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Report No: PAD2665

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 20.7 MILLION
(US\$30 MILLION EQUIVALENT)

TO THE

REPUBLIC OF NIGER

FOR A

YOUTH EMPLOYMENT AND PRODUCTIVE INCLUSION PROJECT

May 23, 2018

Social Protection & Labor Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective Mar 31, 2018)

Currency Unit = CFA Franc

CFA Franc 532 = US\$ 1

US\$ 1 = SDR 0.68782414

FISCAL YEAR

January 1 - December 31

ABBREVIATIONS AND ACRONYMS

AFD	French Development Agency (<i>Agence Française de Développement</i>)
ANPE	National Agency for Employment (<i>Agence Nationale pour l'Emploi</i>)
BEEEEI	Agency For Environmental Evaluation And Impact Assessment (<i>Bureau des Evaluations Environnementales et des Études d'Impacts</i>)
CFS	Safety Nets Unit (<i>Cellule Filets Sociaux</i>)
CPF	Country Partnership Framework
GDP	Gross Domestic Product
FAFPA	Fund for Professional Development and Learning (<i>Fond d'Appui et la Formation Professionnelle et l'Apprentissage</i>)
FMS	Financial Management Specialist
ILO	International Labour Organization
INS	National Statistical Institute (<i>Institut National de la Statistique</i>)
MEWSP	Ministry of Employment, Work, and Social Protection (<i>Ministère de l'Emploi du Travail et de la Protection Sociale</i>)
MoU	Memorandum of Understanding
NGO	Non-Governmental Organizations
ONEF	National Observatory for Employment and Training (<i>Observatoire National de l'Emploi et de la Formation Professionnelle</i>)
PAC3	Third Community Action Program Support Project
PASEC	Climate Smart Agriculture Support Project (<i>Projet d'Appui à l'Agriculture moins Sensibles aux risques Climatiques</i>)
PECEA	Programme on promotion of jobs and economic growth in agriculture (<i>Programme de Promotion de l'Emploi et de la Croissance Economique dans l'Agriculture</i>)

PCU	Project Coordination Unit
PDES	Economic and Social Development Plan (<i>Plan de Développement Economique and Social</i>)
PFS	Adaptive Social Safety Nets Project (Projet Filets Sociaux Adaptatifs)
PPA	Project Preparation Advance
PPAAO	West Africa Agricultural Productivity Program (<i>Programme de productivité agricole en Afrique de l'Ouest</i>)
PPP	Purchasing Power Parity
PRACC	Competitiveness and Growth Support Project (<i>Projet d'appui à la compétitivité et à la croissance</i>)
PRODEC	Skills Development for Growth Project (<i>Projet de Développement des Compétences pour la Croissance</i>)
SCD	Strategic Country Diagnostic
SDCCI	Strategy for Sustainable Development and Inclusive Growth (<i>Stratégie de Développement Durable et de Croissance Inclusive</i>)
SME	Small and Medium Enterprises
UGT	Technical Implementation Unit (<i>Unité de Gestion Technique</i>)
UNDP	United Nation Development Program
UNFPA	United Nations Population Funds
UNDSS	United Nations Department of Safety and Security
VSLA	Village Savings and Loan Association

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BASIC INFORMATION

Country(ies)	Project Name	
Niger	Youth Employment and Productive Inclusion Project	
Project ID	Financing Instrument	Environmental Assessment Category
P163157	Investment Project Financing	C-Not Required

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
14-Jun-2018	30-Jun-2023

Bank/IFC Collaboration

No

Proposed Development Objective(s)

The objective of the project is to expand income-generating activities for youths in selected poor areas in Niger.

Components

Component Name	Cost (US\$, millions)
Youth productive inclusion in rural areas	14.50
Youth insertion in selected activities in semi-urban areas	8.00



Institutional Support and Project Management 7.50

Organizations

Borrower: Republic of Niger

Implementing Agency: Ministry of Employment, Work and Social Protection

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	30.00
Total Financing	30.00
of which IBRD/IDA	30.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	30.00
IDA Grant	30.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Total Amount
National PBA	0.00	30.00	30.00
Total	0.00	30.00	30.00

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2018	2019	2020	2021	2022	2023	2024
Annual	0.00	2.55	5.48	7.63	6.46	5.53	2.35
Cumulative	0.00	2.55	8.03	15.66	22.11	27.65	30.00



INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Labor

Contributing Practice Areas

Climate Change and Disaster Screening

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

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Moderate
9. Other	
10. Overall	● Substantial



COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		✓
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04		✓
Forests OP/BP 4.36		✓
Pest Management OP 4.09		✓
Physical Cultural Resources OP/BP 4.11		✓
Indigenous Peoples OP/BP 4.10		✓
Involuntary Resettlement OP/BP 4.12		✓
Safety of Dams OP/BP 4.37		✓
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

Legal Covenants

Sections and Description

No later than six (6) months after the Effective Date, through MEWSP, the Recipient shall have hired an internal auditor, satisfactory to the Association, for the Project

Sections and Description

No later than six (6) months after the Effective Date, through MEWSP, the Recipient shall have hired an independent external auditor, satisfactory to the Association

Sections and Description

No later than six (6) months after the Effective Date, through MEWSP, the Recipient shall have hired an accountant,



satisfactory to the Association, for the Project

Sections and Description

No later than six (6) months after the Effective Date, the Recipient shall have acquired, installed and customized a computerized accounting software, satisfactory to the Association

Sections and Description

No later than one (1) month after the Effective Date, the Recipient shall furnish the annual work plan and budget for the project for the first year of implementation

Sections and Description

No later than six (6) months after the Effective Date, the Project Implementing Entity shall

- (a) have assigned or recruited an additional accountant, satisfactory to the Association;
- (b) have customized its existing computerized accounting software, in a manner satisfactory to the Association to fit the Project accounting and reporting needs

Conditions

<p>Type Effectiveness</p>	<p>Description The Recipient has adopted the Administrative, Accounting, and Financial Manual of Procedures for the Project and the Project Implementation Manual, each in form and substance acceptable to the Association.</p>
<p>Type Effectiveness</p>	<p>Description The Recipient has recruited the necessary staffing for the PCU, with terms of reference, qualifications and experience satisfactory to the Association, and including, inter alia, a project coordinator, procurement specialist and financial management specialist, such that the PCU is fully functional.</p>
<p>Type Effectiveness</p>	<p>Description The Subsidiary Agreement has been executed between the Recipient and FAFPA, satisfactory to the Association.</p>



Niger
Youth Employment and Productive Inclusion Project

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I. STRATEGIC CONTEXT

A. Country Context

- 1. Niger is one of the poorest countries in the world, and suffers from frequent domestic and external shocks.** With a Gross Domestic Product (GDP) per capita of US\$895 (Purchasing Power Parity (PPP), constant 2011), Niger was the 6th poorest country in the world in 2014. The country also ranked 187th out of 187 countries on the United Nation Development Program (UNDP) Human Development Index.
- 2. Niger has experienced relative political stability in recent years, with beneficial effects for economic growth since 2011.** Historically subject to frequent coups d'état since its independence from the French Community in 1960, the country experienced a period of relative political stability between 1999 and 2010. However, the political environment worsened again in 2010, when, following a political crisis, a transition military regime came to power. In 2011, democracy was restored and a new president elected. Since then, the country has registered good economic performance, with GDP growth as high as 11.8 percent in 2012 (the highest in the last 35 years) and 6.9 in 2014. The country is however exposed to security threats due to the instability in countries of the sub-region such as the Libyan conflict, the Mali crisis and the Boko Haram armed attacks.
- 3. Traditionally driven by a rural sector frequently affected by climatic shocks and subject to the fluctuations in the price of its mineral exports, Niger's growth rate is very volatile.** Agriculture (36.7) and services (43.6) account for the largest shares of GDP, while the industrial sector remains underdeveloped and only contributes to a small fraction (19.5) of domestic product. Agricultural products and livestock account for half of Niger's exports, while the other half consists of uranium. In 2011, the country started to produce petroleum, which together with uranium production is likely to contribute to growth in the medium term.
- 4. Niger is one of the world's most vulnerable countries to climate change.** It is strongly exposed to climate risks. The economy is not very diversified and is largely dependent on rain-fed agriculture. The country's economic performance is thus closely linked to rainfall patterns. Between 1984 and 2010, Niger experienced eight years of negative growth rate and drought was largely responsible for six of them¹. Natural disasters have impacted Niger again in 2011 and 2012: the 2011 drought led to a food crisis that affected almost half of the population; in 2012, approximately 176,000 people were left without a home due to violent floods.
- 5. Even in years of good economic performance, economic growth only partially translates into improvements in development outcomes due to extremely high rates of population growth and fertility.** With an annual population growth of 4.0 percent since 2010 and a fertility rate of 7.6 children per woman, Niger has one of the most rapidly growing populations

¹ Agricultural sector risk assessment in Niger (2013). Washington, D.C.: World Bank Group.



in the world. The country population is expected to reach 54 million people in 2050, up from 11.4 million in 2000 and 19.9 million in 2015. In years of slower GDP growth, such as 2011, GDP per capita growth was negative because of the high population growth. The fast demographic growth creates a youth bulge, with a large number of youths entering the working-age population every year. The ability of the country to benefit from a demographic dividend will in part depend on whether youths who enter the working-age population can engage in productive employment opportunities.

6. **Niger has very low human development outcomes, an issue that is compounded by fast demographic growth.** Fast population growth poses serious challenges to the already scarce infrastructures present in the country, especially those needed for delivery of health, nutrition and education services. Human development indicators are particularly alarming among children, who suffer from high levels of child mortality and malnutrition. High fertility also has detrimental implications on the possibility for women to acquire education or participate in the labor force.

7. **Poverty reduction is closely linked to growth in the rural economy and in agriculture.** Approximately nine out of ten poor individuals reside in rural areas, and eight out of ten workers are employed in agriculture. Between 2005 and 2011, both the incidence and the depth of poverty fell by approximately ten percentage points, from 51.3 and 20.5 percent to 40.8 and 10.4, respectively. However, the economic shocks that affect the country have severe impacts on the poorest segments of the population, with significant long-term repercussions. Nearly one quarter of rural households reported to have decreased consumption of food to cope with the food crisis in 2009, and one third reported to have reduced the number of meals per day consumed by children. A qualitative assessment of constraints to productive employment (Bossuroy, Koussoube and Premand, 2018) shows that rural households commonly cope with shocks through the depletion of productive assets, i.e. selling of livestock or consumption of seeds needed for planting. While sometimes necessary as an immediate reaction to catastrophic economic shocks, these behaviors can have long-term consequences on the country's potential to diversify its economy and further decrease poverty. On the other hand, the mining sector is characterized by high productivity levels, but employs only a small fraction of the population (less than one percentage point).

8. **Almost all the active population works, often out of necessity, while the unemployment rate in its strict definition is limited** to a minimal 0.5 percent, corresponding to the educated urban youth searching for formal jobs. However, the vast majority of individuals who are employed are self-employed in agriculture or in non-agricultural micro-enterprises and off-farm activities, while wage jobs are very rare. In addition, 43 percent of Nigeriens who are employed work less than 40 hours per week, and 32 percent work less than 24 hours per week. A large share of those working in agriculture do not receive any income from their work. Agriculture being 89 percent rain-fed, most jobs are seasonal with long down seasons. Underemployment is therefore a critical issue.

9. **More than 80 percent of workers are farmers, and 95 of all households have at least one member who is a farmer, including half of all households in urban areas.** Because of their high exposure to uninsured risks and very limited access to capital, individuals working in



agriculture tend to choose low-yielding but less risky inputs. Except for rice, average yields per hectare of agricultural products such as millet, sorghum and groundnuts are well below the Sahelian average. Agricultural employment is poorly diversified and focused on subsistence crops, with three quarters of agricultural households that do not commercialize any agricultural production. Only ten percent of villages have a permanent market. Inputs use is very low, with for example irrigation being used by only ten percent of farmers.

10. There are increasing economic opportunities in off-farm employment, including activities in agricultural value-chains. Low-skilled self-employment is the most accessible off-farm opportunity for many rural households. Even though (off-farm) activities are generally not the main source of employment, about 20 percent of Nigeriens have diversified activities across agricultural and non-agricultural activities, a combination which is associated with higher income levels (by 20 percent on average). Diversification in the rural non-farm economy is also a potential risk-management strategy, as well as a potential strategy to adapt to climate change, for a large number of rural households. Women are well represented in the non-agricultural (off-farm) sector. Non-agricultural (off-farm) micro-enterprises generally provide cash earnings throughout the year, a welcome complement to the highly seasonal work in subsistence agriculture. Yet the productivity of non-agricultural micro-enterprises is constrained by lack of access to capital and limited skills. Micro-enterprises are generally one-person production units operating at a very local level and without any capital other than the household's savings. Further, two thirds of households abandon their non-farm secondary occupation when demand for farm labor increases, keeping investments and productivity levels low. The poor and non-educated have more unstable jobs portfolios, and interrupt non-agricultural activities more often.

11. Multiple constraints prevent youths from engaging in more productive employment. A set of priority constraints have been identified through a series of qualitative and quantitative assessments in Niger and more broadly in the Sahel (Bossuroy et al., 2018). These core binding constraints for youth relate to access to capital, skills, limited aspirations and information on employment opportunities, social norms, as well as access to markets and inputs. Constraints related to aspirations and social norms are particularly strong for women.

12. Labor productivity is also stifled by extremely low levels of education: 70 percent of Nigeriens have not completed any level of schooling, although this number is decreasing rapidly in younger generations. Fertility rates keep Nigerien women out of the labor force periodically. At any point in time, 34 percent of Nigerien women are out of the labor force. Girls are married very young: 60 percent of girls are married by age 18, against only two percent of boys of the same age.

