Country and Sector Background

1. Niger is a vast, but poor, landlocked country, with an estimated population of 14 million, concentrated in a narrow band of arable land along its southern border. It is among one of the poorest countries in the world (ranked 174th out of 177) on the UNDP Human Development 2006 Index. The gross domestic product (GDP) per capita was US$240 in 2006. Sixty-one percent of Niger’s population live on less than a dollar a day. Economic growth remains low, averaging an annual rate of 1.9 percent between 1990 and 2000. Niger’s second Poverty Reduction Strategy Paper (PRSP), which was completed in July 2007, provides a global framework for implementing sector strategies aiming at achieving the Millennium Development Goals (MDGs). However, recent analysis shows that the country will not be able to reach its goals for 2015.

2. Decentralization. The Decentralization Law of June 11, 2002 clarifies the fundamental principles for transferring power to regions, departments, and municipalities. The process, which was initiated in December 2004 with the first municipal elections, involves the creation of three metropolitan areas (Maradi, Tahoua, and Zinder) and 244 new municipalities (including 52 urban municipalities) spread among 36 departments and 7 regions. However, the mechanism for the transfer of the very limited resources to municipalities is not in place. It is bound to take time,
given the scope of the task at hand and the lack of financial resources and institutional preparation. The High Commission for Administrative Reform and Decentralization (HCRAD) predicted in 2004 a difficult financial situation for about a third of these municipalities, especially the smallest ones. It is therefore considering modifying the law in order to authorize some form of mergers among municipalities to reduce the need for financial transfers from central to local level.

**Rapid urbanization and lack of basic urban infrastructure.**

3. High population growth (3.4 percent annual rate) is widely considered as a constraint to economic development and a main factor of impoverishment. The very high fertility rate and the decrease in the mortality rate since 1990, as well as the young age of the population have created a population growth spiral that will continue unless a strong family planning strategy is implemented rapidly\(^1\). Fertility has been declining however in some categories of the population, for urban and educated women in particular. The use of modern contraception is nearly 10 times more common in urban areas than in rural areas. Differences in fertility have been noted according to the place of residence: an average of 5.2 children per woman in Niamey, 6.5 children in the other cities of Niger, compared with an average of 8 children per woman at the national level\(^2\).

4. The urbanization ratio is about 23 percent; with urban dwellers totalling 3 million in 2003. Urban areas are growing rapidly with an annual growth rate estimated at six percent\(^3\). If current trends continue, the urban population will double in 12 years.

5. Urbanization has occurred unevenly throughout the country: Niamey, the capital, counts about 800,000 inhabitants or more than the seven regional capitals together. Other main cities, such as Zinder, Maradi, and Tahoua count less than 200,000 inhabitants each and attract little local investment, as a result of their lack of infrastructure services and facilities. It is important that a critical mass of investments in infrastructure be implemented in order to create suitable conditions for economic activities to flourish in these secondary cities, develop agricultural markets, and drive local economic development in their respective surrounding areas.

6. Rapid urbanization is causing significant problems. Cities are not adequately prepared to program and manage investments programs, and lack the resources necessary for facing the rapid urbanization challenge. As a consequence, living conditions worsen. Many areas lack infrastructure as well as access to basic services. In 2001, it was estimated that 45 percent of the urban population was served through 45,600 service connections and 1,850 stand posts and 44 percent of Niamey’s population had private water connections. It is estimated that only 36 percent of all urban households had access to electricity in 1998, and the percentage was about 50 percent for Niamey metropolitan area in 2004.

**Urban Poverty**

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1 Feeding, Educating, and Caring for All Nigeriens: Demographic Perspectives, World Bank working paper, March 2004
2 *Enquête démographique et de santé 1998*. CARE/DHS
7. The urbanization process involves poverty and social exclusion. Available data suggests that poverty affects 52 percent of the urban population (as compared to 65 percent at the national level), of which 26 percent is extremely poor. In *The State of the World Cities 2006/7*, UN-Habitat estimates that Niger has an annual growth rate of slums of 5.9 percent. Rapid population growth, urban inhabitants with widespread income disparities living side by side, and weakened social cohesion in urban areas are factors of exclusion for an entire segment of the population, a segment that survives mainly on temporary jobs in the informal sector (especially the case of the youth). This situation could lead to increased insecurity in the next few years unless social integration is improved through better access to basic infrastructure services and added employment opportunities. Because of the magnitude of poverty in rural areas, the Government and the donors didn’t place much emphasis on resolving urban poverty and development issues except through the PRIU. New needs and opportunities arise for intervention in urban areas as recent trends in urbanized areas show that: (i) a vast majority of city dwellers are poor and vulnerable; (ii) localized pockets of extreme poverty develop in the larger cities; and (iii) poverty reduction cannot be targeted only through provision of social services but also needs infrastructure programs.

