



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 01-May-2019 | Report No: PIDC26991



BASIC INFORMATION

A. Basic Project Data

Country Niger	Project ID P169830	Project Name First Laying the Foundation for Inclusive Development Policy Financing (P169830)	Parent Project ID (if any)
Region AFRICA	Estimated Board Date Oct 31, 2019	Practice Area (Lead) Macroeconomics, Trade and Investment	Financing Instrument Development Policy Financing
Borrower(s) Republic of Niger	Implementing Agency Ministry o Planning		

Proposed Development Objective(s)

The Program Development Objective (PDO) and Pillars of the Operation are: (i) Reducing Gender Gaps and (ii) Expanding access to electricity and potable water.

Financing (in US\$, Millions)

SUMMARY

Total Financing	700.00
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DETAILS

Total World Bank Group Financing	250.00
World Bank Lending	200.00
World Bank Guarantees	50.00
Total Non-World Bank Group Financing	500.00
Private Capital and Commercial Financing	500.00
of which Private Capital	500.00

Decision

The review did authorize the preparation to continue



B. Introduction and Context

Country Context

A combination of favorable factors has led to an upward trend of Niger's economic growth over the recent past. The country has experienced political stability characterized by a strong parliamentary majority, following elections in 2016, and the formation of a unity government. In addition, decisive actions have helped prevent terrorist networks from taking root and reduced the migrant flow to a fraction of its past levels. Finally, following the donor conference in Paris in December 2017, Niger received a pledge of large-scale donor financial support amounting to US\$12.7 billion in support of the Niger's social and economic development program, *Programme de Développement Economique et Sociale II* (PDES II 2017-2021). As a result, growth rate has averaged 1.2 percent per capita terms since 2015, with growth and population growth rates averaging 5 percent and 3.8 percent respectively. Agriculture is the main driver of growth and accounts for about 40 percent of the economy. Niger also has significant mineral wealth, including uranium and gold, and has recently started exporting refined oil products.

Despite such positive growth performance, Niger remains one of the poorest nations in the world featuring strikingly low human development indicators and stark gender inequality. Between 2005 and 2014, the incidence of income poverty fell from about 54 percent to about 45 percent, but the rapid population growth rates resulted in a large increase in the absolute number of poor, the bulk of them residing in rural areas. In 2017, Niger ranked 155th of 157 countries on the new World Bank Human Capital Index. Health and nutrition outcomes are among the worst in the world. The under-five mortality rate is 104 per 1,000 live births and the maternal mortality rate is 553 per 100,000 live births, higher than the sub-Saharan Africa (SSA) average of 546. Education outcomes are no better. About seven Nigeriens out of ten are illiterate, average school attendance is less than six years and learning outcomes are among the weakest in the region. Niger also features stark gender inequalities, including high prevalence of early child marriage and child bearing, high fertility rate and extremely low educational attainment for girls. Almost one in two girls still have their first child before the age of 18. Niger's high fertility rate of about 7.8 children per women is among the highest in the world and is strongly correlated with child marriage. Despite some progress towards higher educational attainment, girls continue to fare poorly in terms of completion of primary and secondary school in comparison to boys, and Niger lags substantially behind other West and Central African countries in those measures.

The macroeconomic framework is adequate for the proposed operation. Growth is expected to be solid, averaging 6.0 percent in 2019-21. The Government has also initiated a process of fiscal consolidation which 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 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 prevail and are mainly related to the vulnerability and exposure of the economy to weather and security events, and commodity price shocks

Relationship to CPF

This new Development Policy Financing series is well aligned with Niger's Country Partnership Framework (CPF) and the Systematic Country Diagnostic (SCD) recommendations. The CPF acknowledged the issues of gender and low capital accumulation in Niger and concluded that there is a need for a specific focus on women's human development, given the poor maternal health indicators, extremely high fertility, notably among adolescents, and gender gaps in schooling and literacy. The SCD also advocates closing the infrastructure gaps, particularly in electricity and water in rural areas, while promoting changes in the energy mix.



C. Proposed Development Objective(s)

The Program Development Objective (PDO) and Pillars of the Operation are: (i) Reducing Gender Gaps and (ii) Expanding access to electricity and potable water.

Key Results

This Program will tackle gender inequalities affecting adolescent girls at an early stage by reducing early child marriage and improving educational attainment. In electricity, it will promote the development of rural electrification and change in energy mix to increase the share of renewables. In water, the program will strengthen the regulatory framework and financial situation of the water sector and expand access. The program will promote the participation of the private sector in the provision of electricity and potable.

D. Concept Description

The proposed operation is articulated around two pillars. Pillar 1 is “Reducing gender gaps” and Pillar 2 is “Expanding rural access to electricity and potable water”. Pillar 1 aims to (i) amend legislation governing the age of marriage and modernize the civil registry system, and; (ii) create the conditions for girls to enroll and/or to stay in school to improve educational attainment. In energy, Pillar 2 aims to (i) create the regulatory framework for rural electrification and for private sector participation in power generation and distribution, and; (ii) to expand access to electricity in rural areas and increase the share of renewables in energy mix. In water, Pillar 2 aims to (i) improve the financial and the technical performance of the sector; (ii) create a well-functioning regulatory framework, and; (iii) expand access to water services.

The proposed series is fully aligned with the government’s development strategy and priorities as articulated in the Economic and Social Development Plan (*Plan de Développement Economique et Social* - PDES II). It is designed to advance a number of key PDES II objectives. The focus on gender in Pillar 1 supports objectives (ii) and (iii) of the PDES II. The focus on infrastructure under Pillar 2 also supports objective (iii).

E. Poverty and Social Impacts and Environmental Aspects

Poverty and Social Impacts

Many of the actions supported by the proposed operation are expected to have significant positive poverty reduction and welfare enhancement impacts. 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. The development of the electricity sector will create business opportunities and along with the initiatives to expand access to drinking water will improve rural welfare.

Environmental Impacts

The policy reforms under the operation are not expected to have negative impact on environment. If needs arise, the water and energy sectors have institutions dealing with environmental adverse impacts mitigation. Niger has a comprehensive framework to ensure effective mitigation of potential negative effect on environment, forests, or other natural resources.



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APPROVAL

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