13. The latest national household survey and information from a series of qualitative focus groups show that many Nigerien youths aspire to public sector jobs, which are available to less than two percent of the population, and only a very small fraction aspire to working in agriculture. Youths report social and family pressure against migration and innovation, a constraint that affects women disproportionately. Almost half of the youths feel obligated to have the same occupation as their parent, and the same share believes that success is determined by luck as opposed to efforts or initial endowments. The sense of disempowerment and emotional distance



to their economic activities stifle risk-taking, economic diversification and forward-looking decision-making related to saving, investment or innovation.

B. Sectoral and Institutional Context

14. **Employment constitutes a strategic priority for the Government of Niger, and youths are important potential drivers of development.** The promotion of youth employment has been consistently highlighted in several national strategies, such as the Strategy for Sustainable Development and Inclusive Growth Niger 2035 (SDCCI, *Stratégie de Développement Durable et de Croissance Inclusive Niger 2035*)². The new Economic and Social Development Plan for 2017-2021 (PDES, *Plan de Développement Economique and Social*) covers youth employment issues in several axes. The second axis addresses social development and demographic transition through human capital development, women’s empowerment, socio-economic inclusion of youths and vulnerable groups, and strengthening of the social protection system. The third axis focuses on accelerating economic growth through transforming and modernizing the rural economy, promoting economic empowerment of rural women, and supporting a more dynamic private sector.
15. **A range of sectoral policies seek to outline approaches to address the employment challenge, although many of these sectoral documents are in the process of being updated following the finalization of the PDES.** The 2009 employment policy is in the process of being updated and is expected to better align strategic priorities with the challenges of under-employment (see “Country Context” above), as well as strengthen the links between employment policies, social protection policies, and poverty reduction. The 2011 National Social Protection Policy already stresses the importance of the interaction between social protection, labor and employment and sets out the explicit objective to support access to productive activities for the most vulnerable. A new action plan for youth entrepreneurship 2018-2020 is being developed, but the focus remains mostly on more formal entrepreneurship and Small and Medium Enterprises (SMEs). A new national youth policy is also being finalized, and covers the inclusion of female and male youth in economic activities. Youth employment also features as an issue in the 2016 agricultural policy and in the strategy for sustainable development of livestock. Finally, the third axis of the 3N Initiative of “Nigeriens Nourishing Nigeriens” adopted by the Government of Niger in April 2012 aims to improve the resilience of the population to climate change, food crises, and natural disasters.
16. **Many technical ministries and institutions are working on issues related to youth employment.** The Ministry of Employment, Work and Social Protection has traditionally taken the lead on core issues related to employment, including national employment policies, analysis of employment data (through the National Observatory for Employment and Training, ONEF, *Observatoire National de l’Emploi et de la Formation Professionnelle*) and programs (through

² Other examples include the Government’s Renaissance Program (*Programme de Renaissance Acte II du Président de la République*) or the general policy declaration of the Prime Minister from June 2016 (DPG, *Déclaration de Politique Générale du Premier Ministre*).



the National Agency for Employment, ANPE, *Agence Nationale pour la Promotion de l'Emploi*). The Ministry has regional directions, and ANPE has recently expanded its presence to regional capitals. The Ministry of Youth Entrepreneurship was created in 2016. In practice, the division of responsibilities between the two ministries on issues related to youth employment is still being fine-tuned. Other technical ministries working on employment issues include the Ministry of Technical and Vocational Training (overseeing the World Bank supported Skills Development for Growth Project (PRODEC, P126049), as well as the Fund for Professional Development and Learning (FAFPA - *Fond d'Appui à la Formation Professionnelle Continue et à l'Apprentissage*), the Ministry of Agriculture and Livestock, the Ministry of Commerce and Private Sector Promotion (to which are affiliated institutions such as the *Chambre de Commerce et d'Industrie du Niger and Maison des Entreprises*), the Ministry of Promotion of Women and Child Protection, or the Ministry of Youths and Sports. Other key institutions include the Haut-Commissariat à l'Initiative 3N linked to the Office of the President, and the Safety Nets Unit in the Office of the Prime Minister. The inter-sectoral committees recommended by the national employment strategy have not been operationalized, which contributes to the fragmentation of actions.

17. Despite the strategic relevance of the employment issue for the Government of Niger, actions and programs remain fragmented, with low coverage overall. Actions tend to prioritize youths with relatively high levels of education (in particular university graduates), youths in urban areas, as well as employment and entrepreneurship in the formal sector such as SME. In contrast, off-farm self-employment and micro-enterprises are less considered, despite the prevalence of employment in that sector, and its importance for poverty reduction. Youths in rural areas are also less directly considered, even though the transformation and modernization of the rural economy are at the core of the national development plan. Existing programs tend to primarily address issues related to skills, with less attention given to the other multiple constraints that prevent youths from entering new activities, raising their earnings and increasing their productivity, including in off-farm self-employment and micro-enterprises.

18. The support by other donors to employment programs remains limited in scope and coverage, although some ongoing or recent projects are testing novel approaches. The project considered emerging lessons from these interventions. The Danish International Development Agency (DANIDA), together with the Swiss Development Corporation, finances the PECEA project (*Programme de Promotion de l'Emploi et de la Croissance Economique dans l'Agriculture*). It is overseen by the 3N initiative and supports agricultural value chains in the regions of Zinder and Diffa, with linkages to the World Bank supported Investment Climate and Competitiveness Support Project. The French Development Agency (AFD) recently approved a youth project in the region of Diffa, which includes a Component on promoting income-generating activities for youth, as well as a Component on promoting youths' social and professional insertion through training. The United Nations Population Funds (UNFPA) and the United Nations Development Program (UNDP) support a pilot to encourage youth inclusion and promote peace in eight communes considered at-risk, with oversight from the Ministry of Youths and Sports. In addition, International Labour Organization (ILO) provides technical assistance to the Ministry of Employment, Work and Social Protection for the update of the national



employment strategy.

C. Higher Level Objectives to which the Project Contributes

19. **A new CPF (FY18-FY22) for Niger has been completed in 2018.** It is based on a recent Systematic Country Diagnostic (2017), which highlights three main constraints – in addition to a lack of security – to achieving the country’s growth and poverty reduction objectives, namely: (i) low rural productivity; (ii) inadequate human capital; and (iii) poor governance. The CPF prioritizes three focus areas, namely (i) increasing rural productivity and income, (ii) improving human capital and social protection and (iii) ameliorating governance for jobs, service delivery and growth. The promotion of women’s economic empowerment and the mitigation of fragility risks are cross-cutting considerations. The project addresses the core of the poverty reduction and inclusive growth challenges for Niger outlined in the CPF.

20. **Within these pillars, the proposed project is directly aligned with strategic priorities highlighted in the SCD and CPF** that relate to (i) improving earnings in rural areas, (ii) improving human capital and social protection as well as (iii) accelerating structural transformation by promoting the process by which people shift from low productivity activities to higher productivity activities. Indeed, the project will seek to develop a new approach that is tailored to address the situation and needs of low-skilled young men and women in poor rural and semi-urban areas. As such, the project fits within the SDCCI strategic axis of dynamization and transformation of the rural economy. It will develop strategies to tackle the employment challenge in its broad sense, including the issue of raising productivity and facilitating diversification in off-farm self-employment and micro-enterprises. In this context, it will aim to improve the quality of employment and earnings in the most prevalent types of available jobs in Niger. The project will prioritize youths with low education levels. It will seek to address multiple constraints that prevent youths from engaging in more productive employment, beyond providing training and improving skills. Specific attention will be put on economic empowerment of young women. The project is consistent with the government’s decentralization efforts in that it will support the provision of employment support services at the commune level. The project will also seek to strengthen inter-sectoral coordination and governance in the employment sector. Lastly, the project aims to improve productive employment opportunities for youth by providing them with an integrated package of services to facilitate economic diversification into off-farm activities and micro-enterprises. As such, the expansion of employment opportunities is expected to reduce dependence on farming and thereby improve resilience to climate shocks.

21. **The project is complementary to other World Bank supported projects,** and it will seek to foster synergies and facilitate referral of youths to other Bank-supported interventions. The project will develop approaches for low-skilled youths and address multiple constraints, complementing the PRODEC, which focuses on skills and transition from school to work for more educated youths. The project will aim to foster micro-entrepreneurship and more productive off-farm self-employment, including in rural areas, complementing the Competitiveness and Growth Support Project (PRACC, P127204), which seeks to improve the business climate and provide support to more formal SMEs and selected value chains. The project will encourage more



productive non-agricultural self-employment and off-farm work, complementing projects in the agricultural sectors such as the Climate-smart Agriculture Support Project (PASEC, P153420) or the West African Agricultural Productivity Programme (PPAAO, P094084) that promote improvements in agricultural productivity and facilitate insertion of youths in certain high-potential agricultural value-chains. The project will strengthen delivery capacity at the commune level, complementing the third Community Action Programme Support Project (PAC3, P132306) which supports communes to realize local investments. Finally, the Adaptive Safety Nets Project (P155856) supports the establishment of an adaptive national social protection system, and implements interventions such as cash transfers and cash-for-work along with a range of accompanying measures to facilitate human capital investments and resilience among poor households. The project will seek to build linkages and bridges to other projects for youths whose profile or interest would be better served by interventions supported by PRODEC, PRACC, PASEC or PPAAO. It will also build direct synergies with the Safety Nets Project, including through a consistent geographical targeting approach in identifying intervention communes.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

22. The objective of the project is to expand income-generating activities for youths in selected poor areas in Niger.

B. Project Beneficiaries

23. The project will target 40,000 youths aged 15-25 living in selected rural and semi-urban areas.

24. **Geographical targeting.** The project will have national coverage and will be implemented in all eight regions of Niger. A geographical targeting protocol was defined to identify intervention communes within the eight regions with the objective to reach poor and vulnerable youths, as well as youths in at-risk areas. The first step is to determine the number of potential beneficiaries in each region based on two geographical targeting criteria: poverty and insecurity. It was agreed to select 3/4 of total beneficiaries based on a poverty criterion, and 1/4 of beneficiaries based on a security criterion. Table 1 shows the resulting distribution of the 40,000 beneficiaries by region. 30,000 beneficiaries will be selected from the poorest communes, based on a commune-level poverty map, in proportion of the population of poor youths in those communes. The other 10,000 beneficiaries will be selected in communes with higher security risk as measured by the United Nations Department of Safety and Security (UNDSS) data, in proportion to the population of youths in those communes. Overall, the geographical targeting will ensure that the project targets poor and vulnerable youths, as well as youths in at-risk areas, thus contributing to tackling drivers of fragility.

**Table 1: Number of beneficiaries by region**

Region	Poverty rate	Nb of poor youths (15-25 years old)		Nb of youths (15-25 years old) living in communes with high insecurity level		Total
		Population	Project Beneficiaries	Population	Project Beneficiaries	
Agadez	20	20361	450			450
Diffa	31	34060	700	110920	3100	3800
Dosso	46	188652	4100			4100
Maradi	53	326387	6950			6950
Tahoua	38	230244	5200	80704	2000	7200
Tillaberi	46	249474	5300	172042	4900	10200
Zinder	51	356305	6800			6800
Niamey	9	21928	500			500
Total		1427411	30000		10000	40000

Source: Poverty map based on RGPH 2012 and ECVMA 2014. Security level data from UNDSS.

25. *Allocation of beneficiaries between Component 1 and Component 2.* Component 1 is meant to provide support to rural youth, whereas Component 2 will operate in urban and semi-urban areas with better access to markets and demand for products. Niger is still mostly rural and the share of urban youth living outside Niamey is very limited, even when including semi-urban areas defined as localities of 5000 individuals or more. According to the 2012 census data, only 13 percent of poor youth live in urban or semi-urban areas in Niger. As such, the pool of target youths is much larger for Component 1 than for Component 2. The project will allocate 4/5 of beneficiaries to Component 1 (32 000 beneficiaries) and 1/5 to Component 2 (8000 beneficiaries) to reflect the low level of urbanization in Niger, and the large number of underserved youths in rural areas.

26. *Selection of communes.* The selection of communes in each region will be based on poverty levels, based on a poverty map containing commune-level poverty estimates produced by the National Statistical Institute (INS) and the World Bank. Component 1 will reach approximately 10 percent of poor rural youths in the poorest communes, and Component 2 will reach approximately 20 percent of poor urban and semi-urban youths in the same communes³. These criteria are applied and communes are added (by decreasing order of number of poor youths by commune) until the number of beneficiaries in each region reaches the quotas in Table 1. The geographical targeting may include additional criteria to limit overlap of the project with other interventions providing integrated support to youths. The manual of procedures specifies that a geographical targeting protocol will be developed to ensure transparent selection of communes.

27. Table 2 summarizes the distribution of beneficiaries by region and Component. The project

³ The share was set a little higher for Component 2 due to the limited number of urban and semi-urban areas, but also because it is expected that Component 2 will attract some youths from neighboring villages.



will cover 40 communes. The project will start with a pilot phase starting in six communes in year 1. Activities will then be extended to 12 communes in year 2, 16 communes in year 3, and six communes in year 4. Once the communes are selected, beneficiary villages within each commune will be randomly selected following the equitable and transparent procedure that has been used successfully under the safety nets program. Component 2 will be implemented in all urban and semi-urban areas in these communes. A few communes that have no urban or semi-urban areas will only be covered by Component 1.

Table 2: Number of beneficiaries by region and Component and number of communes covered by region

Region	Beneficiaries for Component 1	Beneficiaries for Component 2	Total Project beneficiaries	Number of communes
Agadez	350	100	450	1
Diffa	3300	500	3800	9
Dosso	3300	800	4100	4
Maradi	4950	2000	6950	4
Tahoua	5500	1700	7200	8
Tillaberi	8700	1500	10200	8
Zinder	5900	900	6800	5
Niamey	0	500	500	1
Total	32000	8000	40000	40

Source: Poverty map based on RGPB 2012 and ECVMA 2014. Security level data from UNDSS.

