Board Meeting of Tuesday, November 11, 1997
Statement by Godfrey Gaoseb

Niger: Country Assistance Strategy

We welcome the opportunity to discuss the Country Assistance Strategy for the Republic of Niger and find the discussion of the country’s economic performance over the last several years to be candid. Overall economic performance has been poor since the 1960s. Progress in stabilization and economic reform has been episodic. We note with some comfort, however, that even though only modest progress has been recorded in the efforts to address the country’s economic woes since the discussion of its last CAS, the Nigerien authorities have been able to manage the effects of the CFA Franc devaluation reasonably well. This has been reflected in Niger’s export competitiveness and improved budget performance in 1996.

We have been particularly impressed by the frank admission in paragraph 27 of the document that the Bank has frequently set unrealistic objectives for IDA-financed operations; a major source of program failure in borrowing countries. We believe that setting the records straight is the first bold step towards improving Bank dialogue with the country’s authorities. The second major step, in our view, is to tailor Bank assistance to reflect specific country realities on the ground. Projects must, therefore, be simple, seeking to nurture the clear understanding of stakeholders in their design. But more importantly, such design should take into account the country’s need to strengthen local capacity.

Poverty is widespread in Niger, which remains one of the poorest countries in the world, with a GDP per capita of $200 and more than 60 percent of its population living below the poverty line. Even more worrisome is the fact that prospects for overall economic growth are largely determined by external and natural factors: the world market prices of the country’s few exports and a favorable rainfall for agricultural production. This is why the government’s objective to reduce poverty and underemployment by stimulating growth and developing labor-intensive work would require the coordinated efforts of Niger’s development partners, particularly in the area of natural resource management.

This brings me to the pertinent issue of rapid population growth in Niger. We concur with the document that reduction of the population growth rate is essential for an eventual reduction of poverty in Niger. Unfortunately, however, there seems to be a fundamental lack of consensus between the Bank and a large part of the political, social and religious establishment.
in Niger. It is, therefore, important for the Bank to increase attention to the population problem through both its lending program and its analytical and communications efforts. Like the population issue, where there is a lack of consensus, other major reform issues such as privatization and wage bill issues are also highly political and have become a focus of government opposition. These issues underscore the need for the Resident Mission in Niger to develop a strong outreach program with the aim of fostering a clear understanding of basic development concepts among the diverging interest groups in the country. These interest groups would not be limited to groups with different political ideologies, but should also include civil society, particularly the journalists who have the responsibility and the ability to properly inform the public at large. It is only when the public is properly informed, that the government becomes comfortable to embrace certain concepts.

We welcome the prominence attached to private sector development in Niger’s development agenda. Given the fragility of Niger’s land resource, agriculture is not expected to be a major source of growth in the medium-term. However, with increased rural poverty, the temptation for the farming community to make up for diminishing yields through extensive farming is usually high. Such extensive farming activities are more likely to increase the level of soil deterioration. In this regard, both donor-and government-policy in agriculture should be geared towards intensive production as a critical instrument in land resource management. In the medium- to long-term, however, other private sector rural activities such as gold exploration, which has yielded encouraging results and has the potential to attract foreign investment, should be encouraged. This is an area where IFC can play a significant role in this poor member country. While we clearly understand that IFC staff will participate in a proposed mining sector review in Niger, we would be interested in knowing any details of other IFC involvement in the development of Niger.

We concur with the statement in paragraph 17 of the document that significant improvement in the well-being of Nigeriens will depend on regional, rather than national development. This statement is not only true for Niger, but is also true for many resource-poor countries in the sub-region. In this context, we wonder whether the Africa Region has considered extending Regional Assistance Strategy papers for the different sub-regions in the continent as they are currently doing in the Southern Africa sub-region. The first stage in the exercise should take account of the sub-regional needs into account while the second would take the specific country assistance within the context of the sub-regional needs. This, in my view, will lay a firmer ground for more focused assistance programs for Niger, which stands to benefit from closer ties with bigger and broader-based neighboring economies such as Nigeria.

We have no difficulty in endorsing instruments for the implementation of Bank assistance to Niger. In particular, improved portfolio implementation is a crucial instrument in situations where there have been mixed-results in portfolio management. In this regard, we welcome sector missions to review existing operations. We would, however, urge that such reviews be undertaken with the strong participation of the Nigerien authorities since this is necessary for the development of a greater sense of ownership and understanding of the development objectives of the projects. We also have no difficulty in endorsing the lending scenarios and their triggers.
Finally, we would like to commend staff for their efforts to engage the government and people of Niger in a meaningful dialogue and wish the authorities in Niger a successful implementation of their development agenda.