Report Number: ICRR0023157

1. Project Data

Project ID P145261	**Project Name** NE-Capacity for Service Delivery	
Country Niger	**Practice Area(Lead)** Governance	
L/C/TF Number(s) IDA-H9310	**Closing Date (Original)** 31-Dec-2018	**Total Project Cost (USD)** 36,214,747.20
Bank Approval Date 31-Mar-2014	**Closing Date (Actual)** 31-Dec-2021	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	40,000,000.00	0.00
Revised Commitment	40,000,000.00	0.00
Actual	36,527,525.29	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
Antonio M. Ollero	Clay Wescott	Jennifer L. Keller	IEGEC (Unit 1)

2. Project Objectives and Components

a. Objectives

According to the Financing Agreement (page 4, Schedule 1 - Project Description), the project development objective of the Niger Public Sector Capacity and Performance for Service Delivery Project was "to strengthen public investment management capacity and civil servant performance evaluation processes in targeted ministries to improve service delivery outcomes."

The original objective was revised in the first restructuring. According to the Amended and Restated Financing Agreement (page 4, Schedule 1 - Project Description), the project development objective was "to strengthen public finance and human resource management to improve service delivery capacity in selected sectors."

This ICR Review will conduct a split evaluation of this project.

Original Project Objective. This ICR Review parses the original objective as:

1. To strengthen public investment management capacity in targeted ministries
2. To strengthen civil servant performance evaluation processes in targeted ministries
3. To improve service delivery outcomes in the agriculture, education, and health sectors

The targeted ministries were: (a) the Ministry of Planning (*Ministere du Plan, de l'Aminagement du Territoire et du Developpement Communautaire*); (b) the Ministry of Finance (*Ministere des Finances)*; (c) the Ministry of Civil Service (*Ministere de la Fonction Publique et de la Reforme Administrative)*; (d) the Ministry of Agriculture (*Ministere de l'Agriculture)*; (e) the Ministry of Primary Education (*Ministere de l'Education*); and (f) the Ministry of Health (*Ministre de la Sante Publique*).

The reference to the "agriculture, education and health sectors" was added by this ICR Review for clarity, in lieu of the original unspecified "selected sectors" cited in the Program Document.

Revised Project Objective. This ICR Review parses the amended objective as:

1. To strengthen public finance management
2. To strengthen human resource management in the civil service
3. To improve public service delivery capacity in the education and health sectors

The reference to the "education and health sectors" was added by this ICR Review for clarity, in lieu of the original unspecified "selected sectors" cited in the Restructuring Paper.

b. Were the project objectives/key associated outcome targets revised during implementation?
Yes

Did the Board approve the revised objectives/key associated outcome targets?
Yes

Date of Board Approval
24-Oct-2016

c. Will a split evaluation be undertaken?
Yes

d. Components
Structured as an investment project financing (IPF) with performance-based conditions (PBCs) – withdrawal of part of the funding would be dependent on the achievement of targets for disbursement-linked indicators

(DLIs) or disbursement linked results (DLRs), the project had two original components and three revised components.

Original Project Components

Supporting Programs for Service Delivery Results (US$25 million estimated at appraisal) aimed to improve capacity and systems in five sectors: (a) public investment management – the development and coordination of public investment management systems, program and project formulation, monitoring and evaluation systems, and budget management tools for the Ministry of Planning and the Ministry of Finance; (b) human resource management – the development of a human resource performance evaluation system for the Ministry of Civil Service and the Commission for State Modernization (*Haut-Commissariat a la Modernisation de l'Etat*), within the Prime Minister's Office (*Primature*); (c) agriculture – support to Ministry of Agriculture and the Commission for Food Security (*Haut-Commissariat a l'Initiative Les Nigiriens Nourissent les Nigiriens*), within the Prime Minister's Office, to enhance agricultural productivity and revenue generation in irrigated areas and to improve the productivity of rainfed agriculture; (d) public health – support to the Ministry of Health to improve human resource deployment, provision of medicines, key medical inputs, and governance and leadership; and (e) education – support to the Ministry of Education to improve teacher deployment, management and information systems, and monitoring and evaluation. This component involved 13 PBCs (see Section 4 for the particulars of the original PBCs and their distribution among the three original project objectives).

Technical Assistance for Capacity Development (US$15 million estimated at appraisal) supported: (a) the provision of information systems and equipment to upgrade planning, procurement, and monitoring and evaluation systems in target ministries, inter-connect planning and financial management systems, consolidate of information systems managed by the National Statistics Institute (*Institut National des Statistiques*), develop information systems for the one-stop shop for customs transactions and the anti-money laundering and financing of terrorism (AML/CFT) initiative, support service delivery indicator surveys for health and education; (b) the application of change management tools; (c) training to enhance the capacities of civil servants in target ministries and to strengthen the national training institutions; (d) technical assistance to strengthen the coordination function of the Ministry of Planning, improve investment planning and programming), and enhance the monitoring and evaluation of programs and projects; and (e) project implementation. This component did not involve any PBC.

Revised Project Components

Strengthening Public Financial Management (US$13 million estimated at restructuring, US$8.55 million disbursed by closing) aimed to improve public financial management in six areas: (a) budget planning and management – reforms to strengthen tax and custom administration including value-added tax (VAT) reforms, development of a strategy to implement the organic budget law and other directives on public financial management, update of budget forecasting and planning tools, and integration of public financial management information technology (IT) systems; (b) public investment monitoring and evaluation – creation of a comprehensive database of public investment programs, development of assessment tools, including preliminary studies, feasibility studies, and impact studies, evaluation of public investment programs covering 2014-2019; (c) procurement – evaluation of the public procurement system, assessment of options to update procurement legislation and regulation, installation of a procurement management information system, and disclosure of procurement information, statistics, and audits; (d) tax administration – disclosure of results of user surveys of tax administration performance, support to user centers to improve tax administration performance, and development of a VAT reimbursement system; (e) tax and customs administration – preparation and implementation of a comprehensive action plan for tax and customs administration reform, studies to update relevant legislation, regulation, procedures, and manuals, deployment of IT tools, and development of performance contracts for tax and customs administration; and (f) cash management, treasury payment systems, accounting, control and oversight – conduct of surveys of relevant legislation, installation and maintenance of IT tools, conduct of institutional, performance, management, and financial audits, building capacity on internal and external controls in selected ministries, establishment of the Treasury Single Account, and operationalization of electronic funds transfer and payment systems. This component involved 4 PBCs (the 13 original PBCs would be amended into four revised PBCs at restructuring), all about the first of the three revised project objectives (see Section 4 for the particulars of the revised PBCs and their distribution among the three revised project objectives).

Improving Human Resources Management (US$15 million estimated at restructuring, US$17.45 million disbursed by closing) would: (a) develop and implement a national human resource management strategy; (b) roll out an integrated human resource information system at selected ministries; (c) implement biometric identification for all government employees; (d) establish a pilot incentive system to improve staff deployment in the education sector; (e) prepare and implement a strategy to improve teacher pooling in higher education; (f) conduct assessment studies to update human resource management legislation, and regulation; (g) promote transparency and accountability in human resource management; (h) provide training on human resource management to employees at selected ministries; and (i) conduct and publish the results of a service delivery indicator survey for the education and health sectors. This component did not involve any PBC.

Change Management (US$12 million estimated at restructuring, US$10.34 million disbursed by closing) would: (a) upgrade network operations centers for public financial management and human resources management; (b) operationalize monitoring and evaluation systems; (c) provide training and coaching on leadership and managing results, and (d) pool IT systems to ensure a unified system at the selected ministries and government agencies. This component did not involve any PBC.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost, Financing, and Borrower Contribution. The project was estimated to cost SDR 26.1 million (US$40 million equivalent) at appraisal, of which SDR 16.3 million (US$25 million equivalent) or 62.5 percent would be allocated to eligible expenditure programs under the IPF PBC structure. The project cost remained the same at restructuring, except that only SDR 1.26 million (US$1.8 million equivalent) or 4.8 percent would be allocated to eligible expenditure programs under the IPF PBC structure. The project was financed with an IDA grant of SDR 26.1 million (US$40 million equivalent). There was no financial contribution from the grantee. The actual project cost (final disbursed amount) was SDR 25.74 million (US$36.5 million equivalent). The difference between financing and disbursement amounts in US$ terms also reflect changes in the SDR:US$ exchange rate.

