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FOR CONSIDERATION

## MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Cecilia AKINTOMIDE  
Secretary General

SUBJECT : NIGER : EXTENSION OF THE COUNTRY STRATEGY PAPER  
2005 – 2009 TO 31 DECEMBER 2012 \*

Please find attached hereto, the above-mentioned document.

Attch.:

Cc : The President

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**AFRICAN DEVELOPMENT BANK**

**AFRICAN DEVELOPMENT FUND**



**REPUBLIC OF NIGER**

**EXTENSION OF THE COUNTRY STRATEGY PAPER 2005-2009  
TO 31 DECEMBER 2012**

**REGIONAL DEPARTMENT  
WEST I**

**October 2010**

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## ACRONYMS AND ABBREVIATIONS

ADF	:	African Development Fund
ARMP	:	Public Contracts Control Authority
BIA	:	<i>Banque internationale pour l'Afrique au Niger</i>
BTP	:	Building and Civil Engineering Works
CSRD	:	Supreme Council for the Restoration of Democracy
CENI	:	Independent National Electoral Commission
CFAF		CFA Franc
DGCMP	:	General Directorate of Public Procurement
DWSS		Drinking Water Supply and Sanitation
DTP	:	Diphtheria, Tetanus and Polio
ECOWAS		Economic Community of West African States
EU	:	European Union
FDI	:	Foreign Direct Investment
GDP		Gross Domestic Product
GER	:	Gross Enrolment Rate
HDI	:	Human Development Index
HIPCI		Heavily Indebted Poor Countries Initiative
IMF		International Monetary Fund
INS	:	National Institute of Statistics
	:	
MDRI	:	Multilateral Debt Relief Initiative
MDG	:	Millennium Development Goals
MTEF		Medium-Term Expenditure Framework
NPV	:	Net Present Value
PAP	:	Priority Action Plan
PIU	:	Project Implementation Unit
	:	
PDDE	:	Ten Year Educational Development Programme
PEMFAR	:	Public Expenditure Management and Financial Accountability Review
RBCSP	:	Results-Based Country Strategy Paper
RISP		Regional Integration Strategy Paper
RWSSI	:	Rural Water Supply and Sanitation Initiative (Bank Group)
SAP	:	Structural Adjustment Programme
SDRP	:	Accelerated Development and Poverty Reduction Strategy
SSA	:	Sub-Saharan Africa
UA	:	Unit of Account
US		United States
VAT		Value-Added Tax
WAEMU		West African Economic and Monetary Union

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### **CURRENCY EQUIVALENTS**

(8 September 2010)

1 UA = CFAF 780.58

1 UA = USD 1.51

1 UA = EUR 1.19

### **WEIGHTS AND MEASURES**

Metric System

### **FISCAL YEAR**

1 January - 31 December

## EXECUTIVE SUMMARY

1. **Extension:** This document seeks to extend up to 31 December 2012, the validity of the Country Strategy Paper (CSP) 2005-2009 for Niger, initially approved by the Board of Directors in September 2005. The country's current political situation (headed by a transition Government until April 2011), is hardly suitable for the formulation of a new CSP.
  
2. **Political situation:** Niger's political situation became destabilized when President Mamadou Tandja, after ten years in power, sought to extend his mandate beyond the two-term limit stipulated by the Constitution. To that end, he dissolved Parliament (by decree of 26 May 2009) and the Constitutional Court (26 June 2009), and set up a technical committee to draft a new Constitution. The new Constitution ratified the abolition of the limitation of the number of presidential terms and extended the duration of the Presidential term of office that was to end in December 2009 by a further three years. The new Constitution was adopted by referendum on 04 August 2009. These events rekindled political tensions and led to the overthrow of the regime by the army on 18 February 2010. In the wake of these developments, the Supreme Council for the Restoration of Democracy (CSRD) was set up and a transitional Government formed. The new Government endorsed the roadmap for the return to democracy. The measures taken to date by the CSRD to implement the roadmap have restored the confidence of the people of Niger and the international community. Therefore, the European Union and several other partners of Niger have announced the gradual resumption of their assistance.
  
3. **Economic Development:** GDP growth was negative in 2009 (-1.2%), mainly owing to the unfavourable climatic conditions that triggered a drop in agricultural production. It was however able to reach 3.5% in 2010, thanks to the intensification of uranium production. In public finance, the overall deficit, excluding grants, stood at 9.8% of GDP in 2009, mainly attributable to capital investment needs in the mining sub-sector. Estimates put the overall deficit, excluding grants, at 9.1% of GDP in 2010 and 8.8% in 2011. The overall deficit, including grants, was 5.3% of GDP in 2009, and is estimated at 2.8% in 2010 and 2.6% in 2011, further strengthening Niger's dependence on foreign aid.
  
4. **Portfolio situation:** as at end August 2010, there were 17 portfolio operations in Niger for a total UA 133 million, of which UA 59.8 million was actually disbursed, i.e. a 45% disbursement rate. The percentage of risk projects dropped from 40 in 2008 to 24 in 2010.
  
5. **Bank strategy for 2010-2012:** the 2005-2009 strategy will be maintained, especially the two strategic thrusts: (i) rural development through water resource mobilization; and (ii) infrastructure development, including social infrastructure. Following a cross-cutting approach, focus will be on governance through the continuation of economic reforms. The lending programme envisages a technical education and vocational training development support project and a budgetary support that will be presented to the Board during the fourth quarter of 2010. Under non-lending activities, the Bank will prepare a Regional Integration Strategy Paper (RISP) for West Africa, to give priority to regional integration projects. The Bank will also continue to lend its support for the conduct of the PEMFAR study and the evaluation of the national procurement system, with a view to its future use in Bank-financed projects.

## **I. INTRODUCTION**

**1.1** The objective of this document is to extend up to 31 December 2012, the validity of the Country Strategy Paper (CSP) 2005-2009 for Niger, originally approved by the Board of Directors in September 2005. The June 2008 mid-term review of the Bank's assistance strategy recommended maintaining its pillars, with a view to renewing the force trajectory of Government strategy. Furthermore, by mutual agreement with the Government, it allowed the extension of the second pillar to social infrastructure to better address the country's enormous socio-economic infrastructure development constraints. Although the previous CSP ended in December 2009, the current political situation, characterized by: (i) a high priority to managing the transition and the related road map (see paragraph 2.1.2); (ii) managing various natural disasters (drought, flooding, migratory locusts) and kidnappings; and (iii) the redeployment of administrative staff, is hardly suitable for the formulation of a new CSP. Moreover, the participatory approach, which is an integral part of CSP preparation, is not possible in the current context. During the extension period, the Bank Group's strategy will be aligned with the country's development strategy, presented in the "Accelerated Development and Poverty Reduction Strategy (SDRP)" spanning the period 2008-2012.

**1.2** This document is structured as follows: after the introduction, Section II highlights recent developments and the country's medium-term prospects. Section III discusses the status of implementation of CSP 2005-2009. Section IV presents the Bank's strategy during the CSP extension period up to 31 December 2012. Section V draws the conclusions and makes a recommendation.

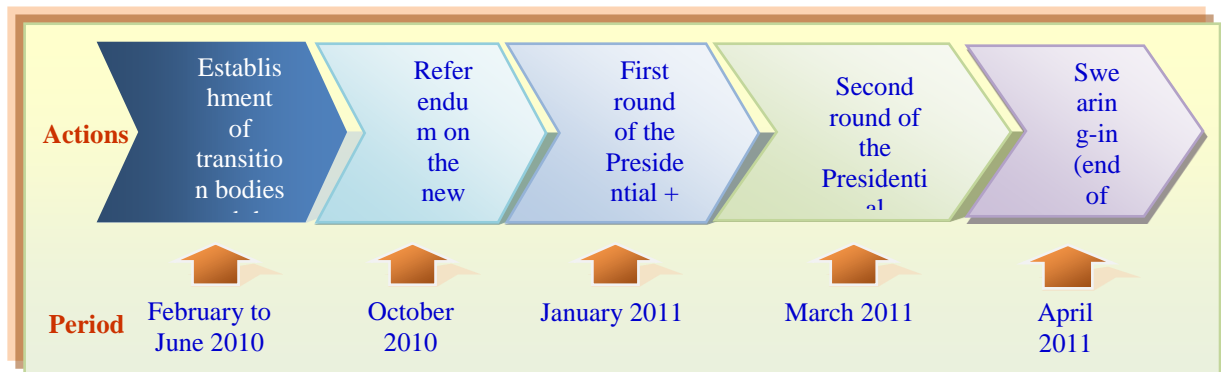
## **II. RECENT DEVELOPMENTS AND PROSPECTS**

### **2.1 Political Development**

2.1.1. Niger's political stability was disrupted when President Mamadou Tandja, after ten years in office, sought to extend his power beyond the two-term limit stipulated by the Constitution. To that end, he dissolved Parliament (by decree of 26 May 2009) and the Constitutional Court (26 June 2009), and set up a technical committee to draft a new Constitution. The new Constitution ratified the abolition of the limitation of the number of presidential terms and extended the duration of the Presidential term of office that was to end in December 2009 by a further three years. The new Constitution was adopted by referendum on 4 August 2009. These events rekindled political tensions. The decision of several international partners to suspend their non-humanitarian aid aggravated the internal malaise. Although a dialogue process between the Government and the opposition was initiated, with mediation from the Economic Community of West African States (ECOWAS), it was not enough to ease tension. This political situation culminated in the overthrow of the regime by the army on 18 February 2010 and the creation of the CSRD, headed by Squadron Commander Salou DJIBO, who became Army General a few months later. The promise made at the time of overthrow of the former regime, notably the publication of a road map that would lead to transition until the swearing in of a new elected President, was kept.



