate for the implementation of the project.

44. ***Disbursements arrangements***: Disbursements from the Bank Grant/Credit will follow the transaction-based disbursement procedures whereby advances to the designated accounts are supported with records statements of expenses (SOEs) (see Diagram above). Other disbursement arrangement methods will include Direct Payments, Reimbursement, and Special Commitments. The initial deposit into the Designated Account (DA) will be submitted with a Withdrawal Application requesting up to the ceiling amount as per the disbursement Subsequent disbursements into the DA will be based on SOEs (or Records) accompanied by Withdrawal Applications, bank statements and bank reconciliations. The supporting documentation for requests for direct payment should include records which provide evidence of eligible expenditures (copies of receipt, supplier's invoices). Applications for special commitments are supported with a copy of the commercial bank letter of credit.

D. Procurement

45. Procurement would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011 and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated June 2011. All procuring entities, as well as bidders, suppliers and contractors shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with the World Bank Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants dated October 15, 2006 and revised in January 2011" known as the "2006 Anti-Corruption Guidelines". The following guidelines will be used for the procurement of work, goods and services:

- Procurement of Works: Works procured under this project would include but are not limited to small office rehabilitation;
- *Procurement of Goods*. Goods procured under this project would include but are not limited to, vehicles, computer equipment and office equipment.
- Selection of Consultants. Consultants' service procured under this project would include the following: supervision of civil works, financial audit, baseline surveys and studies;
- Community participation in procurement. This will apply for including but not limited to: water infrastructures, small gardening facilities; small social infrastructures, nutrition centers in rural areas; storage warehouses, vaccination parks; buildings for cereal banks and agricultural inputs banks; activities and equipment for IEC (Information, Education, Communication), small workshops, etc..
- Short list of Consultant services estimated to cost less than $200 000 for civil works supervision and less than $100.000 for other consulting assignment would be used in accordance with the provisions of the Guidelines, with IDA's prior non objection;
- Requirements for National Competitive Bidding. Works, goods and non-consulting services contracts will use NCB procurement methods in accordance with national procedures using Standard Bidding Document acceptable to IDA and subject to the additional requirements.

46. In accordance with paragraph 1.16 (e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (a) the bidders, suppliers, contractors and their subcontractors, agents, personnel, consultants, service providers, or suppliers shall permit the Association, at its request, to inspect all accounts, records and other documents relating to the submission of bids and contract performance, and to have said accounts and records audited by auditors appointed by the Association; and (b) the deliberate and material violation of such provision will amount to an obstructive practice as defined in paragraph 1.16 (a) (v) of the Procurement Guidelines:

- Invitations to bid shall be advertised in national newspapers with wide circulation.
- The bid evaluation, qualification of bidders and contract award criteria shall be clearly indicated in the bidding documents;
- Bidders shall be given adequate response time (at least four weeks) to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later;
- Eligible bidders, including foreign bidders, shall be allowed to participate;
- No domestic preference shall be given to domestic contractors and to domestically manufactured goods;
- Bids are awarded to the lowest evaluated bidder proven this bidder is qualified;
- Fees charged for the bidding documents shall be reasonable and reflect only the cost of their printing and delivery to prospective bidders, and shall not be so high as to discourage qualified bidders.

47. **Advertising.** A comprehensive General Procurement Notice will be prepared by the Borrower and published in the United Nations Development Business online (UNDB online) following Board Approval, to announce major consulting assignments and any international competitive bidding (ICB). The General Procurement Notice shall include all ICB for works, goods, and non-consulting services contracts and all large consulting contracts (i.e., those estimated to cost US$200,000 or more). In addition, a specific procurement notice is required for all works and goods to be procured under ICB in UNDB online. Requests for Expressions of Interest (EOI) for consulting services expected to cost more than US$300,000 shall be advertised in UNDB online. An EOI is required in the national gazette, a national newspaper, or an electronic portal of free access for all consulting firm services regardless of the contract amount. In the case of NCB, a specific procurement notice will be published in the national gazette, a national newspaper, or an electronic portal of free access. Contract awards will also be published in UNDB, in accordance with the Bank's Procurement Guidelines (§ 2.60) and Consultants Guidelines (§ 2.28).

48. **Procurement responsibilities and accountabilities.** Procurement activities will be managed by the CAP3 National Coordination Unit. NCU will carry out the following activities: (i) managing the overall procurement activities, and ensuring compliance with the procurement process described in the relevant manuals; (ii) preparing and updating procurement plan annually in relation with the executing agencies; (iii) ensuring compliance of bidding documents, draft RFPs, evaluation reports, and contracts in relation with the executing agencies and in compliance with WB procedures; and (iv) seeking and obtaining approval of national entities and of IDA on procurement documents as required.

49. Implementing agencies will participate in the process of all procurement activities and will particularly ensure the following activities: (i) preparation of ToRs and the bidding documents, (ii) preparation of evaluation reports, and contracts related to the executing agencies in compliance with WB procedures, and (iii) participation in the procurement commissions

activities and in all related meetings. The CAP3 will be under procurement responsibility of the Ministry of Agriculture, while the communes will be responsible for the procurement activities of Component B.

50. The communes will be responsible for the community participation in procurement for for all the investments of Component B (FIL), including but not limited to: water infrastructures, small gardening facilities; small social infrastructures, nutrition centers in rural areas; storage warehouses, vaccination parks; buildings for cereal banks and agricultural inputs banks; activities and equipment for IEC (Information, Education, Communication), small workshops, etc.

51. **Capacity Assessment and Remedial Actions.** An assessment of the capacity of the implementing agencies of fiduciary management to implement procurement activities of the Project was carried out during the project preparation and finalized during appraisal. The assessment reviewed the organizational structure for the implementing of the Project , the procurement capacities of the agencies (procurement past experience, staff in charge of procurement, tools including manuals, procurement reporting, filing, use of software) and the interactions between the different agencies involved in the Project. The assessment found that:

(i) The National Coordinating Unit (NCU) has experience in applying the Bank's procurement procedures and it has also a qualified procurement specialist among its staff;
(ii) The implementing agencies possessed staff with acceptable know how to provide technical inputs in procurement documents;
(iii) The communes have acquired significant experiences in community participation in procurement, but a continuous support and regular supervision from the NCU and Regional Coordination Units is still needed to maintain and strengthen their capacities;
(iv) The Regional Coordinating Units have staff experienced in community participation in procurement, and supervisions of activities at regional and decentralized levels;
(v) The National Coordination Unit has adequate procurement filing , the filings at the Regional Coordination Units and at the level communes need to be improved to be in line with the Procurement filing Manual recommended in WB financed Projects; and
(vi) The National coordination Unit and the Regional Coordination Units have appropriate tools (manual, tracking software).

52. The overall Project Risk for procurement is rated **moderate** based on the procurement experience acquired through the CAP 1 and CAP 2 by the staff at the National, Regional and decentralized level.

53. The residual project risk for procurement is ***moderate*** after adoption of the following mitigation measures:

(i) The manual of administrative, financial and accounting procedures will be updated to take into account the activities planned through phase 3, the revisions of WB procedures in procurement, and to clarify the role of each team member involved in the procurement process of the project, the maximum delay for each procurement stage, specifically with regards to the review , approval system and signature of contracts;
(ii) A workshop will be organized at the beginning of the Project to train all key stakeholders involved in procurement on World Bank procurement procedures and policies;
(iii) An adequate filing system will be set up for the project records at the level of the Regional Coordination Units and the communes. The project will finance if needed appropriate

equipment and the Procurement Specialist based in the NCU will support these entities to ensure compliance with WB procurement filing manual.

