

Niger: Joint Staff Advisory Note on the Poverty Reduction Strategy Paper

This Joint Staff Advisory Note (JSAN) on the Poverty Reduction Strategy Paper for Niger, prepared jointly by the staffs of the World Bank and the IMF, was distributed with the member country's Poverty Reduction Strategy Paper to the Executive Boards of the two institutions. The objective of the JSAN is to provide focused, frank, and constructive feedback to the country on progress in implementing its Poverty Reduction Strategy (PRS).

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NIGER

POVERTY REDUCTION STRATEGY PAPER—JOINT STAFF ADVISORY NOTE ON THE ECONOMIC AND SOCIAL DEVELOPMENT PLAN 2012-2015

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OVERVIEW

1. Niger's new Poverty Reduction Strategy—the Plan for Economic and Social Development (PDES) was approved by the Council of Ministers on August 1, 2012.

It represents Niger's overarching reference framework for the government's development agenda. It seeks to operationalize the Niger Renaissance Program launched by the country's president, incorporating the orientations of the government's general policy statement. The overarching focus of the PDES is on achieving higher economic growth of around 8 percent over the PDES period (2012-2015) as the means to improve significantly the living conditions of all Nigeriens.

2. The PDES also proposes changes in policy orientation and institutional arrangements to respond to recent developments in Niger and in the sub region.

In particular, in order to prevent a recurrence of the political instability experienced during the period 2009—2010, the PDES pays particular attention to the consolidation of the credibility and efficacy of public institutions. Increased regional security threats in the wake of the overthrow of the regime in Libya and the rebel movements in neighboring Mali are reflected in greater priority being given to security, but also to a more inclusive development approach that seeks to reduce regional disparities. In light of recurring food crises, the PDES also pays particular attention to agriculture sector development and food security, as one of government's priority programs.

3. At the institutional level, the PDES is now the responsibility of the Ministry for Planning, Regional and Community Development, while responsibility for its predecessor—the Strategy for Accelerated Development and Poverty Reduction 2008-2012 (SDRP) was located in the prime minister’s office. The Ministry of Planning, Regional, and Community Development was established in order to reinforce strategic planning, coordination of the development process, and economic management. The Ministry of Planning is also developing a long term strategy for inclusive growth covering the period 2012-2035. It is expected that the PDES and its successors will be aligned with the long-term strategy and be the main instruments for the operationalization of this long-term strategy.

4. The PDES targets 11 strategic results and identifies 86 programs for their achievement. These are clustered in five programmatic areas which are (i) strengthening the credibility and efficiency of public institutions; (ii) creating the conditions for inclusive, sustainable and balanced development; (iii) food security and sustainable agricultural development; (iv) competitive and diversified economy for accelerated, inclusive growth; and (v) promotion of social development.

5. The PDES was developed in an inclusive participatory process. As the PDES seeks to operationalize the program of the democratically elected government, it draws its legitimacy directly from its link to the program of the democratically elected government, which was presented to and endorsed by the National Assembly. The institutional framework for the preparation of the PDES included an Interministerial Commission for Strategic Planning, a committee including government and development partners, a technical national committee, twelve sectoral and thematic working groups, and eight regional committees. Civil society and development partner representatives participated in the sectoral, thematic, and regional committees. In an iterative participative process, drafts of the PDES were presented to development partners and civil society for comments and inputs at various stages of the process. In addition, the PDES brings together a range of sectoral and thematic strategies, which also followed inclusive processes in their development, such as the strategy for agricultural development and food security or the public financial management reform program. During the implementation of the PDES, it will be important to keep the National Assembly engaged and to deepen participative processes.

6. The mid-term review of the SDRP highlighted the following lessons which fed into the preparation of the PDES:

- The participative process used for the elaboration of the SDRP has been appreciated by all stakeholders and has thus been maintained for the preparation of the PDES.
- The implementation arrangements for the SDRP were well designed, but did not work well. Particular attention should thus be paid to strengthen the implementation mechanisms for the PDES. In particular, a profusion of multisectoral committees associated with each sectoral strategy did not often function well because of the lack of appropriate human,

logistical, and financial resources. A rationalized implementation framework for the PDES will thus be important for its success.