Dates. The project was approved on March 21, 2014, became effective on September 29, 2014, was restructured for the first time on October 24, 2016 (the amended financing agreement was signed three months later on December 13, 2016), and for the second time on July 17, 2021, and closed on December 31, 2021, three years after the original closing date of December 31, 2018.

Restructuring. The first restructuring in October 2016, with US$4.3 million disbursed (11.9 percent of the actual project cost), changed the: (a) project development objectives (see Section 2.A); (b) project components and component costs (see Section 2.D); (c) the PBCs – revised from 13 to 4 (see Section 4); (d) results framework (see Section 4); (e) project implementing agency (from the Ministry of Planning to the Ministry of Finance); and (f) project implementation schedule and closing date (to December 31, 2020). The second restructuring in July 2021, with US$29.7 million disbursed (81.3 percent of the actual project cost), changed: (a) some project activities to support the response to the COVID-19 pandemic; (b) the results framework (see Section 4); and (c) the project implementation schedule and closing date (to December 31, 2021).

3. Relevance of Objectives

Rationale

Original Project Objective

Binding Constraints to Development. The original project development objectives were relevant to development constraints identified in the *Republic of Niger Systematic Country Diagnostic – Priorities for Ending Poverty and Boosting Shared Prosperity* of November 2017 and in other Government development planning documents and Bank diagnostic studies.

- Public Financial Management. Very limited progress had been achieved with reforms in public financial management, where Niger recorded inferior ratings on 21 of 31 indicators in 2012 compared to 2008, according to the *Public Expenditure and Financial Accountability Assessment of 2012.* Specifically: (a) the execution rate of the capital budget remained low at 59 percent in 2012, with the budget year typically cut by five months because of delayed budgetary releases to line ministries, according to the *Rapport Niger: Stimuler l'Execution de Budget d'Investissement des Pays de l'Union Economique et Monetaire Ouest Africain Upour un Meilleur Impact sur le Developpement* (World Bank, 2013); (b) the annual budget cycle was disconnected from the multi-year nature of capital projects; (c) the lack of commitment plans derailed the ability of the Treasury to develop reliable monthly cash flow projections; and (d) procurement and payment procedures were demanding, complex, and superfluous.
- Human Resource Management. Despite the 43 percent growth in public employment from 2006 to 2012, the civil service remained comparatively small (at 4.3 percent of GDP, the wage bill was second to lowest among 12 countries in West Africa), which in turn limited the capacity of the Government to deliver on public services. Moreover, (a) the civil service was dominated by aging senior incumbents and junior new entrants; (b) there were disparities in staffing levels across regions; (c) with salaries and pensions low, the government could not recruit qualified personnel; (d) with merit-based promotions and results-based performance assessments wanting, staff lacked accountability, and (e) staffing decisions were highly politicized.
- Agriculture. For a country that had faced famine, food insecurity, and malnutrition for the last five decades, Niger needed to accelerate the implementation of its flagship food security program (*Nigeriens Nourissent les Nigeriens*) but could not plan, implement, and monitor the program. Significantly, inadequate high-grade seed, fertilizer, and irrigation equipment posed challenges to raising agricultural productivity and food production.
- Health. The quality of basic health care remained low for a country with the highest fertility rate and one of the world's most serious maternal mortality rates. The implementation of the *Plan de*

Developpement Sanitaire, 2011-15, had been challenged by: (a) limited capacity for planning, budget management, and monitoring, resulting in low health budget execution rates – 68 percent in 2008-2010, dropping government spending on health from 15 percent of total government spending in 2006 to 7 percent in 2011; (b) inadequate deployment of health personnel to needy regions – 33 percent of health personnel, including 40 percent of nurses, were based in the capital, Niamey; and (c) weak regulation of the pharmaceutical industry.

- Education. Although access to education has expanded, inefficiencies continued to undermine sector performance: (a) teacher assignment to schools favored urban over rural locations; (b) teacher absenteeism was high, and (c) school management skills were lacking. The lack of attention to these problems would derail the implementation of the *Programme Sectoriel de l'Education et de la Formation, 2014-2024.*

Bank Strategy. The original project development objectives aligned with the Bank Group strategy in Niger at appraisal and closing.

- The *Country Partnership Strategy for the Republic of Niger for the Period FY13-FY16* (CPS) committed Bank Group support for the country's development priorities organized around two "strategic objectives" – promote resilient growth and reduce vulnerability. The original project objectives, "to strengthen public investment management capacity in targeted ministries" and "to strengthen civil service performance assessment processes in targeted ministries," were aligned with the first CPS strategic objective, specifically with the CPS outcome "fiscal performance consolidated." The original objective "to improve service delivery outcomes" was aligned with the second CPS focus area, specifically with the CPS outcomes "increased access to water, sanitation, health, and population services" and "improved education and employment skills for the youth."
- The *Country Partnership Framework for the Republic of Niger for the Period FY18-FY22* (CPF) committed Bank Group support for the country's development priorities organized around three "focus areas" – increased rural productivity and incomes, better governance or jobs, service delivery, and growth, and improved human capital and social protection. The revised project objectives "to strengthen public finance management" and "to strengthen human resource management" were aligned with the third CPF focus areas, specifically with the CPF objective "strengthened public finance and human resource management for improved service delivery." The revised project objective "to improve service delivery capacity in selected sectors" was aligned with the second CPF focus area, specifically with the CPF objectives "increased access to quality health services" and "increased access to quality education and training services."

Performance-Based Conditions. The 13 original PBCs were associated with 12 eligible expenditure programs (EEPs) in the five sector programs supported by this operation and were to reflect the achievement of the original project objectives "to strengthen public investment management capacity in targeted ministries," "to strengthen civil servant performance evaluation processes in targeted ministries," and "to improve service delivery outcomes." According to the Program Document, the combination of results-based financing – in which the reimbursement of a proportion of eligible government expenditures was linked to the achievement of agreed-upon performance indicators – and technical assistance would support government-identified solutions to core public sector capacity deficits and produce tangible development and service delivery results in the five sector programs and target ministries covered by this operation. A total 62.5 percent of the project funds were allocated to the 13 original PBCs (see Section 2.E).

Revised Project Objective

Binding Constraints to Development. Like the original project development objectives, the revised project development objectives were relevant to development constraints identified in the *Republic of Niger Systematic Country Diagnostic – Priorities for Ending Poverty and Boosting Shared Prosperity* of November 2017 and in other Government development planning documents and Bank diagnostic studies (see above).

Bank Strategy. Like the original project development objectives, the revised project development objectives were aligned with the Bank Group strategy in Niger at appraisal and closing (see above).

Performance-Based Conditions. The four revised PBCs were associated with 1 EEP and were to reflect the achievement of the first of the three revised objectives "to strengthen public finance management." According to the Restructuring Paper, the 13 original PBCs were difficult to implement. The four revised PBCs would be more focused, relevant to the revised project objective, and aligned with the government's implementation capacity. However, there were no PBCs defined for the other two revised objectives, an omission that was not explained in the restructuring document. A significantly reduced 4.8 percent of the project funds was allocated to the four revised PBCs (see Section 2.E).

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To strengthen public investment management capacity in targeted ministries.

Rationale

Theory of Change. Support to the Ministry of Planning and the Ministry of Finance for the development and coordination of tools and systems for budget management, program and project formulation, public investment management, and monitoring and evaluation would help improve the execution rate of the investment budget, including those of the agriculture, health, and education sectors, as well as the execution rates of the treasury plans and the public procurement commitment plans.