28. **Selection of beneficiaries.** Information and sensitization activities will be conducted to raise awareness of the project activities among youths and to encourage them to apply to the program. The project will aim to ensure gender balance in participation through sensitization campaigns that seek to relax constraints to participation for women and ensure inclusiveness, as well as through an integrated support package with specific gender-sensitive elements. Specifically, information campaigns and awareness raising activities will address gender issues, social norms and individual aspirations. The registration protocol will ensure gender balance at the stage of enrollment. Firms will be hired to perform the registration process which will take place in the villages for the activities of Component 1 and in urban and semi-urban areas for Component 2. The procedure for selecting individual beneficiaries in both Components will be based on the same four objective criteria: i) the desire and willingness to participate in the project as evidenced by application; ii) age (being between 15 and 25 years old); iii) the number of beneficiaries per household (limited to one); and iv) the level of education (potential beneficiaries will include youths who never enrolled in school or youths who dropped out of school before the end of the first cycle of four years of secondary school and were not awarded the certificate of the lower cycle of secondary study - *brevet d'étude du premier cycle*—BEPC). While the same criteria will be used for Component 1 and Component 2, it is expected that beneficiaries will have slightly different characteristics as the registration process in Component 1 will take place in rural villages



compared to peri-urban or urban areas in Component 2. The implementation manual will specify transparent selection modalities when the number of eligible applicants exceeds the number of available spots. For instance, it is expected that education levels will be slightly higher for participants to Component 2. At the time of registration, a small form will be filled for each applicant. The form will be based on the common questionnaire developed as part of the Unified Social Registry that is supported by the adaptive safety nets project. Data from the registration process will be included in the Unified Registry. Small portable electronic computing devices such as tablets will be used to collect data, which will facilitate data storage and geo-referencing.

C. PDO-Level Results Indicators

29. The project's performance in achieving its development objective will be measured through the following key indicators:

- Beneficiaries of labor market programs (target: 40,000), and the percentage of beneficiaries who are women (target: 50 percent) (core)
- Share of rural beneficiaries in Component 1 who start, grow or diversify their economic activity after receiving the integrated support package (target: 75 percent, share of women)
- Share of urban or semi-urban beneficiaries in Component 2 who are engaged in an income generating activity for which they received support (target: 70 percent, share of women)

III. PROJECT DESCRIPTION

30. **Theory of Change.** The project seeks to improve employment outcomes for the poor and vulnerable youth in Niger with full consideration given to the main features highlighted in the context section: Nigeriens are overwhelmingly engaged in economic activities with low productivity and vulnerable to climate shocks; agriculture accounts for 81 percent of the working age population and the wage sector is very thin, but productivity gains can be expected from increased diversification into off-farm activities and development of agricultural value chains; youth face multiple constraints to productivity, including vulnerability to income or production shocks and limited access to skills, capital, technology and markets.

31. **The project relies on the provision of integrated packages of services designed to boost productivity and encourage diversification of activities through the alleviation of the most pressing constraints faced by the youth.** The package therefore includes skills development, enhanced risk-coping mechanisms through savings facilitation, capital support, linkages to markets, and coaching. In a context where self-employment is pervasive and wage employment virtually non-existent in the poorer areas, the project focuses on strengthening or diversifying micro-enterprises managed by the youth, with downstream potential for yielding additional gains through job creation.



32. **Component 1 addresses constraints to productivity and diversification at the individual level and focuses on rural youth, while Component 2 addresses higher-level constraints related to access to markets and technology, and focuses on urban and semi-urban youth.** In the first Component, rural youths will be equipped with skills, start-up capital and community-level support needed to identify economic opportunities, diversify activities and build resilience. In the second Component, semi-urban youths will be trained and receive an integrate start-up support package to enter specific jobs related to value chains by which they will offer services that promote access to markets and technology for surrounding communities. To leverage interactions between both Components, they will be implemented in the same communes. Rural beneficiaries from Component 1 will be able to take advantage of the services offered by urban beneficiaries from Component 2 to improve their economic activities. Conversely, the market and technology services offered by Component 2 beneficiaries will meet a solvable demand from Component 1 beneficiaries.

33. **Recognizing the importance of gender specific constraints, Component 1 and Component 2 will include interventions to help address those obstacles and boost women’s economic empowerment.** Women have limited access to good work opportunities as early family formation and societal norms constrain women’s possibilities to acquire education or enter the labor market. Outreach activities will be conducted to motivate young women to enroll in the project. These activities will include gender-sensitive approaches and will engage with community leaders, families and influential male relatives when appropriate. Once they are enrolled in the project, women beneficiaries will receive life skills training, and will benefit from dedicated mentoring to address pervasive social barriers and boost self-confidence. Trainings will be organized separately for women and men. The creation of different age groups among women may be considered in large villages to create a safe space for adolescent women (15-19 years old) and facilitate discussions among peers.

A. Project Components

Component 1: Youth productive inclusion in rural areas (SDR 10 million) (US\$14.5 million equivalent)

34. **Scope.** This Component will deliver an integrated package of cross-cutting support services to address the main constraints that are preventing youths, and young women in particular, from engaging in more productive employment in rural areas. The integrated support package to be financed will include: (i) sensitization campaign on individual aspirations and social norms, (ii) creation of youth groups and establishment of group-based savings mechanisms, (iii) mentoring/coaching (iv) training in life skills (v) training in micro-entrepreneurship skills and (vi) a capital injection in the form of an individual cash grant. Youth will be grouped to facilitate the delivery of the integrated support package. This Component is expected to promote youth empowerment and help youths to engage in more productive and sustainable self-employment, enabling them to diversify economic activities and become less vulnerable to climate related



shocks and climate change.

35. ***Sensitization and enrollment campaign.*** Information and sensitization campaigns will be conducted to raise awareness of the project activities and to encourage youths and especially women to register for the program. The awareness-raising activities will target all youths in selected villages, as well as village leaders and the broader population. The sensitization activities will include discussions on individual aspirations, social norms, gender issues, as well as information on upcoming project activities. This sensitization will be provided based on a set of modules developed for West Africa and already tested in Niger, which will be adapted for youths. Some of the sensitization activities will showcase trajectories of successful youths that can inspire others. Sensitization activities will take place before youths are invited to apply to the project. They will aim to secure broad community buy-in for project activities, alleviate constraints to participation related to limited aspirations or social and gender norms, and ensure inclusiveness. The possibility of using ICT tools and videos appealing to youths as part of these sensitization activities will be considered. Following the sensitization campaigns, youths will be invited to apply to participate in the project. Temporary enrollment points will be set-up in villages to facilitate application. Enrollment agents will use a registration protocol that ensures a strict gender balance of candidates, and will coordinate with communal employment agents to boost the mobilization of women if necessary. Data collection agents will collect application information for each youth on a mobile device with geo-referencing capabilities, based on a harmonized questionnaire developed for the unified social registry. After completion of the application process, selection criteria will be applied, and selected youths will be invited to register in the program.

36. ***Group Creation.*** Once youths selected for the project have registered, groups will be created, separately by gender. The groups will include 15-30 youths. The process of group creation will be facilitated by village coaches according to procedures described in the implementation manual. The creation of youth groups will not only help with service delivery at scale, it will also foster positive social and economic dynamics at the community level. Youths will not be required to work together on collective economic activities, although they may choose to do so. Groups may also facilitate buying inputs or selling outputs, as they will create bargaining power and increase capacity to meet fixed costs (e.g. transportation). The groups could also support other social and cultural activities to strengthen social cohesion.

37. ***Coaching and Mentoring.*** The integrated support package will include mentoring of youths by village coaches to ensure follow-up over time. Following the model implemented through the safety net project, village coaches will be chosen by the whole community in each participating village. They will receive small monthly stipends in compensation for providing mentoring and support to youths. Village coaches will help create youth groups and facilitate village savings and loan associations. They will provide follow-up across the various interventions of the integrated support package, especially after the training and provision of cash grants. Coaches will be trained and supervised by the communal employment agents to be recruited under Component 3.



38. **Community-based savings mechanisms.** The youth groups will be trained by village coaches on community-based savings mechanisms, based on the Village Savings and Loan Association (VSLA) approach that has been implemented successfully in Niger and elsewhere in the region. VSLAs consist of a group of individuals who save a small amount every week. Each group determines their own share value and the maximum amount members can contribute. After several months, the savings shares accumulated by the group become large enough for the group to offer small loans to members. Most loans are short-term, at an interest rate determined by the group. At the end of each cycle, usually after a year, members can withdraw savings to facilitate investments in productive activities. The VSLA approach has proven its efficiency on groups of adults and is currently being tested with youth groups in several countries. The project will adapt the VSLA model based on experiences of other institutions in Niger, including international Non-Governmental Organizations (NGOs).
39. **Life skills training.** Youths will be offered training in life skills, which will be delivered by group in the villages. Life skills training will cover topics related to aspirations, self-esteem, personal initiative, goal-setting, decision-making, self-affirmation, communication and leadership. The modules will be based on the Life Skills Workshop methodology developed and implemented by the Benin Youth Employment project, adapted for illiterate populations in the Sahel, and already implemented at scale in Niger through the safety net project. The life skills training will also address gender issues through specific modules on women's empowerment and gender relations, including on family planning. This activity is expected to enhance women's empowerment, which global evidence suggests brings about multiplier effects at the household level in a range of areas including health, education, nutrition, savings, etc. Sport and cultural activities will be considered as part of the promotion of life skills among youths, as they may reinforce the cohesion of youth groups and help raise awareness about a range of health and social issues. As such, small cultural or sport equipment will be provided to youth groups on a pilot basis.
40. **Micro-entrepreneurship training.** Youths will be offered training in micro-entrepreneurship, which will also be delivered by group in the villages. Micro-entrepreneurship training will provide youths with basic business skills covering topics such as marketing, launching a small economic activity, basic household and business accounting, and business skills. It will be based on the ILO GERME (*Gérez Mieux Votre Entreprise*) level 1 curriculum, which is implemented across Niger as part of the safety net project, and will be further adapted for the particular needs of low-skilled youths in Niger. The training will be provided by firms or NGOs and relies on vignettes, role plays and group discussions to share experience and impart knowledge to largely illiterate audiences. The training in micro-entrepreneurship will be general and not limited to any specific activity (as opposed to Component 2 below). It will include some information about employment opportunities for youths at the local level, and it will encourage youths to find opportunities that are suited to their particular circumstances and interests. It will also teach fundamental skills and best practices for micro-business management. During the micro-entrepreneurship training, youths will work through a basic tool to plan which activities to invest in and prepare for the cash grant.
41. **Cash grants.** To address capital constraints, youths will receive an individual cash grant



after having participated in the training and gone through the basic planning tool. The cash grant will be around US\$200, with the objective to facilitate the set-up or expansion of micro-enterprises. It will be given in two separate tranches. The cash grant amount was benchmarked based on international literature, given the stated objective to support more productive micro-enterprises. The amount of the cash transfers in programs promoting the development of productive activities averages US\$222 which represents on average 73 percent of the yearly consumption of beneficiaries. In Niger, the consumption of beneficiaries of the safety nets program is about US\$230. A cash injection of US\$200 represents about 87 percent of beneficiaries' yearly consumption, which is in line with international standards. Component 1 will focus on micro-entrepreneurship and complement other ongoing initiatives, rather than seeking to provide financing to set-up more formal SMEs, as is already being done under other initiatives.

42. **Cash Grant Payment Modalities.** Payment agencies (which may be a financial institution or a micro-finance agency acceptable to the Bank, depending on the area covered) will be recruited to deliver cash grants to beneficiaries. The Project Coordination Unit (PCU) will transfer funds to each of the payment agency accounts. The cash grants will be paid to beneficiaries in two tranches. The first tranche will be paid after confirmation that beneficiaries have participated in the required training activities. The second tranche will be paid after employment agents verify that beneficiaries have made satisfactory progress in setting up their selected income-generating activity. Communal employment agents will oversee the verification process. For each tranche, upon receiving a list of beneficiaries from the PCU, the payment agency will make the funds available to their field agents, who will set-up a temporary distribution point in each village where the beneficiaries will then go to collect their cash grants. Payments will be made after verification of the beneficiaries' identity. The payment agencies will provide the PCU with a detailed financial report showing the funds received, the amounts distributed to the beneficiaries, and any remaining balance. The detailed list of beneficiaries will be adequately maintained for auditing purposes. The manual of procedures will provide a description of the payment system.

43. **Implementation and Delivery Arrangements.** Component 1 will be implemented by the PCU to be set-up in the Ministry of Employment, Work and Social Protection, in collaboration with ANPE. ANPE will assist the PCU in supervising Component 1. The coordination will be formalized through a Memorandum of Understanding (MoU) or other appropriate instrument or mechanism that will be agreed between the PCU and ANPE. Communal employment agents will be recruited under Component 3 by the National Employment Agency (*Agence nationale pour l'emploi*, ANPE) and installed at the commune level. Communal employment agents will supervise implementation of Component 1. The sensitization campaign will be implemented by specialized facilitators and the communal employment agents. Firms will be hired to collect enrollment data and perform registration. Communal employment agents will facilitate the identification of village coaches, and will be responsible for training and supervising them. Village coaches will facilitate the creation of youth groups, and of village savings and loan associations. Micro-entrepreneurship trainings and life-skills training will be delivered by specialized trainers through NGOs or by consulting firms procured by the PCU. Payment agencies (which may be a financial institution or a micro-finance agency acceptable to the Bank, depending on the area covered) will be recruited to deliver cash grants to beneficiaries. Village coaches will provide coaching and mentoring after



the delivery of the trainings and cash grants. Delivery mechanisms have been defined based on lessons from the Sahel Adaptive Social Protection Program on implementing a similar integrated livelihood support package through large-scale safety nets projects in several Sahel countries.

