

# AFRICAN DEVELOPMENT BANK GROUP



## PROJECT: PROJECT TO STRENGTHEN RESILIENCE OF RURAL COMMUNITIES TO FOOD AND NUTRITION INSECURITY IN NIGER (PRECIS)

**COUNTRY: NIGER**

### APPRAISAL REPORT

*Date: October 2020*

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# **AFRICAN DEVELOPMENT BANK GROUP**



## **REPUBLIC OF NIGER**

### **PROJECT TO STRENGTHEN RESILIENCE OF RURAL COMMUNITIES TO FOOD AND NUTRITION INSECURITY IN NIGER (PRECIS)**

### **APPRAISAL REPORT**

**RDGW/AHAI DEPARTMENTS**

October 2020

*Translated document*

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**Currency Equivalents**  
**(June 2020)**

Currency Unit	=	CFAF
UA 1	=	CFAF 808.18
UA 1	=	USD 1.37
UA 1	=	EUR 1.23

**Fiscal Year**

1 January - 31 December

**Weights and Measures**

1 metric tonne	=	2204 pounds
1 kilogramme (kg)	=	2.200 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

## Abbreviations and Acronyms

ADF	: African Development Fund
ADL	: Local Development Officer
AfDB	: African Development Bank
BAGRI	: <i>Banque agricole du Niger</i> (Agricultural Bank of Niger)
BDs	: bidding documents
CENRAT	: National Representation and Technical Assistance Unit
CES	: water and soil conservation
CSP	: Country Strategy Paper
ERR	: economic rate of return
ESMF	: Environmental and Social Management Framework
ESMP	: Environmental and Social Management Plan
FDS	: final design study
GCF	: Green Climate Fund
GEF	: Global Environment Facility
HALCIA	: Supreme Authority for Combating Corruption and Related Offences
HIMO	: labour-intensive
IFAD	: International Fund for Agricultural Development
IRR	: internal rate of return
MAE	: Ministry of Agriculture and Livestock
MER	: rural micro-enterprises
NGO	: non-governmental organisation
NPV	: net present value
OFID	: OPEC Fund for International Development
PDE	: Economic Development Pole
PMERSA	: Water Mobilization Project to Enhance Food Security in the Maradi, Tahoua and Zinder Regions
PRECIS	: Project to Strengthen Resilience of Rural Communities to Food and Nutrition Insecurity in Niger
ProDAF	: Family Farming Development Programme
RPMU	: Regional Project Management Unit
RYEs	: Rural Young Enterprises
SDE	: Enterprise Development Service
STC	: Centralised Technical Services
STD	: Devolved Technical Services
TFPs	: technical and financial partners
TSF	: Transition Support Facility
UA M.	: million units of account
UA	: unit of account

## Project Information

### Client Information

**BORROWER** : Republic of Niger  
**EXECUTING AGENCY** : Ministry of Agriculture and Livestock (MAE)

### Financing Plan

Source	Amount	Instrument
TSF	UA 25.859 million	Grant
IFAD	UA 70.803 million	Loan and Grant
OFID	UA 11.381 million	Loan
GEF	UA 4.582 million	Grant
GCF	UA 7.538 million	Loan and Grant
BAGRI	UA 0.739 million	Private Sector
Government	UA 2.614 million	Contribution
Beneficiaries	UA 4.286 million	Grant
<b>TOTAL COST</b>	UA 147.802 million	

### Key TSF Financing Information

TSF grant currency	UA
IRR (baseline scenario)	17.3 %
ERR (baseline scenario)	18.8 %
NPV	CFAF 59.96 billion

### Timeframe – Main Milestones (Expected)

Concept Note Approval	20 December 2019
Project Approval	8 October 2020
Effectiveness	January 2021
Grant Closure	31 December 2025

## Executive Summary

**Project overview:** The Project to Strengthen Resilience of Rural Communities to Food and Nutrition Insecurity in Niger (PRECIS) aims to sustainably improve the food and nutrition security of rural households and strengthen their resilience to climatic and environmental shocks. It will support small-scale producers by removing production and marketing constraints in the cereal, market gardening, poultry and small livestock production sub-sectors, through two technical components that will have the following effects: (i) diversify production, increase yields and the capacity to adapt to external shocks, particularly climatic shocks, as well as improve the nutrition security of rural producers (including women and young people); and (ii) enhance the value of agro-sylvo-pastoral production surpluses through increased marketing on semi-wholesale markets and the promotion of agricultural entrepreneurship with sustainable integration into the local, regional and national economy.

The main achievements expected from PRECIS include: (i) increased income for some 210,000 households, or approximately 1,470,000 persons; (ii) the building of 117 water harnessing structures; (iii) the creation/strengthening of 30,040 Rural Young Enterprises (RYEs), including at least 30% owned by women; (iv) direct support for 35,000 households in the form of nutrition education, benefiting 245,000 persons; (v) the opening of 660 literacy centres to build the capacity of 33,000 household members; (vi) the strengthening/consolidation of 2,080 producer organisations/groups to improve their technical and management capacity; (vii) the creation/consolidation of approximately 45,060 direct jobs in rural areas; (viii) the training of at least 33,000 beneficiaries in the various themes related to climate change adaptation and the management and promotion of micro-enterprises; (ix) the construction of 9 semi-wholesale markets and 18 operational collection centres; (x) the setting up of 10 operational farmers' houses offering input and production equipment supply services to family farmers; (xi) the rehabilitation of 348 km of roads linking production areas to collection centres and semi-wholesale markets; and (xii) enhancement, in the short and long term, of the resilience of communities in the target areas enabling them to cope with the effects of COVID-19 and other natural and health shocks in the future.

The overall programme will be implemented over a six-year period for a total sum of UA 147.80 million (Bank financing will cover a five-year period). The Bank's contribution to the project financing will amount to UA 25.859 million, provided in the form of a grant from the Transition Support Facility (TSF). More specifically, the Bank's financing will be earmarked for the "water harnessing" and "agricultural entrepreneurship" components and will be incorporated into the operational mechanism of the IFAD-funded Family Farming Development Programme (ProDAF), which will be strengthened.

In the context of the response to post-COVID-19, the project plans to carry out a short- and medium-term emergency programme to help people affected by the disease who were obliged to deplete their stocks and savings. This operation will restore the productive base of farmers in the project area who have been severely hit by the pandemic.

**Needs assessment:** The size and fertility of farmland in the project area is steadily declining due to lack of water, loss of vegetation cover, arid climate, erosion and increasing population pressure. Surface water resources are severely affected by recurrent and chronic droughts. Moreover, Niger is facing a situation of growing insecurity, characterized by terrorist attacks on the borders with Nigeria and Mali, aggravating the people's vulnerability. The livelihood of the population concerned by the project consists mainly of small-scale agriculture and family livestock farming, which employ more than 85% of the workforce. Agriculture is the leading

sector in terms of economic activity in the region and in the country, accounting for the largest contribution to GDP, estimated at 43.4% in 2018. However, the region has huge, but inadequately exploited, resources in the agro-pastoral sector. The under-exploitation of these resources leaves the rural sector vulnerable to the vagaries of climate, which adversely impact agriculture by causing the degradation of natural resources. As a result, performance in terms of output and productivity is poor and food insecurity is a virtually permanent problem. With an estimated 200,000 hectares of land lost to desert encroachment annually, the environmental situation of the project is all the more precarious due to the magnitude of land degradation, poor preservation of biodiversity, and difficulties in ensuring the sustainable management of land and water resources. This project aims to sustainably improve the food and nutrition security of rural households in the targeted areas and to strengthen their resilience to climatic shocks and natural resource degradation. It will work towards the emergence of development poles in four regions of the country, which are home to 12.9 million inhabitants, representing 60.2% of the national population.

**Value added for the African Development Bank:** For more than 20 years, the Bank has accumulated special experience in Niger in the area of water harnessing and natural resource protection. It has financed about a dozen studies and projects (PMET Tahoua, PADAZ Zinder, PADL Diffa, PVDI Dosso-Tillabéri, PMERSA-MTZ, PROMOVARE, PDIPC, P2RS, etc.) for specific regions of the country, and which have improved the living conditions of men and women in rural areas, while developing technical and organisational approaches tailored to local contexts. The Bank has become a privileged partner in this sector thanks to its success in water control and harnessing. On the strength of this experience and given the numerous challenges that Niger still faces (climatic, economic, security, etc.), the Bank must continue its efforts in the areas of water harnessing, women's empowerment and support for agricultural entrepreneurship. The Bank's operations will help reduce poverty, promote youth and women's employment, strengthen adaptation to climate change and increase the resilience of vulnerable segments of the population to food and nutrition insecurity. By co-financing PRECIS, the Bank, in full compliance with its strategic guidelines, will strengthen the partnerships already established with other TFPs and contribute significantly to the mobilization of financial resources for a wide-ranging programme.

**Knowledge building:** PRECIS will contribute to the training and the consolidation of the know-how of producers. With regard to resilience to climate change, the project will develop and disseminate innovative technologies in agriculture and small-scale livestock farming, for both production and processing activities, while enhancing local know-how and skills in the Sahelian environment. In an inclusive manner, it will enable young people and women to develop technical and entrepreneurial capacities by settling on land with modern infrastructure and means of exploitation and will promote the development of para-agricultural activities through supported rural micro-enterprises. Furthermore, it will support the water harnessing at regional level and provide expertise in terms of irrigation techniques at the individual and local levels, coupled with the judicious use of climate information. The project will help to build women's leadership capacity and strengthen their economic empowerment, as well as contribute to the greater implementation of gender equality-promoting policies. The mechanisms for disseminating and capitalizing on the project's outcomes and best practices, and the process of generating endogenous value for the benefit of vulnerable groups through the development of value chains will also contribute to knowledge building.



The project will be coordinated by the staff of the National Representation and Technical Assistance Unit (CENRAT), which will benefit from skills transfer. Best practices in water resource management, irrigation, agricultural extension, database management, dissemination and use of climate information, youth entrepreneurship and environmental and social safeguards will be capitalized on and disseminated, using various communication mechanisms already set up under PRECIS (awareness-raising meetings, agricultural advisory services, farmer field schools, etc.).

## PRECIS\_Results-Based Logical Framework

<b>Project Name:</b> Project to Strengthen Resilience of Rural Communities to Food and Nutrition Insecurity in Niger (PRECIS) <b>Project Goal:</b> Sustainably improve the food and nutrition security of rural households and strengthen their resilience to climate shocks and natural resource degradation.						
RESULTS CHAINS		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES
		Indicator	Baseline *	Target (2025)		
IMPACT	Improved food and nutrition security of the people of Niger	- Prevalence of chronic malnutrition among under-five children (%)	ND (baseline study)	% TBD (baseline study)	INS periodic monitoring reports and surveys (EVIAM)	<b><u>Risks</u></b> - Deterioration of security conditions. - Severe climatic conditions that could lead to the decapitalisation of the most vulnerable groups. - Political stability in the run-up to the 2020 presidential elections. - Risks of inter-community conflicts. - Effects of COVID-19.
		- Prevalence of severe food insecurity in rural areas	ND (baseline study)	% TBD (baseline study)		
OUTCOMES	1. Improved production and agricultural productivity in the project area.	1.1 Increase in the production of main foodcrops and cash crops as a result of the project (tonnes) P1: Millet production P2: Sorghum production P3: Cowpea production P4: Peanut production P5: Sesame production	P1: 120 P2: 130,000 P3: 400,000 P4: 120,000 P5: 66,000	P1: 150,000 P2: 160,000 P3: 600,000 P4: 150,000 P5: 80,000	--Periodic reports and project monitoring surveys  -Mid-Term Review Report and Project Completion Report	<b><u>Mitigation measures</u></b> - Political commitment by the authorities and support from regional actors and the international community. -Participation in political dialogue with the Government alongside other TFPs. - A delegation-of-work approach involving local economic actors. - Planned actions for water mobilisation and protection of productive capital. - Special attention to vulnerable groups.
		1.2 Increase in crop yields (T/ha) as a result of the project  R1: Millet yield R2: Sorghum yield R3: Cowpea yield R4: Peanut yield R5: Sesame yield	R1: 0.5 R2: 0.4 R3: 0.375 R4: 0.5 R5: 0.45	R1: 0.75 R2: 0.7 R3: 0.75 R4: 0.8 R5: 0.6		
	2. Young "profitable" and job-creating rural enterprises are promoted.	2.1 Number of direct jobs created (% held by women)	ND (baseline study)	45,060 jobs		
		2.2 Number of rural micro and small enterprises that remain operational 3 years after their creation (% managed by women)	ND (baseline study)	90%		

