INTERNATIONAL DEVELOPMENT ASSOCIATION

PROGRAM DOCUMENT

FOR A PROPOSED DEVELOPMENT POLICY CREDIT
IN THE AMOUNT OF EURO 156.9 MILLION
(US$175.0 MILLION EQUIVALENT)

AND

A PROPOSED DEVELOPMENT POLICY GRANT
IN THE AMOUNT OF SDR 126.9 MILLION
(US$175.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF NIGER

FOR THE

FIRST LAYING THE FOUNDATION FOR INCLUSIVE DEVELOPMENT POLICY FINANCING

November 13, 2019

Macroeconomics, Trade and Investment Global Practice
Africa Region

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Republic of Niger

GOVERNMENT FISCAL YEAR

JANUARY 1 – DECEMBER 31

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of October 31, 2019)

**CURRENCY UNIT = CFA FRANC (CFAF)**

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<th>Exchange Rate</th>
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<tr>
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<td>US$1</td>
<td>SDR 0.72495813</td>
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<tr>
<td>US$1</td>
<td>EUR 0.89645899</td>
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ABBREVIATIONS AND ACRONYMS

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<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>ANPER</td>
<td>Agence Nigérienne pour la Promotion de l’Électrification Rurale (Niger Agency for the promotion of Rural Electrification)</td>
</tr>
<tr>
<td>ARM</td>
<td>Autorité de Régulation Multisectorielle (Multisectoral Regulatory Body)</td>
</tr>
<tr>
<td>ASYCUDA</td>
<td>Automated System for Customs Data</td>
</tr>
<tr>
<td>AU</td>
<td>African Union</td>
</tr>
<tr>
<td>AUT</td>
<td>Agence UMOA Titre (WAEMU Bond Agency)</td>
</tr>
<tr>
<td>BCEAO</td>
<td>Banque Centrale des Etats de l’Afrique de l’Ouest (Central Bank of West African Countries)</td>
</tr>
<tr>
<td>BEEEI</td>
<td>Bureau d’Évaluation Environnementale et des Études d’Impacts (Office of Environmental Assessment and Impact Studies)</td>
</tr>
<tr>
<td>BNEE</td>
<td>National Office of Environmental Evaluation (Bureau National d’Évaluation Environnementale)</td>
</tr>
<tr>
<td>BOAD</td>
<td>Banque Ouest Africaine de Développement (West African Development Bank)</td>
</tr>
<tr>
<td>BOT</td>
<td>Build, Operate and Transfer</td>
</tr>
<tr>
<td>CFAF</td>
<td>West African CFA Franc</td>
</tr>
<tr>
<td>CNPC</td>
<td>China National Petroleum Company</td>
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<td>CNSEE</td>
<td>Centre National de Surveillance Écologique et Environnementale (National Center of Ecological and Environmental Surveillance)</td>
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<tr>
<td>CPF</td>
<td>Country Partnership Framework</td>
</tr>
<tr>
<td>DEMPA</td>
<td>Debt Management Performance Assessment</td>
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<td>DPF</td>
<td>Development Policy Financing</td>
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<td>DPO</td>
<td>Development Policy Operation</td>
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<td>DSA</td>
<td>Debt Sustainability Analysis</td>
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<tr>
<td>EBITDA</td>
<td>Earnings before Interest, Tax, Depreciation and Amortization</td>
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<td>ECF</td>
<td>Extended Credit Facility</td>
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<td>ECOWAS</td>
<td>Economic Community of West Africa States</td>
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<td>EITI</td>
<td>Extractive Industry Transparency Initiative</td>
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<td>ESMAP</td>
<td>Energy Assistance Management Assistance Program</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>FY</td>
<td>Fiscal Year</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
</tbody>
</table>
GOLD Governance of Extractive for Local Development
GoN Government of Niger
GRS Grievance Redress Service
HALCIA *Hautes Autorités de Lutte contre la Corruption et d'Infractions Assimilées* (High Authorities Against Corruption and Assimilated Offenses)
HC Human Capital
ICT Information and Communications Technology
IDA International Development Association
IFRS International Financial Reporting Standard
IMF International Monetary Fund
INDC Intended Nationally Determined Contribution
IPF Investment Project Financing
JMP Joint Monitoring Program
LCPDP Least-cost Power Development Plan
MTDS Medium-term Debt Sustainability
MoU Memorandum of Understanding
MWp Mega Watt peak
NELACEP Niger Electricity Access Expansion Project
NGO Non-governmental organization
NIGELEC Nigerien Electricity Company (*Société Nigérienne d'Electricité* )
ONPG *Office National pour la Promotion du Genre* (National Office of Observatory for Gender)
PANGIRE *Projet d'Action National de Gestion Intégrée des Ressources en Eau* (National Project for Integrated Water Management)
PCDS *Projet de Capacités et de Performance du Secteur Public pour la Prestation de Services* (Capacity and Performance Project for Public Service Delivery)
PDES *Plan de Développement Economique et Social* (Economic and Social Development Plan)
PDO Program Development Objective
PEAMU Urban Water and Sanitation Project
PFM Public Financial Management
PIMA Public Investment Management Assessment
PIRSC Public Investment Reform Credit Support
PPG Public and Publicly Guaranteed
PPP Public-private Partnership
PROSEHA *Programme Sectoriel Eau, Hygiène et Assainissement* (Water, Sanitation and Hygien Sectoral Project)
PV Present Value
REER Real Effective Exchange Rate
SCD Systematic Country Diagnostic
SDG Sustainable Development Goal
SDR Special Drawing Rights
SEEN *Société d'Exploitation des Eaux du Niger* (Water Utility of Niger)
SOEF State-owned Enterprises Framework
SPEN *Société de Patrimoine des Eaux du Niger* (The Niger Water Asset Company)
SWEDD Sahelian Women Empowerment Demographic Dividend
TA Technical Assistance
TATTIE  \textit{Taxe sur la Terminaison du Trafic International Entrant} (Tax on International Incoming Calls)

UMOA  \textit{Union Monétaire Ouest Africaine} (Western African Monetary Union)

UNICEF  United Nations International Children's Emergency Fund

UNFPA  United Population Fund

US$  United States Dollar

VAT  Value-added Tax

WAEMU  West African Economic and Monetary Union

WAPCO  West African Gas Pipeline Company

WAPP  West African Power Pool

WASH  Water, Sanitation and Hygiene

WHO  World Health Organization

WSP  Water Sector Project

WB  World Bank

WBG  World Bank Group

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Country Director  :  Soukeyna Kane
Global Director  :  Marcello Estevao
Regional Director  :  Elisabeth Huybens
Practice Manager  :  Lars Christian Moller
Task Team Leaders  :  Luc Razafimandimby, Affouda Leon Biaou, Marcel Nshimiyimana
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Acknowledgements
The World Bank team responsible for preparing this operation was led by Luc Razafimandimby (Senior Economist, EA2M1), Marcel Nshimiyimana (Economist, EA2M1) and Affouda Leon Biaou (Senior Energy Specialist IAIFE2). The team worked under the overall guidance of Soukeyna Kane, (Country Director, AFCW3) and Lars Christian Moller (Practice Manager, EA2M1). The core team consists of Vincent Launay (Infrastructure Finance Specialist, Arnaud Braud (Senior Infrastructure Finance Specialist, GIPFS), Diego Rivetti (Senior Debt Specialist, EMFMD), Luca Bandiera (Senior Economist, EMFMD), Aude-Sophie Rodella (Senior Economist, GWA07), Taibou Adamou Maiga (Senior Water Supply and Sanitation Specialist, GWA07), Muthoni Irene Ngatia (Economist, HGNDR), Diana J. Arango (Senior Gender Specialist, HGNDR), Quentin Wodon (Lead Economist, HAFE2) Tazeen Hassan (Senior Private Sector Development Specialist, DECID), Abel Paul Basile Bove (Senior Governance Specialist EA2G1), Aly Sanoh (Senior Economist, EA2PV), Bougadare Kone (Environmental Specialist, SAFE1), Maya Aby Karam (Senior Counsel, LEGAM), Andrianirina Michel Eric Ranjeva (WFACS), Emelyne Calimoutou (Consultant, HAFH2), Micky O. Ananth (Operations Analyst, EA2M1), Theresa Adobea Bampoe (Program Assistant, EA2M1). The team benefited from guidance provided by Sebnem Erol Madan (Manager, IPGFS), Charles Joseph Cormier (Practice Manager, IAIFE2), Magnus Lindelow (Practice Manager, HAFH2), Doerte Doemeland (Practice Manager, EMFMD), Caren Grown (Senior Director, HGNDR), Christine Richaud (Lead Economist, EA2M1), Jean-Pierre Chauffour (Program Leader, AFCW3), Christophe Lemiere (Program Leader AFCW3), Joelle Dehasse (Country Manager, AFMNE) and Michael Hamaide (Senior Country Officer, AFCML). Peer reviewers are: Sona Varma (Lead Economist, EMNM2), Lucia C. Hanmer (Lead Economist, HGNDR).
SUMMARY OF PROPOSED FINANCING AND PROGRAM

BASIC INFORMATION

Project ID | Programmatic | If programmatic, position in series
---|---|---
P169830 | Yes | 1st in a series of 2

Proposed Development Objective(s)

The Program Development Objective (PDO) and Pillars of the Operation are: (i) Reducing gender gaps; (ii) Expanding access to electricity and potable water, and (iii) Improving debt transparency and debt management.

Organizations

Borrower: REPUBLIC OF NIGER
Implementing Agency: MINISTRY OF PLANNING

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

| Total Financing | 350 |

DETAILS

| International Development Association (IDA) | 350 |
| IDA Credit | 175 |
| IDA Grant | 175 |

INSTITUTIONAL DATA

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Overall Risk Rating

Substantial
## Results

<table>
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<th>Indicator Name</th>
<th>Baseline</th>
<th>Target</th>
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</thead>
<tbody>
<tr>
<td>1. Share of targeted communes that have a Child Protection Committee</td>
<td>0% (2018)</td>
<td>30% (2021)</td>
</tr>
<tr>
<td>2. Share of demand of family planning met for adolescent girls aged 15-19</td>
<td>34.9% (2011)</td>
<td>45% (2021)</td>
</tr>
<tr>
<td>3. Share of adolescent girls aged 15-19 who are married mothers and are in school</td>
<td>1.3% (2006)</td>
<td>10% (2021)</td>
</tr>
<tr>
<td>4. Share of new power connections for targeted households in rural areas that access mini grid electricity</td>
<td>0% (2018)</td>
<td>20% (2021)</td>
</tr>
<tr>
<td>7. Number of previously unserved beneficiaries with access to potable water in targeted rural centers</td>
<td>0 (2018)</td>
<td>550,000 (2021)</td>
</tr>
<tr>
<td>9. Share of SOEs complying with debt reporting</td>
<td>0% (2019)</td>
<td>75% (2021)</td>
</tr>
<tr>
<td>10. Share of SOEs publishing certified financial statements</td>
<td>0% (2019)</td>
<td>50% (2021)</td>
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</tbody>
</table>
1. **INTRODUCTION AND COUNTRY CONTEXT**

1. This document proposes a programmatic series of two development policy financing (DPF) operations to support government’s reforms to reduce gender gaps and expand access to electricity and potable water in rural areas. This is the first operation of the programmatic series in a single-tranche disbursement that combines an International Development Association (IDA) Grant of SDR 126.9 million (US$175.0 million equivalent) on standard IDA Grant terms, an IDA Credit of Euro 156.9 million (US$175.0 million equivalent) on standard IDA regular credit terms with maturity of 38 years including a grace period of six years.

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

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

4. Niger features stark gender inequality with high economic costs. Gender inequality emerges as a major issue during adolescence in Niger. High prevalence of child marriage and early childbearing translate into high fertility rate of about 7.8 children per women, which makes Niger’s population growth rate highest in the world. Adolescent girls fare poorly in terms of completion of primary and secondary school in comparison to boys. The economic costs of gender inequity are high. To illustrate, substantially expanding educational attainment and reducing fertility could boost gross domestic product (GDP) by an estimated 12.6 percent by 2030.¹

5. Access to electricity and water is strikingly low and closing the gap in these areas could generate substantial development gains. The share of the population accessing grid electricity is about 17 percent nationwide and 5 percent in rural areas. Only 43.6 percent of the population has access to basic water services, which is drinking water from an improved source. If addressed, access to both electricity and water would have significant benefits in terms of building human capital. Significant economic gains could

¹ Economic Impacts of Gender Inequality in Niger (World Bank, 2018).
also be made if inefficiencies in infrastructure were fixed. According to the Niger Systematic Country Diagnostic (SCD, 2017), power would contribute around 1.5 percentage points to per capita growth if generation capacity and national access rates were increased. As of today, they remain among the lowest in the region.

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

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

8. **The IDA allocation for this operation has been increased from what was initially envisaged.** The policy matrix has been strengthened, including the addition of a fiscal pillar, with policy actions on debt management and SOE oversight. Consistent with World Bank Policy on DPF, the increased DPF amount will finance an increase in the projected government financing requirements of 0.4 percent of GDP compared to what was anticipated.

9. **The program is consistent with the World Bank Group (WBG) goal of Mobilizing Finance for Development and contributes to reducing Niger’s vulnerability to climate change.** The DPF aims to support a greater participation of the private sector in service supply in both energy and water sectors. It also aims to foster greater use of renewable energy in the energy mix and improve access of households to potable water in a context of high risks to climate variability.

10. **The macroeconomic framework is adequate for the proposed operation.** Growth is expected to average 6.0 percent in 2019-2021. The Government has initiated a process of fiscal consolidation which

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2 Niger/Chad Fiscal risk and SOE (P168644), 2019.
aims to bring Niger in line with the West African Economic and Monetary Union (WAEMU) fiscal target of 3 percent of GDP by 2020. The external and overall risk of debt distress is moderate, and debt is sustainable. The macro policy framework is underpinned by continued implementation of the International Monetary Fund (IMF) Extended Credit Facility (ECF) program and the macroeconomic anchor offered by Niger’s membership in the WAEMU. Downside risks are mainly related to the vulnerability and exposure of the economy to weather and security challenges, and commodity price shocks.

2. MACROECONOMIC POLICY FRAMEWORK

2.1. RECENT ECONOMIC DEVELOPMENTS

11. Niger’s economic growth remains solid in 2019 (Table 1). Bountiful harvests, surging artisanal gold production, and strong activity in the construction and service sectors which benefitted from the launch of several large projects, drove growth. Real GDP growth is estimated at 6.3 percent in 2019, with 2.4 percent per capita growth. A surge in private consumption, driven by the good performance in agriculture and an increase in total investment reflecting large-scale projects boosted aggregate demand. The preparation for the African Union (AU) summit in July 2019 catalyzed privately-financed investment, including the refurbishment of the airport and hotel construction.

Table 1: Sectoral Contribution to Growth (2017-2022) (in ppt)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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<tr>
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<td>Projections</td>
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<td><strong>Production side</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>GDP at constant prices</td>
<td>4.9</td>
<td>6.5</td>
<td>6.3</td>
<td>6.0</td>
<td>5.6</td>
<td>11.9</td>
</tr>
<tr>
<td>O/w Non-Resources GDP Growth</td>
<td>4.5</td>
<td>6.8</td>
<td>5.6</td>
<td>6.1</td>
<td>5.7</td>
<td>4.7</td>
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<tr>
<td>O/w Resources GDP Growth</td>
<td>0.4</td>
<td>-0.3</td>
<td>0.7</td>
<td>0.0</td>
<td>-0.1</td>
<td>7.2</td>
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<td>Primary sector</td>
<td>2.5</td>
<td>3.3</td>
<td>2.2</td>
<td>2.7</td>
<td>2.4</td>
<td>2.3</td>
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<td>Industry</td>
<td>0.8</td>
<td>0.5</td>
<td>1.4</td>
<td>0.6</td>
<td>0.5</td>
<td>7.7</td>
</tr>
<tr>
<td>Services</td>
<td>1.6</td>
<td>2.8</td>
<td>2.7</td>
<td>2.7</td>
<td>2.6</td>
<td>1.9</td>
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<td><strong>Expenditure side</strong></td>
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<td></td>
<td></td>
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<tr>
<td>GDP at constant prices</td>
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<td>6.3</td>
<td>6.0</td>
<td>5.6</td>
<td>11.9</td>
</tr>
<tr>
<td>Total investment</td>
<td>0.7</td>
<td>5.5</td>
<td>3.5</td>
<td>5.0</td>
<td>-3.0</td>
<td>0.3</td>
</tr>
<tr>
<td>O/w Government Investment</td>
<td>0.0</td>
<td>2.8</td>
<td>1.1</td>
<td>0.8</td>
<td>-0.3</td>
<td>1.0</td>
</tr>
<tr>
<td>O/w Private Investment</td>
<td>0.7</td>
<td>2.7</td>
<td>2.4</td>
<td>4.2</td>
<td>-2.7</td>
<td>-0.7</td>
</tr>
<tr>
<td>Net Exports</td>
<td>0.6</td>
<td>-5.2</td>
<td>-2.7</td>
<td>-4.9</td>
<td>3.6</td>
<td>6.5</td>
</tr>
<tr>
<td>Total consumption</td>
<td>3.6</td>
<td>6.2</td>
<td>5.5</td>
<td>5.9</td>
<td>5.0</td>
<td>5.1</td>
</tr>
<tr>
<td>O/w Government Consumption</td>
<td>0.5</td>
<td>0.4</td>
<td>0.0</td>
<td>0.1</td>
<td>1.3</td>
<td>1.6</td>
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<tr>
<td>O/w Private Consumption</td>
<td>3.1</td>
<td>5.8</td>
<td>5.5</td>
<td>5.8</td>
<td>3.7</td>
<td>3.5</td>
</tr>
</tbody>
</table>


Agricultural growth was slightly lower in 2019 as agricultural production normalizes following last year’s bumper crop in 2018.
12. **Inflation remains within WAEMU norm of no more than 3 percent (Table 2).** Inflationary pressures emerged in 2018 as growth picked up. But it was also fueled by one-off factors including tax and administrative price hikes, large purchases of food to build up the strategic food reserve and the collapse of the only bridge connecting Niger to Benin. Inflation eased in 2019 as those one-off factors unwound. The good crop season in 2018 and food price subsidy programs also helped contain inflation in 2019, decreasing from 2.7 percent in 2018 to 1.6 percent in 2019.

13. **Niger’s monetary and exchange rate policies are managed by the Central Bank of West African States (Banque Centrale des Etats de l’Afrique de l’Ouest, BCEAO), which maintains a fixed peg between the CFA Franc and the Euro.** BCEAO’s international reserves reached 4.5 months of imports in 2018, up from 4.1 months in 2017, supported by Eurobond issuances by Senegal and Cote d’Ivoire and fiscal consolidation. Despite tighter monetary policy in 2018, with BCEAO reducing its refinancing to banks, regional liquidity pressures were alleviated by the Eurobond issuances. The real effective exchange rate (REER) appreciated by 2.4 percent in 2018, after being stable in 2017, partly reflecting the strengthening of the Euro.

14. **Commodity price volatility and a small export base continue putting pressure on the external current account balance (Table 2).** Imports for ongoing infrastructure projects, predominantly financed by donors, and to a lesser extent, foreign direct investment (FDI) have outweighed exports despite the recovery of the Nigerian economy and gold mining expansion. Continued unfavorable international prices and a maintenance stoppage at the oil refinery extended the slump of uranium exports and slowed activities in the petroleum sector. As a result, the current account deficit (including grants) widened from 18.2 percent in 2018 to 19.5 percent in 2019. The current account deficit is financed by a combination of project grants (6.5 percent of GDP), foreign direct investment (6.7 percent of GDP), concessional loans (4.1 percent of GDP) and some recourse to the regional foreign reserves.
Table 2: Key Macroeconomic and Financial Indicators, 2016-2022 (% of GDP)

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<td></td>
<td></td>
<td>Est.</td>
<td>Projections</td>
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<tr>
<td><strong>National Accounts and Prices</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Real GDP</td>
<td>4.9</td>
<td>4.9</td>
<td>6.5</td>
<td>6.3</td>
<td>6.0</td>
<td>5.6</td>
<td>11.9</td>
</tr>
<tr>
<td>Real GDP per capita</td>
<td>1.0</td>
<td>1.0</td>
<td>2.6</td>
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<td>1.5</td>
<td>2.5</td>
<td>2.1</td>
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<td>2.4</td>
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<td>1.6</td>
<td>2.5</td>
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<td>12.9</td>
<td>13.3</td>
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<td><strong>Overall balance (commit. basis, incl. grants)</strong></td>
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<td>Current account balance (including grants)</td>
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<td>Imports, fob</td>
<td>22.6</td>
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<td>Public and publicly guar. external debt</td>
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<tr>
<td>Public domestic debt</td>
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<td>19.1</td>
<td>18.8</td>
<td>17.8</td>
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<tr>
<td>Nominal GDP (CFAF billions)</td>
<td>4,511</td>
<td>4,726</td>
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<td>5,571</td>
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Source: Nigerien authorities; IMF and World Bank staff estimates, April 2019.

15. **Fiscal consolidation is on track (Table 3).** The 2019 budget included key measures, notably the partial reinstatement of the Tax on International Incoming Calls (Taxe sur la Terminaison du Trafic International Entrant, TATTIE) and stepped-up tax arrears collections. Revenue efforts also built on various ongoing improvements in administration, ranging from the roll-out of transaction valuation for border tax purposes to digitalization and integration of tax and custom administrations’ systems. These measures supported stronger cash revenue, increasing from 12.3 percent of GDP in 2018 to 13.6 percent in 2019, although this is disguised in total revenue figures by the accounting entries for non-cash revenues.\(^4\) Deficit financing relies on net foreign borrowing (4.1 percent of GDP) and domestic borrowing in the form of regional bond issuance (0.7 percent of GDP).

\(^4\) Non-cash revenue is accounted for by entries for tax relief on foreign aid projects in-lieu of counterpart funds, matched by a counter entry under investment financed with domestic non-cash resources, thereby inflating tax revenue artificially. In 2019, tax revenue included much lower non-cash revenue equivalent 1.4 percent in 2019 vs 3.0 percent of GDP in 2018.
16. A strong decline in domestically-financed capital spending and an enhanced control of recurrent expenditures drove expenditure adjustment in 2019. The Government has implemented an enhanced control of the commitment and budget payment systems since 2017.\(^5\) Aided by stricter control on the wage bill, the spending control framework in place has helped control recurrent expenditures which declined from 13.7 percent of GDP in 2018 to 13.5 percent in 2019. Domestically-financed capital spending decreased from 7.0 percent of GDP in 2018 to 5.6 percent in 2019. However, externally-financed capital spending remained on an upward trend, increasing from 8.5 percent of GDP in 2018 to 9.8 percent in 2019, as a result of donors’ pledge in support of the PDES II and the ensuing development large-scale projects. Total spending declined from 29.2 percent of GDP in 2018 to 28.9 percent in 2019.