- To support the Ministry of Planning and the Ministry of Finance to strengthen public investment management capacity, the project would finance EEPs that supported the National Economic and Social Development Plan (*Plan de Développement Economique et Social*): (a) *EEP 2 - Establish coherent and realistic global and sector MTEFs*; (b) *EEP 3 - Strengthen capacity for the planning and execution of public procurement*; and (c) *EEP 4 - Rationalize and improve cash flow management*;

and (d) *EEP 5 - Strengthen capacity for planning, programming, monitoring and evaluation of development programs*.
- The associated PBCs would be: (a) that a National Medium Term Expenditure Framework rated with a score of C or higher is included in the Budget Law adopted by the National Assembly (DLI-iv); (b) the percentage execution of the investment budget of the Ministry of Agriculture (DLI-v); (c) the percentage execution of the investment budget of the Ministry of Health (DLI-vi); and (d) the percentage execution of the investment budget of the Ministry of Primary Education (DLI-vii). The

Outputs. The project activities supporting the objective of strengthening public investment management capacity in targeted ministries were restructured. There is no data to determine that the following eight output targets for this objective – four PBCs and four other intermediate results – were achieved. There are also issues with the relevance of three of the PBCs.

***Of which, Performance Based Conditions*:**

- A National Medium Term Expenditure Framework of "acceptable quality" is included in the Budget Law adopted by the National Assembly. "Acceptable quality" was defined as the framework rated "C" or higher under the PEFA PI-12 criteria of the *Public Expenditure and Financial Accountability Assessment of 2012*. For this PBC (DLI-iv), the target was to achieve this by July 2016. (*Public Expenditure and Financial Accountability Assessments* are planned for Niger every two years, according to the World Bank, *Republic of Niger: 2012 Public Expenditure Review*).
- Agriculture – Rate of execution of investment budget of the Ministry of Agriculture. For this PBC (DLI-v), the targets were 55 percent for July 2015, 58 percent for July 2016, 61 percent for July 2017, and 64 percent for July 2018. While this results indicator targets quantitative progress with budget implementation by the Ministry of Agriculture, it cannot measure the quality of the investment spending in agriculture and hence fails to truly reflect the degree of achievement of the objective to strengthen public investment management capacity in the Ministry.
- Public Health – Rate of execution of investment budget of the Ministry of Health. For this PBC (DLI-vi), the targets were 55 percent for July 2015, 58 percent for July 2016, 61 percent for July 2017, and 64 percent for July 2018. The same shortcoming cited above applies to this indicator.
- Education – Rate of execution of investment budget of the Ministry of Primary Education. For this PBC (DLI-vii), the targets were 55 percent for July 2015, 58 percent for July 2016, 61 percent for July 2017, and 64 percent for July 2018. The same shortcoming cited above applies to this indicator.

***of which, Other Intermediate Results*:**

- Adoption of sector Medium Term Expenditure Frameworks (MTEFs) of “acceptable quality” by the Ministry of Agriculture, the Ministry of Health, and the Ministry of Primary Education. The target was to adopt the MTEFs by July 2016.
- Proportion of the National Investment Program included in the Investment Budget (Title V of the National General Budget adopted by the National Assembly in the Finance Law for the fiscal year). The target was to raise the percentage from 45 percent in the baseline to 60 percent by closing.
- Average rate of execution of public procurement commitment plans in the Ministry of Planning, the Ministry of Finance, the Ministry of Civil Service and Administrative Reform, the Ministry of Agriculture, and the Ministry of Health. The target was to raise the rate from 40 percent in the baseline to 55 percent by closing.

- Average rate of execution of the National Monthly Treasury Plan. The target was to raise the rate from 60 percent in the baseline to 72 percent by closing.

Outcomes. The project activities supporting the objective of strengthening public investment management capacity in targeted ministries were restructured. Although there is data on the outcome target, the result cannot be attributed to the original project activities. There is also an issue with the relevance of this outcome indicator.

- The investment budget execution rate rose from 49.5 percent in the baseline to 68 percent by closing. The target was to increase the investment budget execution rate to 75 percent. Like the output indicators that target quantitative progress with budget implementation, this outcome indicator cannot measure the quality of the investment spending and hence fails to truly reflect the degree of achievement of the objective to strengthen public investment management capacity.

Rating
Negligible

OBJECTIVE 1 REVISION 1
Revised Objective
To strengthen public finance management.

Revised Rationale
Theory of Change. Reforms in six areas – budget planning and management, public investment monitoring and evaluation, procurement, tax administration, tax and customs administration, and cash management and treasury systems – would strengthen public finance management in Niger, which had performed poorly in the *Public Expenditure and Financial Accountability Assessment of 2012.* Specifically, (a) reforms with VAT administration, including the adoption of a VAT reimbursement system, would help improve VAT efficiency; (b) the enactment and implementation of various legislation and administrative orders would help align Niger's public finance management practices to the standards set by the West African Economic and Monetary Union (WAEMU), where the eight member states had been working toward greater regional integration; and (c) the installation of IT tools for tax and customs administration, cash management and treasury services, and public procurement, combined with the integration of the public finance IT system, would enable the preparation of performance reports, public project implementation reports, and public procurement audits and the dissemination of these documents to the public.

- To help the Ministry of Finance to strengthen public finance management, the project would finance one EEP that supported the National Economic and Social Development Plan: *Support to Reforms of the Tax and Customs Administration*.
- The associated PBCs would be: (a) the operationalization and staffing by the Ministry of Finance of the Tax Reform Unit in the Directorate General of Tax; (b) the adoption by the Ministry of Finance of a three-year Strategic Action Plan for the Directorate General for Tax; (c) a Ministerial decision to operationalize the VAT reimbursement system; and (d) the publication of the results of the User Survey of the Performance of Tax Administration. Although it was not explained in the Restructuring Paper, the new PBCs were either part of, or were related to, the "policies that Niger intends to

implement in the context of its request for financial support from the IMF" in June 2016: (a) revenue mobilization reform focused on strengthening governance – paragraph 29 of the *Memorandum of Economic and Financial Policies* (MEFP) sent by the Government to the IMF together with the *Letter of Intent* and *Technical Memorandum of Understanding;* (b) the implementation of organizational reforms at the Directorate General of Tax – paragraph 36; (c) implementation of the VAT credit refund mechanism – paragraph 34; and (d) the transparent management of public finances – paragraph 43. The IMF would subsequently approve a three-year arrangement for Niger under the Extended Credit Facility for SDR 98.7 million in January 2017.

Outputs. The project achieved four of the following seven output targets defined for the objective to strengthen public finance management – two of four PBCs and two of three other intermediate results.

of which, Performance Based Conditions:

- The Tax Reform Unit in the Directorate General of Tax *(Direction Generale des Impots)* in the Ministry of Finance was operationalized with appropriate staffing (DLR 1.1), achieving the target. The achievement of this target was verified by an independent auditor hired under the project to conduct annual (i.e. until the closing of the project) assessments, verification, and validation of the Government's performance on this PBC by visiting and examining the offices the Tax Reform Unit, interviewing the staff, reviewing the ministerial decision nominating three new experts (one responsible for strategy and the reform program, another for monitoring and evaluating the reforms, and another for tax surveillance and analysis), verifying the qualification of the experts, interviewing the experts, and submitting a report, including all evidence, to the Bank.
- A three-year Strategic Action Plan for the Directorate General of Tax was adopted by the Ministry of Finance (DLR 1.2), achieving the target. The achievement of the target was verified by an independent auditor hired under the project to assess, verify, and validate the Government's performance on this PBC by examining the ministerial decision and government circular adopting the plan and submitting a report, including all evidence, to the Bank.
- A ministerial decision to operationalize VAT reimbursement system was not adopted (DLR 1.3), failing to achieve the target. The obstacle was the politically sensitive nature of the measure, according to the ICR.
- The results of the User Survey of the Performance of the Tax Administration were not published on the Ministry of Finance website and at least one local newspaper (DLR 1.4), failing to achieve the target. Public funds were not allocated for the surveys, according to the ICR.

of which, Other Intermediate Results:

- The Annual Performance Reports of the Ministry of Health and the Ministry of Education for 2019 were available by closing, achieving the target. In the baseline, the Organic Budget Law of 2012 and other WAEMU directives were adopted into legislation. The target was that the Annual Performance Reports of the Ministry of Health and the Ministry of Education for 2019 would be available by closing.
- The Report on the Implementation of Public Projects for 2014-2019 was not published by closing, failing to achieve the target. The online platform that would contain the comprehensive database of internally and externally funded public investment programs could not be operationalized because of delays in the adoption of the Public Investment Management Strategy. The target was to publish the Report on the Implementation of Public Projects by closing.