Component A: Sustainable agricultural development and strengthening of the resilience of rural households					
<p><b>1.1:</b> Access to water for family farmers (women and young people) is improved</p> <p><b>1.2:</b> Irrigation farming areas and small-scale irrigation schemes are implemented.</p> <p><b>1.3:</b> The technical, organisational and institutional capacities of family farms are strengthened.</p> <p><b>1.4:</b> Resilient and innovative agricultural practices are promoted and disseminated among individual or organised producers.</p>	1.1 Total surface area equipped for irrigation by the project/number of beneficiaries (ha)	1.1 ND (baseline study)	1.1 1,320	<p>- Progress reports of the project</p> <p>- Contracts signed with enterprises and firms</p> <p>- Reports of control offices</p> <p>- Bank supervision and the Government's external monitoring reports</p> <p>-PRECIS monitoring report</p>	<p><b>Risks</b></p> <p>- Delays in the start-up and procurement process</p> <p>- Socio-cultural barriers that do not always favour women and young people's access to factors of production</p> <p>- Low capacity of construction companies</p> <p><b>Mitigation measures</b></p> <p>- Implementing agency already in place (ProDAF)</p> <p>- FDS and BDs available</p> <p>- Decentralisation of procurement at regional level</p> <p>- Addition of a procurement assistant within CENRAT (besides the manager)</p> <p>- Proactive approach of the project</p> <p>- Specific activities in favour of women and young people</p> <p>- Intelligent allotment to take into account the capacities of the works companies.</p>
	1.2.1 Number of structures by type built or rehabilitated (number)	1.2.1. ND (baseline study)	1.2.1. 3 mini dams; 106 flood diversion weirs; 5 ponds; 66 DWS boreholes		
	1.2.2. Irrigated area developed (ha)/number of people	1.2.2. ND (baseline study)	1.2.2. 3,000 ha (30% of the irrigable land potential)/5,000 producer households; 40,000 people)		
	1.3.1 % of farmers who have applied/adopted the technologies that were taught (including women)	1.3.1. ND (baseline study)	1.3.1: 60 (50% of them women)		
	1.4.1. Number of people trained in sustainable production practices and technologies 1.4.2 Number of rural producers/organisations supported	1.4.1. ND (baseline study) 1.4.2. ND (baseline study)	1.4.1. 33,000 producers 1.4.2 2,080 POs		
Component B: Sustainable agricultural development and strengthening the resilience of rural households					
<p><b>2.1:</b> The integration of young people into rural trades is improved/strengthened</p> <p><b>2.2:</b> Actors and promoters have access to information on the agricultural/rural entrepreneurial environment</p> <p><b>2.3:</b> Access to finance and other financial services for agricultural enterprises is ensured</p> <p><b>2.4:</b> system to strengthen and support rural microenterprises is set up</p> <p><b>2.5:</b> Built/rehabilitated rural infrastructure is managed in a sustainable manner</p>	2.1.1 Number of young entrepreneurs supported and self-employed (% of women)	2.1.1 ND (baseline study)	1.1: 400 (50% of them women)	<p>- Project progress reports</p> <p>- Contracts signed with companies and firms</p> <p>- Reports from control offices</p> <p>- Bank supervision and Government external monitoring reports</p>	<p><b>Risks</b></p> <p>- Difficulties in selling market gardening produce</p> <p>- Young people's mobility and/or disinterest in promoting enterprises</p> <p><b>Mitigation measures</b></p> <p>- Activities to facilitate access to markets (opening up, storage, organisation), support for farms in the choice of crops and in marketing.</p> <p>- A proactive project approach</p> <p>- Specific actions in favour of women and young people</p> <p>- Support package including installation of young people and strengthening of existing companies</p>
	2.1.2. Number of functional agribusiness micro enterprises	2.1.2 ND (baseline study)	1.2: 9.800 micro-enterprises		
	2.2.1 Number of studies carried out	2.2.1 ND (baseline study)	2.2.1 3 studies		
	2.2.2 Number of young people trained in entrepreneurship with the support of the project (% of women)	2.2.2: ND (baseline study)	2.2.2: 30,000 (33% of them women)		
	2.2.3 Number of users with access to business development services (% of women)	2.2.3 ND (baseline study)	2.2.3 15,000 (40% of them women)		
	2.3.1 Number of people trained/supported who received credit (% of women)	2.3.1 ND (baseline study)	2.3.1 400 (30% of them women)		
	2.3.2. Number of agribusiness micro enterprises financed for the benefit of young people (by type)	2.3.2 ND (baseline study)	2.3.2 9,800 enterprises		
	2.4.1. Number of functional agricultural business incubators	2.4.1 ND (baseline study)	2.4.1: 2		
	2.4.2 Number of agricultural entrepreneurship mentoring structures strengthened with project support	2.4.2 ND (baseline study)	2.4.2: 5		
	2.5.1. Length of roads rehabilitated (km)	2.5.1: ND (baseline study)	2.5.1 348		

OUTPUTS	3.1 Monitoring and evaluation, knowledge building and visibility ensured	3.1.1 M&E baseline and manual developed and validated 3.1.2 Number and % of indicators regularly collected and analysed 3.1.3 Number of progress reports validated/year 3.1.4 Communication strategy and plan developed and implemented 3.1.5 Number of shared capitalisation reports 3.2.1 Number of procurement plans (PPs) developed and complied with 3.2.2 Compliant disbursement rate 3.2.3 Number of audit reports produced and validated 3.2.4 Gender mainstreaming ensured	3.1.1 available (T4 2020) 3.1.2 collected (T4 2020) 3.1.3 0% (early 2020) 3.1.4 Plan prepared (T1 2021) 3.1.5 0 3.2.1 PP prepared (2020) 3.2.2 0% (early 2020) 3.2.3 Firm Recruited (end-2020) 3.2.4 Promoted (end-2021) 3.1 0	3.1.1 M&E baseline and manual 3.1.2 TBD 3.1.3: 3 quarterly reports; 1 annual rep. 3.1.4 Communication tools disseminated. 3.1.5: 2  3.2.1: PP updated once/year 3.2.2: 20% annually on average 3.2.3: 5 audit reports validated 3.2.4: Gender disaggregated data available  3.3.1: 10 ESIA/ESMP and 5 RAPs	PP SAP system Audit reports Progress and M&E reports Brochures, website, films  M&E audit reports and Quarterly M&E reports	<b>Risks</b> - Implementation delays  <b>Mitigation measures</b> - A majority of FDS and BDs are available - Use of existing management entities - Anticipation of "works" procurements - Experience from previous projects
	3.2 Operational project management					
	3.3 Environmental and social management ensured	3.3.1 Number of ESIAs/ESMPs and RAPs implemented				
KEY ACTIVITIES	COMPONENTS			RESOURCES		
	<b>Component A:</b> Sustainable agricultural development and strengthening of the resilience of rural households Construction of 3 mini-dams, 62 new flood diversion weirs, rehabilitation of 44 old degraded flood diversion weirs, 5 ponds, development of 1,320 ha of small irrigation schemes linked to the mini-dams at the weirs, treatment of watersheds against erosion and run-off, covering an areas of 5,833 ha, 66 boreholes, procurement of 1,000 tonnes of cereals, 200 tonnes of fertiliser, 500 tonnes of seeds, 2,000 L/kg of phytosanitary products and 50 solar pumps, to cope with the effects of COVID-19.  <b>Component B:</b> Promotion of youth entrepreneurship and market access Installation of 42 business advisers; setting up of 2 pilot business incubators; signing of an agreement with a local bank to facilitate access to financial services; Islamic financing line for youth and women's 300 self-employment projects; financing of 50 agricultural youth VSEs/SMEs supported by business incubators; financing of 50 cooperatives and MSEs for the processing and packaging of agricultural produce; financing of 45 para-agricultural service enterprises for young graduates; modular training in financial education for young entrepreneurs and women's groups; study of value chains and mapping of eligible activities for youth entrepreneurship; awareness raising, youth mobilization and training campaigns; database of proposed project ideas and applicant profiles and strategy for strengthening agricultural entrepreneurship support structures.  <b>Component C:</b> Project Management Coordination of project activities; administrative, accounting and financial management; procurement of goods, works and services; establishment of a communication plan; monitoring and evaluation of project implementation.			<b>Components:</b> Component A : UA 63.994 million (42.7%) Component B : UA 60.498 million (41.8%) Component C : UA 23.310 million (15.5%)  <b>Sources of financing:</b> TSF : UA 25.859 million IFAD : UA 70.803 million OFID : UA 11.381 million Govt. : UA 22.614 million GEF : UA 4.582 million GCF : UA 7.538 million BAGRI : UA 0.739 million BEN : UA 4.286 million		

\*The values of the baseline indicators are not known at this stage. They will be determined by a baseline study that will be carried out after the start of the project.

### Project Appraisal and Implementation Schedule

Year	2019		2020				2021				2022				2023				2024				2025				
Quarter	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1
<b>0 PREPARATORY ACTIVITIES</b>																											
AfDB Preparatory Mission																											
Complementary mission for the definition of the agricultural entrepreneurship component																											
Preparation of the ESMF in conjunction with CENRAT																											
Targeting of water harnessing sites by DGGR/CENRAT in line with the FDS and BDs																											
AfDB Evaluation Mission																											
<b>1 INITIAL ACTIVITIES</b>																											
PRECIS/AfDB financing negotiations																											
ADF loan approval																											
Signing of the financing agreement																											
Implementation and fulfilment of conditions precedent to 1 <sup>st</sup> disbursement																											
Publication of the AfDB General Procurement Notice																											
<b>2 START-UP ACTIVITIES</b>																											
Recruitment of additional PRECIS/AfDB staff																											
PRECIS/AfDB launching Mission																											
CENRAT training in AfDB procedures (procurement, disbursement)																											
Preparation of ESIA's / ESMPs and RAPs																											
<b>3 ENHANCEMENT OF WATER MANAGEMENT</b>																											
Procurement process for water harnessing works																											
Procurement process for works control and supervision																											
Construction of water harnessing facilities (dams, weirs, ponds, etc.)																											
Setting up, training and support of management bodies																											
Setting up and monitoring of the environmental and social management framework																											
<b>4 PROMOTION OF ENTREPRENEURSHIP AND MARKET ACCESS</b>																											
Actions in support of rural entrepreneurship and youth and women's employment																											
Support and monitoring of young and female entrepreneurs																											
FDS and BDs on for the Taza-Tahoua priority feeder road																											
Feeder road construction																											
<b>5 PROJECT MANAGEMENT+</b>																											

<i>Adaptation of ProDAF management and monitoring-evaluation tools to the PRECIS project</i>									
<i>Baseline situation and adaptation of the M&amp;E system to PRECIS/AfDB</i>									
<i>Coordination, management, monitoring-evaluation and communication activities</i>									
<i>Annual accounts audit and environmental and social audits</i>									
<i>Mid-term review of PRECIS/AfDB</i>									
<i>ADF and Government completion report, in conjunction with IFAD</i>									

## **NIGER**

### **PROJECT TO STRENGTHEN RESILIENCE OF RURAL COMMUNITIES TO FOOD AND NUTRITION INSECURITY IN NIGER (PRECIS)**

Management submits this report and recommendations concerning the proposed award of a TSF grant of UA 25.859 million to the Republic of Niger to finance the Project to Strengthen Resilience of Rural Communities to Food and Nutrition Insecurity in Niger (PRECIS).

#### **I STRATEGIC THRUST AND RATIONALE**

##### **1.1. Project Linkages with Country Strategy and Objectives**

1.1.1 Niger's 2018-2022 Country Strategy Paper (CSP) is based on two strategic pillars, with two main sub-pillars, namely: mobilisation and harnessing of water resources, and development of agro-pastoral value chains. These two areas are already being supported by the Bank and other TFPs, whose efforts have yielded encouraging outcomes that will be consolidated and amplified by PRECIS, as part of the consolidation of the "development poles" approach that is already in place and which aims to promote the transformation of production systems and the establishment of strong links between the various segments of the value chains within the main agro-pastoral sub-sectors. PRECIS is also in line with the foundations of the 3N (Nigeriens Nourish Nigeriens) Initiative, which aims to protect the people of Niger from hunger and malnutrition, in the long term, and to create conditions enabling them to participate fully in national production and improve their income. Furthermore, in 2018, the Government of Niger developed an "Integrated Programme for Resilience to Food and Nutrition Insecurity" (Pro-resilience Programme 2019-2021), aimed at, inter alia: (i) increasing and diversifying agro-sylvo-pastoral and fisheries production; (ii) ensuring the regular supply of agricultural and agri-food products to rural and urban markets; and (iii) improving the people's resilience to food crises and natural disasters and/or climatic shocks. The project activities will also be in line with the Small-Scale Irrigation Strategy in Niger (SPIN), which is currently being implemented, as well as with the Five-Year Action Plan for the implementation of the National Gender Policy (NGP), whose vision for 2027 is to "build, with all stakeholders, a society, without discrimination, where men and women, girls and boys have equal opportunities to participate in its development and enjoy the benefits of its growth". Lastly, the project is consistent with Niger's nationally determined contribution (NDC), particularly in the context of climate adaptation and resilience in the agricultural sector, as well as the reduction of emissions related to land use patterns and land allocation.

##### **1.2. Rationale for Bank Intervention**

1.2.1 For more than 20 years, the Bank has accumulated special experience in Niger in the area of water harnessing and natural resource protection. Indeed, it has financed about a dozen studies and projects (PMET Tahoua, PADAZ Zinder, PADL Diffa, PVDT Dosso-Tillabéri, PMERSA-MTZ, PROMOVARE, PDIPC, P2RS, etc.) targeted at the regions, and which have improved the living conditions of men and women in rural areas, while developing technical and organisational approaches tailored to local contexts. The Bank has become a privileged partner in this sector thanks to its success in water control and harnessing.

1.2.2 The portfolio review, conducted by the Bank in December 2019, revealed that the Bank's active portfolio in Niger comprises 15 operations worth a total of just over UA 476,000,000, with national projects accounting for 49.21%, multinational projects for 48.08%,

and a private sector operation for 2.7%. The average timeframe for fulfilling the conditions precedent to first disbursement is longer than the institutional standard, but the projects approved in 2019 performed well in terms of the timeframes for signature (1 month) and effectiveness (2.8 months). The review also noted satisfactory progress in the performance of the agricultural project portfolio. In particular, the PMERSA-MTZ, which was closed in September 2019, yielded satisfactory results, reflected especially in the completion of 69 water harnessing works, the development of 2,343 ha of small irrigated areas (PPI) and the reclamation of 2,100 ha of degraded land, making it possible to: (i) harness more than 70 million cubic metres of water; (ii) increase production by more than 168,720 tonnes (irrigated/flood-recession and rain-fed crops); (iii) create more than 41,805 jobs; and (iv) multiply the income of producers by 3.9 times compared with the baseline situation. On the strength of the experience it has acquired over the past two decades, and given the numerous challenges that Niger still faces (climatic, economic, security, etc.), the Bank must continue its efforts on water harnessing, women's empowerment and support for agricultural entrepreneurship. By co-financing PRECIS, the Bank, in line with its strategic orientations, will strengthen the partnerships already established with other TFPs (such as the co-financing of the Kandadji dam) and contribute to the significant mobilisation of financial resources. This type of investment is likely to limit security risks by targeting the most vulnerable local communities.

1.2.3 The objectives of PRECIS are in keeping with the Bank's High 5s, which aim to feed Africa by 2025 and improve the living conditions of people of the continent by developing value chains, building the capacities of stakeholders, creating jobs and generating income. The project is directly linked to the specific areas of the Bank's Long-Term Strategy (LTS 2013-2022), dealing with agriculture and food security, as well as gender issues. Moreover, by involving producers in private initiative, the project is aligned with the Bank's Ten-Year Strategy (2013-2022) and particularly with the objective of inclusive growth. The project also dovetails with the guidelines of the Bank's Agricultural Sector Strategy (2016-2025), which give pre-eminence to the development of value chains and agricultural entrepreneurship. Furthermore, the project supports the Bank's Climate Change Action Plan (CCAP II 2016-2020), especially Pillar I on climate adaptation and resilience in key sectors including agriculture, as well as Pillar II which aims to promote low-emission development.

### **1.3. Aid Coordination**

1.3.1 In Niger, official development assistance is coordinated by the consultative and consultation bodies of the Economic and Social Development Plan (PDES). Thus, several sector coordination poles have been set up. The Bank co-chairs the PDES "Infrastructure" sector coordination pole with the Ministry of Equipment. It is a member of the "rural areas transformation" pole. The Bank's role has been strengthened following the opening of its Country Office in Niger. The TFPs are also involved in the National Technical Committee in charge of monitoring PDES implementation. The technical partners are engaged in a constant process of dialogue and mutual consultation with a view to ensuring the effective coordination of their respective operations in Niger.