- Sectoral policies were often not appropriately aligned with the SDRP. It will thus be important that sectors involved in the realization of the PDES develop or align their strategies to ensure consistency with the PDES.
- All the risks that were identified in the SDRP did materialize. This implies that the PDES needs to pay particular attention to the establishment of effective mechanisms for the management of risks.
- Of the required external financing for the SDRP, after three years of implementation only 17.3 percent of the targeted amount could be mobilized, partly as a result of the political instability experienced during that period. Nonetheless, strengthening the capacity for resource mobilization and absorption will be critical for the success of the PDES. For the major investment projects foreseen under the PDES, it will also be important to establish appropriate mechanisms for private-public partnerships.
- The review also highlights improvements in all dimensions of governance.
- Finally, the review also suggests to establish a new framework for engagements with development partners in order to strengthen the policy dialogue and mutual accountability.

POVERTY AND GENDER

7. Poverty is wide spread in Niger and has only declined marginally from about 63 percent in 1990 to 59.5 percent in 2008. A detailed poverty assessment was carried out by the World Bank in partnership with the Nigerien authorities and fed into the preparation of the PDES. A Living Standards Measurement Study Survey was carried out in 2011 and new poverty estimates are currently being prepared. These will provide a solid baseline for monitoring the impact of PDES implementation on poverty in Niger. A follow up Living Measurement Study Survey is planned to be carried out in 2014.

8. The PDES focuses on accelerating economic growth and improving the living conditions of all Nigeriens. Poverty reduction is framed as the objective of enlarging the Nigerien middle class defined as the population that lives above the national poverty line but which does not belong to the wealthiest ten percent of the population. The PDES target is to enlarge the middle class from about 30 percent of the population in 2012 to about 50 percent by 2015. This increase in the middle class would imply a decline in the headcount poverty index by about 20 percentage points. Staffs concur that the targeted progress in poverty reduction would be consistent with a targeted average annual per capita income growth of at least four percent, an

income elasticity of at least minus two, and unchanged inequality. However, staffs also wish to note that over the past six years poverty has only fallen by six percentage points and due to the high rate of population growth, the absolute number of the poor has actually increased. The PDES recognizes that this decline in the poverty incidence would still be insufficient to meet the MDG for poverty reduction, which would require a drop in poverty to about 30 percent. In order to ensure that policies support pro-poor economic growth, staffs suggest to deepen the analysis of the impact of the policies proposed in the PDES on poverty and employment.

9. In the course of the PDES implementation, it will be important that interventions target explicitly the poorest and most vulnerable groups to avoid that benefits such as subsidized inputs, irrigated land, and food security interventions are disproportionately captured by the better off. For example, irrigation development should be accompanied by the development of a clear approach on the allocation of irrigated land.

10. The PDES proposes to treat gender as a cross-cutting issue and contains specific programs for the promotion of gender equality. The PDES could be strengthened by providing a clear road map laying out specific actions and resources aimed at promoting gender sensitive outcomes. Among the PDES programs that address some of the fundamental gender inequalities is the program to achieve universal free and mandatory basic education up to the age of 16. This would not only help to close the gender gap for basic education, but would also help to raise the average age of marriage and reduce child and maternal mortality—which are often the result of the very young age of women at first childbirth. Staffs note that achievement of this objective will require significant human and financial resources and would welcome a more detailed plan on how this objective is to be achieved. Programs to manage population growth and to improve reproductive health services will also have a direct positive impact on the situation of women. Improved access to water will help to reduce one of the major household burdens for women, and more specifically for girls who often have to spend significant time to fetch water over long distances. In other areas, especially economic development and governance, programs to reduce gender inequalities are less visible. Staffs thus suggest that government seek to identify entry points in the area of economic development such as access to credit and agricultural inputs, and land, which could play an important role in enhancing economic opportunities for women. Sensitization efforts to improve women's status and rights can also play an important role in generating a positive dynamic for a more gender inclusive development process. Monitoring of the gender impact of PDES implementation could be strengthened by including more gender disaggregated indicators in the PDES monitoring matrix.