- The Performance Audits of Public Procurement for 2014 onwards were published, achieving the target. In the baseline, the Procurement Management Information System was not operational and statistics on public procurement were not available. The target was to publish the Performance Audits of Public Procurement beginning in 2014.

Outcomes. The project achieved two of three outcomes defined for the objective to strengthen public finance management.

- VAT efficiency (defined as VAT collection / 0.19 x Final Consumption Expenditure) declined from 26 percent in the baseline to 19 percent by closing, failing to achieve the target of at least 34 percent. Apart from the result that the target was not met, there were problems with this outcome indicator and target: (a) the VAT reimbursement system was not adopted, which would have helped with the result; (b) the Government and the Bank differed on the baseline and closing numbers (see Section 9.B); and (c) even if the target were met, it could not be entirely attributed to the interventions under this program alone (see Section 9.A).
- Access of the public to the budget documentation (defined as the proportion of documents made available to the public during the budgeting process out of the 25 required documents specified in the Monitoring and Evaluation system) rose from 20 percent in the baseline to 60 percent by closing, exceeding the target of 52 percent.
- The percentage implementation of WAEMU directives on public financial management (defined as the share of community policies, programs, and projects implemented by Niger as assessed annually by the WAEMU Commission) rose from 60 percent in the baseline to 82 percent by closing, exceeding the target of 80 percent.

Additional Information. During ICR Review, the Bank team reported additional results from the implementation of this project which were not included as output or outcome indicators in the original results framework at project design.

- Technical assistance from the project beginning in 2016 enabled the Government to adopt and implement programmatic budgeting by 2018. The Bank team attributes improvements in the Government's public financial management performance metrics under the Public Expenditure and Financial Accountability Assessment (PEFA) in 2022, from its performance in the PEFA in 2016, to the implementation of programmatic budgeting: (a) budget classification (grade of B in 2022 from C in 2016); (b) budget documentation (A from D); (c) execution rate of planned activities (B from D); (d) performance plans for better service delivery (C from D); (e) macroeconomic and budgetary provisions (B from C); (f) medium term budgets (C from D); (g) Parliament budget review (A from B); and (h) procurement methods (A from C). The Bank team also noted that Niger improved its rank on the implementation of programmatic budgeting from 7th to 2nd among the eight states of the *West African Economic and Monetary Union (WAEMU). Moreover, the issuance of a decree (Arrete No. 41/MP) governing the selection of investment projects and the installation of public investment monitoring and evaluation system laid the foundation for a stronger public investment management system, according to the Bank team. Niger improved its grade on public investment management to C+ in 2022 from D in 2016.*
- Audits of 14 state-owned enterprises (SOEs) performed under the project helped with the enactment of three decrees (Decret No. 2021-924, 2021-925, and 2021-926) governing the creation, control, and supervision of public enterprises and led to the creation of a new General Directorate of State-Owned

Enterprises to consolidate the oversight of SOEs in a General Directorate-level agency. These measures have improved the governance framework for SOEs, according to the Bank team.

- The acquisition by the project of technology systems for Niger for the WAEMU Automated Interbank Clearing System (SICA) and WAEMU Real-Time Gross Settlement System (STAR) helped modernize the national payments system in Niger. The new payments system has helped improve government revenue mobilization, according to the Bank team.

- A diagnostic of the public financial management system undertaken by the project

Revised Rating

Substantial

OBJECTIVE 2

Objective

To strengthen civil servant performance evaluation processes in targeted ministries.

Rationale

Theory of Change. Support to the Ministry of Civil Service and the High Commission for State Modernization for the development of a human resource performance evaluation system would raise the proportion of civil servants whose performance were evaluated on the basis of results-based contracts, helping address problems afflicting the civil service – politicized staffing decisions and the lack of merit-based promotions.

- To help the Ministry of Civil Service and the High Commission for State Modernizations to strengthen civil servant performance evaluation processes, the project would finance EEPs that supported the National Economic and Social Development Plan: *EEP 1 - Development of Human Resources Performance Evaluation System*.
- The associated PBCs would be: (a) that Procedures for open, competitive, and merit-based performance management have been designed by the Ministry of Civil Service and Administrative Reform together with High Commission for State Modernization in accordance with the Civil Service Organic Law (Law 2007-26) (DLI-i); (b) the Proportion of civil servant managers (appointed by decree in the Ministry of Finance, Ministry of Planning, and Ministry of Civil Service and Administrative Reform) who were evaluated on the basis of individual results-based performance contracts (DLI-ii); and (c) the Number of ministries in which results-based action plans (performance contracts) linked to the National Economic and Social Development Plan (*Plan de Développement Economique et Social*) have been developed (DLI-iii).

Outputs. The project activities supporting the objective to strengthen civil servant performance evaluation processes in targeted ministries were restructured. There is no data to determine that the following three output targets for this objective – all PBCs – were achieved. There are also issues with the relevance of the three PBCs.

of which, Performance Based Conditions:

- For the PBC (DLI-i), the target was for this to be achieved by July 2015. This target was weak as it stopped with the design, and did not aim for the adoption or implementation, of the merit-based performance management system.
- For the PBC (DLI-ii), the targets were 10 percent by July 2016, 20 percent by July 2017, and 30 percent by July 2018.
- For the PBC (DLI-iii), the targets were three by July 2015, six by July 2016, nine by July 2017, and 12 by July 2018. This was similarly a weak target as it stopped with the development, and did not aim for the adoption or implementation, of the results-based action plans.

Outcomes. The project activities supporting the objective to strengthen public investment management capacity in targeted ministries were restructured. There is no data to determine the degree to which the outcome target defined for this objective was achieved during the time when this original objective still applied. The planned outcome was:

The proportion of civil servant managers (appointed by ministerial decree in the Ministry of Finance, the Ministry of Planning, and the Ministry of Civil Service and Administrative Reform) who were evaluated on the basis of individual results-based performance contracts. The target was 30 percent at closing.

Rating
Negligible

OBJECTIVE 2 REVISION 1

Revised Objective
To strengthen human resource management in the civil service

Revised Rationale
Theory of Change. Reforms in human resource management would enhance the ability of the civil service to deliver essential public services. The key measures would include the adoption of a human resource management strategy, the rollout of an integrated human resource management information system to inform appointments, promotions, payroll and other staffing decisions, and the training of staff. Immediate outputs would include a biometrics-enabled audited database of employees, the ability to pay salaries using the human resource IT system, and a cadre of trained government staff.