17. Public debt has increased steadily in the recent past. The share of Total Public and Publicly Guaranteed (PPG) debt increased from 53.8 percent of GDP in 2018 to 54.2 percent in 2019. Domestic debt decreased from 18.8 percent of GDP in 2018 to 17.8 percent in 2019, as domestically-financed investment also declined, reversing the trends of previous years. External debt increased from 33.5

\(^5\) The mechanism prioritizes expenditures based on the alignment of quarterly commitment plans with the Treasury cash plan, which has ensured that expenditures remain within the limits of resource availability.
percent of GDP in 2016 to 36.5 percent of GDP in 2019. Public debt is largely (85 percent) on concessional terms to multilateral creditors.

18. Niger’s banking sector is stable but is still exposed to risks from both regional and domestic factors. All major banks comply with prudential ratios. Gross non-performing loans (NPLs) to total loans decreased from 18.8 percent in 2017 to 17.0 percent in 2018 but remains high compared to the WAEMU average of 12.9 percent due to security issues and high domestic arrears. Declining liquidity and decreasing growth of deposits for banks are also of concern. It is due to limited capacity to mobilize deposits and increasing transfers of resources abroad by multinationals. Overall, banking sector profitability as measured by return on assets remains stable at 1.8 percent and higher than the WAEMU average of 1.3 percent. Niger’s challenge is to enhance financial intermediation and encourage banks to extend more credit to the private sector.

2.2. MACROECONOMIC OUTLOOK AND DEBT SUSTAINABILITY

19. Growth is projected to average 6 percent in 2019-2021 with a strong oil-related pickup of 11.9 percent in 2022. Non-resource GDP would drive growth until 2021. Agriculture would remain the main source of growth with construction and services. Large donor projects, investment in agricultural productivity and several privately-financed investment projects would ramp up and support growth in these sectors. In turn, it will boost private consumption and investment on the demand side. Resource GDP would take over starting in 2022 as crude oil exports start. External demand (net exports) would become the main driver from 2021 onwards as several import intensive projects would also start phasing out. The contribution of consumption and investment to growth would decrease accordingly. Inflationary pressure would build up though 2020 due to higher demand but then would decrease from 2021 or under thereafter in line with WAEMU convergence criterion of 3 percent.

20. High external current account deficit would improve significantly as crude oil oils exports start from 2022 (Box 2). Exports are projected to gradually increase as official exports to Nigeria continue recovering and gold mining and refined oil product exports become more dynamic. However, this trend would be offset by higher imports related to large projects, including the oil pipeline construction. The deteriorating trends of the external current account balance would be reversed from 2022 onwards as crude oil exports ramp up and imports for large projects decline. The current account deficit (including grants) is projected to average 20.4 percent of GDP between 2019 and 2021, peaking at 22.4 percent of GDP in 2020 and then declining gradually thereafter.

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These include airport refurbishment, the Kandadji dam construction and irrigation projects, activities by the Millenium Challenge supporting agriculture, and the two pipeline projects refined petroleum projects and crude oil exports.
Box 1. Niger becoming an oil exporter - The beginning of a new era?

The project to eventually expand crude oil production ten-fold and construct a pipeline for exports is now proceeding. Oil production started in 2011 when China National Petroleum Company (CNPC) developed an oil field and built a local refinery. However, oil output and exports of refined products were constrained by refining capacity of 20,000 bpd and transport logistics. The proposed pipeline to Benin’s coast would have a capacity of 185,000 bpd, of which roughly half will initially be utilized. By way of comparison, oil production amounts to 75,000 bpd in Cameroon, 100,000 bpd in Chad, and 200,000 bpd in Ghana.

Niger signed a convention with CNPC for the pipeline in September 2019, following a similar agreement between Benin and CNPC, and a transport agreement between Niger and Benin. An environmental impact study, a comprehensive feasibility study, and formal transportation authorization remain to be completed. Construction should ramp up in mid-2020 and conclude by end-2021, permitting oil exports in 2022. The project is expected to cost US$6.2 billion: US$2.2 billion for the Niger part of the pipeline and US$4 billion for oil field development. The pipeline convention assigns pipeline management and ownership to the West African Oil Petroleum Company (WAPCO). 80 percent of the investment will be financed by debt and 20 percent by equity, with CNPC holding at least 55 percent of the equity. WAPCO will charge a transportation fee of US$15 pb on average and incur operating costs of some US$4 pb.

Source: IMF Staff assessment (2019).

21. **Donor project grants and FDI inflows would continue to finance a large share of external financing needs** (Table 4). With debt amortization payments averaging around CFAF 94 billion each year over 2020-2022, external financing requirements are projected to average CFAF 1 237 billion (22 percent of 2019 GDP) over the same period. Capital grants and long-term loans would cover 60 percent of the financing between 2020 and 2022, and FDI would cover the remaining 40 percent. Niger’s contribution to pooled regional reserves is expected to be positive from 2022 onward.

22. **Niger’s medium-term fiscal target is to achieve and maintain the WAEMU convergence criterion of no more than 3 percent of GDP for the overall fiscal deficit from 2020 onwards.** With a derogation granted by the WAEMU, Niger would achieve the fiscal criterion of 3 percent of GDP one year later than the rest of the WAEMU member countries. The overall deficit is projected to decline gradually from 4.1 percent of GDP in 2019 to 2.4 percent of GDP in 2022. Domestic revenue mobilization will remain the main vehicle, but expenditure rationalization would also support the fiscal consolidation efforts.

23. **Medium-term fiscal consolidation will be achieved mainly through revenue efforts.** Tax revenue would increase by 2.6 percent of GDP against a decline in expenditure by 0.8 percent between 2019 and 2022. This increase reflects mainly the onset of crude oil exports in 2022, boosting economic growth to 11.9 percent, with an increase of 1.2 percentage point in tax revenue between 2021 and 2022. But it would also be supported by sustained tax efforts including full implementation of the tax reform agenda initiated since 2017. Reforms include removing value-added tax (VAT) exemptions for some goods and services to harmonize government policy with the WAEMU standards and tightening fiscal incentives in the investment code. Tax and customs administration would continue being strengthened through the computerization of customs and tax payments, the rolling out the Automated System for Customs Data (ASYCUDA) in Niger’s main border posts, and the implementation of transaction-price valuation of imports for border tax purposes. Their full implementation remains necessary to achieving the fiscal objective.
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Source: Niger’s authorities and IMF and World Bank staff projections as of April 2019.

24. There would be new planned reforms including the strengthening of tax exemption regulatory framework, tax and customs administration and combatting smuggling in the oil sector. While reforms on the regulatory framework consists mainly of incorporating the legal basis for all tax exemptions in an updated tax code, the Government has already set up a specialized unit to better guard against fraud and misuse of exemptions regime to reduce leakages. The Government plans on linking up the information technology (IT) systems of tax and customs offices to ensure stronger coordination and monitoring of tax payments. Finally, the Government also plans on combating widespread smuggling of petroleum products, which causes losses of tax revenues, by using molecular marking of petroleum products.7

25. Fiscal consolidation would also be supported by adjustment in spending over the medium term. Total expenditures would decline from 28.9 percent in 2019 to 28.1 percent of GDP in 2022. Recurrent spending would continue declining supported by the continued implementation of the commitment and payment control framework and enhanced control of the wage bill with the biometric database for civil servants. The financing of the PDES II would maintain the level of capital expenditure high through 2020, averaging 15.4 percent of GDP during 2019-2020, which would decline to 14.3 percent of GDP from 2021 onwards as major investment unwinds.

26. As capital expenditures will remain high over the medium term, the Government will seek to improve the efficiency of public expenditure to support expenditure rationalization. The Government will capitalize on the progress made in program budgeting since 2018 and the implementation of the recommendations of the Public Investment Management Assessment (PIMA) report (2019). These recommendations aim to increase public investment efficiency. They include among other measures operationalizing multi-year spending authorizations and more realistic financial planning, making

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7 Government data shows that smuggling is estimated at 60 percent of the quantity of gasoline and diesel regularly sold on the market.
feasibility and impact studies a pre-requisite for investment to be considered, and integrating PPPs and investments by extrabudgetary funds and local governments into the public investment program. Finally, the Government will implement the ongoing civil service reform building up on the Public Finance Management Organic Law introducing performance management, revising administrative organizations (cadres organiques), planning human resource deployment across the territory and introducing merit-based career management, to both enhance service delivery and mitigate fiscal impact.

27. **Implementation of SOE transparency and accountability reforms as well as management efficiency would help contain fiscal risk.** The implementation of the action plan based on the findings of the Integrated State-Owned Enterprises Framework (SOEF) assessment completed in 2019 will help in reducing the fiscal risks from SOEs. SOEF action plan seeks to improve financial oversight and management of fiscal risk. Integration of PPPs into the public investment program, and the move towards Build, Operate and Transfer (BOT) type would also mitigate the fiscal risks from PPPs. This would be complemented by the adoption of a new PPP law to strengthen the regulation of and transparency in PPPs.

28. **A Debt Sustainability Analysis (DSA) prepared by the World Bank and the IMF in June 2019 assesses Niger’s risk for external and overall debt distress as moderate.** Under a baseline scenario, all debt burden trajectories remain below their respective debt-carrying capacity dependent indicative thresholds. However, the Present Value (PV) of the external debt-to-exports ratio breaches the threshold under the most extreme export shock stress test, signaling a moderate risk of external debt distress (Figure 1a). Under the export shock, the ratio peaks in 2021 before progressively receding below the threshold, reflecting the projected start of crude-oil exports. Niger’s debt-to-GDP ratios remain well below applicable thresholds (Figure 1b). These results underscore that Niger’s vulnerabilities lie in its narrow export base currently concentrated in uranium and petroleum products and exposure to swings in commodity prices.

29. **While the economic outlook is broadly positive, it remains subject to a number of downside risks.** First, external and natural shocks could impact growth negatively, increase fiscal pressures and result in fiscal slippages. These include weather shocks and prolonged depressed commodity prices. Heightened insecurity would also challenge growth and fiscal stability by both diminishing public revenues and deviating spending from economic priorities. Additional adverse risks may include a potential tightening of global financial conditions, which would strain the government’s ability to access regional markets at affordable terms. Second, delays in the completion of the major infrastructural projects could also question growth performance in the medium term. Similarly, failure to pursue successfully ongoing reforms to broaden the tax base and increase revenue, contain expenditures and enhance the efficiency of public investment would affect fiscal and debt sustainability.

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8 A three-year, sequenced and selective action plan focused on: (i) strengthening the institutional framework for financial oversight; (ii) improving financial information and monitoring of fiscal risk; (iii) increasing transparency and improving audits; and (iv) adopting and implementing legal reforms.
Niger’s macroeconomic policy framework is adequate for the proposed operation. The medium-term economic outlook is favorable with a projected sustained high growth. The authorities are committed to maintaining fiscal consolidation to ensure macroeconomic stability and create additional fiscal space for increased pro-poor expenditures. It is in this context that Niger has laid the policies underpinning the fiscal consolidation path combining measures to enhance domestic revenue mobilization and expenditure control, which aim to keep Niger in line with the WAEMU fiscal target from 2020. Public debt is sustainable, and the risk of external and overall public debt distress is moderate. The external current account deficit, though high and increasing, is projected to decline in the medium term and would be largely financed by capital grants and FDI. The macro policy framework is underpinned by the continued implementation of the IMF ECF program and the external anchor of the macro framework offered by Niger’s membership in the WAEMU.

2.3. IMF RELATIONS

In June 2019, the IMF Executive Board completed its fourth review of performance under the ECF program (2017-2020). On January 23, 2017, the Executive Board of the IMF approved a three-year arrangement under the ECF in support of the authorities’ development strategy. Broadening the tax base and strengthening the tax administration spending prioritization, expenditure control and liquidity management are at the core of the program. The completion of the fourth review enabled the disbursement of US$47.0 million, bringing total disbursements under the arrangement to US$125.4 million. The Fifth review is currently in progress, with an IMF Board discussion scheduled for December 13, 2019. One additional review would take place before April 2020, date at which the Program is expected to end.
3. GOVERNMENT PROGRAM


33. Under Pillar 2 which focuses on social development, the PDES II presents a set of challenges and programs related to improving the provision of basic social services in health and social protection, education, potable water, environment, gender and the promotion of youth. Reducing gender gaps is a central piece of social development and demographic transition in Niger’s development strategy. Particular attention is drawn on intervening at an early stage to protect adolescent girls from early pregnancy and marriages and improve educational attainment of girls as well as on empowering women. This pillar supports programs aiming at universal access to accessible and affordable potable water and sustainable water resources management by communities.

34. Under Pillar 3, the PDES II acknowledges that maximizing investments in infrastructure is critical for economic growth. The focus on electricity and water is consistent with the country’s objective of broadening access of the population to key infrastructure to unlock the development potential of and diversify rural economy. The PDES places particular emphasis on access of the rural population, particularly women, to key infrastructure as a way to achieve social and economic development objectives. The PDES creates enabling business environment and services (access to finance, legal services, rural electrification, etc.) to empower women as development agent by encouraging productive use of energy and water by entrepreneur women. It identifies a strong regulatory framework and private sector participation as key steps in achieving these goals to complement public investment.

35. Under Pillar 4, the PDES II promotes among other governance reforms the strengthening of debt management. It puts emphasis on the need for enhancing measures to control public debt including by strengthening transparency and debt management. It also promotes reforms to improve public finance management. These include strengthening revenue mobilization capacity and expenditures through a broad range of reforms.

4. PROPOSED OPERATION

4.1. LINK TO GOVERNMENT PROGRAM AND OPERATION DESCRIPTION

36. The proposed operation is the first of a programmatic series of two DPFs to be disbursed over 2019-2020 under IDA18. The operation will provide financial support to Niger as the authorities implement the PDES II. The PDO is to lay the foundation for inclusive development.

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

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

39. The proposed series is consistent with the maximizing finance for development (MFD) approach. Pillar 2 supports the participation of the private sector in the development of infrastructure serving rural areas in electricity and water. The adoption of the rural electrification regulatory framework and the national Grid Code will clarify the conditions by which the private sector would operate in the energy sector. Equally, the creation of a Regulatory Body will help set the principles for tariff revision in the water sector and incentivize the private sector to invest in water distribution.

40. The proposed operation is also aligned with Sustainable Development Goals (SDGs). The components and objectives of the proposed operation addresses SDG goals. SDG 5 promotes gender equality and empowerment of all women and girls and mentions specifically the elimination of all harmful practices, such as child early and forced marriage; SDG Goal 6 promotes availability and sustainable management of water and sanitation for all and SDG Goal 7 promotes access to affordable, reliable, sustainable and modern energy for all.

41. Using selectivity as a guiding principle, this DPF tackles issues in three impactful sectors. The selection of these areas was done in close collaboration with the Government and considers the major binding constraints identified in the PDES, the CPF and the SCD. The existence of strong supporting technical assistance or investment projects and analytical work was another criterion used to select the focus sectors, while looking carefully at the comparative advantage of the World Bank. The selection of actions was also based on the goal to achieve the maximum results over the proposed DPF timeframe, building on the government’s own momentum and capacities, and country context.

42. The design of the proposed program has mainly been informed by lessons learned from the predecessor series, other projects and policy dialogue with the Government and key partners. Key lessons are as follows: (i) it is critical to conduct upstream work to trigger the dialogue between the Client and the World Bank, and among stakeholders within the country. For instance, the Gender report set the stage for the dialogue and helped identify areas of consensus that informed the DPF; (ii) it may be more effective to deal with a limited number of areas to ensure that a comprehensive set of reforms are sequenced/coordinated to achieve better results. As opposed to the previous DPF series, the proposed one addresses issues in three versus seven areas but includes deeper reforms in each area; (iii) to ensure
effective changes and results, there is a need for stronger and longer-term commitment and leadership for sensitive reforms, as has been the case for reforms in the electricity sector starting with previous DPF series. These series focused on the creation of the legal and regulatory framework for the sector, and the redressing measures of the financial situation of the utility - including the tariff revision in the sector for the first time in three decades. With the support of the proposed operation, the Government will start addressing rural electrification.

4.2. PRIOR ACTIONS, RESULTS AND ANALYTICAL UNDERPINNINGS

Pillar 1: Reducing Gender Gaps

Prior Action 1. The Recipient, through its President, has issued Decree no. 2019-369/PRN/MPF/PE dated July 19, 2019 establishing Child Protection Committees at the national, regional, departmental, commune, and village to promote the abandonment of child marriage.

Prior Action 2. The Recipient, through its Ministry of Public Health, has issued a Ministerial Order (Arrete) no. 000897/MSP/SG/DGSR/DSME of August 15, 2019 allowing access to family planning assistance to married adolescent girls without parents or husbands’ mandatory accompaniment, to improve their access to health services.

Prior Action 3. The Recipient, through its Ministry of Primary Education Literacy, Promotion of National Languages and Civic Education, its Ministry of Secondary Education and its Ministry of Technical and Vocational Education and Training, has issued Joint Ministerial Order no. 335 dated August 22, 2019 allowing adolescent girls to remain enrolled in school in the event of pregnancy or marriage, to improve educational attainment.

Background

43. Substantially expanding educational attainment and reducing fertility would have a large positive impact on economic growth and poverty reduction in Niger. A World Bank report concluded that if gender gaps were to be eliminated, it would generate large economic gains and GDP per capita could increase by more than a fifth in Niger by 2030. More than half of these gains arise from improvements in women’s educational attainment and fertility while the rest half arises from increasing labor force participation and productivity of women.

44. Tackling these gender inequalities at an early stage involves combating child marriage, empowering adolescent girls and improving their educational attainment. Child marriage has harmful intergenerational consequences for those involved and born from the marriage as well as for the whole community. Early marriage is associated with early childbearing, which can have long-term health impacts and contributes to elevated fertility rates. In most cases, girls become pregnant soon after

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10 These would include increased risk for sexually transmitted diseases, cervical cancer, death during childbirth, and obstetric fistulas.
marriage and have no access to family planning methods. Married adolescent girls are also often disempowered and deprived of their fundamental rights to health, safety and agency because their decision making is weakened. For example, married adolescent girls need the consent of their husbands and parents to access health services. Lastly, early child marriage and child bearing, and educational attainment in Niger are interrelated and the related indicators are worse in Niger compared to the Region, with little progress over time (Box 2).

**Box 2: Adolescent Girls in Niger: Early and Forced Child Marriage, Early Childbearing and poor Educational Attainment**

Early child marriage affects mainly girls. In Niger, the median age of marriage for girls (15.7 years) is around nine years earlier than that for boys (24.6 years). There has been very limited decline in early child marriage and possible increase in child bearing in Niger. On average, across the 21 countries in West and Central Africa, the prevalence of child marriage has decreased by 8 percentage points in 25 years. In Niger, three in four girls still married before 18, as was the case more than two decades ago. Half of all girls still have their first child before the age of 18 while in the sub-region, the share is about one third. Trends for early childbearing in Niger are even more concerning than those observed for child marriage, as there are indications that prevalence may have increased over time. Latest statistics in 2017 show that in regions such as Maradi or Zinder child marriage prevalence remains at 88 percent.

Girls fare poorly in terms of educational attainment in comparison to boys, and this is both a cause and a consequence of early child marriage. Niger has made some progress towards higher educational attainment for girls, but the country is still lagging far behind other West and Central African countries. In 2016, the primary completion rate is estimated at only 26.5 percent for girls aged 15-18 versus 41.4 percent for boys; for lower secondary, completion rates are estimated at 6.2 percent for girls aged 18-20 versus 15.6 percent for boys. An additional year of education for girls at primary level reduces child marriage by 5.4 ppt and early pregnancies by 12.6 ppt.¹¹

45. **In Niger child marriage takes place primarily under customary or religious laws and tackling it requires a major shift in norms and attitudes from families and communities.** Child marriage is a complex issue. Poverty is a major driver of child marriage in Niger, bringing with it the hope of economic prosperity and an increase in social status for both girls and their parents. It is also viewed as a way to gain autonomy and decision-making power within a community as once married, girls become independent from parents. In many families and communities, child marriage is a deeply rooted practice which has been an accepted social norm for generations. Girls often succumb to peer pressure to enter into early marriage.

46. **Because child marriage has multiple drivers, actions taken to curtail the practice take time and require multi-faceted strategy.** Changing the norms of girls being married early, by the age of 15 in Niger, to an outcome in which girls are not expected to marry before completing secondary school is a major undertaking and accordingly, programs and investments may take different forms. However, in general and based on the Theory of Change on Child Marriage, initiatives to combat child marriage fall within four categories: (i) empowering girls; (ii) mobilizing families and communities; (iii) providing services, and financial aid to families with adolescent girls; (iv) establishing and implementing laws and policies to amend the legal age of marriage. This framework articulates responses to child marriage outlining the

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range of approaches needed and demonstrates that there is no single solution to ending child marriage and that everyone has a role to play.

47. **Programs currently in place in Niger address the first three components of the Theory of Change on Child Marriage.** They aim to equip girls with training, skills, information, and to provide safe spaces and support networks. These activities involve families and communities to create awareness of the harmful impact of child marriage. Finally, services are provided in several sectors, including education and health ranging from the provision of adolescent friendly health services, to ensuring that schools are accessible and safe, and child - particularly girl - friendly. However, the legal age of marriage for girls is still set at 15.

48. **These activities are supported by partners and build on regional initiatives.** Examples of projects supporting efforts to end child marriage include: (i) the World Bank Sahel Women Empowerment and Demographic Dividend Project (SWEDD, P150080), addressing health and reproduction, empowerment of women and community involvement in child marriage discussion; (ii) and United Population Fund (UNFPA) - United Nations International Children's Emergency Fund (UNICEF) Global Program’s advocacy and engagement efforts supporting a multisector national action plan to end child marriage. The program also supports the National Strategic Plan on Adolescent and Youth Health (2017–2021) and the National Strategy to End Child Marriage. Country-level activities supplement regional initiatives such the AU Campaign to “End Child Marriage” - targeting 30 high prevalence countries and the Economic Community of West Africa States (ECOWAS) initiative, “the Child Policy and Strategic Plan of Action and the Roadmap on Prevention and Response to Child Marriage”.