MACROECONOMIC FRAMEWORK

11. The PDES presents three different macro-economic scenarios—a base case scenario with average annual economic growth of 8 percent, a high growth scenario with economic growth of 9.7 percent and a low growth scenario with an economic growth rate of 6.2 percent over the period 2012-2015. All three scenarios are predicated on an ambitious public investment agenda. The PDES identifies several risks to growth: (i) climatic shocks and natural disasters; (ii) a deterioration of the global environment, including the regional security situation; and (iii) risks related to the financing of the PDES. Growth in the baseline scenario is mainly driven by the expansion of the natural resource sector. The low growth scenario assumes that the downside risks materialize, including more frequent droughts, weaker external demand, and lower levels of investment. The high growth scenario assumes good climatic conditions, and a favorable global economic environment, with higher levels of investment.

12. The growth figures in the PDES baseline scenario are broadly consistent with the projections in the Fund-supported program. In particular, the PDES assumes the start of petroleum exports in 2012 would lead to a GDP annual growth rate for that year of 11.6 percent, followed by a 6.8 percent, 7 percent, and 6.6 percent growth respectively for 2013, 2014 and 2015. Growth projections under the Fund-supported program are about 0.5 percentage points lower in each year.

13. The PDES identifies the extractive industries sector as the main driver of economic growth during the PDES period. Staffs note that, while growth in this sector can provide important impulses for growth in other sectors, the development of the non-resource sectors of the economy will remain crucial to achieve inclusive growth. To achieve this, priority needs to be given to reforms of the business environment and the mitigation of risks that are typically associated with a large extractive industries sector. These include increased vulnerability to international demand for uranium and petrol as well as Dutch disease risks in the form of an appreciation of the real exchange rate and thus a deterioration of Niger's international competitiveness, but also other risks that often hinder the development of resource rich economies such as weakened governance, capture of rents, or increased conflict. If not well managed, expansion of the extractives industries could stymie the competitiveness of the Nigerien economy and have adverse growth effects.

14. Priority should be given to ensuring that the full potential of the oil sector is properly exploited. During the first year of oil production in 2012, a range of problems related to the refining and the marketing of oil products resulted in poor performance of the sector. Production was significantly below the capacity of the refinery which caused financial losses of the refinery that were close to one percent of GDP. Staffs welcome the preparation and implementation of an action plan that would ensure proper coordination of actors in the sector. Continued application of EITI standards and transparency in the use of mining revenues for shared growth will be important for national cohesion, given that in the past tensions over the distribution of natural resource rents have been one of the underlying causes of conflict.

15. Staffs consider the high growth scenario as unlikely to materialize at this point, in the absence of more far-reaching reforms aimed at improving the business climate, which will be crucial for economic diversification and job creation.

Because the employment effects of the natural resource sector are limited, improving the business climate by taking comprehensive measures aimed at strengthening the judiciary system and fighting corruption, simplifying business regulations and procedures for trade, and improving the efficiency of the tax and customs administration, will be essential to foster non-extractive sector growth and thus promote diversification, in order to achieve the government's high growth scenario.

16. Staffs note that although fluctuations in the price of exports are rightly considered as global risks to the macroeconomic framework, the low growth scenario analysis does not include the impact of declines in the export price of oil. Assuming a 30 percent decline in the export price of petroleum products, staffs projections would imply a 20 percent decrease in government oil revenue.

17. The government budget is the main tool for the implementation of the PDES.

However, the preparation of the PDES and the 2013 budget were carried out in parallel with little alignment between the two. The split of the former Ministry of Economy and Finance into a Ministry of Finance, responsible for budget preparation, and a Ministry of Planning, responsible for the PDES and the investment budget, has repeatedly resulted in serious coordination problems with regard to budget preparation and implementation. Strengthening the coordination between the Ministry of Planning, Regional, and Community Development and the Ministry of Finance should thus be a priority in order to ensure effective translation of the PDES into Medium-Term Expenditure Frameworks and annual budgets.