Component 2: Youth insertion in selected activities in semi-urban areas (SDR 5.5 million) (US\$8 million equivalent)

44. **Scope.** The aim of Component 2 is to facilitate insertion in selected activities for youths living in semi-urban areas. In each participating commune with semi-urban areas, the project will identify a few income-generating activities and trades that have the potential to be economically viable, have growth potential and can generate positive spillover effect on the local economy. The objective is to foster the development of off-farm micro-enterprises by youths, but also unlock the potential for more efficient markets and better employment around the selected areas. The Component will finance integrated support to facilitate youth insertion in these activities, including short-term technical training, life skills and entrepreneurship training, as well as start-up support including capital. In contrast to Component 1, which takes a group-based and cross-cutting approach at the village level, this Component will focus on individual beneficiaries and large enough localities to leverage links to trade and value chains.

45. **Criteria for selection of activities.** As a first step the project will identify the economic activities to be supported, along the following criteria: (i) having income-generating potential for youths, (ii) having social value or positive spill-overs or externalities on the local economy, (iii) being suitable across regions (i.e. not be purely local), and (iv) being accessible with short-term technical training and a reasonable amount of start-up capital. Based on these criteria, the selected activities must address some of the key constraints to the development of agricultural value chains or have positive spill-overs on the local economy if they are not related to agricultural value chains. Agricultural value chain analyses conducted in Niger highlight that the transformation of agricultural products is lacking, so relevant activities in agricultural value chains may include processing and packaging. Examples of relevant jobs in agricultural value chains include brokers for purchasing inputs or selling outputs on the market, storage, transformation, transportation or commercialization of agricultural products. Some activities not related to agricultural value chains can also be relevant in semi-urban areas of Niger such as repairing cell-phones or solar panels. Strong investments in solar technology are expected in Niger over the next decades. This creates new opportunities for youths to be trained in the maintenance and repair of solar panels, which could contribute to alleviate constraints in access to electricity in rural areas in a sustainable way.

46. **Process to identify activities.** The process of identification of relevant activities and trades will be validated by FAFPA's regional committees, which include various private sector representatives,⁴ complemented with a representative of the ANPE. Regional committee members have local knowledge of the employment situation and will ensure that the selected trade and activities are relevant in the local context. Informational and analytical studies will be provided to

⁴ FAFPA's regional committees include representatives of the Ministry of Technical and Professional Training (Ministère des enseignements professionnels et techniques), the regional bureau of FAFPA, the regional chamber of Agriculture, the regional chamber of Commerce and Industry, the regional chamber of Trades and the regional confederation of Artisans.



the committees on the following topics: (i) innovative trades and techniques, (ii) activities in agricultural value chains, (iii) activities and jobs that can have positive spill-overs on the local economy and (iv) how to encourage women to join non-traditional trades. These studies are expected to broaden the regional committees' horizons in terms of potential economic activities to be developed in the area and to instill innovation.

47. ***Sensitization and enrollment campaign.*** As for Component 1, information and sensitization campaigns will be conducted to raise awareness of the project activities and to encourage youths and especially women to register for the program. The scope will be slightly different than in Component 1, since Component 2 will operate in semi-urban areas and focus on specific activities. The sensitization activities will include information on upcoming project activities and messages aimed at addressing social norms and lifting aspirations. Particular emphasis will be put on the participation of women in non-traditional trades, through communication on gender and social norms and the use of relevant role models. Temporary enrollment stations will be set-up in semi-urban areas to facilitate application, and enrollment data based on a harmonized questionnaire developed for the unified social registry will be collected. After selection criteria are applied, selected youths will be invited to register in the program.

48. ***Technical training.*** Short-term technical trainings in the specific activities identified for the Component will be provided by public or private training providers. FAFPA will be responsible for developing curricula that comply with high quality standards and for providing certification to beneficiaries who successfully complete training courses. The project will support FAFPA to update existing training modules and develop curricula for new activities and trades identified at the local level. FAFPA will contract training centers to deliver the training. This may include public centers where they are available, but efforts will also be made to connect with private training providers, including to facilitate value-chain linkages.

49. ***Integrated start-up support.*** Start-up support will be provided either through the provision of in-kind toolkits and equipment or in cash depending on the nature of the jobs supported. When support is provided in cash, payment mechanisms will be used in a similar way as in Component 1. Cash grants will be paid to beneficiaries in two tranches. The first tranche will be paid after confirmation that beneficiaries have participated in the required training activities. The second tranche will be paid after verification that beneficiaries have made satisfactory progress in setting up their selected income-generating activity. FAFPA representatives will oversee the verification process. If in-kind support is chosen for certain trades or areas, FAFPA will be responsible for procuring and distributing the assets to beneficiaries. In addition to capital support, the component will also provide life-skills and micro-entrepreneurship training as part of the integrated support package, using adapted materials from Component 1. The objective is to provide beneficiaries with basic knowledge of accounting, marketing, and key tips to start a business. Micro-entrepreneurship training also includes the elaboration by each participant of a basic business plan with the characterization of potential customers and competitors. In addition to capital support and enterprise development training, beneficiaries will receive a life skills training that teaches a broad set of social and behavioral skills. Life-skills training aims at improving youths' ability to plan for the future and at raising their motivation toward the development of new income generating



activities.

50. ***Scope for innovation.*** The component aims to leverage interactions between farm and non-farm activities through the linkage of youth to value chains and the private sector. Innovative approaches will be explored to generate knowledge and operational learning on this topic. Innovations may include supporting emerging non-traditional jobs, identifying new business models for young beneficiaries to develop profit-making activities, partnering with private sector providers to provide training and start-up capital through micro-franchise agreements. FAFPA may involve NGOs or technical experts to develop new curricula or training contents, as needed. Implementation arrangements for such pilots will be discussed with counterparts with consideration for testability and scalability.

51. ***Implementation and Delivery Arrangements.*** Component 2 will be implemented by FAFPA, which is the lead organization for the implementation of short term training programs in Niger. FAFPA is well placed to implement Component 2 considering its strong links with the private sector and the chambers of agriculture. FAFPA also has regional committees and local representatives throughout Niger. FAFPA has already been partially strengthened through the second Component of the Bank-supported PRODEC project. The sensitization campaign for Component 2 will be implemented by specialized facilitators, FAFPA representatives, and the communal employment agents to be recruited under Component 3. Firms will be hired to collect inscription data and perform registration. FAFPA will set-up partnerships or contract training providers to deliver technical training modules. It is expected that training providers will include a mix of public and private institutions. As in Component 1, trainings on micro-entrepreneurship and life-skills will be delivered by external providers such as NGOs or consulting firms. Capital start-up support may include cash grants or in-kind support, depending on the activities. Cash grants would be paid by payment agencies through a mechanism similar to that for Component 1. In-kind support would be procured by FAFPA and distributed under the supervision of FAFPA representative. FAFPA representative will provide follow-up support to youths after completion of the training and provision of start-up support.

Component 3: Institutional Support and Project Management (SDR 5.2 million) (US\$7.5 million equivalent)

Sub-Component 3.1: Support to Local Employment Services (US\$1.5 million)

52. ***Extension of employment services to the commune level.*** Sub-Component 3.1 will support the extension of employment support services to the commune level. Only recently did ANPE services become available in some regional centers, and they still tend to focus on linkages with formal employment. As a result, the vast majority of rural and semi-urban youths in a situation of underemployment have little or no access to employment services. The Component will facilitate the extension of these services at the commune level, while recalibrating them to offer better information, sensitization and orientation services relevant to rural and semi-urban employment opportunities, and in particular off-farm self-employment and micro-entrepreneurship. The extension of employment services to the local level is in line with the organizational assessment



conducted in 2011 by the ANPE, which highlights the need to open job centers in communes and to provide advisory support better adapted to rural youths with low education levels. The operationalization of these local employment support services will be achieved by the recruitment of communal employment agents who will provide the general population with referral services, as well as support implementation of Components 1 and 2.

53. ***Recruitment and training of communal employment agents.*** Communal employment agents (*conseillers emploi*) – men and women from the region, with at least secondary education and familiar with local economic opportunities – will be recruited by ANPE. They will operate at the commune level, embedded in municipal offices and working in close relationship with local staff from technical services at the commune level. ANPE will sign cooperation agreements with communes to ensure the integration of the employment agents at the commune level. Initially, the project will pay for the recruitment and wages of local employment agents and the costs associated with their equipment. The best-performing agents are expected to be funded by ANPE through its own funds by the end of the project, with a view to ensuring the sustainability of the model. Communal employment agents will be trained to offer a range of services. Local employment agents will implement some of the activities supported under Components 1 and 2, in particular sensitization activities on employment opportunities at the local level. Local employment agents will be in close contact with a network of local businesses such as input suppliers, bulk buyers, transporters, will identify local examples of success, and facilitate exchanges of experience. They will also have a role in identifying, training and supervising village coaches under Component 1.

54. ***Referral and orientation to other interventions.*** A referral and orientation system will also be put in place, with the objective to help connect youths to other programs or services that may address their needs. For instance, youths seeking support with agricultural production will be linked to the technical agricultural services, youths needing literacy training may be referred to the PRODEC project, or higher-skilled youths interested in a business plan competition will be referred to the PRACC project. Communal employment agents will be at the core of the system as they will be responsible for providing information relevant to youth employability. A simple mechanism to track demand for referral and information services will be put in place. Village coaches will also have a role to consolidate information on youths' needs and economic opportunities at the local level.

Sub-Component 3.2: Institutional support to Employment Sector Coordination (US\$1.5 million)

55. **Sub-Component 3.2 will support coordination in the employment sector.** At a policy level, the project will support the government with operationalizing the national employment strategy, as well as establishing an inter-sectoral platform for policy discussions on employment. At a system level, the project will foster a better integration of employment and social protection systems. The national safety nets project is working to establish a Unified Social Registry, which is expected to enable social protection programs to identify the poor better, and to significantly improve the coordination of targeting across various interventions. Registering beneficiaries into



the Unified Social Registry will facilitate linkages between employment and social protection systems. Sub-Component 3.2 will also fund studies on local employment opportunities, which will support the identification of activities to be supported under Component 2, and the impact evaluation which will inform future employment sector policies.

Sub-Component 3.3: Project Management (US\$4.5 million)

56. **Sub-Component 3.3 will support project management, including fiduciary matters, communication, planning, data collection, monitoring and evaluation activities** under the project as well as a steering committee to oversee project implementation. A monitoring and information system will be developed for the project, and the project M&E functions will be funded from this Component, including process evaluations.

B. Project Cost and Financing

Project Components	Project cost (US\$ million)	IBRD or IDA Financing	% financing
1. Youth productive inclusion in rural areas	14.5	14.5	100%
2. Youth insertion in selected activities in semi-urban areas	8.0	8.0	100%
3.1: Support to Local Employment Services	1.5	1.5	100%
3.2: Institutional support to Employment Sector Coordination	1.5	1.5	100%
3.3. Project Management	4.5	4.5	100%
Total Costs	30.0	30.0	
Total Project Costs	30.0	30.0	
Total Financing Required	30.0	30.0	

C. Lessons Learned and Reflected in the Project Design

57. **Identification of priority constraints to tackle.** Project design is based on the main conclusions and recommendations of the recently completed Niger Jobs Assessment (Bossuroy et al., 2017). The report highlights that the core constraints to productive employment for youths are directly related to a range of market failures, insufficient provision of public goods and negative externalities, as such justifying public interventions. The absence of credit or capital markets



makes it impossible for farmers or micro-enterprises to finance productive investments in their economic activities, hindering the process of capital accumulation that would increase productivity. As the Niger Jobs Assessment pointed out, 80 percent of micro-enterprises are financed exclusively by the household's savings, and another 10 percent comes from other households. Constraints to access capital or assets are especially binding for youths and for women. The Qualitative Constraints Assessment (Bossuroy, Koussoube and Premand, 2018) shows that access to markets is a major obstacle to the development of productive activities, due to a lack of transportation infrastructure but also to the limits of agricultural extension services. Similarly, and despite a recent expansion, public provisioning of education and training also comes short of the large needs of a fast-growing population. Low-skilled youth who have limited formal schooling have particularly limited training opportunities. Further, the low levels of productivity and economic activity create negative externalities. With most of the population focused on subsistence farming and earning little to no cash income, there is a dearth of demand for products on markets. The lack of demand came up in the Constraints Assessment as a top constraint for non-agricultural activities. Without a coordinated push from public programs, it is therefore unlikely that poor rural communities would break the vicious circle triggered by low levels of productivity, income, market demand and investments. Finally, low earnings and limited employment opportunities could contribute to pose security threats for the country, and by addressing these issues and focusing some of the activities in insecure regions, the project also addresses underlying drivers of fragility.

58. *Choice of delivery mechanisms for an integrated package of services.* The choice of support packages to address the multiple constraints to productive employment is based on international evidence on the effectiveness of integrated interventions, as outlined in the economic analysis. Operationally, the design and delivery mechanisms for the integrated support package under Component 1 build on lessons from five Sahel countries currently implementing productive accompanying measures as part of the Sahel Adaptive Social Protection Program. Various delivery arrangements have been discussed and set up across countries to deliver a multi-faceted, sequenced program to vulnerable beneficiaries. Delivery arrangements have consisted of various combinations of agencies including government providers, non-government organizations, private sector providers, and community-level workers. The involvement of community-level agents appears as a cost-effective way to deliver simple frontline services at scale, such as savings group facilitation and coaching. Private sector providers contracted by Governments have been a key partner for delivering skilled services at minimal cost, and are therefore identified as a key partner for the training components. Government workers at the communal level provide supervision and coordination of the different activities.