49. **Niger has strengthened its institutional framework to coordinate and oversee gender reforms.** Niger has created a Ministry of Gender with a dedicated body to implement the strategic objectives related to women’s empowerment and a structure for gender monitoring and analysis called the “National Observatory for the Promotion of Gender” (Office National pour la Promotion du Genre, ONPG). Finally, following the dissemination of the World Bank Report “The Economic Impacts of Gender Inequality in Niger”, the Government created a high-level committee to oversee, monitor and coordinate gender reform implementation, including the DPF prior actions and triggers. The Committee is under the leadership of the Ministry of Planning and includes the ONPG, the Ministry of Promotion of Women and Protection of Children, the Ministry of Employment, Work and Social Protection, the Ministry of Civil Service and the SWEDD project.

50. **The long-term objective of the Government is to reduce fertility rate and increase access of girls and women to economic opportunities (Box 3).** The development policy operation (DPO) reforms would lay the foundation for these goals by supporting reforms as stepping stones towards social norm and cultural change that would help start reducing child marriage and early child bearing. In a shorter term, the DPO reforms are expected to improve access to education and modern family planning of married adolescent girls, and more importantly raise awareness about the harmful consequences of child marriage among community members. The ultimate goal, and even the medium-term results, is a major undertaking that will take time. To complement the DPO reforms, in parallel, the Government has started the revision of the Civil Code to address the legal loopholes discriminating against girls and women, including the change in the minimum age of marriage from 15 to 18 years old for girls. Current reform efforts would help ease the implementation of the revised civil code and acceptance among the
population.

Box 3: Impacts of the Gender Pillar Reforms

- Improve access to education and access to modern family planning
- Improve awareness about the harmful consequences of child marriage
- Shift in social norms and cultural practices
- Reduce fertility rate through a change in the social norms and cultural practices and increase access of girls and women to economic opportunities

51. **To start addressing high fertility and child marriage under the proposed operation, the Government relies on two key driving principles.** First, any programs aimed at tackling child marriage and fertility would need to respond to local context. In Niger, because it is deeply rooted in the culture, changes in behavior and social norms, the main channel to impulse the needed changes would be working with communities. The second driving principle underlying the approach is the synergy between the existing programs in Niger and the reforms supported by the proposed operation which is not a program operating in silo but rather one that is complementing and complemented by other projects.

52. **Based on these two principles, the reforms supported by this DPF series will be articulated around:** (i) institutionalizing mechanisms to achieve consensual decision within communities to abandon child marriage; and (ii) legal changes that support and facilitate access to health and education services of girls. The latter will complement efforts to provide infrastructure services in health and education by removing identified legal bottleneck disempowering married adolescent girls to access health services and return to school in the event of pregnancy or marriage.

Prior Actions

53. **The Government has institutionalized by Decree the Child Protection Committees to promote the abandonment of child marriage within communities (Prior Action 1).** Building on the principle that reducing child marriage and fertility will require changes in behavioral and social norms, the Government has created a mechanism to put community members at the forefront of the reform process. This will be done under the umbrella of the Child Protection Committees.

54. **The Child Protection Committees are a community structure, representing all sectors in the community who have a role to play in protecting children against child marriage.** Because to be successful, child protection strategies and approaches require the involvement of all actors, the members
of the Child Protection Committees include among other female and male (in each category) and not restricted to: (i) elected representatives, often from the communes; (ii) medical staff; (iii) community members; (iv) religious and traditional leaders, and; (v) schoolteachers. Of particular importance is the participation of traditional and religious leaders in the Committee because they often prescribe which behaviors are acceptable and they perform child marriage. The Committees’ goal is to promote, prevent, safeguard and fulfill the right of girls to protection from child marriage among communities, and obtain commitments from religious and traditional leaders to abandon child marriage practices. This will be done in the form of public statements and written commitments within communities.

55. **The prior action will give the Child Protection Committees a legitimacy and an endorsement from the Government, making it a formal and legally recognized entity.** To create the Child Protection Committees following the enactment of the Decree, the Government will partner with international agencies and non-governmental organizations to work with communities through its deconcentrated and decentralized entities, mainly at the level of communes. The rules governing the Child Protection Committees and the underpinning structure are defined in the Decree. The details are being developed in a handbook with the assistance of the SWEDD project and will be shared and communicated by the Government to identified supporting partners and the targeted communes. The members of the Committees are benevolent, but the operationalization of the structures and their activities will be supported by partners’ project and non-governmental organizations (NGOs).

56. **To fulfill its role, the Child Protection Committees will use a bottom-up, holistic and community-based approach in order to empower communities to find consensual solutions.** They will work and interact directly with community members and all the traditional and religious leaders in the communities. They will organize sessions/discussions to explain the harmful consequences of early child marriage, the benefits of education and access to health services (family planning, sexual and reproductive health). This will help address existing relations of gender and power in the communities and broader social networks. They will focus on prevention because it is generally easier, and certainly less damaging for a child, to intervene before a harmful situation occurs or escalates. However, if a child marriage is reported, they work with the concerned parties, including parents, brides and bridegrooms, to work out a solution to reverse the situation.

57. **The Child Protection Committees will support the empowerment of married adolescent girls.** The Committees will work directly with adolescent girls by facilitating their access to a wide range of education, health and legal services, including regarding marital status if such services are deemed necessary. Without the norms change adolescent girls and their families will not take up the access to education and reproductive health services that the legal reforms set out in the Prior Actions afford them. The Committee will be the liaison between married adolescent girls, the schools, the legal system and health centers. Access to these systems is free as per the existing legal dispositions in Niger.\(^\text{12}\)

58. **To ensure that the Committees are fully effective/operational, sustainable and generate the intended results, they will work closely with partners and NGOs to create synergy.** The institutional supporting framework underpinning the operationalization and the work of the Committees is based on

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\(^{12}\) Decree n°2019-408 of July 26, 2019 provides free access for married and/or pregnant adolescent girls and reiterates their right to access maternal and reproductive health. Assistance and care of child aged between 0 to 5 years without mandatory consent of their husbands or parents.
three guiding principles. First, the Committees will work closely with representatives of line ministries and donors’ projects/NGOs which will serve as reporting mechanisms to the central level (the ONPG and central line ministries) of progress and challenges they are facing in order to identify redressing actions if needed. Second, the Government will work with partners (NGOs, partners’ projects) to support capacity building for, and the operationalization activities of the Committees. For instance, it is one of the main objectives of the restructuring of the World Bank SWEDD Project: supporting communication of the purposes of the creation and the work of the Committees to the population; creating monitoring mechanisms of progress made and/or challenges faced by the Committees, and capacity building for the Committees and line ministries involved will be among the items to be addressed. Third, the Child Protection Committees will foster existing programs. The program will be developed in the communes where sensitization work has been done by the SWEDD and other active partners’ projects to create synergy and maximize the intended impact.

59. The Government has removed required mandatory accompaniment of their husbands or parents for married adolescent girls to access family planning services (Prior Action 2). Overall, in Niger 16.4 percent of women aged 15 to 19 do not receive any ante-natal care during their pregnancy, or postnatal follow up after giving birth while maternal mortality accounts for 35 percent of all deaths occurring among women aged 15 to 19. Married adolescent girls often do not have access to sexual and reproductive health services and modern family planning because utilization of modern family planning services is misperceived and generally not understood by their spouses, especially during the early stage of marriage. Latest DHS addressing access to reproductive health among that category of population in Niger shows that nearly half of the women surveyed in the 15 to 19 age group (42.6 percent) cited “opposition” as the main reason for not using modern contraception methods.

60. Other factors such as inadequate availability of services and opposition from providers also prevent married adolescent from obtaining needed health services. These obstacles being addressed by government projects supported by donors, including the World Bank SWEDD and UNICEF projects. The reforms supported by this DPF series will only address social norms and focus on removing the required mandatory consent of their husbands or parents for married adolescent girls to access health services. The Child Protection Committees will play a critical role in providing such assistance to married adolescent girls by referring those in needs to the appropriate health services. They will also engage with parents and husbands to gain their acceptance.

61. The Government has reinforced the legal framework allowing adolescent girls to continue attending or returning to schools in the event of pregnancy or marriage (Prior Action 3). Teenage pregnancy is a significant factor affecting school drop-out rates among girls. Many girls in Niger give birth during their teenage years and are neither economically nor emotionally ready to deal with parental responsibilities, therefore facing social and financial barriers to continuing with formal education. The Government has abrogated an old legal disposition that temporarily excluded pregnant girls from school

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13 Some community-based approaches have been tested by the SWEDD program including (i) safe space only for girls, (ii) husband schools.
and excludes them for good if they are married. This abrogation will ensure that all girls in Niger will have their right to education preserved regardless of their pregnancy, marital or motherhood status.

**Indicative Triggers**

62. **The Recipient (the Government and communities) has created and operationalized the Child Protection Committees in the communes with the highest prevalence of child marriage (Trigger 1).** The government’s objective is to equip 170 of the 265 communes with Child Protection Committee by 2025. The objective in this DPO framework is to operationalize the Child Protection Committees concept in 50 communes with highest prevalence and build a model based on mechanisms and governance principles underpinning the functioning of the Committees as a foundation for the scaling up phase of the program at a later stage. The motivation for this trigger is that the most successful programs leading to gender norms transformation require trial and respond to local needs by taking into account local specificities.

63. **The Government has adopted measures to support young mothers and married girls returning to school (Trigger 2).** Even with good policies and intentions, adolescent girls may face barriers to returning to school. The absence of adequate conditions for re-entry may discourage girls from returning. To overcome these barriers and the associated stigmata, the Government will strengthen measures to support pregnant or married adolescent girls returning to school. These would span education fee, practical conditions such as accommodating time for breast feeding, allowing young mothers to choose morning or evening school shifts, and establishing nurseries and day care centers close to schools.

**Expected Results**

64. **By the end of the program in December 2021, it is expected that:** (i) 50 communes, with the highest child marriage prevalence, representing 30 percent of the targeted communes (170) for 2025, will be equipped with the Child Protection Committee compared to 0 in 2019. This will help obtain public pledges and written agreements from 450 religious and traditional leaders with the Child Protection Committees to abandon the practice of child marriages in their localities; (ii) the share of demand met for family planning for married adolescent girls aged 15-19 will increase from 34.9 percent from 2011 to 45 percent; and (iv) the share of married and mother adolescent girls age 15-19 remaining in the school system would increase from 1.3 percent in 2006 to be 10 percent.

**Pillar 2: Expanding Access to Electricity and Potable Water**

**A. Electricity**

**Prior Action 4.** The Recipient, through its President, has issued Decree no. 2019-406/PRN/ME dated July 26, 2019 establishing the regulatory framework governing off-grid autonomous rural electrification projects which promotes private sector involvement and prioritizes renewable energy to increase access to electricity.

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15 They will be in the regions Maradi (89 percent), Zinder (87 percent), Tahoua (76 percent); Tillabéry nd Dosso (73 percent).
16 The SWEDD project supports such initiatives already.
17 The latest statistics available are from Population Council and derived from the DHS in 2006.
Prior Action 5. The Recipient, through its President, has issued Decree no. 2019-462/PRN/ME dated August 23, 2019, adopting a national Electricity Transmission Grid Code, governing inter alia grid connection, commissioning of new electric infrastructure, and integration of renewable energy to promote private sector participation in the electricity sector.

Prior Action 6. The Recipient through its Ministry of Energy and its Ministry of Finance, has issued a Joint Ministerial Order no. 0006/ME/MF dated February 28, 2019 approving the performance contract entered into between the Recipient and NIGELEC-SA in March 2019 to improve service quality and key performance indicators of the electricity sector and increase the share of renewable energies in the energy mix.

Background

65. **Niger has one of the lowest electricity access rates in Sub-Saharan Africa.** Access stands at 17 percent in 2016, with large disparities between urban and rural areas. Electricity access in urban areas stands at 65 percent and only 5 percent of rural households - who represent 80 percent of the total population - can take advantage of modern energy services.

66. **The electricity sector in Niger is at a crossroads as the Government is developing strategies to reach universal access by 2035.** As an important milestone, the Government set the target to double the national electricity access rate and increase by tenfold the rural access rate by 2021 (PDES 2017-2021). To address low access to electricity, the Government of Niger (GoN) adopted, in October 2018, an ambitious National Electrification Strategy to accelerate on and off-grid electrification. To that end, significant investment would be required in grid extension which is the least cost option to provide access to 85 percent of the population. In complement, solar mini-grids and off-grid solutions would serve 5 percent and 10 percent of the population respectively.

67. **To be successful, not only the implementation of the electrification strategy would require unprecedented investment but is also requires change in energy mix to diversify energy sources.** Demand will continue to grow steadily at a pace of 15 percent per year in the coming years and will need to be addressed with significant investment on both the demand (distribution) and supply sides (generation and transmission). The Government is preparing a least-cost power development plan (LCPDP) for generation and transmission which aims to develop domestic generation capacity, increase the share of renewable energy (hydro and solar) in the energy mix (30 percent by 2030) and diversify imports through regional interconnection.

68. **Niger’s strategy is to attract private sector investment to complement public investment by creating a friendly environment mobilizing private finance for development.** The Government has opted for developing grid-connected solar plants for a total capacity of about 90 MWp that will be built by private developers, thereby alleviating public spending. Some segments of the population will also rely on off-grid solutions (solar mini-grids and standalone solar systems) to get access to electricity in which the role of private sector is key, requiring the creation of an enabling environment.

69. **The World Bank has supported the reforms of the power sector through a series of DPF, complementing Investment Project Financing (IPF) and technical assistance (TA).** Niger strengthened the
legal framework and the financial performance of the utility under the Public Investment Reform Credit Support (PIRSC) series (P151487-P159969). A regulatory framework was established including the adoption of an Electricity Code and the creation and operationalization of the regulatory agency for the energy sector. Second, the Government approved the utility company’s financing plan and successfully implemented its equity/debt restructuring by increasing its share in the capital of the electricity utility. Under the Fostering Rural Growth series (P163318 – P166124), the Government adopted and implemented a new tariff setting methodology and structure based on a cost-coverage approach and approved Nigerien Electricity Company (Société Nigérienne d’Electricité, NIGELEC) concession contract consistent with the electricity Code. Under the proposed operation, the Government will improve rural access and increase renewables, and create the framework for private sector participation in the sector, consistent with the least-cost development plan.\(^{18}\)

70. **The current DPF series focuses on enabling conditions for expansion of access, especially in rural areas.** Niger will need to invest in solar off-grid electrification to reach the entire population and put in place the ecosystem to foster private initiatives. To that end, the Government will need to adopt the legal framework promoting investments in rural areas and the grid code that will enable the change in the energy mix in accordance with the least cost development plan.

71. **All prior actions and triggers supported by the proposed DPF in the energy sector have in each of them high potential for climate change mitigation.** All the prior actions promote the use and increase of renewable energy, particularly solar\(^{19}\), in the power sector. Niger is endowed with an immense solar resource and land availability is not an issue, particularly in the northern part of country. For its long-term energy strategy, Niger has rightly made solar energy a key source of sustainable supply of power which would contribute to the adaptation of the power system to climate shocks, in addition to the climate mitigation benefits.

**Prior Actions**

72. **The Government has adopted by Decree a regulatory framework enabling private sector-driven off grid rural electrification, promoting specifically the use of renewable energy (Prior Action 4).** The Electricity Code enacted the delegation of electricity services in rural areas to a third party for the generation, distribution and sales of electricity in defined concession areas. The Decree supports the development of renewables and off-grid solar access and private investment as key factors in reaching universal access in Niger. It also aims to mitigate perceived and actual risks of such investment by clarifying the rural concession process, buy-out options in case the national grid expands to the concession areas and incentives to support investment. The motivation for this prior action is to clarify and complement existing regulations which are silent on important aspects such as tariff setting, implications of the PPP law, financing support for use of renewable energy and interaction with grid expansion.

73. **The Government has adopted a national Grid Code to facilitate, among other things, the access of third parties to the transmission networks and the integration of renewables generation (Prior Action 5).** The electricity market in West Africa is experiencing steady development with the construction of

\(^{18}\) It helped yield a positive balance of FCFA 11 billion at end of December 2018 from FCFA 4.2 billion in 2017.

\(^{19}\) A number of solar projects are identified in the government program including solar mini-grids, 20 MWp in Maradi, 10 MWp in Dosso and up to 90 MWp in Gorou Banda (Niamey), 7 MWp in Malbaza and 18 MWp hybrid in Agadez.
regional interconnectors, the development of new capacity and the establishment of rules for the ECOWAS regional electricity market. To make private participation effective, the Government adopted by Decree the Grid Code. It defines the technical specifications and conditions for a third-party power producer to connect to the national and regional grids. The grid code is aligned with the West African Power Pool (WAPP) regional grid code and allows for the integration of renewable energy generation, particularly hydro and solar.

74. **The Government has signed the performance contract with NIGELEC to improve the operational performance of the electricity sector (Prior Action 6).** Previous DPF have supported the setting up of the concession contract between the State and NIGELEC for the provision of public service activities for the generation, transmission and distribution of electric power. As a follow-on step, the Government has signed with NIGELEC the performance contract approved by Decree 06/ME/MF of February 28, 2019 aiming to: (i) improve service quality and key performance indicators of the sector; and (ii) increase the share of renewable energies in the energy mix. It includes the financial and technical obligations of each party to ensure the fulfillment of the objectives of the sector.

75. **This contract is the instrument for all entities to ensure that checks and balance and a proper accountability mechanism are in place for monitoring commitments.** Commitments include increasing the share of renewables in the energy mix and access to electricity. Learning from the difficulties to implement performance contracts in many countries, commitments and indicators were carefully selected for a three-year period, building on NIGELEC business plan. Financing is already secured by the Government for investment in the power system. The Energy Sector Regulation Authority is responsible for the monitoring of the implementation of performance contract.

**Indicative Triggers**

76. **The Government has established a transparent and competitive system for development of renewable energy powered rural electrification concessions by the private sector (Trigger 3).** The private sector is instrumental in the provision of solar photovoltaic mini-grids that would play an important role if Niger were to meet its rural electrification targets. For instance, it is expected that new rural mini-grids would contribute to 5 percent of electrification coverage for those who are out of reach from the national grid by 2035. It is also envisaged that Niger will count 400 solar-based mini-grids to provide electricity to about 650 localities. Such approach provides space for innovations for the private sector in the deployment of rural electrification business models. In a pilot phase covering 2019-2025, the Government has as objective to cover 172 villages, representing 25,000 new mini grid connections. Ensuring such competitive and transparent process will help minimize risk perception and attract private operators.

77. **The Government has established a transparent and competitive system for the development and construction of a solar power plant, consistent with the LCPDP for electricity generation and transmission. (Trigger 4).** The Government has set a target to change the energy mix to offset its current domestic generation dominated by high cost thermal energy. By 2030, the Government aims to increase the share of renewable energy in the energy mix to 30 percent in which solar energy has a central role. The market trend shows that new solar capacities can be developed at very low cost if competitively procured. As part of the implementation of Prior Actions 4 and 5 and to diversify sources of electricity supply, the Government plans to complete a competitive selection process for private operators in the
development and construction of a solar power plant. This approach is consistent with the least cost power development plan for generation and transmission of electricity. The Government wants to ensure full transparency of the process to attract private operators.

78. **Several private developers have already signed Memorandum of Understanding (MoU) for the construction of various solar power plants including those studied with Energy Sector Management Assistance Program (ESMAP) support.** To achieve that goal, the Government has formally requested IFC Advisory Services to assist with the process of the competitive selection of a private developer who would finance to build and operate a solar power plant with a capacity between 40-60 MWp through the Scaling Solar program. In addition, the Government Niger will host regional solar parks promoted by the WAPP and to be developed by private developers.

**Expected Results**

79. By the end of the program in 2021, it is expected that: (i) 5,000 new connections to mini grid electricity will be created for previously unserved households in rural areas, which will represent 20 percent of the 2025 target of 25,000 connections; and (ii) 40 MWp new solar capacity are awarded on a competitive basis.

**B. Water**

**Prior Action 7.** The Recipient, through its President, has enacted Law no. 2019-15 dated May 24, 2019, establishing the Water Regulatory Authority to strengthen the institutional framework of the water sector.

**Prior Action 8.** The Recipient, through its Ministry of Water and Sanitation and its Ministry of Finance, has entered into an agreement (*Contrat-Plan*) with SPEN, on August 29, 2019, requiring SPEN to develop a master plan and investment programs, to improve access to basic water services.

**Background**

80. **Increasing access to and improving the quality of potable water in Niger is key to reducing poverty, improving human capital and protecting the population against high climate variability.** Water is critical for agricultural productivity improvement and its contribution to health outcomes including the reduction of malnutrition (over 40 percent in Niger). Water is also the main pathway for climate change. A recent World Bank report\(^2\) has shown how better access to water and sanitation can also contribute to improving households’ resilience in a context of high climate variability, by limiting the risk of contamination associated with both floods and droughts.

81. **Notable progress in access to potable water has been made in Niger but there remain significant challenges.** According to the World Health Organization (WHO)-UNICEF Joint Monitoring Program (JMP), improved water facilities were available to 58.2 percent of the population in Niger in 2015. This was driven by a significant expansion of access to improved water in urban areas, by 39 percentage points between

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1990 and 2015, which was a key factor in meeting the MDGs goals. Access to potable water was 95 percent in 2017 in urban areas. However, these numbers hide important differences across urban and rural areas. Low access to improved water in rural areas places Niger in the bottom ten countries of the world. Niger needs to make stepped up efforts to meet the SDGs that set ambitious new targets for Water, Sanitation and Hygiene (WASH) – universal access to safe water facilities by 2030.

82. **Niger has overhauled its policy framework for WASH, establishing new building blocks for the sector with the adoption of the Water, Sanitation and Hygiene Sectoral Program (Programme Sectoriel Eau, Hygiène et Assainissement, PROSEHA 2016-2030).** The PROSEHA underpins the government’s strategy to provide access to safe potable water and sanitation services for all by 2030. This new program adopted in May 2017 is coordinated with the new National Project for Integrated Water Management (Projet d’Action National de Gestion Intégrée des Ressources en Eau, PANGIRE) to ensure that the supply of water includes consideration of water resource availability and climate change exposure. The PROSEHA sets the objectives of universal access and sustainable management of both water and sanitation.