*Cities and economic growth*

8. As anywhere in the world, economic growth and development cannot occur without strong and vibrant cities able to provide employment and trade opportunities. In the current situation, cities already play an important role in the creation of national wealth. A little less than one-fourth of the population located in the cities generates approximately 45 percent of the country’s GDP (in the secondary and tertiary sectors, mining sector excluded) but cities need to have the conditions to perform effectively to fully unleash their potential in the development of the country’s economy.

9. The rural areas also depend on a network of small and medium-size urban centres that can provide local outlets for consumption or marketing of agricultural products. The development of such centres would slow down rural migration to the capital and favour a reduction of the birth rate, considering the behaviour changes already noted in that respect in urban areas. Such a network would also enable the development, in secondary cities, of a private sector, which would drive investment and local development.

*Limited technical capacity and financial resources at the local level*

10. Capital investments (all sector combined) is largely realized through external financing (70 to 90 percent), with a national government share representing only 10 to 30 percent of investment financing. In the past few years, rural public investments have surpassed more than 10 times urban public investments. Less than 8 percent of the national investment budget has been dedicated to urban infrastructure (urban sector investments amounted to only CFAF 8.8 billion out of a budget of CFAF 113.1 billion in 2002), an amount that bears no relationship to the importance of cities in the creation of wealth for the country. As in all sectors, nearly all urban infrastructure investments were implemented with more than 80 percent external financing. IDA, through the IDA-financed Urban Infrastructure Development Program (PRIU (Cr. 2957-NIR, closed March 2003) was by far the largest source of urban investments from
1999 to 2003, representing nearly 60 percent of all small-scale infrastructure investments (US $4.7 million out of US $8.8 million in 2002).

11. The municipalities’ ability to contribute to urban investment financing is very limited (CFAF 615 million in 2002, or only 0.6 percent of the overall national investment budget). Municipal limitations in urban sector financing are tied to the limitation of local fiscal potential and the constraints for transferring funds to from central government to urban municipalities. The tax-collection capabilities of urban municipalities are extremely weak (with the relative exception of Niamey). Local taxes funds collected by national government agencies have not been transferred by the national government to local governments, despite the new decentralization policy.

12. Out of their limited budget, the municipalities’ urban spending represented, in 2002, 26.5 percent of Niamey’s investment budget, 31.8 percent in the other capitals, and 34.6 percent in the other municipalities. In the same year, maintenance expenditures amounted to 14.8 percent of Niamey’s operating budget, 5.3 percent in the case of the regional cities, and 7.5 percent in the other urban municipalities. The municipalities’ average per capita urban spending (investment and maintenance combined) amounted only to CFAF 820 (CFAF 1,357 in Niamey, CFAF 298 in the regional capitals and CFAF 311 in the other urban municipalities).

National strategy and local initiatives

13. The Government of Niger prepared and approved the National Urban Development Strategy in October 2004. This strategy provides guidelines and sector policy framework in the context of on-going decentralization and in line with poverty reduction initiatives. The four main strategic objectives are: (i) strengthening the institutional and regulatory framework for urban development; (ii) improving national and local governance and urban management; (iii) stimulating local economic development; and (iv) supporting urban social integration by improving the quality of life in poor neighbourhoods and contributing to reaching the MDGs. In an effort to implement the relevant programs, the cities of Maradi and Dosso, also prepared in 2005 their own City Development Strategies with the support of Cities Alliance and the Bank. These strategies are based on the urban programming tools developed under the PRIU. They contributed to develop a framework for improved consultation and developed the involvement of communities in the identification and planning process for future urban interventions.

Objective

14. The project development objective is to increase and sustain access of urban residents to basic infrastructure and services, particularly those living in deprived settlements.

15. To achieve this main objective, the project will: (i) support the capacity of local governments and other main stakeholders in urban development to plan, program, deliver and maintain infrastructure and services; and (ii) finance local infrastructure investments in selected cities (roads and drainage works, water supply, food markets, truck terminals, etc.).

16. The expected outcome of the project include:

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- Increased access to infrastructure and services in the cities of Niamey, Maradi, and Dosso; and
- Strengthened capacity of local governments to maintain infrastructure and services.