59. *Support for communal employment services.* Component 3 builds on the lessons learned from other projects, such as the Benin Youth Employment project, which has also supported the recruitment and installation of local employment agents established at the commune level. Such agents have proven instrumental for the coordination of activities, while also providing a focal point for following-up with beneficiaries on their progress and needs for further support. Clear communication at the local level is needed to dissipate occasional resistance in communes due to the fact that employment agents are not directly appointed by the mayor but rather posted by the



ANPE.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

60. **The Ministry of Employment, Work and Social Protection (MEWSP) will be responsible for coordinating and supervising the implementation of the project.** The project will be coordinated by a project coordination unit (PCU), to be established under the supervision of the General Secretary of the MEWSP. Supervision by the General Secretary will facilitate coordination between the General Directorate for Employment, the General Directorate for Social Protection, and ANPE, which is in line with the objective to strengthen synergies between employment and social protection policies. The PCU will be created through an *arrêté*. Given limited experience in program implementation, the creation of a PCU is deemed preferable to the implementation of the program by an existing structure under the Ministry. Transition to government structures may be considered at mid-term review. The PCU will be composed of a coordinator, a financial management analyst, a procurement specialist, a technical specialist, a monitoring and evaluation specialist, and an accountant.

61. **The PCU to be created in the MEWSP will be responsible for implementation of Components 1 and 3, while FAFPA will be the implementation unit for Component 2.** Both the PCU and FAFPA will have a designated account. ANPE will assist the PCU in supervising Component 1. The PCU will also implement Component 3.1 in partnership with ANPE. The coordination between the PCU and ANPE will be formalized through an MoU or other appropriate instrument or mechanism that will be agreed between the PCU and ANPE. FAFPA, under the Ministry of Professional Training and Employment (*Ministre de la Formation Professionnelle et de l'emploi*) (MFPE), has significant experience in project implementation related to technical skills training and apprenticeship. It is the lead implementation agency for two sub-Components of the Skills Development for Growth Project. The manual of procedures will detail the mechanisms for coordination between FAFPA and the PCU. The PCU will liaise with the Bank and will be in charge of reviewing terms of references and preparing consolidated financial statements and procurement plans.

62. **This set-up was determined to be the best institutional option available among the technical ministries and institutions working on issues related to youth employment.** The Ministry of Employment, Work and Social Protection is better positioned to coordinate the implementation of the project, since it has the most experience in dealing with overall employment issues, has regional presence across the country, and has experience in project implementation through ANPE. It is also well-positioned to strengthen synergies between the national employment and social protection systems. FAFPA provides complementary experience related to technical skills development. In contrast, the Ministry of Youth Entrepreneurship was created recently (in



2016). So far, it has a narrower focus on formal entrepreneurship and does not have any decentralized presence outside of Niamey. Finally, it was also considered more appropriate to keep the project in a technical ministry, rather than anchor it in the Prime Minister's office or Ministry of Planning.

63. **At the local level, program delivery will rely on the collaboration between several key agencies.** The communal employment agents, working under the dual oversight of ANPE and the municipality, will oversee coordinating the different actors at the local level, while also facilitating exchanges of information and opportunities with the private sector. For Component 1, village coaches, selected and established at the community level, will act as the primary point of contact for beneficiaries and providers while delivering certain benefits such as group creation, savings promotion and mentoring. FAFPA's regional committees and local representatives will be instrumental in implementing Component 2. Their cross-sectoral nature will facilitate synergies with other decentralized government programs. Communal employment agents will contribute to supervision of Component 2. Service providers will be contracted to deliver sensitization campaigns, collect inscription data and perform registration, conduct training and deliver cash grants.

64. **A steering committee will be established through an *arrêté*** and will be responsible for guiding the implementation of the project, ensuring multi-sectoral collaboration, and approving the annual work plan and budget of the project. The committee will meet twice a year to approve the project's work plan and budget to review the progress in the execution of these documents. The steering committee will be presided by the General Secretary of MEWSP. It is expected to include representatives from the various institutions represented in the project preparation committee (see next paragraph), but to remain small enough to ensure effective coordination.

65. **An IDA advance of US\$1.2 million was provided to the Government of the Republic of Niger to finance project preparation activities** and ensure readiness for implementation immediately following project effectiveness. The advance covers preparation of the Project Implementation Manual and any other necessary studies, recruitment of key contractual staff in the PCU, and coordination of discussions on project design between key national actors. A multi-sectoral project preparation committee was created by *arrêté*. A representative of the Ministry of Planning is the president, and a representative of MEWSP is vice-president⁵. Day to day execution of the Project Preparation Advance (PPA) has been handled by the Technical Implementation Unit (*Unité de Gestion Technique - UGT*) within the *Cellule Filets Sociaux (CFS)*. A Memorandum of Understanding (MoU) between the CFS and the Ministry of Planning, which presides over the project preparation committee, describes the arrangement.

B. Results Monitoring and Evaluation

⁵ Other members include representatives from the Prime Minister's Office, 3N, FAFPA, Agency for Volunteer Service for Development, CFS, ANPE, and the following Ministries : Commerce and Private Sector Development, Professional and Technical training ; Humanitarian Action and Disaster Management ; Agriculture and Livestock ; Women's Empowerment and Child Protection; Primary Education, Literacy, National Languages and Civic Education ; Youth Entrepreneurship.



66. **The M&E system will be based on the results framework and implementation arrangements.** The project coordination unit will be responsible for coordinating M&E activities, in collaboration with FAFPA for Component 2. The PCU will develop a computerized monitoring system to track results indicators, as well as other information required for effective project management. Implementing agencies will be responsible for data collection and reporting of their respective activities. Overall, the PCU will be responsible for consolidating, analyzing all periodic data and output indicators. In addition, the PCU will be required to produce reports to the steering committee and to the Bank. To this end the PCU will recruit an M&E Coordinator for monitoring activities of the project. Technical and process evaluations will be carried out at mid-term review to examine the extent to which project procedures are effective and respected, and will make recommendations to increase implementation effectiveness. Tracer surveys of beneficiaries will be implemented six months after the beneficiaries receive the full integrated support package. Beneficiary tracer and satisfaction surveys will also seek to collect data to provide feedback on project implementation and improve delivery over time.

67. **The project will be subject to a rigorous impact evaluation.** The impact evaluation will have an experimental design, with the random selection of a group of beneficiaries and a control group, at the individual or local level. The impact evaluation will be implemented in a sub-set of communes, and will focus on areas where implementation will start in year 2 and beyond. This will ensure the tools and delivery mechanisms have been piloted and stabilized before testing their effectiveness. A baseline survey will be conducted before implementation in the communes selected for the impact evaluation. A follow-up survey will be implemented after completion of the intervention. An impact evaluation design note will be prepared. While finalizing the scope of the impact evaluation, emphasis will be put on generating evidence on innovative approaches, operationally relevant trade-offs or potentially highly cost-effective interventions within the project. The impact evaluation will focus on effectiveness of interventions for women, and in particular how to address gender-specific binding constraints for insertion into more productive employment.

C. Sustainability

68. **The government's commitment and ownership of the project is clear from the high level of involvement and strong leadership during project preparation stage.** This reflects alignment with high-level strategic development objectives. As outlined in section I, the project is well aligned with the PDES. The promotion of youth employment among poor populations, including women, will contribute to core objectives related to economic transformation and social development. The modernization of the rural economy, the issue of productive employment and the challenges faced by youths are high on the political agenda. By supporting access to more productive employment for youths, this project is likely to have enduring support. The appointment of a preparation committee with multi-sectoral representation has ensured broad buy-in at the technical level. At the local level, communal employment agents will be recruited by ANPE and operate within municipal offices. The signature of cooperation agreements between ANPE and local authorities will ensure the integration of the employment agents at the commune level. Initially, the project will pay for the recruitment and wages of local employment agents and the



costs associated with their equipment. The best-performing agents are expected to be funded by ANPE through its own funds by the end of the project with a view to ensuring the sustainability of the model. ANPE will detail in its next strategic plan, which should be prepared by year 3 of the project, the strategic outlook for the communal employment services beyond the life of the project.

69. **Overall, the project is expected to contribute to bring about a change in the way the MEWSP addresses youth employment issues.** As the national employment agency, the ANPE's main mission has been to assist people looking for a job, training or professional advice. Yet it has mostly focused on formal jobs in urban areas. The project's objective of raising the productivity in off-farm self-employment and micro-enterprises will contribute to better serve rural uneducated youths and women through employment policies better.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

70. **The political and governance risks remain substantial for Niger.** While the country has returned to a democratically elected government since 2011, the political stabilization continues to be threatened by severe external shocks, including the security crises in the sub-region, in a context of limited governance mechanisms and fragile institutions. Niger faces a number of security threats in the wake of the Libyan conflict, the Mali crisis and the Boko Haram armed attacks. Violent activity in Niger has been sporadic in 2017 and remains concentrated in the region of Diffa and the departments of Tillabery and Tahoua. The risk to security will remain a challenge and will likely affect World Bank implementation support to the project. To reach some target areas, the Bank will use third parties, including NGOs, to help monitor and provide effective implementation in insecure areas. If necessary, the project will deliver only a subset of the activities planned under Component 1 and 2 in insecure areas.

71. **Sector Strategies and Policies risks are substantial.** The sector strategies on employment remain fragmented and disproportionately focused on employment issues for the educated urban population, despite noticeable strategic evolutions in the World Bank's SCD and the Government's PDES. Employment programs typically remain at a low scale and fragmented across several low-capacity agencies with at times overlapping mandates. The project will provide multi-sectoral capacity building and continuous dialog and support on the design and implementation of a coherent National Employment Policy.

72. **The institutional capacity for implementation also carries substantial risk.** The PCU will be the implementing agency for Component 1 and 3, in coordination with ANPE, and FAFPA for Component 2. While ANPE and FAFPA have been strengthened through the PRODEC project, the capacity to implement an operation of a much larger scale will remain a challenge. These agencies require strengthened human and material capacity to be able to execute the proposed



activities. The PCU staff to be recruited may also require capacity building. These capacity building requirements are taken into account in the project design. The Bank will also provide support in developing clear implementation procedures, M&E, and in providing capacity building and training on fiduciary aspects and management for agency and PCU staff, in order to reduce the risks related to project management.

73. **Finally, the fiduciary risk is substantial**, with limited procurement and financial management capacity in the public sector. Perception of corruption is still high in the country. Niger was ranked 101 of 176 countries surveyed in the Transparency International 2016 corruption ranking. Procurement and FM arrangements are designed to mitigate fiduciary risks through regular financial and procurement planning and reporting, following Bank and Government of Niger guidelines and practices. These also include several legal covenants pertaining to staffing and capacity building for fiduciary functions at the PCU and Project Implementation Entity, which the Recipient will meet in the first six months of implementation.

VI. APPRAISAL SUMMARY

A. Economic and Financial (if applicable) Analysis

74. **The project is expected to generate strong impacts on the productive capacity of youths and their earnings.** Although it was not possible to conduct a cost-benefit analysis due to the lack of data, there is a growing body of evidence showing that integrated interventions that provide the poor with a range of services (including entrepreneurship training, life skills, coaching, access to savings, and small-sized grants), often referred to as graduation or productive inclusion programs, generate lasting improvements in earnings and well-being. The first Component of the project is inspired by multifaceted graduation programs that are aimed at the ultra-poor, and typically provide a one-time transfer, training, along with regular coaching visits. An evaluation of the graduation approach in six countries provides very encouraging evidence (Banerjee et al. 2015). Although outcomes vary by country, the overall results are both promising and persistent. Results showed statistically significant impacts on all 10 key outcomes or indices, including consumption, savings, assets, and revenues. A year after the program ended, eight out of ten indices still showed statistically significant gains. The program had also positive impact on the total time spent working, as beneficiaries spent on average 17.5 more minutes a day working which is 10 percent more than control households. Multi-dimensional interventions are expensive but despite the heavy unit cost of the program, the benefits exceeded the costs in every country but one, with estimated cost benefit ratios ranging from 1.3 to 4.3. The integrated support package to be implemented as part of Component 1 has been tailored to the constraints faced by youths in Niger, as detailed in the Niger jobs assessment, to maximize effectiveness.



75. **Programs offering subsets of the integrated package from the graduation model have also shown promising impacts.** For example, cash grants delivered to youth groups as part of the Uganda Youth Opportunity Programs fostered investments in training and assets that led to improvements in earnings sustained 4 years after the program, with returns on investment estimated at 35 percent a year (Blattman et al., 2015). In Uganda, the WINGS program provided a US\$150 grant along with business skills training and follow-up visits to ultra-poor women in the north of the country. Participants nearly doubled their earnings, and household consumption increased by about a third (Blattman et al. 2014). Ethiopia's Productive Safety Net Program (PSNP, P113220) is well known for layering productive interventions on top of consumption support (access to credit, training on farming techniques and soil and water conservation). Gilligan et al (2009) show that households participating in the full program are more likely to borrow for productive purposes, use improved agricultural technologies, and operate nonfarm businesses. Where a cash grant was delivered, asset growth was also significantly improved.
76. **The program costs per beneficiary are US\$400 for Component 1 and US\$750 for Component 2.** These amounts exclude initial development costs and contingency funds but include all activities and supervision costs. They encompass capital support worth US\$200, several trainings courses (including technical training in equipped centers Component 2), coaching, and program administration costs such as communication, registration or quality assurance. When compared to international benchmarks, the program cost per beneficiary is very reasonable. The total costs of BRAC Targeting the Ultra Poor Program ranged from PPP US\$1455 per household (India) to PPP US\$5962 (Pakistan) while offering a comparable package of interventions and exhibiting positive cost-benefit ratios. The adaptation of the integrated support package to Niger was performed so as to ensure it could be delivered at scale at limited costs.
77. **An evaluation of programs similar to Component 2 have shown large impacts.** BRAC implemented a Targeting the Ultra Poor program for poor women in rural Bangladesh, coupled with complementary and intensive training in running whichever business activity they choose. The value of the asset transfer was US\$140, which was worth roughly ten times the baseline livestock wealth of these women. The evaluation of the program finds that transfers of assets and skills have quantitatively large impacts on the occupational choices and earnings of the targeted poor, enabling the poorest women to shift out of agricultural labor and into running small businesses (Bandiera et al., 2013). This shift, which persists and strengthens after assistance is withdrawn, leads to a 38 percent increase in earnings. Several factors are likely to explain the effect of the program: (i) the fact that capital and skills were transferred simultaneously, (ii) the magnitude of the transfers and (iii) the fact that employment options were very limited for women, then making self-employment opportunities provided by the program very attractive.
78. **Component 2 is expected to relax some of the constraints impeding agricultural value chains and local development,** thereby improving employment opportunities for youths but also for other individuals in the community. It is well known that the development of agricultural value chains in Niger suffers from diverse constraints both in pre-production and post-production stages. The low profitability of farming achieved on small-scale farms can partly be attributed to low



yields. Niger's low agricultural productivity has many causes including among other things limited access to inputs, slow adoption of technology and improved practices including fertilizer usage, mechanical inputs, and high-yielding seed varieties and low access to credit. While improving yields is crucial to raise farming profitability, the transformation and value addition of agricultural commodities into agro-industrial products is lacking too. The absence of downstream transformation industry in most value chains can be attributed to poor post-harvest practices, the fragmentation of small-scale transformers, the weakness of the logistics chain, and issues with the cost-effective and reliable supply of raw material for transformation (Maur and Sheperd, 2015). By training youths in key trade and activities relevant for the development of the off-farm sector, Component 2 is expected to have positive spillover effect on the agricultural sector. Dedehouanou et al. (2018) find that the participation in off-farm self-employment is positively correlated with agricultural expenditures on crop inputs and livestock inputs in Niger. This result suggests that positive linkages between the farm and nonfarm sectors exist in rural Niger and that promoting the development of off-farm self-employment is likely to benefit the agricultural sector.