## Niger: Transition Road Map



2.1.2 Currently, the road map is being satisfactorily implemented. A new electoral code was adopted in 2010. The referendum for the adoption of a new Constitution should take place on 31 October 2010. The first round of presidential and legislative elections is scheduled for 31 January 2011; a possible second round would take place on 12 March 2011. The new President will be sworn in on 6 April 2011. The measures so far taken by CSRD have restored the confidence of the people of Niger and the international community with regard to implementing the road map. Reassured by the conduct of the transition, the European Union and several other partners of Niger have announced a gradual resumption of their assistance.

## 2.2 Recent Economic Developments

2.2.1 **Economic structure and growth:** Niger's principal activities are agriculture, stockbreeding and fishing, which account for close to 45% of GDP; services represent about 40%. The industrial sector is hardly developed. Its contribution to GDP is approximately 12%. Niger has considerable uranium and oil reserves which, when they come on stream (2012 for oil and 2014 for the new uranium deposits), will considerably change the country's economic structure, doubling exports and tripling the mining sector's contribution to GDP (5% currently). The challenge for the coming years is to ensure that these developments generate more rapid growth of the economy and significant poverty reduction. In any event, it will be necessary to put in place a macro-economic framework and robust institutions.

2.2.2 The GDP declined (-1.2%) in 2009, compared to 8.7% growth in 2008 (see Annex 1). This downturn stems mainly from the adverse weather conditions that had a strong negative impact on the

### Niger: External shocks

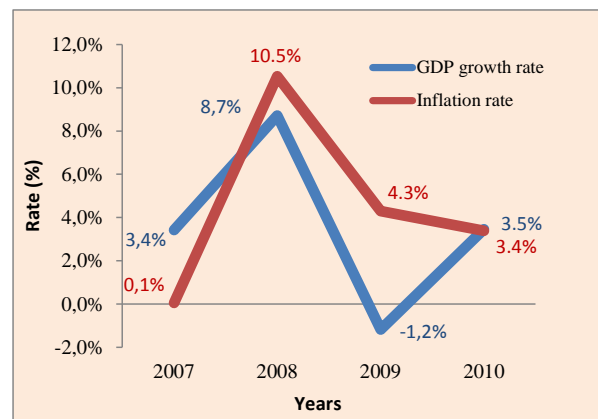
Niger experiences food crisis at least one year out of three owing to drought and recently to flooding (the River Niger overflowed its bed, resulting in the destruction of infrastructure, arable land, a reduction in production and the purchasing power and, inevitably, famine). These vagaries put public finance management to the test, with increases in contingency expenditures, notably those related to the social safety net, reconstruction and emergency rehabilitation activities. It is important for Niger to reduce its vulnerability to these shocks. This calls for the implementation of imaginative export diversification policies and direct actions aimed at replenishing the reserves needed to cushion such shocks. Moreover, specific investments in irrigation and reforestation could boost agricultural yields while reducing the recurrence of droughts. Bank investments in storm water management in Zinder, Tahoua, Tillabéry and Diffa have helped to reduce the vulnerability of the beneficiaries of these projects. It is important to consolidate and extend them to the other regions. Furthermore, crossborder-related vulnerability (flooding, migratory locusts) requires regional actions through the financing of public goods and regional projects.

agricultural sector. Indeed, the 2009 crop year in Niger ended with a gross cereal balance deficit of 411 000 tons and a fodder deficit of about 16 million tons of dry matter, i.e. the equivalent of 67% of the national livestock needs. The results of the December 2009 National Household Vulnerability Survey revealed the Ouallam, Tillabéry, Diffa and Zinder Districts as the areas hardest hit by the drought (see Annex 7). In total, about 7.7 million persons (or 52% of the population<sup>1</sup>) were identified as suffering severe or moderate food insecurity (2.6 million and 5.1 million persons, respectively). In March 2010, the Government prepared an emergency plan aimed at supporting the vulnerable. In this respect, the Bank made an emergency grant of USD 1 million in aid to the drought victims. This assistance aims at contributing to improving the food situation of 500,000 households situated in the critical areas (i.e. 3 500 000 persons) and directly or indirectly affected by the drought. Such improvement would be achieved through the distribution of seeds to farmers of the villages in deficit and of zoo-technical inputs to livestock farmers, especially female breeders.

**2.2.3 Public Finance:** Tax revenue stood at CFAF 329.4 billion in 2009, compared to CFAF 281.1 billion in 2008, representing a 17% increase. The 2009 budget revenue comprised tax revenue (94.8%), non-tax revenue (5.2%) and special accounts. The tax ratio showed a steady trend: 7.6% of GDP in 1997, 11.5% in 2005, 11.7% in 2008 and 13% in 2009<sup>2</sup>. Notwithstanding this remarkable increase, the tax pressure remains clearly below the 17% retained as the WAEMU convergence criterion. Total expenditure and net loans rose from 20.4% to 24.9% of GDP between 2005 and 2009, driven partly by transfers and subsidies to social programmes and food security, and partly by the increase in capital expenditure, notably those related to the mining sub-sector and financed from domestic resources. The global deficit, excluding grants, which stood at 4.4% of GDP in 2008, deteriorated, reaching 9.8% of GDP in 2009. The same global deficit, including grants, was 5.3% of GDP in 2009 compared to 1.5% in 2008.

**2.2.4** The 2010 situation is characterized by a drop in aid and tax revenue owing to the country's instability. Faced with this situation, the transitional Government on 3 May 2010 rectified the 2010 Finance Act by cutting the budget down from CFAF 728.7 billion to CFAF 638.2 billion, i.e. a 14% reduction, while protecting emergency expenditures and those that cannot be cut down.

**2.2.5 Money, credit and inflation:** An expansive monetary policy in 2009 helped to sustain a 30.5% growth of bank credit. The credit growth was fastest in the mining, oil, transport, telecommunications, building/civil engineering works and trade sectors. In the context of the financial crisis, the banks did not receive liquidity injection from the Central Bank but contributed to financing the budget deficit in 2009 by up to 46.2% of the overall deficit. Inflation attained a record 10.5% level in 2008, but was contained at 4.3% in 2009 as



<sup>1</sup> ADB, Niger : Proposal for a Grant of USD 1 000 000 as Emergency Humanitarian Assistance to the Drought-Affected Population, September 2010,

<sup>2</sup> IMF, NIGER, Third Review of the Three-Year Extended Credit Facility Arrangement, 22 January 2010, pp. 22, 23 and 28.

indicated in Annex 1, following the fall in international prices of foodstuff and petroleum products. Nevertheless, the inflation rate estimated at 3.4% in 2010, remains higher than the 3% community norm fixed by the WAEMU Commission, within the framework of convergence criteria monitoring.

**2.2.6 Balance of payments:** Niger's trade balance is structurally in deficit, owing not only to the low price and volume of exported products, but also to the import of capital goods, petroleum and food products. The flows associated with imports and linked to the big projects in the oil and uranium sectors have increased tenfold since 2007, attaining 11% of GDP in 2009<sup>3</sup>. Labour and capital income, along with current transfers, are not enough to fill the trade gap, thus resulting in an external current account deficit that has almost tripled, up from 8.2% of GDP to 23.7% between 2007 and 2009. However, the external current account deficit was covered by capital inflows from official development assistance and foreign direct investments (FDI). These flows enabled the country to accumulate exchange reserves equivalent to 2.5 months of import as at end 2009 (see Annex 1).

**2.2.7 Public debt:** Niger's total external debt was 16.2% of GDP in 2009. It shrank by 36% between 2005 and 2009. The prospects of debt viability have improved, thanks to the debt relief obtained under the Heavily Indebted Poor Countries Initiative (2004) and the Multilateral Debt Relief Initiative (2006), as a result of which the external debt ratios were brought below the debt overhang threshold. Thus in 2009, the external debt net present value represented 57.4% of the value of imports (against a threshold of 150%). The external debt service to exports stood at 2.7%, compared to a threshold of 20%. In the medium and long term therefore, the risk of debt burden remains low in view of the present public debt level. Nonetheless, a decrease in exports or an increase in the interest rate in the wake of new borrowing could lead to a deterioration of the country's debt profile. The challenge for Niger is to continue with a prudent public debt policy that gives priority to maximum concessionality, combined with sound macro-economic management and export diversification. The domestic debt represented 5.7% of GDP in 2008. A large part of this debt was made up of arrears.

**2.2.8** To achieve this objective, the public debt management system has been strengthened, with the Ministry of Economy and Finance becoming the only Institution authorized to sign agreements committing the financial responsibility of the State. Furthermore, the National Public Debt Management Committee (CNGDP) has been created to rule on any internal or external borrowing project as well as on any application for public guarantees.