17. The key indicators for assessing achievement of the project development objective are:

- Additional population benefiting from all-year access to transportation in targeted areas;
- Additional population benefiting from flood protection in targeted areas;
- Additional population benefiting from improved access to water supply and sanitation in targeted areas.

Rationale for Bank Involvement

18. The proposed Local Urban Infrastructure Development Project fits in a long term and coherent Bank involvement in the sector in Niger. IDA has already been involved for more than ten years in the urban development sector in Niger. This Project has benefited from the following initiatives: (i) the PRIU, closed in March 2003; (ii) an Urban Economic Sector Work completed in December 2004; (iii) two city development strategies carried out with the Cities Alliance Program; and (iv) the household survey carried in the district of Niamey 3 funded under the Norwegian Trust Fund. The Project is being developed on the basis of the lessons learned and will be implemented in parallel with an ongoing urban operation financed by the French Development Agency (Agence Française de Développement - AFD).

19. The Project draws on the positive lessons from the PRIU implemented from 1997 to 2003. This project largely involved the local private sector and bore investments that had positive impacts on the alleviation of poverty and employment generation. It also had important impacts on sector management, particularly through the development of urban investments planning tools (preparation of aerial maps, urban financial and organizational audits, and city development contracts). These tools provided the basis for reaching improved performance levels. The Implementation Completion Report (ICR) confirmed the value of the approach but emphasized the need for strengthening capacity at all levels. The fact that mayors are now directly elected is already strengthening their level of responsibility and accountability in the management of project activities.

20. The Urban Economic Sector Work (ESW) financed by the Bank was completed in December 2004 in close collaboration with Government representatives and other donors (AFD, GTZ). Joint missions were organized with AFD, which now financially supports a project also using the same approach and the programming tools developed under the PRIU. The main recommendations of the ESW included: (i) Government’s reengagement in the sector through increased public investment financing; (ii) improvement of the management of public expenditures and well-balanced urban development through, in particular, the promotion of secondary cities and market centres that would be likely to stimulate local economic (and rural) development.

21. The urban municipalities of Dosso and Maradi, which had benefited from project interventions under the PRIU, completed their own City Development Strategy (CDS), under the Cities Alliance Program and IDA funding. These strategies, finalized in December 2005, were
carried out with the participation of the new elected mayors, as well as local stakeholders and the civil society. They provided an adequate framework for the design of the proposed Project.

22. The proposed Project would consolidate a coherent approach materialized through current or planned intervention in the infrastructure sector: (i) the Water Sector Project (Cr. 3505-NIR), aimed at, inter alia, the rehabilitation of the water distribution system and social connections; and (ii) the proposed Transport Sector Program Support Project (PAPST, under preparation), aimed at supporting the interurban road network and focusing on maintenance and safety. The proposed project has been be prepared and will be implemented in close collaboration with these two projects, in order to take advantage of experience and best practices as they develop.

23. The operation is likely to leverage additional financing from other donors who also wish to resume support to this strategic sector. AFD is already active in the sector. Bank involvement would allow for further donors’ mobilization as in the past the Government has used previous IDA interventions in the urban sector to mobilize significant partner financing (OPEC, AfDB, KFW, AFD).

24. The Bank is therefore in a good position to support this proposed operation, which will be implemented with the newly elected mayors, thus strengthening local governance and supporting the ongoing decentralization process. The Government of Niger has clearly demonstrated its political will to commit strongly to urban development and this Project through the recent ministerial reshuffling of the Ministry of Urban Affairs, Housing, and Land Registry (formerly the Ministry of Infrastructure) was created, and the preparation of a the National Urban Development Strategy. Bank intervention would primarily address the following issues: (i) limited institutional and implementation capacity in urban management, (ii) insufficient provision of infrastructure and services.

Description

25. Project activities will focus on the cities of Niamey, Maradi and Dosso. These cities were selected by the Government of Niger, in consultation with the Bank team on the basis of (i) their economic potential – Niamey, as the capital and main contributor to GDP -, and Maradi and Dosso, because of their strategic location and their regular commercial exchanges with Nigeria, in particular, as well as their characteristics of “market towns”; (ii) their respective role in the urban sector in Niger (estimated populations of 800,000 in Niamey; 200,000 in Maradi, and 70,000 in Dosso); and (iii) the opportunity to follow-up on the conclusions and recommendations of the two CDSs prepared for Maradi and Dosso, as well as detailed analyses of needs financed by AFD regarding Niamey. Capacity building activities (Component A) will concern these three cities and key stakeholders in the central government and the private sector, whose performance improvement is key for the implementation of the Project. Physical investments (Component B) will be carried out in the three cities.