54. **Procurement prior review thresholds.** For Niger, International competitive bidding (ICB) thresholds have been set at $5 million for works and $500 000 for goods. Therefore contracts for works and public works, estimated to cost above this ICB thresholds will be subject to prior review by IDA. Consultancy services for firms estimated respectively, at the equivalent value of US $200 000 and above per contract, consultant services for individual consultants at the equivalent of US$100,000 and above, and all single-source selection of consultants with firms and individuals will be subject to prior review by IDA. However, since the overall procurement risk has been moderate, the following additional mitigation measures were agreed:

a) At least once a year, the Bank and the Government will review the procurement plan which will detail the procurement methods to be used and specific contracts to be reviewed by the Bank;
b) The Bank will perform prior review of selected NCB contracts which will be identified and mentioned in the procurement plan;
c) All amendments of contracts raising the initial contract value by more than 15 percent of original amount or above the prior review thresholds will be subject to prior review by the Bank as stipulated in Paragraphs 2 and 3 of Annex 1 of the Bank's Procurement Guidelines; and
d) For each contract for goods and public works not submitted to prior review, the procurement documents will be submitted to IDA post review in accordance with the provisions of Paragraph 4 of Annex 1 of the Bank's procurement Guidelines. The post review will be based on a ratio of at least 1 to 5 contracts.

55. **Revision.** The prior review thresholds and other measures to be taken to mitigate the procurement risk should be re-evaluated once a year with a view of adjusting them to reflect changes in the procurement risk that may have taken place in the meantime and to adapt them to specific situations. In case of failure to comply with the agreed mitigation measures or Bank guidelines, a re-evaluation measure of both types of thresholds, ICB and prior review, may be required by IDA.

56. **Procurement Plan.** A procurement plan (PP) for the first 18 months of project implementation has been prepared and agreed with the Bank during appraisal. The final version of this procurement plan will be discussed during negotiations. During implementation, the procurement plan will be updated in agreement with the project team as required - at least annually - to reflect actual project implementation needs and improvements in institutional capacity. It will be available in the project's database and a summary will be disclosed on the Bank's external website once the project is approved by the IDA's Board of Directors.

57. **Supervision.** In addition to prior reviews to be carried out from IDA offices, the capacity assessment recommended two field supervision missions and at least one procurement post review per year. Independent procurement reviews will be carried if necessary.

58. However, for ***activities of Component D*** concerning 'Contingent Emergency Response' of CAP3, simplified procurement procedures will be defined in an 'Immediate Response Mechanism Operational Manual' (IRM/OM), to be prepared and adopted separately by the Recipient and subject to no-objection by the Bank, in line with the flexibility provided in OP 8.00 'Rapid Response to Crises and Emergencies' .

Social (including Safeguards)

59. Social impacts of the proposed program activities are expected to be positive. The activities to be undertaken by the communes (individually or together) will improve their capacity to deliver better services, be transparent and use resources effectively, thereby improving the living conditions of their respective communities. Together with 'social equity', the concept of social accountability is strongly embedded in project activities, and is intended to allow local authorities to be better accountable to their constituencies and citizens to better access to key information and participate in decision making processes.

60. It is expected that the program will enhance development and ensure greater engagement of beneficiaries in local decision-making processes. Specific attention will also be paid to gender inequalities. The project will promote participation and representation of marginalized groups, particularly women, in decision-making, and will particularly address the priority needs of the youth in marginalized and disadvantaged areas.

61. Throughout the entire process of project preparation, consultations were conducted with key stakeholders within the public sector, the private sector, and civil society. Key actors were involved in the definition of the scope of activities and they will remain engaged during implementation, supervision and evaluation stages of the project. Youth and women, in particular, are expected to benefit from this project because they are heavily involved in most of the activities and processes. The project is expected to improve the food security status of households, with a successful adoption of sustainable land management practices and income generating activities. In addition, the Project will strive to respect and build on coping strategies devised by local communities in order to deal with a variety of environmental and climatic crises.

62. Activities of CAP3 are expected to yield substantial positive social impact in the following areas:

- Small producers, the primary target of project investments, will directly benefit from a variety of agro-sylvo-pastoral investments, including training and technology transfer;
- Local government's authorities will be empowered as they will be the main implementing entities on the ground and will receive training and technical assistance to increase their capacity and participate in local development planning;
- Attention will be given to the most poor and vulnerable social categories (including women) as the priority beneficiaries of the activities; and
- Community organizations, associations of civil society, and producer groups will actively participate in the design and in the implementation of all the activities.

63. CAP3 includes minor activities that may cause relocation (loss of property and assets) displacement or loss of land. Therefore and in compliance with the Bank's Involuntary Resettlement policy (OP 4.12), the project has updated the existing Resettlement Policy Framework (RPF) and Process framework (PF) which have been disclosed in-country and at the Bank's InfoShop. These safeguards instruments deal with policy, legal and regulatory mechanisms, which, as a result of project activities, could affect people in terms of land acquisition, loss of livelihoods, and restriction of access to and use of protected areas. They also provide a coherent framework, eligibility criteria and asset valuation methods for compensation and/or resettlement of affected people, as well as grievance mechanisms of affected persons, in case of unsatisfactory arrangements between the parties involved.

Environment (including Safeguards)

64. From an environmental and social safeguard point of view, the project is rated in Category B, with minimal, site-specific and manageable environmental and social impacts. The project will have a great positive impact on sustainable development in Niger. On the one hand, it will integrate a strong dimension of political, institutional and community participation and capacity building and, on the other hand, it will support current and future initiatives with positive cumulative impacts.

65. CAP3 brings a real added value to existing initiatives, and puts a strong emphasis on disseminating value-added SLM technologies and techniques. The environmental and social impacts of the project are mainly related to the implementation of component B which is designed to support various small-scale projects/activities in response to communities' needs and priorities. Natural resource management-related activities and civil works could raise a concern of some safeguard policies; hence the project triggers the following policies: OP 4.01 (Environmental Assessment), OP 4.36 (Forests), OP 4.04 (Natural Habitats), OP 4.09 (Pest Management), and OP 4.11 (Physical Cultural Resources).

66. The project has updated the existing Environmental and Social Management Framework (ESMF) based on lessons learned from its implementation during CAP2. The ESMF formulates standards, methods and procedures to specify how unidentified future subprojects, whose locations are unknown, will systematically address environmental and social issues in the screening and categorization, sitting, design, implementation, operational phases and maintenance of the micro-project lifecycle. The ESMF includes institutional arrangements, and outlines the roles and responsibilities for the various stakeholder groups involved, for screening, reviewing and approving micro-projects, as well as for implementing and monitoring their mitigation measures. It also includes provisions for capacity strengthening to ensure that safeguard measures are adequately implemented. The project's activities on land resource management should lead to an improved environmental situation and thus provide a net benefit with respect to environmental impact.

Other Safeguard Policies triggered

67. Pest Management Policy OP 4.09 is triggered based on project' activities to increase agricultural productivity which is expected to result in increased use of agrochemicals, such as pesticides. The Pest Management Plan prepared for the Niger Basin Water Resources Development and Sustainable Ecosystems Management Program has been adapted and updated to apply to the proposed project. Regarding Physical Cultural Resources Policy PO 4.11, the project will take a careful approach regarding cultural issues ("chance finds" procedure) to address potential impacts on cultural. The Project will not support forest exploitation, but the Forests Policy OP 4.36 is triggered to ensure that project's activities, particularly under Component B would not affect the rights and welfare of people dependent on forests; or bring about changes in the management, protection, or utilization of natural forests or plantations.