**2.2.9 Business climate and competitiveness:** In the "Doing Business 2010" report, Niger is ranked 174<sup>th</sup> out of 181. The country has lost ground in several areas compared to 2009 and many constraints continue to weigh on the business environment. The key weaknesses are inherent in: (i) the granting of building permits; (ii) lack of skilled labour; and (iii) export costs. Other constraints include the high cost of inputs and delay in restructuring the electricity sector - a key factor of private sector development. Measures were taken in the 2010 Finance Act to simplify the income tax system in order to increase the country's

Niger Ranking out of 181 Countries in "Doing Business 2010"	
Criteria	Rank
Doing Business	174
Starting a business	157
Dealing with construction permits	166
Employing workers	173
Registering property	85
Getting credit	150
Protecting investors	154
Paying taxes	141
Trading across borders	173
Enforcing contracts	138
Closing a business	141

<sup>3</sup> Uranium is the primary export product and represented about 47% of total exports in 2009, i.e. CFAF 195.6 billion. It is followed by agro-pastoral products and gold.

competitiveness level (see paragraph 2.3.2). The General Tax Code, which should bring these measures together, is being finalized and should be adopted in 2011. Niger should also improve its competitiveness and reduce cost, especially by developing the transport infrastructure. Since 1996, the country has embarked on a gradual process to liberalise its economy, starting with the privatisation of public enterprises. The Niger Chamber of Commerce, Agriculture, Industry and Craft (CCAIN) and the National Council of Private Investors (CNIP) are the two main bodies in the country that seek notably to initiate public-private partnership (PPP) to cope with the multiple constraints hampering the country's development.

## 2.3 Recent Structural Reforms

**2.3.1 Budget process:** Considerable progress has been made in preparing a global Medium-Term Expenditure Framework. This work, which benefited from the technical assistance of the International Monetary Fund, helped to prepare a Budgetary Strategy Paper for the next three years. The Paper served as a basis for budgetary discussions for the 2010 fiscal year. The texts governing the budget preparation process will be revised to make them consistent with the new WAEMU community guidelines. The budget-Treasury interface is almost completed for the expenditure executed at the central level. The successful computerization of the sub-payment authorization centres should help to extend expenditure monitoring to sub-credit. The improvement of internal and external budget control and the strengthening of the system for accounting, registering and producing financial statements are currently areas of priority actions to which the Bank intends to contribute through budget support.

**2.3.2 Simplification of the tax system:** The country has redoubled its efforts to simplify the tax system and improve transparency. The measures taken to this end aim to promote investment by bringing the tax on commercial gains to the same level as in other countries of the region, reducing the marginal rate of personal income tax and improving the transparency of value-added tax (VAT). With the 2010 Finance Act, income tax is reduced from 35% to 30% and the VAT credit reimbursement threshold to exporters is abolished. The Tax Department has embarked on an important reform process aimed at improving its control of the tax base, reducing tax fraud, consolidating and continuing the modernization of the tax system, and enhancing efficiency. The Customs Department (GCD) has updated its action plan for 2009-11, in close collaboration with the World Customs Organization (WCO). This plan lays emphasis on modernizing customs control by facilitating trade, using scanners and analyzing risks, as well as on better control of cargo flows. Using all the ASYCUDA functions will enable better control of risk operations and, therefore, better targeting of customs controls.

**2.3.3 Financial sector:** Financial intermediation remains weak in Niger owing not only to the very low income and savings levels, but also to lack of financial innovation and such institutional factors as the inefficiency of the judicial system. The financial sector is dominated by ten or so commercial banks, four of which account for over 80% of assets and deposits. The financial sector restructuring is in progress. Therefore, in accordance with the commitments taken for the effective establishment of the *Finaposte*, the accounts of the depositors of the *Caisse nationale d'épargne* (National Savings Fund), frozen since 1992, began reimbursement in July 2009. The Government has transformed half of its deposits at the Postal Checks Centre (*Centre des chèques postaux*) into term deposits. Three banks have already complied with the requirement of a minimum capital of CFAF 5 billion fixed by the

banking commission of the West African Economic and Monetary Union. Most of the seven other commercial banks have raised capital, thanks to which they were able to attain the minimum level end 2009, i.e. before the deadline of 31 December 2010.

**2.3.4 Governance:** Transparency International 2009 ranked Niger 106/180, with an index of 2.9/10, compared to 122/145, with an index of 2.4/10 in 2005. A score below 3/10 shows that corruption is perceived as endemic. Niger, which is at the lower limit of index 3, is currently above the average for sub-Saharan African countries. The position of Niger has improved for the past five years. In spite of this performance, the transitional Government is determined to install transparent natural resource management mechanisms. Currently, it is processing its accession to the Extractive Industries Transparency Initiative. The authorities intend to put in place a single revenue accounting framework for the oil and mining income paid to public entities. Therefore, the public operations executed in the mining sector will be fully reflected in budget documents.

## **2.4 Social Development**

**2.4.1 Human development:** In the 2009 Human Development Index, Niger was ranked last out of 182; the country lost 2 places in relation to 2008. The per capita gross national income was USD 330 in 2008; about 85% of the population lives below the poverty line (USD 2/day). The Human Poverty Index (HPI-1), expressed in percent of the population, is 55 against 34 for Africa (2009). Annex 2 provides other indicators that help to assess Niger's social development level compared to other African countries and the developing world.

**2.4.2 Education:** The Ten-Year Education Development Programme (PDDE), implemented in 2003, constitutes the frame of reference for Niger's education development strategy. The PDDE is built around the following three strategic thrusts: (i) broadening of access to basic education and vocational training; (ii) improvement of curriculum quality; and (iii) institutional development of the sector. In terms of output, the gross primary enrolment rate improved from 29% in 1990 to 57.8% in 2009. Notwithstanding this progress, the educational system is still confronted with a number of weaknesses. For example, developing countries averaged 106.8% of gross primary enrolment rate. The primary education retention rate remains low at only 42.9% in 2008. The literacy rate (population above 15 years old) is also limited although it rose from 28.7% in 2005 to 30.4% in 2009. Access to technical education and vocational training (TEVT) needs to be improved, as none of the seven regional vocational training centres planned has yet been built. In terms of access, considerable progress has been made in girls' enrolment in TEVT: 13.8% in 2006 and 49.7% in 2008.

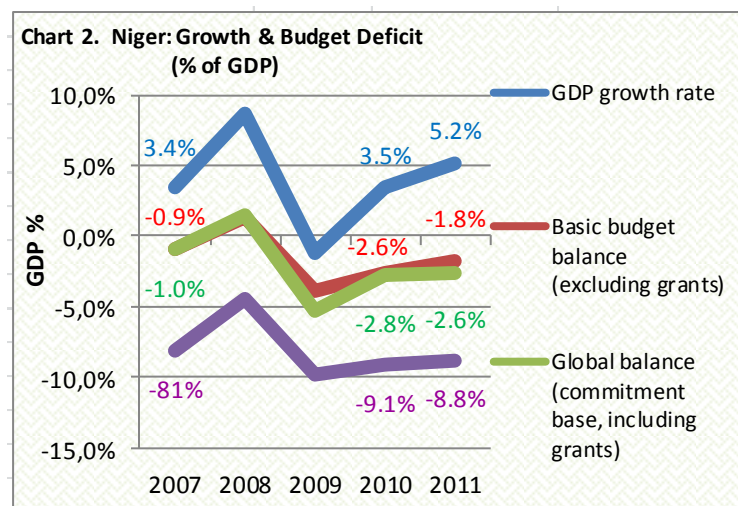
**2.4.3 Health:** Operations in the public health sector are in line with the Health Development Plan covering the period 2005-2010. The extension of service supply in this sector was possible thanks to several initiatives, notably the construction of health facilities, the supply of medical equipment and the creation of three health insurance companies, as well as the generalization of reproductive healthcare in all public sector health structures. Free antenatal consultations helped to improve access to such care, which jumped from 42% in 2005 to 81% in 2008. Thus, the DTP coverage rate rose from 75% in 2007 to 97.3% in 2008. This performance is due to the improvement of vaccine supply with development partner support. In spite of these efforts, infant mortality remains high: 85.3 for 1000 infants compared to the developing country average of 49.9 for 1000 (see Annex 2). The crude fertility rate is one of the highest in the region with 7.1 children per woman. A high malnutrition rate (44% for children under five suffering chronic malnutrition) is aggravated by the prevalent food insecurity situation. The HIV/AIDS infection prevalence rate was estimated at 0.7% of the population in 2008.

**2.4.4 Water and sanitation:** Niger has a high groundwater potential. According to estimates, it has a renewable capacity of 2.5 billion m<sup>3</sup> per annum, less than 20% of which is tapped. Furthermore, the non-renewable, practically non-utilized potential is estimated at 2 000 billion m<sup>3</sup>. Paradoxically: (i) 42% of the population has access to drinking water, and 7% to improved sanitation (compared to 64% and 41% respectively, for Africa); and (ii) about 80% of the deaths of children under five are related to lack of access to safe drinking water<sup>4</sup>.

**2.4.5 MDGs:** Significant progress has been made in improving the living conditions of the population. However, this progress is neither reflected by a marked reduction in poverty nor improvement of certain indicators connected with the Millennium Development Goals (MDG). Considering the current trend, it is improbable that Niger will achieve all the goals by 2015 (Annex 3 provides information on the status of the key MDG indicators in Niger). To reverse the trend, it is necessary to: (i) achieve a strong and sustainable growth of about 7% per annum; (ii) at the same time reduce the population growth which, estimated at 3.9% in 2009, exerts a heavy pressure on basic socio-economic infrastructure, thereby mitigating the economic growth gains; and (iii) supply substantial and better managed budgetary resources in basic social services and infrastructure. One of the sectors where the Government should deploy its efforts is the gender issue. Gender disparities are still enormous, especially in education. The Bank is active in this sector, with the Gender Equity Strengthening Project. Nevertheless, much remains to be done. For example, Niger has no Family Code to date.