26. Total project cost will amount to US$ 20 million, funded by IDA. It will be implemented over a four-year period (2008-2012).

Project design
27. The project design is based on the lessons learned under the PRIU, in particular (i) the need for a clear and focused objective; (ii) simple institutional arrangements; (iii) implementation limited to a small number of cities; and (iv) emphasis on capacity building. Selection of project activities was based on the following main criteria: (i) stakeholders’ established priorities; (ii) ability to substantially improve living conditions, particularly in the low-income settlements; and (iii) complementarities with other Bank- or donor-funded operations.

28. The process of identification and validation of priorities included the following (i) a preliminary list of investments, based on the results of the various audits carried out in the targeted cities and, in the case of Maradi and Dosso, the city development strategies; (ii) extensive consultations with a broad range of stakeholders, including the beneficiary communities, elected officials, central and local government officials and agencies, the private sector, and NGOs; (iii) an arbitrage among the various options in terms of type of investment based on expected level of service, within a given financial envelope (e.g. width of the road); and (iv) specific focus on poor neighborhoods. This process resulted in the selection of the following investments: drainage works, water supply, urban roads, and municipal facilities such as markets and truck terminals. In addition, targeted institutional strengthening of major urban service providers is designed to ensure sustainability of the financed activities.

29. The project is expected to complement other ongoing and planned IDA and other donor-financed activities, as follows: (i) the future Transport Sector Program Support Project (PAPST), designed following a similar methodology, will be sharing part of the operational cost of the BNC, in particular key fiduciary personnel; (ii) the Water Sector Project will implement network extensions and additional public standpipes in selected settlements in Niamey; (iii) the Community Action Program (PAC), will finance investments in Niamey V, and parts of Maradi and Dosso; (iv) the Multi-Sector Demographic Project (PRODEM) will follow up with the construction of health and social facilities by supporting awareness campaigns in the targeted municipalities; and (v) the third Development Policy Loan (DPL), under preparation, is being designed to sustain Government’s efforts in improving service delivery to the poor and implementing reforms in sector public management. The PDIL will also complement efforts made under the first and second Development Policy Loans (DPL) in favor of agricultural growth and local development, through supporting a better functioning of market towns such as Maradi and Dosso. Finally, the identification of IDA-financed activities in Niamey also benefited from technical audits funded by AFD in Niamey and took stock of them for local level investments identification. Finally, the project will rely extensively on the small and medium-scale local enterprises (SMEs) of the public works and construction sectors. It will encourage labor-intensive works approaches for job creation for unskilled craftsmen, thus contributing to income generation at the local level.

Components

30. The project will have three components: (a) capacity building, especially targeting institutional strengthening; (b) investments, aimed at improving access to basic infrastructure and services in the cities of Niamey, Maradi, and Dosso; and (c) support to implementation.
31. **Component A: Capacity building and institutional strengthening (estimated cost: US$1.5 million)**

The focus of this component is to build and consolidate management capacities for programming, implementing and managing urban infrastructure and services. The component includes: (i) support to the local authorities in the targeted cities: CUN, CUM, the municipalities of Niamey, Dosso and Maradi; (ii) support to selected government institutions active in the areas of urban management, to contribute to overall efforts to strengthen the capacities of public stakeholders of urban development beyond the cities primarily targeted by the project; and (iii) support to the private sector, mostly local contractors and consultant firms involved in project implementation.

32. **Sub-component A.1 (estimated cost: US$0.75 million) – Support to local authorities** is focusing on capacity building activities for local authorities in the selected cities. It will include activities aimed at: (i) strengthening capacities for programming, implementing and managing basic infrastructures and services, including solid waste and income generating investments; (ii) enhancing procurement capacity and local governance in procurement; (iii) supporting preparation and actual implementation of maintenance programs for municipal infrastructure and equipments (markets, truck-designated parking areas, public latrines and standpipes, roads, building and other infrastructure); and (iv) supporting specific activities to improve overall management of local authorities and its ability to increase municipal revenues, as proposed in the financial audits carried out in the selected cities: set-up and implementation of a computerized system to monitor the payment of local taxes and fees (market fees in particular); recovery of overdue taxes; awareness campaigns to improve tax payers’ willingness to pay; and setting of proper accounting systems, through preparation of accounting procedure manual.