79. Component 3 will cover initial set-up costs for more efficient employment services and will allow efficiency gains over time. This Component is expected to improve the governance of the employment sector, including multi-sectoral coordination, to better align the implementation of employment policies with prevailing challenges faced by youth. Overall, the project will finance some of the fixed set-up costs to deliver new integrated approaches to support more productive employment in rural and semi-urban areas. The project will also include the collection of data to document project cost-effectiveness, and identify the optimal integrated support package for potential scale-up. The overall project management costs, including M&E, are around ten percent of the total project amount, which remains reasonable in light of initial set-up costs.

80. The project will generate public goods and provide services that the private sector cannot offer at affordable costs to the target populations. In the absence of functioning credit markets for the poor, the integrated packages of activities proposed under Components 1 and 2 could not be accessed from the private sector by target beneficiaries. Certain activities such as savings groups facilitation or community awareness generate public goods at the local level and are best provided through public services. Component 3 consists in extending the reach and the capacity of employment services and integrating them with other Government programs. At a higher level, the project will promote stability and resilience of vulnerable populations, a key objective of the Government. The Bank will provide value added by providing implementation support based on its growing experience with similar social protection and employment projects across the region, drawing lessons from the range of regional and country-level analytical work it recently led on employment challenges, and building synergies with other ongoing or planned projects in education, agriculture, and enterprise development.

B. Technical

81. The project design integrates best practices from relevant projects in the region. Component 1 builds on the Sahel Adaptive Social Protection (ASP) (P155846) program activities



implemented in the Sahel that include a set of productive accompanying measures layered on top of existing safety net programs. The productive measures include the creation and coaching of beneficiary groups, the facilitation of savings, community sensitization on aspirations and social norms, life-skills training, micro-entrepreneurship training, a one-time lump sum cash grant, as well as market access facilitation. The design of the project adopts the lessons from the ASP program that identified its package of interventions based on diagnostic studies conducted in each country including Niger and that has tested different delivery models across countries.

82. **The amounts of the one-off cash grants – around US\$200 – have been determined following the evidence provided in the literature.** Data collected in Sri Lanka on start-up costs for 2,019 urban microenterprises show that 10 percent of firms started with US\$100 or less and 23 percent with US\$500 or less (de Mel, McKenzie and Woodruff, 2009). McKenzie and Woodruff (2006) find a similar range of starting capital levels for Mexican microenterprises, with many starting with low amounts. Several studies, including randomized experiments that give one-time grants of US\$100 or US\$200 to microenterprise owners find high returns to capital when starting at a relatively low level of capital stock (McKenzie and Woodruff 2006, 2008).

83. **The project design benefitted from the expertise of the Partnership for Economic Inclusion (PEI)** that is a new global partnership hosted at the World Bank’s Social Protection and Jobs Global Practice and whose mission is to accelerate innovation and scaling of the graduation approach. As indicated above, multifaceted intervention comprising skills training, capital, financial education, and mentoring had positive impact on employment, income, assets, savings and consumption.

C. Financial Management

84. **The Bank conducted a financial management assessment of the two implementing entities of the project,** that is, the Ministry of Employment, Work and Social Protection (MEWSP) and the Fund for Professional Development and Learning (or *Fonds d’Appui à la Formation Professionnelle et à l’Apprentissage*, FAFPA). The conclusion of the assessment was that the financial management residual risk for FAFPA is moderate while for MEWSP it is high. Although the financial management arrangements satisfy the Bank’s minimum requirements under Bank Policy: Investment Project Financing, improvements are needed for the system to be adequate to provide, with reasonable assurance, accurate and timely information on the status of the project as required by the IDA. Key undertakings to be fulfilled by MEWSP include: (i) Prior to project effectiveness date, MEWSP to recruit a qualified and experienced Financial Management Specialist who will coordinate accounting functions between MEWSP and FAFPA on terms of reference acceptable to the Bank; (ii) Prior to project effectiveness date, MEWSP to elaborate and adopt the project Administrative, Financial, and Accounting Procedures Manual. Following that, (i) within six months of effectiveness, FAFPA will also need to assign or recruit a qualified and experienced accountant to the project; (ii) within six months of effectiveness, MEWSP to recruit a qualified and experienced internal auditor for the project to strengthen the monitoring of internal control systems for the project; (iii) within six months of effectiveness, MEWSP to recruit a Senior Accountant based on ToRs acceptable to the Bank; and (iv) within six



months of effectiveness, MEWSP to acquire and install an accounting software under multi-project, multi-donor, and multi-sites version. Other actions that need to be done especially to reduce the financial management residual risk of MEWSP and FAFPA are documented under the financial management section under Annex 2.

D. Procurement

85. *Procurement rules and Procedures.* Procurement for goods, non-consulting, and consulting services for the project will be carried out in accordance with the procedures specified in the “World Bank Procurement Regulations for IPF Borrowers” dated July, 2016 as revised in November 2017 (Procurement Regulations) and the World Bank’s Anti-Corruption Guidelines: Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016), as well as the provisions stipulated in the Financing Agreement.

86. All goods and non-consulting services will be procured in accordance with the requirements set forth or referred to in the Section VI. Approved Selection Methods: Goods, Non-Consulting Services of the “Procurement Regulations,” the consulting services will be procured in accordance with the requirements set forth or referred to in the Section VII. Approved Selection Methods: Consulting Services of the “Procurement Regulations,” the Project Procurement Strategy for Development (PPSD), and Procurement Plan approved by the World Bank. The Procurement Plan, including its updates, shall include for each contract (a) a brief description of the activities/contracts, (b) the selection methods to be applied, (c) the cost estimates, (d) time schedules, (e) the Bank’s review requirements; and (f) any other relevant procurement information. The Procurement Plan covering the first eighteen (18) months of the project implementation was approved by the Bank after negotiations. Any updates of the Procurement plan shall be submitted to the World Bank’s approval. The Recipient shall use the World Bank’s online procurement planning and tracking tools (STEP) to prepare, clear and update its Procurement Plans and conduct all procurement transactions.

87. When approaching the national market, the country’s own procurement procedures may be used with the requirements set forth or referred to in the paragraphs 5.3 to 5.6 of the National Procurement Procedures. For Niger, the requirements for national open competitive procurement include the following:

Requirements for national open competitive procurement	Actions
a. Open advertising of the procurement opportunity at the national level.	No action needed
b. The procurement is open to eligible firms from any country.	No action needed
c. The request for bids/request for proposals document shall require that Bidders/Proposers submitting	The form elaborated by Operations Policy and Country Services (OPCS)



Bids/Proposals present a signed acceptance at the time of bidding to be incorporated in any resulting contracts, confirming application of, and compliance with, the Bank’s Anti-Corruption Guidelines, including without limitation the Bank’s right to sanction and the Bank’s inspection and audit rights.	must be added to each contract agreement with bidders/consultants
d. Contracts with an appropriate allocation of responsibilities, risks, and liabilities.	No action needed
e. Publication of contract award information.	No action needed
f. Rights for the Bank to review procurement documentation and activities.	The requirement should be included in the Procurement Plan.
g. An effective complaints mechanism.	The Project Implementation Manual (PIM) must develop an effective complaints mechanism in line with World Bank Regulations.
h. Maintenance of records of the Procurement Process	The PIM must spell out the practical modalities and the appropriate documentation to archive

88. *Procurement risk assessment and Mitigating Measures.* The MEWSP will be responsible for implementing the project. A Project Coordination Unit (PCU) will be created in the MEWSP: the key staff (National Coordinator, Financial Management Specialist and Procurement Specialist) will be hired through a competitive process. The Procurement team shall be trained on procurement regulations project activities.

89. The procurement assessment shows that: (i) the existing staff have limited procurement skills, and insufficient experience in Bank procurement procedures; (ii) the tender committee is not trained in the Bank procurement procedures and (iii) the filing system in place is not acceptable. In addition, this will be the first project to be implemented by MEWSP.

90. The client has prepared a PPSD and a procurement plan. According to Procurement risk assessment the following procurement mitigation measures are proposed.

Implementing agency	Procurement mitigation measures	By when
MEWSP	Recruitment of a Procurement Specialist	Before the project effectiveness
MEWSP	Elaborate and submit to IDA for approval a Project Implementation Manual with Procurement section	Before the project effectiveness



MEWSP / WB	Train the PS and the tender committee in Bank New Procurement Framework	3 months after effectiveness
MEWSP	Set-up in the PCU an acceptable filing system	Needs to be described in the Project Implementation Manual (PIM)

91. ***Oversight and monitoring arrangements for procurement.*** A Project Implementation Manual (PIM) will be developed and will be submitted to Bank for review. It will define the project’s internal organization and its implementation procedures, and will include, among other things, all the relevant procedures for calling for bids, selecting consultants, and awarding contracts. The project monitoring arrangements for procurement will be analyzed and developed.

92. Detailed procurement documentation (e.g. PPSD, procurement plans) may be referenced as such and retained in the project files.

E. Social (including Safeguards)

93. **The project seeks to promote economic inclusion and social impacts are expected to be positive**, without negative impacts that would require triggering social safeguards. Component 1 will benefit rural uneducated youths that are usually not covered by employment programs. Selected youths and women in particular will benefit from life skills training that will tackle aspirations, social skills and gender issues. Component 1 offers also training on saving mechanisms and micro-entrepreneurship that will help youths to develop income generating activities. The project recognizes the importance of gender-related constraints to women’s participation in productive employment and includes a set of interventions (community sensitization, outreach activities and mentoring) to address some of these barriers including sociocultural norms. Through the mentoring of youths by village coaches, the project will foster continuous and dynamic partnership with community actors. Active engagement with communities will start early during the sensitization campaign and continue during implementation. Such an approach has been shown to prevent gender based violence. Additionally, sensitization activities will educate and raise the awareness of women about their rights. Finally, beneficiary selection procedures will build on best-practice approaches developed by the safety nets project, for which a strong evidence-base is available.

94. **Component 2 is designed to have a direct positive social impact on selected youths and an indirect positive effect on the community.** Youths from peri-urban areas will receive skills trainings and one-off cash grants in the range of US\$150-200, that will open new paths to micro entrepreneurial opportunities. Component 2 will be beneficial to the community by promoting the development of activities that are crucial to the development of the local economy. Additionally, increased youth employability will result in increased incomes among youth, which will enable them to raise their participation in the social-economic life of their communities. Component 2 will also rely on activities engagement with communities, and will include some of the same strategies as component to address gender-based constraints during sensitization campaigns and



life skills training. Particular attention will be paid to the challenges faced by women entering male-dominated activities.

95. **Component 3 is expected to have positive social impacts at the individual, community and national levels.** The provision of employment services in the communes will enable youth beneficiaries and their community to access information, sensitization and orientation services adequate to rural employment opportunities. The project will register the beneficiaries into the Unified Social Registry which will enable social protection programs to better identify the poor, and improve the accuracy of targeting and the transparency of the process.

F. Environment (including Safeguards)

96. **The project is classified as a category C, as it is not expected to have any significant adverse environmental impact.** To fully monitor and mitigate even minimal impacts from small-scale economic activities, preventive environmental guidelines will be adopted, including routine measures consisting in training beneficiaries on risk identification and management by type of activities. Periodic field visits will be carried out on a sample basis by relevant national structures to ensure supervision and monitoring of economic activities.

97. **The Government of Niger has previously successfully implemented Bank-financed projects with moderate or substantial risks and impact.** The Agency For Environmental Evaluation And Impact Assessment (*Bureau des Evaluations Environnementales et des Études d'Impacts*, BEEEI), the National Environmental Agency (NEA), and its decentralized regional/local structures, have the basic technical capacity to assure the subsequent external monitoring of the compliance on the national social and environmental regulations.

G. Other Safeguard Policies (if applicable)

H. World Bank Grievance Redress

98. **Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints** to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project 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/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

Project Development Objective(s)

The objective of the project is to expand income-generating activities for youths in selected poor areas in Niger.