68. The overall environmental and social impact of the project is positive and the adopted ESMF, PMP, RPF and PF provide enough information for making decision on safeguards aspects during the implementation phase. All safeguards instruments were cleared and disclosed in the country and at the World Bank Infoshop, prior to the project appraisal. Prior to disclosure in-country and at World Bank Infoshop, a stakeholders' workshop was organized by the Borrower to share the results of the updated studies, mainstream ownership and seek input from these stakeholders in order to improve quality and soundness of these instruments. Recommendations from the stakeholders' workshop have been reflected in the final safeguard

reports, prior to disclosure. Relevant provisions from the three sets of reports will be reflected in the Project implementation Manual (PIM).

Table 1: Safeguard policies triggered by the project

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[x]	[ ]
Natural Habitats (OP/BP 4.04)	[x]	[ ]
Pest management (OP 4.09)	[x]	[x]
Physical Cultural Resources (OP/BP 4.11)	[x]	[ ]
Involuntary Resettlement (OP/BP 4.12)	[x]	[ ]
Indigenous People (OP/BP. 4.10)	[ ]	[x]
Forests (OP/BP. 4.36)	[x]	[ ]
Safety of dams (OP/BP 4.37)	[ ]	[x]
Projects in Disputed Areas (OP/BP. 7.60)	[ ]	[x]
Projects in International Waterways (OP/BP. 7.50	[ ]	[x]

Annex 4

Operational Risk Assessment Framework (ORAF)

Niger: NIGER COMMUNITY ACTION PROGRAM PHASE 3 (P132306)

Stage: Board

Risks

Project Stakeholder Risks						
Stakeholder Risk	Rating	Moderate				
Risk Description: The project is based on the leadership of Local Government (LG) , synergies between local authorities and deconcentrated services, and the involvement of Community organizations and the private sector. However, so far, LGs have not yet been fully empowered with adequate responsibilities and human and financial resources. Coordination mechanism processes between LGs and sectorial ministries are still weak, in a context where relationships between decentralization and deconcentration are not fully clear. Horizontal cooperation between LGs (inter-communality) does not exist yet and, although in place since the last elections, Regional Governments are not yet fully operational.	**Risk Management:** Approval of LG-related investments will systematically depend on a clear acknowledgment of their crucial leadership on local development issues. Synergy between decentralized institutions and deconcentrated agencies will be strengthened through adequate initiatives in the areas of local governance, planning and M&E. Inter-communality and Regional Governments will be supported on an experimental basis. Furthermore, a provision will be made for implementation of activities through civil society organizations in areas where the security risk impedes government implementation. The program will stress the synergies existing among different institutional stakeholders. Approval of investments will depend on a clear acknowledgement of differential roles and responsibilities. During preparation, other development partners were fully involved in consultation with other stakeholders.					
	Resp: Both	Status: In Progress	Stage: Both	Recurrent:	Due Date:	Frequency:
Implementing Agency (IA) Risks (including Fiduciary Risks)						
Capacity	Rating	Moderate				
Risk Description:	**Risk Management:**					

The project will be implemented through well proven procedures and mechanisms, under the coordination of a NCU and the participation of a number of line departments. However, the institutional capacities of key sectoral departments are still weak, especially in terms of implementation and monitoring and evaluation and this could jeopardize national ownership (within the context of a programmatic approach).	Implementation arrangements will empower state and non-state actors to implement most of the planned activities and a comprehensive program aimed at building the capacities of all the national and local stakeholders will be defined and put in place.					
	Resp: Both	Status: Not Yet Due	Stage: Both	Recurrent:	Due Date:	Frequency:
Governance	Rating	Moderate				
Risk Description: According to 'Worldwide Governance Indicators', Niger's governance indicators are all negative, particularly in terms of 'political stability/absence of violence', which, for a rank from 0 to 100, has a percentile rank of 14.6, well below not only to the Sub-Saharan Africa average of 34.1, but also to the rank of Niger in 2000, which was 47.1. However, the indicators related to 'Regulatory quality' and 'Rule of Law' are higher than the average for sub-Saharan Africa (respectively 34.4 vs. 29.0 and 33.2 vs. 28.4) and superior to the Niger rank in 2000 (26.0 and 21.5).	**Risk Management:** The overall situation will be constantly monitored by the Bank, with the assistance of UN agencies and bilateral partners. However, political instability/civil violence is likely to be a long-term and recurrent risk which can only be mitigated with the implementation of a strong economic development program. In that context, the Bank is conducting a regional study to better understand factors behind insecurity in the region and identify the type of development solutions to promote so as to help to address this challenge.					
	Resp: Client	Status: In progress	Stage: Both	Recurrent:	Due Date:	Frequency:
Project Risks						
Design	Rating	Moderate				
Risk Description: There is a great inadequacy between available resources (human and financial) and the area of intervention (the program is supposed to cover all Nigerien LGs). This could lead to unrealistic objectives, weak	**Risk Management:** Concrete forms of synergy and partnership will be established with other development partners supporting LGs and decentralization. Furthermore, regular follow up missions (with the participation of the Government), mi-term evaluations, supervision missions and comprehensive assessments from external consultants will allow the timely identification of major dysfunctions and the definition of necessary corrective measures.					

impact, scaling up of initiatives not yet well experimented at a small scale and inappropriate modus operandi. These risks may jeopardize the entire approach and prevent the project from achieving its main objectives	Resp: Client	Status: Not Yet Due	Stage: Preparation	Recurrent:	Due Date:	Frequency:
Social and Environmental	Rating	Low				
Risk Description: Without clear transparency and participation principles, the proposed system of targeting beneficiary households & communities and sharing economic and financial returns could lead to social divisions and potential conflicts (between very poor and less poor households), finally threatening local social capital and solidarity mechanisms. Furthermore, though investments under the project are of limited negative impact if any, the concentration and adding up may have cumulative effect over time.	**Risk Management:** The project will use existing ESMF and RPF tools to address environmental and social impacts. Process of targeting beneficiaries will be based on participatory and inclusive mechanisms and procedures as successfully implemented over the last two phases. Improved M&E system at the level of Communes will monitor equity and transparency.					
	Resp: Both	Status:	Stage: Preparation	Recurrent:	Due Date:	Frequency:
Program and Donor	Rating	Moderate				
Risk Description: The disbursement procedures may be slow, elaborate and complex, and could result in numerous financial and administrative bottlenecks.	**Risk Management:** UNC staff will receive adequate training on main WB's financial and administrative procedures.					
	Resp: Bank	Status:	Stage: Preparation	Recurrent:	Due Date:	Frequency:
Delivery Monitoring and Sustainability	Rating	Moderate				
Risk Description: Generally speaking, there is a lack of a culture aimed at monitoring and evaluating. Communes, for instance, are keen to create new social infrastructures and facilities, but	**Risk Management:** An adequate, integrated M&E system will be put in place at all institutional levels.					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent:	Due Date:	Frequency:

reluctant to allocate adequate maintenance budget.						
Other (Optional)	Rating					
Risk Description:	**Risk Management:**					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:
Other (Optional)	Rating					
Risk Description:	**Risk Management:**					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:

Overall Risk

Overall Implementation Risk: Moderate

Risk Description:
The overall Project risk is rated **Moderate**, taking into account the country environment, governance, capacity, and fiduciary risks. Appropriate mitigations were taken into consideration during the design and will be monitored during implementation.