33. Special efforts will be dedicated to the need for better collection and management of taxes directly managed at the local level, like market fees, with the objective of strengthening their capacity to finance operation and maintenance of the investments. Once tested in the selected cities, the activities designed to increase municipal revenues will be extended in other cities by the central government agencies.

34. **Sub-component A.2 (estimated cost: US$0.60 million) – Support to central government entities** is focusing on support to selected central government institutions in charge of urban development and decentralization sectors. These activities are two-fold:

a) Improvement and dissemination of planning and programming tools developed under the PRIU and used in the current project, in particular preparation of manuals and sample documents related to the preparation of urban, municipal and financial audits, city development contracts, city development strategies, simple urban planning documents, management of markets and truck stops, procurement and sample bidding documents.

b) Technical assistance aimed at strengthening the urban development and decentralization frameworks: support for legal and institutional texts and preparation of drainage master plans for Maradi and Dosso.
35. **Sub-component A.3 (estimated cost: US$0.15 million) – Support to private sector** is focusing on support to local contractors and consultant firms involved in project implementation. This subcomponent is aimed at strengthening the professionalism of the private public works and construction sector in Niger: civil works and construction contractors and consultant firms in charge of studies and supervision of works. Activities will be carried out in close cooperation with ongoing activities financed under the European Development Fund (FED) carried out by the Ministry of Public Works with technical assistance and monitored under the PAPST. For contractors, capacity building activities under the Project will therefore primarily focus on construction works, road works being already covered. Training modules will primarily focus on procurement and preparation of bids, organization of works, internal controls and supervision, and management of environmental and social impacts.

**Component B: Provision of access to basic infrastructure and services for the cities of Niamey, Maradi and Dosso (estimated cost: US $14.50 million)**

36. The main objective of this component is to upgrade infrastructure in order to:

   a) increase access to basic services in the targeted cities, primarily in low-income settlements. This includes construction or rehabilitation of roads likely to facilitate access to and from land-locked settlements; drainage works, water stand-posts, public latrines, health and social facilities, etc.; and

   b) construct or rehabilitate local primary income generating infrastructure key to local economic development: primary roads, food markets and truck terminals.

37. The selection of targeted poor urban settlements in each city is based on the conclusions of the CDS and urban audits carried out in the cities. It takes into account the need to reach the neediest population based on: (i) income, (ii) population density, and (iii) existing access to services. Within the neighborhoods, the selection of investments follows a methodology based on experience from other countries of the region. It relies on: (i) the core role of the municipalities; (ii) an extensive participation on the part of the beneficiaries (population in under equipped areas, merchants in the markets etc.); (iii) the search for an adequate level of service, based on affordability and as arbitrated by the beneficiaries; (iv) gradual solutions, allowing for a progressive improvement of the level of service; (v) the absence of resettlement, to the extent possible; (vi) the provision of programming and budgeting for maintenance activities; and (viii) the use of local resources (local SMEs, labor-intensive techniques and local construction materials when possible).

38. Allocation of resources for investments in each of the selected cities is based on the respective weight of the urban population provided by the BNC. Identified investments include so far: (i) small infrastructure works (mostly: roads; drainage works; water networks and stand-posts; schools; and health, cultural and sanitary facilities) in poor neighborhoods in Niamey, Maradi and Dosso; (ii) a primary road in Niamey, removing bottlenecks and improving access to services to key neighborhoods in Niamey I, II, III and V; and (ii) construction, extension or renovation of income generating infrastructure in Dosso and Maradi (main food markets and truck terminals). The roads and drainage works were selected on the basis of their ability to facilitate access to and from land-locked settlements, with the objective of improving their
integration in the urban economy and contributing to growth. Water supply, health, social and sanitation facilities will be located so as to reduce distance to the service as much as possible for as large a population as possible, in line with MDG’s objectives. Finally, investments related to construction, extension or renovation of the food markets and truck terminals of Maradi and Dosso were also listed as top priorities in the relevant CDS because of their ability to support local economic development in a mostly rural environment.

39. Project activities pertaining to this component will be linked with the activities of the Niger MAP and HD in order to make the better use of existing resources to address both HIV/Aids and family planning issues (information campaigns, capacity building, and possibly, construction of small health-care centers) when the facilities are delivered to the municipalities. The family planning issue will be given the highest priority, focusing on specific programs targeted to urban women, their training and job opportunities. Implementation of works will be carefully monitored throughout the project. A baseline assessment of existing infrastructure and services is being carried out prior to project appraisal. This will be used as benchmarking for follow-up regular progress assessments.