1.3.2 The operations of the various partners in the broader rural sector (agriculture, livestock, fisheries, environment, etc.) are presented in Annex A4 of Volume 2 and may be summarised as

Sector or Sub-Sector*		Scope (in 2018)		
		GDP	Exports	Labour
Agriculture and Rural Development		43.4%	35%	85%
Stakeholders – Annual Public Expenditure (CFAF Billion)				
Government (2015-2018 average)	Donors	(2015-2018 averages)		
25 (23.33% of total expenditure)	BADEA	0.74		
	IsDB	1.13		
	IDA	30.43		
	IFAD	6.69		
	ADF	7.26		
	BOAD	1.87		
	EU	20.00		
Aid Coordination Level				
Existence of thematic working groups		Yes		
Existence of an overall sector programme		3N (Nigeriens Nourish Nigeriens) Initiative		
Role of AfDB in aid coordination		Member (not leader)		

follows:

## II PROJECT DESCRIPTION

### 2.1. Project Components

2.1.1 The overall objective of PRECIS is to sustainably improve the food and nutrition security of rural households and strengthen their resilience to climate shocks and natural resource degradation. The specific development objectives of the project are to increase rural household incomes, improve livelihoods and lives, and the socio-economic integration of young people (men and women) into productive rural occupations.

2.1.2 PRECIS covers a period of five years and is structured around three main components: Component A, which will focus on sustainable agricultural development, strengthening the resilience of rural households and short-term response to the effects of COVID-19; Component B, which will focus on promoting youth entrepreneurship and market access; and Component C, which will be dedicated to coordination, management, monitoring/evaluation and knowledge transfer. The following table presents the main activities planned by component and sub-component:

***Table 2.1: Project Components***

Components	Cost	Description of the Components of PRECIS
<b>Component 1: Sustainable agricultural development and</b>	UA 63.994 million (43.3%)	<b><u>1.1 Strengthening surface water control and sustainable land management.</u></b> 3 mini-dams, 62 new flood diversion weirs, rehabilitation of 44 old degraded flood diversion weirs, development of 5 ponds, development of 1,320 ha of small irrigated areas, recovery

<b>strengthening of rural household resilience</b>		<p>of degraded land upstream of watersheds and treatment of watersheds against erosion and runoff, covering an area of 5,833 ha, stabilization of 400 ha of dunes around the ponds, promotion of assisted natural regeneration (ANR) on 50,000 ha, control of invasive plants on 350 ha, building the capacity of 39 management committees for small irrigation areas, and 66 boreholes.</p> <p><b><u>1.2 Building of the technical and institutional capacities of beneficiaries:</u></b> Creation of 100 new rain-fed farming field schools (FFS) and 150 market gardening FFS, consolidation of 100 existing FFS, access to inputs for 10 farmer houses, 18 small ruminant farms, 2,000 small ruminant kits, establishment of 80 granaries, 4,340 nutrition gardens, 250 support contracts for the agricultural advisory support system for farmers (ACAP), procurement of 150 motor pumps for farmer field schools, and 48 animal production support agreements.</p> <p><b><u>1.3 Post COVID-19 Response</u></b> Procurement of 1,000 tonnes of cereals, 200 tonnes of fertiliser, 500 tonnes of seeds, 2,000 L/kg of phyto-sanitary products and 50 solar pumps</p>
<b>Component 2: Promotion of youth and women's entrepreneurship and access to markets</b>	UA 60.498 million (40.9%)	<p><b><u>2.1 Support for the creation and development of sustainable rural enterprises for young people and women:</u></b> Installation of 42 business advisers; setting up of 2 pilot business incubators; signing of an agreement with a local bank to facilitate access to financial services; Islamic financing line for 300 youth and women's self-employment projects; financing of 50 agricultural youth VSEs/SMEs supported by business incubators; financing of 50 cooperatives and MSEs for the processing and packaging of agricultural produce; financing of 45 para-agricultural service enterprises for young graduates; modular training in financial education for young entrepreneurs and women's groups; study of value chains and mapping of eligible activities for youth entrepreneurship; awareness-raising, youth mobilization and training campaigns; database of proposed project ideas and applicant profiles; and strategy for strengthening agricultural entrepreneurship support structures.</p> <p><b><u>2.2 Market development:</u></b> 9 semi-wholesale markets, 18 collection centres, capacity-building for management structures, 348 km of roads serving the production areas, 20 trade fairs and days centred on Economic Development Plan (PDE), and 20 public-private exchange workshops.</p>
<b>Component 3: Project Management</b>	UA 23.310 million (15.8%*)	Coordination of project activities; administrative, accounting and financial management; procurement of goods, works and services; establishment of a communication plan; monitoring and evaluation of project implementation.

\*This percentage relates to the overall programme management, while for the Bank's financing this percentage is 9.8% (see details in the cost table in Annex B 2.2).

## 2.2. Technical Solutions Adopted and Alternatives Considered

2.2.1 The technical solutions selected take into account: (i) lessons and experiences derived from the implementation of similar projects; (ii) socio-economic and environmental criteria; and (iii) best practices in the development and maintenance of structures, with emphasis on the quality of their implementation. The Bank's intervention focuses on specific areas where it has a comparative advantage and proven experience. This positioning will favour the implementation of operations and ensure greater efficiency of interventions. The technical solutions relating to infrastructure were adopted on the basis of standards that would ensure the sustainability of the investments, at acceptable costs, and ownership on the part of the

beneficiaries. The design of water harnessing structures (mini-dams and weirs) takes into account the experience gained over more than two decades at both technical and organisational levels. The roads will be rehabilitated with special focus on the treatment of the critical points, which will allow uninterrupted and smooth traffic all year round. The table below summarises the main alternatives that were considered and finally rejected.

***Table 2.2: Alternative Solutions Considered and Reasons for Rejection***

<b>Alternative Solutions</b>	<b>Brief Description</b>	<b>Reasons for Rejection</b>
Bank interventions in all components and sub-components of PRECIS.	TSF resources for this programme are limited and are mobilized to partially finance the various project activities, with no specific targeting.	Spreading the Bank's funding across multiple activities would limit its impact and make implementation more difficult. Focusing TSF financing on water harnessing and youth employment facilitates implementation while remaining consistent with CSP priorities.
Development of large irrigated areas downstream of dams.	Development of large irrigated areas downstream of new dams.	This solution is ill-adapted to all regional configurations and entails significant capital requirements, which would limit the number of structures and hence the number of people affected.
Light resurfacing of the roads to be rehabilitated.	Repairing existing roads by lightly resurfacing the wearing course in place.	The targeted areas will not be opened up on a sustainable basis due to numerous critical points and crossings that have not been repaired. The option of comprehensive rehabilitation, including all the critical areas, was therefore selected.

### **2.3. Project Type**

PRECIS is an investment operation that is in line with a programmatic approach co-financed from various resources including those of TSF, OFID, GEF, GCF and IFAD. The Government of Niger has not yet fully committed itself to implementing projects and programmes through the sector-based approach, on account of several institutional constraints. The programme-based co-financing approach is at this stage more advisable, since it guarantees the achievement of outcomes and ensures the effective and efficient use of the resources allocated to the project which will, in addition, capitalise on the Bank's achievements in Niger.

### **2.4. Project Cost and Financing Arrangements**

**2.4.1 The total project cost** is estimated at UA 147.802 million (CFAF 119.450 billion), of which UA 34.620 million is in foreign exchange (CFAF 27.979 billion) and UA 113.181 million in local currency (CFAF 91.470 billion). Customs duties and taxes have been accounted for and will be borne by the State which will take the necessary steps to ensure that this arrangement is adhered to. The foreign exchange portion constitutes 23.4% of the total cost and the local currency portion amounts to 76.6%. Contingencies have thus been estimated at UA 14.647 million (CFAF 11.837 million). The project cost by component and by expenditure category is summarized in tables 2.3 and 2.4 below.

**Table 2.3: Estimated Costs by Component**

COMPONENTS	(CFAF '000)			(CFAF '000)			% F.E.
	L.C.	F.E.	Total	L.C.	F.E.	Total	
COMPONENTS							
Agricultural development	34,479,121.6	12,114,286.0	46,593,407.6	42,662.8	14,989.6	57,652.4	26.0%
Promotion of entrepreneurship	33,079,721.5	10,967,843.8	44,047,565.3	40,931.2	13,571.1	54,502.3	24.9%
Project management	14,629,709.2	2,342,111.2	16,971,820.4	18,102.1	2,898.0	21,000.1	13.8%
<i>Sub-Total</i>	<i>82,188,552.4</i>	<i>25,424,241.0</i>	<i>107,612,793.3</i>	<i>101,696.1</i>	<i>31,458.7</i>	<i>133,154.8</i>	<i>23.6%</i>
CONTINGENCIES	-			-	-	-	
Physical contingencies	2,478,322.6	1,288,125.1	3,766,447.8	3,066.6	1,593.9	4,660.4	34.2%
Financial contingencies	6,803,818.9	1,267,140.6	8,070,959.5	8,418.7	1,567.9	9,986.6	15.7%
<i>Sub-Total</i>	<i>9,282,141.5</i>	<i>2,555,265.8</i>	<i>11,837,407.3</i>	<i>11,485.3</i>	<i>3,161.8</i>	<i>14,647.0</i>	
<b>TOTAL</b>	<b>91,470,693.8</b>	<b>27,979,506.7</b>	<b>119,450,200.6</b>	<b>113,181.4</b>	<b>34,620.5</b>	<b>147,801.8</b>	<b>23.4%</b>

**Table 2.4: Estimated Costs by Expenditure Category**

CATEGORIES	CFAF Million			UA Million			% F.E.	%
	L.C.	F.E.	Total	L.C.	F.E.	Total		
Works	24,452.38	15,898.08	40,350.46	30.26	19.67	49.93	39.40%	33.8%
Goods	8,894.71	2,933.36	11,828.07	11.01	3.63	14.64	24.80%	9.9%
Services	27,935.26	6,766.93	34,702.19	34.57	8.37	42.94	19.50%	29.1%
Credit and subsidies	10,519.48	0.00	10,519.48	13.02	-	13.02	0%	8.81%
Operation	4,715.66	227.38	4,943.04	5.83	0.28	6.12	4.60%	4.1%
Staff	5,269.57	0.00	5,269.57	6.52	-	6.52	0%	4.4%
<b>Base Cost</b>	<b>81,787.046</b>	<b>25,825.747</b>	<b>107,612.79</b>	<b>101.20</b>	<b>31.96</b>	<b>133.155</b>	<b>24.00%</b>	<b>90.1%</b>
Physical contingencies	2,478.32	1,288.13	3,766.45	3.54	1.12	4.66	34.20%	3.2%
Price escalation	6,803.82	1,267.14	8,070.96	7.59	2.40	9.99	15.70%	6.8%
<b>TOTAL</b>	<b>91,069.19</b>	<b>28,381.01</b>	<b>119,450.20</b>	<b>112.33</b>	<b>35.47</b>	<b>147.80</b>	<b>23.76%</b>	<b>100%</b>

2.4.2 **The project will be financed** by the African Development Fund (ADF), through the TSF, jointly with four other technical and financial partners (IFAD, OFID, GEF and GCF), a private agricultural bank (BAGRI), the Government and the beneficiaries. The ADF contribution to PRECIS will amount to UA 25.859 million (CFAF 20.898 billion), accounting for 17.63% of the total project cost as shown in Table 2.5 below.

**Table 2.5: Financing Sources**

SOURCES	CFAF Million			UA Million			% Total
	L.C.	F.E.	Total	L.C.	F.E.	Total	
ADF	14,106.09	6,792.85	20,898.935	17.45	8.41	25.859	17.50%
IFAD	42,266.28	14,955.21	57,221.496	52.30	18.50	70.803	47.90%
OFID	5,253.02	3,944.64	9,197.665	6.50	4.88	11.381	7.70%
GEF	2,622.60	1,080.36	3,702.956	3.25	1.34	4.582	3.10%
GCF	5,539.17	552.79	6,091.960	6.85	0.68	7.538	5.10%
BAGRI	544.21	53.04	597.251	0.67	0.07	0.739	0.50%
Govt.	18,275.88	0.00	18,275.881	22.61	-	22.614	15.30%
BEN	2,883.59	580.47	3,464.056	3.57	0.72	4.286	2.90%
<b>TOTAL</b>	<b>91,490.84</b>	<b>27,959.36</b>	<b>119,450.200</b>	<b>113.21</b>	<b>34.60</b>	<b>147.802</b>	<b>100.00%</b>

**Table 2.6 – Expenditure Schedule by Component (in CFAF thousand)**

	2020	2021	2022	2023	2024	2025	T
COMPONENTS							
C1. Agricultural Development	1,766,410.8	9,666,755.5	17,651,318.3	11,277,214.1	5,010,803.4	1,220,905.5	46,593,407.6
C2. Promotion of Entrepreneurship	1,250,713.9	7,650,679.3	20,722,129.3	6,607,519.0	5,394,769.0	2,421,754.9	44,047,565.3
C3. Project Management	1,702,567.8	1,831,875.8	1,999,375.8	4,471,336.3	3,628,536.3	3,338,128.3	16,971,820.4
Total Base Cost	4,719,692.56	19,149,310.53	40,372,823.35	22,356,069.45	14,034,108.70	6,980,788.71	107,612,793.31
CONTINGENCIES							
Physical contingencies	165,189.24	670,225.87	1,413,048.82	782,462.43	491,193.80	244,327.60	3,766,447.77
Financial contingencies	353,976.94	1,436,198.29	3,027,961.75	1,676,705.21	1,052,558.15	523,559.15	8,070,959.50
Total Contingencies	519,166.18	2,106,424.16	4,441,010.57	2,459,167.64	1,543,751.96	767,886.76	11,837,407.26
<b>TOTAL</b>	<b>5,238,858.74</b>	<b>21,255,734.69</b>	<b>44,813,833.92</b>	<b>24,815,237.09</b>	<b>15,577,860.66</b>	<b>7,748,675.47</b>	<b>119,450,200.58</b>

2.4.3 Slightly more than two-thirds of the Bank's financing is allocated to the Agricultural Development and Resilience component, mainly for the extension and development of irrigated land. About 15.5% is devoted to the promotion of youth and women's entrepreneurship and 9.4% to operating expenses. Physical contingencies account for 3% and financial contingencies for 5.5%.

For ADF financing, and considering the country's tight budgetary context, the Government will not be required to make any financial contribution, apart from granting exemptions. Given the specific character of this programme and the nature of the activities financed, the various TFPs have decided to finance the project on a parallel basis.

## 2.5. Project Area and Beneficiaries

2.5.1 In its entirety, PRECIS covers 186 municipalities located in the regions of Dosso, Tahoua, Maradi and Zinder (PRECIS-AfDB will not be involved in the Dosso region), and will directly affect nearly 210,000 households, or approximately 1,470,000 people. The population of the neighbouring areas should also benefit indirectly from the momentum created by the Economic Development Pole (PDE) approach. The agro-socio-economic environment of the resident rural inhabitants is characterised by a low rate of access to support and development infrastructure, especially roads, shops and other infrastructure for processing and for promoting rural entrepreneurship, required to stabilise young people, ease the chores of women and reduce their economic vulnerability in the regions concerned.