Annex 4: Implementation Support Plan

Strategy and Approach for Implementation Support

1. The Project Implementation Manual (PIM) will present the main implementation modalities, and the institutional arrangements to support them. The finalization of the PIM is a condition for effectiveness, and its adoption is considered as standard operating procedures for the project.

2. The strategy of the Implementation Support Plan (ISP) has been developed according to the nature and the characteristics of the project, as well as its risk profile. The strategy will basically aim at making implementation support to the client more flexible and efficient, and will focus on the principal risks identified and the agreed risk mitigation measures described in the ORAF. It will also provide the technical advice necessary to facilitate achieving the PDO. The ISP also identifies the minimum requirements to meet the Bank's fiduciary obligations.

3. Collaboration with other key stakeholders and the government is a central factor for the Project implementation. The Government has developed several key policies and has created and/or strengthened national institutions that are directly linked to decentralization, poverty reduction, and local development planning. The institutional framework on environmental issues, in general, and on those related to sustainable land management, in particular, is very rich and diverse in Niger. These structures and institutions, whose missions and mandates are clearly defined, will play a major role in the implementation of the project.

4. The main elements of the strategy are the following:

- ***Technical support***. Technical support will be provided to the participating agencies, in general, and the NCU, in particular. This will ensure compliance with different agreed modalities and procedures. On the other hand, experts of the NCU will provide regular inputs to the agencies in each of these activities.
- ***Procurement.*** Implementation support will include the following elements: (a) providing training; (b) reviewing procurement documents and providing timely feedback to the Procurement Committee; and (c) providing detailed guidance on the Bank's Procurement Guidelines to the Procurement Committee; and (d) monitoring procurement progress against the detailed Procurement Plan.
- ***Financial management.*** Support will include the provision of training to the concerned financial management consultants, and reviewing the project financial management system (on a semi-annual basis), including accounting, reporting, and internal controls.
- ***Safeguards:*** Support to environmental and social safeguards will need staffed missions to project sites twice a year. Support will include capacity building on safeguards requirements and supervision of the application of all frameworks and PMP and all plans (EMPs, RAPs, etc...), and ESMP implementation. (Environmental safeguard specialist 4 SWs; Social safeguard specialists 4 SWs).
- ***M&E***: Adequate support to M&E activities will staff missions to project sites at least twice a year to closely monitor and assess project performance.
- ***Technical support***. The Bank will provide continuous extensive technical support through participation in the supervision missions, MTR and eventual ad hoc advisory services. This support will be crucial to the identification of the main factors that may hinder the proper implementation of the activities. The support will include a continuous assessment of risks (outlined in the ORAF),

fiduciary requirements and inputs, and safeguards. The Bank team will also support the implementation of the agreed Governance and Anti-corruption Plan and provide guidance in resolving any issues identified.

- ***Other Issues.*** Sector level risks, specifically those posed by the weak capacities of LGs and deconcentrated services will be addressed through specific initiatives aimed at strengthening these capacities. The Bank will monitor closely the security situation with the assistance of UN agencies and bilateral partners to assess all risks related to security.
- ***Overall project management***. The TTL, based in the country office, will provide regular supervision of all operational aspects, as well as coordination with the client and among Bank team members.

Table 1: Implementation Support Plan

Time	Focus	Skills needed	Resource Estimated	Partner role
First 12 months	Focus on all key aspects of the activities of all the components, mainly related to: • Assisting communes in planning activities and implementing investments • Building and strengthening local capacities • Establishing grievance mechanisms at Commune level • Setting up the conditions of Inter-communality and support first experiments • Supporting Regional Councils and institutions • Implementing adequate M&E system • Providing institutional and financial support to ANFICT	Organizational, leadership, social and environmental safeguards, and procurement. Overall experience on local development, decentralization, and community development and community sensitization. Experience on M&E Public administration/ institutions	TTL/ Operations analysts and consultants 15 SWs Community development specialist 6 SWs Environmental safeguard specialist 4 SWs Social safeguard specialists 4 SWs M&E specialist 4 SWs Public administration/institutions specialist 4 SWs	Consultant firms are recruited to finalize and execute targeting. The World Bank will provide significant TA contributions.
12-48 months	Focus on all key aspects of the activities of all the components, mainly related to: • Assisting communes in planning activities and implementing investments • Building and strengthening local capacities • Supporting inter-commune investments • Supporting Regional Councils and institutions • Providing institutional and financial support to ANFICT • Carrying out mid-term independent audits • Carrying out supervision missions.	Organizational, leadership, social and environmental safeguards, and procurement. Overall experience on local development, decentralization, and community development and community sensitization. Experience on M&E Public administration/ institutions	TTL/ Operations analysts and consultants 15 SWs Community development specialist 10 SWs Environmental safeguard specialist 12 SWs Social safeguard specialists 4 SWs M&E specialist 4 SWs Public administration/institutions specialist 4 SWs	Consultant firms are recruited to finalize and execute targeting. The World Bank will provide significant TA contributions.

Supervision Arrangements

5. It is projected that a total of 8 supervision missions will be required over the project period. The NCU will carry-out mid-term independent audits and perception surveys, which will be undertaken in a random sample of communes. The ISP will be reviewed at least once a year to ensure that it continues to meet the implementation support needs of the project. Staff skills required are summarized in the table below:

Table 2: Staff and skills needed

Skills needed	Number of Staff Weeks	Number of Trips	Comment
TTL	12 SW annually	3 the first year and two annually thereafter	Based in Niger
Operation analyst	4 SW annually	Field trips as required	Based in Niger
Procurement Specialist	4 SW annually	Field trips as required	Based in Niamey
FM specialist	4 SW annually	Field trips as required	Based in Niger
Governance & Local development specialist	4 SW annually	Field trips as required	Based in Niger
Social safeguard specialist	4 SW annually (from Year 2)	Field trips as required	Based in Niger
Environmental safeguard specialist	4 SW annually (from Year 2)	Field trips as required	Based in Niger
Communication specialist	2 SW annually (from Year 2)	Field trips as required	Based in Niger
M&E specialist	4 SW annually (from Year 2)	Field trips as required	Based in Niger

Table 3: Partners

Name	Institution/Country	Role
European Union		Synergy/complementarity
GIZ		Synergy / complementarity in regions of Tillaberi, Tahoua and Agadez
Swiss cooperation		Synergy / complementarity in implementation of Activities of Component A and on component B
Belgium Cooperation	Field	Synergy / complementarity in implementation of Activities of Component A and on component B in Dosso region.
France Cooperation/AFD	Common secretariat	Coordination on decentralization; synergy/complementarity in Tahoua and Zinder regions
Lux Development	Niger	Synergy / complementarity in Dosso region
IFAD		Synergy / complementarity in Maradi, Tahoua and Zinder regions

Annex 5: GEF Incremental Cost Analysis

Link with the GEF Strategies

1. The proposed third phase of CAP is a fully blended operation combining IDA resources and GEF co-financing through SAWAP. The project is developed as a multi-focal operation combining the goals of several GEF focal areas, namely:

- ***Biodiversity***: Its goal is the conservation and sustainable use of biodiversity and the maintenance of ecosystem goods and services. To achieve this goal, the strategy encompasses five objectives two of which are particularly pertinent to CAP3: (i) improve the sustainability of protected area systems; and (ii) mainstream biodiversity conservation and sustainable use into production landscapes and sectors.
- ***Land degradation***: The goal for this focal area is to contribute to stopping and reversing current global trends in land degradation, specifically desertification and deforestation. This will be accomplished by promoting and supporting effective policies, legal and regulatory frameworks, capable institutions, knowledge sharing and monitoring mechanisms, together with good practices conducive to sustainable land management (SLM) that are able to generate global environmental benefits while supporting local and national, social and economic development. Four objectives will contribute to the focal area goal and drive the development of the GEF-5 portfolio, particularly the following: (i) maintain or improve flows of agro-ecosystem services to sustain the livelihoods of local communities; and (ii) reduce pressures on natural resources from competing land uses in the wider landscape.
- ***Sustainable Forest Management/REDD+ Strategy***: The goal for GEF-5 investment in SFM is to achieve multiple environmental benefits from improved management of all types of forests. One objective, driving the SFM portfolio and contributing to the goal, is to reduce pressures on forest resources and generate sustainable flows of forest ecosystem services.
- ***Climate change mitigation***: Its goal is to support recipient country embark on series of actions toward a low-carbon development path. Within this focal area, the objective relevant for this project is to promote conservation and enhancement of carbon stocks through sustainable management of land use, land-use change and forestry (CCM-5).

Box 6: GEF Incremental Reasoning

In relation to baseline scenario, the incremental resources from GEF are fully justified, as the project will impose on the country 'incremental costs' over 'business as usual-related costs' (or baseline costs).

- In the area of sustainable land management planning, activities will specifically address initiatives aimed at building the capacities of local stakeholders (communities and households) in the planning and implementation of sustainable investments, as well as those of supporting sectoral line departments (Component A).
- For Component B, incremental GEF funds will specifically address sustainable management of land use, land-use change and forestry, agro-ecosystem services or forest ecosystem services in drylands sustaining the livelihoods of local communities. An integrated ecosystem management and landscape approach will be supported, to generate multiple wins (from food security and livelihoods to environmental public goods). Finally, these incremental funds will sustain parallel initiatives aimed at restoring deforested and highly degraded land by empowering rural communities to adopt sustainable agro-forestry practices.
- For Component C, adequate initiatives will manage and share knowledge related to sustainable land management.

An alternative scenario without GEF funds would have several major downside consequences. Local governments' investments would mainly address creation and maintenance of socio-economic facilities and infrastructures, and community-based micro-projects would mainly support a larger range of diversified income-generating activities. Without an environment-friendly participatory approach, the project could not achieve a fully inclusive development paradigm, and the absence of natural resource-related investments could increase social gaps and inequality. Without specific SLM initiatives, activities aimed at diversifying local livelihoods could increase the pressure on natural resource in an unsustainable manner.

GEF incremental resources will allow CAP3 to have clear *Global Environmental Benefits* (GEBs), mainly in the four focal areas of: (i) biodiversity, (ii) land degradation, (iii) sustainable forest management, and (iv) climate change, through its set of committed and coordinated initiatives at the local level (local benefits). Global benefits will cut across these focal areas to result in: (i) increased biodiversity conservation through improved management of existing protected areas; and (iii) reduction in the negative trends in land degradation through adoption of better SLM practices.

2. GEF incremental support from land degradation, biodiversity, and sustainable forest management (SFM) as well as climate change mitigation focal areas will be combined to generate a range of global public environmental benefits in the zones targeted by the project, including (i) land under sustainable land management practices that have the potential to mitigate risk of climate change; (ii) biodiversity and ecosystem conservation, and (iii) accumulated terrestrial carbon from expanded or protected vegetation. Without GEF support, the project would mainly focus on community infrastructure and socio-economic investments, with risk of insufficient attention to natural resource management. The table below lists the GEF objectives, outcomes and core outputs to which this project contributes.

Table 1: Selected GEF-5 Focal areas: Objectives, Outcomes, and Core Outputs

Focal areas and Focal Areas Objectives	Expected Outcomes	Core Outputs
Biodiversity-BD1: Improve Sustainability of Protected Area Systems	***Outcome 1.1***: Improved management effectiveness of existing and new protected areas.	***Output 1.1:*** New protected areas (number) and coverage (hectares) of unprotected ecosystems.
Biodiversity- BD2: Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, and Sectors	***Outcome 2.1***: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation.	***Output 2.1***. Policies and regulatory frameworks (number) for production sectors. ***Output 2.2***. National and sub-national land-use plans (number) that incorporate biodiversity and ecosystem services valuation
Land Degradation-LD1: Agriculture and Rangeland Systems: Maintain or improve flow of agro-ecosystem services sustaining the livelihoods of local communities	***Outcome 1.2:*** Improved agricultural management	***Output 1.2:*** Types of Innovative SL/WM practices introduced at field level
Land Degradation-LD 3: Integrated Landscapes: Reduce pressures on natural resources from competing land uses in the wider landscape	***Outcome 3.2***: Integrated landscape management practices adopted by local communities	***Output 3.1***: Integrated land management plans developed and implemented
Sustainable Forest Management-SFM1 : Reduce pressures on forest resources and generate sustainable flows of forest ecosystem services	***Outcome 1.2:*** Good management practices applied in existing forests. .	***Output 1.2:*** Forest area (hectares) under sustainable management, separated by forest type.
Climate Change CCM-5: Promote conservation and enhancement of carbon stocks through sustainable management of land use, land-use change, and forestry	***Outcome 5.1***: Adoption of LULUCF practices to reduce forest degradation and deforestation within forests and the wider landscape	***Output 5.2:*** Forest and non-forest lands under good management practices

Link with the Sahel and West Africa Program in support of the Great Green Wall Initiative

3. CAP 3 is part of the Sahel and West Africa World Bank/GEF Program in Support of the Great Green Wall Initiative approved by the GEF and LDCF/ SCCF Councils in May, 2011. The Program addresses major issues related to land degradation, including food security, climate change mitigation and adaptation, to support sustainable development in 12 countries: Burkina Faso, Chad, Ethiopia, Mali, Mauritania, Niger, Nigeria, Senegal, Sudan, Benin, Togo, and Ghana. The project is directly contributing to the following key performance indicators (KPI):

- KPI 1. Increase in land area with sustainable land and water management (SLWM) practices in targeted areas, compared to baseline (hectares, reported by crop, range, forest, wetlands, protected areas);
- KPI 2. Changes in vegetation cover in targeted areas, compared to baseline (hectares);

- KPI 3. Targeted institutions with increased adaptive capacity to reduce risks and response to climate variability, compared to baseline (#); and
- KP4. Change in Carbon accumulation rates in biomass and soil compared to baseline (tc/ha).

Baseline projects description

4. GEF resources of $4.518 million will be fully blended with the Third Phase of the Community Actions Program (CAP 3) $40 million IDA envelope. Beneficiaries are expected to provide in-kind contributions of $3.652 million. Total baseline cost of project is therefore estimated at $43.652 million.

5. The Development Objective (PDO) of the proposed CAP3 is to strengthen the Recipient's local development planning and implementation capacities as well as to improve the access of targeted population to socio-economic services.

6. The Global Environment Objective (GEO) is to promote sustainable land and natural resources management and productive investments at the commune level in selected areas of Niger.