Outputs. The project exceeded two but failed to achieve three of five outputs defined for the objective to strengthen human resource management (i.e., three of five other intermediate results). However, there are issues with the relevance of the two intermediate results indicators that were achieved.

of which, Performance Based Conditions: (There were no PBCs defined for this revised objective).

of which, Other Intermediate Results:

- A new Human Resource Management Information System was not deployed at target ministries, failing to achieve the target. The terms of reference for feasibility studies were prepared but the feasibility studies were delayed (due to the COVID-19 pandemic). In the baseline the human resource regulatory framework and the human resource information system were "obsolete." The target was for a new Human Resource Management Information System, in its basic, secondary, and advanced forms, would be deployed in target ministries – the Ministry of Finance, the Ministry of Health, the Ministry of Education, the Ministry of Planning, and the Ministry of Civil Service and Administrative Reform – first at the national level a year before closing, and second at the regional level by closing. Earlier, the Government adopted the roadmap for the modernization of human resource management, adopted the human resource management strategy, and updated the regulatory framework for human resource planning. However, the Human Resource Management Information System was not developed according to plan.
- The audit report on the new Human Resource Management Information System was not available, failing to achieve the target. The biometric census of public sector agents was undertaken, but the data clean-up process was still ongoing at closing and was not expected to be finalized until 2022. In the baseline, there was no consolidated census and there were multiple identification systems of, public sector agents. Consequently, the data on staff, organized by grade, services, and assignment was never included in the Budget Law of 2020. The target was that the audit of the Human Resource Management Information System would be available by 2021, which would have required the full completion of the biometric census and availability of the biometric database by 2019.
- The number of public sector agents trained was 5,075 by closing, exceeding the target of 1,250. This is a weak indicator – it is more an input rather than an output indicator for the objective to strengthen human resource management in the civil service.
- The number of women public sector agents trained was 1,716, exceeding the target of 300. This is a weak indicator – it is more an input rather than an output indicator for the objective to strengthen human resource management in the civil service.
- An impact assessment and strategy to scale up the pilot incentive system for staff deployment in the education sector was not completed by closing, failing to achieve the target. The Government adopted the strategy and standards for deployment and incentives following stakeholder consultations and public debate, but the pilot was delayed because of the reorganization of the Ministry of Education and disruptions caused by the COVID-19 pandemic. The target was that the impact assessment and strategy would be available by closing.

Outcomes. The project failed to achieve the sole outcome defined for the objective to strengthen human resource management.

- There was no credible data on public sector agents (civil servants, contract workers, alternative civil service workers, and students) who were paid through the new Human Resource Management Information System as the Human Resource Management Information System was not implemented as planned. The target was to raise the percentage of public sector agents paid through the Human Resource Management System from 40 percent in the baseline to 85 percent by closing.

Additional Information. During ICR Review, the Bank team reported an additional result from the implementation of this project which was not included as an output or outcome indicator in the original results framework at project design.

- The biometric census of employees done under the project in 2019 improved payrolls audits, according to the Bank team. *Niger improved its grade on payroll audits to B in 2022 from D in 2016.*

Revised Rating
Negligible

OBJECTIVE 3
Objective
To improve service delivery outcomes in the agriculture, education, and health sectors

Rationale
Theory of Change. Support to the Ministry of Agriculture to enhance productivity in irrigated and rainfed areas, to the Ministry of Health to improve human resource deployment, provision of medicines, and key medical inputs, and to the Ministry of Education to improve teacher deployment and management and information systems would help improve service delivery outcomes in the agriculture, education, and health sectors. The key results would consist of: in agriculture, higher crop production in irrigated areas; in health, a higher utilization rate of curative care; and in education, a higher primary school completion rate for students, especially for female students.

- To support to the Ministry of Agriculture, the Ministry of Health, and the Ministry of Education to improve service delivery outcomes, the project would finance EEPs that supported the National Economic and Social Development Plan: (a) *EEP 6: Improve productivity and revenue generation in irrigated areas*; (b) *EEP 7: Improve productivity of rain-fed agriculture*; (c) *EEP 8: Improve staff deployment across the country*; (d) *EEP 9: Improve provision of medicine and key medical inputs*; (e) *EEP 10: Governance and leadership*; (f) *EEP 11: Improve teacher deployment and management*; (g) *EEP 12: Information systems and monitoring and evaluation*.
- The associated PBCs would be: (a) the Area under small scale irrigation (DLI-ix); (b) the Proportion of integrated health centers with staffing levels conforming to the established norms (DLI-x); (c) the Frequency of stock outs based on the Reference List of the most essential medications (DLI-xi); (d) the Teacher/Student ratio (DLI-xii); and (e) the Proportion of qualified teachers (DLI-xiii),

Outputs. The project activities supporting the objective to improve service delivery outcomes in the agriculture, education, and health sectors were restructured. There is no data to determine that the following 15 output targets for this objective – six PBCs and nine other intermediate results – were achieved.

***of which, Performance Based Conditions*:**

- Agriculture – Proportion of cultivated land on which certified improved sees are used. For this PBC (DLI-viii), the targets were 2.48 percent in July 2015, 7.32 percent in July 2016, 10 percent in July 2017, and 12 percent in July 2018.
- Agriculture – Area under small scale irrigation (additional hectares compared to previous year). For this PBC, the targets were 200 additional hectares in July 2015, 300 additional hectares in July 2016, 400 additional hectares in July 2017, and 500 additional hectares in July 2018.

- Public Health – Proportion of integrated health centers with staffing levels conforming to the established norms. For this PBC (DLI-x), the targets were 30 percent in July 2015, 31 percent in July 2016, 32 percent in July 2017, and 33 percent in July 2018.
- Public Health – Frequency of stock outs based on the Reference List of the most essential medications (drawn by the World Health Organization and approved annually by the Ministry of Health) at the level of the integrated health centers. This was a disbursement-linked indicator (DLI-xi), the targets for which were 2.5 percent in July 2015, 2 percent in July 2016, 1.5 percent in July 2017, and 1 percent in July 2018.
- Education – Teacher/Student ratio. For this PBC (DLI-xii), the targets were 1:38 in July 2015, 1:39 in July 2016, 1:40 in July 2017, and 1:41 in July 2018.
- Education – Proportion of qualified teachers. For this PBC (DLI-xiii), the targets were 40 percent in July 2015, 43 percent in July 2016, 45 percent in July 2017, and 50 percent in July 2018.

***of which, Other Intermediate Results*:**

- The number of Service Delivery Indicator (SDI) results that were published in the media. The target was 80 by closing.
- The percentage of ministries that had established dashboards. The target was 40 percent by closing
- The number of planners, budget analysts, financial controllers, and procurement specialists trained. The target was 500 by closing.
- The number of high-level seminars on Change Management for Development that were conducted. The target was one annually (i.e., four by closing).
- The number of orders enacted as a result of the high-level seminars. The target was one annually (i.e., four by closing).
- The number of ministries that implemented Rapid Results Initiatives which were aligned with the National Economic and Social Development Plan. The target was 18 by closing.
- The average number of Rapid Results Initiatives per ministry (that implemented Rapid Results Initiatives which were aligned with the National Economic and Social Development Plan). The target was 14 by closing.
- The average rate of completion of Rapid Results Initiatives per ministry (that implemented Rapid Results Initiatives which were aligned with the National Economic and Social Development Plan). The target was 90 percent by closing.
- The number of coaches who supported the implementation of the Rapid Results Initiatives. The target was 18 by closing.

Outcomes. The project activities supporting the objective to improve service delivery outcomes in the agriculture, education, and health sectors were restructured. There is no data to determine the degree to which four of the six outcome targets defined for this objective were achieved during the time when this original objective still applied. The planned outcomes included:

- Agriculture – Irrigated cereal crop production at closing. The target was to raise annual irrigated cereal crop production from 70,383 tons in the baseline to 81,883 tons by closing.
- Health – Utilization rate of curative care at closing. The target was to raise the utilization rate from 57.05 percent in the baseline to 63.05 percent by closing.
- The number of direct project beneficiaries. The target was 1,150 by closing.

- The number of female direct project beneficiaries. The target was 350 by closing.

For the two outcome targets for which data is available, the results cannot be attributed to the original project activities.

- Education – The primary school completion rate declined from 54.6 percent in the baseline to 51 percent at closing, failing to achieve the target increase to 57.6 percent.
- Education – The primary school completion rate for girls declined from 49.1 percent in the baseline to 49 percent at closing, failing to achieve the target increase to 50.3 percent.

Rating
Negligible

OBJECTIVE 3 REVISION 1
Revised Objective
To improve service delivery capacity in the education and health sectors

Revised Rationale
Theory of Change. The adoption of a master plan and governance framework for the state intranet, the upgrade of data and network operations centers, particularly those related to public finance management and human resource management, and the operationalization of shared service infrastructure would help improve public service delivery, and hence budget outturns, beginning in the education and health sectors, where these interventions would be initiated. More generally, these ICT interventions would help with the digitalization of government services during the COVID-19 crisis.