2.5.2 PRECIS will target more specifically: (i) sedentary small farmers engaged in cereal production (maize, sorghum, millet), rice farming in the Dosso region, market gardening, poultry farming and small-scale stockbreeding; (ii) employed or unemployed young men and women (18 to 35 years old) who wish to set up their own micro and small enterprises in the various selected sub-sectors; (iii) women farmers or women wishing to carry out income-generating activities; (iv) actors upstream and downstream of the production chain, engaged in related trades and in service provision; (v) professional organizations (grassroots groups, cooperatives, unions and federations); (vi) vulnerable farming households that are motivated and wish to enlarge and develop their farms; and (vii) persons with disabilities in rural areas

who participate or intend to participate in activities along the selected value chains. PRECIS aims ultimately to achieve gender parity by ensuring that women (youth and adults) make up 50% of project beneficiaries and that at least 30% of Rural Young Enterprises (RYEs) set up and/or strengthened are women-owned.

## **2.6. Participatory Approach to Project Identification, Design and Implementation**

2.6.1 The project is the result of a participatory and inclusive approach that involves all stakeholders: technical services, producers' organisations, women/youth groups, civil society, the private sector, TFPs and projects, etc. These broad consultations, which took place at all the formulation and evaluation stages, focused particularly on the criteria for choosing operation sites, the prospects for developing the value chains of profitable sub-sectors, the opportunities for promoting youth employment and entrepreneurship and their financing mechanisms, the lessons derived from previous similar projects, the shortcomings noted during the implementation of the projects, the main PRECIS intervention guidelines and strategies, the role of various actors in the new project context and the operating methods for ensuring proper implementation of the project, and the opinions and recommendations of key players.

2.6.2 The project design was based on experience gained from carrying out or having carried out operations on the ground (PMERSA, ProDAF), and conducted in close collaboration with rural communities and local stakeholders. The activities identified are the result of ongoing consultations conducted during implementation and take into account the needs expressed by the population, civil society (including women), partner NGOs, producers and development partners. During project preparation, IFAD and the Bank carried out numerous field visits to potential intervention sites and to sites where projects have already been implemented. These visits offered an opportunity to have discussions with the communities concerned in order to better identify the difficulties facing them and to define the priority interventions to be carried out. The implementation mechanisms planned at the regional level will enable this inclusive approach to be continued during the implementation phase.

## **2.7. Consideration of the Bank's Experience and Lessons in the Project Design**

For more than 20 years, the Bank has accumulated special experience in Niger in the area of water harnessing and natural resource protection. Indeed, it has financed about a dozen studies and projects (PMET Tahoua, PADAZ Zinder, PADL Diffa, PVDT Dosso-Tillabéri, PMERSA-MTZ, PROMOVARE, PDIPC, P2RS, etc.) targeted at the regions, and which have improved the living conditions of men and women in rural areas, while developing technical and organisational approaches tailored to local contexts. In particular, the PMERSA-MTZ project, worth UA 30.36 million, was concluded in September 2019, and its completion report, produced in November 2019, showed satisfactory outcomes with a rating of 3 out of 4. The design of the current project will incorporate lessons from the implementation of Bank portfolio projects in Niger, particularly in the agricultural sector, as well as those of TFPs, including IFAD. Overall, the main generic lessons derived from the implementation of water harnessing projects in Niger may be summarised as follows:

Commitments	Arrangements Adopted for PRECIS
Delays in the start-up of initial works: For irrigation infrastructure projects, there are often significant delays in the start-up of works due to the non-availability of final design studies (FDS) and bidding documents (BDs).	<ul style="list-style-type: none"> <li>- Majority of existing FDS and BDs. Use of existing FDS and BDs already produced by PRODAF, PMERSA and DGGR;</li> <li>- Launching of the maximum number of procurements during years 1 and 2, including for major works;</li> <li>- Recruitment of an additional water resource management expert for the "water harnessing" component.</li> </ul>
Delays and bottlenecks encountered in the procurement process: The lengthy timeframes for the appraisal of procurement files, involving various parties (PMU, Bank, Govt., etc.), are often the cause of delays and have an impact on compliance with the schedule.	<ul style="list-style-type: none"> <li>- Quality in the preparation of BDs;</li> <li>- Strengthening of qualified staff at CENRAT;</li> <li>- Implementation of the recent circular prohibiting double ex-ante controls (Govt. and AfDB);</li> <li>- Close monitoring of the validation and signing processes (posting of dedicated staff); and</li> <li>- Conduct of ex-post reviews/audits.</li> </ul>
Overall weakness and failure of enterprises: Irrigation projects in Niger are hampered by the low technical, organisational and financial capacity of enterprises, which makes it difficult to carry out works on time and in accordance with the required standards.	<ul style="list-style-type: none"> <li>- Quality of specifications in BDs;</li> <li>- Choice of suitable allotments;</li> <li>- Stringency in the procurement process; need to verify the actual experience of the companies and the projects they have previously implemented;</li> <li>- Adoption of a system for the close monitoring of works, involving qualified technicians; and</li> <li>- Capacity-building activities (companies; oversight offices, and technical services).</li> </ul>
Difficulties in assuming responsibility for management and maintenance: Beneficiaries often find it difficult to ensure the proper management and maintenance of the infrastructure provided, and to meet operating costs.	<ul style="list-style-type: none"> <li>- Involvement of the communes and beneficiaries at all stages, including requiring financial and/or physical contributions from beneficiaries;</li> <li>- Setting up and training of representative and empowered structures in charge of management;</li> <li>- Capacity building and support for management structures;</li> <li>- Introduction of a water pricing system; and</li> <li>- Use of solar energy whenever possible to limit operating costs.</li> </ul>

## 2.8. Key Performance Indicators

The monitoring and evaluation mechanism of the TSF financing will be part of the overall framework of the PRECIS mechanism, which is itself based on the existing PRODAF mechanism. This system has a consolidator at central level (CENRAT), and M&E managers at

regional level supported by assistants. The mechanism is supported by a computerised system, with on-line information at regional level that geo-localises all the interventions. It is possible to filter requests by funding source. The system is based on permanent internal monitoring and periodic internal and external evaluations. Information is regularly collected and analysed, notably on: (i) progress towards the expected outcomes as set out in the project's logical framework, with the possibility of isolating those of TSF funding, and the performance of the actors involved in the implementation of activities; (ii) the recording and assessment of the effective involvement of beneficiaries, disaggregated by gender, at various stages of implementation; (iii) the attention given to cross-cutting aspects, nutrition, gender, youth, climate change, and fragility/vulnerability; and (iv) the effects and impacts of the project on beneficiaries, disaggregated by gender, through various types of surveys. A baseline study will be carried out at the start of the PRECIS to establish the values of the quantitative and qualitative indicators by region. The main indicators monitored, relating to TSF financing, will concern the number of water harnessing structures built, the areas benefiting from irrigation (hectares), the number of kilometres of roads rehabilitated, the number of jobs and micro-enterprises created, with special focus on the situation of young people and women, the number of young people supported, production levels (tonnes) and crop yields (t/ha) in the project area.

### III. PROJECT FEASIBILITY

#### 3.1. Economic and Financial Performance

***Table 3.1: Key Economic and Financial Data***

NPV (baseline scenario)	USD 102 million
IRR (baseline scenario)	17.3 %
ERR (baseline scenario)	18.8 %`

3.1.1 The economic and financial analysis of PRECIS was conducted from the standpoint of national interest and covers the entire programme in calculating the overall return on the investments to be made. The analysis is based on the following assumptions: (i) a 20-year lifespan for the project, (ii) an opportunity rate of 10% was used to reflect the opportunity cost of capital in Niger, (iii) the analysis was done in constant prices and the economic benefits were expressed in constant values, and (iv) the supplementary agricultural production of farmers (millet, sorghum, cowpea, onions, cabbages, etc.) was enhanced. Crop budgets as calculated in the financial analysis were transformed into economic budgets by taking into account the economic prices (obtained using the benchmark price method) of outputs and inputs, and by eliminating financial costs. The detailed assumptions of the financial and economic analysis, the operating model tables (the baseline situation and the situation with project) and the financial and economic flows are recorded in Annex B7 of Volume 2. The results of the financial and economic analysis show that PRECIS is financially and economically viable.

3.1.2 **Financial performance:** The analysis of financial return was based on the results produced by ProDAF's updated Economic and Financial Analysis system. For the main products, the results obtained suggest a satisfactory financial return for all production models. For market gardening, the internal rate of return (IRR) of the production models is between 11.9% and 36%. For rain-fed cereal production (millet, sorghum and cowpea), gross margins are established according to the combinations between CFAF 14,000/ha and CFAF 85,000/ha, for IRRs of between 12% and 33%. In the case of micro-enterprises in the animal sector, gross margins are estimated at CFAF 58,000 (family chicken farming), CFAF 205,000 (family guinea



fowl farming), CFAF 1,033,000 (goat farming), and CFAF 1,860,000 (poultry marketing). The financial analysis also shows that specific youth activities offer opportunities for wealth and employment creation in rural areas. The following financial margins were thus recorded for the main activities (in CFAF million): 2.9 for meat grilling, 1.3 to 4 for onion conservation, 3 for egg production, 2 for bourgou production from two hectares of land, etc.

**3.1.3 Economic performance:** On the basis of the adopted assumptions, the project's overall economic rate of return (ERR) is 18.9% and the net present value (NPV) of the net economic cash flow generated by PRECIS will be USD 102 million, which is a satisfactory result. A sensitivity analysis was carried out to test the ERR variation on the assumption of: (i) a 10% reduction/increase in costs and a 10% reduction/increase in profits, (ii) a variation in the survival rate of Rural Micro-Enterprises (RMEs), and (iii) a reduction in the size of the areas developed for irrigated crops. The results show that the ERR is sensitive to an increase in profits linked to an improvement in selling prices. In all cases, the ERR remains above the 10% opportunity rate. The other economic impacts of the project also concern the upstream effects of additional income generation on service providers (NGOs, enterprises, suppliers, consultancy firms, etc.), and the downstream effects of additional income generation on producers, traders and those engaged in processing, who are women for the most part. For households, the benefits of the project will include improved nutrition for vulnerable groups (children, women of childbearing age and the elderly), reduced medical bills, reduced hardship for agricultural workers, especially women, reduced incidence of monetary and non-monetary poverty, enhanced livelihoods and strengthened resilience to food insecurity and the effects of climate change for those targeted by PRECIS.

## **3.2. Environmental and Social Impact**

**3.2.1 Environment:** PRECIS is classified in environmental and social category 1, in accordance with Niger's environmental and social assessment regulations and the Bank's Integrated Safeguard System. The prepared Environmental and Social Management Framework (ESMF) and the Pest and Pesticides Management Plan (PPMP) were reviewed and approved by the Bank, prior to their publication by the Borrower on 15 May 2020, and then by the Bank on 27 May 2020 following the Borrower's authorization of 25 May 2020. The Bank has ascertained that public consultations were duly held by the Borrower and the minutes thereof are annexed to the safeguard instruments that were prepared.

The expected positive impacts are: (i) water control and land restoration; (ii) the preservation of pools of great biological interest; (iii) improved soil productivity; and (iv) decreased water erosion and land degradation within and downstream of developed areas. However, the following major and moderate adverse risks and impacts are expected: (i) bacteriological and physio-chemical pollution due to the increased use of agricultural inputs (chemical fertilisers and pesticides), coupled with the misuse of phyto-sanitary products; (ii) over-exploitation of wood for the construction of dead hedges around plots following their development for irrigation purposes; and (iii) outbreaks of waterborne diseases and cases of poisoning, etc. To address these risks and adverse impacts, environmental safeguard instruments that have been developed: (i) specify the procedure for ensuring the environmental and social management of project activities, and (ii) outline the environmental surveillance and monitoring programme as well as the arrangements for implementing safeguard measures, including the preparation of ESIA/ESMPs and the conduct of audits during project implementation.

**3.2.2 Social:** A Resettlement Policy Framework (RPF) developed pursuant to Decree No. 2019-027/PRN/MESU/DD of 11 January 2019 was reviewed and approved by the Bank and published on the same dates as the ESMF and PMP.3.2.6. In terms of benefits, the project will directly affect nearly 210,000 households, or approximately 1,470,000 people. However, the potential social risks and impacts, ranging from major and moderate, are: (i) encroachment on the landed property of certain households during the construction of water control infrastructure (dams), irrigation facilities, market infrastructure and rural roads, etc.; (ii) land conflicts due to irrigation facilities (irrigated areas, various reservoirs, etc.), which will lead to a rapid surge in the value of land; and (iii) conflicts between farmers and herdsman.

The budget for the implementation of safeguard instruments is estimated at CFAF 612,000,000. To that, should be added the sum of CFAF 100,000,000 for the compensation of project-affected persons (PAPs) in anticipation of the construction of water harnessing infrastructure and irrigation development works.

At the institutional level, the National Representation and Technical Assistance Unit (CENRAT), which serves as the Project Implementation Unit, has a social safeguard specialist, and the process to recruit an IFAD-financed environmental safeguard and climate change specialist is under way. As far as Regional Project Management Units (RPMUs) are concerned, the recruitment of four environmental and social safeguard experts is planned, two of whom will be financed by the AfDB and the other two by IFAD.

**3.2.3 Climate change and green growth:** The project is classified in Category 2 according to the Bank's climate information system. The project is therefore vulnerable to the impacts of climate change as it is located in the Sahel, a region highly sensitive to climate change. Niger is a country that is extremely vulnerable to the impacts of climate change. The ND-GAIN climate vulnerability index ranks Niger as the second most vulnerable country in the world to climate change after Somalia. Niger's climate has become increasingly arid, with a sharp decline in rainfall and an increase in temperatures in recent decades. A more intense variability of Niger's climate is projected by 2050, characterized by higher risks of aridity, according to the dry scenario (a sharp drop in rainfall and rising temperatures), or by excessive humidity, according to the wet scenario. With regard to climate risks, the models indicate a predominance of droughts, heat waves, an upsurge in extreme wet events and locust invasions. Project operations may therefore be severely affected by climate change. The main climate risks that may affect the project outcomes are droughts, floods, increasing temperatures and irregular rainfall. The project as a whole aims to reduce climate vulnerability and strengthen the resilience of small-scale farmers to water scarcity and droughts through the harnessing and control of water, the development of small irrigation areas with solar-powered dewatering systems, agricultural diversification, improving access to climate-resilient seeds for family farmers, supporting the production, dissemination and use of climate information and services, as well as promoting youth agricultural entrepreneurship and market access. The reclamation of degraded agricultural land, watershed management and erosion control will also help to foster the long-term resilience of farmers to flood risks and water scarcity and ensure the sustainability of food production systems in Niger. The project will also contribute to climate change forecasting by producing and disseminating meteorological information to prevent/anticipate climatic shocks.