Sub-component B.1. For the city of Niamey (estimated at US$9.50 million)

40. The identification of the investment program is based on the AFD-financed urban audits carried out in the five municipalities of Niamey in 2007 and takes into account the results of the IDA-financed feasibility studies for improving the quality of life carried out in Niamey V in 2004.

41. This program includes: (i) improvement of 9.25 km of a East-West primary road linking Niamey I, II, III and V, allowing for an upgraded transport system in densely populated areas in the North of the city and better access to important education and economic equipments: main mosque, two schools, main livestock market of Toukarou and two secondary markets; and (ii) the following small infrastructure works:

- In Niamey I: upgrading of two secondary markets (Recasement and Yantala bas); improvement of schools (classrooms, latrines, fencing); construction of health center in Lossogoungou; and various equipment in Youth Centers;

- In Niamey II: improvement of schools (classrooms, latrines); construction of health center in Dar es Salam; and various equipment in Youth Centers;

- In Niamey III: upgrading of about 3 km of local roads; construction of 0.6 km of drains; and improvement of schools (classrooms, latrines, fencing);

- In Niamey IV: upgrading of about 3 km of local roads; construction of 0.3 km of drains; improvement of schools (classrooms, fencing); construction of health center in Quartier Aviation; fencing of a Cultural center; and improvement of a municipal building;

- In Niamey V: upgrading of about 2.4 km of local roads; improvement of schools (classrooms, latrines, fencing); implementation of three stand posts.
Sub-component B.2. For the city of Maradi (estimated at US$3.50 million)

42. The program is based on the results of the IDA-financed urban audits (PPF), as well as on the feasibility studies for the income generating investments carried out in 2007. Income generating activities and poor neighborhoods have been identified through the Maradi CDS, carried out in 2005.

43. This program includes: (i) upgrading of the Maradi Central Market (est. US$1.75 million), including: connection to basic services (power, water, lighting, drainage, internal pedestrian paths, uploading/downloading facilities) and construction of warehouses; (ii) construction of the truck terminal (est. US$0.65 million), including: connection to basic services (power, water, lighting, drainage, uploading/downloading facilities) and various buildings (administration, fencing, entry gate); and (iii) the following small infrastructure works (est. US$** million) aimed at improving living conditions in the low-income settlements of Bagalam, Mokoyo, Dan Goulbi, Limantchi, and Maradoua (156 ha; 47,000 inhabitants): upgrading of about 2.4 km of local roads in Bagalam and Mokoyo; construction of drains in Bagalam; implementation of stand posts and latrines in Bagalam, Mokoyo, Dan Goulbi, Limantchi, and Maradoua; and improvement of schools (classrooms, latrines).

Sub-component B.3. For the city of Dosso (estimated at US$1.50 million)

44. The program is based on the results of the IDA-financed urban audits (PPF), as well as on the feasibility studies for the income generating investments carried out in 2007. Income generating activities and poor neighborhoods have been identified through the Dosso CDS, carried out in 2005.

45. This program includes: (i) upgrading of the Dosso Central Market and Small Market (“Petit Marché”, est. US$0.6 million), to allow for the development of activities to be shifted from the Central Market to the Small Market nearby, including: connection of the two markets to basic services (power, water, lighting, drainage, internal pedestrian paths); construction of a warehouse at the Central Market; construction of a few specialized shops at the Small market (butcher’s shops) (ii) construction of the truck terminal (est. US$0.35 million), including: connection to basic services (power, water, lighting, drainage) and various buildings (administration, fencing, entry gate); (iii) rehabilitation and extension of a primary drain (0.7 km, est. US$0.25 million); and (iv) the following small infrastructure works aimed at improving living conditions in the low-income settlement of Kouaratégui (137 ha; 14,000 inhabitants): upgrading of about 0.55 km of local roads in; construction of about 1.1 km of drains; and implementation of stand posts and latrines.

Component C: Support to implementation, Monitoring and Evaluation (estimated cost: US$1.85 million).