## 2.5 Prospects for 2010 – 2012

2.5.1 As at 30 September 2010, the development partners observed a positive trend in Niger's political situation, especially with the adoption of a transition road map, the initial implementation of which is deemed satisfactory. This start of implementation has resulted in the preparation of the draft fundamental texts of the new Constitution, which will be put to a referendum on 31 October 2010. The country's major challenge lies in the willingness and capacity of the CSRD to keep its promises by completing the transition process through the holding of presidential and legislative elections by March 2011.



2.5.2 In the short-term, the economic and financial trend remains positive albeit fragile. Projections show a real GDP growth rate of 5% in 2010 and 5.2% in 2011. This growth will come mainly from the non-agricultural sectors and primarily from the intensification of uranium production. In public finance, projections show that the country will still need budgetary assistance from its development partners to implement its poverty reduction programme and safeguard macro-economic stability. The overall deficit, excluding grants, should stand at 9.1% and 8.8% of GDP in 2010 and 2011, respectively. If grants are included, the overall deficit is estimated at 2.8% and 2.6% of GDP for the same years.

<sup>4</sup> Source: UNICEF, Water and Sanitation Challenges in Niger, 2008; and IRIN, Niger, *La soif autant que la faim* (As much Thirst as Hunger), June 2010 and ADA, ECA, African Statistical Yearbook, 2010

2.5.3 On the external front, the balance of payments current account deficit (excluding official grants) will likely not improve in the medium-term. It will stand at 24.9% of GDP in 2011 under the effect of extractive industry imports. This deficit is by far higher than the ceiling of 5% fixed as the WAEMU medium- and long-term convergence criterion. The Central Bank should adopt a more restrictive monetary policy for the period 2010-2012, in its bid to stabilize prices and avoid returning to the 2008 situation (double-digit inflation rate).

## **2.6 Coordination with Other Development Partners**

A Bank mission visited Niger from 15 to 22 June, then from 20 September to 2 October 2010. The mission had working sessions with multilateral and bilateral donors. The mission was informed that the World Bank had already disbursed USD 40 million under its budgetary support for 2010. The IMF should have organized a fourth review of the UA 4.7 million Extended Credit Facility (ECF) in November 2010. The European Union is considering the possibility of an EUR 14 million budgetary support intended to solve the food crisis. In July 2010, the United Nations offered vehicles to the Independent National Electoral Commission (CENI) to enhance its operational capacity and ensure the preparation of the elections in a calm atmosphere.

### **III. STATUS OF IMPLEMENTATION OF BANK GROUP COUNTRY STRATEGY 2005 – 2009**

**3.1** In June 2008, Management conducted a mid-term review of the implementation of Bank Group's 2005-2009 strategy in Niger. The report was distributed to the Boards (see document ADB/BD/WP/2008-ADF/BD/WP/2008). The mid-term review noted that in spite of certain lapses, the strategy had been implemented as planned and that the results achieved were satisfactory overall. Under Pillar I (mobilization of water resources), there was a significant increase in the irrigated areas and agricultural production, which goes hand in hand with more extensive irrigation (see Annex 6). However, the low rainfall recorded in 2009 affected agricultural production, leading to food shortage in 2010. The improvement of drinking water supply for rural households suffered somewhat from delays in executing certain works under the Drinking Water Supply and Sanitation Project in three regions (Maradi, Tahoua and Tillabéry) and the Integrated National Water Resource Management Action Plan. Actually, provision had been made to gradually increase the rural drinking water supply coverage needs via a modern system, from 58% in 2006 to 63% in 2008. This rate reached 62.3% in 2008.

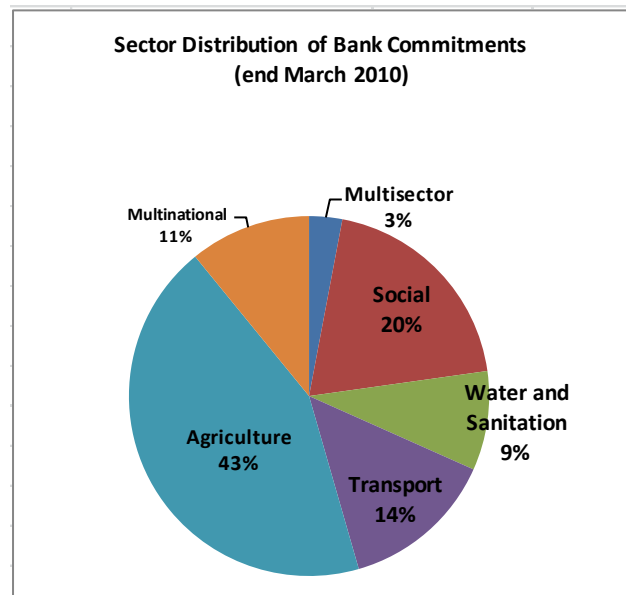
**3.2** Under Pillar II, two road projects (Tibéri-Dakoro and Madaoua-Bouza Road Improvement Project and Dori-Tera-Burkina Faso Border Road Improvement Project) were approved. The first project started late owing to long delays in obtaining the commitment of the West African Development Bank (BOAD) to co-finance the project. The second project has a sub-regional dimension. Its implementation equally fell behind schedule, the Government having modified the structure of the roadway, thereby increasing the project cost by 125%. Earthworks are virtually completed and pavement works are ongoing. The Health Infrastructure Strengthening Support Project was not appraised in 2009 as planned, due to the reduction of the country's allocation. The Technical Education and Vocational Training Development Support Project could not be presented to the Boards in 2009 as scheduled because of the deterioration of the political situation in the country. The project will be presented to the Boards in December 2010.

**3.3** Provision had been made to provide budget support that would sustain the consolidation of macro-economic stability and the improvement of public finance management - two conditions indispensable for the effective reallocation of public expenditure to the primary sectors, including the rural sector, water resource mobilization and infrastructure development (these sectors represent the Bank's strategic pillars in Niger). The budgetary support could not be presented to the Boards in 2009 because of the deterioration of the country's political situation. This project will be presented to the Boards in December 2010. Annex 5 provides information on project approvals over the period 2005-2009, while Annex 6 gives details on the outcomes of the Government strategy. The results obtained on the stability of the macro-economic framework are mixed. The best tax recovery performance attributable to growth over the period 2005-2009 is accompanied by lower performance in terms of inflation control.

#### **IV. BANK STRATEGY 2010-2012**

##### **4.1 Bank Group Portfolio Performance**

The Bank's portfolio performance reviewed in 2008, was deemed satisfactory overall. As at that date, Niger's active portfolio comprised 15 operations totalling UA 124.3 million of net commitments, of which UA 28 million disbursed as at 13 February 2008, i.e. a 17.6% disbursement rate. At the time, the portfolio comprised one problem project and five potentially problem projects, bringing to six the number of risk projects (40% of the portfolio). Late August 2010, Niger portfolio operations totalled 17 for UA 133 million, of which UA 59.8 million is effectively disbursed, i.e. a disbursement rate of approximately 45%, which is a net improvement since 2008. The number of risk projects also dropped to 4 (without any problem project), representing 24% of the portfolio. This is also an improvement compared to 2008.



**4.1.1** Close and rigorous monitoring by the Niger party, the multiplication of supervision missions by the Bank, quality enhancement at project entry and the intensification of dialogue with the Government as well as the organization of several training sessions on Bank rules and procedures have helped to reduce the number of risk projects and improve the implementation status of projects. However, the persistence of the weak institutional capacity of certain project implementation units (PIU) has continued to give rise to delays in their implementation. Annex 4 gives details on the ongoing operations as well as the disbursement rate by project.

## **4.2 Government's Development Programme**

4.2.1 Government's Development Programme for the period 2008-2012 is described in the SDRP. Like Niger's leading development partners, the Bank's aid strategy leans on the SDRP. Government's priorities in the SDRP focus on: (i) the quest for a strong, diversified, sustainable and job-creating growth; (ii) fair access to quality social services; (iii) population control; (iv) reduction of inequalities and strengthening of social protection for vulnerable groups; (v) infrastructure development; (vi) promotion of quality governance; and (vii) effective implementation of the SDRP. The transition authorities have indicated their attachment to the SDRP, which still constitutes the framework of the country's economic and development policies during the transitional period. They also adopted a transition road map that gives priority to the restoration of democracy, fiscal consolidation and containment of the food crisis.

4.2.2 In collaboration with the leading development partners, the Government adopted a consultation framework aimed at pooling public finance management support operations. This consultation framework hinges on a Priority Action Plan (PAP) resulting from the Public Expenditure Management and Financial Accountability Review (PEMFAR) initially conducted in 2004 and revised in March 2009 under PEMFAR II. The key conclusion of PEMFAR II was that the public finance management system was overall in keeping with WAEMU guidelines.