**3.2.4 Gender:** Niger ranks 157<sup>th</sup> out of 189 countries on the gender inequality index of the 2016 Human Development Report. This poor ranking is due to the persistence of gender discrimination and inequality in Niger, which causes enormous economic and social losses for the country. The loss of income associated with gender inequality was estimated in 2015 by the

IMF at 32% of GDP. Female-headed households are more severely affected by food insecurity at 59.4%, compared with 38.2% of male-headed households.

To address the shortcomings hindering gender equality, the initiatives undertaken during the implementation of the IFAD-funded PRODAF programme will be continued and strengthened within the context of PRECIS. These include, in particular: (i) improving the resilience of the most vulnerable households through the establishment of women's granaries; (ii) improving food, nutrition and hygiene practices in households; (iii) supporting the development of income-generating activities for women and young people in the agricultural, pastoral, poultry and craft sectors; (iv) ensuring information, education, communication and advocacy for a change in behaviour that should lead to equitable access to productive resources for women and young people; (v) building the entrepreneurial capacity of women and young people by means of functional literacy training, institutional and organisational development of women's groups, study tours and training in self-employment through women's centres; (vi) providing chores-easing equipment (grinding mills, boreholes, processing units, improved stoves, etc.) for women in the villages covered by the project; (vii) recruiting local assistants to organise and rally women's and youth groups around the structures built; and (viii) developing a gender strategy specific to PRECIS, drawing on the experience gained from implementing ProDAF.

The project has thus been classified in category 2 of the Bank's gender marker system. The budget allocated more specifically to gender promotion and women's economic empowerment activities is estimated at UA 6 million.

#### **IV. IMPLEMENTATION**

##### **4.1. Implementation Arrangements**

**4.1.1 Implementation modalities:** PRECIS will be under the technical supervision of the Ministry in charge of Agriculture. It will be coordinated by the National Representation and Technical Assistance Unit (CENRAT), whose fiduciary and technical capacities were assessed and deemed acceptable by the Bank. Two orders, respectively designating CENRAT as the management and coordination unit for TSF financing and the Senior National Technical Assistant in charge of Policy Dialogue as Project Coordinator, will be signed by the Minister of Agriculture and Livestock. The signing of these two orders will constitute a condition precedent to project implementation. The current Steering Committee of ProDAF will also serve as the Steering Committee of PRECIS. Establishment Order No. xxxxx will be revised to accommodate the actors that are not yet included, in order to ensure the consistency of the operations and facilitate work coordination. This committee shall meet twice a year, and as many times as necessary, to review project outcomes, validate financial statements, discuss programmes and approve related budgets. To ensure implementation of the project, the current ProDAF mechanism, operating in the regions of Maradi, Tahoua and Zinder, will be used after adjustment to the specific context of PRECIS (for more details, see the current ProDAF mechanism in Annex C1). The project's management will thus benefit from the various existing mechanisms relating to coordination, financial management, procurement, monitoring and evaluation, communication, etc. (for more details, see the current ProDAF mechanism in Annex C1). An assessment of the various existing mechanisms indicates that it should be relatively easy to adapt the current systems to the addition of a new source of financing and also to the requirements of the Bank, especially its rules and procedures.

To support the implementation of AfDB financing, additional staff will be recruited, funded with TSF resources. The additional staff should include: (i) one (1) resource management (RM) expert embedded in CENRAT to coordinate the "water harnessing" component; he/she will also specifically ensure the monitoring of all AfDB financing activities, focused on structuring works; (ii) two (2) environmental protection and social safeguard experts, who will be added to the two other IFAD-supported experts; (iii) one (1) procurement expert within CENRAT, in charge of the preparation and close monitoring of procurement files for Bank-financed operations; (iv) one (1) senior accountant specifically in charge of processing TSF financing accounts, under the responsibility of the CENRAT Administrative and Financial Manager (AFM); (v) two (2) "Youth Entrepreneurship" assistants who will be under the responsibility of the RPMU component manager and will maintain close working relations with the National Technical Assistant of CENRAT; three (3) accounting assistants under the responsibility of the AFMs of the Regional Project Management Units (RPMUs) in Maradi, Tahoua and Zinder; ten (10) local development assistants (LDAs), including six for the Agricultural Council and four for monitoring and evaluation. Of these 10 LDAs, 9 will be assigned to RPMUs and only 1 to CENRAT to strengthen the monitoring and evaluation team. These LDAs will be equipped with motorbikes and will be added to the water harnessing assistants already in place. They will be distributed in each region, according to the areas of concentration of the work in progress. Special attention will be paid to gender parity in the staff recruitment, given that mixed teams will be more efficient.

**4.1.2 Procurement:** All goods, works and consulting services financed with Bank resources will be procured in accordance with the Procurement Policy for Bank Group-Financed Operations ("AfDB Financing Policy"), October 2015 edition, and in accordance with the provisions set out in the Financing Agreement. Pursuant to this policy, the country system was assessed in 2019 using the critical indicators assessment method defined by the Bank. Based on the findings of the assessment, the overall level of risk associated with the use of the country system for Bank-financed operations was deemed "Substantial" and certain procurements will be done following the country's procurement system ("National System") enshrined by law (Law No. 2011/037 of 28 October 2011 on the general principles, control and regulation of public procurement and public service delegations), decree (Decree No. 2016-641/PRN/PM of 1 December 2016 establishing the Public Procurement Code and Public Service Delegations) and various implementing instruments, based on national standard bidding documents (NSBDs).

Using the national system for part of the project will improve efficiency thanks to better ownership of the procurement system to be used by the executing agency. However, the Bank reserves the right to request the Borrower to revert to the use of the Bank's system if: (a) Niger's legal procurement framework happens to change to a system that is unsatisfactory to the Bank; (b) the executing agency fails to comply with the arrangements in force; or (c) the appropriate risk mitigation measures included in the risk assessment action plan that was made at the time of the project appraisal are not adhered to. The procurement risk mitigation action plan is annexed to Volume 2.

**4.1.3 Financial Management:** The National Representation and Technical Assistance Unit (CENRAT), based in Niamey and placed under the supervision of the Ministry of Agriculture and Livestock, will be responsible for the administrative, financial and accounting management of the project. The activities will be carried out by three Regional Project Management Units (RPMUs) based in Maradi, Tahoua, Zinder.

CENRAT and the RPMUs have financial management staff with extensive experience in the accounting and financial management of development projects, and who are also familiar with most of the tools required for proper recording of financial operations, and for monitoring the financial execution of activities and accountability. Regarding the needs of PRECIS, the financial management staff in place will be strengthened through the recruitment of a senior accountant for CENRAT and an accounting assistant for each RPMU. The staff will also be trained in the Bank's financial management and disbursement rules and procedures at the launch of the project and in the use of the software.

The budgetary management of PRECIS will be based on the existing mechanism in CENRAT and the RPMUs. The Project will continue to produce an annual work plan and budget (AWPB) that will incorporate the resources of the Bank as well as those of the national counterpart. It will be validated by the Steering Committee and submitted to the Bank for its no-objection before 31 December of the current year. The TOM2PRO software will be reconfigured to support PRECIS by allowing the Budget execution and the production of quarterly financial monitoring reports based on the implementation of the work plan and the annual budget, annexed to the quarterly progress reports transmitted to the Bank within 45 days following the end of each quarter.

The accounting system will be private in nature and will be in conformity with the standards of the revised SYSCOHADA and based on the TOM2PRO software. It will make it possible to perform the three types of accounting (general, budgetary and analytical) and to produce annual financial statements which will be audited.

Internal oversight is based on the existing procedures manual, but the manual will be revised and submitted to the Bank for its no-objection. The internal audit will be conducted by the internal auditor who will be recruited with IFAD funding. The General Finance Inspectorate (IGF) could provide support to the internal auditor, covering part of the project's internal audit activities. The administrative, accounting and financial procedures manual will be subject to the Bank's no-objection.

Financial reporting will be based on consolidated quarterly financial monitoring reports which will be transmitted to the Bank no later than forty-five (45) days after the end of the quarter.

The assessment of CENRAT's capacities is provided in detail in the technical annexes, as well as the financial management risk, which was assessed to be substantial.

**4.1.4 Disbursements:** Three (3) payment methods will be used for the financial implementation of the project namely: (i) reimbursement, (ii) the special account, and (iii) direct payment. The special account method will be used to finance minor operating expenses, short training courses and miscellaneous expenses. A special account will be opened for this purpose with a commercial bank acceptable to the Bank. The opening of this account will be a condition precedent to first disbursement. This special account will be used to receive an initial advance, whose amount will be determined on the basis of the provisional operating budget for six months of project activity. The special account will be replenished on the same basis, after the borrower has justified at least 50% of the amount of the previous advance. The direct payment method will be used for disbursement for contracts relating to the goods, services and works categories. Training in the Bank's disbursement rules and procedures will be provided at the launch of the project.

**4.1.5 Audits:** In accordance with the general conditions applicable to the financing agreements of the African Development Fund, the country will be required account for the use of the resources allocated to it. An independent and competent external audit firm will therefore verify once a year the accuracy of the annual consolidated financial statements prepared by the project management team and assess the functioning of the internal oversight system of the entire project. It will be recruited by CENRAT on the basis of terms of reference previously agreed on with the Bank and in accordance with Bank rules and procedures. The audit contract will be for a maximum duration of three fiscal years, and the auditor will be required to submit his/her report no later than six (6) months after the end of the fiscal year to which the audit relates. The audit fees will not be paid in full unless the report is approved by the Bank. The auditor shall not be allowed to render services in respect of a year unless the services of the previous year were satisfactorily performed.

The country will also be required to carry out an environmental and social performance audit on a yearly basis. To that end, an independent consultant will to be recruited to carry out that environmental and social audit.

## **4.2. Monitoring**

**4.2.1 Monitoring mechanisms:** The monitoring and evaluation mechanism of PRECIS/AfDB will be part of the overall framework of the PRECIS mechanism, itself backed up by that of ProDAF, which is already in place. A baseline situation will be established at the start of the project to set the quantitative and qualitative values of the indicators selected for the logical framework. The M&E system is based on a continuous internal monitoring of selected activities with emphasis on the effects and changes brought about by the project's achievements. This system will be participatory and will involve the beneficiaries and actors of the project in the collection of data and information feedback from the field (difficulties encountered, possible risks and delays, etc.). Thematic surveys and external evaluations will be conducted in order to better assess issues relating to food security, nutrition, job creation, gender mainstreaming and aspects associated with resilience. External monitoring tasks, involving relevant line ministries, will also be regularly organised by the Government, in addition to the two annual supervision missions organised by the Bank and the close monitoring carried out by the Bank's Country Office in Niger (CONE). Several participatory workshops will also be organised to enable local actors to evaluate by themselves the operations implemented. A mid-term review and a final evaluation are planned, involving the Bank and the Government, in order to allow for possible readjustments and capitalisation of achievements, respectively, accompanied by an evaluation of the Bank's contribution to outcomes on the ground. The monitoring and evaluation framework will systematically include gender-disaggregated data to ensure greater readability of the outcomes on women and vulnerable groups. A baseline study will be carried out at the start of PRECIS to establish the values of quantitative and qualitative indicators by region. The system in place currently has a consolidator at the central level (CENRAT), and M&E officers at regional level supported by assistants. The mechanism is supported by a computerised system that provides on-line information at regional level and geo-localises all operations. It is possible to filter requests by funding source.

**4.2.2** The following is a summary of the provisional project implementation schedule.

Activities	Date/Period	Responsible
Preparation	November-December 2019	AfDB/Govt.
Census FDS and sites	January-February 2020	DGGR/CENRAT
Preparation ESMF, RPF and PPMP	January -April 2020	CENRAT
Appraisal	June-July 2020	AfDB/Govt.
PRECIS negotiation	End-August 2020	Govt./AfDB
Board of Directors	October 2020	AfDB/Govt.
Signing of the Financing Agreement	October 2020	AfDB/Govt.
Effectiveness of 1 <sup>st</sup> disbursement	December 2020	Govt./AfDB
Launch of PRECIS/AfDB	January 2021	AfDB/Govt./CENRAT
Implementation of operational activities	2021-2025	CENRAT/Govt./Sce, Providers
Construction of water harnessing structures	2021-2023	CENRAT/Enterprises
Mid-term review 1 <sup>st</sup> half 2023	AfDB/Govt./CENRAT	
Project closing date      3	1 December 2025	CENRAT/AfDB/Govt.
Completion report	1 <sup>st</sup> half 2026	AfDB/Govt.

### 4.3. Governance

The project falls within the framework of the Economic and Social Development Plan (PDES, 2017-2021) which is founded on the strategy to ensure sustainable development and inclusive growth by 2035. Under this strategy, the country continues to work towards the consolidation of democratic institutions and the promotion of good governance. Niger has made significant strides in improving the overall governance framework in recent years and has finalized the establishment of all the institutions of the Republic, in accordance with the Constitution of 25 November 2010. Niger is also in the process of implementing the National Justice and Human Rights Policy adopted in 2016, which led to the adoption in October 2017 of a bill on the organisation and jurisdiction of courts, aimed at improving public access to fair justice. With regard to combating corruption, the powers of the Supreme Authority to Combat Corruption and Related Offences (HALCIA) were strengthened in 2016 by law. According to Transparency International, Niger ranks 112<sup>th</sup> out of 180 countries. Niger has also been working on improving public finance governance for at least a decade. Accordingly, it adopted implementing instruments for the six WAEMU directives on public finance management; adopted a new customs code in line with community directives; delegated financial controls to the country's regional capitals; conducted the 2013 and 2014 public procurement audits; drafted and adopted a new public procurement code (in 2016); prepared implementing instruments and new BDs; and adopted and implemented a comprehensive public procurement capacity-building plan. Thus, the national procurement system is deemed to be largely compliant with international standards, even if certain provisions need to be strengthened, notably in order to (i) cap the proportion of direct agreement contracts at 15%; (ii) build the professional capacity of the actors involved in the procurement and contract execution process; and (iii) institute a policy to promote and strengthen the participation of national companies in competitive bidding.

### 4.4. Sustainability

4.4.1 Sustainability is a central concern for PRECIS. This is evident in the choice of transformative investments in socio-economic areas (Development Pole) that promote the transformation of production systems and the forging of strong links between various segments of the value chains of the main agro-pastoral sub-sectors. These transformative investments,

whose quality will be subject to ongoing control (works control and supervision and procurement audits), will be supplemented by technical and organisational capacity-building for beneficiaries. The emphasis placed on promoting youth entrepreneurship and women's empowerment will also be continued and scaled up beyond the project's financing period.