Outputs. The project achieved the sole output defined for the objective to improve selected service capacity in the education and health sectors, but there are problems with the output indicator.

of which, Performance Based Conditions: (There were no PBCs for this revised objective).

of which, Other Intermediate Results:

- Video conference and networking equipment were acquired and deployed for the Ministry of Finance, the Ministry of Primary Education, the Ministry of Secondary Education, the Ministry of Planning, and the National Agency for the Information Society. In the baseline, there were low inter-connection capabilities across the agencies and the framework for information system management was "obsolete." The target was to acquire and deploy the video conference and networking equipment to enable the implementation of information and communication technology (ICT) solutions for government continuity and e-governance during the COVID-19 crisis. Earlier, the Government: (a) adopted the national interconnection strategy and the master plan for the state intranet; (b) adopted the regulatory framework for the governance of information systems and cybersecurity; (c) upgraded the data centers to make them accessible 24 hours a day; and (d) made operational the infrastructure for shared services (email, intranet, extranet, and cloud). Although it was achieved, this output - video conference and networking equipment acquired and deployed in the identified agencies

- was weak and appeared to be more an input rather than output. A more relevant output indicator would have measured the degree to which the video conference and networking equipment would have improved the performance of the data centers and shared services that were earlier operationalized by the Government.

Outcomes. The project achieved the sole outcome defined for the objective to improve service delivery capacity in the education and health sectors, but there are problems with the outcome indicator.

The expenditure outturn in the health and education sectors (measured as the difference of the actual expenditure from the approved budget) was reduced from 45 percent in the baseline to 10 percent by closing, exceeding the target reduction to 30 percent (the objective was to reduce the difference of the actual expenditure from the approved budget). However, while the target result was achieved in 2021, the data for 2019 and 2020 raises fundamental questions about whether the expenditure outturns and, hence, the service delivery capacities in health and education have materially improved. The data point to a lack of consistency – the budget execution rate in health was 33 percent in 2019 and 29 percent in 2020, while that in education was 49 percent in 2019 and 47 percent in 2020. The ICR raises doubts about this performance.

Revised Rating
Negligible

OVERALL EFFICACY

Rationale
The degree of achievement of the original project objectives to strengthen public investment management capacity in targeted ministries, to strengthen civil servant performance evaluation processes in targeted ministries, and to improve service delivery outcomes in the agriculture, education, and health sectors are all rated negligible. None of the 13 original PBCs were achieved.

Overall Efficacy Rating
Negligible

Primary Reason
Low achievement

OVERALL EFFICACY REVISION 1

Overall Efficacy Revision 1 Rationale
The degree of achievement of the revised project objective to strengthen public finance management is rated substantial, the objective to strengthen human resource management, negligible, and the objective to improve service delivery capacity in the education and health sectors, negligible. Two of the four revised PBCs were achieved, all under the first objective to strengthen public finance management.

Overall Efficacy Revision 1 Rating

Primary Reason

Modest	Low achievement

5. Efficiency

Original Project Objective

Economic Efficiency. The Project Appraisal Document did not calculate the original project's economic rate of return (ERR) or financial rate of return (FRR). The ICR did not conduct an economic efficiency analysis for the original project.

Operational Efficiency. According to the ICR, the project did not achieve meaningful results before the first restructuring in 2016. Meanwhile, the project incurred costs of CFAF 2.3 billion during this period (September 2014 – December 2016), some 10 percent of the signed amount of CFAF 22 billion. None of the SDR 16.3 million (US$25 million equivalent) in project funds allocated for the 13 original PBCs was disbursed (0 of the 13 original PBCs were achieved) (see Section 4).

Revised Project Objective

Economic Efficiency. The Restructuring Papers did not calculate an economic rate of return (ERR) or a financial rate of return (FRR) for the revised project. The ICR attempted FRR calculations for selected parts of the revised project.

- VAT Reform. The net gain from VAT efficiency (the change in VAT efficiency at time t from that in the baseline times total private consumption at time t) totaled US$95 million from 2016 to 2021. The cost of the VAT reform activities, consisting primarily of technical assistance and training to improve collection and resource management, was US$1.85 million. The ICR, however, stops short of presenting a cost-benefit analysis, claiming that the gains in VAT efficiency "cannot be reasonably attributed to the operation since several exogenous macroeconomic factors outside the scope of the project influence VAT efficiency."
- Biometric Census of Civil Servants. The payroll resources saved from cleaning up the personnel and payroll database were estimated at US$409.5 million for 2023-2032 (some 8,637 "ghost" employees, each paid an average annual salary of CFAF 200,000, resulted in annual losses to the government of US$34.7 million). The cost of the biometric census of civil servants was US$5.44 million. The net present value of this project activity was calculated at US$278.6 million, and the internal rate of return at 128.6 percent. The ICR takes this analysis further. If the payroll resources saved were to be "properly spent" by the government, then, applying fiscal multiplier methods (Nicoletta et al., 2014, *A Simple Method to Compute Fiscal Multipliers*), the additional gain to the economy would be US$353.6 million in net present value terms or 2.37 percent of GDP.
- Improving Service Delivery Capacity in Education. Using data envelopment analysis (a non-parametric method in operations research and economics for estimating production frontiers and calculating performance in converting inputs to outputs), the ICR concluded that there were no efficiency savings in the education sector in 2016-20 (this project supported raising actual education spending closer to budget).
- Improving Service Delivery Capacity in Health. Also, using data envelopment analysis, the ICR concluded that efficiency savings in the health sector amounted to 0.26 percent of GDP (this project supported raising actual health spending closer to budget).

Operational Efficiency. Almost all the project funds were disbursed by closing, except for some SDR 0.36 million. Of the SDR 1.26 million (US$1.8 million equivalent) allocated for the four revised PBCs: (a) SDR 0.54 million was disbursed for DLR 1.1 and DLR 1.2, which were achieved (see Section 4); (b) SDR 0.36 million set for DLR 1.3, which was not achieved, was reallocated in November 2020 to cover project operating costs (an option allowed under the Financing Agreement); while (c) SDR 0.36 for DLR 1.4 remained undisbursed at closing. The project took three years longer to complete than originally planned.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐ Not Applicable
ICR Estimate		0	0 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The outcome of the project is rated as moderately unsatisfactory.

	Original Objective	Revised Objective
Relevance of Objective	Substantial	
Efficacy:		
Original Objective 1: To strengthen public investment management capacity in targeted ministries. **Revised Objective 1:** To strengthen public finance management.	Negligible	Substantial
Original Objective 2: To strengthen civil servant performance evaluation processes in targeted ministries. **Revised Objective 2:** To strengthen human resource management.	Negligible	Negligible
Original Objective 3: To improve service delivery outcomes in the agriculture, education, and health sectors. **Revised Objective 3**: To improve service delivery capacity in selected sectors.	Negligible	Negligible

Overall Efficacy	Negligible	Modest
Efficiency	Modest	
Outcome Rating	Unsatisfactory	Moderately Unsatisfactory
Outcome Rating Value	2	3
Amount Disbursed, US$ million	4.3	32.2
Disbursement, %	11.8	88.2
Weighted Value	0.24	2.65
Total Value	2.9	
Overall Outcome Rating	Moderately Unsatisfactory	

a. **Outcome Rating**
Moderately Unsatisfactory

7. Risk to Development Outcome

The project achieved few development outcomes. Of these, the operation of the Tax Reform Unit in the Directorate of General Tax, the implementation of the Strategic Action Plan of the Directorate of General Tax, the annual performance reporting by the Ministry of Health and the Ministry of Education, and the annual performance audit of public procurement would be subject to institutional capacity risk.