PDO Indicators by Objectives / Outcomes	DLI	CRI	Unit of Measure	Baseline	Intermediate Targets					End Target
					1	2	3	4	5	
Expand income-generating activities for youths in selected poor areas in Niger										
Beneficiaries of labor market programs		Yes	Number	0.00	2,500.00	7,500.00	17,500.00	30,000.00	40,000.00	40,000.00
Beneficiaries of labor market programs - Female		Yes	Number	0.00	1,250.00	3,750.00	8,750.00	15,000.00	20,000.00	20,000.00
Share of rural beneficiaries in component 1 who start, grow or diversify their economic activity after receiving the integrated support package			Percentage	0.00	0.00	65.00	70.00	75.00	75.00	75.00
Share of female rural beneficiaries in component 1 who start, grow or diversify their economic activity after receiving the integrated support package			Percentage	0.00	0.00	65.00	70.00	75.00	75.00	75.00
Share of urban or semi-urban beneficiaries in component 2 who are engaged in an income generating activity for which they received support			Percentage	0.00	0.00	60.00	65.00	70.00	70.00	70.00
Share of female urban or semi-urban beneficiaries in			Percentage	0.00	0.00	60.00	65.00	70.00	70.00	70.00



PDO Indicators by Objectives / Outcomes	DLI	CRI	Unit of Measure	Baseline	Intermediate Targets					End Target
					1	2	3	4	5	
component 2 who are engaged in an income generating activity for which they received support										
Share of beneficiaries satisfied with the project			Percentage	0.00	0.00	90.00	90.00	90.00	90.00	90.00

Intermediate Results Indicators by Components	DLI	CRI	Unit of Measure	Baseline	Intermediate Targets					End Target
					1	2	3	4	5	
Youth productive inclusion in rural areas										
Number of youth groups formed (component 1)			Number	0.00	80.00	240.00	480.00	800.00	1,000.00	1,000.00
Youth insertion in selected activities in semi-urban areas										
Number of beneficiaries who completed technical training (component 2)			Number	0.00	450.00	1,350.00	3,150.00	5,400.00	7,200.00	7,200.00
Institutional Support and Project Management										
Number of communal employment agents recruited and trained (component 3)			Number	0.00	6.00	18.00	33.00	40.00	40.00	40.00



Indicators to be mapped	DLI	CRI	Unit of Measure	Baseline	Intermediate Targets					End Target
					1	2	3	4	5	
Intermediate Outcome Indicators										
Number of beneficiaries completing life skills training (component 1 and 2)			Number	0.00	2,250.00	6,750.00	15,750.00	27,000.00	36,000.00	36,000.00
Number of beneficiaries completing micro-entrepreneurship training (component 1 and 2)			Number	0.00	2,250.00	6,750.00	15,750.00	27,000.00	36,000.00	36,000.00
Number of beneficiaries who received start-up capital support (component 1 and 2)			Number	0.00	2,250.00	6,750.00	15,750.00	27,000.00	36,000.00	36,000.00
Number of village coaches identified and trained (component 1 and 3)			Number	0.00	25.00	75.00	175.00	300.00	400.00	400.00
Number of communal employment agents financed by ANPE (component 3)			Number	0.00	0.00	0.00	2.00	6.00	10.00	10.00
Number of youths (not beneficiaries of component 1 and 2) who use communal employment services (component 3)			Number	0.00	0.00	750.00	1,750.00	3,000.00	4,000.00	4,000.00
The impact evaluation has been completed (component 3)			Text	0.00	0.00	1.00	2.00	3.00	4.00	4.00



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Beneficiaries of labor market programs
Definition/Description	
Frequency	Annual
Data Source	Administrative data
Methodology for Data Collection	
Responsibility for Data Collection	PCU, ANPE and FAFPA
Indicator Name	Beneficiaries of labor market programs - Female
Definition/Description	
Frequency	Annual
Data Source	Administrative data
Methodology for Data Collection	
Responsibility for Data Collection	PCU, ANPE and FAFPA



Indicator Name	Share of rural beneficiaries in component 1 who start, grow or diversify their economic activity after receiving the integrated support package
Definition/Description	
Frequency	Annual
Data Source	Beneficiary satisfaction and tracer survey (to take place 6 months after delivery of support package)
Methodology for Data Collection	
Responsibility for Data Collection	PCU and ANPE
Indicator Name	Share of female rural beneficiaries in component 1 who start, grow or diversify their economic activity after receiving the integrated support package
Definition/Description	
Frequency	Annual
Data Source	Beneficiary Satisfaction and Tracer survey (to take place 6 months after delivery of support package)
Methodology for Data Collection	
Responsibility for Data Collection	PCU and ANPE



Indicator Name	Share of urban or semi-urban beneficiaries in component 2 who are engaged in an income generating activity for which they received support
Definition/Description	
Frequency	Annual
Data Source	Beneficiary Satisfaction and Tracer Survey (to take place 6 months after delivery of support package)
Methodology for Data Collection	
Responsibility for Data Collection	PCU and FAFPA
Indicator Name	Share of female urban or semi-urban beneficiaries in component 2 who are engaged in an income generating activity for which they received support
Definition/Description	
Frequency	Annual
Data Source	Beneficiary Satisfaction and Tracer Survey (to take place 6 months after delivery of support package)
Methodology for Data Collection	
Responsibility for Data Collection	PCU and FAFPA



Indicator Name	Share of beneficiaries satisfied with the project
Definition/Description	
Frequency	Annual
Data Source	Beneficiary satisfaction surveys (to take place 6 months after delivery of support package)
Methodology for Data Collection	
Responsibility for Data Collection	PCU

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Number of youth groups formed (component 1)
Definition/Description	
Frequency	Annual
Data Source	Administrative Data
Methodology for Data Collection	
Responsibility for Data Collection	PCU and ANPE



Indicator Name	Number of beneficiaries who completed technical training (component 2)
Definition/Description	Target set assuming 90% completion rate for beneficiaries in component 2.
Frequency	Annual
Data Source	Administrative Data
Methodology for Data Collection	
Responsibility for Data Collection	PCU and FAFPA
Indicator Name	Number of communal employment agents recruited and trained (component 3)
Definition/Description	
Frequency	Annual
Data Source	Administrative Data
Methodology for Data Collection	
Responsibility for Data Collection	PCU and ANPE



ANNEX 2 : IMPLEMENTATION ARRANGEMENTS

Financial Management, Disbursements and Procurement

1. *Financial Management.* The Bank conducted a financial management assessment of the two implementing entities of the project, that is, the Ministry of Employment, Work and Social Protection (MEWSP) and the Fund for Professional Development and Learning (or *Fonds d'Appui à la Formation Professionnelle et à l'Apprentissage*, FAFPA). The conclusion of the assessment is that the financial management residual risk for FAFPA is moderate while for MEWSP it is high. Although the financial management arrangements satisfy the Bank's minimum requirements under OP/BP10.00, there remain improvements to be implemented for the systems to be adequate to provide, with reasonable assurance, accurate and timely information on the status of the project as required by the IDA. All operational procedures are to be documented in the administrative, financial and accounting manual and the project implementation manuals to be established.

Table 1: Risk Assessment and Mitigation Table

Risk	Risk Rating before mitigation	Risk Mitigating Measures Incorporated into Project Design	Residual Risk Rating	Conditions for Effectiveness (Y/N)?
<i>Inherent Risk</i>				
Country Level Poor governance PFM system is weakened by several key problems in the area of financial management and control.	H	The strengthening of public financial management through the WB financed NE-Public Sector Capacity and Performance for Service Delivery project (P145261) is expected to contribute enhancing the PFM's system to provide timely and reliable information and improve governance in Niger.	S	N
Entity Level MEWSP has no experience in implementing World Bank Financed projects. MEWSP does not have any dedicated FM staff for Development projects.	H	MEWSP to establish a project coordination unit staffed by external consultants based of ToRs acceptable to World Bank, including a Financial Management Specialist (FMS), a Senior Accountant, and a Senior Internal Auditor at the MEWSP.	S	Y
FAFPA on the other hand is currently co-managing a World Bank financed project.	S	FAFPA to assign/or recruit a qualified and experienced Accountant to be	M	N



However, the current FM team needs to be reinforced by an additional accountant.		dedicated to the project’s activities.		
Project Level Lack of qualification of the existing FM team, and lack of experience in project implementation especially project financed by the World Bank at MEWSP level.	S	Identify fiduciary team to be dedicated in project implementation and recruit qualified consultants including a Financial Management Specialist, and a Senior Accountant at MEWSP, in order to support and build capacity of all entire the internal team.	S	N
The coordination between the project coordination unit and FAFPA further needs to be strengthened and improved.	S	Provide appropriate training to the fiduciary dedicated team (disbursement procedures, budgeting, reporting...) and to the FM team of the entity. Recruit a qualified consultant to design manual of procedures for the project, including project management procedures. Describe the role and responsibility of each implementing entity in the operational manual and ensure its effective monitoring. Rely on procedures manual in accordance with Bank requirements Secretariat General of MEWSP to improve coordination and supervision of the PCU and FAFPA through project coordination meetings.	M	N Y N N N
Inherent risk	S		S	
<i>Control Risk</i>				
Budgeting MEWSP and FAFPA could face delay in preparing yearly budget and inappropriate monitoring of budget execution resulting in delay in achieving project’s objectives.	S	MEWSP and FAFPA will follow strict budget procedures and timeline as per administrative, financial and accounting procedures manual to be elaborated and used for the project. MEWSP and FAFPA will ensure that the annual work program and budget is in line with the procurement plan to prevent any delays due to the	S	N N



		procurement process. MEWSP and FAFPA will track budget variances and take proactive decisions.		N
Accounting Delays in the consolidation of financial information provided by the MEWSP leading to incomplete financial information in the Financial Statements (interim and annual).	S	A multi-project and multi-site accounting software will be acquired and customized to fit the project's needs and will generate useful information and financial statements. Training and continuous capacity building will be undertaken.	S	N
Internal Control MEWSP does not have any experience on the World Bank financed projects. FAFPA has well defined financial management manual and the internal controls as designed are clearly spelled out under the World Bank financed project it is co-managing. However, the execution of these internal controls may be weak.	S	MEWSP to recruit a consultant to elaborate an Administrative, Financial and Accounting Procedures Manual to be adopted prior Project Effectiveness Date.	S	N
Internal Audit Absence of audit function Risk of ineligible expenditures	S	FAFPA will use the project Administrative, Financial and Accounting Procedures Manual to be elaborated by a consultant under the PPA. Training of staff for MEWSP and FAFPA in the correct application of the internal controls is mandatory for this project as well as the application of risk to internal audit approach.	M	N
Internal Audit Absence of audit function Risk of ineligible expenditures	H	Within 6 months of effectiveness, MEWSP to recruit a qualified and experienced senior internal auditor for the project to strengthen the monitoring of internal control systems for the project.	S	N
Funds flow Risk of delay in the disbursement of the	H	PCU and FAFPA will each open a	M	N



funds if the Designated Accounts are located at the Central Bank in line of the Treasury Single Account (TSA) program in course.		Designated Account in a commercial bank on conditions acceptable to World Bank within one month of the Effectiveness.		
Financial Reporting Unreliable IFRs and delay in submitting the IFRs/Absence of adequate IFMIS at MEWSP level.	S	MEWSP will recruit a qualified and experienced Financial Officer/Specialist who will coordinate accounting functions between MEWSP and FAFPA. A multi projects and multi-site accounting software will be acquired and customized to fit the project's needs and will generate useful information and financial statements.	M	N
Under the ongoing World Bank financed project co-managed by FAFPA, IFRs and audit reports have been submitted in a timely manner.	L	World Bank, MEWSP, and FAFPA will agree on the format, and content of the IFR to be used for the project.	L	N
Auditing As public entity, MEWSP accounts are consolidated with the other Ministries' accounts and submitted to Court of Audit review. The review is not carried out on a timely manner.	S	A qualified and independent external auditor under TORs satisfactory to the Bank will be recruited within six (6) months of the Effectiveness The audit will cover annual project's financial statements Financial Officer/Specialist will ensure to facilitate timely closure of accounts and submission of draft financial statements to the auditors within 3 months after the end of the fiscal year. Monitoring and follow up by the project team to support the project to implement the auditor's recommendations.	M	N
Control Risk	S		S	
Total Project FM Risk	S		S	

H – High

S – Substantial

M – Modest

L – Low

2. The overall residual FM risk is considered as substantial. The following paragraphs describe actions that will need to be taken in order to enhance the financial management arrangements for the Project, and describe how the project financial management arrangements



will operate.

3. *Budgeting Arrangements.* All the project transactions will be ring-fenced and will not go through the Niger Public Accounts. The budgeting process will be clearly defined in the administrative, financial and accounting procedures manual, and the budget will be reviewed and adopted by the project Steering Committee before the beginning of the year, i.e. not later than November 30 each year. Annual budgets adopted by the steering committee will be submitted to the Bank's non-objection before implementation. Budgets should be regularly monitored at all levels. The consolidated budget of the project should be at least quarterly monitored against actual expenditure by MEWSP and FAFPA. The budget variances will be adequately explained and justified through the semi-annual IFRs.

Accounting Arrangements

4. *Accounting staff.* MEWSP will need to recruit a qualified and experienced Financial Officer/Specialist and a Senior Accountant to prepare the project accounts. For this end, the Government has requested a Project Preparation Advance which will be used to recruit the key Staff before the project becomes effective. The staff who will be handling this project will have to be specially trained in World Bank Financial Management and Disbursement guidelines and this training will be done by the Bank FMS. FAFPA has a total of 9 accountants under the supervision of the Head of the Finance and Material Resources Division. For this project, FAFPA will appoint or recruit a qualified and experienced Accountant under ToRs acceptable to the World Bank. The staff of the Finance and Material Resources Division will have to be trained in Bank Financial Management and Disbursement guidelines and this training will be done by the Bank FMS.