83. **For urban areas, the objective is to improve network and water quality, while in rural areas the goal is to increase coverage and access to improved sources.** In this endeavor, the Government has planned to transfer 75 growing rural centers to the urban perimeter. Building on well-established expertise and capacity existing in urban areas, it will help provide quality water to the rural population in a sustainable way. The projected population to be impacted is estimated at 1,150,000 people of whom 44 percent are poor. The Government will rely on public-private partnerships and aims to strengthen sector capacity to implement these goals.

84. **A successful implementation of the PROSEHA requires strengthening the regulatory framework of the sector.** Sector reforms in 2001 established a PPP system based on two entities, the Niger Water Asset Company (Société de Patrimoine des Eaux du Niger, SPEN) and Water Utility of Niger (Société d’Exploitation des Eaux du Niger, SEEN). The SEEN was the utility in charge of commercial activities and facility maintenance while SPEN manages assets and investment in the sector. The regulation of the sector by an independent Multi-Sector Regulatory Authority (Agence de Régulation Multisectorielle, ARM) was key to the success of the sector. However, it was dissolved in 2012. A new regulatory body was set up in 2014 but it has not been fully operational and it is under the direct control of the sector ministry, which is also party to the contracts with SPEN and SEEN. Since its establishment in 2014, no tangible action has been taken. In 2017, a new independent regulation body was considered by the Government, but the adoption of this new proposal is still pending.

85. **The new regulatory body will be key to addressing Niger’s high climate vulnerability exposure as it relates to water supply.** The expansion of water supply is critical to protect households without access (particularly rural and peri-urban ones) from the high variability of water. Combined with high and intensified inter-annual variability and erratic rainfalls, households without access to piped water are especially vulnerable to even small climate shocks (drought or flood). The regulatory body will help ensure that all the stakeholders of the sector work together seamlessly and that a mechanism exists to address issues that may arise. It will also play a critical role in facilitating the adjustment of tariffs to account for water use under climate shocks (ex. droughts) to help with the management of consumption.

86. **The implementation of the PROSEHA also required addressing cross debt and arrears between...**
the entities involved in the sector management. The financial equilibrium of the sub-sector was achieved in 2006 and maintained until 2014 due to regular tariff adjustments, while maintaining a social tariff that enabled the poor to access potable water. However, it has deteriorated since then due to the accumulation of debt and arrears between the actors in the sector in part due to the lack of a functioning independent regulatory body and the absence of an instance capable of enforcing agreed upon “rules of the game”. The sector has reverted back to a dysfunctional and unsustainable pre-reform status. (i) the deterioration in the cash flow of the SEEN; (ii) the difficulties of the SEEN in fulfilling its financial obligations in the leasing contract with the SPEN; (iii) the inability of SPEN to service its debt, and (iv) the inability of SPEN to adequately renew parts of assets as per the concession contract.

87. The Government and key actors took critical steps in 2019 to restore the financial equilibrium of the sector using two-pronged strategy. First, the Government has conducted and validated with all concerned parties a general audit of public entities’ water consumption and the arrears to the water distribution company (SEEN). This helps improve the State’s control of its own consumption and establish a new reference for timely invoice payment to the SEEN, and from SEEN to SPEN moving forward. Second, it has signed with SEEN and the SPEN a tripartite memorandum to establish an arrears clearance between the three entities aiming to settle the cross-debt situation in 2021. This will help ensure that the SPEN can manage the transfer of 75 centers adequately with the needed resources to handle this spatial expansion of the urban perimeter.

Prior Actions

88. To improve the institutional framework of the water sector, the Recipient has established the Water Regulatory Authority to strengthen the institutional framework of the water sector (Prior Action 7). An independent regulator is key to ensuring the enforcement of legislative and regulatory texts, the protection of the economic and financial balance of the sector and preserving the economic conditions necessary for its viability. A key responsibility for this new regulator will be to guide tariff adjustments and the overall sector performance framework. The existence of such a framework is key for private participation in both the financing of, and operation in the sector.

89. To operationalize the investment framework in the sector and improve access to basic potable water services, the Government and SPEN have signed a performance contract (Prior Action 8). The contract includes inter-alia SPEN’s investment program between 2019 and 2021. In the PROSEHA, the Government has committed to expanding access to basic water to all Nigeriens by 2030. The performance contract will be key to achieving this ambitious objective. The purpose of the performance contract is to clarify the reciprocal obligations of the parties (SPEN and GoN) to achieve the objectives set out by the Government for the sector as well as how climate shocks, particularly drought, are to be addressed. The plan details the commitment of each party, including the revision of tariffs, investment plan of SPEN to implement the government’s strategy to expand access. In particular, it includes the transfer of the 75 fast growing rural centers to the SPEN in order to provide potable water to 1.3 million users.

Indicative Triggers

90. Pursuant to the tripartite memorandum and the arrears clearance plan established in 2019, the Government, SPEN and SEEN have cleared their respective arrears (Trigger 5). As per the MoU signed in
2019, the Government will implement the arrears clearance schedule to the SEEN and the latter will proceed with the payments to the SPEN as per the MoU. The objective of the key actors is to ensure a total clearance of the arrears by 2021 before the contract between the Government and the SEEN expires.

91. **To improve the institutional framework of the water sector, the Government has:** (i) adopted the implementing decrees for the Water Sector Regulation Authority; and (ii) appointed its head by decree (Trigger 6). An operational independent regulation body is key to ensuring good governance practice in the sector including in arbitrage and regular tariff adjustments. It will be less prone to conflict of interest. To make sure there is an effective regulation of the sector, the Government will translate the new Law creating the regulation authority into Decrees and appoint its Head. The new and independent regulatory body will be under the umbrella of the Prime Minister’s office with due authority.

92. **To improve the financial situation of the water sector, the Water Sector Regulation Authority has established tariff adjustment plan based on a cost coverage approach methodology (Trigger 7).** A cost coverage approach tariff system in the water sub-sector will improve prospects for new investments to expand the existing water supply network and build/rehabilitate water supply systems. The Regulator will provide a multi-year adjustment plan series based on the new methodology and planned investment. Planned tariff adjustment will not impact households whose water consumption is below or equal to 10 m³ on a monthly basis. These consumers are identified as poor because of very limited fittings connected to water pipe (toilet, washroom, kitchen, washing machine, etc.). The current tariff structure already allows cross subsidies by which households consuming more than 20 m³ subsidize the social trench.

93. **SPEN has established a transparent and competitive framework for the service expansion aimed at improving access to potable water in three rural in rural centers (Trigger 8).** To expand coverage in rural areas, the Government has transferred 75 rural centers in the list of areas covered by the SPEN that will require significant investment. The SPEN will ensure that the investment framework is clear, transparent and fully competitive. This will provide a reassuring and a collaborative framework for the private sector, without which it will be difficult to cover the needs of more than 1.3 million users that have not had access to potable water previously.

**Expected results**

94. **By the end of the program in 2021, it is expected that:** (i) the financial situation of the SPEN will improve significantly, with financial results after taxes increasing from a deficit of CFAF 300 million in 2018 to a surplus of CFAF300 million; (ii) 550,000 previously unserved beneficiaries, representing 42 percent of the target population will have access to potable water.

**Pillar 3. Improving Debt Transparency and Debt Management Capacity**

**Prior Action 9.** The Recipient, through its President, has issued Decree no. 2019-598/PRN/MF dated October 18, 2019, centralizing all public debt management responsibilities in a dedicated unit within the Treasury to improve the efficiency of debt management operations.

**Prior Action 10.** The Recipient, through its Ministry of Finance, has issued Ministerial Order (Arrete) no. 000401/MF/SG dated October 18, 2019, expanding the scope of debt-reporting
requirements to PPPs and state-owned enterprises’ debt including by instrument and debt holder on a quarterly basis to improve the comprehensiveness of debt reporting.

Background

95. Niger’s risk of overall and external debt distress is moderate according to the latest DSA (June 2019), but public debt level has increased significantly over the recent past. Public and publicly guaranteed debt increased from 25.6 percent of GDP in 2013 to 54.2 percent of GDP in 2019. This is in part due to large development needs including significant public investment in the natural resources sector and in infrastructure, and to the securitization of domestic arrears. External debt, which accounts for around 67 percent of debt stock is dominated by concessional loans.

96. As the supply of highly concessional loans is limited, the Government has tapped into domestic financing, leading to a significant increase of domestic debt. Domestic debt has increased from 4.6 percent of GDP in 2013 to 17.7 percent in 2019 as the Government issued domestic securities in the regional market, contracted syndicated debt and non-concessional loans from the West African Development Bank (Banque Ouest Africaine de Développement, BOAD) to finance fiscal deficit. About 86 percent of the local currency debt consists of securities and short-term loans issued at or around market rate. Given the increase in domestic debt and its composition, the overall cost of debt is expected to increase, and its average time to maturity may deteriorate over time. In addition, contingent liabilities stemming from PPPs and SOEs could add to those risks and lead to a deterioration of the medium and long-term debt sustainability.

97. Mitigating these risks entails improving debt management capacity. The 2013 Debt Management Performance Assessment (DEMPA), a World Bank technical assessment, identified several areas of weakness in public debt management. These are related to governance, including the lack of a central debt unit – structured in back/middle/front office, coordinating the currently fragmented debt operations. Efficient public debt management requires a well-defined organizational framework which provides a clear division of roles and responsibilities for conducting debt-relating operations with the final goal of implementing the debt management strategy. Overlapping roles, lack of coherent information flows may create operational risks. Another weakness relates to the quality of the design and the weak implementation of the medium-term debt management strategy. In the absence of a strategy and an annual borrowing plan derived from it, borrowing decisions are taken on ad-hoc basis, without considering their cost/risk implications.

98. The Government has started to strengthen the overall debt management framework, but some key shortcomings related to the fragmentation of debt management remain. An inter-ministerial debt management committee, chaired by the Prime Minister, was created in 2015. It holds quarterly meetings and delivers an opinion on the debt strategy and the annual borrowing plan. It also evaluates the terms and conditions of traditional and non-traditional lenders as well as project loan agreements. The legal framework governing debt and the inter-ministerial debt management committee is consistent with the regional framework set by UEMOA. The committee is supported by a permanent secretary that ensures the coordination of debt management across ministries and makes sure debt contracting is in line with fiscal and debt sustainability. The framework has helped monitor non-concessional borrowing as well as the accumulation of external and public debt to maintain fiscal and debt sustainability. However, the
management of public debt remains fragmented as roles and key responsibilities are spread within multiple entities, raising operational risks.

99. The debt strategy has been strengthened and the quality of debt reporting and analysis has also improved. The Government updated the Medium-term Debt Strategy (MTDS) in 2016, which was followed by an updated borrowing plan to maintain the cost profile of the portfolio low. The Government also reviewed the PPP framework based on an assessment of risks. With respect to the reporting and analysis framework, the debt unit conducts domestic and external debt sustainability analyses twice a year and integrated debt servicing into the budget. Finally, a quarterly report on debt management, including the decisions related to the activities of the inter-ministerial debt committee, is regularly published, along with the three-year borrowing plan that defines the debt strategy and identifies the investment projects and the sources of financing.

100. However, the coverage, timeliness and comprehensiveness of debt statistics requires further improvement. SOEs benefit from large transfers from the central government and the level of fiscal risk emanating from SOEs is significant. Fiscal risks are exacerbated by SOEs’ increased access to commercial credit and recourse to short-term debt guaranteed by the State. The implementation of the action plan based on the findings of the Integrated SOEF assessment completed in 2019 will help reduce the fiscal risks from SOEs.21 This tailored action plan seeks to improve financial oversight and management of fiscal risk. As part of the initial redressing measures, the Government strengthened the legal framework on SOE oversight by revamping the financial supervisory authority of SOEs. However, SOEs’ financial statements have not been published since 2011 and SOEs’ debt data are not captured nor are they reported.

101. The DPF series will seek to address the shortcoming in debt management and transparency to mitigate fiscal risks. The prior actions and triggers of this DPF will seek to (i) address the fragmentation of roles and responsibilities in debt management and improve debt strategy; and (ii) establish transparency in SOEs’ debt and financial situation.

Prior Actions

102. The Recipient has issued Decree centralizing all public debt management responsibilities in a dedicated unit at the Treasury (Prior Action 9). Despite recent improvements, the current legal and organizational framework in Niger does not provide a stable ground for sound public debt management, in conformity with the WAEMU rules.22 The front office of external debt is still under two ministries, the ministry of finance and the ministry of planning. In addition, the back office of domestic and external debt is spread between different entities at the Directorate of public debt at the ministry of finance. Finally, the middle and back office function is under the Directorate of public debt. Due to overlapping roles, lack of coherent information flows and operational risks, it is necessary to designate a single managing authority and specify responsibilities within the entity. The Prior Action will help establish a front-middle-back office structure.

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21 A three-year, sequenced and selective action plan focused on: (i) strengthening the institutional framework for financial oversight; (ii) improving financial information and monitoring of fiscal risk; (iii) increasing transparency and improving audits; and (iv) adopting and implementing legal reforms.

22 The WAEMU rule 09/2007/CM/UEMO requires the designation of one single entity structured with the front-middle-back office.
103. **The Recipient has issued a Ministerial Order to expand the scope of its existing debt-reporting arrangements to include coverage of PPPs and SOE debt, including by instrument and debt holder (Prior Action 10).** By adopting these texts, the Government initiates the steps to address the shortcoming in debt reporting comprehensiveness. The legal text gives instruction to capture and include PPP data and SOEs’ debt in the debt reporting publications. SOEs and PPPs’ debt are already being collected to be included in the debt reporting systems.

**Indicative Triggers**

104. **The Government has approved and published a MTDS (Trigger 9).** Domestic debt has increased significantly, and the Government relies mainly on short-term bond issuances – regularly roll-over – to banks in the regional market, a process overseen by Western African Monetary Union (*Union Monétaire Ouest-Africaine*, UMOA) Titres (AUT), coupled with syndications. In addition, recently Niger has been increasingly investing in large PPPs. Niger’s debt strategy needs to be updated and the assessment of the existing cost/risk trade-offs of different borrowing choices should be framed in a debt strategy.\(^{23}\) Doing so will help improve Niger’s debt profile. The debt strategy will be reflected in the annual borrowing plan.

105. **The Government has improved transparency and quality of debt reporting by (i) requiring SOEs to publish the certified financial statements on an annual basis consistent with the OHADA/SYCOHADA methodology; (ii) ensuring the publication of certified financial statements of the 5 largest SOEs for the 2011-2016 period; and (ii) including the 11 largest SOEs and all PPPs’ debt in the debt reporting systems (Trigger 10).** These publications will be issued by July 2020 and published on websites accessible to the public. The audits of SOES have started with the results for the largest ones\(^{24}\) to be validated by statutory auditor and published in the form of financial statements in compliance with the regional dispositions. The debt reporting will consist of (i) the quarterly debt bulletin (ii) and the [2019] annual debt report. The updated publications on debt will include instrument and debt holder. The annual debt report will include the cost-risks analysis of the debt portfolio and an evaluation of the debt strategy. Beyond the implementation of the triggers, the Government will continue the audits of SOEs to reduce the backlog in terms of number of SOEs and period covered.

**Expected results**

106. **By the end of the operation in 2021, it is expected that:** (i) the Government will produce a borrowing plan including a cost/risk analysis of the debt portfolio; (iii) 75 percent of SOEs will comply with debt reporting arrangements, compared to 0 percent in 2019; and (iii) 50 percent of SOEs, will publish certified financial statements compared to 0 percent in 2019. These SOEs will include the largest units as a priority according to the criteria defined above.

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\(^{23}\) Recently, the ATU raised 100 billions XOF over 3, 5 and 7 years (in fine) money and offered better terms that syndicated loans. Source: ATU, 2019.

\(^{24}\) The selection of the largest SOEs uses criteria taking into account the turnover and the debt of the SOEs.
4.3. LINK TO CPF, OTHER BANK OPERATIONS AND THE WBG STRATEGY

107. The proposed DPF series is closely aligned with the Niger Country Partnership Framework (CPF)\(^25\) (FY18-22) and draws on the World Bank SCD. The CPF was endorsed by the Board of the WBG Executive Directors in April 2018. It is built around three focus areas: (i) increased rural productivity and incomes; (ii) improved human capital and social protection, and; (iii) better governance for jobs, service delivery and growth. It also introduces three lenses/filters to simultaneously address gender, fragility and spatial inequities and identifies DPF as a key instrument supporting the World Bank strategy in Niger. The proposed operation draws on the SCD which concluded that gender inequality and closing rural infrastructure gap is a priority in Niger.

108. The proposed series builds on the predecessor “Fostering Rural Growth Development Policy Financing” (P163318 – P166124). Under the previous series, the Government created a legal and regulatory framework and implemented tariff revision to reflect cost-reflective tariff in electricity while ensuring the financial health of the utility – NIGELEC. In this proposed series, the Government deepens access by bringing in the private sector and increase the share of renewables. The previous DPF series also helped establish the governance principles and mechanisms supporting the use of disruptive technology in key areas and in pilot phases. These include the development of e-voucher and e-extension to support agricultural productivity, the launching of the smart village concept to support e-education, e-administrative and e-health in remote areas. The scaling p of these activities are being addressed in World Bank IPFs. Lastly, it supported the development of the Road Fund Maintenance to ensure adequate maintenance of rural roads and the payment of arrears to beneficiary communities of natural resources transfers.

109. The proposed operation reflects the spatial coordination promoted by the CPF. The CPF argues that “business as usual” is no longer an option for Niger and tackles growth constraints and other drivers of fragility by focusing on the most fragile and crisis-affected regions. The focus on rural areas in education, the development of on-grid electrification and the off-grid central solar, and in water where the bulk of poor live support that approach.

110. The proposed program complements several World Bank investment projects and TA programs. Under Pillar 1, the SWEDD project (P150080) supports the PDO of the Operation. It aims to empower women and adolescent girls and improve their access to quality reproductive and maternal health products. Under Pillar 2, the World Bank has supported the design of the National Electrification Strategy which has informed the Niger Electricity Access Expansion Project (NELACEP, P153743). The Niger Solar Electricity Project (P160170) provides the testing ground for private sector-led rural mini-grids. In the water sector, the World Bank has supported the government strategy through the Water Sector Project (WSP-P061558) until December 2009 and since 2011 with the Urban Water and Sanitation Project (PEAMU P117365). The WSP which was instrumental in increasing access to piped water, reforming the urban water sub-sector and improving its operational performance. As a continuation of the World Bank engagement in the water sector, the PEAMU aims to increase access to sustainable water services and to improved sanitation services.

\(^{25}\) Report number: 123736-NE
111. Both Pillars 1 and 2 will benefit from strengthening of local governments. Competencies in four sectors – including water and education – and the associated financial and human resources are being transferred to regions and local councils. In the education sector, three out of the five competencies have been successfully transferred: (i) the recruitment and management of contractual teachers; (ii) school mapping plans; and (iii) the construction and maintenance of kindergartens, preschools, primary schools, and non-formal primary education centers. In Water, the management of service points has been fully transferred. The Projet de Capacités et de Performance du Secteur Public pour la Prestation de Services (Capacity and Performance Project for Public Service Delivery, PCDS) Projects (P145261) is currently supporting civil service reforms including planning the transfer of human resources to local governments. The pipeline project Governance of Extractive for Local Development (GOLD, P164271) will strengthen public finance management system enabling local authorities to manage their resources properly, including water and school infrastructures and service delivery.

112. The program is anchored in the WBG’s Africa Human Capital (HC) Plan and the World Bank Gender Strategy. Niger is among the 22 countries in Africa which have joined the Human Capital Project as of April 2019. The Africa Human Capital Plan sets forth a proactive, multi-faceted approach for WBG support to human capital outcomes, acknowledging that strong governance, quality of service delivery, improved financing, and a whole-of-society approach represent intertwined drivers of HC progress. The Plan sets ambitious human capital targets to be achieved by 2023 and identifies game changers for World Bank support. These include – among others - policy reforms aimed at tackling constraints to improved service delivery (such as, for example, water and electricity for schools and health facilities) and empowering women. The DPF is also aligned with the two priorities of the World Bank’s Gender Strategy: (i) enhancing human capital; and (ii) enhancing women’s voice and agency.

4.4. CONSULTATIONS AND COLLABORATION WITH DEVELOPMENT PARTNERS

113. The DPF series is designed to support the implementation of the PDES II which was developed through an inclusive participatory process with the active involvement of the World Bank. Consultations for the PDES II were held with civil society organizations, members of academia, the private sector, and representatives from Niger’s development partners. The PDES II strategy was informed by the World Bank’s analytical work on socioeconomic conditions in Niger and the drivers of economic growth.

114. The SCD on which the proposed operation heavily draws was prepared through an inclusive consultation process. The SCD benefited from formal and informal consultations during June and September 2016 with government staff, civil society and the private sector, traditional leaders, parliamentarians, representatives from NGOs and staff from research institutions as well as representatives from bilateral and multilateral donor organizations.

115. The findings and recommendations of the World Bank Gender report were discussed with all public entities in December 2018. Following the dissemination, a high-level Committee was created to (i) follow up on existing initiatives aimed at promoting gender equality; (ii) propose an action plan to implement the recommendation of the study, and (iii) follow up on the gender measures to be considered under this proposed DPF series. All measures discussed in this program document have been discussed among public sector actors and endorsed by the Government.
116. **The World Bank has collaborated closely with other development partners in the preparation of the proposed operation.** Under the leadership of the Government, the World Bank, the European Union (EU), and the African Development Bank (AfDB) maintain regular consultations on the budget support framework. This approach leverages complementarities in the operations of development partners, ensures the coherence of policy dialogue between them and the Government, and reduces the administrative burden on the authorities. These contribute to making progress towards the objectives of the proposed DPF series.

### 5. OTHER DESIGN AND APPRAISAL ISSUES

#### 5.1. POVERTY AND SOCIAL IMPACT

117. **Several actions supported by the proposed operation are expected to have significant positive poverty reduction and welfare enhancement impacts.** Measures under Pillar 1 and 2 supporting the proposed DPF series are specifically designed to speed the pace of poverty reduction by broadening economic and social inclusion, offering community-based development opportunities and improving women and girls living conditions and promoting access to electricity and water services.

118. **Under Pillar 1, the reduction in the number of child marriages and the increase in girls’ enrollment in schools are expected to have a direct impact on welfare.** A recent global study and the Niger Gender Study on the economic impact of child marriage and low educational attainment showed that these reforms have a wide range of positive impacts on welfare and development outcomes through not only girls’ empowerment (for example in terms of partner’s violence and decision-making), health and education outcomes, but also on their children (for example in terms of under-five mortality and stunting as well as birth registration) and their families (for example in terms of earnings and poverty).