18. Staffs note that the fiscal framework in the PDES needs to be clarified. It would be important to link the costing of the PDES more clearly to the macroeconomic and fiscal scenarios to ensure consistency. Annual PDES expenditures presented in the prioritized PDES action plan are close to or even exceed projected total government expenditures (current and capital expenditures) shown under the different macroeconomic scenarios. Also, figures shown in the PDES point to a budget deficit of 15.9 percent in 2013, going up to 19.1 percent in 2015, while the Fund-supported program implies a deficit of 12 percent in 2013¹ and 11.1 percent in 2015. The PDES does not provide a focused discussion or analysis of debt sustainability.

¹ This amount excludes the projected new project loan of 12 percent of GDP to refinance the loan for the construction of the refinery Soraz.

19. Much of the PDES program would manifest itself in an increase in the government investment budget. Already now, when recurrent expenditures account for about 12.4 percent and investment expenditure for 13.3 percent of GDP, operation and maintenance expenditures (such as for roads) are often underfunded. With a rapid increase in investment expenditures, it will be critical to carefully consider recurrent expenditure implications.

CROSS-CUTTING ISSUES

20. The PDES presents an ambitious program, the implementation of which will however face significant constraints in terms of available resources and absorptive capacity. The prioritized action plan foresees an increase in PDES related expenditure from about US\$1.2 billion in 2012 to US\$3.8 billion in 2015, for a total of US\$10.8 billion over the four year period. Of this, about 77 percent or US\$8.3 billion is to be externally funded. At a PDES Round Table held in Paris November 13-14, 2012, indications of donor support for the period 2012-2015 amounted to about US\$4.8 billion, leaving an external resource gap of about US\$3.6 billion. Over the previous five years, annual external financing for Niger was between US\$300 million and US\$400 million annually. Reaching the level of externally funded expenditures envisaged in the PDES would thus require a massive increase in the amount of external support and absorptive capacity. As an operational strategy to deal with financing and absorptive capacity risks, staffs thus advise the authorities to further prioritize the PDES to a volume of expenditures that represents a more organic evolution from historic levels of expenditures while at the same time implementing measures to strengthen absorptive capacity.

21. Further prioritization and sequencing could be guided by considering more explicitly the linkages between programs across pillars and focusing on those that are together essential for the achievement of key overall results. This would also be facilitated by a clearer hierarchy of results in the results framework. Such prioritization could also be an opportunity to pay more attention to synergies across pillars and across sectors in designing PDES priority programs, focusing on core causes and solutions and moving to a more cross-sectoral approach. If further prioritization is not undertaken, the authorities would forgo an important opportunity to effectively focus donor funding on the highest priority needs.

22. The following provides a few examples of linkages across programs that could assist further prioritization and sequencing of reforms and investments. The PDES could be strengthened by paying closer attention to the interaction between economic growth, employment, and skills development. The PDES discusses skills development as part of the pillar on social development. However, it would be important to treat skills development as a central part of Niger's growth agenda and identify specific skills needs and employment prospects related to the drivers of growth proposed in the PDES. For instance, much evidence points to the fact that job growth in the extractive industries is constrained by lack of semi-skilled and skilled workers needed for the construction and operational phases of these industries. This job/skill mismatch is also visible in other sectors contributing to constraining Niger's economic development. The

government needs to do more to address this skill gap with higher support to the TVET sector and the development of a demand-driven skill development system. Another example would be the contribution of social development issues to the realization of the objectives of the other pillars of the PDES, such as the contribution of social protection to food security or the role of skills development in fostering competitiveness. Human capital development is not only an end in itself, it is a key determinant of productivity and employability and therefore inclusive growth.

23. Staffs note that limits to the administrative implementation capacity may be more constraining than expected. Even at current levels of investment spending, project implementation capacity is weak and often results in slowly and poorly executed investment projects. The strengthening of government's administrative capacity is thus key to the implementation of the PDES. Staffs thus suggest that the expansion of government's program and project implementation capacity and the scaling up of budgetary spending need to go hand in hand in order to avoid slow or poorly implemented projects that claim resources, but are not able to generate the expected outcomes. Building capable institutions requires a long-term horizon and generally feeds on incremental achievements and quick wins in targeted areas. The wholesale approach of being everywhere at the same time has not proved to be effective for Niger. The Government has taken this approach in PFM, justice, civil service, and decentralization, with very little success. It thus needs to prioritize and start with programs that have the most catalytic effects. Of particular importance would also be a strengthening of Niger's public investment management system, in line with the diagnostic and recommendations provided in the Second Public Expenditure Management and Accountability Report.