4.4.2 The institutional structure of the project, the approach of outsourcing tasks to established institutions and the involvement of beneficiaries right from the planning to the operation stages (in the case of infrastructure) will guarantee the sustainability of PRECIS achievements after the project ends. Indeed, the PRECIS project is modelled on ProDAF, and stands to benefit from ProDAF staff who are already experienced in most of the implementation strategies, and also from ProDAF methods, tools and lessons, as well as from the availability of FDS on water harnessing structures; this will help to avoid the delays often experienced project commencement. Furthermore, this will help to ensure the rapid and timely deployment of all operations, thereby allowing sufficient time to support producers and to monitor the capitalisation and the strengthening of gains by the beneficiaries. Following the example of ProDAF and PMERSA, PRECIS will help to build the capacities of established entities with which it will collaborate during implementation (STC, STD, NGOs, RECA, CRA, POs, etc.). This will help to strengthen them and to provide them with the resources required to continue monitoring the activities entrusted to them after the end of the partnerships.

4.4.3 Regarding the implementation strategy, the civil and social engineering duo will promote greater ownership by the beneficiaries and their empowerment. Thus, many of the project activities will contribute to its sustainability, especially in terms of securing land tenure, supporting the organisation of beneficiaries and introducing management tools to ensure better maintenance and coverage of recurrent infrastructure costs (water harnessing works, irrigation development works, markets, shops, farm-to-market roads, etc.), and strengthening of the organisation of producers. In addition, the activities included in the components relating to the promotion of rural entrepreneurship, processing and market access, will generate value-added and create wealth, thereby contributing to ownership of the project's achievements by the direct beneficiaries. With regard to the entrepreneurship component, the exit strategy will be based on the establishment of business development service (SDE) providers and building their capacity so that they can set up their own businesses.

## 4.5. Risk Management

The potential risks identified in PRECIS implementation and their mitigation measures are summarised in the table below:

Risks	Mitigation Measures
Worsening of security conditions, particularly in localities of the northern part of Tahoua	<ul style="list-style-type: none"> <li>-Targeting of areas currently without security problems;</li> <li>-Political commitment of the authorities and support from regional actors and the international community;</li> <li>-An outsourcing approach that is reliant on local economic and civil society actors; and</li> <li>-Integration of pastoral water projects in the North.</li> </ul>
The sometimes protracted delays in procurement procedures, which undermine the capacity to absorb available funding;	<ul style="list-style-type: none"> <li>-Anticipation of procurement operations thanks to the existing agencies and the availability of BDs;</li> <li>-Decentralisation of part of the procurement process to the regions; and</li> </ul>



	-Recruitment of a procurement assistant to follow up the files at the Ministry.
Unfavourable environmental and climatic conditions in the Sahel region, which could lead to decapitalisation of the most vulnerable groups during severe crises	<ul style="list-style-type: none"> <li>- Development and implementation of environmental and social safeguard instruments (ESMF, RPF, PPMP, ESIA/ESMP, RAP);</li> <li>-Planned water harnessing activities; and</li> <li>-Specific attention to vulnerable groups.</li> </ul>
Socio-cultural barriers that do not always favour the access of women and young people to factors of production	<ul style="list-style-type: none"> <li>-A proactive approach of the project and specific activities carried out in favour of women and young people; and</li> <li>-Addressing land tenure issues through an agreement with the Rural Code Secretariat and support for grassroots land commissions (COFOB and COFOCOM).</li> </ul>
Difficulties relating to ownership and management of the new areas by the communities	<ul style="list-style-type: none"> <li>- Training and structuring activities;</li> <li>- Organisation of exchange visits; and</li> <li>- Ongoing support of beneficiaries.</li> </ul>
Lack of interest among young people (18-24 years of age)	<ul style="list-style-type: none"> <li>- Conduct of communication, information and awareness-raising activities for young people; and</li> <li>- Continuous mentoring and support for young people and the most vulnerable groups.</li> </ul>

#### 4.6. Knowledge-Building

PRECIS activities that will lead to better knowledge management and development may be summarised as follows: (i) strengthening of local expertise in terms of resilience and the capacity of local communities to adapt to the recurrent effects of climate change, through irrigation development and better control and management of water resources; (ii) dissemination of new production and processing technologies: development of expertise in localised irrigation techniques at the individual level, promotion of appropriate crop sequencing techniques for the Sahel region, dissemination/extension of assisted natural regeneration (ANR), promotion of improved stoves made from local materials, etc.; (iii) setting up of demonstration units and dissemination of best practices: farmer field schools (FFS) and small livestock innovation demonstration units (DIPE) which will help to disseminate knowledge and improve productivity and yields, integrated soil fertility management (ISFM), sustainable land and water management (SLWM), and integrated predator and pest management (IPPM) which will enable the protection and preservation of resources and help to mitigate the vulnerability of soil resources; (iv) organisation of production and processing technology review workshops and exchange visits, as tools for interaction between researchers, support and extension agents and producers with a view to adapting technologies to the local context; (v) awareness-raising and dissemination of information, through various communication channels (community radio, media programmes, website, films, etc.), aimed at promoting the use of these technologies in water resource management; (vi) strengthening of women's leadership and economic empowerment, supported by a commitment to policy dialogue with the ministries concerned, with a view to greater implementation of policies that promote gender equality; and (vii) promotion of innovative activities to improve the employability of young people and women, and the development of rural micro and small enterprises, through targeted support and customized assistance.

## V. LEGAL FRAMEWORK

### 5.1. Legal Instrument

The project's legal framework will be a TSF Grant Protocol Agreement between the Republic of Niger (the "Donee") and the Bank and the Fund, as TSF administrators (the Bank and the Fund are hereinafter collectively referred to as the "Fund").

### 5.2. Conditions Associated with the Bank's and the Fund's Intervention

5.2.1 The Grant Protocol Agreement shall become effective on the date of its signature by the parties, in accordance with Section 10.01 of the General Conditions Applicable to Grant Protocol Agreements of the Fund.

5.2.2 In addition to the effectiveness of the Grant Agreement, the first disbursement of the TSF Grant will be subject to fulfilment by the Donee, to the satisfaction of the Fund, of the following conditions:

- (a) submission of [*the ministerial order(s)*] confirming (i) the designation of CENRAT as the Project Coordination Unit ("PCU"); and (ii) the appointment of the Senior National Technical Assistant in charge of Policy Dialogue as the PCU Coordinator;
- (b) submission of evidence of the recruitment within the PCU of (i) one (1) environmental and social safeguards expert; (ii) an accountant; and (iii) a procurement expert; whose respective qualifications and terms of reference will have been previously approved by the Fund;
- (c) submission of evidence deemed satisfactory by the Fund, on form and substance, of the configuration of the integrated TOM2PRO software allowing the Executing Agency to ensure the keeping of accounts for the Project.

5.2.3 **Conditions precedent to disbursements for works involving resettlement:** Subject to the arrangements relating to effectiveness of the Protocol Agreement and the conditions precedent to first disbursement above, the Fund's obligation to disburse grant resources for works involving an Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF) shall be contingent upon fulfilment by the Donee of the following additional conditions:

- (a) submission, for the site concerned, of an Environmental and Social Impact Assessment (ESIA), an Environmental and Social Management Plan (ESMP) and a Resettlement Action Plan (RAP) for the works, prepared in accordance with the ESMF, the Resettlement Policy Framework (RPC), and the Fund's Safeguards Policies, and satisfactory to the Fund in both substance and form;
- (b) submission of satisfactory evidence that all project-affected persons (PAPs) in the works area have been compensated and/or resettled in accordance with the Environmental and Social Management Plan (ESMP) developed for a specific site, the RAP developed for a specific site, the developed works and compensation schedule, and the Fund's Safeguard Policies, prior to the start of such works and, in any event, prior to the displacement of the PAPs and/or appropriation of their land and/or related property; or

- (c) in lieu of paragraphs (b) above, submission of satisfactory evidence that resources allocated for PAP compensation and/or resettlement have been deposited in a dedicated account with a bank acceptable to the Fund or deposited with a trusted third party acceptable to the Fund, where the Donee can prove to the satisfaction of the Fund that the compensation and/or resettlement of the PAPs, pursuant to paragraph (b) above, could not be fully or partially carried out, for the following reasons:
  - (i) identification of PAPs by the Donee is neither feasible nor possible;
  - (ii) there are ongoing disputes involving the PAPs and/or affecting the compensation and/or resettlement exercise; or
  - (iii) any other reason beyond the control of the Donee as discussed and agreed with the Fund.

5.2.4 **Environmental and social safeguards:** The Donee undertakes to:

- (a) implement the Project in accordance with the ESMP, RAP, the Work and Compensation Schedule, the Fund's Safeguard Policies and national legislation;
- (b) prepare and submit to the Fund, no later than fifteen (15) days following the period covered, quarterly reports on the implementation of the site-specific ESMP and the RAP;
- (c) refrain from any action that would prevent or hinder the implementation of the site-specific ESMP and RAP;
- (d) fully cooperate with the Fund in case the implementation of the project or any change in its scope leads to unforeseeable displacement and/or resettlement of people; and
- (e) recruit on a competitive basis with the Fund's approval an independent external consultant to carry out an annual audit of the environmental and social performance of the project throughout its implementation period using the Fund's resources, in accordance with terms of reference previously deemed acceptable by the Fund. The annual audit report will be submitted to the Fund no later than 30 January of the year following the audited year.

5.2.5 **Other undertakings:** The Donee undertakes to:

- (a) no later than six (6) months following the effectiveness of the Protocol of Agreement, recruit the independent auditor for the project.
- (b) no later than three (3) months following the first disbursement of the Grant resources:
  - (i) update the administrative, financial and accounting procedures manual of the Executing Agency; and

- (c) no later than six (6) months following the first disbursement of the Grant resources
  - (i) recruit within each PMU (Maradi, Tahoua and Zinder) an assistant accountant, on a competitive basis;
  - (ii) recruit, on a competitive basis and with the prior approval of the Fund, one (1) expert in environmental and social safeguard within the URGP of Maradi and one (1) expert in environmental and social safeguard within the URGP of Tahoua
  - (iii) recruit within the PCU, on a competitive basis, the following experts: (A) one (1) Agricultural Engineering (AE) expert to monitor all project activities, focusing on structural works; (B) two (2) assistants specialised in youth entrepreneurship, placed under the responsibility of the RPMU component manager and who will work in close cooperation with the national technical assistant of CENRAT; (D) ten (10) local development assistants (LDAs), six (6) of whom will be tasked with agricultural extension and four (4) with monitoring and evaluation. Nine (9) local development assistants will be assigned to RPMUs; and one (1) to CENRAT to strengthen the monitoring and evaluation team.
- (d) no later than twelve (12) months following the first disbursement of Grant resources:
  - (i) elaborate and sign the conventions listed in Annex IV (Conventions) of the Memorandum of Understanding

### **5.3. Compliance with Bank Policies**

This project complies with all applicable Bank policies. It will be implemented as part of the Bank's intervention strategy for Niger defined in the CSP (2018-2022).

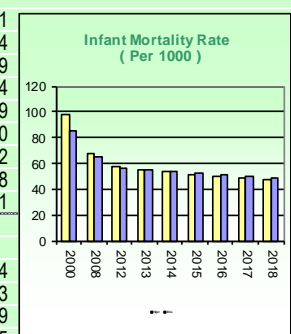
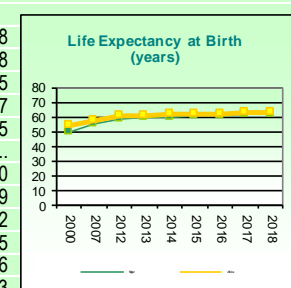
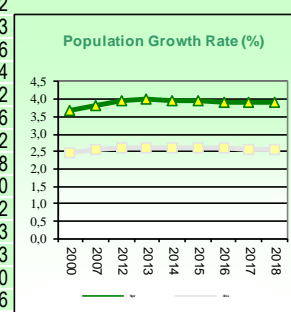
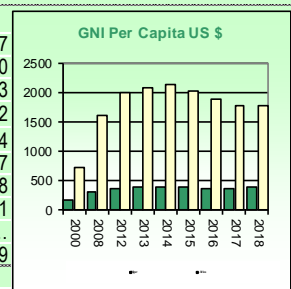
## **VI. Recommendation**

Management recommends that the Boards of Directors of the Bank and the Fund, acting as administrators of the Transition Support Facility (TSF), should approve the proposed award of a TSF grant of UA 25.859 million to the Republic of Niger, for the purpose and under the conditions set forth in this report.

# Annex I: Comparative Socioeconomic Indicators of Niger

## Niger COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Niger	West Africa	Africa	Developing Countries
<b>Basic Indicators</b>					
Area ('000 Km²)	2019	1 267	5 115	30 067	94 797
Total Population (millions)	2019	23,3	386,9	1 306,3	6 384,0
Urban Population (% of Total)	2019	16,4	47,0	43,3	50,3
Population Density (per Km²)	2019	18,4	76,9	44,5	69,2
GNI per Capita (US \$)	2018	390	1 551	1 783	4 844
Labor Force Participation * - Total (%)	2019	72,0	58,7	63,2	60,7
Labor Force Participation ** - Female (%)	2019	60,6	53,0	54,6	45,8
Sex Ratio (per 100 female)	2019	101,0	101,3	99,8	107,1
Human Develop. Index (Rank among 189 countries)	2018	189	...	...	...
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-18	44,5	41,2	35,6	11,9
<b>Demographic Indicators</b>					
Population Growth Rate - Total (%)	2019	3,9	2,7	2,7	1,2
Population Growth Rate - Urban (%)	2019	4,5	4,1	3,6	2,3
Population < 15 years (%)	2019	49,8	43,4	40,6	27,6
Population 15-24 years (%)	2019	19,4	19,6	19,3	16,4
Population >= 65 years (%)	2019	2,6	2,8	3,5	7,2
Dependency Ratio (%)	2019	110,3	85,8	78,7	54,6
Female Population 15-49 years (% of total population)	2019	21,0	23,3	24,2	25,2
Life Expectancy at Birth - Total (years)	2019	62,4	58,0	63,5	70,8
Life Expectancy at Birth - Female (years)	2019	63,6	59,1	65,3	73,0
Crude Birth Rate (per 1,000)	2019	45,6	36,8	33,0	20,2
Crude Death Rate (per 1,000)	2019	8,0	10,0	8,0	7,3
Infant Mortality Rate (per 1,000)	2018	48,0	64,1	48,7	31,3
Child Mortality Rate (per 1,000)	2018	83,7	99,6	70,2	42,0
Total Fertility Rate (per woman)	2019	6,8	5,1	4,4	2,6
Maternal Mortality Rate (per 100,000)	2017	509,0	704,7	432,3	230,0
Women Using Contraception (%)	2019	20,5	21,9	39,1	61,7
<b>Health &amp; Nutrition Indicators</b>					
Physicians (per 100,000 people)	2010-18	4,3	25,1	33,4	121,8
Nurses and midwives (per 100,000 people)	2010-18	27,0	98,7	107,8	240,8
Births attended by Trained Health Personnel (%)	2010-17	39,7	50,5	61,7	78,5
Peop. Using at least basic drinking water services (% of Pop)	2017	50,3	69,8	66,3	87,7
Peop. Using at least basic sanitation services (% of Populat)	2017	13,6	32,5	40,3	68,5
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2018	0,3	1,5	3,4	...
Incidence of Tuberculosis (per 100,000)	2018	87,0	171,5	202,3	154,0
Child Immunization Against Tuberculosis (%)	2018	87,0	70,4	81,4	84,9
Child Immunization Against Measles (%)	2018	77,0	71,0	76,1	85,2
Underweight Children (% of children under 5 years)	2010-17	31,7	19,8	17,5	14,5
Prevalence of stunting	2010-17	42,2	36,3	34,0	23,6
Prevalence of undernourishment (% of pop.)	2017	16,5	13,9	18,5	12,3
Current health expenditure (% of GDP)	2016	6,2	4,1	5,3	5,4
<b>Education Indicators</b>					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-19	74,7	89,4	100,1	104,1
Primary School - Female	2010-19	69,2	87,1	98,0	104,4
Secondary School - Total	2010-19	24,3	44,9	52,6	71,9
Secondary School - Female	2010-19	20,7	42,1	50,4	71,4
Primary School Female Teaching Staff (% of Total)	2010-18	52,7	40,2	48,6	62,9
Adult literacy Rate - Total (%)	2010-18	30,6	56,0	66,9	84,0
Adult literacy Rate - Male (%)	2010-18	91,6	53,6	70,8	88,2
Adult literacy Rate - Female (%)	2010-18	22,6	46,8	60,0	79,8
Gouvernement expenditure on Education (% of GDP)	2010-17	3,5	4,1	4,3	4,1
<b>Environmental Indicators</b>					
Land Use (Arable Land as % of Total Land Area)	2016	13,3	17,0	8,0	11,4
Agricultural Land (as % of land area)	2016	36,1	48,9	38,2	38,3
Forest (As % of Land Area)	2016	0,9	9,2	13,2	31,9
Per Capita CO2 Emissions (metric tons)	2014	0,1	0,4	1,2	3,5