- **Institutional Capacity Risk.** Institutional capacity constraints pose downside risks to sustaining the gains made by this project. A new Bank operation, the Public Sector Management for Resilience and Service Delivery Program, approved in June 2022, will help mitigate institutional capacity risks, at least in the health and education sectors. The development policy operation aims to strengthen public expenditure and human resources management to improve the availability of textbooks and teachers in public primary schools and essential medicines and health workers in public health centers in underserved areas.

In addition, the sustainability of the foregoing development outcomes would be subject to headline security, political, and macroeconomic risks.

- **Security Risk.** Niger has been on the Bank's list of countries in fragility and conflict-affected situations (FCS) since FY2020, with insecurity heightened by tensions over mineral resources and the activities of militant groups and terrorist and criminal gangs, especially in vulnerable border regions. Insecurity poses a downside risk to sustaining the few outcomes of this operation. To mitigate this risk, the Government has entered into security cooperation agreements with regional and international partners, increased spending on security, and is implementing a security plan for the Sahelian-Saharan zone.
- **Political Risk.** Political stability is at risk in Niger following the attempted coup in March 2021. Apart from insecurity, which feeds into political turmoil, the triggers could include electoral tensions (ahead of the next national election in 2024), severe environmental problems disrupting agricultural activity,

and the surge in commodity prices hurting livelihoods. Like insecurity, political instability poses a downside risk to sustaining the outcomes of this operation.

- **Macroeconomic Risk.** Reforms in public financial management are particularly at risk to macroeconomic shocks (forecasts of GDP growth of 10.1 percent for 2023 face considerable downsides). An ongoing three-year arrangement under the Extended Credit Facility of the International Monetary Fund (approved for SDR 197.4 million in December 2021) would help mitigate the macroeconomic risk.

8. Assessment of Bank Performance

a. Quality-at-Entry

Project Design. The original project design was overly ambitious and was excessively complicated.

- The project covered five sectors – public finance, civil service, agriculture, health, and education – and involved six ministries plus the High Commission for State Modernization.
- The first component of the project would support the implementation of the capacity-building aspects of five sector programs that were part of the National Economic and Social Development Plan – the Third Public Finance Management Reform Program (*Programme des Reformes en matière de Gestion des Finances Publiques*) covering public financial management and public investment management, the State Modernization Program (*Politique Nationale de Modernisation de l'Etat*) covering human resource management, the Nigeriens Nourish Nigeriens Program (*Les Nigériens Nourrissent les Nigériens*) covering agriculture and food security, the Education Sector Plan (*Programme Sectoriel de l'Education et de la Formation*), and the Heath Sector Development Plan (*Plan de Développement Sanitaire*).
- To accomplish this, 62.5 percent of the project funds would be allocated to 12 EEPs – expenditures for goods, consultant services, non-consultant services, operating costs, and training incurred by the Government for the implementation of the project and financed through relevant budget lines – in these five sector programs. The financing disbursement would depend on the achievement of 13 PBCs, the targets of which were set annually over a four-year project implementation period.
- The PBC targets were set as disbursement rates for the associated EEPs, reducing the objective "to strengthen public investment management capacity in targeted ministries" to a mandate to simply "spend faster." There were no considerations for the quality of the public investment spending.
- The project was overly ambitious and not pitched to the implementation capacity of Niger: (a) there were capacity deficits at all levels of public administration to effectively carry out the activities in the five government programs; (b) the country had an unreliable record of budget execution – linking the disbursement of 62.5 percent of the project funds to 12 EEPs in the five government programs rendered this project highly dependent on the pace of government budget execution; (c) the project aimed to "strengthen civil servant performance evaluation processes," however, an accurate database of civil servants was not even available; (d) the project aimed to "improve service delivery outcomes," but the basic systems to implement programs were not in place; (e) the project would implement multiple ICT solutions for public investment management

and human resource management, but the Government lacked the capacity to manage complex technical projects and carry out the associated procurement processes; (e) project ownership was weak among the implementing agencies; and (f) M&E systems were practically non-existent.
- The Program Document and the Restructuring Papers made little effort to explain the links between the fiscal and public finance management measures supported by this project and the larger set of fiscal policy and public finance management structural reforms eventually adopted by Niger under the Extended Credit Facility arrangement with the IMF in 2017. The context would have provided a better understanding of the project activities and results targets for the objective to strengthen public finance management (see Section 4 - Objective 1, Revision 1).

Project Organizational Structure. The project organizational structure, involving six targeted ministries and their associated agencies, assumed levels of administrative capacity and technical preparedness that were lacking in many of these government bodies. A Steering Committee would assume overall leadership of the project while a Project Coordination Unit would support the targeted ministries on financial management, disbursement, accounting, reporting, procurement, and monitoring and evaluation.

Quality-at-Entry Rating
Unsatisfactory

b. Quality of supervision

Adaptation and Restructuring. The Bank restructured the project twice. With little activity in key project components and with about 10 percent of the project funds spent during the first two years of project implementation, the Bank acted proactively to restructure the project, initiating the dialogue with the Government in September 2015, less than a year after project effectiveness, and receiving the official request for restructuring six months later in March 2016. At restructuring, the Bank: (a) amended the project objectives (see Section 2.A); (b) dropped the two original project components and introduced three revised project components (see Section 2.D); (c) reduced the project funds allocated to PBCs from 62.5 to 4.8 percent of total financing (see Section 2.E) – reducing the 12 EEPs (EEP 1 – EEP 12) to 1 EEP and the 13 PBCs (DLI-i – DLI-xiii) to 4 PBCs (DLR 1.1 – DLI 1.4) (see Section 4). The Bank also attempted to be responsive to the changed priorities of the Government following the outbreak of the COVID-19 pandemic in March 2020 and restructured the project a second time in July 2020 to, among others, support digital solutions to continue vital government services during the health and economic crisis (the COVID-19 pandemic would not be relevant to other project components).

Nonetheless, according to the ICR, the Bank adaptation and restructuring effort was inadequate because: (a) the restructured project design remained complex relative to the institutional capacity of the Government and the target results were overly ambitious, as reflected in the poor ratings on overall implementation progress (IP) documented in the ISRs and in the weak assessment for efficacy cited in this ICR; (b) studies conducted before the restructuring were inadequate to fully inform the design of reforms to improve VAT collection; and (c) the Restructuring Papers did not clearly define the project activities needed to improve domestic resource mobilization.

Supervision and Implementation Support. The Bank supervised the project regularly, fielding 13 implementation support missions and preparing 13 ISRs over the seven-year life of the project (or twice a year, the average for investment project financing operations). The project had four task team leaders over the period, although the changes did not create any leadership void, according to the ICR. The implementation support missions included qualified technical and fiduciary staff. At implementation, the Bank had to contend with abrupt changes in Niger's bureaucracy and with weaknesses in the project organization. The Ministry of Planning and the Ministry of Finance were merged to become the Ministry of Economy and Finance in August 2015, a year after project effectiveness. The new Ministry of Economy and Finance would eventually be split into the Ministry of Planning and the Ministry of Finance in March 2016, half a year before the first restructuring in October 2016. The Steering Committee, tasked to provide leadership and oversight of the project and consisting of representatives of the President's Office, the Prime Minister's Office, and the target ministries, would not be set up until March 2016 and would only meet once before the first restructuring in October 2016.

Quality of Supervision Rating

Unsatisfactory

Overall Bank Performance Rating

Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The Project Appraisal Document defined 26 output (intermediate results) indicators, including 13 disbursement-linked indicators and eight outcome (project development objective-level) indicators to measure the achievement of the project objectives. The ability of the results indicators to measure the impact of the project activities was not often clear and credible. For example, the project activities to improve service delivery capacity in agriculture consisted of technical assistance to producers to improve productivity in irrigated and rainfed areas. The associated output targets – an increase in the proportion of cultivated land in which certified improved seeds were used and an increase in the area using small-scale irrigation – far exceeded what the project technical assistance activities alone could deliver. For the 13 original PBCs, the targets were set in terms of the disbursement rates of the associated EEPs, absent any reference to the quality of the spending.