24. The investment program spelt out in the PDES should be accompanied by a monitorable priority plan for institutional and policy reforms. Far reaching institutional and policy reforms will be needed to ensure that proposed investments achieve the targeted results. For example, the Kandadji development program will need to be accompanied by reforms of key institutions in the energy and irrigation sector, such as the Nigerien Office for Irrigation (ONAHA) and the power sector utility (NIGELEC) as well as tariff reforms. Another example would be reforms of road maintenance funding and management arrangements to accompany investments in the road sector.

25. In order to enhance the management of aid and to promote aid effectiveness, staffs would welcome the preparation of an aid strategy to complement the PDES. Such a strategy could guide donor coordination, the choice of aid instruments and the role of budget support, the use of country systems, and the implementation of measures to strengthen aid effectiveness. As such, an aid strategy could also serve as the basis for enhanced mutual accountability between the Nigerien authorities and its technical and financial partners. Overall aid levels to Niger as reported in OECD aid statistics are low and efforts to mobilize further donor resources are welcome and needed. A large share of aid is currently delivered outside government, either through NGOs or direct execution by donor agencies. As highlighted in the World Development Report on

Development and Security, large aid flows outside government can undermine the credibility and stability of government. Staffs thus encourage government to continue strengthening public financial management systems in order to enhance donor confidence in the reliability of these systems for the delivery of aid.

SELECTIVE OBSERVATIONS ON THE FIVE PDES PILLARS

26. The World Bank's 2011 Poverty Assessment notes that crop yields in Niger are half of the West African average (except for rice), an observation that perhaps merits greater consideration in the PDES. Low producer prices and high levels of risk deter the investment necessary for higher yields. Reducing the rent extracted by transport cartels by freeing-up competition would allow producer prices to rise without increasing consumer prices. Conversely, cartelization of transport captures the benefits of other reforms and investments aimed at boosting productivity, without bringing benefits to consumers or increasing farm incomes. In this regard, the recent Bank report "Africa Can Help Feed Africa" notes the economic impact in Niger of national quotas for freight, and the queuing system for freight allocation, finding that these increase prices for food staples for consumers, exacerbating food insecurity.

27. An Agriculture Sector Risks Assessment prepared by the World Bank in 2012 systematically analyzes a whole range of agricultural risks and their impact over a longer time period (1980-2012). It helps to situate drought in the context of other agricultural risks; prioritizes the most important agricultural risks for the country based on objective criteria; and provides a framework of mitigation-transfer-coping to manage priority risks. While the PDES notes the potential of weather insurance to boost investment in agricultural production, the assessment highlights the limitations of financial risk transfer (insurance) and social safety nets. It emphasizes a broader and holistic agricultural risk management approach. The filtering mechanism proposed in the study may help the government to select high return interventions for agricultural risk management in the detailed action plan being prepared for the implementation of the 3N initiative.

28. Staffs welcome that the PDES includes livestock productivity as a key element of rural development. In addition to playing an important role in efforts to foster pro-poor growth, balanced attention to agriculture and livestock also has an important role to play in fostering national cohesion, given that perceptions of relative negligence of livestock issues can contribute to conflict.

29. While strengthening domestic agricultural production is important to enhance food security, facilitating domestic and international trade in food and agricultural products can play an equally important role. Reducing barriers to trade and enhancing regional integration (which are explicitly targeted under the pillar on the creation of a competitive and diversified

economy) also play an important role for agriculture and food security and should thus be an essential element of the government's strategy in this area.

30. In staffs' view, the PDES could put greater emphasis on the need to remove obstacles to domestic and international competition. This would enhance the efficiency of the economy and help foster growth and reduce costs and prices. Efforts to strengthen the tax administration could also play an important role in creating a level playing field by preventing businesses from gaining unfair advantages through tax avoidance. Public procurement reforms should similarly aim at providing equal access to procurement opportunities and provide incentives for full tax compliance. Targeted improvements in the judicial system would also play an important role in strengthening domestic and international trade.