119. **Under Pillar 2, the development of the electricity sector will create business opportunities and along with the initiatives to expand access to potable water will improve rural welfare.** Rural electrification will make health centers and schools in remote areas more operational and contribute to better social outcomes. Access to electricity will also provide income opportunities by enabling productive use of electricity and small businesses for women. Limited negative social impacts are expected. In the energy sector, projects sites are chosen carefully to avoid any physical displacement of the population or sensitive areas such as protected, cultural heritage and agriculture areas. If there are economic losses related to the loss of usage of the land by local population, compensations will be provided to affected people. A livelihood restoration plan will be implemented consistently with the national environmental law which is consistent with the World Bank policies and standards on social safeguards.

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

121. **As access to water supply increases, risks associated with the lack of access to sanitation services will receive due attention.** Sanitation is a high priority in Niger given the level of infrastructure and high rate of open defecation (OD). The World Bank has been supporting the Government on this issue for many years through TA and it continues to be central to its policy dialogue with the Government. Future operational engagement in the sector will strengthen institutional sanitation (in education and health infrastructure) and the support of behavioral approaches/ communication around sanitation and point of use water treatment. It is beyond the scope of the DPF to address those issues, but they are clearly considered of high importance by both the World Bank and counterparts.

### 5.2. ENVIRONMENTAL ASPECTS

122. **The proposed prior actions in the energy sector pose environmental risks, but these risks are manageable.** Solar based rural electrification projects may have minor negative impacts including small land acquisition, land clearing with tree cutting and construction waste (solid and liquid waste due to workers’ presence). Large on-grid power plant may require larger land acquisitions. The country has a regulatory framework in place to mitigate these risks. There is an environmental social impact assessment of risks and mitigating measures and projects sites are selected to avoid or minimize potential environment and social impact and avoid physical displacement. Environmental and social management plans (ESMP) and resettlement action plans with dedicated budgets are prepared to address identified or applicable risks. Exposed to donor financing, the sectoral capacity has been strengthened with training on World Bank safeguard policies and the new environmental and social framework. Implementing agencies, NIGELEC and the Agence Nigerienne pour la Promotion de l'Electrification Rurale (ANPER) (Niger Agency for the Promotion of Rural Electrification) have units staffed with Environmental and Social Safeguard specialists to safeguards dimension of the sector projects.

123. **From the sector standpoint, the water sector reforms might entail some risks, but they have been mitigated.** Environmental adverse impacts that could arise from an increased exploitation of water resources could increase risks related to destruction of some protected trees species and Niger River’s riparian countries conflict linked to international water intake and pollution. Screening of subprojects has taken place and will continue to ensure proper identification and mitigation of any adverse impacts. For every subproject, an Environmental and Social Impact Assessment (ESIA) is conducted, and if relevant, Resettlement Action Plan (RAP) is issued to compensate the affected population. The GoN notified the riparian countries of the Niger River, through the Niger Basin Authority (NBA), of the details of the proposed Project. The Government received the no-objection from the NBA to proceed.

124. **Niger has institutions dealing with environmental adverse impacts mitigation** These risks will be mitigated by the Ministry of Water that also oversees the management of water resources per the recently approved PANGIRE adopted at the end of 2017. This plan defines the appropriate national framework for water resources management which is inspired by the principles of water management internationally recognized, while adapting them to national conditions (art. 31 to 33, Water Code). As the PROSEHA was elaborated in parallel with the PANGIRE, both documents have envisioned a reciprocal
articulation through the PROSEHA sub-program for Knowledge, Monitoring and Protection of Water Resources.

125. **In addition, Niger has a comprehensive framework to ensure effective mitigation of potential negative effect on environment, forests, or other natural resources.** The Nigerien legislation includes a Law on Environment which states that any development or activity likely to affect the environment, including land use or land acquisition, as well as policies, plans, programs shall be subject to an environmental assessment. The national system is also endowed with other legal texts on environment protection and natural resources (water code, forestry code, etc.).

126. **The main services involved are the National Office of Environmental Evaluation (Bureau National d’Évaluation Environnementale, BNEE) and the General Directorate for Environment and Forestry.** The Government published on May 14, 2018 a new Law 2018-2028 determining fundamental principles for the Environmental Assessment in Niger. Article 24 of the law replaced the former BEEE[^26] by BNEE which retains the same staff and operational manual. Other national, regional and local institutions and agencies are also involved in the preparation, implementation and monitoring of environmental issues, including most prominently the National Center for Ecology and Environmental Surveillance (Centre National de Surveillance Ecologique et Environnementale, CNSEE), the Ministry of Water Resources, the Ministry of Health, etc.

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

5.3. **PFM, DISBURSEMENT AND AUDITING ASPECTS**

128. **Progress have been made to improve public financial management (PFM) through the strengthening of budget preparation, execution arrangements and commitment controls but overall fiduciary risks remain substantial.** Progress has been registered in several areas: (i) the comprehensiveness of budget documentation has improved, and the budgets are published in a readily accessible manner, both in the Official Journal, and on the Ministry of Finance’s website; (ii) payments are processed against the alignment of commitment plans with the Treasury cash plan; (iii) the public can access information about annual and in year budget reports, and (iv) the regulatory and legal framework in procurement has been better aligned to WAEMU Directives and international standards, and; (iv) the quality of program budgeting has improved, although not yet providing the necessary management autonomy enabling program managers’ accountability and resulting in arrears accumulation and increase

in domestic public debt. However, the fiduciary risks still require tight monitoring.

129. **A safeguards assessment of the BCEAO completed in 2018, on a four-year cycle for regional central banks, found that the BCEAO continues to maintain a strong internal control environment.** Key recommendations from the last assessment in 2013 have been implemented. BCEAO adopted International Financial Reporting Standards (IFRS) in 2015 and the selection criteria for the external auditors has been strengthened. The audited financial statements in the period since the last assessment have had unmodified (clean) audit opinions and are published on a timely basis.

130. **The proposed operation follows the World Bank’s disbursement procedures for DPF.** The Recipient is the Republic of Niger, represented by the Ministry of Planning. Fiduciary arrangements were reviewed by the World Bank during the preparation of the proposed operation. The IDA Grant and IDA Credit will be disbursed against satisfactory implementation of the development policy program and maintenance of satisfactory macroeconomic framework and will not be tied to any specific purchases. No procurement requirements are necessary.

131. **Proceeds of the IDA Grant and Credit.** Once the operation becomes effective, and provided that IDA is satisfied with Niger’s macroeconomic framework and with the program being carried out by the GoN, the latter will submit a withdrawal application to IDA. The withdrawal application will request that the proceeds of the IDA grant and credit be deposited in the BCEAO into a deposit account that forms part of the country’s official foreign-exchange reserves. Within five working days following the deposit of such funds, the Government shall ensure that an equivalent amount is credited in its budget management system in a manner acceptable to IDA, and it will report to IDA the amounts deposited in the foreign-currency account and credited to the budget management system. When the funds are disbursed from the deposit account, the official exchange rate for that day will be used. If any of the proceeds of the grant are used for ineligible purposes as defined in the Financing Agreement, IDA will require the Government to refund an amount equal to IDA promptly upon notice. Amounts refunded to the Association upon such a request shall be cancelled.

132. **The Association will reserve the right to seek an audit of the deposit account by independent auditors acceptable to the Association.** Within 30 days after disbursement of the grant and credit, the Government will report to IDA that (a) the proceeds were received into an account of the government that is part of the country’s foreign exchange reserves (including the date and the name/number of the government’s bank account in which the amount has been deposited); and (b) an equivalent amount has been accounted for in the country’s budget management system (including the Chart of Accounts name/account number, the date, and the exchange rate used). An audit, if requested, would be due within four months of the year end. The operation will be implemented by the Ministry of Finance. The closing date of operation will be December 31, 2021.

**5.4. MONITORING, EVALUATION AND ACCOUNTABILITY**

133. **The proposed operation will utilize an institutional framework for the coordination of economic and financial programs established by the Government.** This framework includes an inter-ministerial committee in charge of the coordination of external projects and budget supports, chaired by the Minister of Planning, while day-to-day oversight and supervision of implementation of these projects is delegated
to a technical committee. The technical committee regroups all entities involved in the implementation of all existing budget support programs, which will improve the coordination of reforms and the flow of information within the Government. Primary technical responsibility for the implementation reforms will rest with line ministries involved, with overall coordination provided by the technical inter-ministerial committee. A Results Matrix included in Annex 1 sets out the two operations of the proposed DPF series, defines relevant indicators and empirical benchmarks to monitor progress during implementation. It also enables a thorough ex post evaluation following the end of the program in 2021. Niger’s development partners will track progress on the reform agenda through a harmonized review process.

134. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by specific country policies supported as prior actions or tranche release conditions under a World Bank DPO may submit complaints to the responsible country authorities, appropriate local/national grievance redress mechanisms, or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

6. **SUMMARY OF RISKS AND MITIGATION**

135. **The overall risk rating for the proposed operation is substantial.** There is the risk that the nature of fragility in Niger leads to a more negative trajectory than the current situation fully reflects. The improvement in growth and the macroeconomic situation has been achieved through a combination of reform efforts, support from partners and favorable factors including weather conditions. But risks need to be acknowledged. Sources of programmatic risk and their respective risk ratings are presented in Table 6. The categories deemed to pose a substantial threat to the proposed operation are the government’s institutional capacity for implementation and sustainability, the fiduciary risks, the technical design of project or programs, the stakeholder risks, the security and the macroeconomic risks. All other risks are deemed moderate.

136. **Macroeconomic risks are substantial.** External and natural shocks could increase fiscal pressures and result in fiscal slippages. For instance, depressed commodity prices and security challenges may affect the macroeconomic situation. Commodity price shocks could continue adversely affecting government revenue and affect social and infrastructure investment in rural areas. The security challenge and the cost for hosting refugees would challenge fiscal stability by both diminishing public revenues and deviating spending from economic priorities. Additional adverse risks may include a potential tightening of global financial conditions, which would strain the government’s ability to access regional markets at affordable terms. The proposed operation helps address these risks by creating incentives for the private sector to invest in infrastructure. The continued implementation of IMF ECF programs and the macroeconomic anchor offered by Niger’s membership in the WAEMU also help mitigate macroeconomic risks.
137. **Risks involving the technical design of the program are substantial.** The actual implementation of some of the actions underpinning the proposed DPF series may be challenging. Attracting the private sector in the electricity sector may prove challenging despite the IFC advisory help and MoU signed by operators. The implementation of tariff adjustment in water, even if justified, may be difficult challenging given the political and social cost that may be associated with it. The expansion of access to potable water in the 75 rural centers would need resolving the cross-debt situation between the SEEN and the SPEN. However, the government’s commitment to the reform agenda is strong and based on a broad political consensus and agreement among all stakeholders. For example, for the first time after 30 years, the Government increased electricity tariff under the previous operation. Support to the reforms is motivated by the need to improve sector performance. These are expected to help mitigate the risks discussed above.

138. **Institutional capacity risks are substantial.** The implementation capacity of sector ministries is generally low. However, most of the prior actions are supported by investment-related projects. This is the case in gender, education, energy and water. In particular, the scaling up of the SWEDD project has been designed to support the DPF reforms in gender. Better supervision by the inter-ministerial committee to oversee the reform implementation by line ministries will reinforce intersectional coordination. In addition, regular consultations between Niger’s development partners involved in DPO reduces risks stemming from the demands of multiple international agencies on the government’s administrative capacity.

139. **Fiduciary risks are rated substantial.** Notwithstanding progress over the recent past, Niger’s PFM system still faces a number of challenges in budget planning and execution due to weak involvement of sector ministries in the budget formulation process and weak forecasting capacity. The triggers involving the establishment of a transparent and competitive system for the participation of the private in infrastructure development requires due attention to the process, so it remains fully as such, and not be affected by dubious practices. The government’s commitment to the PFM agenda as evidenced by the progress made in recent years in commitment controls, procurement process and the massive technical support in PFM by partners are expected to help mitigate fiduciary risks.

140. **Stakeholder risks are rated substantial.** As a practice embedded in beliefs associated with cultural, and sometimes religious norms, early marriage is a complex issue. This is why a set of tools to raise awareness among the local communities, and comprehensive strategies, including societal factors, to address the main drivers of child marriage, such as poverty, increased education for girls and community outreach programs are needed. The multi-faceted strategy of the measures addressing early marriage in this DPF series and the synergy between the DPF measures and the SWEDD project are expected to increase the chances of creating tangible impact in this area.

141. **Other risks are rated substantial (Climate and Disaster risks, and Security risks).** Climate and Disaster risks. Floods, high temperatures and droughts constitute the main climate hazards facing Niger, given the country’s reliance on natural resources and agriculture for livelihood. According to climate risk assessment tool, water is the main pathway of Niger’s vulnerability to climate variability and water scarcity is among the main climate change risks facing Niger. The Niger river is the only permanent water course and its flows vary by a factor of superior at 10 between the dry and rainy seasons. Such inter-annual variability increases the damages caused by floods and droughts. Reducing Niger’s vulnerability to
climate change requires more significant investment and greater integration of climate change adaptation and disaster risk reduction into on-going development programs. The Government is addressing the main climate hazard challenges, including with the integration of climate change dimension in all its development strategies. The Government also made some commitments under the Paris agreement and is preparing a document related to its Intended Nationally Determined Contribution (INDC).

142. Security concerns would divert public resources away from spending to support infrastructure and social programs and may affect the expected outcomes of the DPF. Niger remains vulnerable to security risks in neighboring countries. If security deteriorates, it will likely impact the implementation and the expected outcomes of the proposed reforms. The fiscal implications from the counterinsurgency strategy and the space for policy-based lending will improve if the security challenges improve or Niger receives support to address these challenges.

Table 5: Systematic Operations Risk-rating Tool (SORT)

<table>
<thead>
<tr>
<th>Risk Categories</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Political and Governance</td>
<td>Moderate</td>
</tr>
<tr>
<td>2. Macroeconomic</td>
<td>Substantial</td>
</tr>
<tr>
<td>3. Sector Strategies and Policies</td>
<td>Moderate</td>
</tr>
<tr>
<td>4. Technical Design of Project or Program</td>
<td>Substantial</td>
</tr>
<tr>
<td>5. Institutional Capacity for Implementation and Sustainability</td>
<td>Substantial</td>
</tr>
<tr>
<td>6. Fiduciary</td>
<td>Substantial</td>
</tr>
<tr>
<td>7. Environment and Social</td>
<td>Moderate</td>
</tr>
<tr>
<td>8. Stakeholders</td>
<td>Substantial</td>
</tr>
<tr>
<td>9. Other</td>
<td>Substantial</td>
</tr>
<tr>
<td>Overall</td>
<td>Substantial</td>
</tr>
</tbody>
</table>
### ANNEX 1: POLICY AND RESULTS MATRIX

<table>
<thead>
<tr>
<th>Prior Actions</th>
<th>Indicative Triggers (July 2020)</th>
<th>Result indicators</th>
</tr>
</thead>
</table>
| **PILLAR 1: REDUCING GENDER GAPS**

**Prior Action 1.** The Recipient, through its President, has issued Decree no. 2019-369/PRN/MPF/PE dated July 19, 2019 establishing Child Protection Committees at the national, regional, departmental, commune, and village to promote the abandonment of child marriage

**Prior Action 2.** The Recipient, through its Ministry of Public Health, has issued a Ministerial Order (*Arrete*) no. 000897/MSP/SG/DGSR/DSME of August 15, 2019 allowing access to family planning assistance to married adolescent girls without parents or husbands’ mandatory accompaniment, to improve their access to health services.

**Prior Action 3.** The Recipient, through its Ministry of Primary Education Literacy, Promotion of National Languages and Civic Education, its Ministry of Secondary Education and its Ministry of Technical and Vocational Education and Training, has issued Joint Ministerial Order no. 335 dated August 22, 2019 allowing adolescent girls to remain enrolled in school in the event of pregnancy or marriage, to improve educational attainment

**Trigger 1:** The Recipient has created and operationalized protection committees in the communes with highest prevalence of child marriage

**Indicator 1:** Share of targeted communes that have a Child Protection Committee

- **Baseline (2018):** 0 percent
- **Target (2021):** 30 percent

**Indicator 2:** Share of family planning demand met for adolescent girls aged 15-19

- **Baseline (2011):** 34.9 percent
- **Target (2021):** 45 percent

**Trigger 2:** The Government has adopted a legal act and the related measures to support young mothers and married girls returning to school.

**Indicator 3:** Share of adolescent girls aged 15-19 who are married and mothers in school system

- **Baseline (2006):** 1.3 percent
- **Target (2021):** 10 percent
## PILLAR 2: EXPANDING ACCESS TO ELECTRICITY AND POTABLE WATER

### A. Electricity

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>The Recipient, through its President, has issued Decree no. 2019-406/PRN/ME dated July 26, 2019 establishing the regulatory framework governing off-grid autonomous rural electrification projects which promotes private sector involvement and prioritizes renewable energy to increase access to electricity.</td>
<td>The Government has established a transparent and competitive system for the development of renewable energy powered rural electrification concession by the private sector.</td>
<td>Share of new power connections for targeted households in rural areas that access mini grid electricity</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Baseline (2018):</strong> 0 percent</td>
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<tbody>
<tr>
<td>The Recipient, through its President, has issued Decree no. 2019-462/PRN/ME dated August 23, 2019, adopting a national Electricity Transmission Grid Code, governing <em>inter alia</em> grid connection, commissioning of new electric infrastructure, and integration of renewable energy to promote private sector participation in the electricity sector.</td>
<td>The Government has established a transparent and competitive system for the development and construction of a solar power plant, consistent with the least cost power development plan for electricity generation and transmission.</td>
<td>Contracted Generation Capacity in solar energy (MWp)</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Baseline (2018):</strong> 0 MWp</td>
</tr>
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</table>
## B. Water

### Prior Action 7. The Recipient, through its President, has enacted Law no. 2019-15 dated May 24, 2019, establishing the Water Regulatory Authority to strengthen the institutional framework of the water sector.

**Trigger 5.** The Government, SPEN and SEEN have cleared their respective arrears in accordance with the 2017, 2018 and 2019 arrears clearance plan.

**Trigger 6.** The Government has: (i) adopted the implementing decrees for Water Sector Regulation Authority; and (ii) appointed its head by decree.

**Trigger 7.** The Water Sector Regulation Authority has established tariff adjustment plan based on a cost coverage approach methodology.

### Prior Action 8. The Recipient, through its Ministry of Water and Sanitation and its Ministry of Finance, has entered into an agreement (Contrat-Plan) with SPEN, on August 29, 2019, requiring SPEN to develop a master plan and investment programs, to improve access to basic water services.

**Indicator 6.** Net income (after tax) of SPEN (CFAF)

**Baseline (2018):** Deficit of CFAF 300 million  
**Target (2021):** Financial surplus of at least CFAF 300 million

**Trigger 8.** SPEN has established a transparent and competitive system for service expansion aimed at improving access to potable water in three rural centers.

**Indicator 7.** Number of previously unserved beneficiaries with access to potable water in targeted rural centers

**Baseline (2018):** 0  
**Target (2021):** 550,000
### Prior Actions

**Prior Action 9.** The Recipient, through its President, has issued Decree no. 2019-598/PRN/MF dated October 18, 2019, centralizing all public debt management responsibilities in a dedicated unit within the Treasury to improve the efficiency of debt management operations.

**Prior Action 10.** The Recipient, through its Ministry of Finance, has issued Ministerial Order (Arrête) no. 000401/MF/SG dated October 18, 2019, expanding the scope of debt-reporting requirements to PPPs and state-owned enterprises’ debt including by instrument and debt holder on a quarterly basis to improve the comprehensiveness of debt reporting.

### Triggers (July 2020)

**Trigger 9:** The Government has approved and published a MTDS

**Trigger 10:** The Government has improved transparency and quality of debt reporting by (i) requiring SOEs to publish the certified financial statements on an annual basis consistent with the OHADA/SYCOHADA methodology, (ii) ensuring the publication of certified financial statements of the 5 largest SOEs for the 2011-2016 period and; (ii) including the 11 largest SOEs and all PPPs’ debt in the debt reporting systems

### Result indicators

<table>
<thead>
<tr>
<th>Indicator 8: Borrowing plan including a cost/risk analysis of the debt portfolio</th>
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<tr>
<td>Baseline (2019): No</td>
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<th>Indicator 9: Share of SOEs complying with debt reporting</th>
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<td>Baseline (2019): 0 percent</td>
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<td>Target (2021): 50 percent, including the largest SOEs</td>
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ANNEX 2: LETTER OF DEVELOPMENT POLICY

2019 LETTER OF DEVELOPMENT POLICY
(Unofficial Translation)

REPUBLIC OF NIGER

Fraternité – Travail - Progrès

CREDIT D’APPUI BUDGETAIRE 2019

LETtre DE POLITIQUE DE DEVELOPPEMENT
CONTTEXTE

Le Niger est un vaste pays sahélo-saharien d'une superficie de 1 267 000 kilomètres carrés, enclavé et désertique sur plus de la moitié de son territoire. Il est soumis à une pluviométrie aléatoire, irrégulière et insuffisante dans le temps et dans l'espace. Le Niger fait face à une situation de sécurité fragile du fait des menaces et attaques directes sur le territoire de groupes terroristes installés dans quatre de ces pays frontaliers : le Nigéria, la Libye, le Mali et le Burkina Faso.

A ces contraintes, il faut ajouter le taux de croissance démographique de 3,9% et le taux de fécondité de 7,1 enfants par femme, tous deux parmi les plus élevés du monde. Par ailleurs, la volatilité des cours de l'uranium et du pétrole sont les principaux risques susceptibles d'affecter les perspectives macroéconomiques en 2019-2020.


CADRE MACROECONOMIQUE

Évolution des principaux indicateurs macroéconomiques en 2018

L'activité économique nationale a enregistré un taux de croissance de 6,5% en 2018 après 4,9% en 2017 comme en 2016. Cette hausse est particulièrement due au dynamisme des secteurs primaire et tertiaire.

Le secteur primaire, essentiellement informel, a été le principal moteur de la croissance de l'économie nigérienne. Ce secteur a enregistré une hausse de 7,4% en 2018 contre 5,7% en 2017. Cette performance est essentiellement imputable à la branche agriculture qui s'est accru de 10,3% sur la période. Concernant le secteur secondaire, il a connu une décélération de la croissance qui est passée de 5,5% en 2017 à 4,6% en 2018. Cette baisse s'explique par le recul des productions du pétrole et de l'uranium, atténuée par la forte augmentation de la production d'or.