## **4.3 Bank Group Strategy for 2010-2012**

4.3.1 The Bank's strategy over the period 2010-2012 is in line with CSP 2005-2009. The Pillars will remain unchanged, namely: Pillar I - support to rural development based on water resource mobilization, and Pillar II - infrastructure strengthening. During the mid-term review of the Bank's strategy in June 2008, Pillar II was extended to social infrastructure to better address the country's huge human development constraints. The purpose of the enhanced targeting is to mitigate the marked social infrastructure deficit and build technical capacity, not only to ensure the sustainability of investments in the country, but also to speed up progress towards the achievement of the MDGs. As in the previous period, the Bank will deploy its key intervention instruments, namely project loans and budget support. Annex 6 gives the expected outcomes at the end of the implementation of the strategy in 2012.

4.3.2 Following a crosscutting approach, emphasis will also be placed on governance mainly through support to improve public finance management and consolidate macro-economic stability. This meets the priorities identified under PEMFAR II, which was jointly prepared by the authorities, the World Bank, the African Development Bank and the UNDP in 2009. In particular, PEMFAR II identified the following priorities: strengthening of budget allocation and execution, increase of budget allocation to the priority sectors, improvement of public finance management effectiveness, including capital investments, and improvement of the public investment management system. The study also underscores the need to better align the strategic priorities of the budget with SDRP priorities that aim, among others, to promote development in the priority sectors, namely water and sanitation, infrastructure and social infrastructure. Improving governance will help to create an economic and institutional environment conducive to achieving the objectives of operationalizing the two CSP pillars. The enhancement of institutional capacity, particularly public finance capacity, will also guarantee the sustainability of Bank interventions, notably through more efficient and transparent management of mining and oil sector income, which should increase significantly in the medium term.

#### 4.4 Bank Assistance Programme for 2010 - 2012

4.4.1 **Lending activities:** Niger's 2010 country allocation under ADF-XI amounts to UA 93.6 million. Out of this amount, UA 40 million has already been committed for financing the "Kandadji" Ecosystem Regeneration and the Niger Valley Development Programme.

4.4.2 The Rural Development Support through Water Resource Mobilization targets a more integrated development of the rural world intended to promote irrigation schemes, access to drinking water and sanitation, and support to local communities. The projects scheduled under this Pillar were all approved by the Bank and are being implemented.

4.4.3 The Bank's strategy under Pillar II - infrastructure support, initially aimed at opening up the country by promoting the construction of road infrastructure. In this respect, technical education and vocational training (TEVT) were identified as elements essential to the provision of skilled labour for infrastructure management and industrial sector development. It is in this context that the Bank plans to finance the Vocational and Technical Education Development Support Project. The project will increase access to vocational and technical training through the combined effects of extending and rehabilitating existing TEVT institutions and building one new TEVT high school, as well as through the revision and introduction of new syllabuses. It will be presented to the Boards for consideration and approval during the fourth quarter 2010.

**2010-2012 Lending Programme**

	<b>ADF - 11</b>	<b>ADF - 12</b>
<b>Pillar 1</b>	-	Rural Water Supply and Sanitation Project II (Loan: UA 10 million; Grant: UA 10 million. Board presentation in 2011).
<b>Pillar 2</b>	Technical Education and Vocational Training Support Project (Grant: UA 17.63 million; Loan: UA 7.87 million). Board presentation in December 2010.	
<b>Cross-cutting activities</b>	Budget support: Grant: UA 4.03 million; Loan: UA 23.97 million. Board presentation in December 2010	Capacity Building Project (Loan: UA 5 million; Grant: UA 5 million. Board presentation in 2011)

4.4.4 Under budget reforms, the Bank in October 2005 financed the Fifth Structural Adjustment Programme (SAP-V), which supported the budget preparation process, tax recovery improvement, public expenditure policy effectiveness and good governance promotion. The SAP-V completion report prepared in 2008 showed that the good governance programme produced satisfactory results. In spite of this performance, many challenges subsist in the public finance management sector. The 2010-2012 budget support will focus on reforms aimed at improving, on the one hand, transparency and external budget control and, on the other, the public procurement system, the accounting and financial records production system. The planned budget support will contribute to financing the priority actions stated in Niger's budget, particularly those related to rural development (to address the food crisis), and to strengthening socio-economic infrastructure.

4.4.5 **Non-lending activities:** During the CSP extension period, the Bank will deploy a number of important products to help Niger to achieve its development goals, as well as prepare the next Bank strategy in the country. Among them is the Regional Integration Strategy for West Africa. Once completed, this Strategy will enhance the knowledge base

needed for better factoring of the regional dimension into the next Bank strategy and Government's development policies.

4.4.6 The Bank will also push ahead with the ongoing evaluation of national procurement procedures and its contribution to PEMFAR. The authorities have also approached the Bank for legal assistance to enhance the country's national capacity to negotiate mining contracts. .

4.4.7 Lastly, the Bank will assess the country's vulnerability with a view to generating the skills required for developing the social safety net mechanisms to sustainably reduce the impact of shocks.

## **4.5 Risks and Mitigative Measures**

4.5.1 In Niger, 2011 will correspond to the return to constitutional and democratic order after the elections scheduled for 2010 and early 2011. Until then, there is a risk that the CSRD could implode - therefore a risk of slippage on the road map. However, these risks are mitigated by the image the transitional Government gives in its commitment to arrive at a rapid return to democracy and transparency in managing public resources, as well as its awareness that financing the country's development programme by donors largely depends on the return to constitutional legality.

4.5.2 Repeated kidnappings in the North of the country, which constitute the greatest source of tension and insecurity, might in the end have a negative impact on economic activities, especially mining. The ongoing cooperation of the Nigerien Government with all countries committed to the fight against terrorism could improve security in the country.

4.5.3 Other risks related to external shocks exist, notably those attributable to flooding and droughts, which could weaken economic management. Should such shocks persist and worsen, for instance in the wake of deteriorating climatic conditions, they are likely to delay the return to economic and social stability. Three consecutive years of good harvests would be necessary to curb the effects of this year's food crisis on the population and the budgetary balance. However, it is projected that the food insecurity resulting from poor production in 2009 will be gradually reduced, thanks to the 2010 crop year that started well in September. This risk is also mitigated by the significant and effective efforts deployed by the development partners under the combined framework of emergency assistance and budget support aimed at assisting the authorities in curbing the crisis. In addition to its short-term interventions, the Bank will work in concert with the other donors to undertake structuring investments, partly at the national level in order to control runoff water (an essential factor for agricultural development) and partly at the regional level to counter the cross-border shocks caused mainly by flooding and migratory locusts.

## **V. CONCLUSIONS AND RECOMMENDATION**

### **5.1. Conclusions**

5.1.1 Niger is not only going through a period of political crisis, but is also facing a number of such challenges as human development and economic growth consolidation. The country should focus its efforts on these challenges by restoring the constitutional order and laying the foundations for sustainable and inclusive development that takes advantage of the resources tapped from its natural resources.

5.1.2 This CSP update does not propose a change of Bank Group assistance strategy in Niger over the period 2010-2012. Instead, it proposes that the strategy and its two pillars be maintained. In this regard, it envisages the financing of two supplementary operations: a budget support and a technical education and vocational training project. These two operations will run concurrently with the emergency assistance intended for the population affected by the food crisis. The logic of this extension is in line with the CSRD (2008-2012) that the transitional Government has maintained.

## **5.2 Recommendation**

The Boards of Directors are requested to approve the extension of Niger's CSP 2005-2009 to 31 December 2012.