31. Staffs encourage the authorities to finalize and adopt the action plan for the improvement of the business environment and ensure proper prioritization. A variety of investment climate assessments and the annual Doing Business reports highlight significant weaknesses in Niger's regulatory environment for businesses. In order to ensure that reforms result indeed in increased investment, trade and growth, it will be important that the action plan is clearly prioritized, especially considering the authorities weak capacity. Reforms aimed at facilitating domestic and international trade and at establishing a level playing field for all potential market participants should be given priority.

32. Financial sector development can play an important role in fostering economic opportunities and growth and is thus rightly included as a priority area for reform. The recently developed financial sector development strategy and action plan provide a sound roadmap for the development of the financial sector. An area of particular importance is increased access to financial services and credit for SMEs and the agriculture sector. While the PDES proposes to carry out studies on financing conditions in these areas, staffs note that with the support of the World Bank a study on rural finance has already been carried out. The financial sector development strategy and action plan contain important measures to enhance access to finance for PMEs and the rural sector, which should be implemented on a priority basis. The PDES is also silent on the role of micro-finance for Niger's development. It is important to note that access to micro-finance in Niger is significantly less than in neighboring countries. There may thus be important opportunities to scale up the sector and thus provide more opportunities for poor households.

33. In staffs' view, the objective of free and mandatory education until the age of 16 should be one of the main focus areas of the entire PDES, in line with the priority accorded in the President's program and the declaration of government policy. Staffs note that the PDES results framework targets an increase in primary education enrolment (the first six years of schooling) from about 76.1 percent in 2011 to 96 percent by 2015, but does not provide targets for enrolment until the age of 16. In staffs' view, focusing on increasing enrollment for primary education as an important step towards achieving universal education to the age of 16 is

appropriate. Accelerated progress towards this objective will require increased financial and human resources as well as better management of the education sector. Staffs would also encourage the authorities to consider innovative approaches to service delivery in education, including strengthening the role of communities and improving accountability mechanisms.

34. Staffs welcome that the PDES underlines the importance of efficient and effective institutional functioning of the education sector. However, the theme of financing is not covered. In addition, with regard to all aspects of management and organization of technical training and higher education it would be important to emphasize the importance of partnerships with the private sector—either in the context of dual channels (for technical training) or in a learning environment (in an “apprenticeship” context), or in a context of collaboration between university and industry (in curriculum development, for example). It should also be stressed that the technical and vocational training should be commensurate with the needs of the economy. In staffs’ view, the theme of certification and evaluation of skills also deserves more emphasis.

35. Staffs note that the government policy of free health services for vulnerable groups, including small children and pregnant women, plays an important role in improving overall health indicators and, in particular, the health of the poorest and most vulnerable. However, delays in the reimbursement of health centers that provide free services jeopardize the viability of the system and should thus be addressed urgently.

36. The projected pace of population growth poses substantial difficulties in terms of providing Nigeriens with adequate livelihoods and economic opportunities, as well as access to education and health services, while also exerting considerable pressure on the natural resources system which contributes to land degradation and natural disasters. Progress in achieving universal mandatory basic education until the age of 16 would be expected to have a direct impact on population growth. Staffs also note that control of demographic growth depends importantly on strong programs for fostering reproductive health. Niger has been able to make some progress with regard to family planning which needs to be sustained during the PDES period.

COST, IMPLEMENTATION ARRANGEMENT, AND MONITORING AND EVALUATION

37. The overall cost of all PDES programs is about US\$12.6 billion. A prioritized action plan for the implementation of the PDES over the period 2012-2015 contains PDES programs that amount to US\$10.8 billion. Since the PDES provides little detail on the elements of proposed programs and their cost, it is difficult for staff to assess the appropriateness of the aggregate cost estimates. As mentioned before, further prioritization of the PDES to align it with absorptive capacity and to be able to maintain focus if the level of available resources is less than envisaged would be critical.