46. This component will provide financing for the efficient implementation of the Project through the BNC, including staff operating costs (cost shared with PAPST), monitoring and evaluation, IEC and cost of technical and financial audits.
Financing
Source: ($m.)
BORROWER/RECIPIENT
International Development Association (IDA) 0
Total 20

Implementation

47. The Government will be responsible for carrying out the decentralization policy defined in the Decentralization Law of June 11, 2002, which remains valid, as well as other measures that will guarantee the functioning of the BNC and facilitate the implementation of the project. A Steering Committee (SC), composed of representatives of the Prime Minister’s office, the Ministry of Urban Affairs, Housing, and Land Registry, the Ministry of Interior and Decentralization, the Ministry of Economy and Finance, the Urban Communities of Niamey (CUN) and Maradi (CUM), and the municipality of Dosso has been established to oversee project preparation. The SC will be maintained for project implementation and its mandate [has been] renewed for the entire implementation period. The composition of the SC has been expanded, in order to allow for the representation of all municipalities, the small and medium-size enterprises (SMEs) and the beneficiary population. The role of the SC will consist in providing overall strategic guidance, overseeing the implementation of the project, reinforcing intersectoral coordination, approving work programs and annual budgets and reviewing implementation and audit reports.

Role of BNC

48. The Project Coordinating Unit (Bureau National de Coordination - BNC), currently coordinating project preparation, has been confirmed for project implementation and its mandate [has been] renewed for the entire implementation period. It will plan project activities and implement them either directly or through other selected partners (delegation or outsourcing). Its role will be to ensure overall project coordination including monitoring, reporting, and evaluation. It will report to the SC at least every six months or more if needed. The BNC will also be directly responsible for the fiduciary aspects of the project, for preparing the annual program in consultation with the urban communities and municipalities, the quarterly implementation reports, external audits, and for liaising with IDA and other development partners. The BNC’s key staff has been hired during project preparation and the organization chart has been adjusted to needs. It includes for the purpose of the project: a coordinator, a capacity building specialist, an engineer, a procurement specialist, and an administrative and financial officer assisted of an accountant. The fiduciary positions and the procurement position are shared between the PDIL and the upcoming PAPST, also to be implemented by the BNC.

49. In addition to the overall project implementation, the BNC will be responsible for the implementation of Component A - Capacity Building and Component C - Support to Implementation, Monitoring and Evaluation. Studies and technical assistance under Components A and C will be contracted out to consultants, with responsibility for technical oversight within the relevant ministries or entities; they should therefore not represent a large overload for the BNC. Subcomponent A.2 will be implemented by the BNC in close collaboration with the Ministry of Urbanism, Housing, and Cadastre. Subcomponent A.3 will be contracted out to
Nigetip for preparation and implementation of the various training programs for local private consultants and contractors.

Role of cities

50. The three cities targeted by the project will play a major role in implementation of Component B - Investments, in terms of programming, implementing, managing, and maintaining investments. Contractual agreements (“Contrats de Villes”) will be signed between the BNC and the following local authorities: (i) for Niamey: the municipalities of Niamey I, Niamey II, Niamey III, Niamey IV and Niamey V; (ii) for Maradi: the CUM, representing the three municipalities of Maradi; and (iii) for Dosso: the municipality of Dosso. These contracts will be approved by the SC and will detail the agreements reached on the investment and capacity building programs, as well as the efforts to be made by the municipalities to improve their overall management. The rather low technical capacities of these local authorities especially for the implementation of the selected investment programs will trigger the set up of a specific technical assistance program focused on procurement activities and overseeing of works, aimed at ensuring efficiency and transparency, and enhancing local governance.

51. In addition, a graduated approach has been adopted to cope with the risks associated with procurement activities: during the first two year of implementation, the local authorities will be responsible for procurement up to a ceiling of US$250,000 for works and US$25,000 for consultants. Operations above these ceilings will be procured through Nigetip, the sole local institution with adequate technical capacity identified during project preparation. Nigetip will be strengthened prior to project effectiveness, as per the diagnosis made in 2007 (to be financed under PPF). Operational arrangements for an increase of these ceilings or a transfer of the procurement activities to municipalities, with adequate capacity to do so, will be reviewed at mid-term review for possible implementation during the second half of the project implementation.

Lessons Learned from Past Operations in the Country/Sector

52. The lessons highlighted below have been learned from (i) World Bank-financed urban operations in Niger and other African countries; (ii) the Urban Economic and Sector Work (ESW) completed in 2004 for Niger; and (iii) other multi and bi-lateral donors’ recent interventions in support to Niger’s urban sector, including the joint Cities Alliance and World Bank’s supported City Development Strategies (CDS) in targeted cities. The main lesson gained from these initiatives is the need for a simple design, therefore the focus on the main objective of increasing access to basic infrastructure and services, while supporting capacity building to ensure sustainability within the framework of the ongoing decentralization process. The following summarizes the principles that have been followed in the design of the project:

- a simple design, with a limited number of operations in a limited number of cities;

- a selection of investments emphasizing community participation. The investments selection process was initiated through the urban audits implemented following the methodology defined in the PRIU. These were audits extremely useful in establishing a preliminary list of proposed investments. In a context of very scarce
resources however, it is important to supplement this method with an approach able to distinguish between “levels of services”. Otherwise, one may end up selecting investments that follow expensive standards that cannot be replicated. The option followed in the PDIL is to try to achieve more modest levels of service, but increase access to services for a larger segment of the population.