S'agissant du secteur tertiaire, il a enregistré un taux de croissance de 6,6% en 2018 contre 4,4% en 2017. Cette performance s'explique principalement par la bonne tenue des services d'administration publique (+4,4%), du sous-secteur commerce (+4,7%) et dans une moindre mesure des activités de communication (+2,1%).

L'inflation est ressortie à 2,7% en 2018 contre 2,4% en 2017. Elle demeure en dessous de la norme communautaire de 3%. Les mesures prises par le Gouvernement en 2018, notamment les ventes de céréales à prix modérés et les distributions gratuites des vivres aux populations vulnérables, ont permis de contenir les tensions inflationnistes observées au cours des six (06) premiers mois de l'année. Au plan des finances publiques, on note une progression des recettes plus importantes que celle des dépenses. En effet, en 2018, les recettes budgétaires ont connu une hausse de 26,7% représentant 16,9% du PIB. Cette hausse a été essentiellement portée par les recettes fiscales qui ont augmenté de 27,1%, induisant un taux de pression fiscale de 15,2% contre 13,1% en 2017.

S'agissant des dépenses publiques, elles ont progressé de 18,8% pour représenter 29,1% du PIB en 2018 contre 6,7% en 2017. Cette évolution a été portée, à la fois, par les dépenses courantes (6,0%) qui ont représenté 13,3% du PIB et les dépenses en capital qui ont connu une hausse de 33,0% pour se situer à 15,5% du PIB. L'évolution des échanges extérieurs reste caractérisée par la persistance d'un déficit structurel de la balance des paiements qui s'est élevé à 16,2 % du PIB, consécutivement à la détérioration du solde des transactions courantes due à une hausse importante des importations. En
effet, le solde du compte courant est passé de -763,8 milliards de FCFA en 2017 à -985,5 milliards de FCFA en 2018, soit une dégradation de 221,7 milliards de FCFA. A fin décembre 2018, la situation monétaire a été marquée par une contraction des actifs extérieurs nets et de la masse monétaire et une expansion des créances intérieures.

En ce qui concerne la convergence au sein de l’UEMOA, sur cinq (05) critères, le Niger en a respecté trois (03) en 2018, à savoir le taux d’inflation, le taux d’endettement (47,8%>70%) et le ratio masse salariale en pourcentage des recettes fiscales. Les critères non respectés concernent le solde budgétaire dont compris en pourcentage du PIB (-5,2%) et le taux de pression fiscale.

Perspectives macroéconomiques en 2019

Pour l’année 2019, les perspectives sont bien orientées avec un taux de croissance de 6,8%. Cette croissance, qui serait portée par les secteurs secondaire et tertiaire, se déroulerait dans un contexte d’évolution modérée des prix. Cette évolution de la croissance serait imputable principalement à la mise en œuvre d’importants projets dans le domaine pétrolier, de la construction (barrage hydro-agricole de Kandadji, infrastructures liées au Sommet de l’Union Africaine, route, etc.) et dans le secteur agricole avec réalisation des investissements structurants dans le cadre de l’Initiative 3N et du Millénium Challenge Corporation (MCC). Toutefois, les incertitudes liées aux aléas climatiques et aux menaces sécuritaires risquent de limiter les efforts du Gouvernement dans ce domaine.

En matière des finances publiques, les efforts de mobilisation des recettes se poursuivront et devront être complétés par des mesures d’amélioration de la qualité des dépenses. En ce qui concerne la mobilisation des recettes, les mesures porteront notamment sur le renforcement du système fiscal et la poursuite de la mise en œuvre des plans d’action des différentes régies. Ainsi, le taux de pression fiscale s’établirait à 14,9% en 2019 contre 15,2% en 2018. Pour ce qui est de l’amélioration de la qualité des dépenses, les mesures majeures porteront sur l’amélioration de la programmation financière et budgétaire et le renforcement de la gestion des investissements. En somme, le déficit global dont se détériorerait en 2019 pour se situer à 4,4% du PIB contre 4,1% en 2018.

Au plan extérieur, le déficit de la balance des transactions s’établirait à 21,0% du PIB en 2019 contre 18,0% en 2018. Cette situation serait engendrée principalement par la dégradation de la balance des biens et services (11,1%), en raison des importations massives dans le cadre de l’exécution de divers chantiers et de la progression modérée des exportations.

Le risque de surendettement global et extérieur du Niger est modéré selon la dernière analyse de viabilité de la dette (juin 2019), mais le niveau de la dette publique a considérablement augmenté ces dernières années. La dette publique et la dette garantie publiquement est passée de 25,6% du PIB en 2013 à 54,2% du PIB en 2019. Cela s’explique en partie par les besoins de développement importants, notamment des investissements publics importants dans le secteur des ressources naturelles et dans les infrastructures, ainsi que par la sécurisation des arrières intérieurs. La dette extérieure, qui représente environ 67% du stock de la dette, est dominée par les prêts concessionnels.

Défis majeurs

Au regard du diagnostic de la situation économique, politique, sécuritaire et sociale, de l’évaluation de la prise en compte des Objectifs de Développement Durable (ODD) dans les politiques publiques et des leçons tirées de la mise en œuvre du PDES 2012-2015, il apparaît un certain nombre de défis majeurs à relever pour accroître le bien-être des nigériens.

Garantir davantage la sécurité des personnes et des biens

La situation sécuritaire dans la sous-région, caractérisée par les rebellions armées et des attaques
terroristes récurrentes, explique en quoi la sécurité est un défi crucial au Niger. Ceci est d’autant plus vrai que la sécurité est étroitement corrélée avec le développement dont elle est l’une des conditions sine qua non. Aussi les principaux défis du sous-sector sont-ils la lutte contre le terrorisme, la nécessaire surveillance du territoire, la lutte contre la circulation des armes illicites, le trafic de drogue et la migration irrégulière, la prévention et la gestion des conflits, la lutte contre les attaques à mains armées et le vol de bétail.

Renforcer la bonne gouvernance

Le premier volet de la bonne gouvernance est celui de la modernisation de l’État. L’amélioration de l’efficacité de l’administration est essentielle pour le développement économique et social. À ce titre, il est indispensable que les conditions d’un fonctionnement efficace des services publics soient renforcées. Il importe également que les conditions de viabilité des collectivités territoriales soient créées.

Un autre point important du défi de la gouvernance est la consolidation de l’indépendance de la justice et le rapprochement de celle-ci du citoyen. Le problème de la gouvernance concerne également la problématique de la corruption. En effet, bien que des progrès notables aient été enregistrés en matière de lutte contre la corruption, le phénomène demeure relativement important. Il sied donc que des actions vigoureuses soient envisagées pour lutter contre la corruption à tous les niveaux.

Assurer la transition démographique

La structure de la population et le rythme de sa croissance affectent l’atteinte des objectifs en matière de développement économique et social. En effet, cette forte croissance démographique entraîne une énorme pression sur les ressources de manière générale et accentue la demande en services publics (santé, éducation, eau potable et alimentation) et de l’emploi. Cela contribue également à rehausser le ratio de dépendance démographique qui s’est établi à 11.2% en 2015. Les limites des politiques mises en œuvre ces dernières années doivent conduire à un changement de méthode et à une mobilisation plus forte et mieux concertée de l’ensemble des acteurs.

Relier le capital humain

La qualité des ressources humaines est la clé de voute du développement économique et social de toute nation. Des ressources humaines bien formées et en bonne santé réduisent le risque de se retrouver au chômage. Une bonne formation a trait non seulement à la qualité des enseignements mais aussi et surtout à l’adéquation de la formation aux besoins de l’économie. Aussi, le développement à long terme exige l’éducation pour tous. Une autre dimension majeure de la qualité des ressources humaines a trait à l’analphabétisme qui reste très élevé. En outre, la qualité du capital humain dépend aussi des prestations des services de santé pour tous, qui au regard de la couverture sanitaire, de la situation de la santé de la mère et de l’enfant et de la nutrition est à améliorer.

Poursuivre la promotion d’une croissance économique durable et inclusive

L’évolution de la croissance telle qu’observée au cours des dernières années traduit une situation erratique qui n’est pas de nature à permettre au pays de réaliser ses objectifs de développement durable, inclusif et équitable. Tendre vers une véritable transformation structurelle de l’économie est un défi majeur pour le Niger.

Les principaux éléments liés à ce défi concernent, entre autres, la faible diversification de l’économie, la faiblesse de l’entrepreneuriat, le faible développement des chaînes de valeur agro-sylvopastorales, industrielles et minières, le problème du financement (faible niveau de consommation de crédits sur financement extérieur, faible taux de pression fiscale et de rationalisation des exonérations fiscales), la
faible efficacité des dépenses publiques et le faible développement des infrastructures économiques (énergie, routes et transports, télécommunications, eau, etc.).

**Renforcer la sécurité alimentaire et nutritionnelle**

L’éradication de la faim et de la malnutrition constitue le principal défi à relever. Les aspects de ce défi portent pour l’essentiel sur la diversification des productions agro-sylvo-pastorales, la sécurisation des systèmes de production agricole et animale, la promotion des chaînes de valeur des produits agro-sylvo-pastoraux et halieutiques. On note également la problématique de la transformation et l’approvisionnement régulateur des marchés ruraux et urbains en produits agricoles et animaux et agro-alimentaires. En outre, le faible accès aux produits agricoles, pastoraux et halieutiques a un impact négatif sur l’état nutritionnel de la population.

**Adapte les systèmes de production aux changements climatiques**

Le Niger fait face à une dégradation accélérée du couvert végétal, une fragilisation des écosystèmes et un appauvrissement de la diversité biologique. La récurrence des crises alimentaires et nutritionnelles due aux aléas climatiques est aussi une préoccupation permanente à laquelle il faut faire face.

**Promouvoir le changement de comportements et mentalités**

Le recul de l’éthique au travail, notamment dans la fonction publique, le recul de la valeur du mérite, l’incivisme fiscal et par rapport au bien public, les perceptions sur les questions démographiques et sur l’école et particulièrement la scolarisation des filles ne sont pas de nature à favoriser le développement. Le changement de ces comportements et de ces mentalités est indispensable pour la modernisation sociale, politique et économique du pays.

**POLITIQUE DE DEVELOPPEMENT A MOYEN TERME**


Le PDES 2017-2021 ambitionne de contribuer au développement du pays à travers cinq (5) axes stratégiques. Ils sont inter-reliés et reflètent, dans leur ensemble, les principales dimensions du développement humain durable. Il s’agit de : (i) la renaissance culturelle; (ii) le développement social et la transition démographique; (iii) l’amélioration de la croissance économique; (iv) l’amélioration de la gouvernance, paix et sécurité et (v) la gestion durable de l’environnement.

**Principaux résultats de la mise en œuvre du PDES 2017-2021 à fin décembre 2018**

L’impact attendu du PDES est «le bien-être de la population nigérienne est amélioré» qui est mesuré à travers trois indicateurs : (i) Indice de Développement Humain (IDH), (ii) Indice Mo Ibrahim et (iii) Proportion de la population vivant en dessous du seuil national de pauvreté. Ce résultat sera atteint à travers les 5 axes stratégiques suivants : (i) la renaissance culturelle; (ii) le développement social et la transition démographique; (iii) l’accélération de la croissance économique; (iv) l’amélioration de la gouvernance, paix et sécurité et (v) la gestion durable de l’environnement.
**Tableau 1: indicateurs d'impact**

<table>
<thead>
<tr>
<th>Impact</th>
<th>Code</th>
<th>Indicateur</th>
<th>Référence 2017</th>
<th>Cibles 2018</th>
<th>Valeur atteinte 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Le bien-être de la population nigérienne est amélioré</td>
<td>01</td>
<td>Indice de Développement Humain (IDH)</td>
<td>0,354</td>
<td>0,385</td>
<td>0,360 (E)</td>
</tr>
<tr>
<td></td>
<td>02</td>
<td>Indice Mo Ibrahim</td>
<td>50,95</td>
<td>51,24</td>
<td>51,33 (E)</td>
</tr>
<tr>
<td></td>
<td>03</td>
<td>Proportion de la population vivant en dessous du seuil national de pauvreté</td>
<td>42,20%</td>
<td>36,5%</td>
<td>42,1% (E)</td>
</tr>
</tbody>
</table>

**E**: Estimation  
Source : INS, extrait du RAMO 2018

Sur la base de l’estimation de l’INS, l’IDH serait passé de 0,354 en 2017 à 0,360 en 2018 pour une cible de 0,385. Cette amélioration de l’IDH serait essentiellement liée au progrès enregistré au niveau de l’espérance de vie à la naissance qui est passée de 60,5 ans en 2017 à une valeur estimée de 64,6 ans en 2018 en lien avec les progrès enregistrés dans le domaine de la santé.

En matière de gouvernance, l’indice Mo Ibrahim est passé de 50,95 en 2017 à 51,33 en 2018, soit un gain de 0,38 point dépassant ainsi la cible de 51,24. Cette performance serait en lien aux avancées enregistrées en matière de droits humains et de gouvernance des finances publiques.

La proportion de la population vivant en dessous du seuil national de pauvreté a connu une légère amélioration de 0,1 point de pourcentage en passant de 42,20% en 2017 à 42,1% en 2018.

**PROGRAMME D’APPUI BUDGETAIRE 2019-2020**

Le nouveau programme d’appui budgétaire pour la période 2019-2020 de la Banque mondiale pour le Niger s’inscrit parfaitement dans le PDES en particulier dans son axe 3 « Accélération de la croissance économique ». Le programme est structuré autour de trois piliers : (i) réduire les écarts entre les hommes et les femmes ; (ii) accroître l’accès à l’électricité et à l’eau ; et (iii) améliorer la transparence et la gestion de la dette.

Les mesures de réformes proposées et décrites ci-dessous renforcent et élargissent la base des réformes réalisées sous les précédents appuis budgétaires de la Banque mondiale.

Piller I. Réduction de l’écart entre hommes et femmes


mariage précoce.


2. Le Bénéficiaire, par l’intermédiaire de son ministère de la Santé publique, a pris l’Arrêté ministériel no. 000897/MSP/SG/DGSR/DSME daté du 15 août 2019 donnant accès à une assistance en matière de planification familiale à des jeunes filles adolescentes mariées sans le consentement obligatoire de leurs parents ou de leur mari, pour améliorer leur accès aux services de santé.

La loi n° 2006-16 du 21 juin 2006 a défini les principes et les droits en matière de la santé de la reproduction, les structures, le personnel en la matière.

Le décret n° 2010-507/PCSDD/MSP du 24 juin 2010, portant modalités d’application de la loi susvisée n’a réglementé que deux domaines de santé de la reproduction à savoir l’interruption volontaire de la grossesse pour motif thérapeutique et l’assistance médicale à la procréation.

Le présent décret vient corrigir ces insuffisances en prenant en compte non seulement les domaines déjà réglementés mais également les cinq (5) autres domaines prévus à l’article 14 de la loi sur la Santé de la Reproduction qui sont :

- les méthodes et moyens contraceptifs autorisés au Niger ainsi que les conditions de leur dispensation ;
- le contenu et les conditions de prestations des soins prénataux et des soins post nataux ;
- les normes et les procédures ainsi que les conditions de l’accouchement eutocique ;
- la santé de l’enfant ;
- les soins nutritionnels.

L’adoption du présent décret permettra de fournir un cadre juridique adéquat à la santé de la reproduction, d’améliorer les activités sur toute l’étendue du territoire national avec l’implication des relais communautaires et de promouvoir les bonnes pratiques dans la mise en œuvre des programmes de santé de la reproduction.

3. Le Bénéficiaire, par l’intermédiaire de son ministère de l’Enseignement primaire, de l’Alphabétisation, de la Promotion des Langues nationales et de l’Education civique, son ministère des Enseignements secondaires et de son ministère des Enseignements techniques et professionnels, a pris l’Arrêté ministériel conjoint no. 335 daté du 22 août 2019 permettant aux adolescentes de rester inscrites à l’école en cas de grossesse ou de mariage, pour améliorer le niveau de scolarité.

A travers cet arrêté, la jeune fille en cours de scolarité pourra, en cas de grossesse ou de mariage, poursuivre ses études. En plus, des mesures disciplinaires seront prises à l’encontre de tout Directeur d’école ou Enseignant qui aurait refusé de réintégrer la jeune fille après son accouchement. Ces sanctions, ainsi que ses modalités d’exercice seront définies et précisées par lettre circulaire conjointe des trois Ministres en charge de l’Education concernés.
Energie

4. Le Bénéficiaire, par l'intermédiaire de son Président, a pris le Décret no. 2019-462/PRN/ME daté du 23 août 2019 adoptant un Code de réseaux de transport d'électricité national, régissant entre autres le raccordement au réseau, la mise en service de nouvelles infrastructures électriques, et l'intégration de l'énergie renouvelable encourageant la participation du secteur privé dans le secteur de l'électricité.

Un réseau électrique comprend plusieurs types d'infrastructures énergétiques qui transportent l'électricité des centrales électriques aux consommateurs. Il est constitué de lignes électriques fonctionnant à différents niveaux de tension et interconnectées par des sous-stations, qui distribuent l'électricité et la convertissent en une tension différente à l'aide de transformateurs. Un réseau électrique doit également assurer la gestion dynamique du système de production, de transport et de consommation tout en maintenant le système pour en garantir la stabilité. Le code de réseau permet de définir les conditions techniques d'accès au réseau et de son opération. L'enjeu pour le Niger est de créer les régles de coexistence d'un marché national plus structuré et incitatif aux investissements privés et favoriser l'émergence d'un marché national et régional de l'énergie électrique.

5. Le Bénéficiaire, par l'intermédiaire de son ministère de l'Énergie et de son ministère des Finances a
pris un Arrêté ministériel conjoint no. 0006/ME/MF daté du 28 février 2019 approuvant le contrat de performance entre le Bénéficiaire et NIGELEC-SA en mars 2019 pour améliorer la qualité des services, des principaux indicateurs de performance du secteur de l'électricité et accroître la part des énergies renouvelables dans le mix énergétique.

Le Contrat de Performance avec la NIGELEC s'inscrit dans la droite ligne de la Convention de Concession signée le 13 juin 2018 entre l'État et la Société Nigérienne d'Electricité - NIGELEC, dans le cadre global et stratégique des réformes entreprises pour le développement durable du sous-secteur de l'électricité, l'amélioration de ses performances opérationnelles et le maintien de son équilibre économique et financier. Il vise notamment le renforcement de la gouvernance, du fonctionnement et du contrôle de la NIGELEC pour assurer son exploitation durable et rentable.


Hydraulique


Par ce projet de loi, le gouvernement a créé le 30 novembre en Conseil des ministres, un organe de régulation du secteur de l'eau au Niger. Dénommé Autorité de régulation du secteur de l'eau (ARSEau), cet organe a pour but de prendre en charge la régulation du secteur de l'eau tout en assurant son développement.

Selon le gouvernement, des acquis ont été obtenus dans le domaine et le constat est que le sous-secteur de l'eau ne saurait se développer sans une régulation efficiente, au risque d'exposer tous les acteurs et particulièrement les usagers à de fâcheuses conséquences. Raison pour laquelle l'ARSEau a été créée.

Cet organisme naît à la suite de l'abrogation de l'Autorité de régulation multisectorielle (ARM) qui comportait en son sein, la Direction sectorielle eau (DSE) dont la fonction était d'assurer la régulation au niveau principalement du sous-secteur de l'hydraulique urbaine. L'ARM a été abrogée suite à la création de l'Autorité de régulation des télécommunications et de la poste (ARTP), devenue aujourd'hui Autorité de régulation des communications électroniques et de la poste (ARCEP).

8. Le Bénéficiaire, par l'intermédiaire de son ministère de l'Hydraulique et de l'Assainissement et de son ministère des Finances, a signé un Contrat-Plan avec la SPEN le 29 août 2019 demandant à la SPEN d'élaborer un plan directeur et des programmes d'investissement, de façon à améliorer l'accès à des services essentiels de l'eau.

Le présent Contrat Plan a pour objet de compléter et de préciser les obligations réciproques des Parties afin de permettre d'atteindre les objectifs poursuivis par la réforme institutionnelle du sous-secteur de l'hydraulique urbaine et semi urbaine. Il s'agit, par cette réforme du secteur de l'hydraulique décidée par le Gouvernement du Niger, de matérialiser la réorganisation institutionnelle du sous-secteur de l'hydraulique urbaine, consacrée par la loi portant réorganisation de l'activité de production, transport et distribution de l'eau dans le sous-secteur de l'hydraulique urbaine.
Piller III. Amélioration de la transparence et la capacité de gestion de la dette

Le gouvernement a commencé à renforcer le cadre global de gestion de la dette, mais certaines améliorations sont nécessaires, notamment au niveau de la fragmentation de la gestion de la dette subsistante. Un comité interministériel de gestion de la dette, présidé par le Premier ministre, a été créé en 2015. Il tient des réunions trimestrielles et rend un avis sur la stratégie en matière de dette et le plan d'emprunt annuel. Il évalue également les termes et conditions des prêteurs traditionnels et non traditionnels ainsi que les accords de prêt des projets. Le cadre juridique régissant la dette et le comité interministériel de gestion de la dette est conforme au cadre régional défini par l’UEMOA. Le comité est assis par un secrétaire permanent qui assure la coordination de la gestion de la dette entre les ministères veille à ce que les contrats de dette soient conformes à la viabilité de la fiscalité et de la dette. Le cadre a permis de surveiller les emprunts non concessionnels ainsi que l'accumulation de dettes extérieures et publiques afin de préserver la viabilité des finances publiques et de la dette. Cependant, la gestion de la dette publique reste fragmentée, les rôles et les responsabilités clés étant répartis au sein de multiples entités, ce qui augmente les risques opérationnels.

En outre, le Gouvernement est engagé dans un processus de réduction des risques de liquidité liés aux obligations de paiement des services de la dette. A cet effet, le Gouvernement compte réduire le volume d'obligations domestiques de court terme à des taux élevés. Une première étape que le Gouvernement compte entamer est le rachat de ces produits qui arrivent à échéance à la fin de l’année 2019 et au début de l’année 2020 à hauteur de 150 millions de dollars.