The project comprises three Components and a special dedicated Component:

- ***Component A***: Capacity building. Supporting initiatives aimed at building the capacities of participating communes and improving local governance. A range of initiatives will aim at creating / enhancing the governance of local institutions in the four key domains of participation, accountability, efficiency and equity. Other activities will aim at building inter-communal collaboration and building the capacities of Regional governments and national institutions.
- ***Component B:*** Local Investment Fund. Assisting communes to make investments, through an appropriate financial mechanism, in order to improve sustainable land management, create and/or ensure maintenance of essential socio-economic infrastructures and facilities, and diversify income generating activities. Activities will entail implementation of investments of Commune Development Plans as well as those of Inter-Communal Development Initiatives.
- ***Component C:*** Coordination, management, monitoring and evaluation and communication. Coordinating all activities of the program, including general knowledge management & sharing, and monitoring and evaluation
- ***Component D:*** Providing immediate response to an Eligible Crisis or Emergency, as needed.

7. In the 'Business-as-usual scenario', CAP 3 is aiming at furthering local development and investment. Its development scenario is to increase local governance, participation of local stakeholders in planning and implementation of local development activities. Based on achievement of Phase 2, the focus has been on socio-economic infrastructure and income generating activities (68% of micro-project investments), land and environment and natural resources management lagging behind.

Description of GEF increment

8. The combined GEF resources of $4,518,000 will be blended with the IDA financed activities with a total of $40 million, and beneficiaries' in-kind contribution of $3.652 million that would enhance the benefits under the baseline scenario. Total baseline cost of project is estimated at $43.652million. The proposed project's combined PDO and GEO is to strengthen

the Recipient's local development planning and implementation capacity and to improve the access of the targeted population to social and economic services, as well as to promote sustainable land and natural resources management and productive investments at the commune level in selected areas of Niger. For each component, table below indicates the incremental cost matrix.

9. It should also be pointed out that the CAPCR (part of the overall Pilot Program for Climate Resilience/PPCR in Niger, made up of four distinct but overlapping projects) [18] - whose objective is to improve the resilience of the populations and of production systems to climate change and variability in targeted Commune – should be considered as part of a larger co-financing strategy, especially for its activities aimed at mainstreaming climate resilience into development strategies at national and local levels (Component A), and integrating climate resilience practices into agro-sylvo-pastoral systems (Component B).

TABLE 2: Incremental cost matrix

Component	Category	Estimated expenditure (million $)	National and Local Benefit	Global Environmental Benefit
Component A: Capacity building.	Baseline	IDA: 7.173	The capacities of participating communes are enhanced and local governance improved.	No significant global environment benefit
	With GEF alternative	IDA: 7.173 GEF: 1.174	Greater participation of local stakeholders in planning & implementing local development plans, to stress social and environmental sustainability of the various activities. Inter-communal initiatives at the level of natural resource management are efficiently supported. The framework of comprehensive regional development plans is designed. The capacities of sectoral line departments are built up (including agriculture and environment) to support planning and implementation of agricultural and environmental initiatives (including maintaining and/or strengthening "carbon know-how" at the institutional level).	Improved national and local capacities to include SLM in local development planning. The framework of comprehensive regional development plans (which would integrate environmental issues) is designed. The capacities of sectoral line departments (including agriculture and environment) are built up to support planning and implementation of agricultural and environmental initiatives (including maintaining and/or strengthening "carbon know-how" at the institutional level).
	Incremental	1.174		
2. Local Investment	Baseline	IDA: & Benefic: 29.922	Implementation of community micro-projects is	No significant global environmental benefit

[18] The total budget of the CAPCR is US$63million (including a concessional loan of US$28 million and a grant of US$35 million). CAPCR is the largest of the four PPCR-related projects (whose total budget is US$110 million, of which a grant of US$50 million and a concessional loan of US$60 million). The PPCR may contribute in giving Niger an opportunity to implement significant changes in order to scale up its investment efforts in reinforcing and incorporating climate resilience into its overall development strategies and planning.

Component	Category	Estimated expenditure (million $)	National and Local Benefit	Global Environmental Benefit
Fund			supported Targeted investments of communes' AIP are implemented (including in the area of diversification of income-generating activities and creation & maintenance of collective socio-economic facilities and infrastructures).	
	With GEF alternative	IDA: 26.270 Benefic.: 3.652 GEF: 3.118	Investments related to sustainable management of land use, land-use change and forestry, agro-ecosystem services or forest ecosystem services in drylands sustaining the livelihoods of local communities are supported.	Global environment benefits, such as land under increased availability of SLM and reforestation. Restoration and/or protection of ecologically sensitive areas, forest and biodiversity. Sustainable inter-communal NRM initiatives. Global environment benefits over time (such as increased carbon sequestration because of improved capacities on SLM). (See also some figure in the Addendum below)
	Incremental GEF	3.118		
3.Coordination, management , monitoring and evaluation& communication	Baseline	IDA 6.557	Improved project management for project implementation and monitoring of results indicators. Communication of best governance practices.	No significant global environmental benefit
	With GEF alternative	IDA: 6.557 GEF: 0.226	Project monitoring and knowledge sharing activities address environmental sustainability. Better monitoring of environmental issues (through adequate tracking tools)	Improved availability of and access to knowledge on sustainable land management practices. Tools and systems for monitoring, evaluating, and targeting of environmental interventions established.
	Incremental GEF	0.2260		
TOTAL	Baseline	IDA & Benefic:: 43.652		
	With GEF alternative	IDA:40.0 GEF: 4.518 Benefic: 3.652		
	INCREMENTAL GEF	4.518		

ADDENDUM

Estimation of the impact of project sustainable forest/land management activities on carbon dioxide balance

10. Under the baseline scenario, the current estimated rates of deforestation and forest degradation would prevail, with a resulting loss in forest areas and reduced forest carbon stocks on the reduced forests. CAP3 is targeting sustainable forest management activities on a

maximum of 60,000 ha of woodland (i.e., about 200 ha/per year, for 3 years, for each of the 100 newly targeted communes). This woodland is subject to pressure from deforestation (i.e., conversion of forest land to agricultural land or land under other uses) and forest degradation (i.e., reduction of standing stock on remaining forest land). The FAO estimates that current woodlands in Niger have an average standing stock of carbon of 31 t C/ha (FAO, 2011, 'State of World's Forests', FAO, Rome). With the current deforestation rate estimated by FAO at 0.01% per annum, the 60,000 ha targeted under the project would be reduced, over ten years, to 54,263 ha. Using the cumulative risk of deforestation and degradation rates, the cumulative loss of carbon stock will be 338,693 tons of carbon (tC), or 1,241,875 tons of CO2 equivalent (tC02e).

The project scenario seeks to reduce the rate of deforestation and the rate of degradation by 3, i.e., to 0,003% per annum, by promoting sustainable forest management practices. Thus, the loss in forest area and in standing stock on that forest area would be reduced to 58,030 ha instead of 54,263 in the baseline scenario. After ten years of sustainable practices, it is estimated that the total loss of carbon stock from the original 60,000 hectares would be limited to 120,151 tC, or 440,553 tCO2e.

11. In order to prevent domestic (carbon) leakage, promoted sustainable practices, as part of the development plans, will be designed to make sure that they do not entail displacement activities outside the intervention area.