- *importance of capacity building.* This was well evidenced through the PRIU. The PDIL will strengthen the capacity of the local stakeholders, with a view to emphasize responsibility and accountability. This is a condition for the projected investments to be implemented effectively and further operated and maintained in a sustainable manner and then for these operations to have the expected impact on local economic development. Investments programmed under Component B will be supported through technical assistance from the BNC and sustained training. The project will also emphasize the production of practical methodological tools; it will test them in the project cities and contribute to their dissemination at the national level. These efforts will be directed to elected officials, as well as toward local and central government agencies. Activities will be monitored and adapted over the course of the project, taking into account the progress of the decentralization process.

- *promotion of the local private sector.* The PRIU emphasized participation of the local private sector (small and medium-size enterprises (SMEs) working in the local construction and public works industry). An assessment of the capacities of local SMEs was carried out during project preparation. The project will build on the PRIU’s achievements, and continue to support the local SMEs’ through, in particular, the use of appropriate technologies, efficient and transparent procurement, and rapid payments in order to take account of their limited financial capacities.

- *importance of maintenance.* The PRIU had emphasized the importance of maintenance. Current percentages of municipal budgets devoted to maintenance are relatively higher than in other countries of the region. Specific targets have been established in the project to increase this trend. The CUs and municipalities will commit to these targets in the City Contract and their performance will be monitored during project.

- *realistic support to decentralization.* The decentralization process, underway since the first municipal elections of 2004, will greatly modify the local context and boost the role and image of the new mayors. A lot remains to be done, however, in the absence of adequate regulatory framework for effective decentralization. As evidenced in the organizational and financial audits prepared during project preparation, local governments face major weaknesses: missing organizational frameworks, low-level and aging personnel, lack of adequate financial resources, lack of procedure manuals, etc. Real transfers of responsibilities and resources are yet awaited, and these institutional gaps have so far resulted, for example, in unclear collaborative relationships between the urban communities and the municipalities of the same cities, as it is the case in Niamey and Maradi. This situation is reflected in the project design: the Project will support local governments to help them benefit rom the decentralization and not the decentralization process itself. The role of the
local communities will also be emphasized for maintenance of the small infrastructure works and facilities that will be implemented in the settlements.

- **donor coordination.** IDA has always maintained a good collaborative environment with donors in Niger. All development partners have been consulted from the stage of project identification. The most active partner in the sector of urban development has been AFD, which has itself supported activities designed on the basis of the methodology experimented in the Bank-financed PRIU.

**Safeguard Policies (including public consultation)**

82. The two safeguards policies triggered are: Environmental Assessment (OP/BP 4.01) and Involuntary Resettlement (OP/BP 4.12). All Environmental Assessments and Resettlement Plans will be handled as described above and according to the provisions made in the Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF). These safeguard instruments have been prepared in accordance with national environmental policies and the World Bank environmental and social guidelines and safeguard policies. The draft ESMF and RPF were reviewed by the Bank and found acceptable before publication. The safeguard documents are available upon request from the BNC [and were distributed to all city representatives during a stakeholder meeting held in Niamey in January 2007].

**List of Factual Technical Documents**

Stratégie de Développement de Ville, Phase II – Ville de Maradi – Août 2005
Stratégie de Développement de Ville, Phase II – Ville de Dosso – Août 2005
Audit organisationnel et financier - Communauté Urbaine et des 5 communes de Niamey - FITECO– Mai 2007
Audits organisationnel et financier des trois communes et de la Communauté Urbaine de Maradi – Bureau d’Études en Développement Organisationnel et Institutionnel (BEDOI) - Juin 2007
Actualisation des Audits organisationnel et financier de la Commune Urbaine de Dosso - Bureau d’Études en Développement Organisationnel et Institutionnel (BEDOI) - Juin 2007


Programme d’investissements prioritaires – Audits urbains et plan urbain de référence de la Commune Urbaine de Niamey – Urbaplan - Octobre 2007

Etude de faisabilité de la gestion des déchets ménagers dans les villes de Niamey et Maradi – Concept S.A. Era International

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