## Annex I. Niger – Key Macroeconomic Indicators

	2007	2008	2009	2010	2011
			Est.	Proj.	Proj.
<i>(Annual percentage change, unless otherwise indicated)</i>					
GDP at constant prices	3,4	8,7	-1,2	3,5	5,2
Non-agricultural GDP at constant prices	2,9	3,3	5,1	3,5	5,3
GDP deflator	4,3	7,6	4,9	3,6	2,0
Consumer price index					
Annual average	0,1	10,5	4,3	3,4	2,0
End of period	4,7	9,4	-3,1	1,8	2,0
<b>External sector</b>					
Exports, f.o.b. (CFA francs)	19,7	28,5	2,5	8,9	20,9
<i>Of which:</i> non-uranium exports	-6,0	20,3	6,1	-3,1	24,1
Imports, f.o.b. (CFA francs)	12,0	37,9	26,6	20,9	0,2
Export volume	-4,4	-1,1	1,9	3,0	17,8
Import volume	28,5	30,8	22,0	8,7	-1,8
Terms of trade (deterioration -)	25,3	24,3	3,2	-3,0	+0,1
Nominal effective exchange rate (depreciation -)	2,6	3,2	-0,3	...	...
Real effective exchange rate (depreciation -)	3,9	10,2	3,2	...	...
<b>Government finances</b>					
Total revenue	25,0	43,0	-17,7	8,2	10,0
Total expenditure and net lending <sup>1</sup>	26,4	15,1	10,8	5,3	7,1
<i>Of which:</i> current expenditure	37,4	25,7	-0,9	21,8	-2,4
Of which: capital expenditure	16,9	4,4	25,1	-10,6	19,6
<i>(Annual change as percent of beginning-of-period broad money)</i>					
<b>Money and credit</b>					
Domestic credit	-3,6	1,8	41,0	16,5	10,3
Credit to the government (net)	-14,7	-18,1	28,9	4,9	0,8
Credit to the economy	11,2	19,9	12,1	11,6	9,5
Net domestic assets	-1,1	-2,7	41,2	16,5	10,3
Broad Money	23,0	12,2	18,3	7,3	15,1
Velocity of broad money (in percent)	5,8	6,0	5,3	5,3	4,9
<i>(Percent of GDP, unless otherwise indicated)</i>					
<b>Government finances</b>					
Total revenue	15,0	18,4	14,6	14,6	15,1
Nontax revenue <sup>2</sup>	3,5	6,6	...	...	...
Total expenditure and net lending	23,1	22,8	24,4	23,7	23,9
Current expenditure	11,6	12,5	12,0	13,5	12,4
Capital expenditure	11,5	10,3	12,4	10,2	11,5
Basic balance (excluding grants) <sup>3</sup>	-0,9	1,3	-4,0	-2,6	-1,8
Overall balance (commitment basis, excluding grants)	-8,1	-4,4	-9,8	-9,1	-8,8
Overall balance (commitment basis, including grants)	-1,0	1,50	-5,3	-2,8	-2,6
Gross investment	23,0	29,2	37,0	38,8	38,8
<i>Of which:</i> non-government investment	16,6	22,5	29,5	32,7	31,9
government	6,3	6,7	7,5	6,1	6,9
Gross national savings	14,8	16,3	13,2	13,6	16,5
<i>Of which:</i> non-government	11,4	10,4	6,9	8,7	10,5
Domestic savings	10,5	12,3	11,4	8,7	13,5
<b>External current account balance</b>					
Excluding official grants	-10,4	-15,2	-24,9	-29,8	-24,9
Including official grants	-8,2	-13,0	-23,7	-25,3	-22,3
<b>Debt-service ratio as percent of:</b>					
Exports of goods and services	2,9	2,7	2,7	2,3	3,2
Government revenue	3,4	2,8	3,5	3,0	4,7
NPV of external debt	10,5	9,2	10,9	11,8	12,7
Foreign Aid	9,7	7,2	6,1	9,0	9,4
<i>(CFA francs billions)</i>					
GDP at current market prices	2.056	2.405	2.483	2.695	2.867
Overall balance of payments	69,9	72,7	-91,2	-43,6	23,1
Sources: Nigerien authorities; and IMF staff estimates and projections.					
<sup>1</sup> Commitment basis per payment orders issued.					
<sup>2</sup> Includes exceptional mining receipts.					
<sup>3</sup> Total revenue, excluding grants, minus total expenditure, excluding foreign-financed investment projects.					

*Niger – Development Indicators*

Niger - Indicateurs de développement				
Indicateurs sociaux	Niger		Afrique	Pays en développement
	1990	2009 *		
Superficie ( 000 Km <sup>2</sup> )	1 267		30 323	80 976
Population totale (millions)	7,9	15,3	1 008,4	5 628,5
Croissance annuelle de la population (%)	3,1	3,9	2,3	1,3
Espérance de vie à la naissance -Total (années)	41,6	51,9	55,7	66,9
Taux de mortalité infantile (pour 1000)	154,1	85,3	80,0	49,9
Nombre de médecins (pour 100000 habitants)	2,0	2,9	42,9	78,0
Naissances assistées par un personnel de santé qualifié (%)	...	32,9	50,5	63,4
Taux de vac. contre rougeole (% d'enfants de 12-23 mois)	38,0	67,0	74,0	81,7
Taux de scolarisation au primaire (% brut)	29,0	57,8	100,2	106,8
Ratio Filles/Garçons au primaire (%)	56,4	78,2	90,9	100,0
Taux d'analphabétisme (% de la population >15 ans)	...	30,4	...	...
Accès à l'eau salubre (% de la population)	41,0	42,0	64,0	84,0
Accès aux services sanitaires (% de la population)	3,0	7,0	38,5	54,6
Valeur de l'IDH (Rang sur 182 pays)	...	182,0	n.a	n.a
Indice de pauvreté humaine (IPH-1) (% de la Population)	...	55,1	3,4	...
Niger				
Indicateurs macroéconomiques	2000	2007	2008	2009
RNB par habitant, méthode Atlas (\$ courant)	170	280	330	...
PIB (Million de dollars courant)	1 667	4 292	5 359	5 365
Croissance du PIB réel (% annuel)	-2,6	3,4	9,5	-0,9
Croissance du PIB réel par habitant (% annuel)	-5,8	-0,4	5,4	-4,6
Investissement intérieur brut (% du PIB)	13,9	23,1	29,2	29,6
Inflation (% annuel)	2,9	0,4	11,3	4,3
Solde budgétaire (% du PIB)	-3,8	3,4	6,0	-1,2
Commerce, Dette extérieure & Flux financiers	2000	2007	2008	2009
Variation en volume des exportations (%)	27,4	-4,4	-2,5	3,6
Variation en volume des importations (%)	6,7	9,2	27,3	18,3
Variation des termes de l'échange	-17,7	22,0	21,9	21,3
Balance commerciale ( Million de dollars E.U.)	-47,6	-251,4	-430,8	-344,2
Balance commerciale (% du PIB)	-2,9	-5,9	-8,0	-6,4
Solde des comptes courants ( Million de dollars E.U.)	-92,1	-351,3	-727,3	-813,1
Solde des comptes courants (% du PIB)	-5,5	-8,2	-13,6	-15,2
Service de la dette (% des exportations)	73,4	1,9	1,9	2,0
Dette extérieure totale (% du PIB)	89,1	15,9	14,0	16,2
Flux financiers nets totaux ( Million de dollars E.U.)	183,0	323,3	578,3	...
Aide publique au développement nette ( Mn de dollars E.U.)	208,5	541,8	605,4	...
Investissements nets directs ( Million de dollars E.U.)	8,4	129,0	146,9	...
Réserves internationales (mois d'importations)	1,6	3,6	2,8	2,5
Développement du secteur privé et infrastructures	2000	2007	2008	2009
Temps requis pour démarrer une affaire (jours)	...	23	19	17
Indice de protection des investisseurs (0-10)	...	3,3	3,3	3,3
Abonnés aux téléphones fixes (pour 1000 hab.)	1,8	1,7	4,4	...
Utilisateurs d'internet (pour 1000 hab.)	0,2	63,7	129,1	...
Routes asphaltées (% du total des routes)	...	...	...	...
Ferroviaire, Marchandises transportées (million ton-km)	...	...	...	...

Source: Département de la statistique de la BAD, à partir de sources nationales et internationales.

\* Année la plus récente.

Dernière mise à jour : mai 2010

*Summary of the Status of Key MDG Indicators in Niger<sup>5</sup>*

Objectives	Selected Targets	Selected Indicators <sup>6</sup>	Reference level <sup>7</sup>	Recent level <sup>8</sup>	Trend in 2015	MDG in 2015
1. Eradicate extreme poverty and hunger	1. Reduce by a half, between 1990 and 2015, the proportion of the population living below the poverty line	1. Proportion of the population living below the poverty line (%)	63 (1993)	62.1(2005)	61.2	31.5
	2. Reduce by a half, between 1990 and 2015, the proportion of persons suffering from malnutrition	2. Percentage of children under 5 years who are underweight.	36 (1992)	44.4(2006)	29.7	18
2. Provide primary education for all.	3. By 2015, give all children, boys and girls, everywhere in the world, the means of completing a full primary education cycle.	3. Overall gross primary enrolment rate (in %)	25.4 (1991)	53.5 (2006)	92.3	100
		4. Primary education completion rate (in %)	15(1990)	40(2006)	96	100
		5. Girls/boys ratio In the primary (in %) In the secondary (in %)	60(1996) 58(1996)	69.6(2006) 64.0(2006)	7664.4	100 100
		6. Literacy rate from 15 and above Men Women	11.0(1990) 30.4(2000) 10.6(2000)	28.7(2005) 42.9(2005) 15.1(2005)	46.3 67.924.1	52
		7. Women/men ratio in the staff strength of the Civil Service.	0.24(2001)	0.25(2005)	0.28	0.50
3. Promote gender equality and women's empowerment	4. Remove gender inequality in primary and secondary education by the year 2005 and, if possible, at all levels of education by 2015 latest	8. Proportion of women in Parliament (in %)	1.2(1999)	12.4(2006)		50
		9. Proportion of women in Government (in %)	17.9(1994)	23.1(2006)		50
		10. Proportion of women in the communities (%)		16.6(2006)		50
		11. Mortality rate of children under 5 years old (per thousand)	318.2 (1992)	198(2006)	112.7	106.1
4. Reduce the mortality of children aged less than 5 years old.	5. Reduce by two thirds, between 1990 and 2015, the mortality rate of children under 5 years old.	12. Infant mortality rate (per thousand)	123.1(1992)	81(2006)	33.8	41.0
		13. % of one-year old children vaccinated against measles.	27.8(1992)	47(2006)	59.3	100
		14. Maternal mortality rate (per 100,000 births)	652 (1992)	648(2006)	645.4	175
5. Improve maternal health	6. Reduce by three quarters, between 1990 and 2015, the maternal mortality rate.	15. Proportion of deliveries assisted by a qualified health staff (in %)	14. 9(1992)	17.7(2006) <sup>9</sup>	19.5	
		7. By 2015, to have stopped the spread of HIV-AIDS and started to reverse the present trend.	16. HIV/AIDS prevalence rate (15-49 years)	0.87(2002)	0.7(2006)	0.3
6. Fight against HIV/AIDS, malaria and other diseases.	8. By 2015, halt the spread of malaria and other major diseases, and begin to reverse the present trend.	17. Lethality rate of malaria (in ‰)	16	27(2006)		10
		9. Integrate sustainable development principles into the national development policies and reverse the present trend towards the loss of environmental resources.	18. Area of lands protected to preserve biodiversity (in % of the national territory)	6.6(2000)		10
7. Provide a sustainable environment. .	10. Reduce by half, by the year 2015, the proportion of the population without access to drinking water	19. Proportion of the population with access to drinking water <sup>10</sup> (in %)	22.3 (1992)	68.7(2005)	108.7	77
		20. % of urban households with adequate toilets	67.5	79 (2006)		
		21. % of urban households outside Niamey, who own accommodation.	52.2	63.9(2005)		
8. Establish a world development partnership	12. Attend to the special needs of the least developed countries.	22. Official Development Assistance in % of GDP	16 (1990)	8.3(2006)		
		23. Debt service in % of exports	19 (1990)	7 (2005)	4.3	