Table 3: Estimated Carbon and CO2 Balances from SFM and SLM Activities in Niger CAP3

	Units	Amount										
Annual def/egr rate	%	0,01										
Risk 1 - Deforestation	Year	0	1	2	3	4	5	6	7	8	9	10
Carbon stock per hectare	tC/ha	31,00										
Area	ha	60 000	59 400	58 806	58 218	57 636	57 059	56 489	55 924	55 365	54 811	54 263
Carbon stock	tC	1 860 000	1 841 400	1 822 986	1 804 756	1 786 709	1 768 841	1 751 153	1 733 642	1 716 305	1 699 142	1 682 151
Loss of carbon stock	tC	-	(18 600)	(18 414)	(18 230)	(18 048)	(17 867)	(17 688)	(17 512)	(17 336)	(17 163)	(16 991)
Cumulative loss of carbon stock	tC	-	(18 600)	(37 014)	(55 244)	(73 291)	(91 159)	(108 847)	(126 358)	(143 695)	(160 858)	(177 849)
Carbon stock	tCO2e	6 820 000	6 751 800	6 684 282	6 617 439	6 551 265	6 485 752	6 420 895	6 356 686	6 293 119	6 230 188	6 167 886
Loss of carbon stock	tCO2e	-	(68 200)	(67 518)	(66 843)	(66 174)	(65 513)	(64 858)	(64 209)	(63 567)	(62 931)	(62 302)
Cumulative loss of carbon stock	tCO2e	-	(68 200)	(135 718)	(202 561)	(268 735)	(334 248)	(399 105)	(463 314)	(526 881)	(589 812)	(652 114)
Risk 2 - Degradation	Year	0	1	2	3	4	5	6	7	8	9	10
Carbon stock per hectare	tC/ha	31,00	30,69	30,38	30,08	29,78	29,48	29,19	28,89	28,61	28,32	28,04
Area	ha	60 000										
Carbon stock	tC	1 860 000	1 841 400	1 822 986	1 804 756	1 786 709	1 768 841	1 751 153	1 733 642	1 716 305	1 699 142	1 682 151
Loss of carbon stock	tC	-	(18 600)	(18 414)	(18 230)	(18 048)	(17 867)	(17 688)	(17 512)	(17 336)	(17 163)	(16 991)
Cumulative loss of carbon stock	tC	-	(18 600)	(37 014)	(55 244)	(73 291)	(91 159)	(108 847)	(126 358)	(143 695)	(160 858)	(177 849)
Carbon stock	tCO2e	6 820 000	6 751 800	6 684 282	6 617 439	6 551 265	6 485 752	6 420 895	6 356 686	6 293 119	6 230 188	6 167 886
Loss of carbon stock	tCO2e	-	(68 200)	(67 518)	(66 843)	(66 174)	(65 513)	(64 858)	(64 209)	(63 567)	(62 931)	(62 302)
Cumulative loss of carbon stock	tCO2e	-	(68 200)	(135 718)	(202 561)	(268 735)	(334 248)	(399 105)	(463 314)	(526 881)	(589 812)	(652 114)
Risk 1+2	Year	0	1	2	3	4	5	6	7	8	9	10
Carbon stock per hectare	tC/ha	31,00	30,69	30,38	30,08	29,78	29,48	29,19	28,89	28,61	28,32	28,04
Area	ha	60 000	59 400	58 806	58 218	57 636	57 059	56 489	55 924	55 365	54 811	54 263
Carbon stock	tC	1 860 000	1 822 986	1 786 709	1 751 153	1 716 305	1 682 151	1 648 676	1 615 867	1 583 711	1 552 196	1 521 307
Loss of carbon stock	tC	-	(37 014)	(36 277)	(35 556)	(34 848)	(34 154)	(33 475)	(32 809)	(32 156)	(31 516)	(30 889)
Cumulative loss of carbon stock	tC	-	(37 014)	(73 291)	(108 847)	(143 695)	(177 849)	(211 324)	(244 133)	(276 289)	(307 804)	(338 693)
Carbon stock	tCO2e	6 820 000	6 684 282	6 551 265	6 420 895	6 293 119	6 167 886	6 045 145	5 924 846	5 806 942	5 691 384	5 578 125

Carbon stock	tCO2e	6 820 000	6 774 609	6 729 520	6 684 732	6 640 241	6 596 047	6 552 146	6 508 538	6 465 220	6 422 190	6 379 447
Loss of carbon stock	tCO2e	-	(45 391)	(45 089)	(44 789)	(44 491)	(44 194)	(43 900)	(43 608)	(43 318)	(43 030)	(42 743)
Cumulative loss of carbon stock	tCO2e	-	(45 391)	(90 480)	(135 268)	(179 759)	(223 953)	(267 854)	(311 462)	(354 780)	(397 810)	(440 553)

PROJECT AVOIDED EMISSIONS

	Year	0	1	2	3	4	5	6	7	8	9	10
Avoided emissions	tCO2e	-	90 327	87 928	85 581	83 285	81 039	78 841	76 690	74 587	72 529	70 515
Cumulative avoided emissions	tCO2e	-	90 327	178 256	263 837	347 122	428 161	507 001	583 692	658 278	730 807	**801 322**

Annex 6: Immediate Response Mechanism

1. The Project's Contingent Emergency Response Component (CERC – Component D) will finance public and private sector expenditures on a positive list of goods, both domestic and imported, and/or specific works, goods, services (including audit costs) and emergency operation costs required for emergency recovery. These expenditures will be in accordance with OP8.00 and will be appraised, reviewed and found to be acceptable to the Bank before any disbursement is made.

2. The positive list will be defined in the Operational Manual, but it may include, *inter alia*, (i) construction materials and industrial machinery; (ii) water, land and air transport equipment, including supplies and spare parts; (iii) school supplies and equipment; (iv) medical supplies and equipment; (v) petroleum and fuel products; and (vi) communications equipment.

3. Other eligible expenditures to be defined in the Operational Manual (a) for specific works may include urgent infrastructure works (repairs, rehabilitation, construction, etc.) to mitigate the risks associated with the disaster for affected populations; (b) for goods may include construction materials and equipment, agricultural inputs (excluding pesticides), and telecommunication equipment among others; (c) for services may include studies (technical, social, environmental, etc.) necessary as a result of the effects of the disaster for identification of priority works, feasibility assessments, or delivery of related analyses; and (d) for emergency operation costs may include incremental expenses such as additional transport costs, increased electricity bills for the public sector, staff overtime, and rental of light and heavy machinery. In the case of works, a sequenced approach to safeguards, as per OP 8.00, will be followed.

Operational Manual

4. An Operational Manual will be prepared describing the actions to be taken by the Government to implement the Immediate Response Mechanism when a crisis or emergency occurs. The Manual will also describe (i) the country's Coordinating Authority, as well as roles and responsibilities of implementing and oversight bodies in the context of the Project's CERC, (ii) arrangements for procurement, financial management, safeguards, and disbursements, (iii) eligible expenditures, and (iv) the monitoring and evaluation, and reporting arrangements. The Bank's corporate policies on financial management, procurement, safeguards and disbursement will apply, with the added flexibility provided under OP 8.00.

5. The Manual will be referred to in the Financing Agreement (FA) and will be reviewed and cleared by Legal, Procurement, FM, CTR, and safeguards staff before it is approved by the Country Director. The Manual may be updated periodically to reflect evolving country conditions.

Implementation

6. Following an eligible emergency, the Government may request the Bank for Project funds to be reallocated to the Project's CERC to meet emergency needs.

7. To access funds under the Project's CERC, based on the process described in the Operational Manual, the relevant Government authority should have declared the state of emergency and the Bank agreed and notified the Government.