Malgré les améliorations récentes, le cadre juridique et organisationnel en vigueur au Niger ne fournit pas un contexte stable pour une gestion saine de la dette publique, conformément aux règles de l’UEMOA. La gestion de la dette extérieure relève toujours de deux ministères, le ministère des finances et le ministère du plan. En outre, le service administratif des dettes intérieure et extérieure est réparti entre différentes entités de la Direction de la dette publique du ministère des Finances. Enfin, les fonctions de gestionnaires relèvent de la Direction de la dette publique. En raison du chevauchement des rôles, du manque de cohérence des flux d’informations et des risques opérationnels, il est nécessaire de désigner une seule entité de gestion et de spécifier les responsabilités au sein de l’entité.

10. Le Bénéficiaire, par l’intermédiaire de son ministère des Finances, a pris l'Arrêté ministériel no. 000401/MF/SG daté du 18 octobre 2019, élargissant la portée des exigences en matière d'établissement de rapports sur la dette aux partenariats publics-privés et aux entreprises publiques comprenant une ventilation par instrument et détenteur de dette sur une base trimestrielle, de façon à améliorer l'exhaustivité des rapports sur la dette.

En adoptant ces textes, le gouvernement entame les démarches visant à remédier à l’insuffisance du caractère exhaustif de la déclaration de la dette. Le texte juridique donne des instructions pour saisir et inclure les données de PPP et la dette des entreprises d’État dans les publications de déclaration de la dette. Les dettes des entreprises d’État et des PPP sont déjà collectées et intégrées dans les systèmes de déclaration de la dette.
AUTRES RÉFORMES

Outre les réformes entreprises et considérées comme actions préalables 2019, le Gouvernement s’est engagé à mettre en œuvre des réformes additionnelles pour renforcer la matrice des mesures du Niger.

C’est ainsi que, dans le but de définir les orientations nationales pour la réforme et la modernisation de l’état civil, en vue d’en faire un véritable outil de développement national, le Gouvernement a adopté : (i) un projet de loi informatisant le système d’état civil du Niger, incluant l’enregistrement des naissances et des mariages ; (ii) un décret instituant la création d’un fichier central numérisé afin de sécuriser les données de l’état civil, incluant les actes de mariage et de naissance.

En outre, afin d’opérationnaliser l’informatisation de l’état civil, le Gouvernement a mis en réseau la base de données cartographiée des centres de l'état civil et a mis en œuvre la sauvegarde des données dans un nouveau data center.

Face à l’évolution du contexte national et international liée aux enjeux de l’identification des personnes, de la sécurité, de la pénalisation du développement, de l’évolution des technologies de l’information et de la communication, de l’établissement des listes électorales biométriques, de la maîtrise des flux démographiques et migratoires, une nouvelle révision de la loi portant régime de l’état civil s’avère nécessaire. Le projet de loi prend également en compte le souci d’intégration au niveau du continent qui requiert des mesures spécifiques visant à améliorer les systèmes de l’état civil dans chaque pays.

Dans le domaine des équipements routiers, des réformes additionnelles sont mises en œuvre pour assurer une réforme complète de la gestion et du financement de l’entretien routier, y compris l’amélioration de la programmation, la transparence, la qualité et le contrôle des coûts des investissements. A cet effet, le gouvernement a approuvé : (i) le projet de loi par ordonnance portant modification de la loi 2017/37 du 17 Mai 2017 sur la création du Fonds d’Entretien Routier (FER), (ii) le décret sur la création d’une Agence de Maîtrise d’Ouvrage Délégue de l’Entretien Routier (AMODER) et nomination de son DG ; (iii) le décret sur la création d’une Cellule d’Audit Courant des marchés d’Entretien Routier (CACER).

Aussi, pour renforcer l’administration du FER et la responsabilisation, le DG du FER a signé le contrat de performance avec son conseil d’administration incluant les indicateurs de performance.

En ce qui concerne les TICs, le Gouvernement s’est engagé à renforcer la confiance de l’écosystème numérique et le développement du secteur de l’économie numérique à travers la création d’un cadre de concertation auprès du ministère en charge des postes et de la télécommunication. Ce cadre comprend le ministère du plan, le ministère des finances, l’ARCEP, l’ANSI, le secteur privé (y compris les opérateurs télécoms) et les associations des consommateurs.

En outre, pour réformer le cadre légal et réglementaire des TICs et respecter les procédures de consultation, le Gouvernement a révisé les trois décrets sur le contrôle tarifaire, l’interconnexion et l’accès, et le Fonds de service qui ont été adoptés en Octobre 2018 à travers une procédure de consultation publique répondant aux bonnes pratiques internationales.


Le Gouvernement a aussi entrepris des réformes additionnelles dans le domaine de l’agriculture. C’est ainsi que pour préciser les conditions d’octroi d’agrément pour l’exercice de la profession de fabricant et de commercialisation des engrais ainsi que le cadre de contrôle qualité des engrais au Niger, le Gouvernement a révisé le décret n°2016-304/PRN/MAG/EL du 29 juin 2016 portant modalités
d’application du Règlement C/REG. 13/12/12. En plus, pour mener effectivement des activités de veille commerciale sur les engrains, le gouvernement a adopté les textes régissant la gouvernance de l’OMEN et COTEN.


CADRE INSTITUTIONNEL DE MISE EN ŒUVRE
Le Ministère du Plan a la responsabilité de l’exécution de la suite du programme, en parfaite synergie avec les Ministères sectoriels et les structures concernées par la mise en œuvre des réformes et mesures.

Niamey, le 07 NOV 2019
Ministre du Plan
Gouverneur de la Banque mondiale pour le Niger

KANE ACHATOU SOULAMA
MINISTRE DU PLAN
CONTEXT

Niger is a vast landlocked, Sahelo-Saharan country with an area of 1,267,000 square kilometers. More than half its territory is desert. Rainfall is unpredictable, irregular, and inadequate in time and space. Security is fragile, with direct threats and attacks on its territory by terrorist groups established in four bordering countries: Nigeria, Libya, Mali, and Burkina Faso.
In 2018, the Sahel experienced persistent security threats. The situation has led to increased sub-regional and international military cooperation, which includes the G5 Sahel Joint Force, the French army’s Sahel Operation Barkhane, and MINUSMA, the European Union’s Capacity Building Mission in Niger (EUCAP Sahel Niger).

To these pressures must be added a 3.9% demographic growth rate and a fertility rate of 7.1 children per woman, both among the highest in the world. In addition, volatility in uranium and oil prices is the major risk to macroeconomic prospects in 2019-2020.

In 2018, continuation of the work of the Independent National Electoral Commission (CENI) and the National Council for Political Dialogue (CNDP) was the main feature of the political situation.

Macroeconomic Framework

Changes in Major Macroeconomic Indicators in 2018

National economic activity recorded a 6.5% growth rate in 2018 following a rate of 4.9% in both 2017 and 2016. This rise was driven mainly by the primary and tertiary sectors.

- The primary sector, which is mostly informal, has been the main driver of growth in Niger’s economy. The sector recorded 7.4% growth in 2018 and an average annual increase of 8% over the 2016-2018 period.
- In the secondary sector, growth fell from 5.5% in 2017 to 4.6% in 2018. This can be explained by a fall in oil and uranium production, mitigated by a large increase in gold production.
- Finally, the tertiary sector recorded a 6.6% growth rate in 2018. This is due mainly to steady progress in public administration services, the trade sub-sector, and to a lesser extent, communications activities.

Inflation was 2.7% in 2018, compared to 2.4% in 2017, and remains below the 3% WAEMU standard. In 2018, government measures made it possible to contain inflationary pressures recorded over the first six (6) months of the year following the collapse of the only bridge linking Niger to Benin, which led to higher import prices. These measures included sales of cereals at affordable prices and distribution of free food to vulnerable populations.

In terms of government finances, revenues were greater than expenditures. In 2018, budget revenues rose by 26.7%, representing 16.9% of GDP. The rise was primarily due to a 27.1% increase in tax revenues, leading to a 15.2% rate of fiscal pressure, compared to 13.1% in 2017.

Public expenditures increased by 18.8%, representing 29.1% of GDP in 2018, compared to 6.7% in 2017. This was caused by current expenditures (6%), representing 13.3% of GDP, and capital expenditures, which rose by 33% to 15.5% of GDP.

External trade continues to record a structural deficit in the balance of payments, which reached 16.2%
of GDP a result of a deteriorating current account balance due to a significant rise in imports. The current account balance fell from CFAF -763.8 billion in 2017 to CFAF -985.5 billion in 2018, a decline of CFAF 221.7 billion.

At the end of December 2018, the monetary situation recorded contraction in net foreign assets and the money supply and expansion in domestic accounts receivable.

As regards WAEMU convergence, Niger met three (3) out of five (5) criteria in 2018. These were the inflation rate, the debt ratio (47.8% <= 70%), and the wage bill to tax revenues ratio. The criteria not met were the fiscal balance (including grants) as a percentage of GDP (-5.2%) and the tax burden rate.

2019 Macroeconomic Prospects

Prospects are favorable for 2019, with a 6.8% growth rate. Growth should be driven by the secondary and tertiary sectors in an environment of moderate price growth. This increase in growth will be due mainly to implementation of large projects in the oil industry, construction (the Kandadji hydroagricultural dam, infrastructure linked to the African Union Summit, roads, etc.), and the agricultural sector, with structural investments as part of the Nigeriens Feeding Nigeriens (3N) Initiative and the Millennium Challenge Corporation (MCC). However, uncertainty due to climate hazards and security threats may limit the Government’s efforts in this area.

In terms of public finances, revenue mobilization will continue and should be complemented by measures designed to improve the quality of public expenditures.

As regards revenue mobilization, measures will aim specifically at strengthening the tax system and continue implementing the action plans of the various agencies. As a result, the tax pressure rate should reach 14.9%.

In terms of improving the quality of public expenditures, key measures will focus on improving financial and budget planning and on strengthening investment management. In 2019, the total deficit (including grants) should improve to 4.4% of GDP, compared to 4.1% in 2018.

Externally, the current account balance should improve to 28.9% of GDP, compared to 26.3% in 2018. This is due to a fall in the balance of goods and services (11.1%) as a result of large imports for various construction projects and a moderate increase in exports.

Niger’s risk of overall and external debt distress is moderate according to the latest Debt Sustainability Analysis (June 2019), but public debt level has increased significantly over the recent past. Public and publicly guaranteed debt increased from 25.6 percent of GDP in 2013 to 54.2 percent of GDP in 2019. This is in part due to large development needs including significant public investment in the natural resources sector and in infrastructure, and to the securitization of domestic arrears. External debt, which accounts for around 67 percent of debt stock is dominated by concessional loans.
The state of the economy described above is due to several factors: (i) inadequate management of the economy; (ii) a poorly diversified industrial sector; (iii) scarce infrastructure and economic services; (iv) poorly developed agro-sylvo-pastoral (ASP) production; and (v) an unattractive business environment.

Major Challenges

In view of the analysis of the economic, political, security, and social situation, the assessment of how Sustainable Development Goals (SDGs) are considered in public policies, and the lessons learned from implementation of the 2012-2015 Economic and Social Development Plan (PDES), it emerges that several major challenges must be dealt with in order to increase the well-being of the people of Niger.

Greater Security for People and Property

The security situation in the sub-region, with repeated armed rebellions and terrorist attacks, explains why security is a critical challenge in Niger. This is especially the case because security so closely correlates with development; indeed, it is a prerequisite. Thus, the key challenges for the sub-sector are the fight against terrorism, necessary counter-intelligence, the fight against the circulation of illegal guns, drug trafficking, unauthorized migration, prevention and management of conflicts, the fight against armed assaults, and livestock theft.

Strengthening Good Governance

The first component of good governance is modernization of the state. Improving the administration’s efficiency is essential for economic and social development. In this regard, it is crucial to improve conditions for the effective operation of public services. It is also important to create conditions for the sustainability of local and regional authorities.

An equally important factor in the challenge of governance is the need to strengthen the independence of the judiciary and to bring it closer to citizens.

The issue of governance also addresses corruption. Although there has been notable progress in the fight against corruption, it continues to be a significant factor, which calls for a plan of vigorous action at every level.

Providing for Demographic Transition

The demographic structure and the population growth rate affect the attainment of economic and social development goals. Strong demographic growth puts enormous pressure on resources generally and increases demand for public services (health, education, drinking water, food) as well as employment. It also increases the demographic dependence ratio, which was 112% in 2015. Given limitations in the policies implemented in recent years, there must be a change of methodology and greater and better coordinated mobilization of all actors.
Raising the Level of Human Capital

The quality of human resources is the cornerstone of economic and social development in every country. Well-trained and healthy human resources reduce the risk of unemployment. Solid training involves not only the quality of teaching but also—and especially—adequate training for the needs of the economy. Long-term development also requires education for all. Another major aspect of the quality of human resources is illiteracy, which remains extremely high. Finally, the quality of human capital also depends on the provision of health services for all. In this respect, health coverage, the health of mothers and children, and nutrition all need to be improved.

Promoting Sustainable and Inclusive Economic Growth

Changes in growth observed over recent years reveal an erratic situation that does not allow the country to achieve its sustainable, inclusive, and equitable development goals. Moving toward genuine structural transformation of the economy is a major challenge for Niger.

The main elements linked to this challenge include (among others) a poorly diversified economy, a weak entrepreneurial class, a low level of development in agro-sylvo-pastoral (ASP), industrial, and mining value chains, the problem of financing (low level of consumer loans from external financing, the low tax burden rate, and the low rate of tax exemption rationalization), inefficient public expenditures, and poor development of economic infrastructure (energy, roads and transportation, telecommunications, water, etc.).

Strengthening Food and Nutrition Security

Here, eradicating hunger and malnutrition is the main challenge. For the most part, this involves diversifying ASP production, securing agricultural and animal production systems, and promoting value chains for the ASP and fisheries sectors. There are also problems in processing and in the regular supply of agricultural, animal, and agrifood products to rural and urban markets. Poor access to agricultural, pastoral, and fishing products has a negative impact on the population’s nutrition.

Adapting Production Systems to Climate Change

Niger is facing the rapid deterioration of its vegetation cover, declining ecosystems, and the loss of biological diversity. Recurrent food and nutrition crises due to climate hazards are also permanent concerns that must be addressed.

Promoting Change in Behaviors and Attitudes

Decline in the work ethic, especially in the civil service, and in the merit principle, tax evasion and a lack of public spiritedness in terms of the public good, and attitudes to demographic questions and education, especially for girls, are all deterrents to development. Changing such behaviors and attitudes is key to social, political, and economic modernization of the country.
Medium-Term Development Policy

The Government has developed the 2017-2021 Social and Economic Development Plan (PDES) in order to tackle these challenges in an environment of persistent external shocks. The plan will also lay the groundwork of a medium-term economic policy that will create balanced development driven by strong, inclusive, and sustainable economic growth based on exploiting significant mining and oil resources. The PDES is based on the Strategy for Sustainable Development and Inclusive Growth (SDDCI), which describes the vision for Niger to 2035.

With this vision, Niger expresses its firm commitment to change at every level, and more especially its desire to eradicate poverty and inequality. It is also based on the orientations of the Renaissance Program Part 2 and builds on the lessons learned from drafting and implementing the 2012-2015 PDES.

The 2017-2021 PDES aims to contribute to the country’s development through five (5) strategic priorities. These are interrelated and together reflect the key aspects of sustainable human development. They are: (i) cultural renaissance; (ii) social development and demographic transition; (iii) improved economic growth; (iv) improved governance, peace, and security; and (v) sustainable management of the environment.

Main Outcomes from Implementing the 2017-2021 PDES at End December 2018

The expected impact of the PDES was that the well-being of the population of Niger will improve as measured through three indicators: (i) the Human Development Index (HDI); (ii) the Ibrahim Index of African Governance (IIAG); and (iii) the proportion of the population living below the national poverty threshold. This outcome will be achieved through the five strategic priorities mentioned above: (i) cultural renaissance; (ii) social development and demographic transition; (iii) improved economic growth; (iv) improved governance, peace, and security; and (v) sustainable management of the environment.

Table 1: Impact Indicators

<table>
<thead>
<tr>
<th>Impact</th>
<th>Code</th>
<th>Indicator</th>
<th>Reference 2017</th>
<th>Target 2018</th>
<th>Value Reached 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>The well-being of Niger’s population has improved</td>
<td>01</td>
<td>Human Development Index (HDI)</td>
<td>0.354</td>
<td>0.385</td>
<td>0.360 (E)</td>
</tr>
<tr>
<td>02 Ibrahim Index of African Governance (IIAG)</td>
<td></td>
<td>50.95</td>
<td></td>
<td>51.24</td>
<td>51.33 (E)</td>
</tr>
<tr>
<td>03 Proportion of the population living below the national poverty</td>
<td></td>
<td>42.20%</td>
<td></td>
<td>36.5%</td>
<td>42.1% (E)</td>
</tr>
</tbody>
</table>
(E): Estimated

Source: INS; RAMO 2018

Based on the INS estimate, the HDI rose from 0.354 in 2017 to 0.360 in 2018 as against a target of 0.385. This improvement is mainly linked to progress recorded in life expectancy at birth, which rose from 60.5 years in 2017 to an estimated 64.6 years in 2018 thanks to improvements recorded in healthcare.

In terms of governance, the IIAG rose from 50.95 in 2017 to 51.33 in 2018, a gain of 0.38 points beyond the target of 51.24. This is linked to progress in human rights and public finance governance.

The proportion of the population living below the national poverty threshold has improved slightly, by 0.1 percentage point, falling from 42.2% in 2017 to 42.1% in 2018.

2019-2020 Budget Support Program

The World Bank’s new budget support program for Niger for the period 2019-2020 is fully in line with the Economic & Social Development Plan (PDES), particularly its third axis: Acceleration of Economic Growth. The program is structured around three pillars: (i) reducing gender gaps; (ii) expanding access to electricity and potable water; and (iii) improving debt transparency and debt management capacity.

The proposed reform items will strengthen and extent the basis of reforms fostered with previous World Bank’s budgetary supports.

**Pillar 1. Reducing Gender Gaps**

- The Recipient, through its President, has issued Decree no. 2019-369/PRN/MPF/PE dated July 19, 2019 establishing Child Protection Committees at the national, regional, departmental, commune, and village to promote the abandonment of child marriage.

Niger has committed to making child protection a priority. To this end, appropriate measures have been taken via the Government’s adoption of the Child Protection Framework in 2013 in accordance with ratified international, regional, and sub-regional agreements. These commitments offer Niger a real opportunity to effectively guarantee child protection. According to the 2008 Analysis of the Situation of Children and Women (revised in 2013), Nigerien children continue to be the victims of violence, abuse, and exploitation, in particular early marriage.

Furthermore, according to the Niger 2012 Demographic and Health Survey, 76.3% of Nigerien women were married under the age of eighteen (18), and 48.2% already had a child by this age. To combat these harmful practices, Niger has developed a strategic plan to guide the creation of Child Protection
Committees. A National Child Protection Committee has also been created under the Ministry for Child Protection. Likewise, Child Protection Committees have been set up at the regional, departmental, municipal, village, and tribal levels.

- The Recipient, through its Ministry of Public Health, has issued a Ministerial Order no. 000897/MSP/SG/DGSR/DSME of August 15, 2019 allowing access to family planning assistance to married adolescent girls without parents or husbands’ mandatory accompaniment, to improve their access to health services.

Act no 2006-16 of June 21, 2006 laid down the principles and rights in terms of reproductive health, reproductive health structures, reproductive health workers, and reproductive health treatment and care.

Decree No. 2010-507/PCSRD/MSP of June 24, 2010 on the implementation of the above-mentioned act regulated only two areas of reproductive health, namely abortion for medical reasons, and medical assistance for procreation.

This decree fills these gaps by considering not only already-regulated areas but also five (5) other areas provided for under Article 14 of the act on reproductive health, namely:

- The contraceptive methods and means authorized in Niger as well as the terms of their distribution;
- The content and terms of prenatal and postnatal healthcare;
- The standards and procedures as well as the terms of vaginal delivery;
- Infant health;
- Nutritional care.

The adoption of this decree will provide an adequate legal framework for reproductive health, improve reproductive healthcare throughout the country with the involvement of community outreach workers, and promote good practices in the implementation of reproductive health programs.

- The Recipient, through its Ministry of Primary Education Literacy, Promotion of National Languages and Civic Education, its Ministry of Secondary Education and its Ministry of Technical and Vocational Education and Training, has issued Joint Ministerial Order no. 335 dated August 22, 2019 allowing adolescent girls to remain enrolled in school in the event of pregnancy or marriage, to improve educational attainment.

Through this decree, young girls may continue to attend school in the event of pregnancy or marriage. In addition, disciplinary measures will be imposed on any school principal or teacher who refuses to reinstate a young girl returning from childbirth. These sanctions as well as their terms of implementation will be defined and clarified via a joint circular letter signed by the three ministries responsible for education.

**Pillar 2: Expanding Access to Electricity and Potable Water**
Energy

- The Recipient, through its President, has issued Decree no. 2019-406/PRN/ME dated July 26, 2019 establishing the regulatory framework governing off-grid autonomous rural electrification projects which promotes private sector involvement and prioritizes renewable energy to increase access to electricity.

This step is part of the implementation of the National Strategy for Access to Electricity (SNAE), which aims to electrify the country thanks to the contribution of the private sector with a view to providing all Nigeriens with access to electricity by 2035. This will involve autonomous rural electrification projects for Niger (PERAN), which consist of rural electrification systems not connected to the national electricity grid. These are developed in accordance with the SNAE strategy and financed publicly or via a public-private partnership (PPP). Their technical implementation is governed by the rules and standards in force in Niger so as to allow, if necessary, easy and trouble-free connection with the national electricity grid. Off-grid rural electrification will draw primarily on renewable energy sources, with a preference for solar, thus contributing to reducing greenhouse gas emissions.

When set up using public financing from the national government or local authorities with the assistance of technical and financial partners, these off-grid autonomous rural electrification projects will be the subject of a public service contract awarded to a delegated service operator once the infrastructure is built. Privately financed off-grid electrification projects are implemented under the PPP regime. However, rural electrification via the use of micro-grids provided for under the Niger Solar Electricity Access Project will continue in accordance with the project-financing agreement signed between Niger and the World Bank on June 27, 2017.

- The Recipient, through its President, has issued Decree no. 2019-462/PRN/ME dated August 23, 2019, adopting a national Electricity Transmission Grid Code, governing *inter alia* grid connection, commissioning of new electric infrastructure, and integration of renewable energy to promote private sector participation in the electricity sector.