<sup>5</sup> Source: INS, UNDP Niger, National report on the progress towards achieving the MDGs, 2007

<sup>6</sup> This is a list of indicators established from a questionnaire used to select from the 45 proposed in the first study on the MDGs in Niger, December 2002.

<sup>7</sup> The baseline years are in parenthesis

<sup>8</sup> The most recent sources are in parenthesis.

<sup>9</sup> Nurses, Midwives and Physicians

<sup>10</sup> The data on this indicator are those of the rural area.

*Ongoing Bank Group Operations*  
(August 2010, in UA)

Project	Status	Approval date	Closing date	Amount disbursed	Loan/Grant amount	Disbursement rate	Last audit	IP	DO
<i><b>Transport</b></i>									
<b>TIBIRI-DAKORO AND MADAOUA-B ROADS PROJECT</b>	NON PL/ NON PPP	12/19/2005	12/31/2010	7.004.412,03	22.000.000,00	31,84		1,83	2,00
<i><b>Agricultural sector</b></i>									
<b>EMERGENCY HUMAN AID DROUGHT VICTIMS</b>	NOT SUPERVISED	07/20/2010		0,00	0,00	0,00		0,00	0,00
<b>DIFFA AGRO-PASTORAL DEVELOPMENT PROJECT</b>	NON PL/ NON PPP	10/22/2003	12/31/2011	13.443.926,29	15.000.000,00	89,63	07/05/2010	2,21	2,25
<b>DIFFA AGRO-PASTORAL DEVELOPMENT PROJECT</b>	NON PL/ NON PPP	10/22/2003		447.569,55	447.569,55	100,00	07/05/2010	2,21	2,25
<b>WATER EFFICIENCY PROJECT</b>	NON PL/ NON PPP	10/05/2006	12/31/2012	5.272.374,98	13.000.000,00	40,56	07/01/2010	2,36	2,25
<b>KANDADJI PROJECT</b>	NON PL/ NON PPP	10/29/2008	12/31/2015	0,00	20.000.000,00	0,00	06/14/2010	1,79	2,00
<b>KANDADJI PROGRAMME</b>	NON PL/ NON PPP	10/29/2008	12/31/2015	1.144.247,71	20.000.000,00	5,72	06/14/2010	1,79	2,00
<i><b>Social Sector</b></i>									
<b>EDUCATION II</b>	NON PL/ NON PPP	12/03/2003	12/31/2010	8.858.857,58	10.000.000,00	88,59	07/17/2009	2,46	2,00
<b>EDUCATION II</b>	NON PL/ NON PPP	12/03/2003	12/31/2010	1.400.321,29	2.000.000,00	70,02	07/17/2009	2,46	2,00
<b>EDUCATION II</b>	NON PL/ NON PPP	12/03/2003		85.113,18	85.113,18	100,00	07/17/2009	2,46	2,00
<b>HEALTHCARE QUALITY IMPROVEMENT PROJECT (HEALTH II)</b>	NON PL/ PPP	10/18/2001	12/31/2010	15.114.838,93	15.950.000,00	94,76	07/07/2010	2,58	3,00
<b>HEALTHCARE QUALITY IMPROVEMENT PROJECT (HEALTH II)</b>	NON PL/ PPP	10/18/2001	06/30/2009	400.000,00	400.000,00	100,00	07/07/2010	2,58	3,00
<b>HEALTHCARE QUALITY IMPROVEMENT PROJECT (HEALTH II)</b>	NON PL / PPP	10/18/2001		493.158,37	493.158,37	100,00	07/07/2010	2,58	3,00
<i><b>Water and Sanitation Sector</b></i>									
<b>DWSS PROJECT IN THE RURAL AREA IN 3 REGIONS</b>	NON P/ NON PPP	02/21/2007	12/31/2010	292.641,06	3.000.000,00	9,75		2,43	2,00
<b>DWSS PROJECT IN THE RURAL AREA IN 3 REGIONS</b>	NON PL/ NON PPP	02/21/2007	12/31/2010	5.854.836,46	10.624.628,39	55,11		2,43	2,00
<b>NIGER PANGIRE</b>	NOT SUPERVISED	04/30/2007	01/31/2009	0,00	559.661,04	0,00		0,00	0,00
<i><b>Multi-sector</b></i>									
<b>DECENTRALISATION SUPPORT PROJECT</b>	NON PP/PPP	11/29/2006	12/31/2010	1.793.181,53	3.000.000,00	59,77	01/16/2009	1,54	1,67
<b>Total</b>				<b>59.812.297,43</b>	<b>133.000.469,5</b>	<b>45,0</b>			