5. *Accounting policies and procedures.* The current accounting standards in use in West African Francophone countries for on-going Bank-financed projects will be applicable. SYSCOHADA is the assigned accounting system in West African Francophone countries. Project accounts will be maintained on an accrual basis, supported with appropriate records and procedures to track commitments and to safeguard assets. Annual financial statements will be prepared by each project implementing agency in accordance with the SYSCOHADA and Bank requirements. Accounting and control procedures will be documented in the administrative, financial and accounting procedures manual.

6. *FM manuals.* FAFPA is using the Finance Procedures and Accounting Manual for the co-management of the NIGER Skills Development for Growth Project (P126049, IDA H8400) which is adequate for the project. The Manual describes the principles and procedures used by the World Bank. MEWSP does not have any accounting manual in place. A consultant will be recruited to elaborate the Administrative, Financial and Accounting Procedures Manual for the project to be used by both project implementing units.



Internal Control and Internal Audit Arrangements:

7. *Internal Control Systems.* Internal control comprises the whole system of control, financial or otherwise, established by management in order to (i) carry out the project activities in an orderly and efficient manner; (ii) ensure adherence to policies and procedures; (iii) ensure maintenance of complete and accurate accounting records; and (iv) Safeguard the assets of the project. FAFPA has adequate internal control system in place which will be used for this project. There is segregation of duties where by authorization to execute transaction, recording of the transaction and custody of assets involved in the transaction are performed by different persons. Ordering, receiving, accounting for and paying for goods and services are appropriately segregated.

8. The administrative, financial and accounting procedures manual will document the financial management and disbursement arrangements including internal controls, budget process, assets safeguards, and clarify roles and responsibilities of all the stakeholders. A consultant will be recruited to elaborate the project implementing manual and the Administrative, Financial and Accounting Procedures Manual for the project to be used by both project implementing units.

9. *Internal audit.* Both MEWSP and FAFPA do not have internal audit functions. For purposes of this project and to further strengthen the financial management of the PCU and FAFPA, MEWSP will recruit, no later than 6 months after the Effectiveness Date, a qualified and experienced internal auditor based on ToRs acceptable to the World Bank. The internal auditor will oversee the proper functioning of the PCU and FAFPA internal control and will be the focal point to develop an annual risk-based audit plan to help the project coordinators identify, inter alia, key risks and weaknesses in the operations and internal control systems. Internal audits shall be conducted in compliance with the annual risk-based audit plan. Quarterly internal audit reports for the project will be prepared and submitted to the Chair of the Steering Committee for action. The internal auditor will have to be trained in World Bank Financial Management guidelines and this will be done by the respective FMS. In addition, the internal auditor will include the project's internal audit requirements in his/her annual audit plan.

Disbursements:

10. *Disbursements arrangements.* The disbursement methods that will be used under this project will be based on the Disbursement Guidelines for Investment Project Financing, dated February 2017. Disbursement methods that are commonly used could be: (a) direct payments to a third party for goods and services upon the Borrower's request; (b) special commitments, letters of credit; (c) reimbursements for expenditures incurred under the project, etc. Further details about disbursements to the project are included in the disbursement procedures described in the Disbursement and Financial Information Letter (DFIL) and the administrative, financial and accounting procedures manual. As implementing agencies of the project, MEWSP and FAFPA will maintain Designated Accounts. If ineligible expenditures are found to have been made from the Designated Accounts, the Borrower will be obligated to refund the same. If the Designated Accounts remain inactive for more than six months, the Borrower may be requested to refund to IDA amounts advanced to DAs. IDA will have the right, as reflected in the Financing Agreement,



to suspend disbursement of the Funds if reporting requirements are not complied with.

11. *Banking arrangements for MEWSP.* MEWSP will open a Designated Account (DA-A) denominated in West African CFA franc (XOF) in a commercial bank on terms and conditions acceptable to IDA. The project's Designated Accounts (DA-A) will function under the co-signature of the Secretary General and the DRFM of the MEWSP.

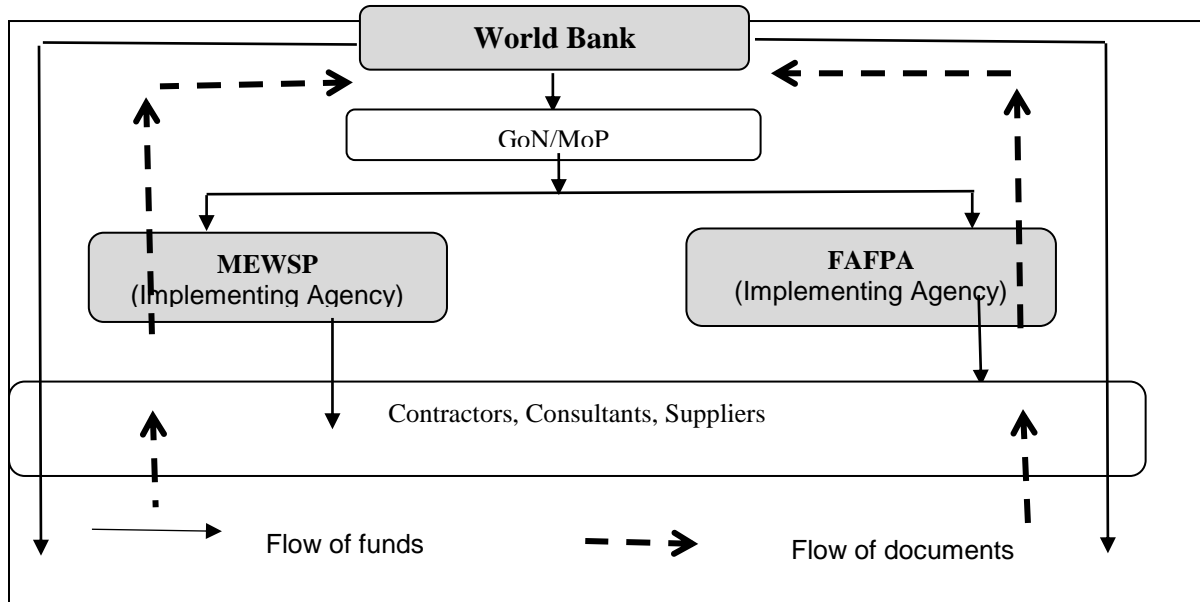
12. *Banking arrangements for FAFPA.* FAFPA will also open a Designated Account (DA-B) denominated in West African CFA franc (XOF) in a commercial bank on terms and conditions acceptable to IDA. The project's Designated Accounts (DA-B) will function under the co-signature of the Director General and the Head of the Finance and Material Resources Division of FAFPA.

13. Both Designated Accounts need to be opened and the details including the account signatories communicated to the Bank within one month after effectiveness.

14. *Flow of funds arrangements.* Funds flow arrangements for the project (through the designated accounts above) are as follows:

- IDA will make an initial advance disbursement into the Designated Accounts for the project being implemented by MEWSP and FAFPA in West African CFA franc (XOF) upon receiving a withdrawal application from the respective institutions.
- Replenishment of funds from IDA to the two Designated Accounts (DA-A and DA-B) will be made upon evidence of satisfactory utilization of the advance, reflected in SOEs and/or on full documentation for payments above SOE thresholds. Replenishment applications would be required to be submitted regularly on a monthly basis.

Figure 1: YEPIP Funds Flow





Financial Reporting Arrangements

15. For this project, MEWSP and FAFPA will prepare semi-annual interim unaudited financial reports (IFRs). These will be submitted to the Association within forty-five (45) days of the end of the semester. The format and the content, consistent with the World Bank's standards, were agreed on between the World Bank, MEWSP, and FAFPA during project negotiations. At a minimum, the financial report will include: (i) a statement of sources and uses of funds and opening and closing balances for the quarter and cumulative; (ii) a statement of uses of fund that shows actual expenditures appropriately classified by main project activities (categories, sub-Components) including comparison with budget for the semester and cumulative; (iii) a statement on movements (inflows and outflows) of the project Designated Account including opening and closing balances; (iv) a statement of expenditure forecast for the next semester together with the cash requirement; (v) notes and explanations; and (vi) other supporting schedules and documents.

16. The project will also prepare the projects annual accounts/financial statements within three months after the end of the accounting year in accordance with the accounting system implemented in the sub-region (SYSCOHADA). The audited financial statements should be submitted to the World Bank within six (6) months after the end of the accounting year.

Auditing arrangements

17. Consolidated annual audited financial statements and audit reports (including Management Letter) will be submitted to IDA no later than six (6) months from the end of the fiscal year by MEWSP. The annual financial statements will be prepared in accordance with the standards indicated in the audit ToRs agreed on during negotiation. The audit will be carried out by an independent external auditor with qualification and experience satisfactory to IDA.

18. The audit will be carried out in accordance with the International Standards of Auditing (ISA) issued by the International Federation of Accountants (IFAC). The auditor will prepare a work plan to cover all the major risk areas. The following mechanisms are proposed to systematically monitor the timing of audit reports and the timely action on audit findings: (i) MEWSP has the responsibility to prepare a consolidated audit action plans within one (1) month of the receipt of the annual audit report, (ii) within two (2) months of the receipt of the audit report, action must be taken on all audit findings and notified to the IDA.

19. In accordance with World Bank Policy on Access to Information, the Borrower is required to make its audited financial statements publicly available in a manner acceptable to the Association; following the World Bank's formal receipt of these statements from the borrower, the World Bank also makes them available to the public.

20. A review of FAFPA's audit status reveals that audit reports are received in a timely manner for the NIGER-Skills Development for Growth Project (P126049, IDA H8400). The last audited financial statements, for the period ending December 31st, 2016, were submitted to the Bank in a timely manner but, a qualified opinion was issued mainly due to: (i) some discrepancies noticed



in the opening balances in the trail balance, and (ii) the expenditures incurred under the PPA were not consolidated with the project’s accounts. The project submitted an action plan to address the FM issues raised in the audit reports.

21. The audit reports that will be required to be submitted by MEWSP with due dates for submission are:

Table 2: Audit Reports

<i>Audit Report</i>	<i>Due Date</i>
Project Specific Financial Statements and management letter to be submitted by MEWSP.	Submitted within six (6) months after the end of each financial year.

22. The overall residual FM risk is considered as substantial. The following actions need to be taken in order to enhance the financial management arrangements for the Project:

Table 3: Action Plan

No	Action	Due Date	Responsible
1	Open two segregated Designated Accounts (DAs) in a local commercial bank on terms and conditions acceptable to the Association.	Within one (1) month after the Effective Date of the Financing Agreement	MEWSP & FAFPA
2	Competitively recruit a Financial Officer/Specialist based on ToRs acceptable to the World Bank to manage the FM activities of the project.	Before Effectiveness Date	MEWSP
3	Competitively recruit Senior Accountant based on ToR acceptable to the Bank to strengthen the current FM team of MEWSP.	Not later than six (6) months after effectiveness	MEWSP
4	Assign or recruit an additional Accountant based on ToR acceptable to the Bank to strengthen the current FM team of FAFPA.	Not later than six (6) months after effectiveness	FAFPA
5	Competitively recruit a Senior Internal Auditor based on ToR acceptable to the World Bank to be located at MEWSP to carry out the internal audit of the entire project.	Not later than six (6) months after effectiveness	MEWSP
6	Elaborate and adopt an administrative, financial and accounting procedures manual to be used by the two Project	Before Effectiveness Date	MEWSP



No	Action	Due Date	Responsible
	Coordination Units.		
7	Acquire and install an Accounting Software under multi-project and multi-site version.	Not later than six (6) months after effectiveness.	MEWSP
8	Customize the existing TOM2PRO multi projects version accounting software of the FAFPA to fit the Project accounting and reporting needs.	Not later than six (6) months after effectiveness	FAFPA
9	Recruit qualified and independent external auditors under TORs satisfactory to the Bank. The audit will cover annual entity’s financial statements and project’s financial statements.	Within six (6) months after effectiveness	MEWSP

23. *Financial Covenants:* The Borrower shall establish and maintain a financial management system including records, accounts and preparation of related financial statements in accordance with consistently applied accounting standards acceptable to IDA. The Financial Statements will be audited in accordance with international auditing standards, in a manner adequate to reflect the operations, resources, and expenditures related to the Project. The Audited Financial Statements for each period shall be furnished to the Association no later than six (6) months after the end of the project fiscal year. The Borrower shall prepare and furnish to the Association no later than forty-five (45) days after the end of each calendar semester, interim un-audited financial reports (IFRs) for the Project, in form and substance satisfactory to the Association. The Borrower will be compliant with all the rules and procedures required for withdrawals from the Designated Accounts of the project.

Conclusions of the FM Assessment

24. The overall residual FM risk is considered Substantial. The proposed financial management arrangements for this project are considered adequate subject to the implementation of the mitigation measures, and meet the minimum fiduciary requirements under Bank Policy and Directive for Investment Project Financing.

Implementation Support and Supervision Plan

25. Financial management implementation support intensity and frequency will be in line with risk-based approach, and will involve a collaborative approach with the entire Task Team. The first implementation support mission will be performed six (6) months after project effectiveness. Afterwards, the missions will be scheduled by using the risk based approach model and will include the following diligences: (i) monitoring of the financial management arrangements during the supervision process at intervals determined by the risk rating assigned to the overall FM Assessment at entry and subsequently during implementation; (ii) integrated fiduciary review on



key contracts; (iii) review of the IFRs; (iv) review of the audit reports and management letters from the external auditors and follow-up on material accountability issues by engaging with the task team leader, Client, and/or Auditors; the quality of the audit (internal and external) is to be monitored closely to ensure that it covers all relevant aspects and provides enough confidence on the appropriate use of funds by recipients; and, (v) other assistance to build or maintain appropriate financial management capacity and efficient internal control system. The FM team will perform periodic field missions at MEWSP and FAFPA to review the FM performance and risk and provide adequate advice and recommendations. Periodic FM meetings would be organized to follow up on FM progress.