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

April 2020

UNAIDS; UNSD; WHO; UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. \* Labor force participation rate, total (% of total population ages 15+)

\*\* Labor force participation rate, female (% of female population ages 15+)

## Annex II: Bank's Active Portfolio in Niger as of 31 December 2019

Sector	SAP Code	Number	Instrument No.	Date Approved	Date signed	Date Completed	Amount Committed	Amount Disbursed	Rate Disb.	Age
National Public Projects										
1 Agriculture	P-NE-AA0-020	KANDADJI ECOSYSTEMS REGENERATION PROGRAMME SUPPORT PROJECT	2100150041544	22/05/2019	12/06/2019	31/12/2026	46 520 000,00	0,00	0,00	0,06
			2100155039628		11/06/2019		35 480 000,00	0,00	0,00	
			5900150002601		11/06/2019		10 000 000,00	0,00	0,00	
2 Environment	P-NE-C20-001	CLIMATE INFORMATION DEVELOPMENT AND FORECASTING PROJECT	5565130000051	24/09/2012	22/11/2012	31/12/2020	6 881 814,00	4 681 016,36	68,02	7,27
			5565155000301				2 535 111,29	1 411 574,57	55,68	
			5565130000052				9 053 968,90	6 734 421,68	74,38	
3	P-NE-C20-004	WATER RESOURCES MOBILIZATION AND DEVELOPMENT PROJECT	5565155000302	25/09/2012	22/11/2012	31/12/2020	6 881 016,36	5 218 475,13	75,84	7,27
			5565155000302							
							117 351 910,55	18 045 487,74	15,38	4,87
4 Energy	P-NE-F00-004	RURAL, PERI-URBAN AND URBAN ELECTRIFICATION PROJECT	2100150036843	09/12/2016	10/03/2017	31/12/2020	15 070 000,00	1 028 826,00	6,83	3,30
			2100155034017				29 250 000,00	2 299 848,00	7,86	
			2200160002039				7 400 000,00	477 491,00	6,45	
Sub-Total Energy							51 720 000,00	3 806 165,00	7,36	3,30
5 Governance	P-NE-K20-001	SUPPORT FOR RESOURCE MOBILIZATION AND IMPLEMENTATION OF THE 2017-2021 ESPD	5900155013451	27/03/2018	25/06/2018	20/08/2020	1 000 000,00	853 397,98	85,34	1,76
6	P-NE-IAE-001	ECONOMIC COMPETITIVENESS AND FINANCIAL MANAGEMENT SUPPORT PROJECT	2100155040418	03/09/2019	01/11/2019	31/12/2022	9 210 000,00	533 205,00	5,79	0,33
Sub-Total Governance							10 210 000,00	853 397,98	8,36	1,05
7 Social	P-NE-IAE-001	VOCATIONAL AND TECHNICAL EDUCATION AND TRAINING DEVELOPMENT SUPPORT PROJECT	2100150023461	15/12/2010	22/12/2010	30/04/2020	7 870 000,00	7 759 371,33	98,59	9,05
			2100155019273				17 630 000,00	16 883 603,49	95,77	
Sub-Total Social							25 500 000,00	24 642 974,82	96,64	9,05
8 Transport	P-NE-DB0-011	TAMASKE-TAHOUA AND TAMASKE-MARRARABA ROADS DEVELOPMENT PROJECT	2100150042199	05/11/2019		31/12/2024	15 810 000,00	0,00	0,00	0,15
			5900150002751				11 140 000,00	0,00	0,00	
			5900155016102				2 510 000,00	0,00	0,00	
Sub-Total Transport							29 460 000,00	0,00	0,00	0,15
Sub-Total Public Projects							234 241 910,55	47 348 025,54	20,21	4,57
Multinational Public Projects										
9 Agriculture	P-Z1-AAZ-022	NIGER - PROGRAMME TO BUILD RESILIENCE TO FOOD INSECURITY	2100150032045	15/10/2014	27/01/2015	31/12/2021	14 480 000,00	6 944 285,47	47,96	5,21
			2100155028525						14 480 000,00	
10 Environment	P-Z1-C20-023	MULTINATIONAL PROJECT TO SUPPORT THE SOCIO-ECONOMIC REINTEGRATION OF VULNERABLE GROUPS IN THE LAKE CHAD BASIN	5550155001453	18/07/2018	01/11/2019	31/12/2024	2 373 509,33	0,00	0,00	1,45
11	P-Z1-C00-071	PROGRAMME FOR INTEGRATED DEVELOPMENT AND ADAPTATION TO CLIMATE CHANGE IN THE NIGER RIVER BASIN	2100155038973	07/11/2018	06/06/2019	31/12/2025	7 500 000,00	87 415,71	1,17	1,15
			5110155000552				1 579 702,82	48 898,27	3,10	
12 Transport	P-Z1-DB0-102	ALGERIA-NIGER-CHAD TRANS-SAHARAN HIGHWAY (TSH) PROJECT	2100150030845	11/12/2013	08/03/2014	31/12/2021	58 980 000,00	24 487 632,47	41,52	6,06
			2100155026867				20 090 000,00	8 913 673,21	44,37	
13 Energy	P-Z1-FA0-119	NIGER: NIGERIA-NIGER-BENIN-BURKINA FASO POWER INTERCONNECTION PROJECT	2100150038698	15/12/2017	25/06/2018	31/12/2022	26 000 000,00	0,00	0,00	2,04
			5900150001801				27 500 000,00	0,00	2,29	
			2100155036218				9 000 000,00	205 850,73	2,29	
			5110155000151				12 100 970,50	0,00	0,00	
14 Communications	P-Z1-GB0-024	TRANS-SAHARAN OPTICAL FIBRE BACKBONE (TSB) PROJECT	2100150037243	09/12/2016	06/04/2017	30/06/2021	19 375 000,00	0,00	0,00	3,06
			2100155034416				15 443 000,00	1 762 274,60	11,41	
Sub-Total Multinational Public Project							228 902 182,65	49 282 751,73	21,53	3,16
Sub-Total Public Projects							463 144 093,20	96 630 777,27	20,86	3,86
Private Sector Projects										
15 Finances	P-NE-HAB-001	SONIBANK SOCIETE NIGERIENNE DE BANQUE	2000130010430	16/01/2013	08/07/2013	08/07/2021	10 459 409,45	10 459 409,45	100,00	6,96
		SONIBANK SOCIETE NIGERIENNE DE BANQUE	5050140000065	04/11/2015	14/10/2016	08/07/2021	2 478 075,46	0,00	0,00	4,16
Sub-Total Private Sector Projects							12 937 484,91	10 459 409,45	80,85	5,56
TOTAL							476 081 578,11	107 090 186,72	22,49	3,94

## **Annex III: Drivers of Fragility and Recommendations for Strengthening Resilience**

### **Introduction**

Niger is one of the least developed countries most at risk of institutional and societal collapse, due to the multiplicity of drivers of fragility it faces and the devastating synergy between them and the country's structural economic and social characteristics. Environmental factors produce recurrent exogenous shocks that create situations of vulnerability which for some communities have become chronic. Yet, the country is not lacking in levers of resilience, one of whose pillars is definitely the entrenchment of democracy. A promising strategy for keeping young people away from the sirens of migration and rebellion is the creation of jobs in medium and small-sized enterprises to absorb the influx of labour market entrants.

The availability of arable land per capita is greater in the western part of the country than in other Sahelian countries, which is a major advantage in agriculture, especially if the irrigation potential is effectively and efficiently harnessed. A substantial increase in electricity supply, which is still well below the country's needs, would help ensure the economic viability of small-scale industries, particularly the processing of agricultural produce for which there is a local market, currently occupied by imports.

### **Socioeconomic Context**

Niger is facing serious structural challenges and attention to security issues should not overshadow the major obstacles to development confronting the country, including: its landlocked position, poor infrastructure, fragile government institutions, inadequate health care and the world's highest population growth and total fertility rates, limited and declining arable land area, low annual rainfall, high levels of malnutrition, extremely low levels of education, high gender inequalities and a future threatened by the effects of climate change. It is essentially a rural country that is yet to begin its urban transition. Most of its social and economic indicators are weak. With a poverty rate of 48.9% and a per capita income of USD 420, Niger is one of the poorest countries in the world, and this poverty is more pronounced in rural areas where almost 80% of the population lives. Unemployment and underemployment, particularly among young graduates, are a permanent concern in Niger. In 2010, there were 277,363 unemployed graduates in Niger, mainly young people, of whom 52.5% were men and 47.5% women. The majority of unemployed or under-employed young people are a burden to household heads, particularly in the low-income quintiles where the average household size is larger. Larger households are also associated with lower educational attainment. About 60% of the unemployed are in households where the head has no education. In 2015, Niger ranked 188<sup>th</sup> out of 188 countries on the United Nations Human Development Index.

At 3.9% per year, the country's population growth rate is one of the highest in the world, with an average of 7.6 children per woman, which represents a huge burden on service delivery and is likely to adversely impact the economic development of the country. Sixty percent (60%) of Niger's population lives on less than one US dollar a day. This problem is worsened by very high illiteracy rates resulting from low school enrolment. Official development assistance, which has increased since the 1990s, represents about 60% of the investment budget and 40% of the State budget.

Niger's economy is highly dependent on the security situation, which affects tourism in the country. In the early 2000s, the tourism sector was booming, with high numbers of tourists visiting especially the north of the country (Agadez region). However, insecurity and instability have led

to a decline in the number of tourists, adversely impacting jobs and livelihoods. Vast swathes of the country are conducive to the development of more intensive agro-pastoral activity. Agriculture and livestock farming are the two pillars of Niger's economy and employ 85% of the national workforce, with a contribution to GDP formation estimated at an average of more than 40% over the past decade. However, an unpredictable climate, coupled with soil depletion and erosion, is a constant threat to agricultural production. Frequent natural disasters and high population growth often lead to food crises in Niger. Food security therefore remains a major and recurrent challenge, and the frequent food crises greatly expose rural populations, especially women and children, to persistent food and nutrition vulnerability. In addition, the recent violent clashes between Boko Haram and the Nigerian army have caused the displacement of more than 115,000 people from Nigeria to Niger. Refugees are concentrated in Diffa, a food-insecure region currently experiencing a humanitarian crisis of the greatest magnitude.

Niger is an exporter of natural resources, consisting mainly of uranium and oil. The country's subsoil is also rich in gas, gold, iron, phosphates, coal, limestone, gypsum and cassiterite. Tapping these resources requires significant diversification of the economy with the development of a dynamic national and international private sector within a well-defined and favourable regulatory and institutional framework. Such a context should encourage the development of an environment that facilitates the integration of young people into the labour market and the creation of wealth with a view to strengthening overall stability.

### **Environmental Context**

The Sahel is one of the most fragile ecologies in the world. Only 12% of Niger's land area receives enough rainfall to sustain agriculture, and it is projected that very little or nothing will subsist between now and 2100. Land in Niger is poor in nutrients, poorly managed, overgrazed and loses up to 100 tonnes of its arable soil component per hectare per year due to erosion. The amount of firewood used for cooking (estimated at two million tonnes per year) is double the natural replacement growth rate. Subsistence farmers and pastoralists in this landlocked country have weak links to domestic markets and even less access to imports, such as improved seed varieties and fertilizers. Moreover, they have no financial institutions to lend them money nor any protection against external shocks - and the animals that constitute their capital investment die when the rains are scarce. For several decades, cereal production has been declining by an average of 0.6 % per year. New drought-resistant varieties of millet, sorghum and cowpea are being adopted; however, it seems unlikely that yields will keep pace with population growth.

### **Development Challenges in the Project Areas**

Niger regularly experiences community conflicts, the most traditional of which are those between nomadic transhumant herdsman and sedentary farmers of various ethnicities. The war effort burden imposed on public finances by the security situation, the limitations of donor intervention in this area, and the economic consequences of the conflicts that sometimes lead to a halt in production (as is the case in the Diffa region) seriously undermine implementation of the country's development programmes.

Despite the unfavourable conditions, with temperatures of up to 50 degrees Celsius in the shade, low and irregular rainfall as well as poor and erosion-prone soils, most people in Niger in general, and in the project areas in particular, depend on income from rain-fed agriculture. In a context of



increasing scarcity of this water resource, rainwater harvesting is of utmost importance. The development of small-scale irrigation is hampered by the fact that smallholder families do not have enough money to invest in the extension and improvement of irrigated areas. There is also a lack of know-how when it comes to creating an irrigation system. Moreover, farmers do not have access to inputs such as seeds, fertilisers and pesticides.

With regard to education, young people, particularly girls, have limited access to schooling. In addition to the lack of school infrastructure in communes of the project area, the start of the school year depends on the length of the rainy season, as these children make up the bulk of the agricultural workforce. Human capital will not be improved unless the education of children is placed at the forefront of development projects. These projects have the potential to provide appropriate solutions to this problem, given that by developing agricultural potential, the projects will ensure that the agricultural sector operates all year round.