## 2005-2012 Lending Programme

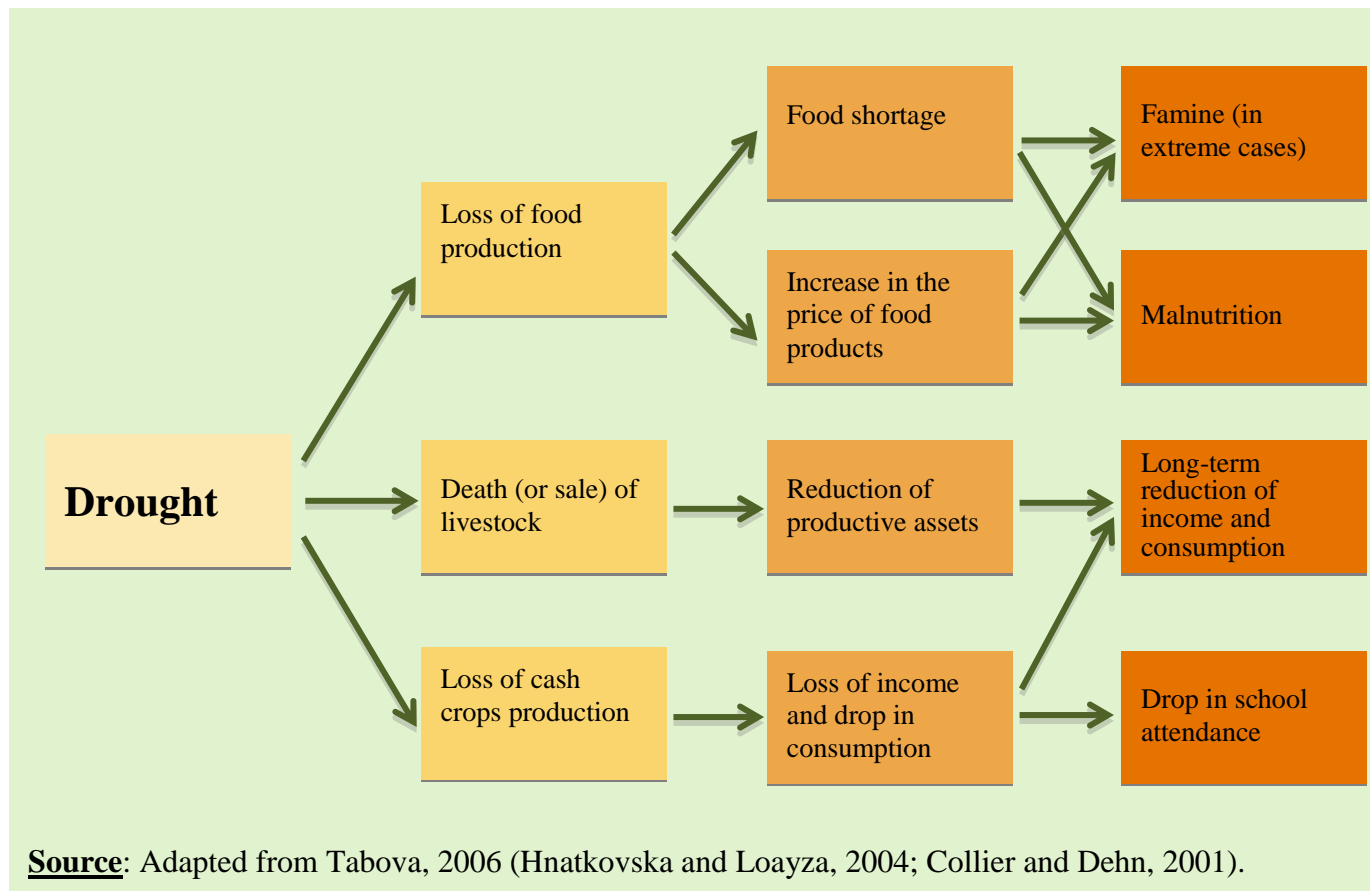
Operations	Objectives	Implementation status	Source of finance	Bank financing modality
<b>Pillar (i): Rural world development support through water mobilization</b>				
<b>1. Dosso Tillabéry water efficiency project</b>	The actions financed by the Bank through this project support soil conservation and restoration activities to preserve the natural resources.	Approved in October 2006	ADF-X	Financed by a grant of UA 13 million
<b>2. Decentralization support programme</b>	The project seeks to create the conditions for implementing the decentralisation through: i) the improvement of the institutional and regulatory framework; and the reduction of the factors of resistance to the implementation of the reform by enhancing the capacities of the operational parent ministry and communal entities and other decentralisation actors.	Approved in November 2006	ADF-X	Financed by a grant of UA 2.9 million
<b>3. DWSS programme in Maradi, Tahoua and Tillabéry regions</b>	The project aims to improve access to drinking water and sanitation as well as reduction of the prevalence of water-borne diseases.	Approved in February 2007	ADF-X and RWSSI	Financed to the amount of UA 3 million by ADF and UA 11.1 million Euro by RWSSI
<b>4. Kandadji ecosystems regeneration and Niger valley development programme (Kandadji programme)</b>	The key project objectives are: i) support the low water level of the water bodies to mitigate environmental degradation; ii) ensure the sustainability of the irrigation and the satisfaction of water needs on the whole valley ;iii) produce electrical energy.	Approved in 2008	ADF-XI	Financed by a grant of UA 20 million and by a loan of the same amount.
<b>5. Emergency aid to the populations, drought victims.</b>	The project seeks to contribute to the improvement of food security for the 500.000 households or 3 500 000 persons directly affected and hard hit by the drought and located in vulnerable areas.	Approved in 2010	FSS	Financed by a grant of USD 1 million
<b>Pillar (ii): support to the socio-economic facilities.</b>				
<b>6. Road project on the Tibiri-Dakoro and Madoua-Tahoua sections</b>	The objective of the project is to open up its intervention areas in order to reduce transport costs and facilitate access to the basic social services as well as institutional support to the sector.	Approved in October 2005	ADF-X	Loan of UA 22 million
<b>7. Dori-Tera road multinational improvement project and facilitation of transport on the Ouagadougou-Dori-Tera-Niamey corridor.</b>	The project aims to open up the country and integrate national markets in the sub-region by supporting the construction of road infrastructure.	Approved in October 2006	ADF-X	Grant of UA 12.7 million
<b>8. Technical education and vocational training support project.</b>	The aim of this project is to construct the infrastructure needed to promote scientific and technical skills, and to help diversify the economy and achieve the MDGs.	A.	ADF-XI	The project is comprised of a loan of UA 7.87 million and a grant of UA 17.63 million
<b>Public finance management</b>				
<b>9. Fifth Structural Adjustment Programme (SAP-V)</b>	The programme aimed to: i) sustain the improvement of fiscal recovery; ii) beef up the treasury regulation mechanisms; and iii) promote good governance by strengthening budgetary control.	Approved in October 2005	ADF-X	Financed by a grant of UA 18 million
<b>10. Programme to support the accelerated development and poverty reduction strategy (budget support)</b>	This programme will support the improvement of public finance efficiency by reinforcing the link between the strategic objectives of DPRS and the budget of Niger. The budget support will also lay emphasis on the strengthening of the budgetary control, the accounting system and the production of financial statements.	Pending approval	ADF-XI	The Bank's contribution comprises a grant of UA 4.03 million and a loan of UA 23.97 million

**RBCSP: Matrix of Outcomes**

Long-term Strategic Objectives	OUTCOMES THAT THE BANK INTENDS TO INFLUENCE	BASELINE SITUATION IN 2005	OUTPUTS EXPECTED OVER THE PERIOD 2005-2009	OUTPUTS OVER THE PERIOD 2005-2009	OUTPUTS EXPECTED IN 2012	BANK PERFORMANCE (Programmes/Projects)
<b>Pillar I: Rural Development through Water Resource Mobilization</b>						
1.1 Increase agricultural production from irrigated areas	Increase agricultural production from irrigated areas;	Low agricultural production in irrigated areas.	It is planned that Bank contribution to the percentage of irrigated lands increases by 4% in 2005, 5% in 2006, 6% in 2007, 8% in 2008, and 9% in 2009.	<b>Practically implemented:</b> End 2007, Bank contribution, in terms of the areas equipped with irrigation systems, was 8%. Under PADL-Diffa, 170 ha of irrigated schemes were developed, thus increasing the developed areas equipped for irrigation to 8.3% in 2009.	Increase the percent of the area of irrigated lands to <b>9%</b> in 2012	With the PMET, PADAZ and PADL-Diffa projects, the Bank contributed to increasing the irrigated areas over the period 2001-2007
1.2 Introduce decentralization	Support to the growth-bearing sectors, reduction of food crises and promotion of income-generating activities.  Promote ownership by the population, of development actions concerning them in order to speed up poverty reduction and promote local governance.	Low decentralization	Ensure the training of 500 communal advisers and technical staff yearly..	<b>Not implemented:</b> However, thanks to the assistance of other donors, 468 advisers have been trained on yearly average, nationwide.	Provide the training of communal advisers and the technical staff: <b>500</b> in 2012.	The late start of the decentralization project did not allow for achieving the expected result; however, the other TFPs filled these gaps.
1.3 Improve the drinking water supply of rural households.	<ul style="list-style-type: none"> <li>- Improve the drinking water supply of rural households</li> <li>- Improve the productivity of the rural population, particularly women.</li> <li>- Improve the health of the population by eradicating water-borne diseases.</li> </ul>	Low drinking water supply to the rural households.	Increase the coverage rate of drinking water needs successively by 58.7% in 2005 and 63% in 2008, by installing a modern system in the rural area.	<b>Implemented:</b> The late start of Bank-financed projects did not allow for achieving the set objectives. The Government's own actions and those of the development partners helped achieve a drinking water supply rate of 62.3% in 2008, compared to a target of 63%	Increase to 65% in 2012, the coverage rate of drinking water needs by installing a modern system in the rural area.	Same as above
<b>Pillar II: Infrastructure Development</b>						
2.1 Strengthen the road infrastructure by encouraging the		Poor road infrastructure development	Increase the road length from 3,677 km in 2005 to 7,990 km in 2009	<b>Not implemented:</b> The length of asphalted roads increased from 3,677 km in 2005 to 3,912 km in 2008	Increase the length to <b>8,040</b> km en 2012	The two projects financed by the Bank took time to start up. The works were executed with Government resources and the supports of

Long-term Strategic Objectives	OUTCOMES THAT THE BANK INTENDS TO INFLUENCE	BASELINE SITUATION IN 2005	OUTPUTS EXPECTED OVER THE PERIOD 2005-2009	OUTPUTS OVER THE PERIOD 2005-2009	OUTPUTS EXPECTED IN 2012	BANK PERFORMANCE (Programmes/Projects)
evacuation of agricultural and pastoral surpluses.						the development partners.
2. 2 Increase access to quality technical education and vocational training	Support the extension and rehabilitation of the existing TEVT schools and the construction of a new TEVT high school.	Inadequate provision of TEVT education			The TEVT development project was approved in 2010 and its implementation has started.	
<b>Public Finance Management</b>						
Public finance management and stabilization of the macro-economic framework.	<ul style="list-style-type: none"> <li>- Intensification of internal resource mobilization;</li> <li>- Improvement of budget preparation, strengthening of budget implementation and improvement of internal and external budgetary controls;</li> <li>- Strengthening of decentralization.</li> </ul>	Low internal resource mobilization.	<p>Increase in budgetary income: 11.1% in 2005; 12.1% in 2006; 12.6% in 2007; 12.8% in 2008; and 13.2% in 2009</p> <p>Real GDP growth rate: 4% per annum between 2005 and 2009 Inflation: Less than 3% per annum</p>	<p><b>Implemented:</b> Budget income represented 10.6% of GDP in 2005; 13.0% in 2006 and 15.2% in 2007; 18.4% in 2008; and 12.2% in 2009</p> <p><b>Implemented:</b> Real GDP growth stood at 7.4% in 2005; 5.8% in 2006; and 3.4% in 2007; 8.7% in 2008; -1.2% and 2009</p> <p><b>Not implemented:</b> The inflation rate stood at 7.8% in 2005; 0.1% in 2006 and 0.1% in 2007; 10.5% in 2008; and 5.0% in 2009.</p>	<p>Mobilize budget income to the tune of 15.1% <i>of GDP in 2012</i></p> <p>Achieve a real GDP growth rate above 5.2% in 2012</p> <p>Limit inflation to 2.0% in 2012</p> <p>For the other public finance management-related results, see the budget support appraisal report.</p>	SAP-V contributed to the achievement of these results. The new budgetary support aims to meet the challenges identified by PEMFAR II

### *How Droughts Affect Nigerian Household*



**Source:** Adapted from Tabova, 2006 (Hnatkovska and Loayza, 2004; Collier and Dehn, 2001).