After the restructuring, all 26 original output indicators, including the 13 original PBCs, would be replaced by a new set of 13 revised output indicators, including 4 revised PBCs. Similarly, all eight original outcome indicators would be replaced by a new set of 5 revised outcome indicators. In general, the revised results indicators were better linked to the project activities and were sufficient to measure the achievement of the project objectives. Yet some exceptions remained. The project supported measures to improve tax administration and to develop a VAT reimbursement system. The associated outcome target – an increase in VAT efficiency – could not be entirely attributed to the project and would result from various exogenous macroeconomic factors. Moreover, the project documents did not define the project activities that would improve VAT collection, ex-ante, and the actual project activities, ex-post, were marginal to affect VAT collection, according to the ICR. The number of public sector agents trained and the number of women public sector agents were more input, rather than output, indicators for the objective to strengthen human resource management in the civil services.

b. M&E Implementation

The original M&E plan was not implemented. The results indicators were not reported either by the Government or the Bank (in its ISRs) during the first two years of project implementation. According to the Bank ISR of January 2016: (a) the Government found it difficult to track the large number of indicators – only 15 percent of the disbursement-linked indicators could be measured using current information systems; and (b) although a couple studies and procurement activities were initiated, there was little progress made to achieve the project development objectives.

The revised M&E plan was implemented. The results indicators were measured regularly, reported in the ISRs, and analyzed methodically, according to the ICR. However, the Government (the Project Coordination Unit) and the Bank (ICR team) differed on the data for two outcome indicators.

- The Government reported that VAT efficiency rose from 30 percent in the baseline to 42 percent by closing, achieving the target of more-than-34 percent. However, the Bank states that: (a) the baseline value was overstated and was more likely 26 percent, when Final Consumption Expenditure was used in the calculation, and 22 percent, when GDP was used; (b) the Government's Final Consumption Expenditure and GDP data were also not reliable; and (c) a recalculation indicates that VAT efficiency declined from 26 percent in the baseline to 19 percent by closing (see Section IV, Objective 1 Revision 1).

- The Government reported that the proportion of public sector agents that were paid through the new Human Resource Management Information System rose from 40 percent in the baseline to 99 percent by closing, achieving the target of 85 percent. According to the Government, 85,257 of 86,033 civil servants and 622 of 650 contract workers who were registered in the Ministry of Finance database were paid by bank transfers. The Bank, however, contests these numbers: (a) the intent was to consolidate the databases of the target ministries into a single database and not simply to use the Ministry of Finance database; (b) the consolidated payroll database would have to be cleaned up, but this process was still ongoing by closing; (c) in short, the new Human Resource Management Information System was not yet operational, and hence the outcome was not achieved (see Section IV, Objective 2 Revision 1).

c. M&E Utilization

A reconciliation by the Government and the Bank of their data on VAT efficiency and the payroll database early during project implementation would have served the M&E function better.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

Environmental Safeguards. The project was classified as an environmental assessment category "C" (no environmental review required) at appraisal and restructuring. No environmental safeguards policies were triggered.

Social Safeguards. No social safeguards policies were triggered at appraisal or restructuring.

b. Fiduciary Compliance

Procurement. The proper and consistent use of the Bank's Systematic Tracking of Exchanges in Procurement (STEP) during project implementation could have improved procurement performance, including the monitoring of procurement activities. At the end of December 2021, the database showed that were 92 activities, including 57 that were cleared, 26 canceled, and 9 awaiting review. Among the 57 activities that were cleared, 31 were completed, contracts for 11 were signed, 3 procurement processes were still ongoing, and 12 had not yet been launched. However, according to the ICR, this information was not consistent with the real procurement situation at the time of project closing, when all contracts should have been either fully implemented or cancelled. Procurement was rated moderately satisfactory at closing (ISR of December 2021).

Financial Management. The project complied with all financial management requirements. Interim financial reports were submitted on time. Annual audited financial statements were also submitted on time and were of acceptable quality. Financial management was rated satisfactory at closing (ISR of December 2021).

c. Unintended impacts (Positive or Negative)

---

d. Other

---

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Unsatisfactory	Moderately Unsatisfactory	
Bank Performance	Moderately Unsatisfactory	Unsatisfactory	The project design was overly ambitious, excessively complicated, and not pitched to the implementation capacity of the government agencies.
Quality of M&E	Modest	Modest	

Quality of ICR	---	Substantial

12. Lessons

Two lessons are drawn from the ICR, with some adaptation.

Weak institutional capacity undermines the impact of investment project financing operations with performance-based conditions. In this project, the Government was unable to meet the 13 original performance-based conditions that would have advanced the implementation of 12 eligible expenditure programs under the National Economic and Social Development Plan. The original project suffered from a mismatch of scope and capacity: (a) the project development objectives and project activities were overly ambitious; (b) the performance-based conditions were too numerous; (c) project implementation required considerable central coordination; (d) the implementing agencies did not completely understand the project, and (e) the information system was ill-equipped to measure performance against plans. A restructuring of the project, with the project development objectives and activities revised and the original 13 performance-based conditions scaled down to four, did not materially improve the results with the Government delivering on only two of the performance-based conditions.

Where technical skills are lacking to implement information and communication technology projects, considerable preparatory work and direct implementation support are needed. The restructuring of this project recast the original ICT project activities (ICT solutions for customs, public investment management, human resource management, statistics, and monitoring and evaluation) into a revised set of ICT project activities (public investment management, procurement management information system, human resource management information system, and monitoring and evaluation). However, even the revised ICT sub-projects were not operational at project closing (after seven years of project implementation). According to the ICR, the hurdles included: (a) the lack of technical skills in the country; (b) the ill preparedness of the government agencies to plan and implement major ICT programs; and (c) political resistance to transparency and accountability objectives that are embedded in ICT programs. Preparatory capacity-building initiatives would have helped, including project preparation advances and non-lending technical assistance. Moreover, extensive implementation assistance would have been beneficial, including direct implementation support to facilitate the procurement process and ensure adequate contract management.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

Consistency with Guidelines. The ICR is consistent with OPCS guidelines on ICRs for investment project financing operations. With the project objectives revised, the ICR uses a split rating to assess the project's overall outcome.

Conciseness. The numerous changes to the project activities and results indicators and targets are thoroughly documented. Annex 8 (Summary Changes from Phase I to Phase II), Table 1 (PDO Outcomes and Indicators), Table 3 (Changes to the PDO Indicators During the July 2020 Restructuring), Annex 6 (Detailed Intermediate Results Indicators – Phase I), and Annex 7 (Detailed Intermediate Results Indicators – Phase II) summarize the revisions.

Results Orientation. The efficacy assessment is outcome-oriented and based on the degree of achievement of the results targets. The ICR presents FRR analyses of selected parts of the project. Annex 4 (Financial and Economic Analysis) is detailed regarding methodology, data, assumptions, calculations, and conclusions.

Quality of Evidence. The ICR presents ample evidence to support its assessment of the Bank's performance at design and implementation and M&E design and implementation.

Quality of Analysis. The assessment of the efficacy of the program is candid. The scope of the project and the results targets remained overly ambitious even after restructuring. However, like the Program Document and the Restructuring Papers, the ICR made little effort to explain the links between the fiscal and public finance management measures supported by this project and the larger set of fiscal policy and public finance management structural reforms eventually adopted by Niger under the Extended Credit Facility arrangement with the IMF in 2017. The context would have provided a better understanding of the project activities and results targets for the objective to strengthen public finance management (see Section 4 - Objective 1, Revision 1).

Lessons. The ICR draws lessons about reform programs that are difficult to implement with the limited institutional capacity of the government.

Shortcoming. The ICR team failed to include evidence that was relevant to assessing the efficacy of the project beyond the original set of performance-based, intermediate results, and outcome indicators that were defined at appraisal and restructuring. The additional information (see Section 4 – Objective 1 Revision 1 and Objective 2 Revision 1) would turn out to be material in rating the efficacy of the project to achieve the project development objectives.

a. Quality of ICR Rating

Substantial