An electricity grid comprises several types of energy infrastructures that transport electricity from power generation plants to consumers. It consists of power lines operated at different voltage levels and interconnected by substations, which distribute the electricity and convert it to different voltage with the use of transformers.

An electricity grid must also ensure the dynamic management of the generation, transmission, and consumption system while calibrating the system to ensure its stability.

- The Recipient through its Ministry of Energy and its Ministry of Finance, has issued a Joint Ministerial Order no. 0006/ME/MF dated February 28, 2019 approving the performance contract entered into between the Recipient and NIGELEC-SA in December 2018 to improve service quality.
and key performance indicators of the electricity sector and increase the share of renewable energies in the energy mix.

The Performance Contract with NIGELEC is in line with the Concession Agreement signed on June 13, 2018 between the State and Nigerien Electricity Company (NIGELEC) and with the overall strategic framework of the reforms undertaken to sustainably develop the electricity sector, improve its operating performance, and maintain its economic and financial balance. In particular, it aims to strengthen the governance, functioning, and control of NIGELEC to ensure sustainable and profitable operations.

The Performance Contract between NIGELEC and the State, represented by the Ministries of Energy and Finance covers the period 2019-2021.

Water Services

- The Recipient, through its Council of Ministers, has enacted Law no. 2019-15 dated May 24, 2019, establishing the Water Regulatory Authority to strengthen the institutional framework of the water sector.

With this bill, the Government’s Council of Ministers created on November 30 a body designed to regulate the water sector in Niger. Known as the Water Sector Regulation Authority, it is tasked with regulating the water sector while ensuring its development.

According to the Government, progress has been made in this area, and the current assessment is that the water subsector cannot develop without efficient regulation, without which all actors—and particularly consumers—are exposed to the risk of unfortunate consequences, hence the creation of the above-mentioned Authority.

This body was created following the dissolution of the Multisectoral Regulation Authority (ARM), which housed a Water Sector Directorate (DSE), the role of which was to oversee the regulation (primarily) of the urban waterworks subsector. The ARM was dissolved following the creation of the Telecommunications and Postal Services Regulation Authority (ARTP), which has now become the Electronic and Postal Communications Regulation Authority (ARCEP).

- The Recipient, through its Ministry of Water and Sanitation and its Ministry of Finance, has entered into an agreement (Contrat-Plan) with SPEN, on August 29, 2019, requiring SPEN to develop a master plan and investment programs, to improve access to basic water services.

The purpose of this Contract Plan is to supplement and clarify the reciprocal obligations of the parties with a view to meeting the targets pursued by the institutional reform of the urban and semi-urban water supply subsector. The Nigerien Government’s reform of the water sector aims to give form to the institutional restructuring of the urban water supply subsector, enshrined in the act on the restructuring of water production, transportation, and distribution in the urban water supply subsector.
Pillar 3. Improving Debt Transparency and Debt Management Capacity

The Government has started to strengthen the overall debt management framework, but some key shortcomings related to the fragmentation of debt management remain. An inter-ministerial debt management committee, chaired by the Prime Minister, was created in 2015. It holds quarterly meetings and delivers an opinion on the debt strategy and the annual borrowing plan. It also evaluates the terms and conditions of traditional and non-traditional lenders as well as project loan agreements. The legal framework governing debt and the inter-ministerial debt management committee is consistent with the regional framework set by UEMOA. The committee is supported by a permanent secretary that ensures the coordination of debt management across ministries and makes sure debt contracting is in line with fiscal and debt sustainability. The framework has helped monitor non-concessional borrowing as well as the accumulation of external and public debt to maintain fiscal and debt sustainability. However, the management of public debt remains fragmented as roles and key responsibilities are spread within multiple entities, raising operational risks.

- The Recipient, through its President, has issued Decree no. 2019-598/PRN/MF dated October 18, 2019, centralizing all public debt management responsibilities in a dedicated unit within the Treasury to improve the efficiency of debt management operations.

Despite recent improvements, the current legal and organizational framework in Niger does not provide a stable ground for sound public debt management, in conformity with the WAEMU rules. The front office of external debt is still under two ministries, the ministry of finance and the ministry of planning. In addition, the back office of domestic and external debt is spread between different entities at the Directorate of public debt at the ministry of finance. Finally, the middle and back office function is under the Directorate of public debt. Due to overlapping roles, lack of coherent information flows and operational risks, it is necessary to designate a single managing authority and specify responsibilities within the entity.

- The Recipient, through its Ministry of Finance, has issued Ministerial Order no. 000401/MF/SG dated October 18, 2019, expanding the scope of debt-reporting requirements to PPPs and state-owned enterprises’ debt including by instrument and debt holder on a quarterly basis to improve the comprehensiveness of debt reporting.

By adopting these texts, the Government initiates the steps to address the shortcoming in debt reporting comprehensiveness. The legal text gives instruction to capture and include PPP data and SOEs’ debt in the debt reporting publications. SOEs and PPPs’ debt are already being collected to be included in the debt reporting systems.

Other Reforms

In addition to the reforms undertaken and considered as prior actions for 2019, the Nigerien Government is committed to implementing additional reforms.
For example, to set national guidelines for the reform and modernization of civil registration with a view to making it an effective tool for national development, the Government has adopted: (i) a draft bill computerizing Niger’s civil registration system, including the registration of births and marriages; and (ii) a decree exploring the creation of a digitized central file to safeguard civil registration data, including marriages and births.

In addition, to operationalize the computerization of civil registration, the Government has set up a network of the mapped database of civil registration centers and has initiated data backup in a new data center.

Given the changing national and international context over issues of identification of persons, security, development planning, information and communication technologies, the establishment of biometric voter registration, and the control of population and migration flows, a new revision of the law governing civil registration is necessary. The goal of this revision is to align the Nigerien civil registration system with international norms. The bill also takes account of the issue of integration at the continent level, which requires specific measures for improving civil registration systems in each country.

With regard to road infrastructure, additional reforms are being implemented to ensure a comprehensive reform of the management and financing of road maintenance, including improvements to the programming, transparency, quality, and cost control of investments. To this end, the Government has approved: (i) a draft bill by decree amending Act No. 2017/37 of May 17, 2017 on the creation of a Road Maintenance Fund (FER); (ii) a decree on the creation of Road Maintenance Out-Contracting Agency (AMODER) and appointing its managing director; and (iii) a decree creating a Road Maintenance Contract Monitoring Unit (CACER). In addition, to strengthen FER’s administration and accountability, its managing director has signed a performance contract with the board of directors that includes performance indicators.

With regard to information and communication technologies (ICT), the Government has committed to strengthening confidence in the digital ecosystem and the development of the digital economy with the creation of a consultation framework with the Ministry of Telecommunications and Postal Services. This framework includes the Ministry of Planning, the Ministry of Finance, ARCEP, ANSI, the private sector (including telecom operators), and consumer associations.

To reform the legal and regulatory framework governing ICTs and to comply with consultation procedures, the Government has revised three decrees on tariff control, interconnection and access, and the service fund, which were adopted in October 2018 following a public consultation process in accordance with international good practice.

Finally, as part of improving transparency in the management of investment funds in rural areas, the Government has published online the 2018 financial statements of ARCEP and ANSI (including the accounts of the Universal Access Fund).
The Government has also undertaken additional reforms in the agricultural sector. For example, to clarify the conditions for accreditation to manufacture and commercialize fertilizers as well as the quality control framework for fertilizers in Niger, the Government has revised Decree No. 2016-304/PRN/MAG/EL of June 29, 2016 on the enforcement of Regulation C/REG 13/12/12. Moreover, to provide effective oversight of the sale of fertilizers, the Government has adopted legislation on the governance of OMEN and COTEN.

In this context, the Government requests World Bank support in the form of disbursement of the first tranche of budget support for the year 2019 at the earliest possible date.

Institutional Implementation Framework

The Ministry of Planning is responsible for the execution of the next phase of the program in perfect synergy with the sectoral ministries and organizations concerned with the implementation of all reforms and measures.

Niamey, November 4, 2019

Ministry of Planning

World Bank Governor for Niger

AICHATOU BOULAMA KANE
ANNEX 3: IMF RELATIONS ANNEX

IMF Staff Completes Review Mission to Niger

November 12, 2019

- Implementation of the government’s reform program has been satisfactory despite a challenging environment.

- Economic growth is solid thanks to important large-scale projects. Ensuring that the local private sector benefits from them is central to improve living standards.

- Fiscal policy is geared toward striking the difficult balance between attending to public needs and supporting macroeconomic stability.

An International Monetary Fund (IMF) staff team led by Christoph A. Klingen visited Niamey from October 29 to November 12, 2019 to conduct discussions on the fifth review of the program supported by the Extended Credit Facility (ECF) arrangement. Niger’s program was approved by the IMF Board on January 23, 2017 (see Press Release no 17/18).

At the end of the visit, Mr. Klingen issued the following statement:

“The Nigerien authorities and the IMF team reached staff-level agreement for the completion of the fifth review of the ECF-supported program. It could be considered by the Executive Board of the IMF in early-January 2020.

“The government of Niger remains strongly committed to the reforms in its PDES 2017-2021, supported by the ECF arrangement. It is making commendable reform efforts, implementing its program with the IMF in a satisfactory manner.

“Macroeconomic stability remains firmly in place on the back of prudent fiscal policy and solid growth. Economic activity is benefitting from the government’s success in attracting foreign investors and the scaling-up of donor support, as well as favorable harvests, despite a tense security situation and the closure of the border with Nigeria. Growth should reach 6.3 percent this year and average more than 7 percent over the next five years. The construction of the pipeline for crude oil and the expected onset of oil exports in 2022 are an important boon for the economy. The mission will continue to work closely with the authorities with a view to devising policies that maximize the benefits from the large-scale projects for the Nigerien economy.

“The fiscal situation remains broadly satisfactory, with the overall deficit on track to improve this year and comply with the WAEMU deficit ceiling of 3 percent of GDP in 2020. While revenue mobilization remains an uphill battle, especially considering the Nigeria border closure, the government’s unrelenting reform efforts and prudent expenditure management keep public finances solid. The 2020 budget marks an
important step toward generating fiscal space for priority expenditures. High quality and transparency in public spending remains imperative to make the best of limited resources.

“The IMF team congratulates the authorities on securing the construction of a pipeline for the export of crude oil and the associated oil field development. Fiscal revenues should rise by at least 2 percent of GDP from 2022 and local suppliers and employees of oil-related activity should benefit as well. It will now be important to carefully design the contracts and institutional arrangements governing the petroleum sector to make Niger’s impending oil exporter status an unqualified success.

“Persistently seeking to improve conditions for the formal local private sector is critical, not least to allow it to benefit fully from the dynamism surrounding the large-scale projects. In this context, the government’s efforts to improve the readings of business environment indicators is commendable. Improving access to financing is rightly high on the agenda. Formalizing the informal sector simultaneously levels the playing field and spreads the tax burden more widely. The mission welcomes ongoing efforts to improve governance, including the strengthening of HALCIA, the application to rejoin the EITI, and plans to upgrade the asset declaration regime for high-ranking public officials.

“The team met with the Prime Minister Brigi Rafini, Minister of State for Petroleum, the Ministers of Finance and Justice, the Minister Delegate for the Budget, the Special Presidential Advisor in charge of the business environment, as well as other senior government officials. Staff also exchanged views with representatives of the private sector and the donor community.”

The IMF team would like to thank the authorities for their hospitality and for the fruitful dialogue.
### ANNEX 4: ENVIRONMENT AND POVERTY/SOCIAL ANALYSIS TABLE

<table>
<thead>
<tr>
<th>Prior Actions</th>
<th>Significant positive or negative environment effects (yes/no/to be determined)</th>
<th>Significant poverty, social or distributional effects positive or negative (yes/no/to be determined)</th>
</tr>
</thead>
</table>
| **Pillar 1 Reducing Gender Gaps**  
Prior Action 1. The Recipient, through its President, has issued Decree no. 2019-369/PRN/MPF/PE dated July 19, 2019 establishing Child Protection Committees at the national, regional, departmental, commune, and village to promote the abandonment of child marriage. | No | Yes – Positive |
| Prior Action 2. The Recipient, through its Ministry of Public Health, has issued a Ministerial Order (Arrete) no. 000897/MSP/SG/DGSR/DSME of August 15, 2019 allowing access to family planning assistance to married adolescent girls without parents or husbands’ mandatory accompaniment, to improve their access to health services. | No | Yes-Positive |
| Prior Action 3. The Recipient, through its Ministry of Primary Education Literacy, Promotion of National Languages and Civic Education, its Ministry of Secondary Education and its Ministry of Technical and Vocational Education and Training, has issued Joint Ministerial Order no. 335 dated August 22, 2019 allowing adolescent girls to remain enrolled in school in the event of pregnancy or marriage, to improve educational attainment. | No | Yes-Positive |
| **Pillar 2. Expanding Access to Electricity and Potable Water**  
Prior Action 4. The Recipient, through its President, has issued Decree no. 2019-406/PRN/ME dated July 26, 2019 establishing the regulatory framework governing off-grid autonomous rural electrification projects which Yes/No – positive with use of renewable energy  
Potential negative impacts waste generation, land  
Potential negative impact on issues during construction | Yes/No – Positive with benefits of electricity.  
Yes/No – Positive with use of renewable energy  
Potential negative impacts waste generation, land  
Potential negative impact on issues during construction |
promotes private sector involvement and prioritizes renewable energy to increase access to electricity.

**Prior Action 5.** The Recipient, through its President, has issued Decree no. 2019-462/PRN/ME dated August 23, 2019, adopting a national Electricity Transmission Grid Code, governing *inter alia* grid connection, commissioning of new electric infrastructure, and integration of renewable energy to promote private sector participation in the electricity sector.

**Prior Action 6.** The Recipient, through its Ministry of Energy and its Ministry of Finance, has issued a Joint Ministerial Order no. 0006/ME/MF dated February 28, 2019 approving the performance contract entered into between the Recipient and NIGELEC-SA in March 2019 to improve service quality and key performance indicators of the electricity sector and increase the share of renewable energies in the energy mix.

<table>
<thead>
<tr>
<th>Prior Actions</th>
<th>Significant positive or negative environment effects (yes/no/to be determined)</th>
<th>Significant poverty, social or distributional effects positive or negative (yes/no/to be determined)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes/No – positive with increase of renewable energy integration. Negative: land clearing and tree cutting, waste acquisition</td>
<td>Yes/No – Positive. Economic loss for inaccessible land, which is compensated, worker influx and GBV risks</td>
</tr>
<tr>
<td></td>
<td>Yes – positive with investments in renewables</td>
<td>Yes - Positive</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>Yes - Positive</td>
</tr>
</tbody>
</table>

**Prior Action 7.** The Recipient, through its President, has enacted Law no. 2019-15 dated May 24, 2019, establishing the Water Regulatory Authority to strengthen the institutional framework of the water sector.

**Prior Action 8.** The Recipient, through its Ministry of Water and Sanitation and its Ministry of Finance, has entered into an agreement (*Contrat-Plan*) with SPEN, on August 29, 2019, requiring SPEN to develop a master plan and investment programs, to improve access to basic water services.
### Pillar 3: Improving Debt Transparency and Debt Management

**Prior Action 9.** The Recipient, through its President, has issued Decree no. 2019-598/PRN/MF dated October 18, 2019, centralizing all public debt management responsibilities in a dedicated unit within the Treasury, to improve the efficiency of debt management operations.

**Prior Action 10.** The Recipient, through its Ministry of Finance, has issued Ministerial Order (*Arrete*) no. 000401/MF/SG dated October 18, 2019, expanding the scope of debt-reporting requirements to PPPs and state-owned enterprises’ debt including by instrument and debt holder on a quarterly basis to improve the comprehensiveness of debt reporting.
## ANNEX 5: PILLARS AND ANALYTICAL UNDERPINNINGS

<table>
<thead>
<tr>
<th>Prior Actions</th>
<th>Analytical Underpinnings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pillar 1 Reducing Gender Gaps</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Prior Action 1.</strong> The Recipient, through its President, has issued Decree no. 2019-369/PRN/MPF/PE dated July 19, 2019 establishing Child Protection Committees at the national, regional, departmental, commune, and village to promote the abandonment of child marriage</td>
<td>“Economic impact of gender inequality in Niger” – World Bank 2018; “Unrealized Potential: The High Cost of Gender Inequality in Earnings. The Cost of Gender Inequality”, World Bank 2018. Main findings: Reducing gender inequality could increase GDP per capita by more than a fourth in Niger by 2030. These significant economic gains would be generated by enabling women to have the same earnings as men and reducing fertility and thereby population growth. Investing in girls’ education and reducing child marriage are critical to achieve these objectives, as are investments to raise women’s participation in the labor force and their productivity at work. Programs and policies to empower adolescent girls include ending child marriage, preventing early childbearing, and educating girls. The mutual relationships between education, child marriage and childbearing are the reason why incentives for girls to remain in school or go back to school if they dropped out appear to be among the most effective interventions to delay the age at first marriage and prevent early childbearing.</td>
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<td><strong>Prior Action 2.</strong> The Recipient, through its Ministry of Public Health, has issued a Ministerial Order (Arrête) no. 000897/MSP/SG/DGSR/DSME of August 15, 2019 allowing access to family planning assistance to married adolescent girls without parents or husbands’ mandatory accompaniment, to improve their access to health services.</td>
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<td><strong>Prior Action 3.</strong> The Recipient, through its Ministry of Primary Education Literacy, Promotion of National Languages and Civic Education, its Ministry of Secondary Education and its Ministry of Technical and Vocational Education and Training, has issued Joint Ministerial Order no. 335 dated August 22, 2019 allowing adolescent girls to remain enrolled in school in the event of pregnancy or marriage, to improve educational attainment.</td>
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<td><strong>Pillar 2: Expanding Access to Electricity and Potable Water</strong></td>
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<td><strong>Prior Action 4.</strong> The Recipient, through its President, has issued Decree no. 2019-406/PRN/ME dated July 26, 2019 establishing the regulatory framework governing off-grid autonomous rural electrification projects which promotes private sector involvement and prioritizes renewable energy to increase access to electricity.</td>
<td>“Sector Notes on the Power Sector,” World Bank 2011; “Energy Sector Review,” World Bank 2012; “Niger Sector Note Report,” World Bank 2016; Electricity Policy Paper and National Electrification Strategy, GoN 2018 with World Bank support NIGELEC Business Plan 2016-2027 Main findings: Achieving universal access to electricity will need investment in rural electrification in both grid extension and off-grid solutions (solar mini-grids and individual solar products). New generation capacities are required to address supply constraints with necessary investments in renewables to increase their share in the energy mix. There is a strong political willingness to encourage private sector participation to mobilize the needed investments by putting in place the</td>
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<td><strong>Prior Action 5.</strong> The Recipient, through its President, has issued Decree no. 2019-462/PRN/ME dated August 23, 2019, adopting a national Electricity Transmission Grid Code, governing inter alia grid connection, commissioning of new electric infrastructure, and integration of renewable energy to promote private sector participation in the electricity sector.</td>
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<td><strong>Prior Action 6.</strong> The Recipient through its Ministry of Energy and its Ministry of Finance, has issued a Joint Ministerial Order no. 0006/ME/MF dated February 28, 2019 approving the performance contract entered into between the Recipient and NIGELEC-SA in March 2019 to improve service quality and key performance indicators.</td>
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<td>Prior Actions</td>
<td>Analytical Underpinnings</td>
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<td>performance indicators of the electricity sector and increase the share of renewable energies in the energy mix.</td>
<td>right regulatory and legal conditions. NIGELEC will be the main vehicle to accelerate access and will require a close monitoring of and sustaining its performance</td>
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| **Prior Action 7.** The Recipient, through its President, has enacted Law no. 2019-15 dated May 24, 2019, establishing the Water Regulatory Authority to strengthen the institutional framework of the water sector. | PROSEHA (2016)  
Niger WASH Poverty Diagnostic (2018)  
| **Prior Action 8.** The Recipient, through its Ministry of Water and Sanitation and its Ministry of Finance, has entered into an agreement (Contrat-Plan) with SPEN, on August 29, 2019, requiring SPEN to develop a master plan and investment programs, to improve access to basic water services. | Main findings: Access to improved water expanded across urban and rural areas. Two facts are worth highlighting. First, the considerable expansion of private piped water in Niamey, which as of 2014 expanded by 19 percentage points and while the increase is smaller in other urban areas (9 pp). However, the second salient point pertains to reliance on unprotected sources such as open wells and groundwater springs by most of the rural population. The rural population experiences a much lower service quality than its urban counterpart with gap between the two access rates more pronounced than in other African countries due to the comparatively high coverage observed in Niamey and other urban areas. The trend in access to sanitation is most concerning: open defecation has increased due to population growth with over 14 million people relying on this practice as of 2014. |

**Pillar 3: Improving Debt Transparency and Debt Management**

MTDS (2016) |
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<td>The Recipient, through its President, has issued Decree no. 2019-598/PRN/MF dated October 18, 2019, centralizing all public debt management responsibilities in a dedicated unit within the Treasury, to improve the efficiency of debt management operations.</td>
<td>Main findings: While Niger’s central government debt is at a moderate level, it has increased significantly over the last few years. Refinancing risk is the most significant risk affecting the debt portfolio. While the portfolio has an average time to maturity (ATM) of 10.6 years at end-2015, around a quarter of domestic debt outstanding is due within one year, thus generating roll-over pressures. The current legal and organizational framework in Niger does not provide a stable ground for</td>
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<td><strong>Prior Action 10.</strong> The Recipient, through its Ministry of Finance, has issued Ministerial Order (Arrete) no. 000401/MF/SG dated October 18, 2019, expanding the scope of debt-reporting requirements to PPPs and state-owned enterprises’ debt including by instrument and debt holder on a quarterly basis. To improve the comprehensiveness of debt reporting</td>
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While Niger’s central government debt is at a moderate level, it has increased significantly over the last few years. Refinancing risk is the most significant risk affecting the debt portfolio. While the portfolio has an average time to maturity (ATM) of 10.6 years at end-2015, around a quarter of domestic debt outstanding is due within one year, thus generating roll-over pressures. The current legal and organizational framework in Niger does not provide a stable ground for
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<td>sound public debt management. The front office of external debt is still under two ministries, the ministry of finance and the ministry of planning. In addition, the back office of domestic and external debt is spread between different entities at the Directorate of public debt at the ministry of Finance. Finally, the middle and back office function is under the Directorate of public debt. Due to overlapping of roles, lack of coherent information flows and severe operational risks, it is necessary to designate a single managing authority and specify responsibilities and within the entity</td>
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