38. Implementation arrangements for the PDES entail a multi-layered system. It has at its top a PDES Orientation Council chaired by the Prime Minister and includes an Inter-ministerial Commission for Strategic Planning, a National Committee (government/donors—DAC/OECD), a National Technical Committee, sector committees, and regional, district, and municipal PDES monitoring committees. The implementation structure resembles that for the previous PRSP even though the PRSP mid-term review noted that the implementation structure did not function well. Only four of the eight regional committees were functioning and government—donor meetings were not held regularly and without clear terms of reference. Part of this may have been due to the political instability that Niger experienced during the SDRP implementation. Having the SDRP secretariat located in the prime minister's office put the SDRP at the center of the government policy making and coordination process. However, it also implied that attention to the SDRP was often crowded out by many competing priorities handled by the prime minister's office. The establishment of a Ministry of Planning, Regional and Community Development which is now responsible for the PDES holds the potential that PDES implementation and monitoring receives undivided attention which will need to be accompanied by effective mechanisms to coordinate the actions of all ministries involved in PDES implementation. In going forward, it will be particularly important that the mechanism for the implementation and monitoring of the PDES is appropriately resourced in order to ensure its functioning. Furthermore, given the central role of the Ministry of Finance in ensuring the alignment of public expenditures with the PDES, staffs recommend that the implementation framework also recognize the importance of the Ministry of Finance more explicitly, for example by having the Ministry of Finance co-chair the Inter-ministerial Commission for Strategic Planning and other implementation organs.

39. The PDES monitoring and evaluation system focuses on (i) monitoring of the execution of PDES programs through quarterly program execution reports prepared by the implementing ministries and agencies; (ii) monitoring of results on the basis of identified results indicators and targets; (iii) monitoring of public expenditures through an annual public expenditure review; (iv) a mid-term and final evaluation; and (v) an evaluation of the impacts of public policies which would focus on five to ten policies or measures every year. Staffs note that further work is needed on the results indicators for the PDES, as at present a large number of indicators lack baseline and target values. There is also a need to better capture efficiency, quality and equity of social sectors' interventions using more comprehensive indicators. Staffs also note that the living standards measurement survey which was carried out in 2011 can provide important baselines for the monitoring of the impact of the PDES implementation. Staffs also highlight the importance of government commitment to the planned follow up survey in 2014, which will represent an important tool to measure changes in many of the PDES target areas.

CONCLUSIONS AND RISKS

40. Overall, the PDES provides a comprehensive analysis of Niger’s development challenges and plan to achieve accelerated sustainable growth. The clear articulation of the interconnectedness of good governance, security and development, which was also highlighted by Niger’s President at the PDES Round Table in Paris, is welcome and addresses the significant domestic and external challenges that Niger is confronted with in its pursuit of economic and social development. Staffs welcome the government’s strategic choice to focus on fostering sustainable and inclusive growth as the means to achieve poverty reduction. However, in the course of implementation of the PDES, close attention should be paid to ensuring that interventions do indeed provide new opportunities for the poor and help to address gender inequalities. The PDES is ambitious and will pose significant challenges in terms of resource mobilization and utilization, requiring further prioritization of and within PDES programs and a focus on enhancing absorptive capacity. Necessary institutional and policy reforms will need to be spelled out clearly and receive priority during PDES implementation to ensure that resources are efficiently used and yield the expected results. Finally, strengthening mechanisms that would translate the PDES into medium-term expenditure and annual budgets will be essential.

41. The PDES identifies key risks to the achievements of the PDES objectives as well as mitigating measures. The risks can be grouped into two broad clusters. The first are risks external to the implementation of the PDES. They include natural disasters such as droughts and inundations, cricket infestations, and animal diseases; an adverse external economic environment, disruptive socio-political developments, and security threats.

42. A second group of risks would result in weak implementation of the PDES. They are related to weak engagement of stakeholders in the implementation of the PDES, inadequate funding, poor donor coordination and alignment; and weaknesses in program implementation of the PDES. Staffs concur with the importance of adopting mitigating measures to address these risks, especially strengthening public sector capacities and financial management systems. However, it is important to note that these risks are rooted in deep seated problems of public sector performance. International experience clearly points to the significant effort and time needed to address these problems. It will thus be important to appropriately sequence reforms to ensure that appropriate implementation capacity exists when programs are launched.