### **Lessons from the Implementation of Previous Projects**

The appraisal of the implementation of some agricultural projects in Niger shows frequent protracted delays, with a direct impact on the expected outcomes of these projects, which, as a result, reduces the impact on the beneficiaries. It was noted that the delays partly stemmed from certain lapses in the procurement process, including laxity in the assessment of the financial capacity and workload of the contracting enterprises.

The national counterpart component in project financing is very often an obstacle to compliance with the work schedule. This reality is even more pronounced in Category 1 fragile countries such as Niger.

### **Recommendation for the Strengthening of Resilience**

When controlled upstream, run-off water is beneficial to local people who put it to multiple uses, but it is necessary to empower these people, particularly women and young people by adopting activities that could strengthen human capital, promote literacy and boost the local economy by promoting the marketing of agricultural, aquaculture and reforestation products.

The recommendations below will help to address the abovementioned drivers of fragility identified and strengthen resilience at the community level:

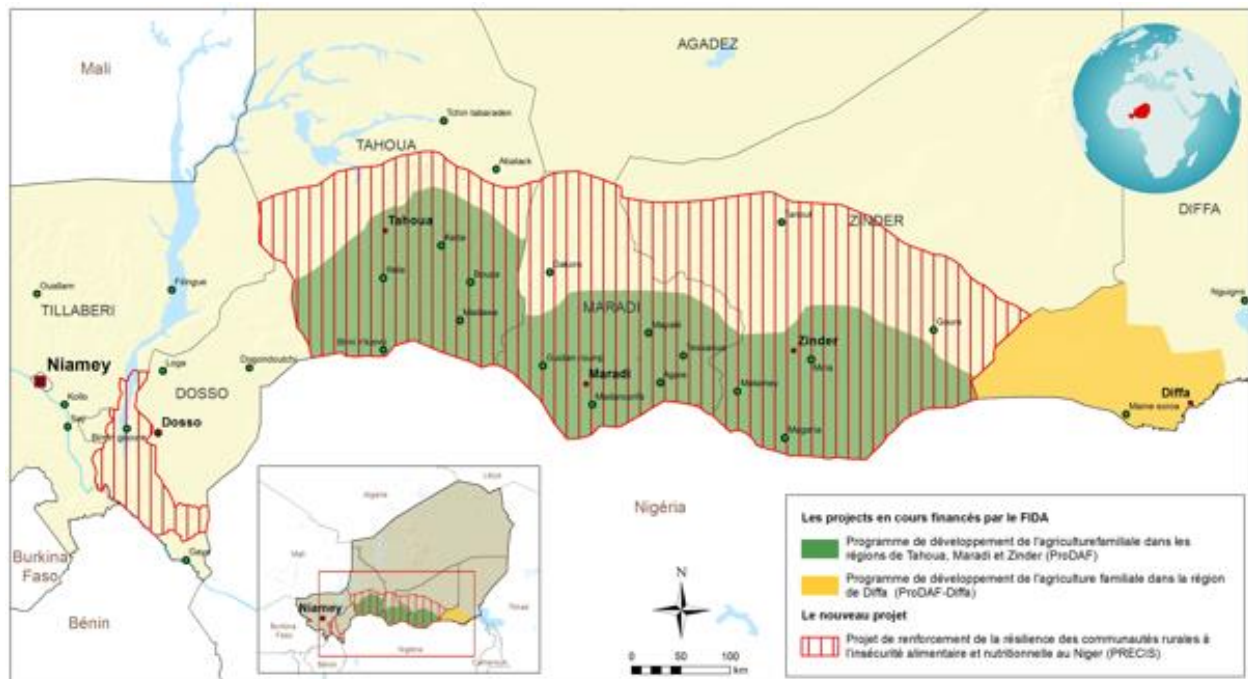
- Lay emphasis on improving the socio-economic environment by incorporating a range of income-generating activities such as technical assistance to farmers, support measures for local cooperatives, pest-control tools, the creation of product conservation units, the procurement of machinery for the production and processing of agricultural products, the development of infrastructure for the marketing of agricultural products (rural roads for transporting products to large commercial centres, construction of sheds to promote small local markets, etc.);
- Systematically enhance livestock corridors to prevent conflicts between farmers and herdsman;

- Make every effort to address literacy which is a huge problem. The effort should be extended to the rehabilitation/construction of basic school infrastructure as part of support measures;
- Pay special attention to women and young people. It is important to strengthen the different forms of assistance for women in project areas, where such assistance has the greatest potential to capitalise on the empowerment of this group, given the wide gender disparity in the country;
- Include young people in the promotion of project outcomes, since they constitute more than half of the population. Activities in that regard could be supplemented by providing unemployed youth aged 15 to 25 with training in a range of practical skills that will help them to earn an income and become productive members of the community;
- Address the problem of national counterpart funding right from the project design stage by providing 100% financing, for instance; and
- Define and streamline the communication lines within the various projects: Communication between members of the project management team, as well as between members of this team and the supervisory authority is weak and inefficient, which contributes to the multiplication of errors and other shortcomings in project implementation.

However, the effective implementation of these measures requires a significant improvement in governance, including the acceleration of anti-corruption efforts, transparency in procurement, and streamlining of the management of public finances in general and project resources in particular.

## Annex IV: Map of Project Area

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NB: The entire PRECIS project will be implemented throughout the red-shaded area, but PRECIS-AfDB will be implemented only in the Tahoua, Maradi and Zinder regions, and not in the Dosso region (red-shaded area in the West).

**Annex V: Reasons for requesting a waiver of the Government's contribution (excluding tax exemptions) of less than 10% of the total project cost.**

The purpose of this note is to present the rationale for waiving the Government of Niger's financial contribution to the Project to Strengthen Resilience of Rural Communities to Food and Nutrition Insecurity in Niger (PRECIS). For this programme whose objective is to sustainably improve the food and nutrition security of rural households and strengthen their resilience to climatic and environmental shocks, the Bank Group Eligible Expenditure Policy<sup>1</sup> may apply.

The note analyses the four main criteria in this regard, namely:

- *The country's commitment to implement its overall development agenda;*
- *The priority that the country gives to the sector targeted by the Bank's assistance;*
- *The country's fiscal situation and debt level; and*
- *The cap on cost-sharing and the guidelines specified in the country financing parameters.*

**1. Commitment of the country to implementing its comprehensive development agenda**

Following the drafting, in May 2017, of its Sustainable Development and Inclusive Growth Strategy (SDDCI, 2035) defining the country's 2035 vision, Niger adopted its second Economic and Social Development Plan for 2017-2021 (PDES, 2017-2021). PDES 2017-2021 is structured around five strategic pillars: (i) cultural renaissance; (ii) social development and demographic transition, particularly through demographic transition indicators; (iii) acceleration of economic growth; (iv) improvement of governance, peace and security; and (v) sustainable management of the environment. The specific outcomes expected from the PDES (2017-2021) are: reduction in the incidence of poverty from 45.1.8% in 2016 to 31.3% in 2021; achievement of real GDP growth averaging 7.3%; and a structural transformation of the economy with a greater contribution from the secondary sector, as well as increased enhancement of agricultural production in the rural areas and the revitalisation of the private sector.

The implementation status of the PDES (2017-2021) for 2019 shows that out of the 120 indicators of the Results Measurement Framework (RMF), 53 reached and/or exceeded their 2018 target (44.17%), 29 did not reach their target but exceeded their 2017 value (24.17%), 6 remained stable (5%), 20 indicators remained below their 2017 value (16.67%), while 8 indicators had no data (6.66%) and 4 had no baseline (3.33%).

**2. Priority given by the country to the sector targeted by the Bank's aid**

The agricultural and rural sector is a national priority in Niger, as reflected in the pillars of the PDES (2017-2021) and the 3N (Nigériens Nourish Nigériens) Initiative. In particular, the 3N Initiative aims to "shelter the people of Niger, on a sustainable basis, from hunger and malnutrition and guarantee them conditions for full participation in national production and for the improvement of their incomes." More specifically, it aims to "strengthen national capacities for food production and supply and resilience in the face of food crises and disasters" through five strategic pillars,

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<sup>1</sup> ADB/BD/WP/2007/106/Rev.2- ADF/BD/WP/207/72/Rev.2 of 2 May 2008.

namely: (i) increasing and diversifying agro-sylvo-pastoral and fisheries production; (ii) supplying rural and urban markets with agricultural and agri-food products on a regular basis (iii) improving the resilience of vulnerable groups to climate change, crises and disasters; (iv) improving the nutrition status of the people of Niger ; and (v) creating a favourable environment for the implementation of the Initiative.

Implementation of the 3N Initiative has achieved encouraging outcomes as evidenced by the implementation reports of the 2019 PDES and the Bank's agricultural sector projects, among others. However, the performance of the rural sector is still weak overall, with chronic food insecurity affecting around 30% of the population. As highlighted in the PRECIS evaluation report, the main challenges faced in rural sector development are diverse, and include: (i) financing difficulties (access to credit and limited public funding), the low capacity of actors and their organisations, and the poor coordination and harmonisation of the numerous activities; (ii) low and especially unevenly distributed rainfall, poor knowledge of water resources, poor water management, high cost of inputs and equipment, and persistent land tenure insecurity, as well as the isolation of production areas and difficulties in accessing regional markets.

### **3. National fiscal situation and debt level**

Prior to the COVID-19 pandemic, efforts to consolidate public finances had also yielded encouraging results, notably with the reduction of the budget deficit from 5.7% of GDP in 2017 to 3.2% of GDP in 2019. The country's financial situation, which nonetheless remained difficult due to the security environment, was further undermined by the COVID-19 pandemic, resulting in a significant loss in tax revenue, which might raise the budget deficit to -4.6% of GDP in 2020 from an initial projection of -2.6% of GDP. This budget deficit, which is likely to worsen in the pessimistic scenario, may also be attributed to the sharp increase in public spending designed to cope with the consequences of the pandemic. Public debt should increase due to the impact of COVID-19. Indeed, according to the baseline scenario established by the World Bank, public debt is expected to rise from 42.2% of GDP in 2019 to 45.4% in 2020. The present value of external public and state-guaranteed debt exceeds the threshold with limited space for repayment despite strong donor support but is expected to decline next year. Niger's weak export base also limits its capacity to contract more external debt.

### **4. Cap on cost-sharing and guidance specified in country funding parameters**

The Bank Group Eligible Expenditure Policy states in paragraph 5.1.1 that the Bank will use the Country Financing Parameters (CFPs) already developed for 38 countries by the World Bank to determine, among other things, the cap on cost-sharing. The financing parameters for the World Bank indicate that it can finance up to 100% of total project costs on a case-by-case basis. The World Bank has used this CFP facility to finance the full cost of some of its new projects in Niger in light of the current financial constraints and limited financial capacity of the Government resulting from the sharp rise in security and humanitarian expenditure. Other TFPs have also revised the cost-sharing model for their operations so that they can be financed 100% from external resources.

## **5. Conclusion**

Most current assessments indicate that the economic and financial situation in Niger is deteriorating following the outbreak of the Covid 19 pandemic, which aggravated the country's situation that had already been made extremely fragile by security problems. The 2019 review of the Bank's portfolio performance had already highlighted the constraint faced by the State in paying project implementation counterpart funding. Considering the above, it is recommended that the Bank should grant Niger a waiver of payment of the national counterpart funding for the Project to Strengthen Resilience of Rural Communities to Food and Nutrition Insecurity in Niger (PRECIS.

## Annex VI: ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)<sup>2</sup>

### A. Basic Information

<b>Project Title:</b> Project to Strengthen the Resilience of Rural Communities to Food and Nutrition Insecurity (PRECIS)		<b>Project SAP code :</b> P-NE-A00-009
<b>Country:</b> Niger	<b>Lending Instrument<sup>3</sup>:</b> DI <input checked="" type="checkbox"/> FI <input type="checkbox"/> CL <input type="checkbox"/> BS <input type="checkbox"/> GU <input type="checkbox"/> RPA <input type="checkbox"/> EF <input type="checkbox"/> RBF <input type="checkbox"/>	
<b>Project Managing Sector:</b> AHAI	Task Team Leader: CHEIBANY MOUSTAPHA ABDALLAHI	
<b>Appraisal date:</b> 22 june-03 july 2020	<b>Estimated Board Date:</b> 15 October 2020	
<b>Environmental safeguards Officer:</b> Gratien BONI	<b>Social safeguards Officer:</b> -	
<b>Environmental and Social Category:</b> 1	<b>Operation type:</b> SO <input checked="" type="checkbox"/> NSO <input type="checkbox"/> PBO <input type="checkbox"/>	
Is this project processed under rapid responses to crises and emergencies?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Is this project processed under a waiver to the Integrated Safeguards System?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

### B. Disclosure and Compliance Monitoring

#### B.1. Mandatory disclosure: NA

<b>Environmental Assessment/Audit/System/Others (specify: ESMF and PMP)</b>		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/> NA <input type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	15/05/2020	
Date of receipt, by the Bank, of the authorization to disclose	25/05/2020	
Date of disclosure by the Bank	27/05/2020	
<b>Resettlement Action Plan/Framework/Others (specify: RPF.)</b>		
Was/Were the document (s) disclosed <i>prior to appraisal</i> ?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/> NA <input type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	15/05/2020	
Date of receipt, by the Bank, of the authorization to disclose	25/05/2020	
Date of disclosure by the Bank	27/05/2020	
<b>Vulnerable Peoples Plan/Framework/Others (specify: .....)</b>		
Was the document disclosed <i>prior to appraisal</i> ?	Yes <input type="checkbox"/>	No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Date of "in-country" disclosure by the borrower/client	[Date]	
Date of receipt, by the Bank, of the authorization to disclose	[Date]	
Date of disclosure by the Bank	[Date]	
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b> NA		

#### B.2. Compliance monitoring indicators



Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized and secured?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	NA <input type="checkbox"/>

### C. Clearance

Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board?    Yes ☒    No ☐

<sup>2</sup> **Note:** This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.

<sup>3</sup> **DI**=Direct Investment; **FI**= Financial Intermediary; **CL**=Corporate Loan; **BS**=Budget Support; **GU**=Guarantee; **RPA**=Risk Purchase Agreement; **EF**=Equity Financing; **RBF**=Results Based Financing.

<i>Prepared by:</i>	<i>Name</i>	<i>Signature</i>	<i>Date</i>
Environmental Safeguards Officer:	Gratien BONI		10/07/2020
Social Safeguards Officer:	-		-
Task Team Leader:	CHEIBANY MOUSTAPHA ABDALLAHI		15/07/2020
<i>Submitted by:</i>			
Sector Director:	Martin FREGENE		28/09/2020
<i>Cleared by:</i>			
Director SNSC:	Mr. Maman-Sani ISSA		09/10/2020