8. Goods purchased up to 12 months from the date that CERC's implementation is triggered will be eligible for financing, while retroactive financing (as provided under OP 8.00) will also be made available under the Project's CERC.[19]

Immediate Response Mechanism (IRM)

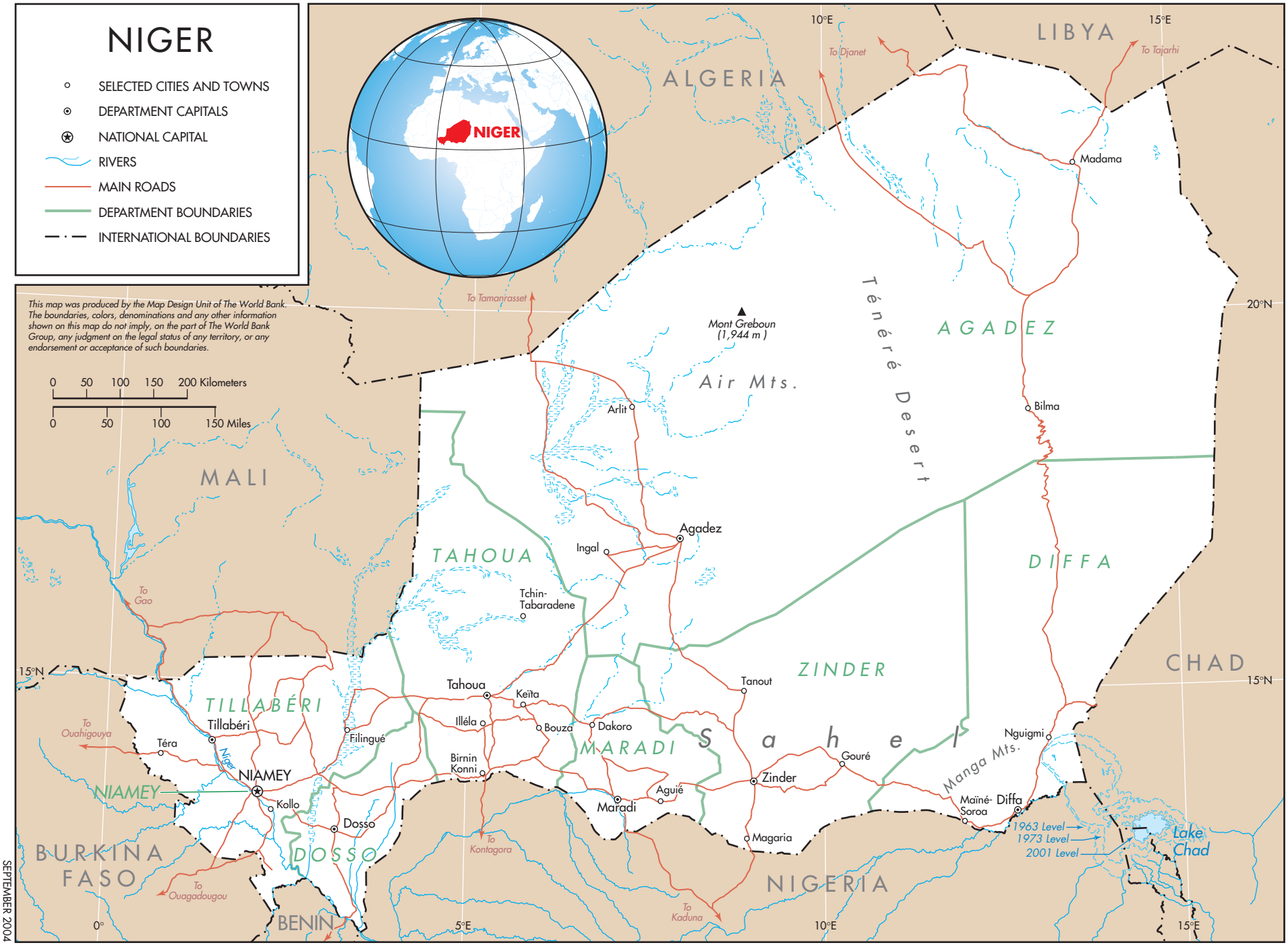
9. The IRM will be made operational at the country-level by:

(a) Adding to the Project Development Objective (PDO) of new operations or restructured ones the specific IRM objective of supporting Niger "to improve its capacity to respond promptly and effectively to an eligible crisis or emergency";
(b) Including an IRM Contingent Emergency Response Component (CERC) with zero funds through which an agreed amount of funds from the respective project would be reallocated to finance emergency needs.
(c) Adding to the Project Results Matrix a PDO outcome indicator and an intermediate indicator related to the IRM Component. These would be: (i) at PDO level, "Time taken to make available funds requested by Government for an eligible crisis or emergency (target of four weeks); and (ii) at component level, "IRM established and ready to provide access to financial resources to Niger in case of an eligible emergency."
(d) Finalizing the IRM Operational Manual, reflecting agreements on implementation arrangements, fiduciary and safeguard requirements, according to OP 8.00.
(e) The IRM Operational Manual will be referred to in all the Financing Agreements (FA) of the Operations including an IRM CERC and will be reviewed and cleared by Legal, Procurement, FM, CTR, and safeguards staff before it is approved by the Country Director. The Manual may be updated periodically to reflect evolving country conditions.
(f) The initial Disbursement Letter for all the Projects with an IRM CERC should identify the disbursement methods and corresponding supporting documentation requirements for disbursement under the component, if known. Alternatively, a revised Disbursement Letter may be issued once the arrangements become clearer or the circumstances change.

10. As part of country dialogue and Country Performance Portfolio Reviews, the Government and the Bank will periodically identify the amount of funding that may be reallocated from the list of projects with an IRM window, and the list and indicative amounts reflected in the IRM Operational Manual.

11. The IRM for Niger will provide financing for a positive list of goods including public and private expenditures, both domestic and imported and/or for specific works, goods, services (including audit costs) and emergency operation costs, required for emergency response and recovery. These expenditures will be in accordance with OP8.00 and will be appraised, reviewed and found to be acceptable to the Bank before any disbursement is made. The eligible expenditures will be defined in the IRM Operational Manual.

[19] OP/BP 8.00 provides for retroactive financing up to 40 percent of the Credit or Loan amount for payments made by the Government no more than 12 months prior to the expected signing of the legal agreement. Under an IRM Component, the 12-month retroactive period is from the date when the implementation of the contingent component is triggered.


NIGER
SELECTED CITIES AND TOWNS
DEPARTMENT CAPITALS
NATIONAL CAPITAL
RIVERS
MAIN ROADS
DEPARTMENT BOUNDARIES
INTERNATIONAL BOUNDARIES
NIGER
This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.
0 50 100 150 200 Kilometers
0 50 100 150 Miles
ALGERIA
LIBYA
MALI
BURKINA FASO
BENIN
NIGERIA
CHAD
To Djanet
To Tajarhi
To Tamanrasset
To Gao
To Ouahigouya
To Ouagadougou
To Kontagora
To Kaduna
Mont Greboun (1,944 m)
Air Mts.
Ténéré Desert
AGADEZ
TAHOUA
DIFFA
ZINDER
MARADI
TILLABÉRI
DOSSO
NIAMEY
Madama
Bilma
Arlit
Agadez
Ingal
Tchin-Tabaradene
Tahoua
Keïta
Illéla
Bouza
Dakoro
Tanout
Nguigmi
Goure
Zinder
Manga Mts.
Maïné-Soroa
Diffa
Tillabéri
Téra
Filingué
Birnin Konni
Maradi
Aguié
Magaria
Kollo
Dosso
Niger
Sahel
1963 Level
1973 Level
2001 Level
Lake Chad
10°E
15°E
20°N
15°N
0°
5°E
SEPTEMBER 2004
IBRD 33457